2021 SENATE APPROPRIATIONS

SB 2018

Department 601 - Department of Commerce
Senate Bill No. 2018

Executive Budget Comparison to Prior Biennium Appropriations

	FTE Positions	General Fund	Other Funds	Total
2021-23 Executive Budget	58.80	$33,398,770	$62,565,608	$95,964,378
2019-21 Legislative Appropriations[1]	61.80	40,191,721	58,423,293	98,615,014
Increase (Decrease)	(3.00)	($6,792,951)	$4,142,315	($2,650,636)

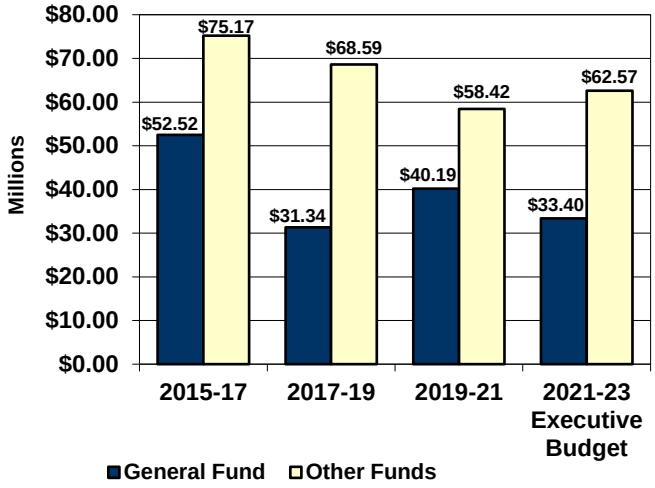
[1]The 2019-21 biennium agency appropriation amounts have not been adjusted for the following:

- Additional special funds authority of $1 million resulting from Emergency Commission action during the 2019-21 biennium.
- Additional federal funds authority of $129,680,028, of which $121,985,711 is related to Coronavirus (COVID-19) costs, resulting from Emergency Commission action during the 2019-21 biennium.

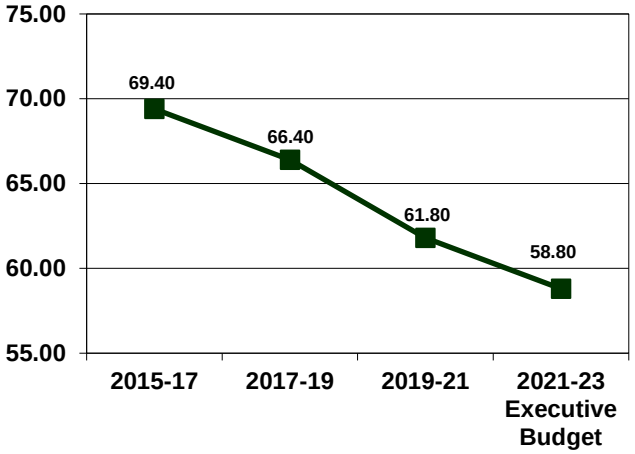
Ongoing and One-Time General Fund Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2021-23 Executive Budget	$30,198,770	$3,200,000	$33,398,770
2019-21 Legislative Appropriations	32,866,721	7,325,000	40,191,721
Increase (Decrease)	($2,667,951)	($4,125,000)	($6,792,951)

Agency Funding



FTE Positions



Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2021-23 Executive Budget	$33,398,770	$62,565,608	$95,964,378
2021-23 Base Level	32,866,721	54,123,293	86,990,014
Increase (Decrease)	$532,049	$8,442,315	$8,974,364

Attached as an appendix is a detailed comparison of the executive budget to the agency's base level appropriations.

Executive Budget Highlights

	General Fund	Other Funds	Total
1. Provides funding for state employee salary and benefit increases, of which $333,787 is for salary increases, $2,872 is for health insurance increases, and $66,559 is for retirement increases	$328,634	$74,584	$403,218
2. Underfunds salaries	($140,000)	$0	($140,000)

3. Transfers 1 FTE information technology (IT) position to the Information Technology Department for an IT unification initiative, which includes a decrease of $149,792 for salaries and wages and an increase of $149,792 for operating expenses	$0	$0	$0
4. Transfers 2 FTE positions and related funding for the HOME program, of which $356,421 is for salaries and wages, $286,950 is for operating expenses, and $7,700,000 is for grants, to the Housing Finance Agency. Of the total, $7,643,371 is from federal funds and $700,000 is from the intergovernmental assistance fund	$0	($8,343,371)	($8,343,371)
5. Adds funding for Microsoft Office 365 license expenses	$5,486	$1,013	$6,499
6. Reduces funding for the marketing division, primarily related to operating fees and services	($630,000)	$0	($630,000)
7. Reduces funding for the tourism division, primarily related to operating fees and services	($955,046)	$0	($955,046)
8. Adjusts funding for the Community Services Division, primarily related to operating fees and services. Of the $329,488 increase in other funds, $291,576 is from federal funds and $37,912 is from the intergovernmental assistance fund.	($216,576)	$329,488	$112,912
9. Reduces funding for the Workforce Development Division, primarily related to operating fees and services and grants to the North Dakota State Commission on National and Community Service for AmeriCorps	($399,664)	$0	($399,664)
10. Reduces funding for the Economic Development and Finance Division, primarily related to travel, rent, professional development, and operating fees and services	($195,000)	$0	($195,000)
11. Reduces funding for the administration division, primarily related to rent, IT data processing, IT software supplies, postage, and travel, of which $3,283 is from the economic development fund	($396,990)	($3,283)	($400,273)
12. Reduces funding for the Operation Intern program to provide a total of $755,000 from the general fund	($100,000)	$0	($100,000)
13. Adds funding for the unmanned aircraft system (UAS) program, of which $2,000,000 is from the general fund, $7,000,000 is from federal funds, and $20,150 is from the UAS fund. Of the total, $2,000,000 is for operating expenses of the Northern Plains UAS Test Site and $7,020,150 is for grants.	$2,000,000	$7,020,150	$9,020,150
14. Transfers $505,000 from the intergovernmental assistance fund from the grants line item to the operating expenses line item	$0	$0	$0
15. Transfers $151,284 from the general fund for the early childhood education program from the operating expenses line item to the grants line item to provide a total of $1.5 million from the general fund	$0	$0	$0
16. Removes funding for the biotechnology grant program	($300,000)	$0	($300,000)
17. Reduces funding for homeless shelter grants to provide a total of $1,330,212 from the general fund	($169,788)	$0	($169,788)
18. Adds federal funding for a state apprenticeship expansion program. The funding will be transferred to the North Dakota State College of Science for the administration of the program. In August 2020, the Emergency Commission and Budget Section approved a request to accept and spend $694,317 of federal funds for this program for the remainder of the 2019-21 biennium.	$0	$347,157	$347,157
19. Adds funding to continue federal COVID-19 relief funds received during the 2019-21 biennium for Community Services Division-related programs into the 2021-23 biennium, including $3 million for the community development block grant program, $4 million for the community services block grant program, and $1 million for the emergency solutions grant program	$0	$8,000,000	$8,000,000
20. Reduces funding for discretionary funds to provide a total of $1.55 million from the general fund	($600,000)	$0	($600,000)

21. Transfers funding to the Agriculture Commissioner for the North Dakota Trade Office, resulting in $750,000 for the program in the Department of Commerce budget and $850,000 for the program in the Agriculture Commissioner budget	($850,000)	$0	($850,000)
22. Adds **one-time funding** for tourism marketing operating expenses	$2,000,000	$0	$2,000,000
23. Adds **one-time funding** for tourism branding operating expenses	$200,000	$0	$200,000
24. Adds **one-time funding** for UAS grants from the UAS fund	$0	$1,000,000	$1,000,000
25. Adds **one-time funding** for a technical skills training grant program to support skills-based and hands-on workforce training programs for displaced workers	$1,000,000	$0	$1,000,000

Other Sections Recommended to be Added in the Executive Budget (As Detailed in the Attached Appendix)

Discretionary funds exemption - Section 3 would provide an exemption for discretionary funds to continue any unexpended 2019-21 biennium funds in the discretionary funds line item into the 2021-23 biennium. A total of $2.15 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.

Beyond visual line of sight UAS program exemption - Section 4 would provide an exemption for unexpended 2017-19 biennium funds continued into the 2019-21 biennium for the beyond visual line of sight UAS program to continue into the 2021-23 biennium. The 2019 Legislative Assembly provided a $28 million supplemental appropriation from the general fund for this purpose for the 2017-19 biennium.

Early childhood education grant program exemption - Section 5 would provide an exemption to continue unexpended 2019-21 biennium funds for the early childhood education program into the 2021-23 biennium. A total of $1.5 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.

Nonresident nurse employment recruitment program exemption - Section 6 would provide an exemption to continue unexpended 2019-21 biennium funds for the nonresident nurse employment recruitment program into the 2021-23 biennium. A total of $500,000 was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.

Unmanned aircraft systems program exemption - Section 7 would provide an exemption for the UAS program to continue any unexpended 2019-21 biennium funds for the operating expenses of this program into the 2021-23 biennium. A total of $2.25 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.

Enhanced use lease grant program exemption - Section 8 would provide an exemption for the enhanced use lease grant program to continue any unexpended 2019-21 biennium funds for the program into the 2021-23 biennium. A total of $3 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.

Internship fund transfer - Section 9 would transfer $755,000 from the general fund to the internship fund in the operating expenses line item for the Operation Intern program.

Operation Intern program exemption - Section 10 would provide an exemption for the Operation Intern program to continue any unexpended 2019-21 biennium funds for the program into the 2021-23 biennium. A total of $855,000 was appropriated from the general fund and transferred to the internship fund for this purpose for the 2019-21 biennium.

Intermodal container transportation shipping fees exemption - Section 11 would provide an exemption to continue any unexpended 2019-21 biennium funds for intermodal container transportation shipping fees into the 2021-23 biennium. A total of $1.3 million was appropriated from the beginning farmer revolving loan fund for this purpose for the 2019-21 biennium.

Other funds appropriation - Section 12 would appropriate all federal and special funds received by the Department of Commerce in excess of those funds appropriated in Section 1.

North Dakota Trade Office - Matching fund requirement - Section 13 would identify $750,000 from the general fund for the North Dakota Trade Office and would allow the Department of Commerce to spend 60 percent of the North Dakota Trade Office line item listed in Section 1 without requiring any matching funds from the North Dakota Trade Office. Any additional amounts may be spent only to the extent the North Dakota Trade Office provides $1 of matching funds from private or other public sources for each $1 provided by the Department of Commerce during the 2021-23 biennium.

Entrepreneurship grants and vouchers program - Section 14 would identify $948,467 included in Section 1, of which $740,956 is from the general fund and $207,511 is from the economic development fund for the entrepreneurship grants and vouchers program, also known as Innovate ND, for the 2021-23 biennium. Any unexpended funds for the program would be made available to the department during the 2023-25 biennium.

North Dakota Trade Office - Statutory changes - Section 15 would amend North Dakota Century Code Section 54-60-16 to restrict the North Dakota Trade Office, also known as the International Business and Trade Office, from assisting businesses with investment opportunities in farming, forestry, ranching, food quality, and nutrition. The section would also be amended to provide the Commissioner of Commerce, or the commissioner's designee, must serve as the chairman of the International Business and Trade Office Advisory Board.

UAS-related programs continuing appropriation - Section 16 would amend Section 54-60-29 to expand the continuing appropriation provided to the Department of Commerce from the UAS fund for expenses of the UAS program to also include expenses of the beyond visual line of sight UAS program and the enhanced use lease grant program.

Continuing Appropriations

Innovation loan fund to support technology advancement - Section 6-09.18-05 - Provided for the purpose of providing innovation technology loans and for administrative expenses. The Department of Commerce is required to deposit to the fund all principal and interest paid on loans made from the fund. Loan recipients may only use funding to conduct applied research, experimentation, or operational testing within the state.

Ethanol production incentive fund - Section 17-02-05 - Allows for payments of ethanol production incentives to North Dakota ethanol plants.

Workforce enhancement fund - Section 54-60-23 - All funds in the workforce enhancement fund are appropriated to the Department of Commerce on a continuing basis for implementing and administering the Workforce Enhancement Council and workforce enhancement grants to higher education institutions assigned primary responsibility for workforce training.

Community development loan fund - Section 54-44.5-05 - Allows for the expenditures of community development block grant revolving loan funds.

Research North Dakota - Section 54-65-08 - This continuing appropriation allows for implementing and administering the Research North Dakota program.

Internship fund - Section 54-60-17.1 - This continuing appropriation allows for the expansion of the number of new internships, work experience, and apprenticeship opportunities with North Dakota employers.

UAS program fund - Section 54-60-29 - This continuing appropriation allows the UAS test site to collect fees and use the collected fees for expenses relating to the administration of the test site.

Energy conservation grant fund - Section 54-44.5-05.1 - This continuing appropriation allows for the agency to provide grants to political subdivisions for energy conservation projects in nonfederal public buildings.

Significant Audit Findings

The operational audit for the Department of Commerce conducted by the State Auditor's office for the period ending June 30, 2019, identified the following significant audit findings:

- **Circumventing procurement guidelines** - The Department of Commerce circumvented procurement requirements related to the "Be Legendary" logo. In July 2018, the department entered a contract with a Minnesota-based business for $9,500 to update the official North Dakota logo and develop digital and other mediums, including a new nd.gov website. The department later entered two temporary employment contracts to allow the work from the original contract to continue to avoid certain procurement requirements. The total of these contracts was $87,163.
- **Violation of appropriation law** - The Department of Commerce improperly charged $853,908 related to the enhanced use lease grant program for the 2017-19 biennium in the 2019-21 biennium. The 2017 Legislative Assembly provided a one-time appropriation of $3 million to the department for the enhanced use lease grant program, of which $1 million was from the general fund and $2 million was from the strategic investment and improvements fund. In December 2017, the department entered a grant agreement with Grand Forks County.

  Grand Forks County submitted reimbursement requests for the work completed but the final payment to the county exceeded the reimbursement request by $458,801, resulting in an advance payment prohibited by the grant agreement.

  An additional $395,107 for the program related to July 2019 expenditures was improperly charged to appropriations for the 2017-19 biennium.

  The department did not request an exemption from the 2019 Legislative Assembly to continue funding for the program from the 2017-19 biennium to the 2019-21 biennium. Therefore, the total of $853,908 should have been canceled at the end of the 2017-19 biennium and retained in the originating funding sources--the general fund and the strategic investment and improvements fund.
- **Noncompliance with contract requirements** - The Department of Commerce did not monitor contract deliverables of an entrepreneurial contract, resulting in $123,750 being paid to unapproved subcontractors. An additional $23,448 was not supported by progress reports.
- **Lack of internal control surrounding appropriations** - The Department of Commerce's internal control procedures are not effective to ensure expenditures are charged to the proper biennial appropriations authorized by the Legislative Assembly, as seen in the violation of appropriation law audit finding.

Major Related Legislation

Senate Bill No. 2169 - Requires the Department of Commerce to establish a COVID-19 essential worker relief grant program to provide financial assistance to essential workers. Each eligible worker is eligible for an award of $1,000. An appropriation of $200 million is provided from federal fiscal stimulus funds for the program. If federal fiscal stimulus funds do not become available for this program, a contingent appropriation of $200 million from the general fund is provided for the program.

Senate Bill No. 2198 - Appropriates $400,000 from the general fund to the Department of Commerce for the purpose of administering a nursing workforce recruitment and retention grant program. The department is required to provide grants to an organization dedicated to empowering, encouraging, and equipping North Dakota's nursing profession. Grant funds may be used for operating costs of the organization, including to establish a recruitment and retention program for traveling nurses to assist the state's nursing workforce.

Senate Bill No. 2219 - Appropriates $200,000 from the general fund to the Department of Commerce for the purpose of providing matching funds to an organization providing research-based literacy intervention services to students below grade four who score below proficient in reading.

Senate Bill No. 2245 - Appropriates $15 million from the general fund to the Department of Commerce for the purpose of developing an intermodal transportation assistance program, of which $10 million is for providing grants to an organization dedicated to the development of an intermodal transportation facility and expansion of intermodal infrastructure in the state and $5 million must be made available to the Bank of North Dakota for loan guarantees related to the development of an intermodal transportation facility and expansion of intermodal infrastructure in the state. Grant funds awarded must be used for the purchase of infrastructure assets, real property, and equipment necessary for successful intermodal rail service in the state.

House Bill No. 1141 - Appropriates $25 million from the general fund, derived from legacy fund earnings, to the innovation loan fund to support technology advancement for the purpose of providing innovation technology loans during the 2021-23 biennium.

House Bill No. 1142 - Appropriates $400,000 from the general fund to the Department of Commerce for the purpose of providing matching funds to an organization assisting in the recruitment, distribution, and supply, and enhancing the quality and efficiency of personnel providing health services in rural areas of the state. The department may spend the appropriated funds only to the extent the organization has secured matching funds from nonstate sources on a $1-for-$1 basis.

House Bill No. 1494 - Appropriates $250,000 from the general fund to the Department of Commerce for the purpose of implementing a law enforcement retention program for the retention of law enforcement officers through grants to employers. The program allows the department to provide $1 of matching funds for every $2 dedicated by an employer for the retention of law enforcement officers.

Senate Concurrent Resolution No. 4001 - Authorizes the Budget Section to hold the required legislative hearings on state plans for the receipt and expenditures of new or revised block grants passed by Congress. The Department of Commerce appropriation bill contains directions regarding the use of community services block grant program money for the period ending September 30, 2023.

Department of Commerce - Budget No. 601
Senate Bill No. 2018
Base Level Funding Changes

	Executive Budget Recommendation			
	FTE Positions	General Fund	Other Funds	Total
2021-23 Biennium Base Level	61.80	$32,866,721	$54,123,293	$86,990,014
2021-23 Ongoing Funding Changes				
Base payroll changes		($49,007)	$16,577	($32,430)
Salary increase		272,046	61,741	333,787
Health insurance increase		2,341	531	2,872
Retirement contribution increase		54,247	12,312	66,559
Underfunds salaries		(140,000)		(140,000)
Transfers 1 FTE IT position to ITD for IT unification	(1.00)			0
Transfers the HOME program to the Housing Finance Agency	(2.00)		(8,343,371)	(8,343,371)
Adds funding for Microsoft Office 365 license expenses		5,486	1,013	6,499
Reduces funding for the marketing division		(630,000)		(630,000)
Reduces funding for the tourism division		(955,046)		(955,046)
Adjusts funding for the Community Services Division		(216,576)	329,488	112,912
Reduces funding for the Workforce Development Division		(399,664)		(399,664)
Reduces funding for the Economic Development and Finance Division		(195,000)		(195,000)
Reduces funding for the administration division		(396,990)	(3,283)	(400,273)
Reduces funding for the Operation Intern program		(100,000)		(100,000)
Adds funding for the UAS program		2,000,000	7,020,150	9,020,150
Transfers funding for contractual fees from grants to operating expenses				0
Transfers funding for the early childhood education program from operating to grants				0
Removes funding for the biotechnology grant program		(300,000)		(300,000)
Reduces funding for homeless shelter grants		(169,788)		(169,788)
Adds funding for a state apprenticeship expansion program			347,157	347,157
Adds funding to continue community services federal COVID-19 programs			8,000,000	8,000,000
Reduces funding for discretionary funds		(600,000)		(600,000)
Transfers funding for the North Dakota Trade Office to the Agriculture Commissioner		(850,000)		(850,000)
Total ongoing funding changes	(3.00)	($2,667,951)	$7,442,315	$4,774,364
One-time funding items				
Adds funding for tourism marketing		$2,000,000	$0	$2,000,000
Adds funding for tourism branding		200,000	0	200,000
Adds funding for UAS program grants			1,000,000	1,000,000
Adds funding for technical skills training grants		1,000,000	0	1,000,000
Total one-time funding changes	0.00	$3,200,000	$1,000,000	$4,200,000
Total Changes to Base Level Funding	(3.00)	$532,049	$8,442,315	$8,974,364
2021-23 Total Funding	58.80	$33,398,770	$62,565,608	$95,964,378
Total ongoing changes as a percentage of base level	*(4.9%)*	*(8.1%)*	*13.8%*	*5.5%*
Total changes as a percentage of base level	*(4.9%)*	*1.6%*	*15.6%*	*10.3%*

Other Sections in Department of Commerce - Budget No. 601

	Executive Budget Recommendation
Exemption - Discretionary funds	Section 3 would provide an exemption for discretionary funds to continue any unexpended 2019-21 biennium funds in the discretionary funds line item into the 2021-23 biennium. A total of $2.15 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.
Exemption - Beyond visual line of sight UAS program	Section 4 would provide an exemption for unexpended 2017-19 biennium funds continued into the 2019-21 biennium for the beyond visual line of sight UAS program to continue into the 2021-23 biennium. The 2019 Legislative Assembly provided a $28 million supplemental appropriation from the general fund for this purpose for the 2017-19 biennium.
Exemption - Early childhood education grant program	Section 5 would provide an exemption to continue unexpended 2019-21 biennium funds for the early childhood education program into the 2021-23 biennium. A total of $1.5 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.

Other Sections in Department of Commerce - Budget No. 601

	Executive Budget Recommendation
Exemption - Nonresident nurse employment recruitment program	Section 6 would provide an exemption to continue unexpended 2019-21 biennium funds for the nonresident nurse employment recruitment program into the 2021-23 biennium. A total of $500,000 was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.
Exemption - UAS program	Section 7 would provide an exemption for the UAS program to continue any unexpended 2019-21 biennium funds for the operating expenses of this program into the 2021-23 biennium. A total of $2.25 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.
Exemption - Enhanced use lease grant program	Section 8 would provide an exemption for the enhanced use lease grant program to continue any unexpended 2019-21 biennium funds for the program into the 2021-23 biennium. A total of $3 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.
Internship fund transfer	Section 9 would transfer $755,000 from the general fund to the internship fund in the operating expenses line item for the Operation Intern program.
Exemption - Operation Intern program	Section 10 would provide an exemption for the Operation Intern program to continue any unexpended 2019-21 biennium funds for the program into the 2021-23 biennium. A total of $855,000 was appropriated from the general fund and transferred to the internship fund for this purpose for the 2019-21 biennium.
Exemption - Intermodal container transportation shipping fees	Section 11 would provide an exemption to continue any unexpended 2019-21 biennium funds for intermodal container transportation shipping fees into the 2021-23 biennium. A total of $1.3 million was appropriated from the beginning farmer revolving loan fund for this purpose for the 2019-21 biennium.
Other funds appropriation	Section 12 would appropriate all federal and special funds received by the Department of Commerce in excess of those funds appropriated in Section 1.
North Dakota Trade Office - Matching fund requirement	Section 13 would identify $750,000 from the general fund for the North Dakota Trade Office and would allow the Department of Commerce to spend 60 percent of the North Dakota Trade Office line item listed in Section 1 without requiring any matching funds from the North Dakota Trade Office. Any additional amounts may be spent only to the extent the North Dakota Trade Office provides $1 of matching funds from private or other public sources for each $1 provided by the Department of Commerce during the 2021-23 biennium.
Entrepreneurship grants and vouchers program	Section 14 would identify $948,467 included in Section 1, of which $740,956 is from the general fund and $207,511 is from the economic development fund for the entrepreneurship grants and vouchers program, also known as Innovate ND, for the 2021-23 biennium. Any unexpended funds for the program would be made available to the department during the 2023-25 biennium.
North Dakota Trade Office - Statutory changes	Section 15 would amend North Dakota Century Code Section 54-60-16 to restrict the North Dakota Trade Office, also known as the International Business and Trade Office, from assisting businesses with investment opportunities in farming, forestry, ranching, food quality, and nutrition. The section would also be amended to provide the Commissioner of Commerce, or the commissioner's designee, must serve as the chairman of the International Business and Trade Office Advisory Board.

Other Sections in Department of Commerce - Budget No. 601

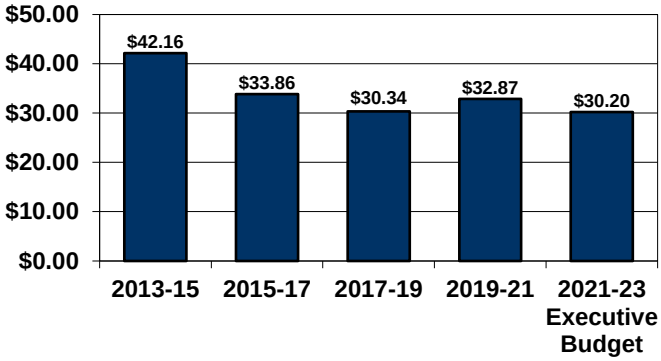
	Executive Budget Recommendation
UAS-related programs continuing appropriation	Section 16 would amend Section 54-60-29 to expand the continuing appropriation provided to the Department of Commerce from the UAS fund for expenses of the UAS program to also include expenses of the beyond visual line of sight UAS program and the enhanced use lease grant program.

Department 601 - Department of Commerce

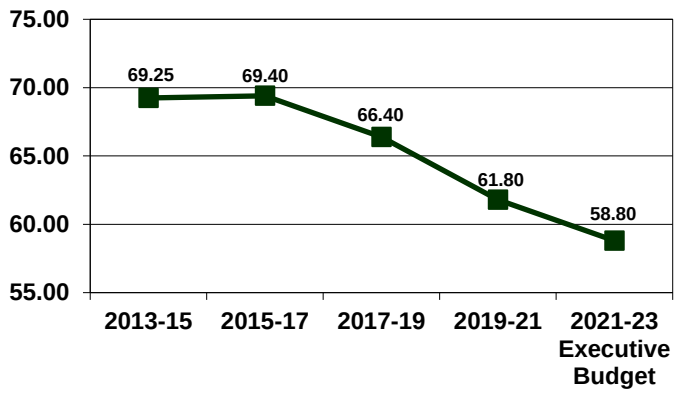
Historical Appropriations Information

Ongoing General Fund Appropriations Since 2013-15

Ongoing General Fund Appropriations (in Millions)



FTE Positions



Ongoing General Fund Appropriations					
	2013-15	2015-17	2017-19	2019-21	2021-23 Executive Budget
Ongoing general fund appropriations	$42,157,060	$33,859,099	$30,342,680	$32,866,721	$30,198,770
Increase (decrease) from previous biennium	N/A	($8,297,961)	($3,516,419)	$2,524,041	($2,667,951)
Percentage increase (decrease) from previous biennium	N/A	(19.7%)	(10.4%)	8.3%	(8.1%)
Cumulative percentage increase (decrease) from 2013-15 biennium	N/A	(19.7%)	(28.0%)	(22.0%)	(28.4%)

Major Increases (Decreases) in Ongoing General Fund Appropriations

2015-17 Biennium

1. Removed grants authorized in the 2013-15 biennium, including homeless shelter grants ($2 million), child care facility grants ($2.6 million), tribal college grants ($5 million), and rural health service grants ($400,000)	($10,000,000)
2. Added funding for partner programs to provide total funding of $2.2 million	$251,786
3. Added funding from the general fund to provide matching funds to an organization assisting in the recruitment, distribution, supply, quality, and efficiency of personnel providing health services in rural areas of the state. The funding required a dollar-for-dollar match from nonstate sources.	$200,000
4. Added funding from the general fund to provide early childhood education grants	$906,000

2017-19 Biennium

1. Removed 3 FTE positions and related funding of $479,078, of which $274,522 is from the general fund and $204,556 is from other funds	($274,522)
2. Adjusted funding for operating expenses, primarily related to professional services, postage, office supplies, and equipment	($1,438,838)
3. Reduced funding for the Operation Intern program to provide total funding of $950,000	($550,000)
4. Reduced funding for prekindergarten community grants to provide total funding of $1.5 million	($500,000)
5. Reduced funding for the North Dakota Trade Office to provide total funding of $2 million	($556,694)
6. Reduced funding for partner programs to provide total funding of $1,939,845	($233,984)
7. Added funding for homeless shelter grants	$300,000
8. Adjusted funding for entrepreneurship grants and vouchers to provide total funding of $1.95 million, of which $600,000 is from the general fund, $1.2 million is from the Research North Dakota fund, and $150,000 is from the economic development fund	($750,000)

2019-21 Biennium

1. Removed 3 FTE positions and related funding of $521,836, of which $130,845 is from the general fund	($130,845)
2. Adjusted funding for the department's reorganization	($1,549,149)
3. Added funding for homeless shelter grants to provide a total of $1.5 million from the general fund	$1,200,000
4. Added funding for biotechnology grants	$300,000
5. Adjusted funding for discretionary funds from the Research North Dakota fund to the general fund	$950,000
6. Added funding for the tourism division to provide total funding of $8,801,678 for operating expenses, of which $8,259,678 is from the general fund and $542,000 is from the Department of Tourism fund	$1,000,000
7. Added funding for matching funds to an organization providing research-based literacy intervention services to students below grade four who score below proficient in reading	$200,000

2021-23 Biennium (Executive Budget Recommendation)

1. Underfunds salaries	($140,000)
2. Reduces funding for operating expenses, primarily related to operating fees and services, travel, rent, professional development, IT data processing, IT software supplies, and postage	($2,793,276)
3. Reduces funding for the Operation Intern program to provide a total of $755,000 from the general fund	($100,000)
4. Adds funding for the UAS program for operating expenses of the Northern Plains UAS Test Site	$2,000,000
5. Removes funding for the biotechnology grant program	($300,000)
6. Reduces funding for homeless shelter grants to provide a total of $1,330,212 from the general fund	($169,788)
7. Reduces funding for discretionary funds to provide a total of $1,550,000 from the general fund	($600,000)
8. Transfers funding to the Agriculture Commissioner for the North Dakota Trade Office, resulting in $750,000 for the program in the Department of Commerce budget and $850,000 for the program in the Agriculture Commissioner budget	($850,000)

GOVERNOR'S RECOMMENDATION FOR THE DEPARTMENT OF COMMERCE AS SUBMITTED BY THE OFFICE OF MANAGEMENT AND BUDGET

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, and from special funds derived from federal funds and other income, to the department of commerce for the purpose of defraying the expenses of the department of commerce, for the biennium beginning July 1, 2021, and ending June 30, 2023 as follows:

	Base Level	Adjustments or Enhancements	Appropriation
Salaries and Wages	$13,217,286	$ (275,425)	$12,941,861
Operating Expenses	14,873,203	2,055,986	16,929,189
Grants	52,638,527	643,803	53,282,330
Discretionary Funds	2,150,000	(600,000)	1,550,000
North Dakota Trade Office	1,600,000	(850,000)	750,000
Partner Programs	1,562,531	0	1,562,531
Entrepreneurship Grants and Vouchers	948,467	0	948,467
CARES Act Funding	0	8,000,000	8,000,000
Total All Funds	$86,990,014	$8,974,364	$95,964,378
Less Estimated Income	54,123,292	8,442,316	62,565,608
Total General Fund	$32,866,722	$ 532,048	$33,398,770
Full-Time Equivalent Positions	61.80	(3.00)	58.80

SECTION 2. ONE-TIME FUNDING – EFFECT ON BASE BUDGET – REPORT TO SIXTY-EIGHTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty- sixth legislative assembly for the 2019-21 biennium and the 2021-23 one-time funding items included in the appropriation in section 1 of this Act:

One-Time Funding Description	2019-21	2021-23
Unmanned Aircraft System	$ 2,225,000	$ 0
Enhanced Use Lease Grant	3,000,000	0
Workforce Grant to Tribally Controlled Community	500,000	0
Census 2020	1,000,000	0
Workforce Safety Grant	1,000,000	0
Entrepreneurship Grants and Vouchers	2,000,000	0
Sculpture Maintenance Grants	75,000	0
Nonresident Nurse Employment Recruitment	500,000	0
Intermodal Container Transportation Shipping Fees	1,300,000	0
Job Development and Economic Growth Grant	25,000	0
Unmanned Aircraft System – Test Site	0	1,000,000
Tourism – Destination Marketing	0	2,000,000
Tourism – Brand Extension	0	200,000
Technical Skills Training Grant	0	1,000,000
Total All Funds	$11,625,000	$4,200,000
Total Special Funds	4,300,000	1,000,000
Total General Fund	$ 7,325,000	$3,200,000

The 2021-23 biennium one-time funding amounts are not a part of the entity's base budget for the 2023-25 biennium. The department of commerce shall report to the appropriations committees of the sixty-seventh legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2021 and ending June 30, 2023.

SECTION 3. EXEMPTION. The amount appropriated for the discretionary funds line item in section 1 of chapter 18 of the 2019 Session Laws is not subject to section 54-44.1-11 and any unexpended funds from this line item are available during the biennium beginning July 1, 2021 and ending June 30, 2023.

SECTION 4. EXEMPTION. The amount appropriated for the beyond visual line of sight unmanned aircraft systems program in section 12 of chapter 18 of the 2019 Session Laws is not subject to section 54-44.1-11 and any unexpended funds from this line item are available during the biennium beginning July 1, 2021 and ending June 30, 2023.

SECTION 5. EXEMPTION. The amount of $1,500,000 appropriated from the general fund for the early childhood education grant program in section 1 of chapter 18 of the 2019 Session Laws is not subject to section 54-44.1-11 and any unexpended funds from this program are available for the program during the biennium beginning July 1, 2021 and ending June 30, 2023.

SECTION 6. EXEMPTION. The amount of $500,000 appropriated from the general fund for the nonresident nurse employment recruitment program in section 1 of chapter 18 of the 2019 Session Laws is not subject to section 54-44.1-11 and any unexpended funds from this line item are available during the biennium beginning July 1, 2021 and ending June 30, 2023.

SECTION 7. EXEMPTION. The amount of $2,225,000 appropriated from the general fund for the unmanned aircraft systems operating expense in section 1 of chapter 18 of the 2019 Session Laws is not subject to section 54-44.1-11 and any unexpended funds from this program are available for the program during the biennium beginning July 1, 2021 and ending June 30, 2023.

SECTION 8. EXEMPTION. The amount of $3,000,000 appropriated from the general fund for the enhanced use lease grants in section 1 of chapter 18 of the 2019 Session Laws is not subject to section 54-44.1-11 and any unexpended funds from this program are available for the program during the biennium beginning July 1, 2021 and ending June 30, 2023.

SECTION 9. TRANSFER - INTERNSHIP FUND. The office of management and budget shall transfer $755,000 of the amount appropriated in the operating expenses line item in section 1 of this Act to the internship fund for the purpose of administering the operation intern program, for the biennium beginning July 1, 2021 and ending June 30, 2023.

SECTION 10. EXEMPTION. The amount of $855,000 appropriated from the general fund in the operating expenses line item for the operation intern program in section 1 of chapter 18 of the 2019 Session Laws and transferred to the internship fund in section 7 of chapter 18 of the 2019 Session Laws is not subject to section 54-44.1-11 and any unexpended funds from this program are available for the program during the biennium beginning July 1, 2021 and ending June 30, 2023.

SECTION 11. EXEMPTION. The amount of $1,300,000 appropriated to the department of commerce from the beginning farmer revolving loan fund for intermodal container transportation shipping fees in section 1 of chapter 18 of the 2019 Session Laws is not subject to section 54-44.1-11 and any unexpended funds from this program are available for the program during the biennium beginning July 1, 2021 and ending June 30, 2023.

SECTION 12. APPROPRIATION - In addition to the amounts appropriated to the department of commerce in section 1 of this Act, there is appropriated any additional income from federal or other funds which may become available to the agency for the biennium beginning July 1, 2021 and ending June 30, 2023.

SECTION 13. TRADE OFFICE - MATCHING FUND REQUIREMENT. The North Dakota trade office line item and the general fund appropriation in section 1 of this Act include $750,000 of funding relating to the North Dakota trade office. The department of commerce may spend sixty percent of this amount without requiring any matching funds from the trade office. Any additional amounts may be spent only to the extent that the North Dakota trade office provides one dollar of matching funds from private or other public sources for each one dollar provided by the department for the biennium beginning July 1, 2021 and ending June 30, 2023. Matching funds may include money spent by businesses or organizations to pay salaries to export assistants, provide training to export assistants, or buy computer equipment as part of the North Dakota trade office's export assistance program.

SECTION 14. ENTREPRENEURSHIP GRANTS AND VOUCHER PROGRAM. Section 1 of this Act includes the sum of $948,467, of which $740,956 is from the general fund and $207,511 from special funds, for an entrepreneurship grants and voucher program to be developed and administered by the department of commerce, for the biennium beginning July 1, 2021 and ending June 30, 2023. The department shall establish guidelines to provide grants to entrepreneurial centers certified by the department. The department shall also establish guidelines to award vouchers to entrepreneurs to procure business development assistance from certified entrepreneurial centers or to provide grants to entrepreneurs working with an entrepreneurial center. The amount appropriated for entrepreneurship grants in section 1 of this Act is not subject to section 54-44.1-11 and any unexpended funds from this line item are available during the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 15. AMENDMENT. Section 54-60-16 of the North Dakota Century Code is amended and reenacted as follows:

54-60-16. International business and trade office - Advisory board.

1. The commissioner shall administer the international business and trade office. The purpose of the office is to assist North Dakota businesses expand exports to international markets and to attract investment opportunities to the state by:
   a. Advocating for exporters and foreign direct investment opportunities;
   b. Offering export educational opportunities to North Dakota businesses;
   c. Researching and raising awareness of export and international business opportunities, issues, and challenges impacting North Dakota businesses;
   d. Assisting North Dakota businesses in identifying, developing, and cultivating international markets for products; ~~and~~
   e. Organizing and carrying out trade and reverse trade missions that seek to facilitate contact and communication between North Dakota businesses and international markets.; and
   f. Assisting and fostering the diplomatic mission of North Dakota.
2. The international business and trade office shall not assist businesses with expansion efforts or investment opportunities in any of the following markets: farming, forestry, ranching, food quality, or nutrition.
3. The commissioner may designate a nonprofit corporation incorporated in this state that has the primary purpose of assisting North Dakota exporters or contract with a third party for the provision of services for the international business and trade office. If the commissioner designates a nonprofit corporation or contracts with a third party under this subsection, all data and databases collected and created by the third party in performing services for the office are the property of the department and the third party.
4. The department may seek and accept any gift, grant, or donation of funds, property, services, or other assistance from public or private sources for the purpose of furthering the objectives of the international business and trade office.
5. The commissioner may establish an international business and trade office advisory board with which the director may consult in administering the international business and trade office. The commissioner or the commissioner's designee shall serve as the chair of the international business and trade office advisory board. Each member of the advisory board created under this subsection is entitled to receive per diem compensation at a rate established by the director not exceeding sixty-two dollars and fifty cents and reimbursement of expenses as provided by law for state officers, while attending meetings or performing duties directly related to board

membership, except that per diem compensation under this section may not be paid to any member who receives compensation or salary as a regular state employee or official.

SECTION 16. AMENDMENT. Section 54-60-29 of the North Dakota Century Code is amended and reenacted as follows:

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 ~~must~~may be used for the following purposes:
   a. To defray the expenses of the operations of an unmanned aircraft systems test site officially designated by the federal aviation administration.
   b. To defray the expenses of the beyond visual line of sight unmanned aircraft system program.
   c. To defray the expense of the enhanced used lease grant program.
2. The fund consists of fees collected for the administration of the test site and other funds as appropriated. 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 unmanned aircraft systems program. Interest earned on moneys in the fund must be credited to the fund.

2021 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Roughrider Room, State Capitol

SB 2018
1/25/2021
Senate Appropriations Committee

A BILL for an Act to provide an appropriation for defraying the expenses of the department of commerce.

Senator Holmberg called the hearing to order at 9:00 am.

Senators Holmberg, Krebsbach, Wanzek, Bekkedahl, Poolman, Erbele, Dever, Oehlke, Rust, Davison, Hogue, Sorvaag, Mathern, and Heckaman were present.

Discussion Topics:

- Agency Overview
- Cares Act Funding
- Restrictions on Cares Funding
- Definition of Essential Businesses

Shawn Kessel, Interim Commissioner, Dept of Commerce – presented the agency budget and submitted testimony # 2428.

Bonnie Malo, Director, Community Services – continuing on page 9 of #2428.

Brad Barth, Forward Devils Lake Corporation – testified in favor and submitted testimony #2237.

Katie Ralston, Director, Workforce Development – testified in favor and continuing on page 13 of #2428.

David Farnsworth, President, ND Workforce Development Council – testified in favor and submitted testimony #2251.

Ray Berry, CEO & President, OmniByte Technology – testified in favor and submitted testimony #2247.

Sara Otte Coleman, Tourism Director – testified in favor and continuing on page 17 of testimony #2428.

Jim Poolman, private businessman – testified in favor and submitted testimony #2221.

Charley Johnson, Fargo-Moorhead & West Fargo CVB – testified in favor and submitted testimony #2238.

Josh Teigen, Director, Economic Development and Finance – testified in favor and continuing on page 20 of testimony #2428. He also read a testimony submitted in favor from **Eric Bartsch, AGT Foods, Minot, ND** – testimony #3080.

Sean Carrol, President, Access Point Technologies – testified in favor and submitted testimony #2304.

Patty Post, Checkable Medical – testified in favor and submitted testimony #2261.

Tyler DeMars, Program Director at IDEA Center – testified in favor and submitted testimony #2259.

Tom Swoyer, President, Grand Sky Development Company – testified in favor and submitted testimony #2305 and testimony #2306.

Senator Holmberg handed the committee testimony in favor #2723.

Nick Flom, Exec. Director, Northern Plains Unmanned Aircraft Systems Test Site – testified in favor and continued with testimony #2428.

Kenley Nebeker, Director, Technical Programs and Training – Williston State College – testified in favor and submitted testimony #2599.

Matt Dunlevy, Sky Skopes Professional Pilots – testified in favor and submitted testimony #3001.

John Miller, President, Williston State College – testified in favor and submitted no written testimony

Jeff Horan, UAS Project Coordinator, ND DOT – testified in favor and submitted testimony # 2432.

Dr. Donna Brown, President, Turtle Mt. Community College – testified in favor and submitted #3094.

Tiffany Ford, Director, ND Small Business Development Centers – testified in favor and submitted testimony #2301 and #2302.

David Kleppe, Program Manager, ND Procurement & Technical Assistance Center – testified in favor and submitted testimony # 2299.

Terri Thiel, Chair, ND Travel Alliance Partnership – testified in favor and submitted testimony #2354, #2272 #2273, #2274, #2275, #2276.

Searle Swedlund, Director, Jamestown Tourism – testified in favor and submitted testimony #2298.

Additional written testimony: #2398, #2224, #2250, #2253, #2257, #2262, #2266, #2288, #2298, #2320, #2352, #2438, #2637, #2664, #2712, #2713.

Senator Holmberg closed the hearing at 2:42 pm.

Rose Laning, Committee Clerk

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TESTIMONY SB2018

JANUARY 25, 2021, 9:00 A.M. CST
SENATE APPROPRIATIONS COMMITTEE
SENATOR RAY HOLMBERG, CHAIRMAN

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SENATE APPROPRIATIONS COMMITTEE
SB 2018

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DEPARTMENT OF COMMERCE TESTIMONY SB2018

JANUARY 25, 2021, 9:00 A.M. CST

SENATE APPROPRIATIONS COMMITTEE

ROUGHRIDER ROOM

SENATOR RAY HOLMBERG, CHAIRMAN

SHAWN KESSEL, INTERIM COMMERCE COMMISSIONER

Chairmen Holmberg and members of the Senate Appropriations Committee, I'm Shawn Kessel and I have the privilege of serving as Interim Commissioner of the North Dakota Department of Commerce. Our leadership team joins me today to assist in providing you report on Commerce. We also have several others who will provide supporting testimony and we have weaved them into our allotted time.

Commerce has had an extraordinary two years and we are ready to accelerate that success. We will share with you today some of those successes and discuss Commerce's priorities by breaking them down into five themes:

Theme 1: Commerce crushed it in the face of a flock of black swans

Theme 2: Community Development

Theme 3: The New Workforce

Theme 4: Elevating ND Image

Theme 5: Continued Economic Resiliency and Diversification

THEME 1: COMMERCE CRUSHED IT IN THE FACE OF A FLOCK OF BLACK SWANS

I would like to start with the issue that has affected us all lives and has dramatically changed the way we do business, the way we recreate and the way we live our lives. With very limited resources and staff that has been spread thin, Commerce has deployed over $73 million of the Coronavirus Aid, Relief, and Economic Security Act also known as CARES Act funding by creating, administering and deploying four brand new grants targeted at segments of the economy hit hardest by COVID-19;

We started with the Economic Resiliency Grant (ERG) which was an all industry grant meant to provide safety and build confidence in the marketplace. We received 2,656 applications and awarded $38,720,521 to 2,064 businesses;

The Hospitality Economic Resiliency Grant (HERG) was next and designed to provide much needed capital by reimbursing applicants for payroll, rent/lease, utilities expenses, or similar expenses targeting restaurants and bars in an effort to help them survive the 50%-70% declines in revenue that were not uncommon in this sector. Commerce received 1,132 applications and we awarded $23,681,952 to 966 businesses;

The Hospitality Economic Resiliency Grant PLUS was designed in a similar fashion as the HERG but focused on hotels/motels/resorts. I talked to one resort owner in the Devils Lake area and she had three bookings in November and the calendar through March looked similarly bleak. We received 220 applications and awarded $8,351,332 to 197 businesses; and the

Medical Expense Assistance Program (MEAP) that we administered jointly with Workforce Safety and Insurance (WSI) to assist emergency responders and front-line healthcare workers who contracted COVID-19 from a secondary source. We received 2,968 applications and we awarded $2.5 million to 2,469 North Dakota citizens.

In total for all four grants, we received almost 7,000 (6,976) applications, requesting over $163 million ($163,473,652). We made almost 6,000 (5,696) awards totaling over $73 million ($73,253,805).

But we aren't done.

The recent federal extension has allowed us more time to conduct a second round of grant awards where we intend to distribute almost $30 million more of CARES Act funding to North Dakota businesses in need. Once distributed, Commerce will have shared almost $100 million to help support businesses in North Dakota survive and continue to employ thousands of residents.

On January 28the at noon, in partnership with GNDC, we will announce the details regarding the application window for round two of the HERG. It will begin in early February followed closely by the Hospitality Economic Resiliency Grant PLUS. We are working with our state partners to address some of the early hurdles caused by the initial federal deadlines. We would like to go back to existing ERG applicants and allow them a second chance to implement their original plans. Many applicants were not able to meet the tight deadlines we were forced to implement in order to comply with the initial federal deadline or applicants were not able to find contractors to implement the desired changes by the initial federal deadline – those applicants that had approved expenses but couldn't meet the deadlines will get another opportunity to obtain grant funds.

Commerce was able to tailor these grants to the most affected industries because we conducted no less than four surveys before designing the CARES grants. Two of these surveys were aimed at North Dakota businesses so we could better understand their needs and how COVID-19 was impacting their businesses and how deeply. Not only did our informed, data-driven response include the CARES Act grants mentioned above, but it also resulted in several webinars Commerce developed and produced to provide local leaders and communities with tools to assist them or to help

them connect to vital resources. We partnered with the North Dakota Department of Health to create and issue a survey that targeted all North Dakotan citizens and had over 11,000 people reply!

In addition, while most states were reactive to the federal government COVID-19 response, Commerce was not. We were weeks ahead. We became the experts on the federal response, partnered with our local subject matter experts and then shared this information with North Dakota businesses through a series of business briefings thereby preparing our companies to take advantage of the Paycheck Protection Program (PPP) and Economic Injury Disaster Loan (EIDL) program. These proactive efforts resulted in over 11,000 Small Business Administration (SBA) loans being provided to North Dakota businesses. According to USA Facts website, "North Dakota received the most (in terms of federal loan proceeds) at $2,037 per capita. California and New York received $845 and $1,041 per capita, respectively."

The Commerce COVID response improved lives and was nothing short of robust.

Last time we presented in front of you, we promised the development and deployment of a new Commerce strategy. We are pleased to share that we not only delivered what we promised but took it even further.

Thank you for your trust – I'm going to highlight some of your investment successes, and you'll hear additional details from the Commerce leadership team:

- Placed a heavy emphasis on diversification and innovation attracting hundreds of millions in private capital;
- Completely transformed how economic development is conducted in the state by doubling primary sector projects compared to last biennium;
- Introduced in excess of $50 million in start-up innovation activity using the newly created Innovation Technology Loan Fund (LIFT) legislation;

- Doubled activity within the UAS environment while growing Grand Sky commercial activity by 30% and almost completing the Vantis beyond visual line of sight (BVLOS) network in the Bakken;
- Successfully recruited an intermodal operation to North Dakota after 20 years of previous unsuccessful attempts;
- Working with our partners Regional Planning Councils and Community Action Agencies, we deployed Community Development Block Grant (CBDG) and Community Services Block Grant (CSBG) funds resulting in 85,699 people served/impacted;
- Actively managed 59 Renaissance Zones resulting in 1,850 approved investments (since inception in 1999) across communities in North Dakota;
- Developed and deployed the ND Development Calculator (ND2C) enabling communities to better understand the true long-term costs of infrastructure to ensure optimization of community planning and the reduction of local tax burdens;
- Empowered communities to proactively plan their futures by providing matching grant funds though our Partners in Planning grant program;
- Reenergized the Rural Development Council. Surveyed local leaders and used the data to set priorities for long term rural economic and community growth;
- Simultaneous to rural community and economic engagement, we achieved solid outreach across the nation by actively participating in national webinars and conference as panelists to share progress in North Dakota;
- Retooled Tourism Division marketing materials due to the pandemic and mobilized an in-state campaign and free cooperative platform featuring tourism businesses and destinations;
- Supported pandemic communications by providing leadership with Joint Information Center (JIC), CARE 19 apps, ND Smart Restart, a variety of Commerce grants and Business Briefings;

- Led occupational licensure reform research effort resulting in precision recommendations to improve talent recruitment and geographic mobility;
- Recruited "The Last Mile" training program to the North Dakota Department Corrections thereby improving prisoner rehab and job placement reducing recidivism and saving state resources and improving company growth prospects;
- Invested $924,516 of matching funds in accelerated skilled workforce training programs designed to get displaced workers prepared for new jobs and back to work; and
- Operation Intern went big on tech, trade, logistics, critical skills gaps and in-demand jobs.

THEME 2: COMMUNITY DEVELOPMENT

I am going to provide a little deeper dive on Theme 2: Community Development and I will ask Bonnie Malo to share some additional details.

In order for North Dakota to be successful our communities must be successful. Commerce has been on the leading edge of redefining what "community development" means through its leadership ensuring that North Dakota communities not only understand the need for smart, efficient infrastructure; healthy, vibrant spaces; and 21st century workforce but, also have the resources to deploy strategies in pursuit of community aspirations.

After we designed and administered the Rural Economic Development study, results indicated economic development in rural North Dakota looks a little different than it does in our urban centers. In rural North Dakota the attraction and/or creation of retail and restaurants is the number one economic development goal. Commerce wants to make sure these rural communities have access to resources to pursue their economic development goals. Currently, the Rural Growth Fund contained within the Commerce Development Fund legislatively requires all investments to have a primary sector designation, because of this hurdle these funds have been rarely accessed. I ask you, is it time to eliminate this hurdle and allow rural

communities access to these funds? Our data says it is. And some communities have made a similar change already. In a conversation with Keith Lund, President and CEO of Grand Forks Regional Economic Development, he informed me that they eliminated the primary sector language from the economic support activities conducted outside the city limits of Grand Forks.

Another Commerce achievement was the creation of the ND2C. This tool enables communities to understand the true long-term costs of infrastructure, especially expansions with the goal of providing information to ensure decision makers are well informed when making decisions regarding optimization of existing infrastructure, planning and reducing tax burdens. We're actively working with the North Dakota Department of Transportation (NDDOT) to deploy the ND2C on all NDDOT projects that involve streets in and around cities and communities showing the value in growth decisions.

The Partners in Planning (PiP) grant empowered communities to proactively plan their futures by supporting comprehensive plans, economic development/diversification strategic plans, or economic recovery plans due to impacts of COVID-19. In 2020, $125,000 was awarded to six communities. These matching grants to Bowman County, City of Cavalier, Hettinger/Adams County and Linton Industrial Development Corporation helped them develop strategic plans and the City of Milnor develop a comprehensive plan.

We were able to reenergize the Rural Development Council and set priorities for long term rural economic and community growth which include; stabilizing rural development funding, investment in infrastructure, quality of life, high paying jobs and building leadership capacity.

Based on data gleaned from the Rural Economic Development survey and the trend of collaboration and regionalization we developed the Economic/Community Development Ecosystem Map which provides a spatial representation of state and local resources and organizations, with

contact information, so leaders across our state can more easily connect with neighbors resulting in improved local economic and community development opportunities and collaboration.

Vibrancy grants were created to incent small successes in communities that serve to build confidence in local leaders and empower communities to engage the populace in community conversations that create vibrancy. These grants can also support the implementation of a community need project identified and supported by a comprehensive or economic development plan whose creation was incentivized by the Partners in Planning grant effectively operationalizing the plan and ensuring it doesn't get placed on a shelf.

Chairmen and members of the Committee. We ask for your continued support of the resources required to ensure community vibrancy and smart infrastructure development across North Dakota, especially in small towns. The Partners in Planning and Vibrancy grants were funded using the Commerce Momentum Fund.

I will return now to the remaining themes...

THEME 3: CONTINUED ECONOMIC RESILIENCY AND DIVERSIFICATION

In the past year, North Dakota has been affected by a "double black swan" event, that is, the collapse of oil demand and prices, followed by a global pandemic that grounded the world economy to a halt in the spring of 2020. While discussed as important for years, never has a solid economic diversification strategy been more crucial to our state. Combined with the need to stabilize existing industries and businesses in North Dakota, both for the purpose of creating a more "resilient" economy – one not as vulnerable to the shifts in the oil and agriculture industries and one capable of adjusting to new consumer behaviors and expectations more quickly than our national and global competitors.

THEME 4: THE NEW WORKFORCE

North Dakota began the year 2020 with an unemployment rate of 2.3% - the lowest in the nation – and a labor market participation rate of 69.2% - one of the highest in the nation. There is a need to prepare workforce for today's jobs and those to come. We are working closely with state educational systems and the private sector in preparing the workforce of tomorrow including reducing barriers that prevent residents from obtaining the skills or employment they seek.

THEME 5: ELEVATION OF NORTH DAKOTA'S IMAGE

Magnifying what North Dakota has to offer to visitors, new residents, and new companies, this opportunity has taken on a new and higher profile during the time of COVID-19. There is appetite for wide-open spaces, safe destinations, and the many amenities that North Dakota is naturally gifted to offer has never been so significant.

Each division director will talk more specifically about each of our themes.

I promised earlier that you would hear from Bonnie Malo, director of Community Services. I would like to invite Bonnie to the podium and talk more about our efforts to braid federal community development resources with state support to target and maximize impact. Bonnie can you please talk more about Community Development

BONNIE MALO, DIRECTOR OF COMMUNITY SERVICES

Thank you, Shawn.

Good morning Chairman Holmberg and members of the committee. I am Bonnie Malo, Director of the Division of Community Services (DCS) at the Commerce Department.

The Community Services Block Grant (CSBG) program requires a public hearing so we will incorporate that requirement into this meeting. The CSBG program's primary purpose is to assist communities to implement locally designed anti-poverty programs. The program is delivered through the seven statewide Community Action Agencies, providing various services including Head Start, weatherization, commodity food distribution, emergency services and case management to low income households and persons. For the 2018 and 2019 program years CSBG impacted 41,546 low income individuals statewide.

Commerce, in cooperation with the Community Action Agencies, has prepared a funding plan for the U.S. Department of Health and Human Services. We expect CSBG to be funded in the range of $3.6 million in each of the next two years. Therefore, Mr. Chairman, would you please open the hearing for any public comments on the Community Services Block Grant funding plan?

Mr. Chairman, with there being no further comments, can we close the public hearing?

At this time, I will address the remaining programs within the Division of Community Services. The total appropriation for this biennium is $50,823,035, which includes funding for the Energy Conservation Grants, Weatherization Assistance, Low Income Heating Assistance, CDBG, Emergency Solutions Grant (ESG), North Dakota Homeless Grant (NDHG) and CSBG programs.,

The Energy Conservation Grant funded 65 projects to political subdivision for this biennium, which will save an estimated $422,535 on energy savings per year.

The State Energy Program funded by the Department of Energy, provided funding to the Bismarck Public Schools System, where they recently installed 46 solar panels at the Bismarck Career Academy. In addition to reduced energy costs, students will now have an educational experience on solar energy production, providing exposure to alternative energy workforce opportunities. The energy cost savings is estimated to be around $3,500 per year.

The Weatherization Program helps to improve housing conditions and save money for our state's most vulnerable citizens. One manufactured homeowner received weatherization assistance from the Jamestown Community Action Agency that can be directly attributed to remaining in their home because of the assistance they received. Prior to receiving the weatherization assistance, their utility bill was between $400 to $500 per month. After the work was completed, their bill dropped to about $100 per month. This individual was very thankful for the assistance, with tears in her eyes she stated that they would not have been able to stay in their home without the weatherization work.

The CDBG and HOME funds are used to increase the affordable housing options in communities around North Dakota. Affordable housing was cited as the top need in all eight regions of the state during a statewide Needs Assessment Survey conducted in 2020.

The CDBG and HOME funds were an integral part of the capital stack for Monterey & Brighton Place Apartments in West Fargo. These funds were layered with Home Innovations Fund (HIF) funds and Low-Income Housing Tax Credits, allowing to demolish 60 units of Public Housing and then redevelop the site to construct 85 affordable units, significantly increasing the capacity for serving income-qualified families. Without the CDBG and

HOME funds, Cass County Housing Authority would not have been able to increase the number of eligible households served in this community.

Homelessness and housing insecurity impact thousands of families across the state every day. Jennifer had recently lost her husband to COVID-19 and while grieving, she also became homeless. After staying in her car, Jennifer went to Ministry on the Margins in Bismarck. They were able to provide financial assistance and secure temporary housing, until she was able to find employment and secure permanent housing. These emergency measures prevent individuals from becoming permanently homeless and the stability that temporary housing allows them to develop a plan to move forward to achieve greater self-sufficiency. Without financial support from ESG and NDHG, organizations like Ministry on the Margins would not be able to assist the overwhelming number of people who are in situations like Jennifer's.

The CSBG program helps to directly address poverty in our communities. A client in the Dickinson region turned to the Community Action Agency when she and her three children were threatened with homelessness due to divorce. Her husband lost his job, and she had lost most of her wages due to a recent COVID-19 quarantine. With no sick leave and no financial resources, she worked with staff at the agency to secure permanent housing for her children. This client stated that Community Action's guidance and financial assistance helped her make decisions during a stressful time.

The Renaissance Zone Program is an economic development tool that can help cities revitalize their communities by offering both state and local tax incentives. These tax incentives encourage residents and business owners to reinvest in their communities. I am pleased to introduce Brad Barth, executive director of Forward Devils Lake to discuss how Devils Lake has benefited from the program.

Recent Renaissance Zone projects in the community of Devils Lake include a microbrewery and a fitness center. The community notes that these

projects help to fill vacant buildings and lots in the core of their city and even brought one formerly tax-exempt property back onto the city's tax rolls. Later, Brad Barth from the city of Devils Lake will provide a broader view of what the Renaissance Zone program has done for his community.

The Division of Community Services has two asks, our first ask is to transfer the HOME program and two FTE's to the Housing Finance Agency. This transfer will create efficiencies with a one-stop shop for multi-family housing development programs.

The second ask is, Commerce currently has budgeted $8 million in COVID-19 relief funds, we are asking for an additional $3.5 million in federal spending authority. These additional funds are from the CSBG program. The total spending authority will now be $11.5 million.

This concludes my testimony of the Division of Community Services programs.

I would like to now turn the podium over to Katie Ralston, director of Workforce to talk more about The New Workforce.

KATIE RALSTON, DIRECTOR OF WORKFORCE

Thank you, Bonnie.

Chairmen Holmberg and members of the Senate Appropriations Committee, I'm Katie Ralston and I have had the honor to serve as the director of Workforce with the North Dakota Department of Commerce since January 2020.

The Workforce Division continues to augment state level workforce solutions to ensure that North Dakota is not only prepared for future workforce needs but is well positioned to outcompete neighboring states for qualified workers. In November 2019, the private sector led Workforce Development Council was moved to the Department of Commerce. We have leveraged the industry expertise and diverse geographic representation on this board to understand workforce needs in North

Dakota and generate strategies to address them. All the initiatives that I am going to highlight are aligned with the council's priorities and opportunities they have identified.

In conjunction with a subcommittee of the Workforce Development Council, the state continues to lead the occupational licensure reform effort by researching North Dakota's schema for occupational licensing to develop a thorough understanding of licensing in our state; discover best practices; engage licensing boards and commissions; and identify the best path for reform, with the goal of removing unnecessary barriers to employment while preserving the health and safety of North Dakotans and promoting competition. Throughout the last several months, this effort uncovered unique and effective practices already being utilized by our boards and resulted in precision recommendations to improve talent recruitment and geographic mobility.

We also led a cross-agency collaboration in leveraging federal Workforce Innovation and Opportunity Act dollars to recruit The Last Mile IT training program to the North Dakota Department of Corrections and Rehabilitation. The Last Mile is specifically designed for correctional facilities and will provide residents of our state prison with full-stack software development training, which means they'll be highly qualified website and app developers with the ability to also program more complex systems such as servers and databases. This program will improve prisoner rehab and job placement upon release, and graduates could make a starting salary around $50,000. We know that stable employment promotes overall recovery and reform for individuals who have criminal backgrounds. In fact, the recidivism rate in North Dakota is 35%, but that drops to 7% when individuals participate in workforce training programs while incarcerated. Nationally, the Last Mile boasts a 0% recidivism rate for the 240 returned citizens who have graduated from their program. The first cohort of Last Mile students in North Dakota are getting underway this month and will be ready for the job market by the end of this year.

Through an Apprenticeship State Expansion grant from the United States Department of Labor, we are developing new apprenticeship programs with $694,000 primarily focused on healthcare and biomedical research to a support the rapidly growing biotech cluster which is highly important given the desire to diversify the economy. We also saw great success with our longstanding Operation Intern program, which provides up to $4,000 in wage match for interns. Despite economic hardships due to the pandemic, many employers still prioritized internship programs as meaningful work-based learning experiences for students and continued to recognize their value in creating an effective workforce pipeline for their companies. As a result, we saw an increase in Operation Intern participation with a heavy concentration in technology, advanced manufacturing, and energy throughout the biennium. Today, you'll hear from a business owner who has successfully leveraged this program in his workforce training and recruitment efforts, effectively keeping talented young workers in our state.

Finally, when the state received CARES Act funds, we created the Technical Skills Training grant with $1 million in matching funds that were used to support public and private sector led training providers in expanding and developing new accelerated skilled workforce training programs aimed at helping displaced workers prepare for high-demand jobs in North Dakota. These training programs range from CDL and CNA training, to IT and cybersecurity, to wind turbine technician and even structural and pipeline welding. We invested a total of $924,516 in 12 programs across the state, each of which are sustainable and will continue to prepare citizens for entrance and movement within the workforce for years to come, thus creating more pathways to employment in our state. In a few moments you'll hear from one of our grant recipients who is using these funds to make a big difference in Watford City and the surrounding area.

We're fortunate to work with partners throughout the state who are dedicated to addressing North Dakota's workforce needs. I'm pleased to introduce Dave Farnsworth, manager of Power Generation and Engineering

for Great River Energy and chairman of the Workforce Development Council. Also presenting will be Kara Glenn with Silver Fox Pipeline Facility Services and Ray Berry, owner of OmniByte Technology.

Thank you, Ray

In order to continue leading statewide workforce strategy and supporting key partners in addressing North Dakota's workforce needs, we need:

- Continued collaboration with the Workforce Development Council in order to remain ahead of workforce trends, so together, we can develop scalable solutions to address North Dakota's workforce needs and prepare a 21st century workforce
- We also need continued support of grant programs, such as Operation Intern and the Early Childhood Education Grant, that support learners at different stages of their education and training. Operation Intern has proven to be a valuable resource for businesses, and we need to continue supporting internship programs as they're an important tool for recruitment and training initiatives. We know that many of the businesses that participate in Operation Intern couldn't afford to provide internship experiences for students without this matching support.
- Finally, we need to sustain the Technical Skills Training grant program. With $1 million in matching funds, we can continue to support training opportunities that prepare individuals for entrance and movement within the workforce. Accelerated job training programs are key to North Dakota's economic recovery and will help us fill high demand jobs in healthcare, renewable energy, IT, logistics and transportation, and more, well into the future.

I am pleased to now introduce Sara Otte Coleman, director of Tourism, to share some details regarding our final theme, elevation of North Dakota's image.

SARA OTTE COLEMAN, DIRECTOR OF TOURISM

Thank you, Katie.

Chairman Holmberg and members of the Committee, I'm Sara Otte Coleman and I have had the honor to serve as the director of Tourism with the North Dakota Department of Commerce for the past 18 years.

As Shawn mentioned, elevating North Dakota's image during a period of challenges and opportunity is crucial and we must take advantage of the shifting demographics, the desire to travel and the growing interest to enjoy wide-open spaces.

We were able to push $70 million plus into the economy with an emphasis on hospitality sectors. Commerce awarded over $23 million dollars to more than 960 restaurants, bars, coffee shops and venues with the HERG. Hospitality Economic Resiliency Grant PLUS funds will help 197 hotels and lodges with more than $8 million in awards. These Hospitality Economic Resiliency Grant dollars will help this sector which was disproportionately impacted by the pandemic. To date, $1.13 billion in visitor revenue has been lost to North Dakota and our businesses, due to COVID-19 related restrictions including the closure of the Canadian border which has cost us 465,000 personal vehicle trips.

New research confirms tourism advertising goes beyond motivating trips and plays a lead role in elevating our state's image across various economic development benchmarks. For example, people who have seen our advertising rated North Dakota 16% higher as "a good place to start a business" compared to those who had not seen our advertising. This lift is even higher once they have visited, where we saw respondents ranking the state 20% higher as "a good place to live" once they have visited.

The team's research driven media outreach showed strong results using a new creative campaign (2019) which included multi-channel placements targeting outdoor programming, sports and recreation and targeted urban areas like Minneapolis St. Paul and Chicago. The campaign exceeded our benchmarks and industry average results.

We retooled tourism marketing materials due to pandemic and mobilized an in-state campaign and created a free cooperative platform featuring tourism businesses and destinations. We are currently running our first winter campaign in-state and near border to inspire winter travel to support small businesses.

Paid media results 2020:

- 83 million people on TV
- 12 million people in print
- 233 million people on digital advertising
- 85 million people through out of home advertising
- 23 million people on social media through advertising campaigns
- 52% increase in visits to NDtourism.com over 2019
- Increases from 48 states
    - First time visitors made up 92% of visits (up 78% from 2019)

We know this work impacted sales. In 2020, there were 3,523,146 room nights sold in North Dakota, this is down 30.4% from last year's nearly 5 million sold - however could have been much worse without our proactive work.

This year we garnered 40 national editorial media placements which was up 25% from 2019 and reaching 776 million. We also hosted eight influencers reaching more than 10.6 million. We hosted HoneyTrek- with paid support of $3,900 and assistance from partners across the state. The couple spent 10 days in North Dakota generating 53 social posts and stories which were seen by over 1 million to date.

The Tourism/Marketing Division has led the state's brand unification efforts which became increasingly important as the state managed COVID-19 mitigation efforts. Thirty-four agencies are now using the Be Legendary brand. The team also supported pandemic communications by providing leadership with JIC, CARE 19 apps, ND Smart Restart, Economic Resiliency Grants and impacted business engagements.

I would like to introduce Jim Poolman - a longtime business leader in our state to give you a private business perspective. Following Jim will be Charley Johnson from the Fargo-Moorhead West Fargo Convention and Visitors Bureau to provide a community perspective and then Dave Achtenberg who is with the Regency Hotel Management group to further on the impact and needs for events and group business. There will also be testimony from the Travel Alliance Partnership, the Destination Marketing Association of North Dakota and the North Dakota Hospitality Association and other businesses following our agency testimony.

As illustrated, tourism revenue supports small businesses - 3,000 of them in the tourism sector. The experiences we showcase are for people that live here, visit here (for business or leisure) or are considering living here. It is important to increase the awareness of North Dakota and elevate our image to recruit and retain people from the region. We also must invest in those who have already visited the state. Once travel restrictions are lifted, the border traffic will help drive retail sales in northern communities and we will need to compete with all our neighbors, including Manitoba, to attract new wealth to the state.

To achieve those goals, we need $2 million of one-time funding from the General Fund for destination marketing. This will allow us to extend our campaign beyond June. Research in 2020 showed that on-line searches on North Dakota travel options and online bookings were high and at par with neighboring states during the peak advertising campaign. Once the campaign ended in early June, the intent to travel, as shown by online searches and bookings, declined well below our competitors. The additional

dollars are imperative in driving demand to our businesses and assisting their recovery.

We also are asking for $200,000 to improve our visitor services by leveraging existing state infrastructure, like rest areas and visitor sites, to elevate the North Dakota brand. The new hubs will enhance visitor services with fresh contemporary designed space aimed at showcasing experiences statewide to extend visitors stays.

These budget enhancements would allow continued investments in destination marketing to recruit visitors and new North Dakotans which will improve small business activity and increase visitor spending at a critical time. The added benefit is creating awareness for workforce recruitment purposes, retaining resident revenue and keeping North Dakotans traveling to sites within the state. All of which would improve success of all economic development and workforce recruitment efforts.

Next, I would like to introduce our Economic Development and Finance director Josh Teigen to provide a deeper dive into our third theme of continued economic resilience and diversification. Josh...

JOSH TEIGEN, DIRECTOR OF ECONOMIC DEVELOPMENT AND FINANCE

Thank you, Sara.

Chairmen Holmberg and members of the Senate Appropriations Committee, I'm Josh Teigen and am honored to have been promoted to serve as the director of Economic Development and Finance. I still have the privilege of working with the former Economic Development and Finance Director James Leiman as he transitions into his new role within the North Dakota Department of Commerce.

The last biennium laid the foundation for a highly diverse and resilient North Dakotan economy and we went big and bold with a heavy emphasis on economic diversification, especially in the areas of innovation, high tech jobs, and value-added activity.

In parallel to our strong economic development approach, we also reinvented the way we deploy capital in the state to better meet the market need. We achieved major successes in attracting outside investments such as venture capitals, equity firms, and private capital allowing for an innovation platform.

We successfully recruited the world's most successful innovation platform with Plug and Play, which equates to 40 top-tier startups each year in the intelligent ag space. This feeds economic development initiatives for us, brings a needed ecosystem to the marketplace, and is a great source of investment opportunities for us.

The department completely transformed how economic development is conducted in the state with precision recruitment and growth based on data, research and new investment opportunities. Using data, we can now be predictive rather than reactive, and focus our efforts on the highest return on investment (ROI) activities.

In addition, we developed nearly 100 primary sector projects in 2019 and in 2020 simultaneous to the pandemic, worked in excess of $2 billion in projects in 2020, and introduced in excess of $50 million in start-up innovation activity using LIFT and InnovateND which was a wise investment that paid huge returns for the state. We were able to develop new side-by-side investment relationships across the nation creating higher probability to create new wealth and improve capital access.

Unmanned Aircraft Systems (UAS) deployed systems-wide unmanned system plan to include initial beyond visual line of sight (BVLOS) capability in the Red River Valley and Bakken, and doubled activity within the

Northern Plains UAS. Grand Sky commercial activity grew by 30% with hundreds of jobs averaging almost $100 thousand per year and generated over $55 million in private investment capital.

In collaboration with several partners, we successfully recruited an intermodal operation to North Dakota after 20 years of attempts; with no use of state money. This success allows huge savings for shippers and will likely see higher ROIs per acre. The biggest shipper in the state saves 34% on drayage, and average shippers save between 20-25%. This is a tremendous recruitment tool for the state and is a cornerstone for growth in the Minot Industrial Complex.

Our team developed and deployed a foreign direct investment (FDI) strategy attracting new companies and investments from Asia, the Middle East, Europe and Latin America including a major greenhouse project from Canada and petrochemical foundation which is a multigenerational solution to massive and long-term energy growth.

We redefined the approach to energy growth laying foundation for next generation economy including value-added, innovation, and environmental, social, and corporate guidance (ESG). What is needed is capital. If we could transfer $30million from Legacy Fund earnings for the Innovation Technology Loan Program (LIFT), continued investment in innovation programs and get behind Grand Strategy which includes Grand Sky, Grand Farm, Grand Ranch and Grand Energy. This would allow Commerce to seed programs to focus on preparing companies for ESG compliance to attract equity, capital and entities to purchase North Dakotan products.

In addition, transfer $20 million from Legacy Fund earnings to the Unmanned Aircraft System Program Fund on June 30, 2021 for Vantis, the first statewide BVLOS network, transfer $7 million from Legacy Fund earnings to the Unmanned Aircraft System Program Fund on June 30, 2021 for Grand Sky, and transfer $2 million from Legacy Fund earnings to continue funding the Northern Plains UAS Test Site.

And $750,000 to The North Dakota Trade Office Bifurcation to fund trade and foreign direct investment opportunity with emphasis on energy and tech, e.g. UAS would allow focus on trade data to support need.

We have several partners joining us today.

Eric Bartsch - AGT

Sean Carrol - Access Point Technologies

Patty Post - Checkable Medical

Tyler Demars – Center for Technology and Business

Ron Ness – North Dakota Petroleum Council

Tom Swoyer – UAS Grand Sky

Nick Flom – Northern Plains Test Site

Connie Ova – Jamestown EDC

Thank you to our partners.

- What we need
    - Capital
        - Transfer $30million from Legacy Fund earnings for Innovation Technology Loan Program (LIFT)- 4x-5x investment
        - Continued investment in innovation programs
        - Get behind Grand Strategy
            - Grand Sky
            - Grand Farm
            - Grand Energy
                - Commerce to seed program to focus on preparing companies for ESG compliance to

attract equity, capital and entities to purchase North Dakota products

- Transfer $20 million from Legacy Fund earnings to the Unmanned Aircraft System Program Fund on June 30, 2021 for Beyond Visual Line of Site (Vantis)
- Transfer $7 million from Legacy Fund earnings to the Unmanned Aircraft System Program Fund on June 30, 2021 for Grand Sky.
- $2 million in continued funding for Northern Plains UAS Test Site
- North Dakota Trade Office Bifurcation
  - $750,000 to fund trade and foreign direct investment opportunity with emphasis on energy and tech, e.g. UAS
  - Focus on trade data to support need

Next, I would like to ask Shawn to return to the podium and provide a couple of closing thoughts.

Thank you, Josh.

Chairmen Holmberg and members of the Senate Appropriations Committee.

I want to take a minute or two and reiterate some of the items covered earlier today. UAS is a tide that lifts other boats including ag, energy and tech sectors. We are working with other state agencies, including the North Dakota department of Transportation and intend to request an amendment so they can help Commerce and the industry build common infrastructure. We want to work with the ND Agriculture department to utilize each our strengths to increase trade with foreign countries. Commerce would like to retain the diplomatic role, foreign direct investment and continue to have a seat at the table so we can work in unison for the good of all ND businesses. We would like to carryover unexpended funds in our discretionary fund so we can continue to help ND communities and

businesses, and we would like to eliminate the primary sector language from the Rural Growth Fund so rural leaders can pursue the economic development activities that they feel impact their communities the most. I certainly won't take the time to cover all the ways we stand ready to help but I hope you can see that the evidence speaks for itself, in the face of extraordinary adversity, we delivered. I am proud of the work our team did and the investments made are paying off.

The state of North Dakota is at a crossroads. It has been a difficult year for many and may remain difficult for some of our most important economic sectors – such as agriculture and energy, for the years to come. As you heard, Commerce is doubling down on community development, economic resiliency and diversification and are investing heavily into the future of our communities and the nation's best workforce. We are elevating our image so everyone knows about the opportunity that awaits them in our beautiful state.

We have an amazing opportunity for the residents of our great state…Come with us and let's grow this State together!

Thank you for your time today and we welcome any questions.

NORTH Dakota

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NORTH DAKOTA DEPARTMENT OF COMMERCE

SENATE APPROPRIATIONS

January 25, 2021

https://youtu.be/EjMl8vt0dv0

THEMES

- Commerce Crushed it – in face of once in a century event
- Community Development
- The New Workforce
- Elevation of North Dakota's Image
- Continued Economic Resiliency and Diversification

CARES ACT GRANTS

- <u>ERG</u>
- 2,656 Apps
- 2,064 Apps Awarded
- $38,720,521 Awarded

- <u>HERG</u>
- 1,132 Apps
- 966 Apps Awarded
- $23,681,952 Awarded

- <u>HERG PLUS</u>
- 220 Apps
- 197 Apps Awarded
- $8,351,332 Awarded

COMMERCE RESULTS

- Diversification
- Innovation
- Start-ups
- Small city focus and empowerment
- Rural Development Council
- Research driven
- Successful marketing
- Pandemic support
- Workforce program implementation
- Business support

RURAL DEVELOPMENT

- Redefining "Community Development"
- Rural Growth Fund
  - Primary Sector

VIBRANT COMMUNITIES

- ND2C
- Partners in Planning Grants
- Vibrancy Grants
- Economic & Community Development Map

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COMMUNITY DEVELOPMENT

COMMUNITY SERVICES

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Community Services Block Grant Public Hearing

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ADDITIONAL CARES ACT FUNDS

- Community Development Block Grant
  - $6.1 M
- Emergency Solution Grants
  - $5.1 M
- Community Service Block Grant
  - $4.8 M

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To Augment Growth with CDBG and CSBG Funds

- Provided services to 86,000 individuals

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Emergency Solutions Grant and North Dakota Homeless Grant Programs

- Funded 31 Shelter Providers and Assisted 1,790 Individuals

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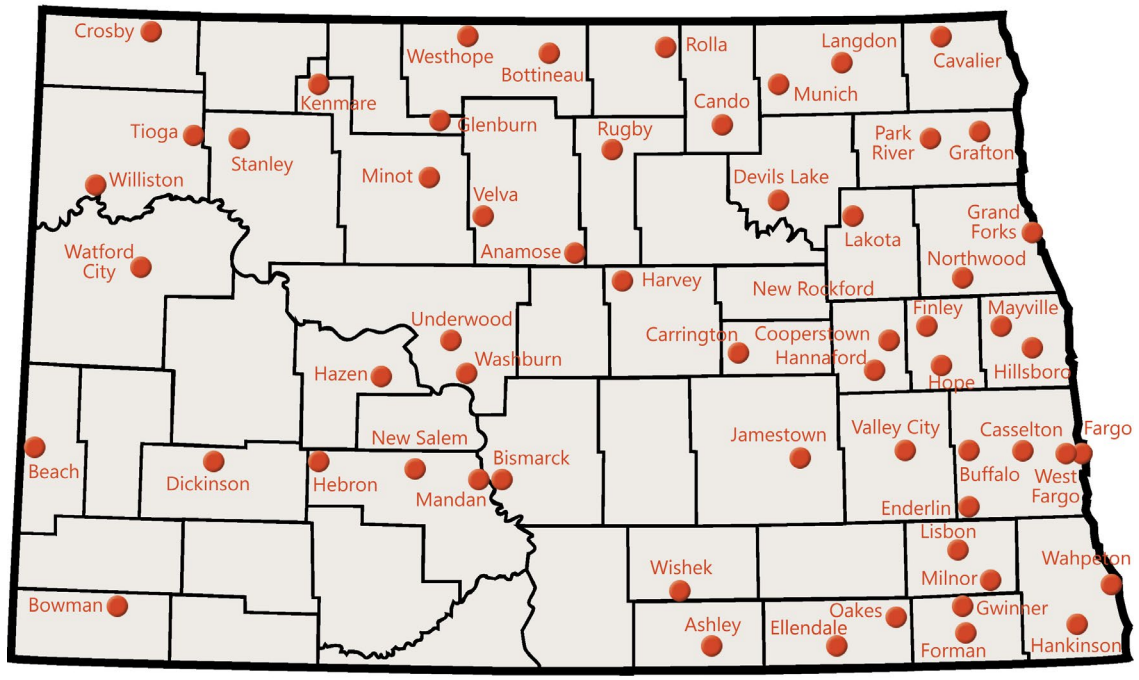
CDBG, HOME & WEATHERIZATION PROGRAM

- Developed 3 Multi-Family Housing Projects
- Rehabbed 134 Housing Units
- Weatherized 1,036 Low-Income Homes

RENAISSANCE ZONE

- Actively Manage 59 Renaissance Zones
- 1,850 Renaissance Zone Investments



PARTNER TESTIMONY

- Brad Barth, Executive Director, Forward Devils Lake

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REQUESTED ACTION

- Transfer the HOME Program and 2 FTE Positions to NDHFA
- Additional 3.5 Million in federal spending authority

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THE NEW WORKFORCE

WORKFORCE DEVELOPMENT

ACCOMPLISHMENTS

- Occupational Licensure Reform Research
- Recruitment of *The Last Mile*

WORK-BASED LEARNING

- Apprenticeship Expansion
  - Biomedical Research
  - Healthcare
- Operation Intern
  - 120 companies
  - 366 interns

TECHNICAL SKILLS TRAINING GRANT

- Invested $924,516
- 12 programs
  - 10 led by private sector

PARTNER TESTIMONY

- Dave Farnsworth, WDC Chairman, Great River Energy
- Kara Glenn, Silver Fox Pipeline & Facility Services
- Ray Berry, OmniByte Technology

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REQUESTED ACTION

- Continued support for longstanding grant programs
- $1 M for Technical Skills Training Grant

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ELEVATION OF NORTH DAKOTA'S IMAGE

TOURISM AND MARKETING

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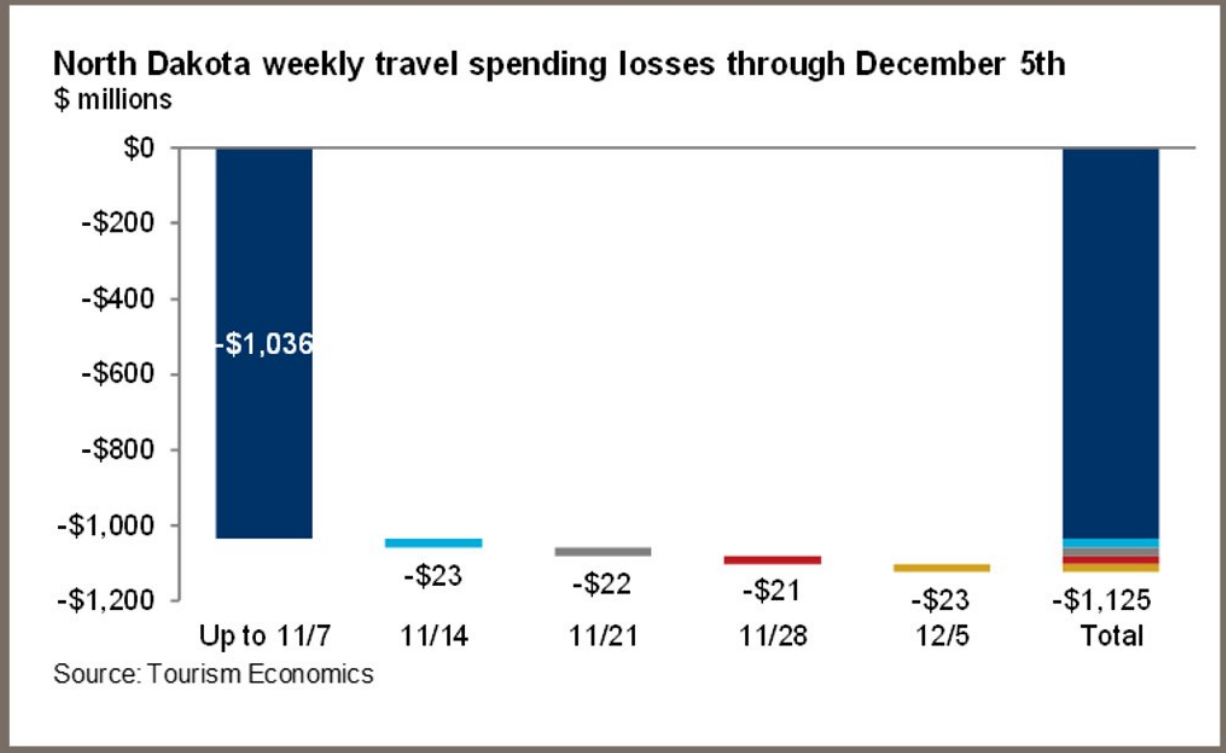
PANDEMIC IMPACT

- $1.13 B lost visitor spending
- $87 M lost visitor paid taxes
- 465,000 lost Canadian passenger vehicles



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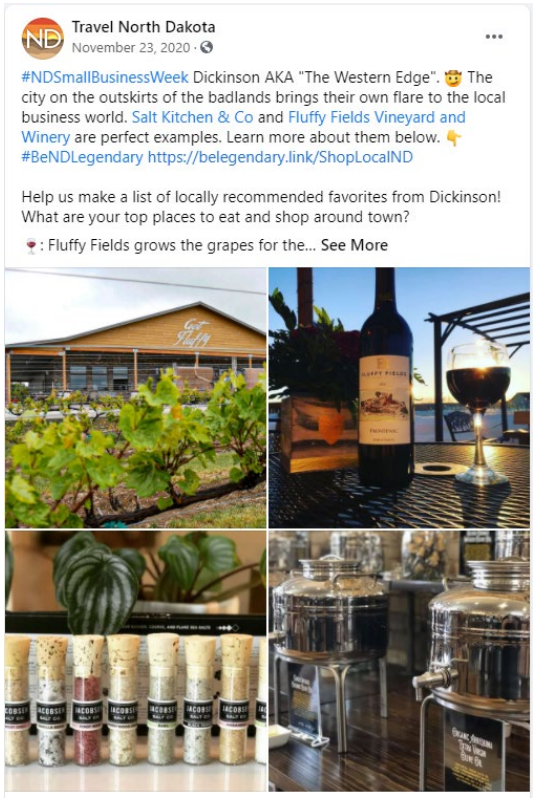

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DIVERSIFYING OUR ECONOMY

- Advertising has ability to change perceptions, attitudes and behaviors
- Campaigns create a “halo effect” that lifts image

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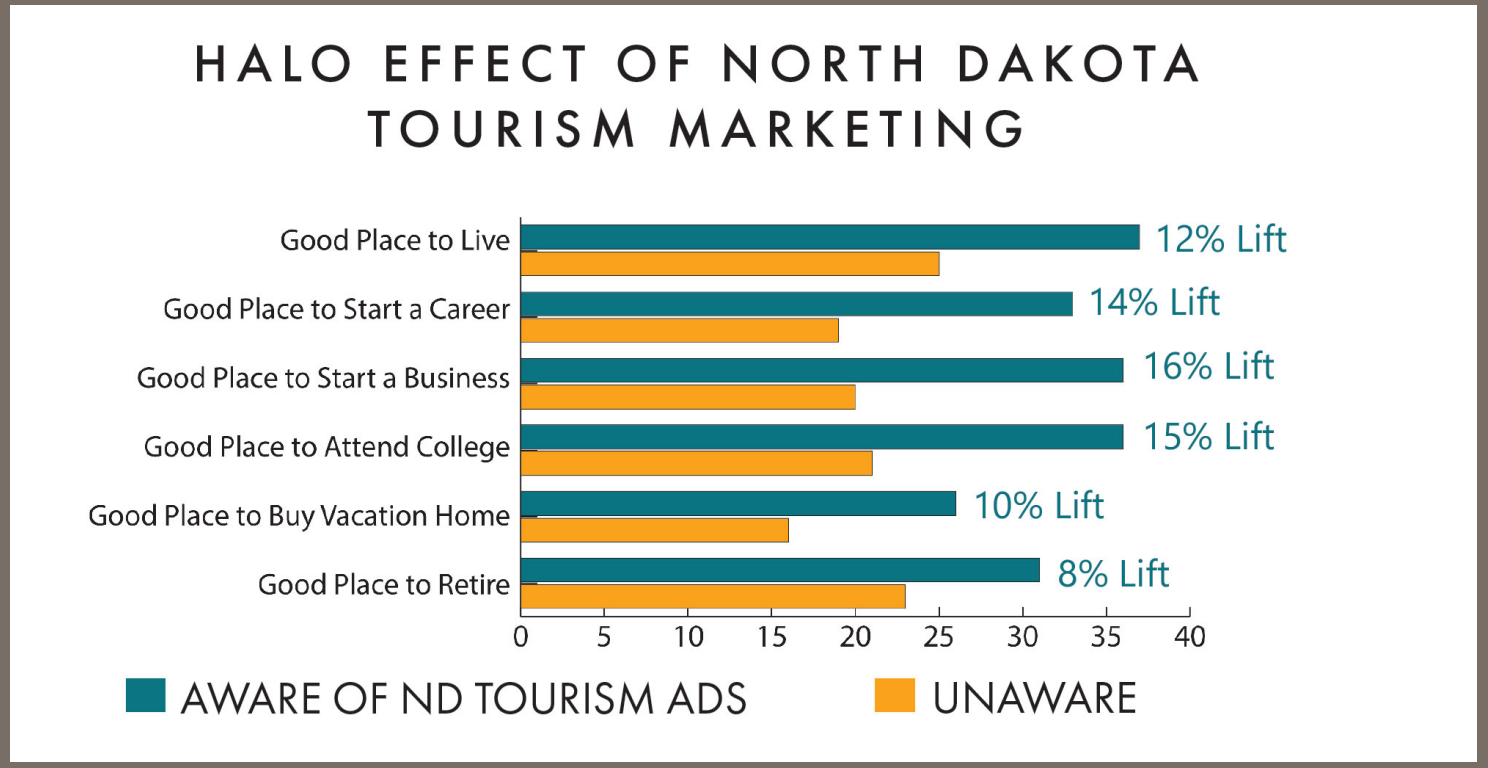
ELEVATING NORTH DAKOTA'S IMAGE

- Destination marketing yields more than visitors

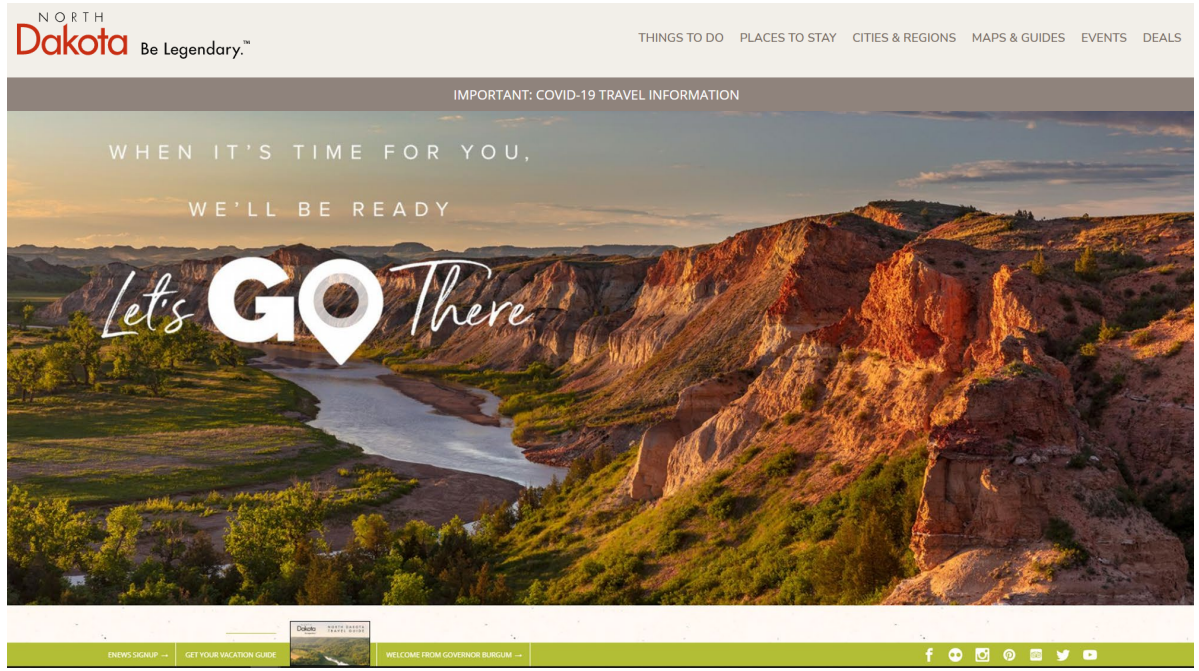


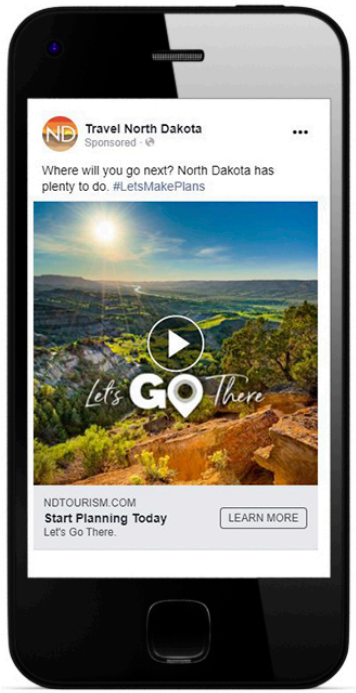
INCREASED AWARENESS OF NORTH DAKOTA

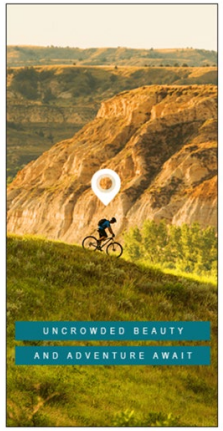
- Garnered 40 national editorial media placements (up 25% from 2019) reaching 776 million
- Hosted 8 influencers reaching more than 10.6 million

ADVERTISING IMPACT

- TV reached 83 million households
- Digital netted 112 million impressions
  - 9 million views on digital and connected TV spots
- Magazine and newspaper circulation of 12 million







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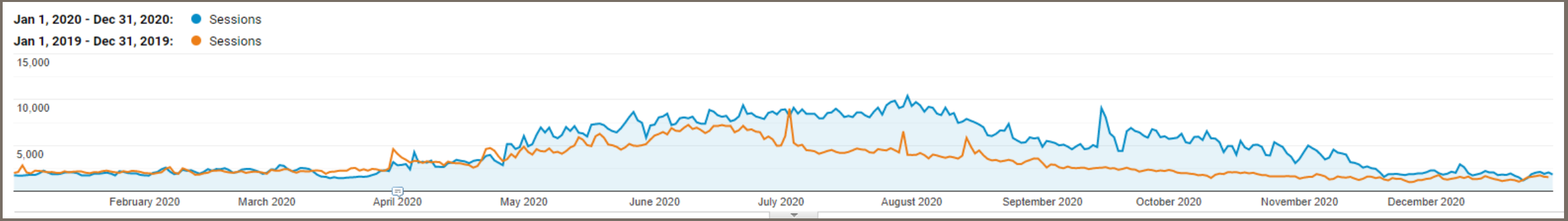
WEBSITE TRAFFIC = TRAVEL INTENT

- Traffic to NDtourism.com +52% from 2019
- Increases among all channels: organic, paid search and digital advertising, referrals, emails and social



BUSINESS PARTNER TESTIMONY

- Jim Poolman, Hospitality business owner
- Charley Johnson, Fargo Moorhead West Fargo CVB
- Dave Achtenburg, Regency Hotel Management

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TOURISM SUPPORTS SMALL BUSINESS

- More than 3,000 businesses
- Employing over 42,000 North Dakota citizens

$522 MILLION IN LODGING

$900 MILLION IN FOOD AND BEVERAGE

$593 MILLION IN TRANSPORTATION

$383 MILLION IN RECREATION

$522 MILLION IN RETAIL

REQUESTED ACTIONS

Tourism/Marketing

- $461,000 base increase up 3.6%
- $2 M increase – one time for destination marketing
- $200,000 for visitor services enhancements and brand activation

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CONTINUED ECONOMIC RESILIENCY AND DIVERSIFICATION

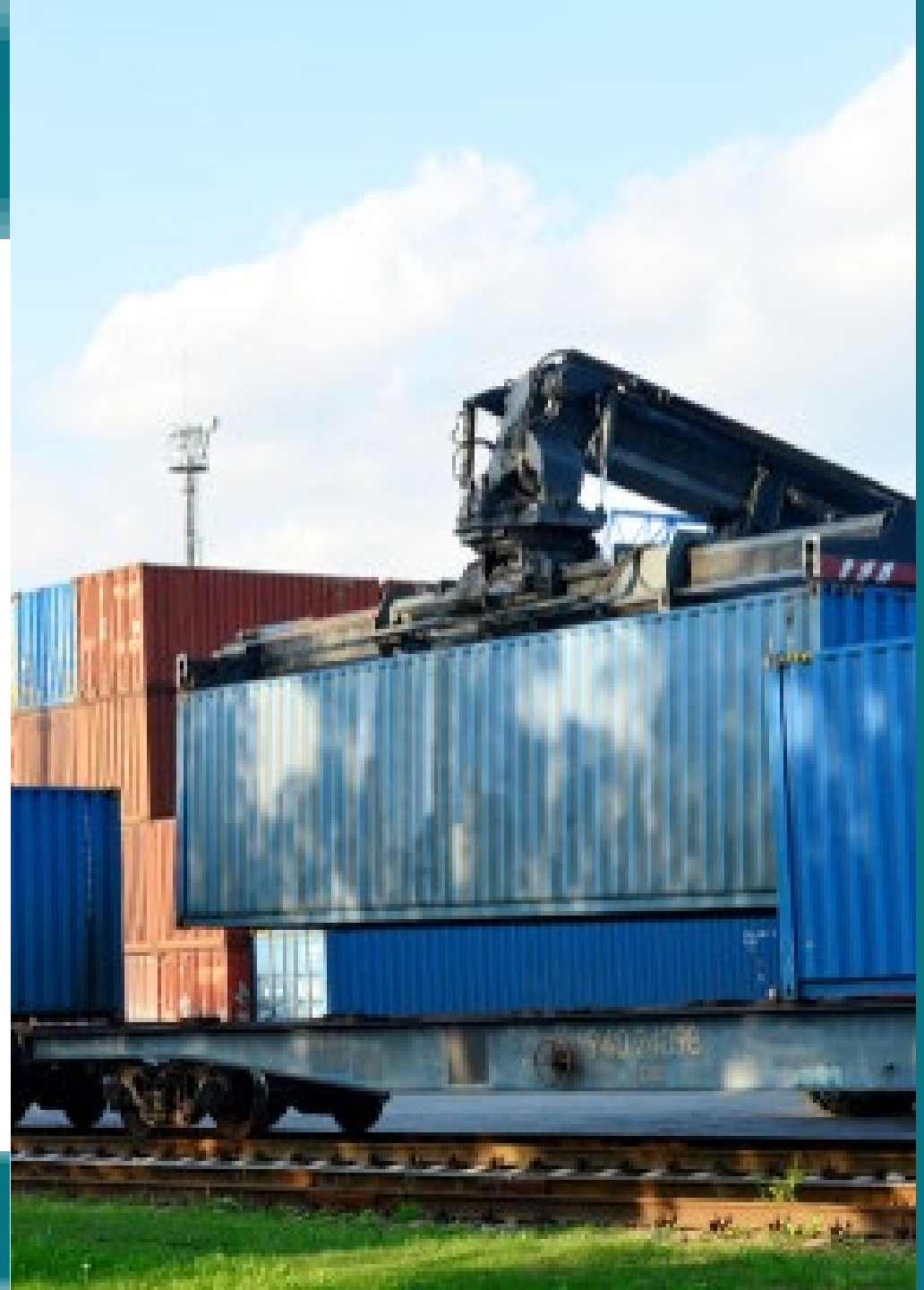
ECONOMIC DEVELOPMENT AND FINANCE

2020 IN REVIEW

- Revamped economic development approach
- 100 primary sector projects - $2 B
- Intermodal
- $50 M in start up and innovation funding
- Innovation platform
- UAS & VANTIS

MINOT INTERMODAL FACILITY

- Game changer for the ag industry in ND
- Average shipper saves 20-25%
- Huge recruitment tool for Minot



INVESTING

- LIFT
- InnovateND
- NDDF
- FDI

INNOVATION PLATFORM

- Plug and Play
- 40 top-tier startups per year
- Intelligent ag

PARTNER TESTIMONY

- Eric Bartsch, AGT
- Sean Carrol, Access Point Technology
- Patty Post, Checkable Medical
- Tyler Demars, Center for Technology and Business
- Ron Ness, ND Petroleum Council
- Tom Swoyer, UAS Grand Sky
- Nick Flom, Test Site
- Connie Ova, Jamestown EDC

GRANDSKY
AMERICA'S COMMERCIAL UAS PROVING GROUNDS
GRANDSKY
GRANDSKY
RESEARCH | DEVELOPMENT | TESTING | TRAINING
FLY HERE. FLY NOW.

NORTHROP
GRUMMAN
NG

N226JG
N716BE

GRANDSKY
OPEN
CLOSED

ECONOMIC IMPACT

342
Jobs

$19.3M
Annual Wages

$70M
Private Investment

$21M
State Investment

GRANDSKY
1201

1205

GRANDSKY

THOMAS SWOYER, JR.

PRESIDENT

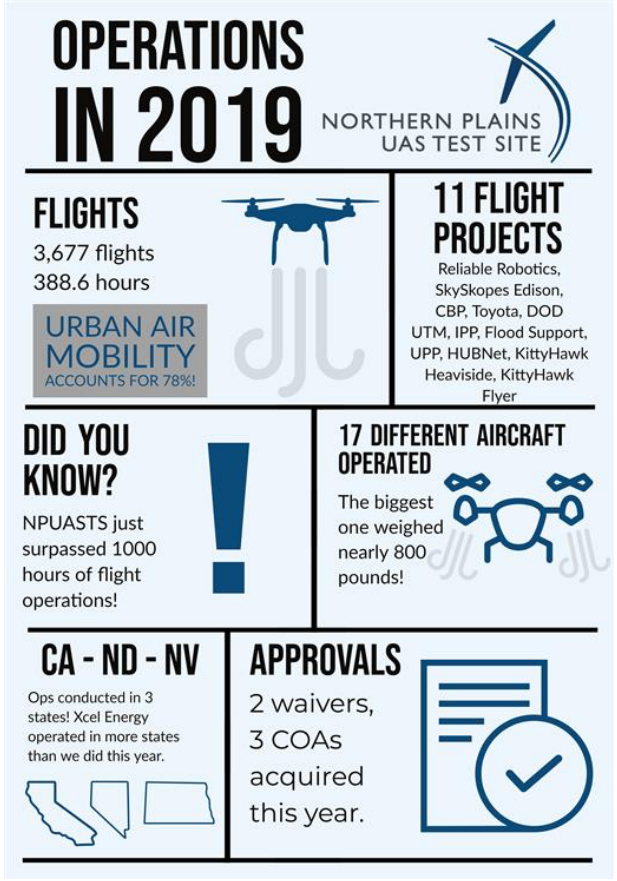
Grand Sky Development Company, LLC

swoyert@grandskynd.com

@GrandSkyND

GrandSkyND.com

Northern Plains UAS Test Site



Northern Plains UAS Test Site

L3HARRIS™ FAST. FORWARD.

airtonomy

NORTHROP GRUMMAN

SARA

Xcel Energy®

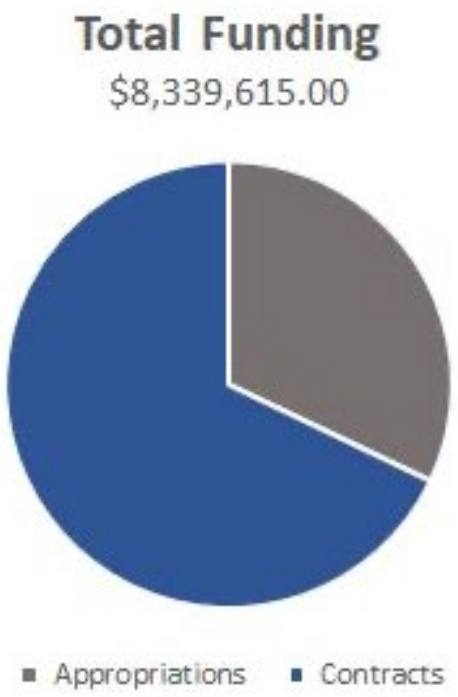
The FAA's Center of Excellence for UAS Research

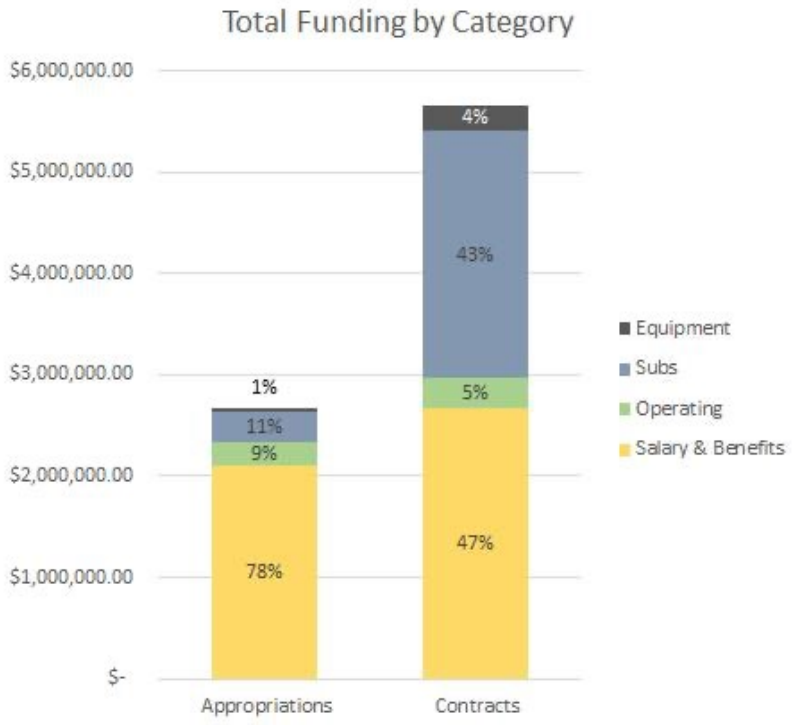
ASSURE

Alliance for System Safety of UAS through Research Excellence

BEYOND

NORTHERN PLAINS UAS TEST SITE





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VANTIS

Functional Architecture

SE/SI's

Collins Aerospace

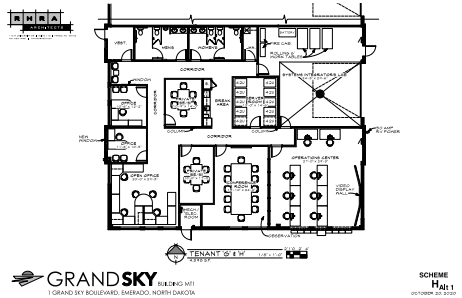
L3HARRIS™
FAST. FORWARD.

THALES

Branding

VANTIS
NORTH DAKOTA'S UAS NETWORK

MNOC



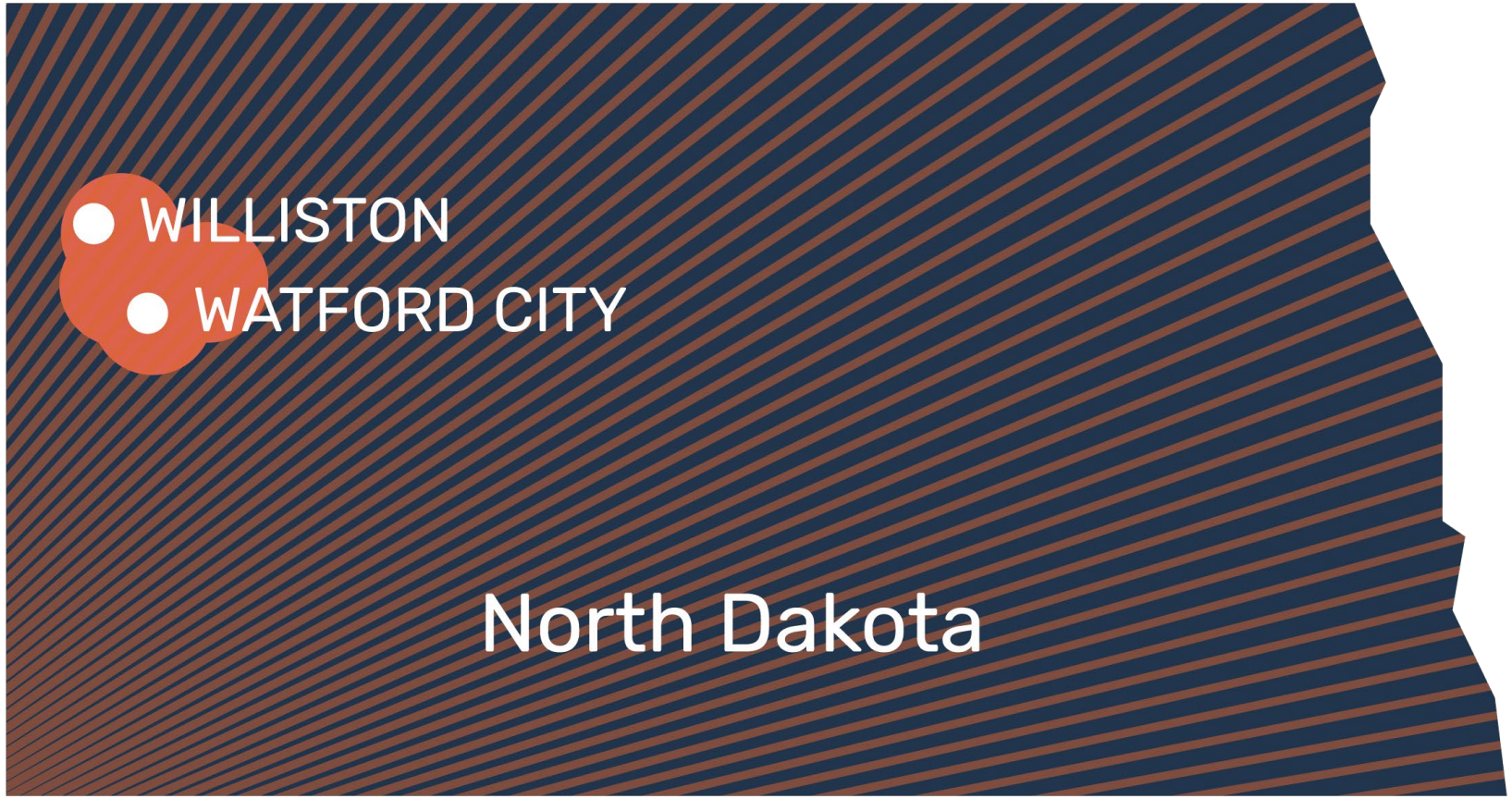
FAA Coordination

FEDERAL AVIATION ADMINISTRATION

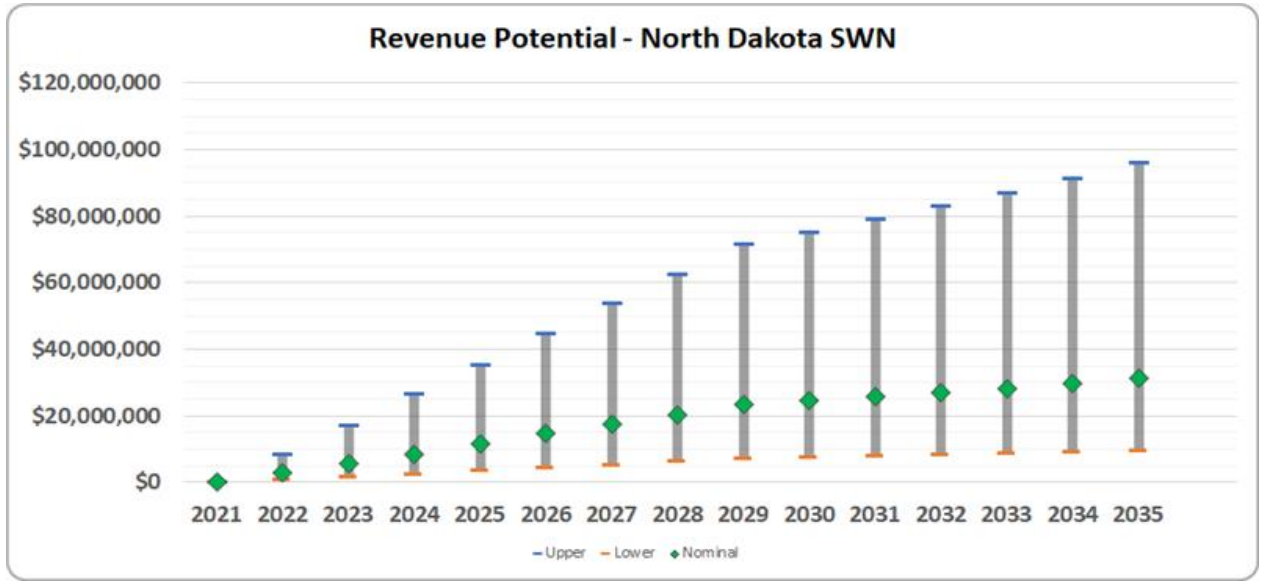
Task Orders

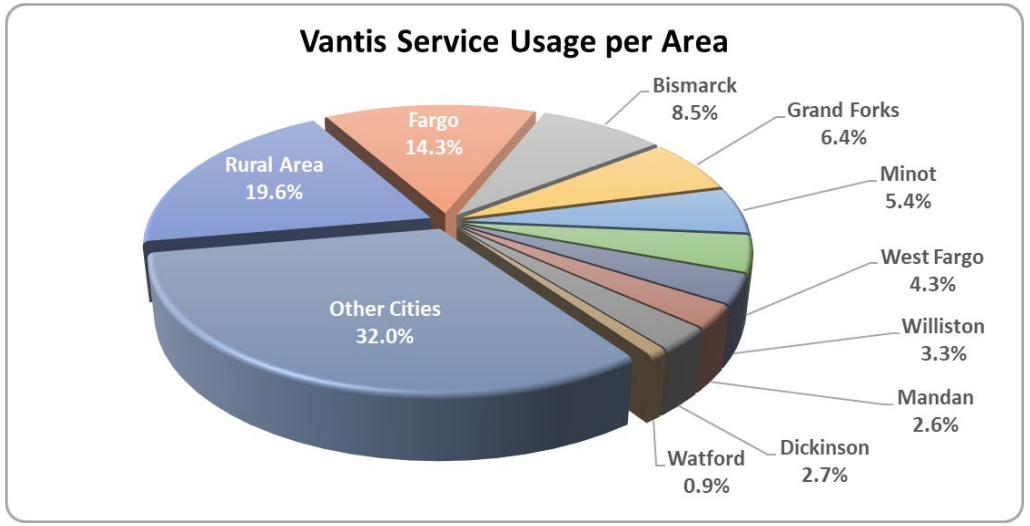
RFP

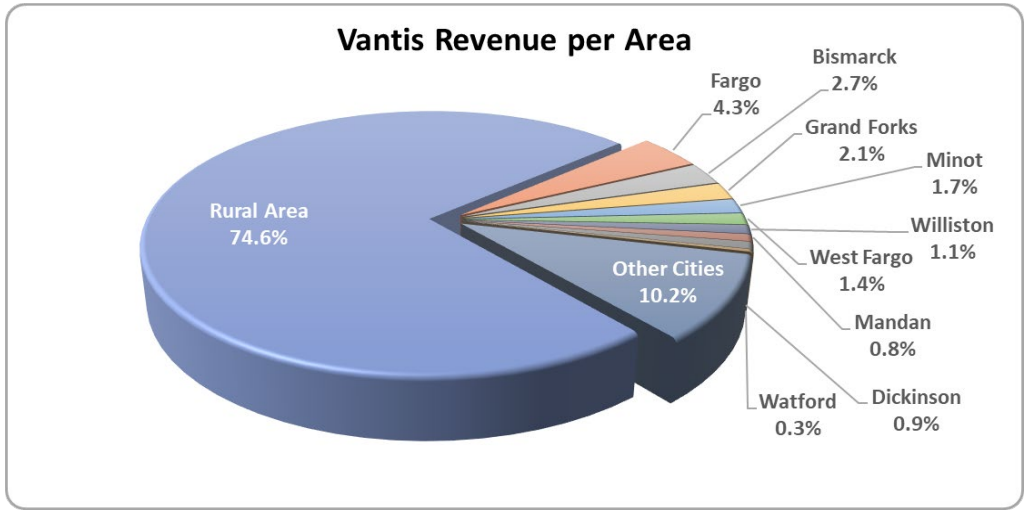
VANTIS



VANTIS


Revenue Potential - North Dakota SWN
$120,000,000
$100,000,000
$80,000,000
$60,000,000
$40,000,000
$20,000,000
$0
2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033 2034 2035
Upper
Lower
Nominal


Vantis Service Usage per Area
Bismarck 8.5%
Grand Forks 6.4%
Minot 5.4%
West Fargo 4.3%
Williston 3.3%
Mandan 2.6%
Dickinson 2.7%
Watford 0.9%
Other Cities 32.0%
Rural Area 19.6%
Fargo 14.3%


Vantis Revenue per Area
Bismarck 2.7%
Fargo 4.3%
Grand Forks 2.1%
Minot 1.7%
Williston 1.1%
West Fargo 1.4%
Mandan 0.8%
Dickinson 0.9%
Watford 0.3%
Other Cities 10.2%
Rural Area 74.6%

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REQUESTS

- $30 M from Legacy Fund earnings to LIFT
- $20 M from Legacy Fund earnings for beyond visual line of sight (VANTIS)
- $7 M from Legacy Fund earnings for Northern Plains UAS Test Site

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Dakota
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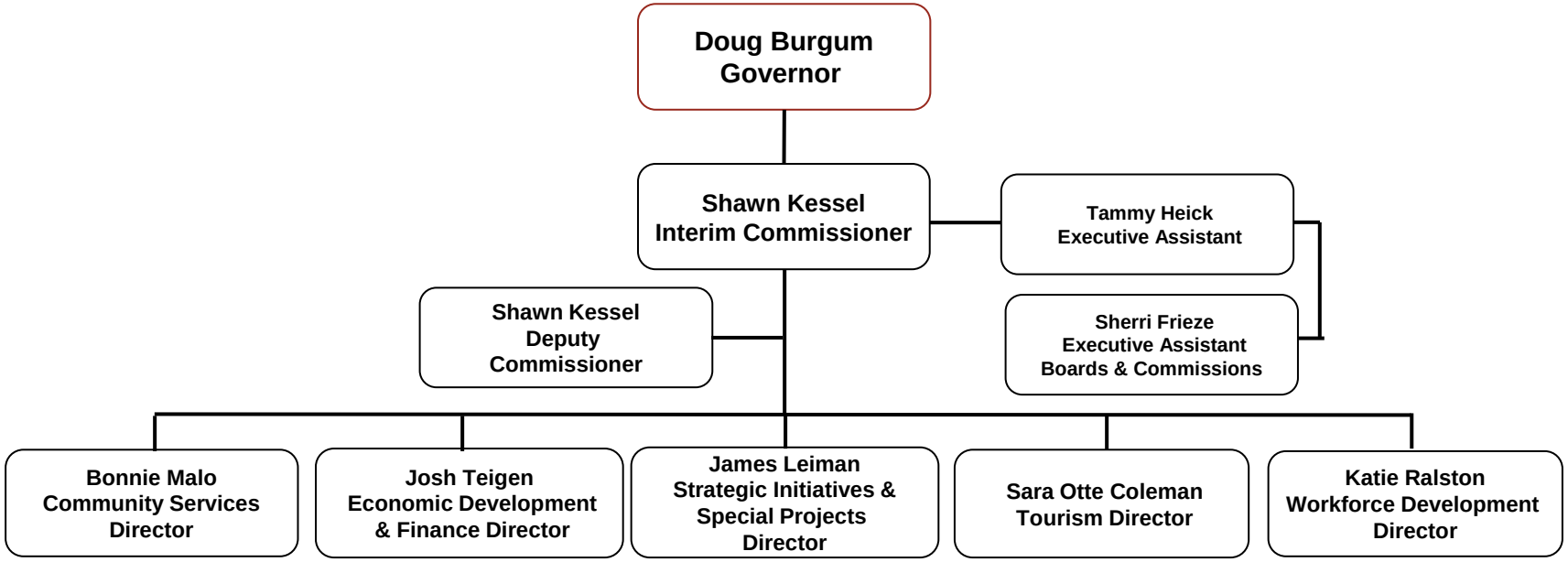
Department of Commerce Organizational Chart



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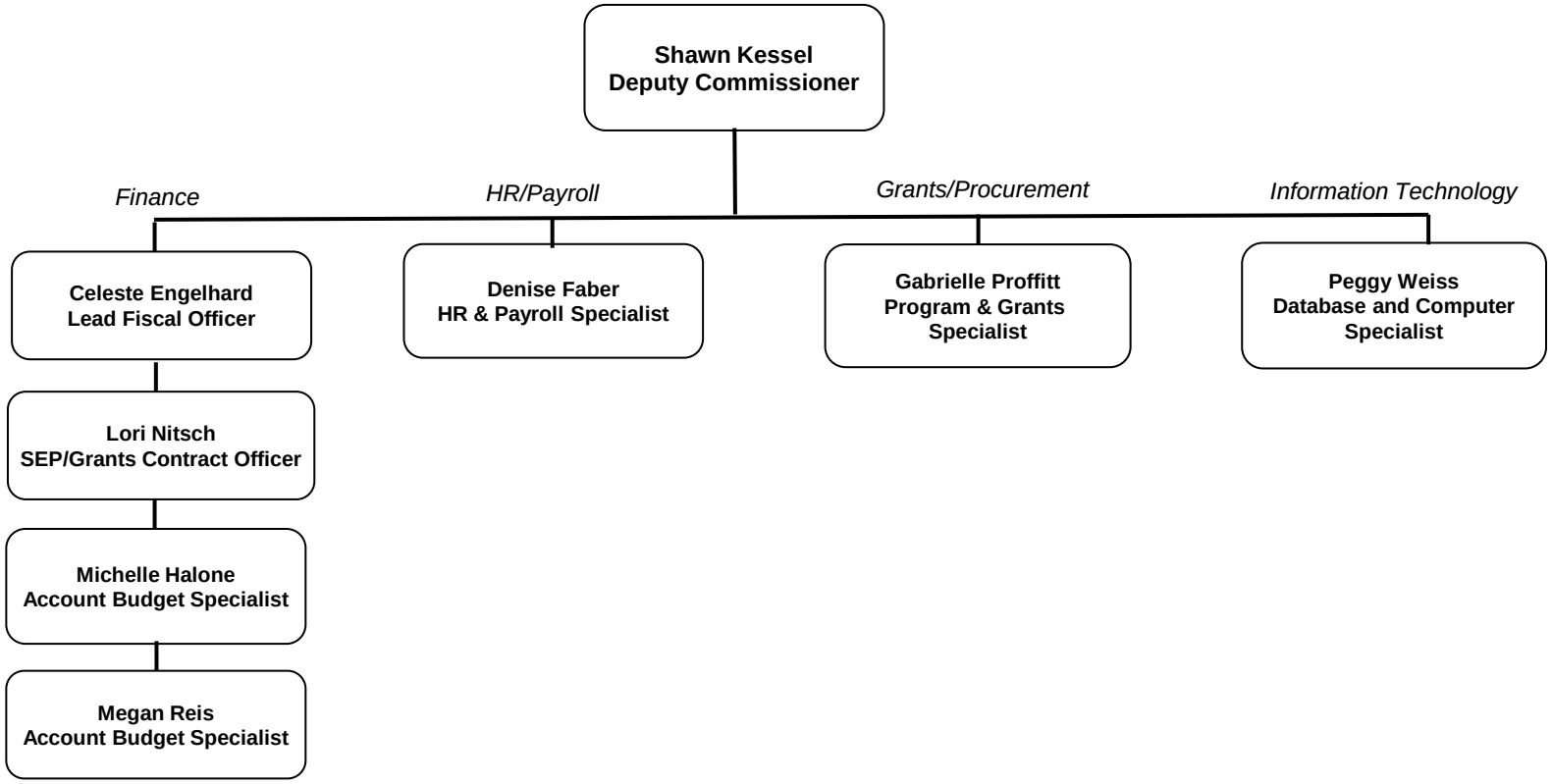
Administration Organizational Chart



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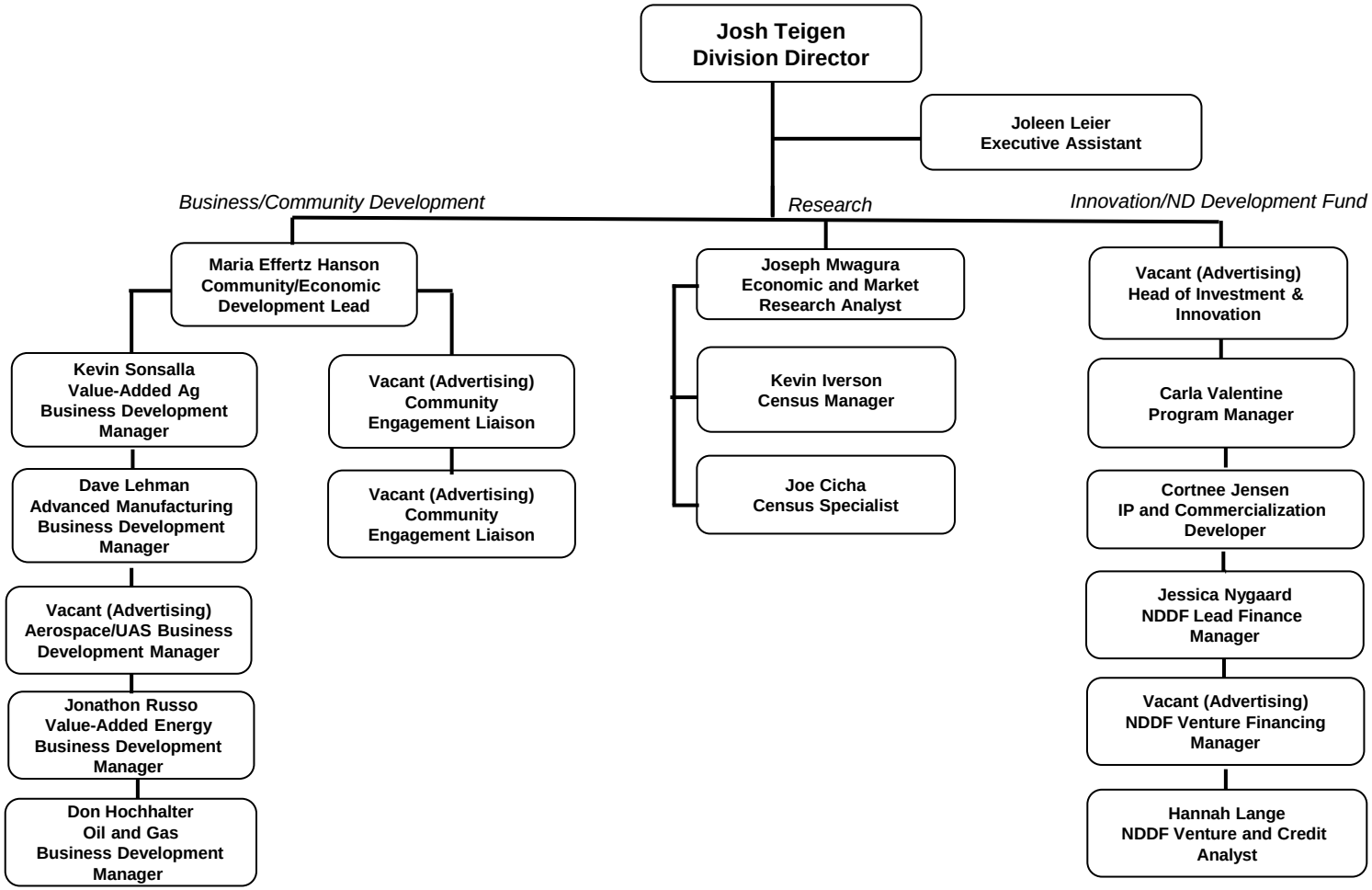
Division of Economic Development & Finance Organizational Chart



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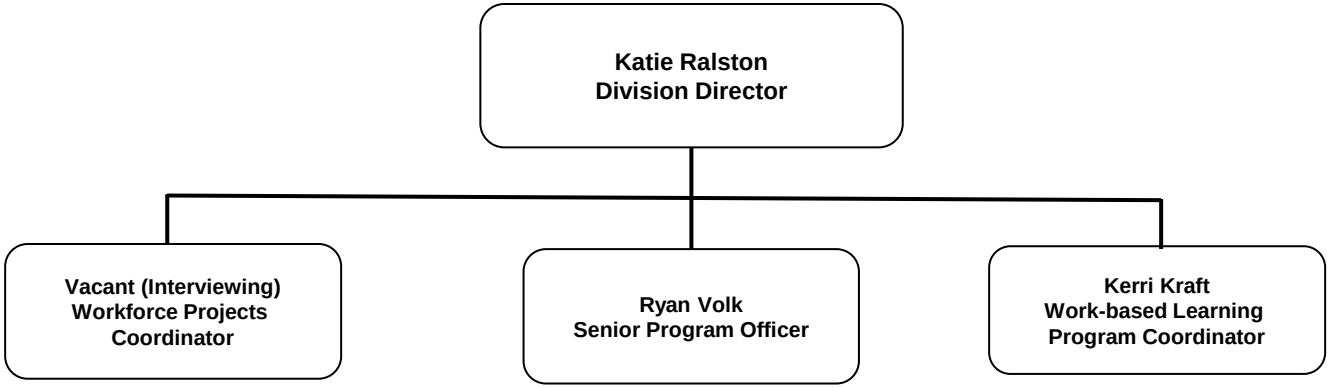
Division of Workforce Development Organizational Chart



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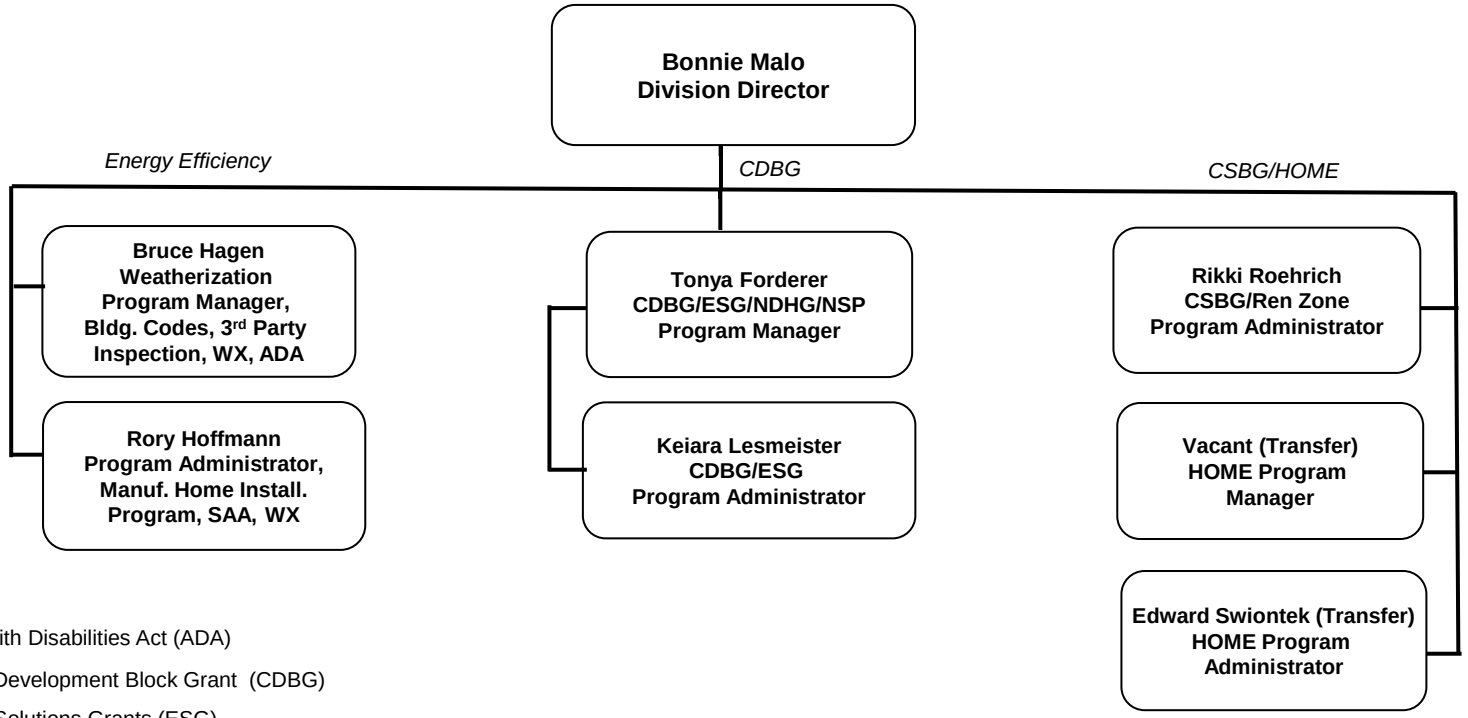
Division of Community Services Organizational Chart



- Americans with Disabilities Act (ADA)
- Community Development Block Grant (CDBG)
- Emergency Solutions Grants (ESG)
- Home Investment Partnership Program (HOME)
- State Administrative Agency for Manufactured Homes (SAA)
- Community Service Block Grant (CSBG)
- Renaissance Zone (Ren Zone)

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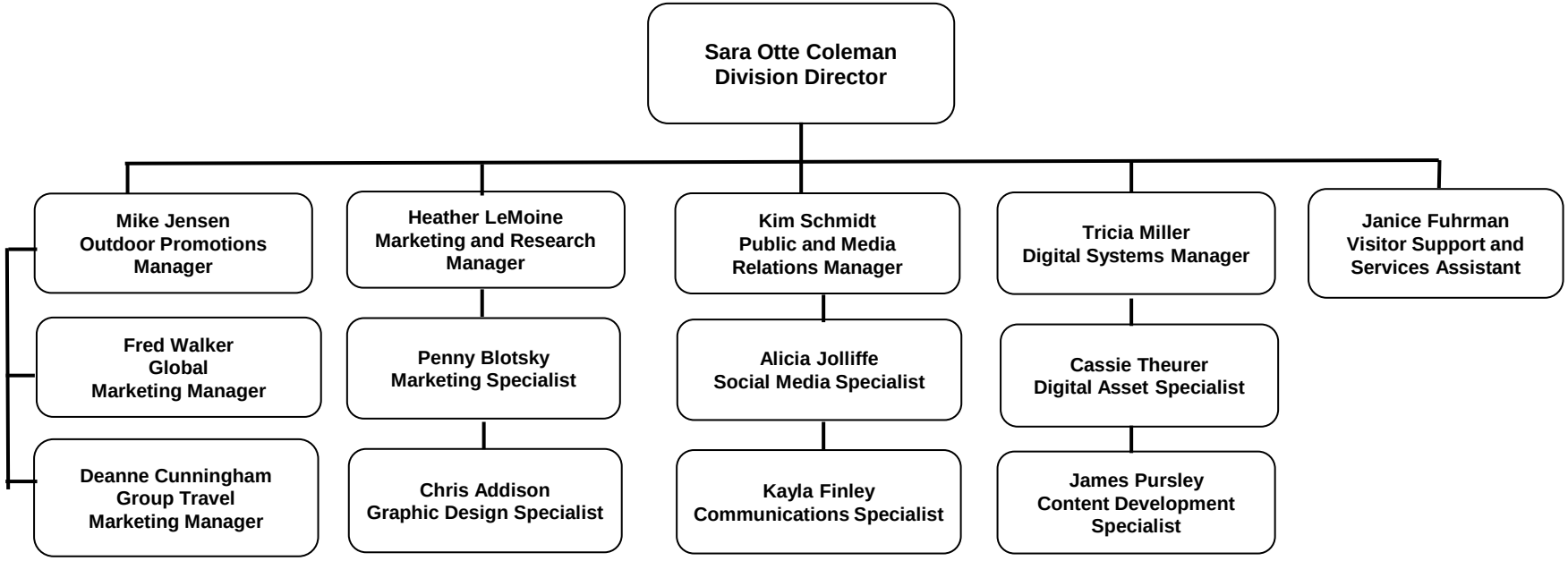
Division of Tourism and Marketing Organizational Chart



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MEMORANDUM

TO: Commissioner Michelle Kommer

CC: Celeste Engelhard, Accounting Manager

FROM: Deputy Commissioner Shawn Kessel

DATE: November 1, 2019

RE: Control Enhancements

As you know, our most recent audit identified opportunities for improvement in our control environment. We have thoroughly reviewed the audit report to identify appropriate control enhancements. Please see the Department of Commerce's action plan, below.

FINDING 19-01 "CIRCUMVENTING PROCUREMENT GUIDELINES"

Audit Issue (pg. 2 of Audit Report)

"These contracts should have been treated as one contract for services and allowed for contractor competition following the Office of Management and Budget (OMB) procurement requirements."

Commerce Position

"We disagree with the finding that the Department "violated state law by circumventing procurement requirements related to the 'Be Legendary' logo and overall brand refresh. As correctly stated in the audit report, the value of this contract was $9,500, and as such, did not require a competitive bid process under procurement rules. Contract deliverables were met prior to the contract being completed. Subsequently, temporary workers were hired to perform work that was connected to the brand refresh but was separate from the contract deliverables. We acknowledge there was overlap in the time frame of the contract and the temporary employment as the final contract payment was made in November 2018, and the temporary employees began employment with the Department in October 2018. After the hiring of the temporary employees, the OMB Procurement Office was consulted, and steps were taken to ensure the contract was appropriately terminated after final payment. The Department will ensure there is a clear separation between contract deliverables and temporary employment arrangements in the future and that all procurement requirements are followed."

As stated above, there were two separate workstreams: one to create the website design, or "frame," and the other to develop content for the website, which required additional resources. While we acknowledge these efforts were related, there was no overlap with the original contract, and we believe Commerce properly complied with OMB Purchasing Guidelines. Commerce also followed state hiring practices and generally accepted employment law principles in treating those hired for the second workstream as temporary employees.

ACTIONS	INITIATION	CONCLUSION
1. Conduct mandatory training on procurement guidelines at least once during the biennium, at an All Staff Meeting	Q1 2020	(ANNUALLY)
2. Require at least one member of each of Commerce's four divisions become Level 3 procurement trained *-Hiring in Workforce & DCS has slowed compliance along with OMB cancelling May Level 3 & 4 training*	Q4 2019	Q2 2020
3. Include procurement training as part of the on-boarding process for all new Commerce employees.	Q1 2020	(ONGOING)
4. When a program/contract transitions from one Commerce division to another Commerce division, a review of contract deliverables between division leads shall take place within 15 days of the transfer.	Q4 2019	(ONGOING)
5. Commerce procurement designee will attend a senior team meeting at least once per quarter and provide an update, sufficient to meet senior team expectations, on staff trained in procurement, active procurement processes and a list of open contracts that were procured.	Q4 2019	(ONGOING)
6. All contract related approvals shall have timely documentation and contract deliverables will be acknowledged in writing.	Immediately	(ONGOING)
7. Commerce will consult/review level 3+ procurement processes with OMB liaison.	Immediately	(ONGOING)
8. Commerce will consult/review level 4 procurement processes with OMB procurement staff.	Immediately	(ONGOING)
9. Review, revise & communicate Financial Policies as necessary to implement these enhanced controls, and communicate, train as necessary.	Q4 2019	Q2 2020

FINDING 19-02 "VIOLATION OF APPROPRIATION AUTHORITY"

Audit Issue (pg. 5 of Audit Report)

"…violated their appropriation authorized in the 2017 Session Laws by improperly charging $853,908 to the wrong biennium."

Commerce Position

The Department of Commerce agrees with the recommendation and acknowledges that these expenditures should have been charged to the 2019-21 biennium rather than the 2017-19 Biennium. The Department will strengthen internal controls and implement procedures to ensure in the future expenditures are properly allocated to the correct biennium.

As acknowledged, this was a timing error related to payment for agreed-upon work on an infrastructure project at Grand Sky UAS park – a project that was funded by the Legislature and had been delayed by weather. The Department made the correct payment to the correct party at the incorrect time, and Commerce has since implemented changes to prevent it from happening again. Ultimately, the funds went to the Legislature's intended purpose, and no party received undue benefit. Funding for infrastructure projects often comes with continuing appropriation authority, or "carryover" authority, which allows the funding to be carried into the next biennium in case of construction delays. That carryover authority was not in place for this project. Commerce will request such authority in the future to prevent this from happening again.

ACTIONS	INITIATION	CONCLUSION
1. Educate all involved parties regarding Office of Management & Budget policies and procedures relating to the "allow-back period", including and especially partners affected by the appropriation. - The following email was distributed to all Commerce Staff. The State financial system will be shut down July 29-30, 2020 for fiscal year end processing. • Payments cannot be processed during this time so plan ahead. • Please have all payment requests and invoices submitted to fiscal staff by July 15, 2020. • All June travel must be submitted for reimbursement by July 15, 2020. ***Please see policy below.** • Remember goods and services paid with Fiscal Year 2020 funds need to be delivered by June 30, 2020. • Please be cognizant of P-Card charges made in late June. The charge must be on your June statement in order to use FY20 funds. ***Submitting Travel Expense Voucher*** All Travel Expense Vouchers (SFN 52785) must be submitted within 60 days of the end of the month for which the travel is being claimed. Travel Expense Vouchers for June must be submitted by July 15 so they can be paid during the fiscal year in which they are incurred. Please share the July 15, 2020 deadline with any vendors, partners or sub-grantees that you may be working with, so they can submit June invoices or payment requests timely. This will ensure they are paid prior to shut down. M. Halone also reviewed the allow-back procedure at the July 15, 2020 Commerce Huddle	Q1 2020	Q2 2020
2. Request continuing appropriations authority for all grants designated by the Legislature to the Department of Commerce.	67th Leg. Session	(ONGOING)
3. Request continuing budget authority pursuant to North Dakota Century Code Section 54-44.1-11 if complications	>67th Leg. Session	(ONGOING)

	arise (i.e. construction delays) where the Department does not have continuing appropriations.		
4.	Review, revise & communicate Financial Policies as necessary to implement these enhanced controls, and communicate, train as necessary.	Q4 2019	Q2 2020

FINDING 19-03 "NONCOMPLIANCE WITH CONTRACT REQUIREMENTS"

Audit Issue (pg. 6 of Audit Report)
"…did not monitor contract deliverables of an entrepreneurial contract with a total cost of $253,921. As a result, contract payments totaling $123,750 were made to unapproved subcontractors. Further, $23,448 of these payments were not supported by progress reports."

Commerce Position
"We disagree with the finding that the Department did not monitor contract deliverables and that contract payments were made to unapproved subcontractors.

The auditor's report indicates that the following contract deliverables were not met:
- *CONTRACTOR must submit sub-contractors to state for approval with proof of sustainability of developed programming/positions.*
- *Sub-contractor progress reports must be reported in CONTRACTOR quarterly required reports.*

The auditor's report indicates that the "The Department did not approve subcontractors…as required by the contract." The Department did provide approval for sub-contracts; however, this approval occurred verbally, as verified by the previous contract manager and vendor. The auditor's report indicates that unsupported payments were made to unapproved subcontractors. As noted, the Department verbally approved subcontractors, hence disagrees payments were made to "unapproved" contractors. The Department has implemented contract monitoring procedures to ensure appropriate documentation is secured in advance of payment for all future contracts."

As stated above, subcontractors were verbally approved as allowed for in the contract, and no payments were made to unapproved subcontractors. Commerce specifically reconciled the subcontractor billing with the aggregated billing to ensure that no one was overpaid or underpaid.

ACTIONS		INITIATION	CONCLUSION
1.	When a program/contract transitions from one Commerce Division to another Commerce Division, a review of contract deliverables between division leads shall take place within 15 days of the transfer.	Q4 2019	(ONGOING)

2.	All contract related approvals will have timely documentation and contract deliverables will be acknowledged in writing.	Q4 2019	(ONGOING)
3.	A report of any charges to be made during the "allow-back period" will be provided to the Office of Management and Budget and Attorney General's Liaison for review prior to formal submission	July 2021	(ONGOING)
4.	Review, revise & communicate Financial Policies as necessary to implement these enhanced controls, and communicate, train as necessary.	Q4 2019	Q2 2020

FINDING 19-04 "LACK OF INTERNAL CONTROL SURROUNDING APPROPRIATIONS"

Audit Issue (pg. 7 of Audit Report)
"…identified $853,908 charged to the wrong biennium."

Commerce Position
The Department of Commerce agrees with the recommendation and acknowledges that these expenditures should have been charged to the 2019-21 biennium rather than the 2017-19 biennium. The Department will strengthen internal controls and implement procedures to ensure in the future expenditures are properly allocated to the correct biennium.

As acknowledged, this was a timing error related to payment for agreed-upon work on an infrastructure project at Grand Sky UAS park – a project that was funded by the Legislature and had been delayed by weather. The Department made the correct payment to the correct party at the incorrect time, and Commerce has since implemented changes to prevent it from happening again. Ultimately, the funds went to the Legislature's intended purpose, and no party received undue benefit. Funding for infrastructure projects often comes with continuing appropriation authority, or "carryover" authority, which allows the funding to be carried into the next biennium in case of construction delays. That carryover authority was not in place for this project. Commerce will request such authority in the future to prevent this from happening again.

ACTIONS		INITIATION	CONCLUSION
1.	Work with vendors to assure invoices accurately reflect the month that the vendor issued payment for the service.	Q1 2020	(ONGOING)
2.	A report of any charges to be made (invoices to be submitted) during the "allow-back period" will be provided to the Office of Management and Budget and Attorney General's Liaison for review prior to formal submission	July 2021	(ONGOING)

3.	All temporary employee arrangements will be reviewed by the Commerce Attorney General liaison prior to execution, if they are expected to work for longer than six months.	Immediately	(ONGOING)
4.	Commerce will schedule a quarterly meeting to review matters related to procurement with the Attorney General's office	Nov. 2019	
5.	Review, revise & communicate Financial Policies as necessary to implement these enhanced controls, and communicate, train as necessary.	Q4 2019	Q2 2020

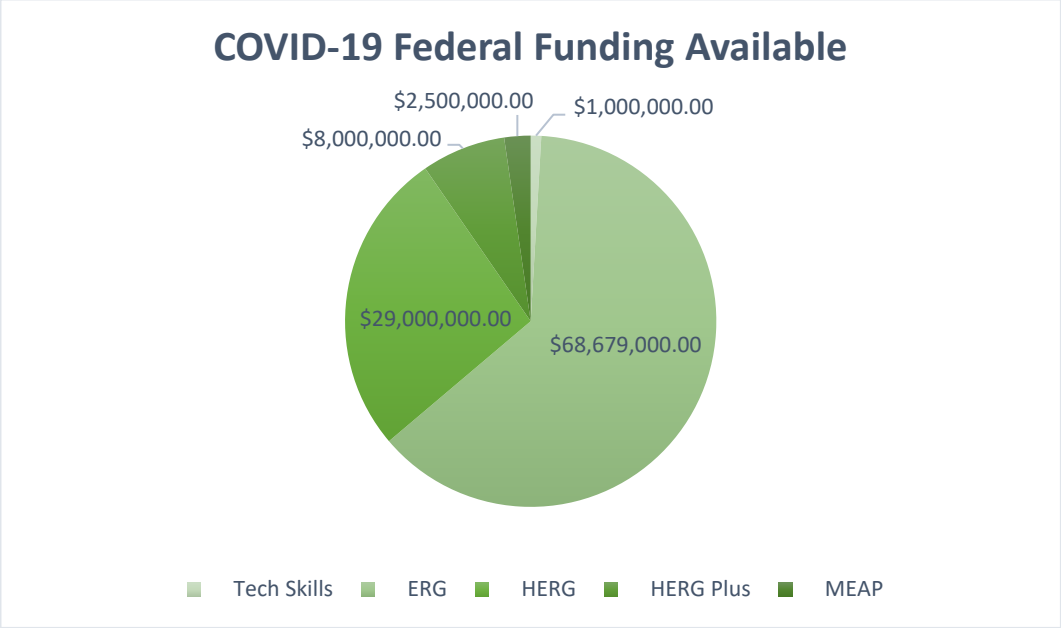
REQUEST/RECOMMENDATION COMPARISON SUMMARY

601 Department of Commerce
Biennium: 2021-2023

Description	Expenditures Prev Biennium 2017-2019	Legislative Base 2019-2021	2021-2023 Requested Incr(Decr)	2021-2023 Requested % Chg	Requested Budget 2021-2023	2021-2023 Recommended Incr(Decr)	2021-2023 Recommended % Chg	Executive Recommendation 2021-2023
By Major Program								
Commerce Administration and Support	4,365,925	5,488,754	(1,048,254)	(19.1%)	4,440,500	(959,365)	(17.5%)	4,529,389
North Dakota Tourism	12,606,719	12,933,354	(1,828,104)	(14.1%)	11,105,250	461,156	3.6%	13,394,510
ND Workforce Development	4,325,600	5,498,612	(117,618)	(2.1%)	5,380,994	909,529	16.5%	6,408,141
Economic Development and Finance	20,965,208	11,880,824	5,858,868	49.3%	17,739,692	8,928,479	75.2%	20,809,303
Division of Community Services	43,592,999	51,188,470	7,915,190	15.5%	59,103,660	(365,435)	(0.7%)	50,823,035
Total Major Programs	85,856,451	86,990,014	10,780,082	12.4%	97,770,096	8,974,364	10.3%	95,964,378
By Line Item								
Salaries and Wages	11,646,114	13,217,286	(172,430)	(1.3%)	13,044,856	(275,425)	(2.1%)	12,941,861
Operating Expenses	13,793,460	14,873,203	(2,013,355)	(13.5%)	12,859,848	2,055,986	13.8%	16,929,189
Grants	50,389,468	52,638,527	6,343,803	12.1%	58,982,330	643,803	1.2%	53,282,330
Discretionary Grants	1,107,046	2,150,000	(600,000)	(27.9%)	1,550,000	(600,000)	(27.9%)	1,550,000
Flood Impact Loans/Grants	351,193	0	0	0.0%	0	0	0.0%	0
Grants-Tribal Colleges	498,200	0	0	0.0%	0	0	0.0%	0
Agric. Products Util. Comm. (APUC)	2,282,513	0	0	0.0%	0	0	0.0%	0
North Dakota Trade Office	2,000,000	1,600,000	0	0.0%	1,600,000	(850,000)	(53.1%)	750,000
Partner Programs	1,939,845	1,562,531	(234,380)	(15.0%)	1,328,151	0	0.0%	1,562,531
Entrepreneurship Grants	1,848,612	948,467	(543,556)	(57.3%)	404,911	0	0.0%	948,467
CARES Act Funding - 2020	0	0	8,000,000	100.0%	8,000,000	8,000,000	100.0%	8,000,000
Total Line Items	85,856,451	86,990,014	10,780,082	12.4%	97,770,096	8,974,364	10.3%	95,964,378
By Funding Source								
General Fund	31,035,415	32,866,722	(4,930,008)	(15.0%)	27,936,714	532,048	1.6%	33,398,770
Federal Funds	42,995,228	44,040,415	15,710,091	35.7%	59,750,506	8,111,877	18.4%	52,152,292
Special Funds	11,825,808	10,082,877	(1)	0.0%	10,082,876	330,439	3.3%	10,413,316
Total Funding Source	85,856,451	86,990,014	10,780,082	12.4%	97,770,096	8,974,364	10.3%	95,964,378
Total FTE	66.40	61.80	0.00	0.0%	61.80	(3.00)	(4.9%)	58.80

Federal Funding Relating to COVID - 19

CRF funding received through OMB	Available Total
	$ 109,179,000.00
Tech Skills	$ 1,000,000.00
ERG	$ 68,679,000.00
HERG	$ 29,000,000.00
HERG Plus	$ 8,000,000.00
MEAP	$ 2,500,000.00



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RURAL DEVELOPMENT COUNCIL

FACTS

3RD IN NATION
IN RURAL CONTRIBUTION TO STATE GDP

MORE THAN 15,000
RURAL BUSINESSES EMPLOY **134,396**

2ND IN NATION
RURAL ANNUAL COMPOUND GROWTH RATE (2010–2018)

SOURCES: U.S. Bureau of Economic Analysis and Labor Market Information Center, Job Service North Dakota, QCEW Unit

RURAL DEVELOPMENT COUNCIL (RDC)

The RDC is charged with facilitating collaboration among governments and the private and nonprofit sectors in the planning and implementation of programs and policies that have an impact on rural areas of the state. Members also monitor, report and comment on policies and programs aimed at addressing the needs of rural areas of North Dakota. The RDC unites the state's private and nonprofit sectors with state, federal, local and tribal governments to strengthen rural America.

THE RDC AND NORTH DAKOTA COMMERCE DEPARTMENT

In 2020, Commerce and the RDC prioritized and advanced several rural incentive and economic efforts. Much of this work was completed by the Commerce Main Street Initiative (MSI) team in collaboration with other state and private entities, maximizing resources and time.

Main Street Community network:

- Provides support and technical assistance to more than 230 people from 80 Main Street communities across North Dakota.
- Continues one-on-one visits with existing and new Main Street communities along with education, joint convenings and online resources.

Partners in Planning (PiP) Grant Program:

- Empowers communities to proactively plan their futures through comprehensive planning, economic development/diversification strategic plans or economic recovery plans.
- The PiP is a result of dialogue with the RDC and recommendations to support community planning efforts and the creation of actionable plans.

MSI Community Vibrancy Grant Program:

- Supports local efforts to increase community vibrancy with seed funding for a small project.
- Builds momentum and inspires additional projects with improved quality of life, attracting and retaining workforce and enhancing community pride.

Supporting statewide COVID-19 efforts:

- Implemented and conducted research and outreach education tools were undertaken supporting communities, small businesses and state leaders.
- COVID-19 webinars providing information for businesses and stakeholders across North Dakota, including resources available for small businesses, social distancing aspects and resources for businesses in rural areas related to online marketing.
- A business impact survey, conducted in partnership with the Greater Fargo Moorhead EDC, helped measure the impact of the pandemic on local businesses and gauge their needs and understand how to best direct resources.

UPDATED 01/07/2021

2020–2021 APPOINTED MEMBERS

Teran Doerr of Bowman, executive director of the Bowman County Development Corp.

Janne Myrdal of Edinburg, a farmer and state senator

Luke Anderson of Forman, a farmer with Anderson Seed Farms Inc.

Gwendolyn Crawford of Kathryn, Lisbon auditor and economic development director

Jay Doan of McKenzie, a rancher with Black Leg Ranch

Antoinette Heier of Hazen, executive director of the Hazen Chamber of Commerce

Megan Laudenschlager of Minot, executive director of Strengthen ND

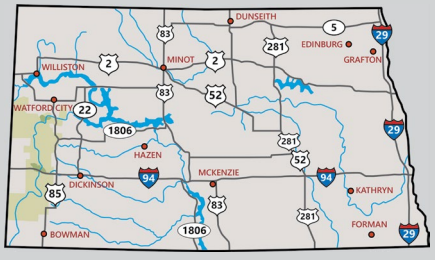
Lindsey Lipp of Casselton, associate scientist in process and product design at Aldevron

Dawn Mandt of Grafton, executive director of the Red River Regional Council

Joyce "Jt" Shining One Side of Dunseith, an educator at Dunseith Public School

Daniel Stenberg of Watford City, McKenzie County economic development coordinator

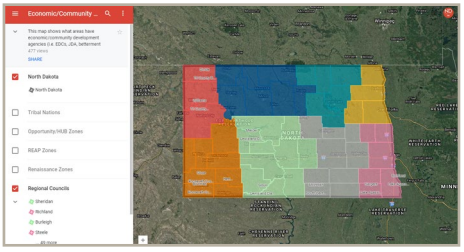
Shawn Wenko of Williston, director of the Williston Economic Development Corp.



Locations of Rural Development Council members.

Economic Development Ecosystem Mapping:

- The Economic Development Ecosystem Map provides a spatial representation of entities that do economic development work in North Dakota at the local, regional and state levels.
- The project emerged out of an RDC recommendation to document the organizations that support economic development work in North Dakota.



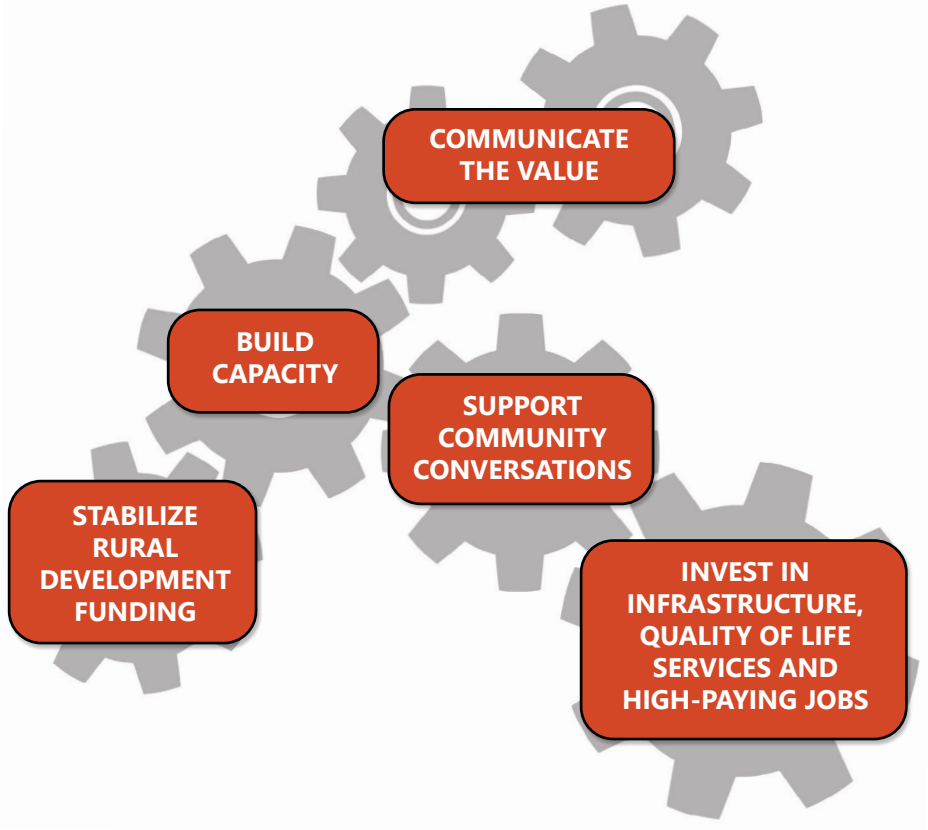
North Dakota New Development Budgeting Calculator (ND2C):

- The ND2C assists communities in estimating the long-term costs of new development with a specific focus on infrastructure.
- The technology helps communities understand the magnitude of a project's fiscal impact and compare infill vs. greenfield development more easily.

LOOKING AHEAD TO 2021

Continuing the strong momentum of the past year, future recommendations focus on communicating and developing strong networks between rural communities and regional and state leadership; advocating for opportunities in rural North Dakota; and providing resources and education to support smart, efficient instruction and continued quality of place.

THE FIVE FOCUS AREAS FOR 2021:



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COMMUNITY SERVICES

FACTS

85,699
PEOPLE IMPACTED BY CDBG AND CSBG

12,137
FAMILIES AND YOUTH SERVED BY HOMELESS GRANTS

CDBG AND HOME FUNDS REHABBED **134** HOMES

ASSISTED **30 ESG** AND **31 NDHG** RECIPIENTS

DIVISION OF COMMUNITY SERVICES

The North Dakota Department of Commerce Division of Community Services was established to provide technical assistance to local governments and state agencies in the areas of community and rural planning and development, policy research and development and grant program implementation.

PROGRAMS INCLUDE:

STATE ENERGY PROGRAM — Promoting Energy Conservation and Efficiency

The State Energy Program provides a range of energy conservation-related opportunities, including energy education, installation of energy efficient measures, transportation initiatives (alternative fuel vehicles and fueling systems) and renewable energy technologies (small scale wind turbines and solar technologies). The program's state energy plan is supported by financial and technical assistance through the U.S. Department of Energy (DOE).

COMMUNITY DEVELOPMENT BLOCK GRANT — Developing Vibrant and Sustainable Communities

The Community Development Block Grant Program (CDBG), provided through the U.S. Department of Housing and Urban Development (HUD), provides financial assistance to local governments in the form of grants and loans for public facilities, housing rehabilitation and economic development projects. The primary beneficiaries of these projects must be very low and low-income individuals.

EMERGENCY SOLUTIONS AND CONTINUUM OF CARE GRANTS — Working to End Homelessness

The Emergency Solutions Grant (ESG) and the Continuum of Care Grant are programs of the U.S. Department of Housing and Urban Development.

The Emergency Solutions Grant and ND Homeless Grant (NDHG) provides financial assistance to facilities and programs to identify sheltered and unsheltered homeless persons, as well as those at risk of homelessness, and provide services to help them quickly regain stability in permanent housing after experiencing homelessness. The North Dakota Department of Commerce currently awards grant funds directly to emergency/homeless shelters and agencies throughout the state for activities like operational expenses (utilities, insurance, furnishings, appliances, etc.) and essential services (case management, medical, laundry, transportation, etc.), homeless prevention, rapid rehousing and the Homeless Management Information System.

UPDATED 12/28/2020

DID YOU KNOW

Community Services Block Grant impacted 41,546 low-income individuals, including 14,913 children, 6,283 persons with disabilities and 7,498 people who lacked health insurance.

Community Development Block Grant created 132 jobs and had $1.39 million economic impact

The HOME Program assisted 400 families across North Dakota

The Low-Income Weatherization Assistance Program assisted 521 households

WEATHERIZATION/LIHEAP — Increasing Energy Efficiency for Low-Income Persons

The Weatherization Assistance Program and the LIHEAP Weatherization Program impact low-income individuals across the state to:

- Increase energy efficiency in homes
- Strengthen the health and safety of the home
- Reduce total residential energy expenditures
- Provide conservation measures

Since 2001, more than 10,000 homes have been equipped with energy-conserving measures. They are programs of the U.S. Department of Energy and the U.S. Department of Health and Human Services.

HOME PROGRAM — Creating Affordable Housing

The HOME Program is a U.S. Department of Housing and Urban Development program, designed to create partnerships among government entities and the private sector to make affordable housing available to low-income persons. The program has two primary activities: homeowner assistance and rental production/assistance. This is accomplished through five basic areas:

- Homeownership assistance
- Homeowner rehabilitation activities
- Rental rehabilitation or production
- Security deposits
- Rental assistance

COMMUNITY SERVICES BLOCK GRANT — Fighting Poverty in North Dakota

The Community Services Block Grant (CSBG) Program assists communities in implementing anti-poverty programs. The program administers funding from the U.S. Department of Health and Human Services through the state's seven Community Action Agencies (CAAs), providing various services to low-income persons, including:

- Emergency assistance
- Money management
- Housing counseling
- Self-sufficiency services
- Case management and outreach
- Referral services

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For more information, contact Bonnie Malo at bmalo@nd.gov

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RENAISSANCE ZONE PROGRAM

FACTS

59
NORTH DAKOTA CITIES PARTICIPATE

1,850
PROJECTS APPROVED

1,450
PROJECTS COMPLETED

COMMUNITY DEVELOPMENT TOOL FOR **ANY SIZE CITY**

DEVELOPING DOWNTOWNS

The Renaissance Zone Program is a locally driven program that includes 59 cities across North Dakota. Since 1999, more than 1,850 projects have been approved and more than 1,450 have been completed. The Renaissance Zone Program helps create and retain jobs, businesses and residents.

The Renaissance Zone Program is a tool for community redevelopment and economic investment that incorporates tax incentives to business and residential properties. The Renaissance Act, created by the 56th Legislative Assembly, made it possible for North Dakota cities to create Renaissance Zones within their jurisdictions.

RENAISSANCE ZONE SIZES

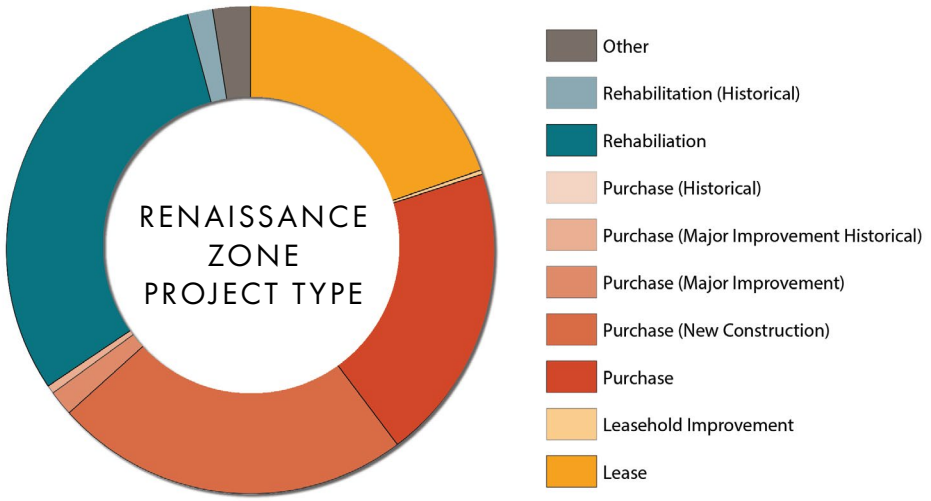
The size of the zone depends on city population.

- 34 city blocks in cities with a population of up to 5,000
- One additional block granted for each additional 5,000 in population
- Maximum size 49 blocks

PROJECT REQUIREMENTS

Development of a Renaissance Zone includes:

- A comprehensive or strategic plan
- Creation of a development plan
- Public input from at least one public hearing
- Letters of support from the county and school district
- A resolution adopted by the city to provide the tax exemptions and credits permitted in the program



UPDATED 12/29/2020

TAX INCENTIVES

Up to $500,000 of **income exempted** annually on income derived at an approved zone business project (5-year max)

Property tax exemptions for commercial and residential properties (5-year max)

Up to a $10,000 tax credit per year for five years on qualified **single-family homes** (max $50,000)

25% tax credit available for **historic property** on the amount invested (max $250,000)

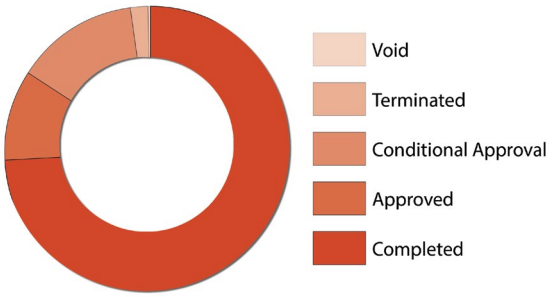
Transferable credits upon selling a single-family home

Transferable exemptions upon selling or leasing a business

SUCCESS STORIES

The city of West Fargo renewed the program for an additional five years in 2020. West fargo started utilizing the Renaissance Zone Program in 2000 and has had 90 approved projects. Recent major projects include Restad Industrial Park in 2020 and Midcontinent Communications in 2017.

PROJECT STATUS

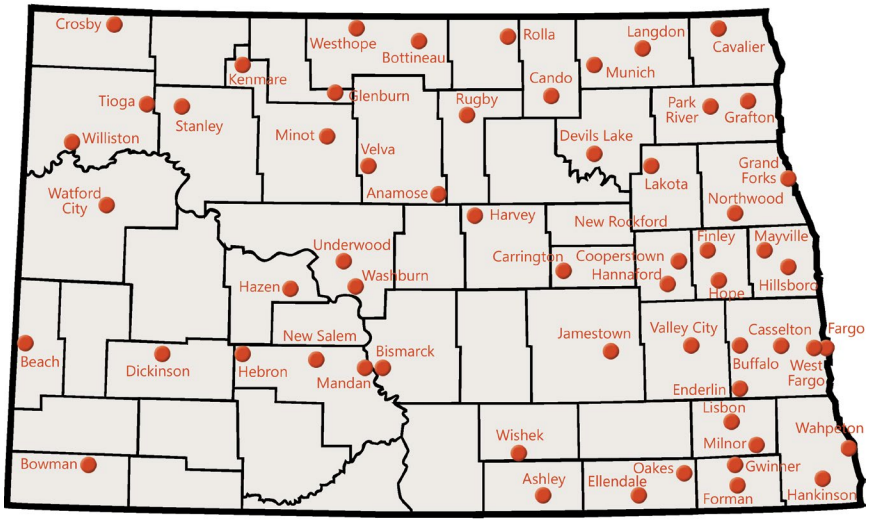


The city of Wahpeton renewed the program for an additional five years in 2018. Wahpeton started utilizing the Renaissance Zone Program in 2003 and has had 55 approved projects. Recent projects include Tractor Supply Company in 2017, Brew 2 Inc. in 2017, Grippers Sports in 2017 and Dakota Coffee Company in 2016.

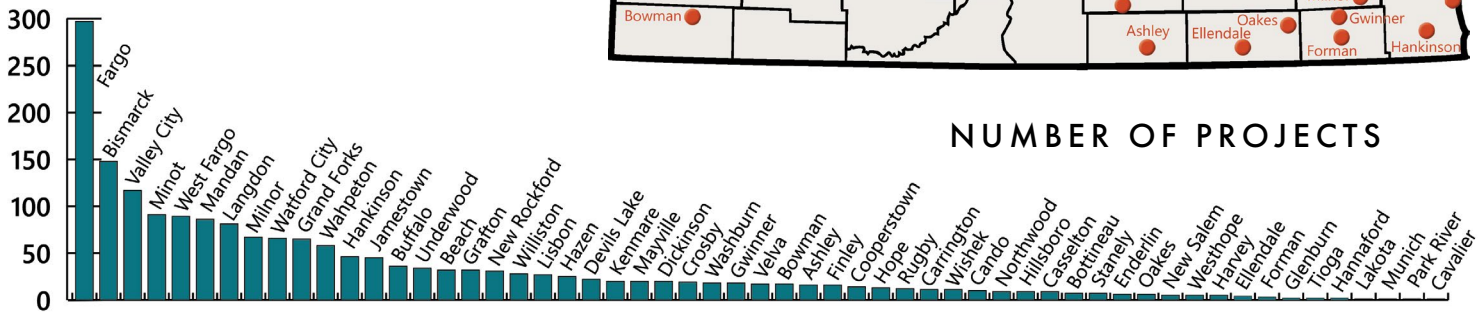
The city of Valley City renewed the program for an additional five years in 2020. Valley City started utilizing the Renaissance Zone Program in 2000 and has had 125 approved projects. Recent major projects include Brockopp Brewing LLC in 2020 and Valley Lumber Company in 2018.

The city of Hazen renewed the program for an additional five years in 2018. Hazen started utilizing the Renaissance Zone Program in 2003 and has had 26 approved projects. Recent projects include Mandate Machinery in 2017 and Tractor Supply Company in 2017.

RENAISSANCE ZONE PARTICIPANTS



NUMBER OF PROJECTS



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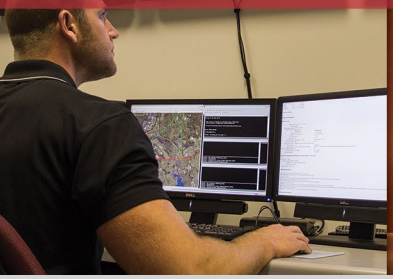
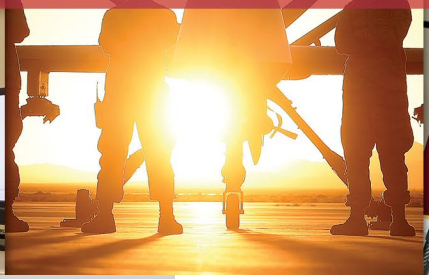
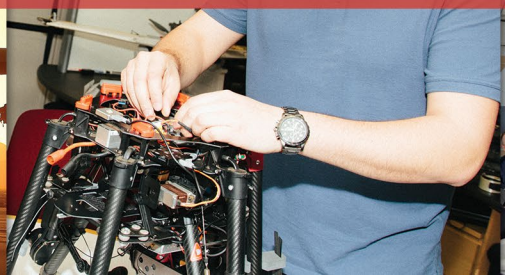
UAS (UNMANNED AIRCRAFT SYSTEMS)

INDUSTRY FACTS

STATE COMMITMENT FOR NEW INFRASTRUCTURE
$33 MILLION

$77 MILLION
TOTAL INVESTMENT BY THE STATE OF NORTH DAKOTA

THE NATION'S FIRST
BVLOS SYSTEM
VANTIS

1ST
UAV TRANSATLANTIC FLIGHT

NORTH DAKOTA UMANNED AIR SYSTEMS (UAS): THE NEXT GENERATION

North Dakota's unmanned systems sector continues to lead the nation in supporting the agricultural and energy industries, commercializing intellectual property and operationalizing federal requirements. To continue this growth and momentum, North Dakota must continue to invest in growing its Beyond Visual Line of Sight (BVLOS) network, support robust operations at the Northern Plains UAS Test Site (NPUASTS) and expand infrastructure at the Grand Sky UAS Park to support highly diverse and well-paying jobs as well as the national security mission.

GRAND SKY: THE NATION'S FIRST PRIVATE UAS PARK

Grand Sky, the nation's first UAS business and aviation park, is home for flight testing, UAS operations and research and development. Grand Sky offers build-to-suit locations and temporary facilities for commercial UAS development and testing, as well as defense-related operations support and has attracted more than $100 million in private investment. Grand Sky offers access to secure defense networks, dark fiber, a 12,351-foot runway, uncongested airspace with less than 10 operations daily and more than 330 days of flying weather annually. Testing operations are supported with electronics component distributors, metal fabrication, 3D printing and equipment support for the most demanding test requirements. Grand Sky partners like the Northern Plains UAS Test Site can support airspace needs. Grand Sky is home to one of the nation's first commercial BVLOS system.

VANTIS

North Dakota leads in attracting companies and federal agencies to operationalize, commercialize and grow this sector by leveraging historic investments, utilizing existing resources, subject matter expertise and infrastructure to continue the growth trajectory, commercialization of new technologies, and well-paying jobs. North Dakota is using VANTIS and its subject matter experts at the test site on behalf of NASA, DoD, CBP and private industry. The Bakken capability will be deployed by Spring 2021. Commerce is recruiting new industries to assist in energy production and supporting small communities across the state. Autonomous development and the attraction of private equity throughout the agricultural sector continues at a rapid clip as well, including new start up activity from Plug and Play.

UPDATED 12/28/2020

KEY NORTH DAKOTA GROWTH

$400 million in private sector investment.

Almost 50 UAS companies call North Dakota home.

Over 1,000 people employed by the industry.

Federal partners include DoD, CBP and FAA.

INDUSTRY CLUSTERS

The North Dakota UAS entrepreneur cluster is larger than any other accelerator, incubator or entrepreneur center in the nation.

Almost all UAS companies operate in North Dakota, including:

- Northrop Grumman
- General Atomics
- Collins Aerospace
- L3 Harris Technologies
- Thales USA
- SkySkopes
- ISight RPV Services
- Botlink

SUCCESSES

- Participation in the FAA's BEYOND program which continues the partnership that was started through the UAS Integration Pilot Program
- Northrup Grumman endurance testing
- Department of Homeland Security Northern Border Airspace Domain Awareness Test Bed
- Four contracts awarded to support the United States Air Force Agility Prime program

PREMIER TEST SITE ADVANTAGES

- Strong industry support
- Open terrain
- Robust energy and agriculture industry clusters
- Broad infrastructure, including Grand Sky Business Park and Northern Plains Test Site
- Research through UND Research Institute for Autonomous Systems
- History and culture of aviation safety
- Uncongested airspace
- Climate diversity
- Unique testing locations and scenarios

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For more information, contact James Leiman at jleiman@nd.gov

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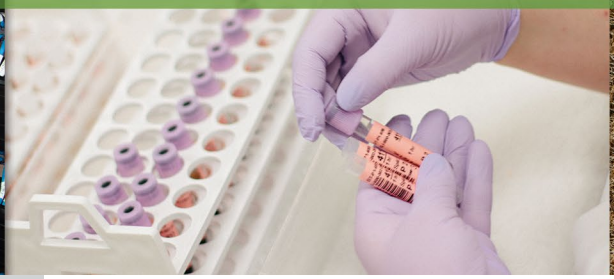
INNOVATION TECHNOLOGY LOAN FUND



FUND FACTS

18
PARTICIPANTS

MORE THAN $14 MILLION
IN LOANS AWARDED

NEW IP
DEVELOPED IN NORTH DAKOTA

The Innovation Technology Loan Fund (LIFT) is an innovation loan fund to support technology advancement by providing financing for commercialization of intellectual property within the state of North Dakota. The following industries qualify for these funds:

- Advanced computing and data management
- Agriculture technology
- Autonomous and unmanned vehicles and related technologies
- Energy
- Health care
- Value-added agriculture
- Value-added energy
- Any industry or area specifically identified by the committee as an industry that will contribute to the diversification of the state's economy

The use of the loan funds are available to enhance capacity and to the extent possible, leverage state, federal and private sources of funding. Loan funds may be used to conduct applied research, experimentation or operational testing within the state. Loan funds may not be used for capital or building investments or for research, academic or instructive programming, workforce training, administrative costs, or to supplant funding for regular operations of institutions of higher education.

Approval for the LIFT applications shall be made by the LIFT Committee with consideration given to the following:

1. 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.
2. Lead to the commercialization or patent of an innovation technology solution.
3. 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.

LIFT LOAN TERMS INCLUDE:

- Zero percent interest for the first three years of the loan
- Two percent interest for the next two years of the loan
- An interest rate equal to a standard Bank of North Dakota loan for all subsequent years

More info can be found by visiting NDCC Chapter 6-09.18.

INDUSTRIES REPRESENTED

- ADVANCED COMPUTING AND DATA MANAGEMENT
- AGRICULTURE TECHNOLOGY
- ENERGY AND VALUE-ADDED ENERGY
- HEALTH CARE
- VALUE-ADDED AGRICULTURE
- UAS

UPDATED 01/08/2020

LIFT SUCCESS EXAMPLES

Access Point Technologies EP Inc. — A global supplier of innovative medical devices focused on meeting the needs of the large and fast-growing electrophysiology (EP) market, estimated at $5 billion today with an 11% CAGR. APT EP designs and develops new catheters and systems for treating cardiac arrhythmias. It is building a new R&D center in Horace ND which will be ready in Q1 2021 and plans to develop both catheters and systems in this new facility. In addition, the company plans to hire and train local engineering talent and partner with ND physicians to develop significant bioscience intellectual property (IP) in the state.

Checkable Medical Corp. — Developing an at-home strep test to be manufactured in North Dakota and launching an at-home rapid COVID-19 antibody test. LIFT support allowed it to move the founding team to the state and partner with a North Dakota clinical research partner to execute its trial. The company plans to create high-paying jobs in the bioscience industry in the next couple years.

First-I LLC (KSI Video) — Currently contracting its software services from a North Dakota company and recently established an office in Grand Forks as base for the development and manufacture of a new UAS product designed to assist first responders and emergency management personnel. The company is applying for matching funding from other sources and plans to have a commercially viable prototype available later in 2021. To date it has created one job in Grand Forks with plans for additional hires once it reaches commercialization.

Three Farm Daughters — A value-added ag start-up creating high-fiber, low gluten food products utilizing GoodWheat varieties grown in the USA and milled at the North Dakota State Mill. Three Farm Daughters has launched three pasta products and a 100% wheat flour for sale online and in stores in North Dakota and Minnesota. In doing so, Three Farm Daughters utilizes three North Dakota logistics companies, a North Dakota food-grade warehouse facility and collaborates with a Grand Forks local chef for recipe development.

TracFrac Inc. — A Bismarck-based company developing a patent pending scheduling platform that coordinates activities between operators and service companies in the oil and gas industry. Currently working with two major energy companies in North Dakota, TracFrac adds reliability and automation to the oil and gas monitoring and notification system.

For more information, contact Carla Valentine at crvalentine@nd.gov

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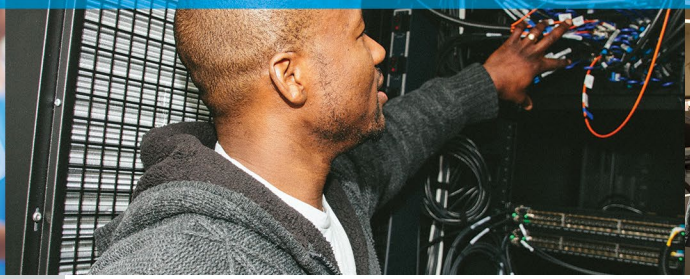
WORKFORCE DEVELOPMENT COUNCIL



FACTS

79%
ND HIGH SCHOOL STUDENTS IN CTE COURSES

1,600
RELEASED ANNUALLY FROM ND CORRECTIONAL FACILITIES

23%
OF ND WORKFORCE IS LICENSED

12 PROGRAMS
SUPPORTED BY TECHNICAL SKILLS GRANT IN 2020

ROLE OF WORKFORCE DEVELOPMENT COUNCIL

The role of the North Dakota Workforce Development Council is to advise the governor and the public concerning the nature and extent of workforce development in the context of North Dakota's economic development needs, and how to meet these needs effectively while maximizing the efficient use of available resources and avoiding unnecessary duplication of effort.

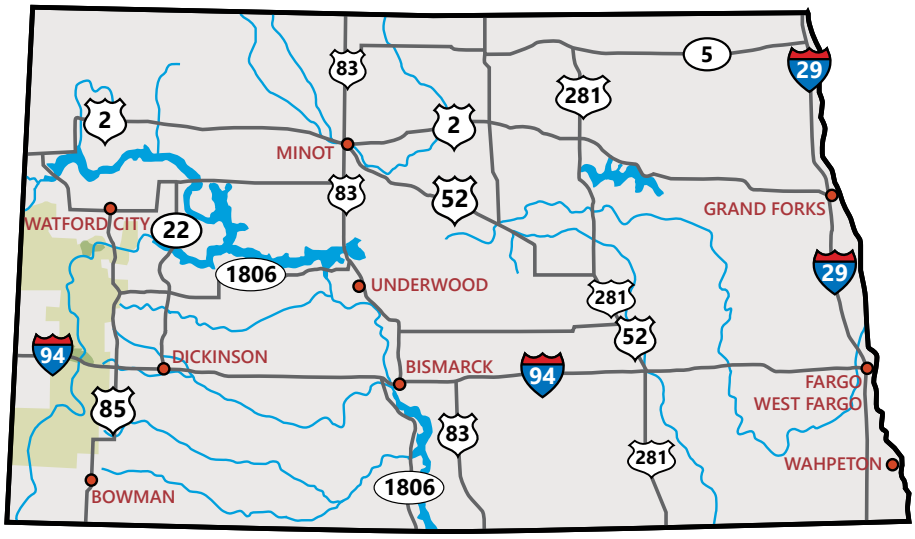
The Workforce Development Council consists of more than 30 members, with representation from industry; K-12, post-secondary and career and technical education; organized labor; WIOA state workforce partners and local and state elected officials.

LETTER FROM THE CHAIR

As Chair of the North Dakota Workforce Development Council, I am pleased to forward 13 recommendations and two endorsements that the Council believes can help address the greatest workforce challenges faced by the state of North Dakota today and in the coming years. These recommendations fall under four themes that were previously identified in the Council's 2018 Report of Recommendations: earlier and more diverse career exploration and addressing the technical skills gap; removing barriers to employment; occupational licensing reform; and recruitment and retention of North Dakota workers.

David E. Farnsworth

WDC MEMBER LOCATIONS



Council members represent large and small communities across the state.

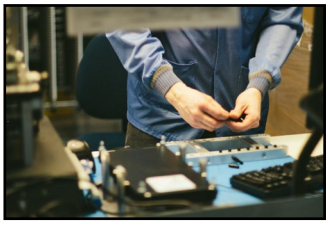
UPDATED 01/08/2021

Earlier & More Diverse Career Exploration and Addressing the Technical Skills Gap

- **The Council recommends** expanding Area Career & Technology Centers (ACTC) with a total investment of $45 million to be awarded incrementally to multiple school districts through a competitive grant process to regions that demonstrate commitment to ensuring success through industry alignment and private sector match.
- **The Council recommends** that the North Dakota Department of Career and Technical Education (NDCTE) and North Dakota Department of Public Instruction (NDDPI) work collaboratively to promote and encourage increased opportunities for career explorations in our schools.
- **The Council recommends** expanding North Dakota Studies curriculum to highlight multiple industries and career opportunities.
- **The Council recommends** the development of a grant program to support the private sector in creating virtual examples of high demand careers in North Dakota for educators and students to access.
- **The Council endorses** utilizing a portion of ND Career Builders funding to promote the program to stakeholders, including businesses, employees, students, parents and educators.

Removing Barriers to Employment

- **The Council recommends** developing a job placement pilot pilot program through a coordinated effort between Job Service North Dakota, Department of Corrections & Rehabilitation, local organizations that serve and support individuals with criminal backgrounds, and employers with a goal of placing recently or soon-to-be released individuals into in-demand positions in North Dakota.
- **The Council recommends** promoting the existing framework and service provided by the North Dakota Parole and Pardon Advisory Boards to allow individuals with criminal backgrounds participating in the job placement pilot program, as well as people preparing for parole, to have the opportunity to apply for a certificate to demonstrate their readiness for the workplace.
- **The Council recommends** developing a statewide marketing campaign to provide education around hiring individuals with criminal backgrounds with a goal of changing employer perceptions and hiring practices.



Occupational Licensing Reform

- **The Council recommends** removing vague or generic terms, including without limitation the phrases “moral turpitude” and “good character” from licensing board policies.
- **The Council recommends** establishing and making public criminal convictions that will disqualify an applicant from obtaining a license to practice, and implementing a pre-qualification process for applicants who have criminal convictions on their record in order to prevent the unnecessary expense of training and testing if a specific past conviction will disqualify an applicant from receiving a license to practice in North Dakota.
- **The Council recommends** establishing an ongoing system for data collection from licensing boards, commissions, and agencies so future reform efforts can be specific to evolving needs, barriers and opportunities.
- **The Council recommends** clearly defining who qualifies as a military spouse or dependent and including military personnel under the provisions of the military spouse licensure reciprocity bill (SB 2306) passed by the 66th Legislative Assembly.

Recruitment and Retention of Workers

- **The Council recommends** sustaining the Technical Skills Training grant created by the Department of Commerce with $1 million of Coronavirus Aid, Relief and Economic Security (CARES) Act funding. This grant program provides matching dollars to help training providers develop or expand accelerated, skilled workforce training programs in targeted industries and in-demand occupations.
  - » **The Council endorses** the current $2 million funding allocation for TrainND as determined in the North Dakota Department of Career and Technical Education budget for the 2021-2023 biennium and is supportive of TrainND serving as a key partner in providing training programs under the Technical Skills Training Grant, in addition to the private sector and other training providers.
- **The Council recommends** investing in a workforce recruitment campaign to support targeted industries in attracting workers to the state.

For more information, contact Katie Ralston at keralston@nd.gov

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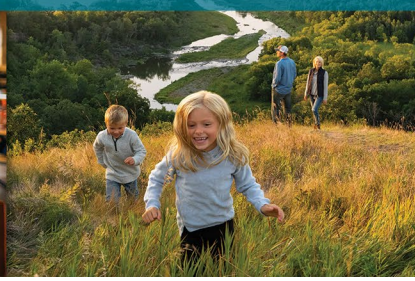
TRAVEL AND TOURISM



INDUSTRY FACTS

22 MILLION ANNUAL VISITORS

$3 BILLION IN VISITOR SPENDING

MORE THAN 3,000 RELATED BUSINESSES AND ORGANIZATIONS

MORE THAN 42K JOBS

TOURISM DIVERSIFIES NORTH DAKOTA'S ECONOMY

Tourism links communities, supports main streets, sparks economic diversification and defines our image – how we see ourselves and how others see us. It is a significant economic driver.

The sector employs more than 42,000 North Dakota citizens. Residents in every community, large and small, rural and urban, benefit from visitor spending and tourism activities.

North Dakota's tourism sector comprises five industries: accommodations, food and beverage, recreation and entertainment, transportation and retail. From restaurants to museums, service stations to golf courses, tourism benefits every county of the state.

TOURISM IS AN EXPORT COMMODITY

North Dakota's visitor economy grows when more people travel to and within the state, and visitors interact more with a destination. Shopping, dining, purchasing transportation and lodging, buying event tickets, attending galleries, performances and sporting events and other activities all contribute to a stronger visitor economy.

FAST FACTS ABOUT NORTH DAKOTA'S TOURISM INDUSTRY

REVENUE SOURCE

Tourism contributed $3 billion in total traveler spending and $300 million in visitor paid taxes to the state's economy in 2018.

SUPPORTS LOCAL BUSINESS

Tourism is a significant revenue source for hotels, lodges, restaurants, museums, art galleries, parks, fishing and hunting outfitters, casinos, sporting events, retail outlets, coffee shops, festivals, craft shops, golf courses and many other businesses. In 2018, there were more than 22 million visitors to and through North Dakota.

ECONOMIC DRIVER

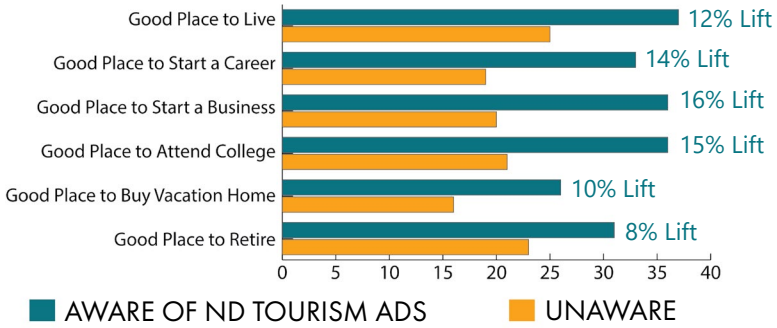
There are more than 3,000 businesses and organizations offering countless attractions, events and tourism-related activity in the state.

UPDATED 01/06/2021

TOURISM IS A GATEWAY TO ECONOMIC DEVELOPMENT

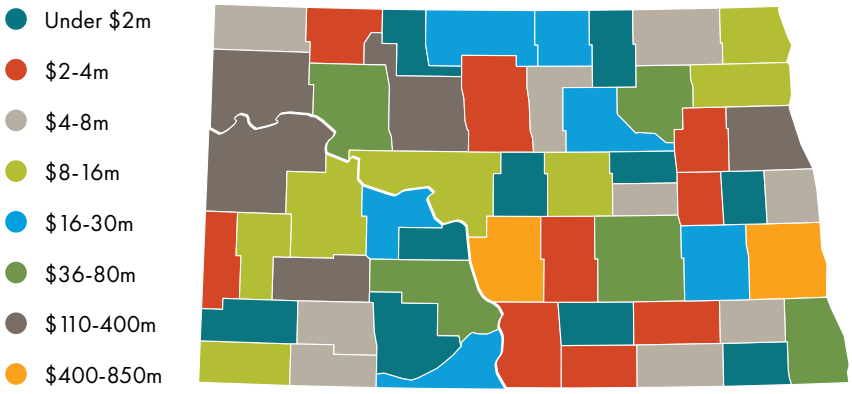
Businesses don't build in a location they know nothing about. People don't move to a location they've never visited. Tourism marketing and visitation are a gateway to a number of key economic development measures.

HALO EFFECT OF NORTH DAKOTA TOURISM MARKETING



Across the board, the advertisements done by North Dakota Tourism have a positive effect on how North Dakota is perceived.

VISITOR SPENDING BY COUNTY



Travel and tourism positively impacts every county in North Dakota, creating jobs and generating sales across dozens of sectors.

VISITOR SPENDING BRINGS OUTSIDE DOLLARS INTO NORTH DAKOTA'S ECONOMY, GENERATING TAX REVENUE, ADDITIONAL BUSINESS INCOME, JOBS AND A MORE DIVERSE ECONOMY.

$522 MILLION IN LODGING

$900 MILLION IN FOOD AND BEVERAGE

$593 MILLION IN TRANSPORTATION

$383 MILLION IN RECREATION

$522 MILLION IN RETAIL

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For more information, contact Sara Otte Coleman at socoleman@nd.gov

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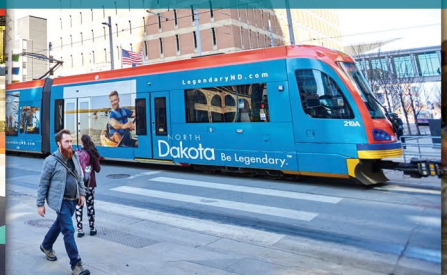
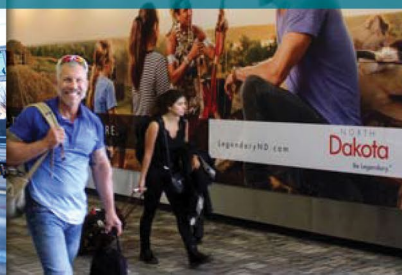
ELEVATING IMAGE





AD EFFECTIVENESS

13%
AVERAGE IMAGE LIFT FROM ADVERTISING AWARENESS

WEBSITE TRAFFIC UP
52%
IN 2020

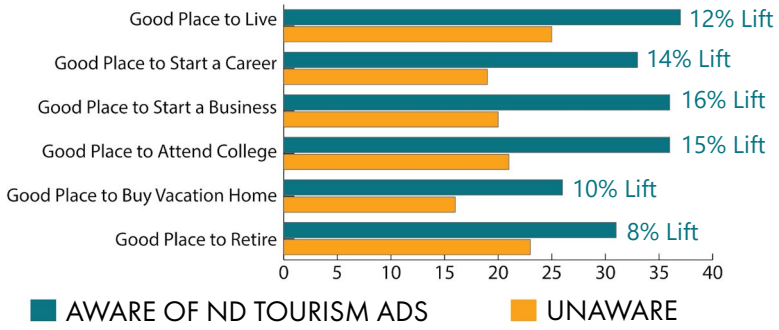
DIGITAL CAMPAIGN HAD
9.4 MILLION
VIDEO COMPLETIONS

265,000
ADDITIONAL ADVERTISING-MOTIVATED TRIPS

TOURISM ADVERTISING ELEVATES NORTH DAKOTA'S IMAGE

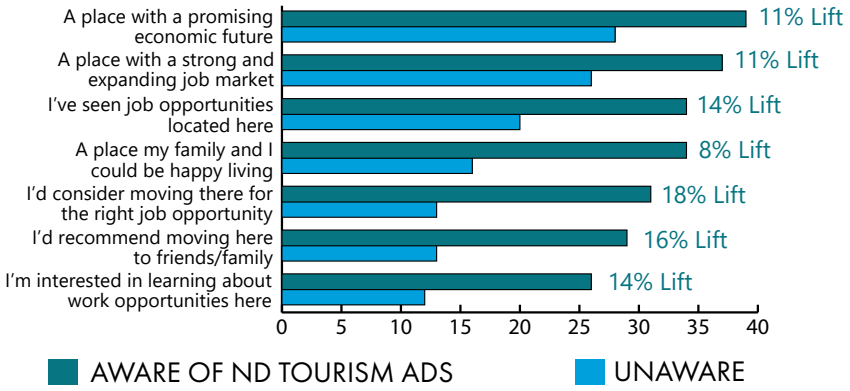
Advertising is a powerful tool with the ability to change perceptions, attitudes and behaviors. Research shows that North Dakota Tourism's promotional campaigns create a "halo effect" that lifts image and diversifies the economy through increased visitation and makes North Dakota a more favorable place to live, work, start a business, attend college, purchase a home and retire.

HALO EFFECT OF NORTH DAKOTA TOURISM MARKETING



Awareness of North Dakota's advertising led to double-digital increases in positive impressions across economic development attributes, most notably the impression of North Dakota as a place to be happy living in, that would be considered moving to for the right job opportunity and willingness to recommend to friends and family.

TOURISM ADVERTISING IMPROVES IMAGE OF ECONOMIC DEVELOPMENT ATTRIBUTES



UPDATED 01/08/2021

WHY INVEST IN ADVERTISING?

Tourism advertising **supports North Dakota entrepreneurs and businesses** by raising awareness of North Dakota.

Every dollar invested in North Dakota Tourism advertising **returns $104** in incremental visitor spending.

Every dollar invested in North Dakota Tourism paid media returns $5.90 in tax revenue resulting in **$300 million in visitor-paid taxes**.

Tourism advertising **supports North Dakota's Main Streets** with visitation supporting communities of all sizes in every county in the state.

There are **45,646 visitor-supported jobs** and 2,977 tourism-related businesses in North Dakota.

SOLID ADVERTISING OUTREACH

A 2020 study reinforces the impact of North Dakota Tourism advertising on economic development and image lift. Tourism advertising is the most visible and cost-effective tool for reaching those who can be motivated, not only to visit our state, but to consider North Dakota for relocation or business building. Here is how far the North Dakota Tourism campaign has reached over the last couple of years.

TV

67 MILLION (2019)
83 MILLION (2020)

PRINT

12 MILLION (2019)
12 MILLION (2020)

DIGITAL

112 MILLION (2019)
233 MILLION (2020)

OUT-OF-HOME

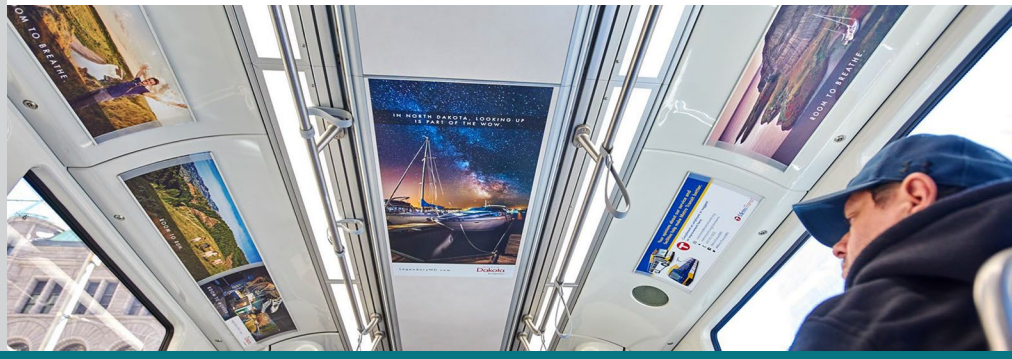
34 MILLION (2019)
85 MILLION (2020)

SOCIAL MEDIA

5.3 MILLION (2019)
23 MILLION (2020)

OPPORTUNITY AHEAD

North Dakota has an opportunity to use its valued competitive advantages now more than ever. Its safe, open, uncrowded, worry-free and affordable lifestyle is being sought out worldwide, as the post-COVID demographic shifts. With the world in transition, we need to showcase all the state's offerings to drive demand to businesses that put North Dakota on a growth track.



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For more information, contact Sara Otte Coleman at socoleman@nd.gov

devils lake
Economic Development

work: 701 662 4933 cell: 701 230 3078 brad@devilslakend.com devilslakend.com PO Box 1048 • Devils Lake, ND

Testimony in support of SB 2018 - The Department of Commerce Budget

Given by
Brad Barth
Executive Director
Forward Devils Lake Corporation

Chairman Holmberg and members of the Appropriations Committee I am pleased to be able to offer my testimony today on behalf of the Department of Commerce.

The City of Devils Lake respectfully requests that you continue to support the Department of Commerce in their efforts to administer and manage the Renaissance Zone program. Devils Lake has successfully used the Renaissance Zone program to help with the revitalization of our downtown/RZ area over 20 times during the years we have had the RZ. The increased taxable property value for these projects is over $8 million dollars - a significant increase for a City of our size.

We continue to use this program as one of the tools in our Economic Development incentives toolbox. In the two years I have been Economic Development Director for Devils Lake and Ramsey County, ND it has been a "go-to" incentive to help get buildings bought, refurbished, and used in our downtown revitalization area.

The need for a responsive timely administration team at the Department of Commerce is critical in getting businesses to use the Renaissance Zone program and we thank you in advance for meeting their needs.

Economic Development in rural areas like Devils Lake is difficult - but programs like the Renaissance Zone give rural cities and towns the capability to put incentive packages together that entice and encourage our existing entrepreneurs and would-be entrepreneurs to "take a chance" on a project that normally would not happen. Without these incentives, projects would not get done.

Thank you for your support.

Brad Barth

January 22, 2021

Senator Ray Holmberg and members of the Senate Appropriations Committee.

Mr. Chairman, my name is Dave Achtenberg and I am employed by Regency Hotel Management. We manage two properties in Bismarck, the Ramkota & Radisson Hotels as well as a property in Fargo. With 35 years in the hospitality business we have never experienced the challenges we have faced in the past ten months. In March when the Pandemic began we furloughed roughly 95% of our workforce company wide and have been slowly ramping back up as demand increases. Hotel occupancy in the Bismarck market has declined from 60.9% in 2019 to 42%in 2020. Total lodging revenue has declined from $67,182,623.00 in 2019 to $41,297,867.00 in 2020 in the Bismarck market. Almost all meeting and convention business in 2020 was cancelled and the first half of 2021will be more of the same. The leisure market has begun a small rebound. Industry experts are predicting the rebound in groups and conventions may take 2 to 3 years.

We feel that there has never been a bigger need for increased tourism dollars and fully support the increases in the Governor's proposed budget for the Tourism Division. As lodging revenue has declined we have also seen a sharp decline in lodging tax revenues that fund many of our local Convention and Visitor Bureaus. The competition to attract and retain groups will be intense as many of our neighboring states already out spend us by large margins in Tourism Marketing. Our neighbors to the south doubled down early in the pandemic and enjoyed a fairly good tourist season. I believe the additional funding will benefit our state and local economies and help put people back to work.

Thank you for your time and I would be available to answer any questions you may have.

Sincerely,

Dave Achtenberg.

Mr. Chairman and members of the committee, my name is Kara Glenn. Silver Fox Pipeline and Facility Services Inc. is dedicated to our community and to growing the local workforce by preserving local jobs with local people who are committed to the community. Long before the pandemic hit, we were trying to figure out how to change the culture of work and keep construction crews here and working through the winter. Every year we go through our ups and downs, where guys and gals who are amazing workers face layoffs and unemployment. Currently, welders go back to their out of state homes when work is slow, and operators are hard to find in the winter.

We posed several questions. What if we could cross train employees that are traditionally seasonal? What if we could have veteran welders teaching and training new welders in the winter? What if experienced dozer operators could give hands on training to new operators? What if we could use this model to grow our local workforce and in doing so, support community resiliency? This is exactly what we did and how Trade Ready was formed. Based on the need to diversify and adapt workforce to the ups and downs, we established a training center and curriculum for safety, structural welding, pipe welding, and heavy equipment operator training.

Our first group of students hit the ground running on October 1st, 2020 in our structural and pipe welding course. Our students are all so unique with their stories and why they are taking the course. It was very important to us for our students to know we wanted them to succeed. From making sure we brought in a bilingual instructor, to finding the instruction time for single moms and dads who wanted to take the course, we have provided every opportunity for success that we could. Current oilfield workers who work nontraditional hours can schedule nontraditional times and take classes.

Students work on real projects such as pig pens, gates, supports and stairs. They also receive their required safety certifications. They receive hands on experience by working hand in hand with seasoned Silver Fox welders and operators, teaching practical skills that apply directly to real oilfield jobs.

We have an 11-student capacity for our both our Structural and Pipe Welding courses and both courses have a max capacity enrollment. All 11 students graduated the Structural portion of the course and moved to the pipe welding portion, 10 of the 11 students have already received jobs in some sort of welding/fabricating capacity. Our students have completed more than 250 hours of hands-on instruction and have completed real projects for companies like John Deere in Williston and Steve Sharp Crane in Watford City.

The Technical Skills Training Grant allowed us to purchase equipment, welding supplies, safety supplies and pipe for our students. We were also able to hold safety courses that are required for workers in the Oil and Gas industry, i.e., PEC Basic, First Aid/CPR and PEC H2S. The Technical Skills Training Grant allowed us to grow and keep our program going giving our students hope when times are rough. The Technical Skills Training Grant and the support of our local officials and community have allowed us to continue with our commitment to providing displaced workers with a new trade to reenter the workforce and keeping workers in North Dakota.

I'll now introduce Ray Berry, from Omnibyte Tecchnology. Thank you!

Department of Commerce Testimony on SB #2018
January 25, 2021 9:00 am CT
Senate Appropriations Committee
Roughrider Room
Senator Ray Holmberg, Chairman

MEASURE: SB 2018

TITLE: OmniByte Technology Success and Support of Operation Intern Program

Chairman Ray Holmberg and Senate Appropriations Committee Members

My name is Ray Berry and on behalf of OmniByte Technology, I want to express our support and share a bit of our successes for the ND Workforce Operation Intern Program.

I am a Co-Founder and the CEO of OmniByte founded in 2015. We are a boot strapped company started in Fargo, ND to build a better mobile for field service personnel in the industries we serve like Electrical, HVAC, and Energy.

I have a lot of experience in building a successful internship program in companies starting back in 1998 and in fact I started out as an intern as well. I knew when we started OmniByte in 2015, we would need interns to be able to grow since we were small and had no outside funding. Our first employee at OmniByte in the Winter of 2015 was a Student from NDSU as an intern. Jordan Pansch. In 2015, we were not able to receive support from Operation Intern and that did not stop us from hiring interns.

In our five and a half years in business, OmniByte has had twenty-eight (28) internships. (see attached Addendum) This is made up of twenty-three (23) college students and five (5) unpaid high school STEM students. The majority of our internships have been with NDSU students.

We provide internships in technology, specifically Computer Science and Engineering as well as in Business, Marketing and Sales. We provide real world experiences to students as they learn to become professionals along with what it is like to work for a technology startup. The Operation Interns work on technology projects including software development, research, testing, installations, training and demonstration of solutions.

Without the support of Operation Intern we certainly would have struggled to grow our company in an industry very competitive for technologists. We could not afford top dollar however needed top talent.

Each intern has been important because they add value to our company at a lower cost to the organization not just in wages but benefits. It allows our team to evaluate talent and offer full time positions at OmniByte.

Since the beginning, OmniByte has offered seven (7) student interns full time positions and six (6) accepted. In the 20+ years I have supported internships not all work out but this low-cost access to talent reduces risk as well because at end of intern and transition to Full Time, the chances of it working

out is high and we understand fully that full time turnover is very expensive and impacts companies and teams. Of the 6 interns hired, one was known short-term (Military service) and we still have four of them working for us full-time as well as one paid Operation Intern on staff this semester.

Our goal from beginning, besides our mission to Improve the Safety and Work Lives of Field Service Personnel Through Technology, has been to create a great and successful company here in North Dakota using local talent to build and grow. I have said from the very beginning, the success and growth of OmniByte will be tied at least partially to young talent in the form on student interns as we build our own team.

Of the current fourteen (14) Full-Time employees at OmniByte, four (4) of them started as Interns, three (3) through Operation Intern. Several others have found jobs in North Dakota keeping our talent here in our state. Of those four interns, one of them was our very first paid intern who started with us in 2015.

Please support this bill and program as it not only helps small companies like OmniByte Technology start and grow here in our state, it provides opportunities to our students which otherwise would not exist. Without this program I am certain we would have had less than half the number of internships in the last 5.5 years. This is one of the great ways to keep the talent in North Dakota.

I will attend and present virtually and open to any questions.

Sincerely,

Ray Berry

CEO, President and Founder

OmniByte Technology

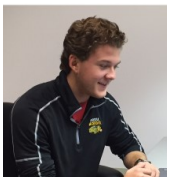
1854 NDSU Research Cir N

Fargo, ND 58102

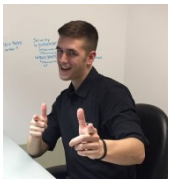
Addendum A

OmniByte TECHNOLOGY

Christian**


Drew**

Jordan


Sam

Joe

Laura

Cole

Riley*

Isiah*

John*

Ryan

Cody*

Levi*

Emelia

* ND Operation Intern Funded
** NDSU RTP Scholarship Intern

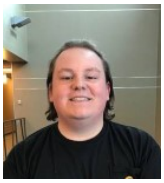
OmniByte TECHNOLOGY

John

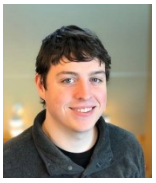
Nathan*

Thomas*

Hunter*


John*

Keenan*


Jacob*

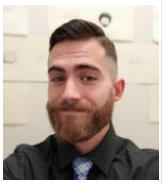
Rachel

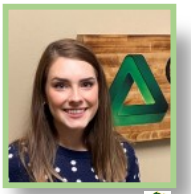
Jack*

Alyssa

Christian*

Siri


Cameron*


Darby*

* ND Operation Intern Funded
** NDSU RTP Scholarship Intern

TESTIMONY
SENATE APPROPRIATIONS COMMITTEE
SENATOR RAY HOLMBERG, CHAIRMAN

Mr. Chairman and members of the Committee, my name is Jim Poolman, it truly is a pleasure to before the committee again, and it has been a long time since I was here to present the budget for the Insurance Commissioner. It's great to be back, even if it is only virtually.

Since my time as Insurance Commissioner, I have been involved in opening three restaurants, a hotel and other commercial real estate ventures. I wanted use my short time by expressing strong private sector support for the Department of Tourism budget, especially the one time funding for targeted destination marketing. These funds are going to be even more instrumental to get ND businesses a shot in the arm (pardon the pun) as the pandemic, hopefully, fades away to a bad memory. We know, as business owners that marketing dollars are important, and absolutely make a difference in keeping our business, or in this case North Dakota at top of mind for the buying public and will pay dividends for this modest investment.

I am probably not breaking any news to you but want to give you some anecdotal and specific figures about how the pandemic has affected our businesses. I want to be clear, I am not complaining, our businesses are going to be lucky and survive the pandemic, but some won't. I just want to give you an idea of the reality of the hand that's been dealt to us.

During the early stages of the pandemic the Blarney Stone Pubs in Bismarck and West Fargo voluntarily closed before the Governors order, albeit not long because the Governor reacted so quickly, but our goal was to keep our customers as safe as possible. As you can imagine, the revenue decline because of the closure, subsequent capacity limits, social distancing protocols, and the general lack of traffic had a huge negative impact on our business. We injected extra personal capital to make sure employees got paid, payments were paid and we could bridge any gaps on financing.

At our hotel in Bismarck, pre-pandemic we were selling approximately 80 percent of our rooms per night, and even now the average occupancy rates are less than half that at 30 to 40 percent. People have not been traveling, not been eating out at the rate they were pre-pandemic, and certainly not staying in hotels. Both leisure travelers and business travelers are staying home. When the pandemic finally eases, we will certainly need a boost to make sure that North Dakota stays at the forefront of people's minds for a vacation TO North Dakota, or even a North Dakota "staycation" for those that want to support local business.

In my short time with you, I cannot stress enough how important our tourism industry is, and how imperative it is going to be to get kicked back into gear at the right time. Sara and her team have their work cut out for them, and with the additional resources in the Executive Recommendation, it will hopefully provide them the leverage they need to jump start tourism

and our economy post pandemic. The state needs it, your private sector needs it, and the citizens, I believe want it.

I am happy to answer any questions you may have.

January 21, 2021

Honorable Ray Holmberg
State Senator and Appropriations Committee Chair

Testimony before Senator Holmberg and Appropriations Committee Members, January 25, 2021

Good morning Senator Holmberg and Members of the Committee and thank you for this opportunity. My name is Charley Johnson, and I am the President and CEO of the Fargo-Moorhead-West Fargo Convention and Visitors Bureau. I'm here to wholeheartedly support—as a minimum—the Governor's proposed $461-thousand increase in the Tourism Division Budget for the Biennium that begins next summer, and his proposal for an additional two-million dollars ($2,000,000) for destination marketing. I say minimum because even the increase and the one-time marketing fund would still leave North Dakota well short of the tourism spending done by most of our competitors around the country, including those closest to us. The increased state expenditure is even more vital this year, as most of our local destination marketing budgets—largely dependent on the local lodging tax—have been devasted as Covid-19 curtailed all kinds of travel.

Many of you have heard me say this before, but it bears repeating—on their own, tourism & travel are probably the purest form of economic development, since visitors leave their money behind when they go home. But it's well-established that Tourism Marketing also lifts the national and international profile of the entire state, including for purposes of economic and workforce development. Very few people ever decide to move to a state to take a job unless they've had a chance to visit, first, and the visits that influence those decisions to move somewhere don't always come during a specific job search. Sometimes they come during a family vacation, or a trip to a conference, or to a Squirt Hockey Tournament. A visit is the "first date" of an economic relationship. People who visit ND for any reason whatsoever are far more likely to consider working, living, or starting a business here, and make no mistake about it—*marketing drives the vast majority of the first visits*. You have a great team in the Tourism Division of the Commerce Department, and I believe I can speak for all my travel, tourism and economic development colleagues around the state when I implore you to give them the tools—indeed, the funding—they need to raise North Dakota and all it has to offer to the place it deserves in the national consciousness. I would be delighted to answer any questions, either in person before your committee or via email or a phone call.

Sincerely,

Fargo-Moorhead
Convention & Visitors Bureau

2001 44th St S
Fargo ND 58103

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701 • 282 • 3653
(fax) 701 • 282 • 4366

info@fargomoorhead.org

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President & CEO

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Testimony from Dave Farnsworth, Chair of the North Dakota Workforce Development Council to the North Dakota Senate Appropriations Committee, January 25, 2021

Thank you, Katie, for the introduction.

Chairman Holmberg and Members of the Senate Appropriations Committee:

As Chair of the North Dakota Workforce Development Council, I would like to provide some insight in the role that the Workforce Development Council serves and focus on its recommendations which the Council feels can most effectively meet the workforce needs of its citizens and advance its economy into the future.

The Workforce Development Council consists of over 30 members, with over half of its members coming from the key private sectors such as Energy, Manufacturing, Value-Added Agriculture, Suppliers, Health Care, and Information Technology. In addition, key stakeholder groups such as Higher Ed, K-12, Organized Labor, Career and Technical Education, Job Services, Vocational Rehabilitation, Commerce, and North Dakota Legislators help to make the Council a dynamic and knowledgeable team for identifying effective ways of meeting North Dakota's workforce needs.

The role of the North Dakota Workforce Development Council is 1) to advise the Governor and the State concerning the nature and extent of workforce development in the context of North Dakota's economic development needs, and 2) how to effectively meet these needs, while optimizing the use of available resources and avoiding unnecessary duplication of effort.

At the end of 2020 the Workforce Development Council issued a report in which the Council provided 13 recommendations and 2 endorsements that the Council strongly feels can help address the greatest workforce challenges that face the State of North Dakota today and in the coming years. These recommendations are built upon those issued in the Council's October 2018 report and further home in on specific actions that will have the biggest impact on addressing the State's workforce needs.

In summary, the recommendations revolved around 4 main areas of emphasis, which are included in your packet of information:

- **Earlier & More Diverse Career Exploration and Addressing the Technical Skills Gap.**
- **Remove Barriers to Employment**
- **Occupational Licensing Reform**
- **Recruitment and Retention of Workers**

In its deliberations this session, I know this Committee will be faced with a great array of requests and needs from many groups and citizens. I also know that growing and diversifying the State's economy and tax base is foremost in the Committee's mind. I would encourage the Committee members to look at those portions of the Commerce budget that will address the workforce needs the Council has identified and move them forward.

I am happy to answer any questions. [Pause for questions]. It is now my pleasure to introduce Kara Glenn of Silver Fox Pipeline and Facility Services.

Access Point Technologies EP Inc

ND LEGISLATIVE SESSION TESTIMONY

VERSION 0.0

1/22/2021

Presented by

Sean Carroll

ND Legislative Session Testimony

Access Point Technologies EP is a medical technology company focused on the treatment of cardiac arrhythmias. HQ in Rogers MN since 2003, the company manufactures and sells highly specialized catheters in more than 20 countries including, Japan, Korea and the USA. We partner with world leading physicians to identify unmet device needs in their field and then develop solutions they can use to improve the care for their patients.

Our company leadership team are named inventors on more than 100 issued US patents and have brought many medical devices to market. We understand how to take a project from concept & napkin sketch through the design, prototype, testing and commercialization process. As you all know, there are significant costs associated with taking an early-stage concept into a device that is ready for the market. The most significant barrier to efficient medical device development is access to the capital required to bring devices quickly through this design, development, and regulatory clearance.

We were attracted to ND by the LIFT funding program. This program helped us close a significant gap and fund testing and new technology development to move a new cryo technology forward. We are excited to expand our business in ND with the support of the commerce department programs, both because of programs like LIFT and because of the strong level of engineering talent coming out of the ND colleges. We initially planned to lease space in existing facilities but decided to make the commitment to purchase and build a custom facility for our Med Device R&D center in Horace ND. Let me be clear, we would not have made that commitment without the LIFT program funding.

We expect our new facility in Horace to be the cornerstone of a medical device development campus where we plan to design and develop several new systems and devices which we will plan to initiate in 2021 and 2022. These additional projects will also require funding and we hope and anticipate that the environment in ND will continue to support the development of these programs as we expand our base of operations in the coming months and years.

Thank you very much for the time to present. We are looking forward to growing our presence in Horace.

Thank You

Sean Carroll

President, APT EP Inc

ACCESS POINT
TECHNOLOGIES EP

Access Point Technologies EP Inc

Testimony
Senate Appropriations Committee
Senator Ray Holmberg, Chairman

Mr. Chairman and members of the committee, my name is Tyler Demars and I am the Program Director for the IDEA Center at CTB – one of four ND Certified Entrepreneurial Centers. The IDEA Center is located right here in Bismarck-Mandan and supports entrepreneurs across our state, focusing on Central and Western ND.

I am here speaking in support of funding Entrepreneurship Program Grant initiatives, specifically related to the Innovate ND program.

Entrepreneur Grants through Innovate ND is a high impact program with goals of diversifying ND's economy through entrepreneurship and innovation. The program has a strong track record of being successful, creating jobs and new revenue for ND, while supporting new ideas, innovation, and scale-able business startups.

Each of the four Certified Entrepreneurial Centers (located in Bismarck, Grand Forks, Fargo, and Jamestown) provide technical assistance to Innovate ND Clients and Program Grant Recipients all while carving out specific niches to remove chances of duplicative services which in turn promotes collaboration amongst the centers. Additionally, Innovate ND provides grant funding to entrepreneurs supporting prototyping, technology development, marketing strategy development, and intellectual property protection.

In our center at CTB we have 30 clients currently enrolled and have supported 60 Innovate ND clients in the current biennium. The entrepreneurs that we've assisted and surveyed over the past 2 years report that they have generated 52 FTE jobs and generated gross revenues totaling more than $9 Million dollars. Again, these results are from our center alone and do not include results from the good work being done by our counterpart entrepreneurial centers and their clients in Grand Forks, Fargo, and Jamestown.

The funding support we receive through Innovate ND allows us to drive value beyond the work of our Innovate ND clients. Our team at CTB operates a full-service entrepreneurship center supported by a large referral resource partner network to minimize any duplicative services.

Our services include:

- Business advising available to all entrepreneurs and small business owners as they develop from idea stage to commercialization including coaching related to prototyping, market research, protecting intellectual property, operations planning, financial management, operational assistance, and access to capital.

- A full incubation space that allows new entrepreneurs affordable office space and professional amenities
- Conference room rental space for trainings, meetings, co-working spaces, and other business development activities
- Collaboration within our resource partner network to grow a thriving and supportive startup ecosystem primarily as lead organizers of 1 Million Cups Bismarck & Mandan and TEDx Bismarck. This ecosystem development work allows us to maintain a large, diverse network of mentors and experienced professional service providers that we leverage in support of our clients. We pride ourselves on helping our clients develop the supportive relationships and network needed to give them the best chance of success.

Some comments from entrepreneurs we've assisted through the InnovateND program:

"I can say confidently that I would not be where I am today with two successful entrepreneurial ventures, without the support from the Innovate ND program, and the leadership found at the IDEA Center."

"Innovate ND and the IDEA Center have been critical in providing my entrepreneurial vision with the support and guidance needed to build it into… the emergent and profitable business it is today".

"With support from the IDEA Center and InnovateND, our business has grown and been accelerated through some of the most vulnerable stages in a startup's life cycle."

"The entrepreneurial centers lower barriers to starting a business for people without entrepreneurial experience."

"The centers provide an important space where ideas can be explored and grown"

"The centers support success stories and entrepreneurial ambassadors which are critical to a strong startup ecosystem."

In closing, Entrepreneur Grants for InnovateND and Entrepreneurship Centers is one of the most successful Commerce programs and most importantly it impacts more entrepreneurs (emerging employers) than any other program. Thank you for your time and consideration to continue stable funding for Entrepreneur Grants and the Entrepreneurship Centers that provide the assistance.

I am happy to answer any questions you have.

NORTH DAKOTA PETROLEUM COUNCIL
100 West Broadway, Ste. 200 | P.O. Box 1395 | Bismarck, ND 58501-1395
701.223.6380 | ndpc@ndoil.org | www.NDOil.org

Senate Bill 2018

Testimony of Ron Ness

Senate Appropriations

January 25, 2021

Chairman Holmberg and members of the Committee, my name is Ron Ness, president of the North Dakota Petroleum Council. The North Dakota Petroleum Council represents more than 650 companies in all aspects of the oil and gas industry, including oil and gas production, refining, pipeline, transportation, mineral leasing, consulting, legal work, and oilfield service activities in North Dakota. I appear before you today in support of Senate Bill 2018.

I am glad to stand in support of the Department of Commerce budget. The North Dakota economy and the business community has certainly taken a significant hit the past ten months and indications from the recent actions by the Biden Administration should be a warning sign of great challenges ahead. Nearly a year ago, the energy industry through the Empower Commission began discussing the tremendous shift that was occurring in investment firms, banks and various funds across the nation and globe in relation to investing in energy. Actions taken by the Trump Administration as recently as this January were efforts to stop the discriminatory lending practices that are becoming common practice of large banks refusing to provide financial backing to fossil fuel developers. The Department of Commerce was quick to engage and embrace the challenges facing our state's top industry and was extremely supportive in educating policy makers and the public on this challenge. North Dakota's economy has a long history of riding the up and downs of a market-based commodity economy, our state is going to face challenges and need innovation and diversification, Commerce plays a critical component in business attraction, retention, and growth. I urge you to find and adequately fund the divisions of Commerce that support our state's business community and our state's great future.

We therefore urge a **Do Pass** on Senate Bill 2018. I would be happy to answer any questions.

Testimony from Thomas Swoyer, Jr
Grand Sky Development Company LLC

Good Morning Chairman Holmberg and members of the committee. Thank you for the opportunity to be with you virtually. My name is Thomas Swoyer, Jr and I am the President of Grand Sky Development Company. I am with you today to advocate for continued investment in infrastructure at Grand Sky. My colleagues that have spoken before me and those that will speak after me will offer examples of success and opportunity in the Unmanned Systems industry in North Dakota and I appreciate this opportunity to share Grand Sky's story today.

Grand Sky is a public/private partnership between the US Air Force, Grand Forks County and my group, the Grand Sky Development Company. Together we have executed a 50-year agreement to develop 217 acres on Grand Forks AFB and turn it in to a state-of-the-art, commercial Unmanned Aircraft Airport and Business Park. Grand Sky is one of the only places that supports the commercial development and operations of the largest unmanned aircraft in the world. We're focused on developing the capabilities needed to support flight operations that span not only the upper plains but the entire United States. More recently, Grand Sky has supported international operations and has contributed to the growing national and international reputation of North Dakota's UAS industry. In fact, just this morning, in support of the North Dakota Trade Office, many of us joined in an hour-long pitch to representatives of over 50 European based companies looking for a place in the United States to bring their business. This October will mark the 10th anniversary of the Grand Sky's beginning. Over the past 10 years of our shared journey we have seen some incredible successes, but those successes would not have been possible if not for the investment in infrastructure from the State of North Dakota.

Last year, Grand Sky celebrated many successes, but I want to share two with you. Over the summer, Northrop Grumman conducted 10-weeks of flight test for their Firebird aircraft. This effort brought over 40 people representing multiple companies from around the United States. This team came to Grand Sky for more than 10 weeks of non-stop flight activity. While the pandemic ravaged many local businesses this flight test effort supported over 2,000 room nights and tens of thousands of dollars of catering that supported struggling restaurants. While hotel rooms and catering are all great, the real upside was the multiple federal agencies that came to Grand Forks to see the flight tests but left knowing that Grand Sky is a world-class test and evaluation center and will be looked to in the future for other flight tests.

Another important success revolves around the training of pilots and sensor operators for our NATO allies. Members of the Royal British Air Force came to Grand Sky to conduct multiple training classes. Word of the efficacy of these training sessions have resulted in agreements to bring members of the Air Forces of Belgium, Italy, Spain, India, Taiwan and Japan for weeks of training in 2021. The point I want you to leave with is that tests like this will renew in 2021 with the first flights scheduled in February. More training results in more investment in simulators, hangars, classrooms and other buildings to support it all. The investments made to date in Grand Sky are yielding consistent economic benefits for North Dakota.

The Firebird flight tests, and NATO training efforts are examples contributing to the larger economic development story. There are three key economic development metrics that I'd like to share with you. So far, Grand Sky produces roughly $19.3M per year in wages from direct, indirect

and induced business activity. Roughly 175 people report to Grand Sky every day for work with another 167 that indirectly support Grand Sky. Another 400-600 people per year come to Grand Sky for training, official visits, flight operations and other reasons. These visits are as short as 2 or 3 days or, as we saw with the Firebird example, as long as 10 weeks or more. Perhaps the most important economic metric is the ratio of public to private investment at Grand Sky. We are grateful for the Legislature's vision and desire to invest in Grand Sky over the past decade. Over those 10 years, the Legislature has seen fit to appropriate $21 million for infrastructure at Grand Sky. That investment has been used to repair and replace aircraft aprons, and to install new roads, electric lines, natural gas, water and sewer and security infrastructure necessary to attract the private sector investment that brings the jobs and economic activity. It is very important to note that none of the State's investment has gone to support private buildings. The appropriations have been used for investing in infrastructure like roads, utilities, aprons and similar necessities. The $21M that has been appropriated has resulted in roughly $70M in private sector investment in offices, hangars, labs, flight infrastructure and security. Grand Sky has leveraged more than $3 of private sector investment for every $1 of state investment. The benefit of the State's investment in Grand Sky is economic activity, jobs and private sector leverage. None of this is possible without the investment in the underlying infrastructure.

The final element that I would like to leave you with is an understanding of where we are headed. Grand Sky is growing. The funding we are requesting will go to extending infrastructure into the park to create more developable area. Grand Sky is moving into a new development phase. We have leased 35 of the 40 developable acres that have access to the runway, we need to create more. We are about to complete construction of our newest asset, our Multi-Tenant building called MT1. Grand Sky Development Company is the equity investor in MT1 which began in autumn of 2019 and is almost complete. While its not yet ready to move in, we have already executed tenant leases for three of its eight suites and are in negotiation with a single tenant for the remaining five. The $7 million building will be totally leased up before it is complete. We're already planning for MT2 and MT3 and both of our anchor tenants have expansion plans to add more hangars, training space and other assets that will bring more flight test work, more employment and more business to North Dakota.

Thank you for your time and I will be available for any questions.

TESTIMONY OF

NICHOLAS FLOM

EXECUTIVE DIRECTOR, NORTHERN PLAINS UAS TEST SITE

BEFORE THE

SENATE APPROPRIATIONS COMMITTEE

JANUARY 25, 2021

SENATE BILL NO. 2018

Mr. Chairman and Members of the Committee:

I am Nicholas Flom, Executive Director of the Northern Plains Unmanned Aircraft Systems Test Site (NPUASTS). I have been the Executive Director since November of 2016 and have been a part of the Test Site since early 2014. I am testifying today in support of the Governor's funding request for the Unmanned Aircraft Systems Program under the Department of Commerce.

Background

On February 14, 2012 the Federal Aviation Administration Modernization and Reform Act (FMRA) was signed into law. This legislation required the FAA to choose six UAS National Test Sites (NTS). The NPUASTS was selected as one of six Test Sites on December 30, 2013 by the FAA following a nation-wide competition. The FAA Reauthorization Act of 2018 was passed by Congress on October 3, 2018 and signed by President Trump on October 5, 2018. This Act extends Congress's mandate to the FAA to continue the Test Site program through September 30, 2023.

Through an Executive Memorandum, on October 25th, 2017, President Trump directed U.S. Secretary of Transportation Elaine Chao to launch an initiative to safely test and validate advanced operations for drones in partnership with state and local governments in select jurisdictions. This UAS Integration Pilot Program (IPP) implements a directive with results that will be used to accelerate the safe integration of UAS into the national airspace and to realize the benefits of unmanned technology in our economy. The NPUASTS supported the North Dakota Department of Transportation (NDDOT), who was the lead applicant, on behalf of the state of North Dakota by providing our industry knowledge and industry to partners to participant on the team. Our strategy was to leverage the entire state of North Dakota and apply as a single state entity including state government, local communities and North Dakota's tribal nations. On October 25, 2020, the UAS IPP sunset, but on October 26, 2020 a new program called BEYOND was launched by the FAA. The BEYOND program continues the partnerships with eight of the nine IPP participants. BEYOND will focus on operating under established rules rather than waivers, collecting data to develop performance-based standards, collecting and addressing community feedback and understanding the societal and community benefits, and to streamline the approval processes for UAS integration.

The NPUASTS continues to be a leader in UAS both at industry and federal levels thanks in part to resources previously committed by North Dakota. We strive to continue to develop the commercial UAS industry and promote economic development in North Dakota. To meet the industry demands, the NPUASTS has been able to provide a research outlet while showing a direct path to commercialization.

Since there is no operational funding from the FAA for the NTS program, North Dakota's ability to maintain being a leader in the UAS industry would be dramatically diminished without state support. Therefore, the NPUASTS, in conjunction with the Governor, encourage you to continue to support the Unmanned Aircraft Systems Program proposed in Senate Bill No. 2018.

Northern Plains UAS Test Site

North Dakota, under the umbrella of the Department of Commerce, is one of seven states designated as a Test Site. The NPUASTS is comprised of formal team members including the University of North Dakota (UND); North Dakota State University (NDSU); the North Dakota Department of Commerce; the North Dakota Aeronautics Commission; and the Office of the Adjutant General. Additionally, we have participation from the North Dakota Department of Transportation and North Dakota Information Technology Department. The Northern Plains Unmanned Systems Authority, created by an executive order of the Governor on May 28, 2013, oversees the NPUASTS. The Authority is chaired by the Lieutenant Governor and is comprised of representation by the principle leadership of each team member as well as a representative from the North Dakota Aviation Council.

Status of the NPUASTS

The NPUASTS has continued to maintain a steady flow of work and contracts over this biennium. Th private UAS industry is continuing to thrive. We are continuing to support Xcel Energy as they fly UAS this summer to inspect their transmission lines beyond visual line of sight.. This summer they will fly about 3,000 miles of transmission line with a UAS and last summer about 2,500 miles. Having strong partners and working closely with the FAA to continue to move the ball forward has made for a steady 2020 even with the challenges of COVID-19.

As you are probably aware, in May of 2017 Governor Burgum designated myself as co-chair of the state's UAS Detection/Counter-UAS Task Force. The purpose of this Task Force was to explore government, business and research opportunities in this rapidly evolving field while also working to accommodate UAS operators who want to test UAS detection and countermeasures in North Dakota. Because of this pursuit, we have supported Customs and Border Protection with a project to detect low flying UAS and airplanes flying over the Canadian border in Northgate, ND in 2020 and in 2019 supported a similar operation at West Hope, ND. We are also entered into long term support contract with the Department of Homeland Security to test the detection of low flying UAS at Camp Grafton in early 2021 with more locations to follow later this spring.

The NPUASTS is also being recognized on a national level for our accomplishments and industry leadership. We represent the UAS Test Site program on the FAA's Unmanned Aircraft Safety Team which is an industry-government partnership committed to ensuring the safe operation of UAS. We have also been able promote UAS in North Dakota by speaking at many national events including AUVSI's Xponential event which has attendance that exceeds 8,000 people. Even with the many conferences going virtual in 2020, the NPUASTS participated in many virtual panels and presented on the great work that is being accomplished in North Dakota.

Economic Impact

On December 28, 2020, the U.S. DOT issued two new drone rules to advance safety and innovation. The UAS industry is still rapidly growing and we have seen incredible advancements in the last 2

years. The FAA issued their first drone delivery certification in 2019 and in 2020 they released a list of 10 companies that are close to completing the certification process which will allow for more advanced operations following regulation and not being issued through waiver or exemption. North Dakota continues to play a key role in these advancements. One example is the leading effort that NPUASTS took to make operations over people with a parachute a standard approval. These approvals were pursued by the NPUASTS with the FAA and it benefits the entire UAS industry. By all accounts, UAS hold tremendous potential to serve the benefit of mankind in countless ways by creating lasting jobs, diversifying our economy, and further advancing North Dakota as a leader in technology and innovation. This is an area of economic development worthy of continued pursuit with everything that North Dakota has to offer this industry.

The NPUASTS continues to be the epicenter of UAS activities in North Dakota. Our role continues to promote and market the state's UAS activities and support private industry's research needs while pursuing opportunities to advance UAS efforts. In the cases where the Test Site does not have a direct role in a particular UAS endeavor, we believe many UAS operations are indirectly benefited from the North Dakota having a Test Site.

The types of economic impact that the NPUASTS provides to North Dakota includes support to multiple agencies, companies, events and personnel including:

- Privately Funded Projects
    - Over the past two years, two major things have happened in regards to privately funded projects. The first is that we are seeing a great influx of the number of companies that are coming to us directly to work on their initiatives. Secondly, these projects are larger and have longer timelines associated with them. We are attracting companies from out of state to work in North Dakota because of the capabilities we possess like the ability to fly beyond visual line of sight and our reputation with the FAA.
- Federally Funded Projects
    - Our Federally funded projects have really expanded of the past 2 years. We have worked directly for Customs and Border Protection, Department of Defense, FAA, and Department of Homeland Security. These projects not only benefit NPUASTS, but the benefit the North Dakota UAS ecosystem. Each Federal contract requires many subcontracts to be issued to North Dakota UAS operators, technology providers who are exposed to North Dakota's capabilities and our research universities. The relationships that the NPUASTS has gained with our Federal partners is truly paying dividends and is creating long term agreements with them.
- FAA University Research
    - The NPUASTS is an industry partner that is affiliated with a core research university member, University of North Dakota, with the Alliance for System Safety of UAS through Research Excellence (ASSURE) Coalition under the FAA's UAS Center of Excellence program. We are currently under contract to participate on 4 projects under this program.
- UAS Integration Pilot Program/BEYOND
    - The UAS IPP has provided collaboration opportunities to not only the state of North Dakota but also to our partners that are a part of the program. The UAS IPP has been able to support the flooding in the Red River Valley in both 2019 and 2020. The collaboration between NPUASTS and NDDOT has only gotten stronger and become incredible partners. NDDOT has grown their UAS division with the support from the NPUASTS. The UAS IPP has also supported our first responders in the state and multiple state agencies to achieve advanced UAS approvals like the ability to fly over

people. This program has since sunset, but a new initiative called BEYOND is now in its place. With the Department of Transportation, we will continue to work to commercialize UAS in North Dakota through this program.

Current Budget Status (2019-21)

The 66th Legislative Assembly appropriated a total of $2,000,000, which included $760,628 of carry-over from the 2017-2019 biennium funds, to support North Dakota's UAS program during the 2019-20121 biennium. The $2,760,628 estimated operating budget for the NPUASTS for the 2019-2021 biennium relied heavily on external revenue from both private industry and Federal partners.

Even with the tough budget cuts made during this past legislative session, we believe that continued support to the Test Site program shows the dedication to UAS in North Dakota. This is important, as many other states across the country are trying hard to replicate our successes. The funds appropriated were used to support our personnel expenses, operating costs, equipment and our subcontractors. The Test Site is also starting to see a steady flow of private and Federal funding opportunities, which allows us to not fully rely 100% on our appropriated dollars.

The NPUASTS was able to take the $2,760,628 from the state legislators and leverage that into an additional $5,662,988 through external contracts to have a two budget of $8,339,615. These external contracts allows us to bring on personnel to support operations that are not reliant on the appropriations. The state also has been able to acquire almost $250,000 worth of equipment through these contracts. Most importantly is how the NPUASTS supports the ecosystem in North Dakota. We have $2,444,324 under contract to 20 subcontractors to support operations. Of the 20 subcontractors, 16 of them are North Dakota companies.

2021-23 Biennial Budget Overview

The projected operating budget for the NPUASTS during the 2021-2023 biennium is estimated at $3,000,000. The Governor's budget recommendation of $2,000,000 plus the carry-over of unexpended 2019-2021 biennium funds would make it challenging to operate the NPUASTS during the coming biennium. Currently, the anticipated carry-over from the 2019-2021 biennium is between $0 and $150,000 which would potentially put a 28% reduction in the biennium budget compared to 2019-2021. The 2019-2021 included approximately $500,000 of carry-over, which is not available this time. The request for $3,000,000 would assure that the NPUASTS can continue to support other state agencies and their UAS initiatives and will allow the NPUASTS budget to maintain personnel between projects. Even with the challenges from April through July of 2020 associated with COVID-19, the NPUASTS was able to maintain our 2019-2021 budget that relied heavily on the challenges of external funding.

With the Test Site program extended through Congress until September of 2023, we are anticipating that these next few years will be key in our national efforts in UAS. As a result of receiving additional state funding to continue supporting baseline operations of the NPUASTS, we will be able to expand our already strong position in the national UAS integration efforts and stay ahead of the other states that have recognized the benefits of investing into UAS. The Test Site has had great success and we continue to find new and innovative ways to support industry by providing capabilities that cannot be found elsewhere. Even with our current successes, there are many opportunities in this space that we are just now trying to capture that will ensure our success in the years to come.

In 2020, the United States Air Force launched an initiative called Agility Prime. The purpose of Agility Prime was to bring together academia, private industry and the federal government to help bring their concept of advanced mobility and cargo delivery a reality. Since the inception of this program, the NPUASTS has been awarded three contracts and believe that leveraging Vantis for future efforts will solidify North Dakota's position as a leader for the DOD.

Without a doubt, the state of North Dakota is known as a leader in UAS. Our research universities, technical colleges, and even high schools help promote UAS for the state. UAS has been recognized by private industry as a way to save cost by increasing productivity and obtaining actionable data. The NPUASTS wants to make sure that all state agencies understand the benefits that UAS can bring to their organization. If that means NDDOT using UAS for infrastructure inspections or road condition analysis or ND Game and Fish using this technology to increase the effectiveness of their inspections, we want to enable this. We believe that with state agencies having full access to the Test Site for training, subject matter expertise, or even operations, we can help provide efficiencies to help save costs and increase productivity.

This past summer we demonstrated the ultimate value of North Dakota's UAS ecosystem. In August of 2020, Northrop Grumman flew their Firebird UAS out of the Grand Sky UAS Business Park with the NPUASTS getting the appropriate airspace approval to fly beyond visual line of sight without the use of a chase aircraft. This flight was originally going to be done at the DOD's Yuma Proving Ground in Arizona but was not going to get the priority it needed. Northrop Grumman reached out to the NPUASTS to conduct these endurance flights in North Dakota. The Firebird performed more than 70 hours of flights in 7 days, including nighttime operations. Firebird flew more than 36 hours in a single 38-hour period, with the first leg alone stretching more than 25 hours.

As I have alluded earlier, we are recognized leaders in UAS. Other states are taking notice and want to replicate what North Dakota has created. Without state resources to support the NPUASTS, North Dakota's economic development opportunities in the UAS arena would be adversely impacted. In order to continue our momentum and remain in a nationally recognized leadership position in UAS, we urge your full support of the Governor's request for the NPUASTS in Senate Bill No. 2018.

Mr. Chairman that completes my testimony. I ask for your favorable support of Senate Bill No. 2018 and I will be glad to answer any questions.

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devils lake
Economic Development

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Testimony in support of SB 2018 - The Department of Commerce Budget

Given by
Brad Barth
Executive Director
Forward Devils Lake Corporation

Chairman Holmberg and members of the Appropriations Committee I am pleased to be able to offer my testimony today on behalf of the Department of Commerce.

The City of Devils Lake respectfully requests that you continue to support the Department of Commerce in their efforts to administer and manage the Renaissance Zone program. Devils Lake has successfully used the Renaissance Zone program to help with the revitalization of our downtown/RZ area over 20 times during the years we have had the RZ. The increased taxable property value for these projects is over $8 million dollars - a significant increase for a City of our size.

We continue to use this program as one of the tools in our Economic Development incentives toolbox. In the two years I have been Economic Development Director for Devils Lake and Ramsey County, ND it has been a "go-to" incentive to help get buildings bought, refurbished, and used in our downtown revitalization area.

The need for a responsive timely administration team at the Department of Commerce is critical in getting businesses to use the Renaissance Zone program and we thank you in advance for meeting their needs.

Economic Development in rural areas like Devils Lake is difficult - but programs like the Renaissance Zone give rural cities and towns the capability to put incentive packages together that entice and encourage our existing entrepreneurs and would-be entrepreneurs to "take a chance" on a project that normally would not happen. Without these incentives, projects would not get done.

Thank you for your support.

Brad Barth

Testimony from Dave Farnsworth, Chair of the North Dakota Workforce Development Council to the North Dakota Senate Appropriations Committee, January 25, 2021

Thank you, Katie, for the introduction.

Chairman Holmberg and Members of the Senate Appropriations Committee:

As Chair of the North Dakota Workforce Development Council, I would like to provide some insight in the role that the Workforce Development Council serves and focus on its recommendations which the Council feels can most effectively meet the workforce needs of its citizens and advance its economy into the future.

The Workforce Development Council consists of over 30 members, with over half of its members coming from the key private sectors such as Energy, Manufacturing, Value-Added Agriculture, Suppliers, Health Care, and Information Technology. In addition, key stakeholder groups such as Higher Ed, K-12, Organized Labor, Career and Technical Education, Job Services, Vocational Rehabilitation, Commerce, and North Dakota Legislators help to make the Council a dynamic and knowledgeable team for identifying effective ways of meeting North Dakota's workforce needs.

The role of the North Dakota Workforce Development Council is 1) to advise the Governor and the State concerning the nature and extent of workforce development in the context of North Dakota's economic development needs, and 2) how to effectively meet these needs, while optimizing the use of available resources and avoiding unnecessary duplication of effort.

At the end of 2020 the Workforce Development Council issued a report in which the Council provided 13 recommendations and 2 endorsements that the Council strongly feels can help address the greatest workforce challenges that face the State of North Dakota today and in the coming years. These recommendations are built upon those issued in the Council's October 2018 report and further home in on specific actions that will have the biggest impact on addressing the State's workforce needs.

In summary, the recommendations revolved around 4 main areas of emphasis, which are included in your packet of information:

- **Earlier & More Diverse Career Exploration and Addressing the Technical Skills Gap.**
- **Remove Barriers to Employment**
- **Occupational Licensing Reform**
- **Recruitment and Retention of Workers**

In its deliberations this session, I know this Committee will be faced with a great array of requests and needs from many groups and citizens. I also know that growing and diversifying the State's economy and tax base is foremost in the Committee's mind. I would encourage the Committee members to look at those portions of the Commerce budget that will address the workforce needs the Council has identified and move them forward.

I am happy to answer any questions. [Pause for questions]. It is now my pleasure to introduce Kara Glenn of Silver Fox Pipeline and Facility Services.

Department of Commerce Testimony on SB #2018
January 25, 2021 9:00 am CT
Senate Appropriations Committee
Roughrider Room
Senator Ray Holmberg, Chairman

MEASURE: SB 2018

TITLE: OmniByte Technology Success and Support of Operation Intern Program

Chairman Ray Holmberg and Senate Appropriations Committee Members

My name is Ray Berry and on behalf of OmniByte Technology, I want to express our support and share a bit of our successes for the ND Workforce Operation Intern Program.

I am a Co-Founder and the CEO of OmniByte founded in 2015. We are a boot strapped company started in Fargo, ND to build a better mobile for field service personnel in the industries we serve like Electrical, HVAC, and Energy.

I have a lot of experience in building a successful internship program in companies starting back in 1998 and in fact I started out as an intern as well. I knew when we started OmniByte in 2015, we would need interns to be able to grow since we were small and had no outside funding. Our first employee at OmniByte in the Winter of 2015 was a Student from NDSU as an intern. Jordan Pansch. In 2015, we were not able to receive support from Operation Intern and that did not stop us from hiring interns.

In our five and a half years in business, OmniByte has had twenty-eight (28) internships. (see attached Addendum) This is made up of twenty-three (23) college students and five (5) unpaid high school STEM students. The majority of our internships have been with NDSU students.

We provide internships in technology, specifically Computer Science and Engineering as well as in Business, Marketing and Sales. We provide real world experiences to students as they learn to become professionals along with what it is like to work for a technology startup. The Operation Interns work on technology projects including software development, research, testing, installations, training and demonstration of solutions.

Without the support of Operation Intern we certainly would have struggled to grow our company in an industry very competitive for technologists. We could not afford top dollar however needed top talent.

Each intern has been important because they add value to our company at a lower cost to the organization not just in wages but benefits. It allows our team to evaluate talent and offer full time positions at OmniByte.

Since the beginning, OmniByte has offered seven (7) student interns full time positions and six (6) accepted. In the 20+ years I have supported internships not all work out but this low-cost access to talent reduces risk as well because at end of intern and transition to Full Time, the chances of it working

out is high and we understand fully that full time turnover is very expensive and impacts companies and teams. Of the 6 interns hired, one was known short-term (Military service) and we still have four of them working for us full-time as well as one paid Operation Intern on staff this semester.

Our goal from beginning, besides our mission to Improve the Safety and Work Lives of Field Service Personnel Through Technology, has been to create a great and successful company here in North Dakota using local talent to build and grow. I have said from the very beginning, the success and growth of OmniByte will be tied at least partially to young talent in the form on student interns as we build our own team.

Of the current fourteen (14) Full-Time employees at OmniByte, four (4) of them started as Interns, three (3) through Operation Intern. Several others have found jobs in North Dakota keeping our talent here in our state. Of those four interns, one of them was our very first paid intern who started with us in 2015.

Please support this bill and program as it not only helps small companies like OmniByte Technology start and grow here in our state, it provides opportunities to our students which otherwise would not exist. Without this program I am certain we would have had less than half the number of internships in the last 5.5 years. This is one of the great ways to keep the talent in North Dakota.

I will attend and present virtually and open to any questions.

Sincerely,

Ray Berry

CEO, President and Founder

OmniByte Technology

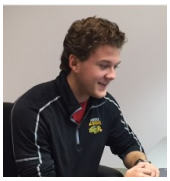
1854 NDSU Research Cir N

Fargo, ND 58102

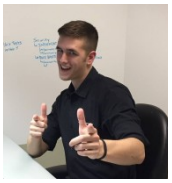
Addendum A

OmniByte TECHNOLOGY

Christian**


Drew**

Jordan


Sam

Joe

Laura

Cole

Riley*

Isiah*

John*

Ryan

Cody*

Levi*

Emelia

* ND Operation Intern Funded
** NDSU RTP Scholarship Intern

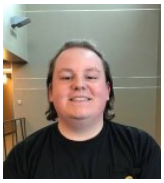
OmniByte TECHNOLOGY

John

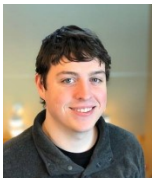
Nathan*

Thomas*

Hunter*


John*

Keenan*


Jacob*

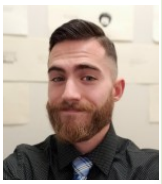
Rachel

Jack*

Alyssa

Christian*

Siri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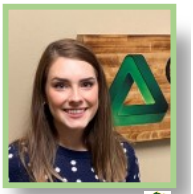
Darby*

* ND Operation Intern Funded
** NDSU RTP Scholarship Intern

TESTIMONY
SENATE APPROPRIATIONS COMMITTEE
SENATOR RAY HOLMBERG, CHAIRMAN

Mr. Chairman and members of the Committee, my name is Jim Poolman, it truly is a pleasure to before the committee again, and it has been a long time since I was here to present the budget for the Insurance Commissioner. It's great to be back, even if it is only virtually.

Since my time as Insurance Commissioner, I have been involved in opening three restaurants, a hotel and other commercial real estate ventures. I wanted use my short time by expressing strong private sector support for the Department of Tourism budget, especially the one time funding for targeted destination marketing. These funds are going to be even more instrumental to get ND businesses a shot in the arm (pardon the pun) as the pandemic, hopefully, fades away to a bad memory. We know, as business owners that marketing dollars are important, and absolutely make a difference in keeping our business, or in this case North Dakota at top of mind for the buying public and will pay dividends for this modest investment.

I am probably not breaking any news to you but want to give you some anecdotal and specific figures about how the pandemic has affected our businesses. I want to be clear, I am not complaining, our businesses are going to be lucky and survive the pandemic, but some won't. I just want to give you an idea of the reality of the hand that's been dealt to us.

During the early stages of the pandemic the Blarney Stone Pubs in Bismarck and West Fargo voluntarily closed before the Governors order, albeit not long because the Governor reacted so quickly, but our goal was to keep our customers as safe as possible. As you can imagine, the revenue decline because of the closure, subsequent capacity limits, social distancing protocols, and the general lack of traffic had a huge negative impact on our business. We injected extra personal capital to make sure employees got paid, payments were paid and we could bridge any gaps on financing.

At our hotel in Bismarck, pre-pandemic we were selling approximately 80 percent of our rooms per night, and even now the average occupancy rates are less than half that at 30 to 40 percent. People have not been traveling, not been eating out at the rate they were pre-pandemic, and certainly not staying in hotels. Both leisure travelers and business travelers are staying home. When the pandemic finally eases, we will certainly need a boost to make sure that North Dakota stays at the forefront of people's minds for a vacation TO North Dakota, or even a North Dakota "staycation" for those that want to support local business.

In my short time with you, I cannot stress enough how important our tourism industry is, and how imperative it is going to be to get kicked back into gear at the right time. Sara and her team have their work cut out for them, and with the additional resources in the Executive Recommendation, it will hopefully provide them the leverage they need to jump start tourism

and our economy post pandemic. The state needs it, your private sector needs it, and the citizens, I believe want it.

I am happy to answer any questions you may have.

2238

January 21, 2021

Honorable Ray Holmberg
State Senator and Appropriations Committee Chair

Testimony before Senator Holmberg and Appropriations Committee Members, January 25, 2021

Good morning Senator Holmberg and Members of the Committee and thank you for this opportunity. My name is Charley Johnson, and I am the President and CEO of the Fargo-Moorhead-West Fargo Convention and Visitors Bureau. I'm here to wholeheartedly support—as a minimum—the Governor's proposed $461-thousand increase in the Tourism Division Budget for the Biennium that begins next summer, and his proposal for an additional two-million dollars ($2,000,000) for destination marketing. I say minimum because even the increase and the one-time marketing fund would still leave North Dakota well short of the tourism spending done by most of our competitors around the country, including those closest to us. The increased state expenditure is even more vital this year, as most of our local destination marketing budgets—largely dependent on the local lodging tax—have been devasted as Covid-19 curtailed all kinds of travel.

Many of you have heard me say this before, but it bears repeating—on their own, tourism & travel are probably the purest form of economic development, since visitors leave their money behind when they go home. But it's well-established that Tourism Marketing also lifts the national and international profile of the entire state, including for purposes of economic and workforce development. Very few people ever decide to move to a state to take a job unless they've had a chance to visit, first, and the visits that influence those decisions to move somewhere don't always come during a specific job search. Sometimes they come during a family vacation, or a trip to a conference, or to a Squirt Hockey Tournament. A visit is the "first date" of an economic relationship. People who visit ND for any reason whatsoever are far more likely to consider working, living, or starting a business here, and make no mistake about it—*marketing drives the vast majority of the first visits*. You have a great team in the Tourism Division of the Commerce Department, and I believe I can speak for all my travel, tourism and economic development colleagues around the state when I implore you to give them the tools—indeed, the funding—they need to raise North Dakota and all it has to offer to the place it deserves in the national consciousness. I would be delighted to answer any questions, either in person before your committee or via email or a phone call.

Sincerely,

Fargo-Moorhead
Convention & Visitors Bureau

2001 44th St S
Fargo ND 58103

800 • 235 • 7654
701 • 282 • 3653
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President & CEO

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3080

NDLA, S APP - Laning, Rose

From: Tolan, Michael P.
Sent: Monday, January 25, 2021 1:21 PM
To: NDLA, S APP - Laning, Rose
Cc: Teigen, Joshua L.
Subject: Additional SB 2018 Testimony

Hello,

I am submitting testimony on behalf of Eric Bartsch of AGT Foods for SB 2018 below. Please let me know if you need additional information. Thanks so much!

"Members of the committee. On behalf of AGT I am writing this to express the impact that the intermodal ramp established in Minot has had on AGT as a company and will have on the regions economy. AGT is a value added process of pulse crops producing products such as pulse proteins, starch's and fibers in addition to pulse based pasta, texturized protein and specialty flours. The market for our products is growing quickly not only in North America but globally. Prior to October of 2020 in order to ship value added goods by ocean container that we are producing in Minot we had the extra costs to dray the material from Minot to either Winnipeg or Regina to ship the goods by containers to destinations around the world. This extra costs at times limited our ability to be competitive and in general lowered the value of our goods that we are producing in Minot. With the introduction of containers in Minot we are now more competitive to ship our goods from ND to Asia which provide a base for our company to continue developing our value added presence in North Dakota. Without the port it makes it challenging to continue investing in further added production at our Minot plant. They key to value added products is the ability to move the goods from origin to destination and maintain the IP of the product. Overall the port will have a positive impact on ND's ability to expand its value added presence as it provides a tool for producers to move their goods from ND to the rest of the world. Without this key competent it makes it very difficult for the state to attract further value added investment in ND."

Michael Tolan
Community Development Liaison

701.555.1212 • mtolan@nd.gov • www.nd.gov

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2304

Access Point Technologies EP Inc

ACCESS POINT
TECHNOLOGIES EP

ND LEGISLATIVE SESSION TESTIMONY

1/22/2021

Presented by
Sean Carroll

ND Legislative Session Testimony

Access Point Technologies EP is a medical technology company focused on the treatment of cardiac arrhythmias. HQ in Rogers MN since 2003, the company manufactures and sells highly specialized catheters in more than 20 countries including, Japan, Korea and the USA. We partner with world leading physicians to identify unmet device needs in their field and then develop solutions they can use to improve the care for their patients.

Our company leadership team are named inventors on more than 100 issued US patents and have brought many medical devices to market. We understand how to take a project from concept & napkin sketch through the design, prototype, testing and commercialization process. As you all know, there are significant costs associated with taking an early-stage concept into a device that is ready for the market. The most significant barrier to efficient medical device development is access to the capital required to bring devices quickly through this design, development, and regulatory clearance.

We were attracted to ND by the LIFT funding program. This program helped us close a significant gap and fund testing and new technology development to move a new cryo technology forward. We are excited to expand our business in ND with the support of the commerce department programs, both because of programs like LIFT and because of the strong level of engineering talent coming out of the ND colleges. We initially planned to lease space in existing facilities but decided to make the commitment to purchase and build a custom facility for our Med Device R&D center in Horace ND. Let me be clear, we would not have made that commitment without the LIFT program funding.

We expect our new facility in Horace to be the cornerstone of a medical device development campus where we plan to design and develop several new systems and devices which we will plan to initiate in 2021 and 2022. These additional projects will also require funding and we hope and anticipate that the environment in ND will continue to support the development of these programs as we expand our base of operations in the coming months and years.

Thank you very much for the time to present. We are looking forward to growing our presence in Horace.

Thank You

Sean Carroll

President, APT EP Inc

ACCESS POINT
TECHNOLOGIES EP

Access Point Technologies EP Inc

CHECKABLE
MEDICAL

Being a recipient of LIFT Funds was crucial to Checkable Medical's momentum in 2020. This early financial support was the "seed" that helped further R&D and grew the business. It motivated us to seek partnerships with North Dakota based companies, move our founding team to the state, and partner with a North Dakota clinical research partner to execute our trial.

The LIFT Funding helped Checkable Medical finance its continuing steps of product development of the rapid strep test and complete clinical research when nearly all new financing dried up during the COVID-19 pandemic.

Here are the highlights of what we were able to accomplish:

- Employ the founding team
- Design, build and test the strep test design
- Build a quality management system (QMS)
- File 5 patents and two trademarks
- Complete the product design of the strep test and manufacturing of prototypes and aluminum molds for manufacturing
- Execute a successful clinical trial: COVID-19 rapid antibody test at-home approval
- Complete the front half of the digital platform - sample collection
- Conduct market research, brand research, and the build of our brand's foundation

The early stages of a company are the riskiest and most challenging for a founder to raise capital. You end up giving a majority of the company away in the early stages, and by the time you hit momentum, the founding team owns less than half of the business. The LIFT funds allowed us to de-risk the company without diluting ownership, allowing us to hit important, value-creating milestones, which will help us achieve a higher valuation in our next round of funding.

Given enough revenue and a successful business strategy, as well as the perseverance and dedication of investors, Checkable Medical will eventually grow into a "tree" from the LIFT seed funding offered to our company provided by the great state of North Dakota.

Testimony
Senate Appropriations Committee
Senator Ray Holmberg, Chairman

Mr. Chairman and members of the committee, my name is Tyler Demars and I am the Program Director for the IDEA Center at CTB – one of four ND Certified Entrepreneurial Centers. The IDEA Center is located right here in Bismarck-Mandan and supports entrepreneurs across our state, focusing on Central and Western ND.

I am here speaking in support of funding Entrepreneurship Program Grant initiatives, specifically related to the Innovate ND program.

Entrepreneur Grants through Innovate ND is a high impact program with goals of diversifying ND's economy through entrepreneurship and innovation. The program has a strong track record of being successful, creating jobs and new revenue for ND, while supporting new ideas, innovation, and scale-able business startups.

Each of the four Certified Entrepreneurial Centers (located in Bismarck, Grand Forks, Fargo, and Jamestown) provide technical assistance to Innovate ND Clients and Program Grant Recipients all while carving out specific niches to remove chances of duplicative services which in turn promotes collaboration amongst the centers. Additionally, Innovate ND provides grant funding to entrepreneurs supporting prototyping, technology development, marketing strategy development, and intellectual property protection.

In our center at CTB we have 30 clients currently enrolled and have supported 60 Innovate ND clients in the current biennium. The entrepreneurs that we've assisted and surveyed over the past 2 years report that they have generated 52 FTE jobs and generated gross revenues totaling more than $9 Million dollars. Again, these results are from our center alone and do not include results from the good work being done by our counterpart entrepreneurial centers and their clients in Grand Forks, Fargo, and Jamestown.

The funding support we receive through Innovate ND allows us to drive value beyond the work of our Innovate ND clients. Our team at CTB operates a full-service entrepreneurship center supported by a large referral resource partner network to minimize any duplicative services.

Our services include:

- Business advising available to all entrepreneurs and small business owners as they develop from idea stage to commercialization including coaching related to prototyping, market research, protecting intellectual property, operations planning, financial management, operational assistance, and access to capital.

- A full incubation space that allows new entrepreneurs affordable office space and professional amenities
- Conference room rental space for trainings, meetings, co-working spaces, and other business development activities
- Collaboration within our resource partner network to grow a thriving and supportive startup ecosystem primarily as lead organizers of 1 Million Cups Bismarck & Mandan and TEDx Bismarck. This ecosystem development work allows us to maintain a large, diverse network of mentors and experienced professional service providers that we leverage in support of our clients. We pride ourselves on helping our clients develop the supportive relationships and network needed to give them the best chance of success.

Some comments from entrepreneurs we've assisted through the InnovateND program:

"I can say confidently that I would not be where I am today with two successful entrepreneurial ventures, without the support from the Innovate ND program, and the leadership found at the IDEA Center."

"Innovate ND and the IDEA Center have been critical in providing my entrepreneurial vision with the support and guidance needed to build it into… the emergent and profitable business it is today".

"With support from the IDEA Center and InnovateND, our business has grown and been accelerated through some of the most vulnerable stages in a startup's life cycle."

"The entrepreneurial centers lower barriers to starting a business for people without entrepreneurial experience."

"The centers provide an important space where ideas can be explored and grown"

"The centers support success stories and entrepreneurial ambassadors which are critical to a strong startup ecosystem."

In closing, Entrepreneur Grants for InnovateND and Entrepreneurship Centers is one of the most successful Commerce programs and most importantly it impacts more entrepreneurs (emerging employers) than any other program. Thank you for your time and consideration to continue stable funding for Entrepreneur Grants and the Entrepreneurship Centers that provide the assistance.

I am happy to answer any questions you have.

Testimony from Thomas Swoyer, Jr
Grand Sky Development Company LLC

Good Morning Chairman Holmberg and members of the committee. Thank you for the opportunity to be with you virtually. My name is Thomas Swoyer, Jr and I am the President of Grand Sky Development Company. I am with you today to advocate for continued investment in infrastructure at Grand Sky. My colleagues that have spoken before me and those that will speak after me will offer examples of success and opportunity in the Unmanned Systems industry in North Dakota and I appreciate this opportunity to share Grand Sky's story today.

Grand Sky is a public/private partnership between the US Air Force, Grand Forks County and my group, the Grand Sky Development Company. Together we have executed a 50-year agreement to develop 217 acres on Grand Forks AFB and turn it in to a state-of-the-art, commercial Unmanned Aircraft Airport and Business Park. Grand Sky is one of the only places that supports the commercial development and operations of the largest unmanned aircraft in the world. We're focused on developing the capabilities needed to support flight operations that span not only the upper plains but the entire United States. More recently, Grand Sky has supported international operations and has contributed to the growing national and international reputation of North Dakota's UAS industry. In fact, just this morning, in support of the North Dakota Trade Office, many of us joined in an hour-long pitch to representatives of over 50 European based companies looking for a place in the United States to bring their business. This October will mark the 10th anniversary of the Grand Sky's beginning. Over the past 10 years of our shared journey we have seen some incredible successes, but those successes would not have been possible if not for the investment in infrastructure from the State of North Dakota.

Last year, Grand Sky celebrated many successes, but I want to share two with you. Over the summer, Northrop Grumman conducted 10-weeks of flight test for their Firebird aircraft. This effort brought over 40 people representing multiple companies from around the United States. This team came to Grand Sky for more than 10 weeks of non-stop flight activity. While the pandemic ravaged many local businesses this flight test effort supported over 2,000 room nights and tens of thousands of dollars of catering that supported struggling restaurants. While hotel rooms and catering are all great, the real upside was the multiple federal agencies that came to Grand Forks to see the flight tests but left knowing that Grand Sky is a world-class test and evaluation center and will be looked to in the future for other flight tests.

Another important success revolves around the training of pilots and sensor operators for our NATO allies. Members of the Royal British Air Force came to Grand Sky to conduct multiple training classes. Word of the efficacy of these training sessions have resulted in agreements to bring members of the Air Forces of Belgium, Italy, Spain, India, Taiwan and Japan for weeks of training in 2021. The point I want you to leave with is that tests like this will renew in 2021 with the first flights scheduled in February. More training results in more investment in simulators, hangars, classrooms and other buildings to support it all. The investments made to date in Grand Sky are yielding consistent economic benefits for North Dakota.

The Firebird flight tests, and NATO training efforts are examples contributing to the larger economic development story. There are three key economic development metrics that I'd like to share with you. So far, Grand Sky produces roughly $19.3M per year in wages from direct, indirect and induced business activity. Roughly 175 people report to Grand Sky every day for work with another 167 that indirectly support Grand Sky. Another 400-600 people per year come to Grand Sky for training, official visits, flight operations and other reasons. These visits are as short as 2 or 3 days or, as we saw with the Firebird example, as long as 10 weeks or more. Perhaps the most important economic metric is the ratio of public to private investment at Grand Sky. We are grateful for the Legislature's vision and desire to invest in Grand Sky over the past decade. Over those 10 years, the Legislature has seen fit to appropriate $21 million for infrastructure at Grand Sky. That investment has been used to repair and replace aircraft aprons, and to install new roads, electric lines, natural gas, water and sewer and security infrastructure necessary to attract the private sector investment that brings the jobs and economic activity. It is very important to note that none of the State's investment has gone to support private buildings. The appropriations have been used for investing in infrastructure like roads, utilities, aprons and similar necessities. The $21M that has been appropriated has resulted in roughly $70M in private sector investment in offices, hangars, labs, flight infrastructure and security. Grand Sky has leveraged more than $3 of private sector investment for every $1 of state investment. The benefit of the State's investment in Grand Sky is economic activity, jobs and private sector leverage. None of this is possible without the investment in the underlying infrastructure.

The final element that I would like to leave you with is an understanding of where we are headed. Grand Sky is growing. The funding we are requesting will go to extending infrastructure into the park to create more developable area. Grand Sky is moving into a new development phase. We have leased 35 of the 40 developable acres that have access to the runway, we need to create more. We are about to complete construction of our newest asset, our Multi-Tenant building called MT1. Grand Sky Development Company is the equity investor in MT1 which began in autumn of 2019 and is almost complete. While its not yet ready to move in, we have already executed tenant leases for three of its eight suites and are in negotiation with a single tenant for the remaining five. The $7 million building will be totally leased up before it is complete. We're already planning for MT2 and MT3 and both of our anchor tenants have expansion plans to add more hangars, training space and other assets that will bring more flight test work, more employment and more business to North Dakota.

Thank you for your time and I will be available for any questions.

GRANDSKY
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NORTHROP
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N716BE

GRANDSKY
OPEN
CLOSED

ECONOMIC IMPACT

342
Jobs

$19.3M
Annual Wages

$70M
Private Investment

$21M
State Investment

GRANDSKY
1201

1205

GRANDSKY

THOMAS SWOYER, JR.

PRESIDENT

Grand Sky Development Company, LLC

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@GrandSkyND

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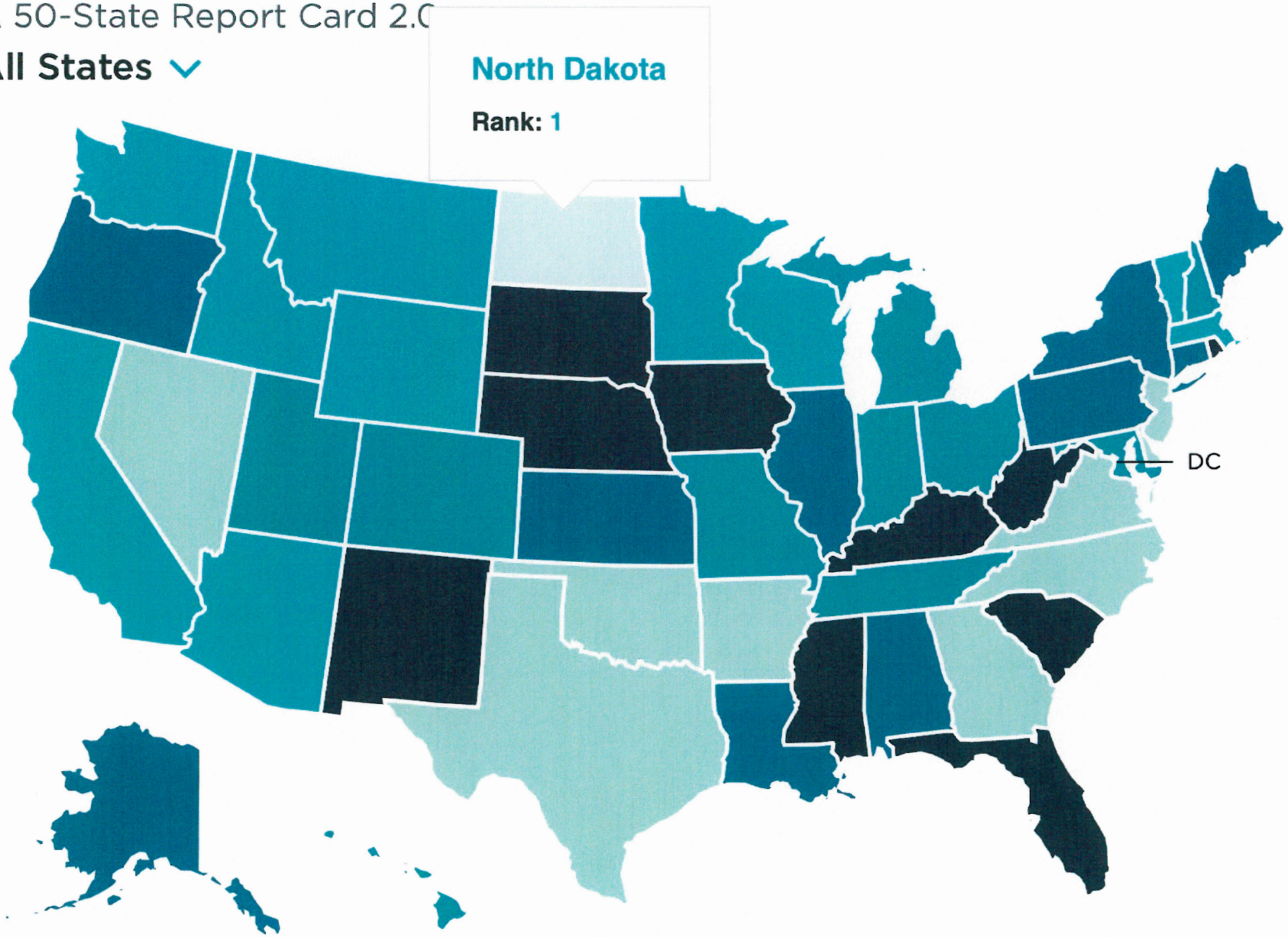
2723

Which States Are Prepared for the Drone Industry?

A 50-State Report Card 2.0

All States



How the State Rankings Are Obtained

These five factors (which are followed by their relative weightings) indicate a state's readiness for commercial drone services and should be the top state priorities.

1. Airspace lease law (30 points): Drone highways must be demarcated by regulators and safely separated from airports, homes, schools, and other sensitive locations. Leasing airspace above public property would accelerate drone services because creating flight paths over backyards and private lands raises issues about the taking of private property.
2. Law vesting air rights with landowners (10 points): This clarifies that the state is exercising its police powers and defining property rights—and puts drone operators and residents on notice about the extent of those rights. Where state or local authorities own public rights-of-way, air rights laws recognize their property interest in the aerial corridors above public roads.
3. Avigation easement law (25 points): This allows drones to operate as long as they are high enough not to bother landowners and passersby. If the state or municipality does not own aerial corridors above public roads, drones can still generally access the aerial easements if state officials demarcate drone highways above public roads.
4. Drone task force or program office (20 points): These bodies help anticipate (and address) issues such as zoning rules, noise limits, time-of-day restrictions, insurance, and privacy for private dwellings.
5. Drone jobs estimate (15 points): The number of drone jobs per 100,000 residents is a proxy for soft factors (e.g., a college offering drone programs or workers in the aerospace industry) that can position states for future jobs and services growth.

2599

January 25, 2021

Senate Appropriations Committee
Chairman Ray Holmberg
621 High Plains Court
Grand Forks, ND 58201
rholmberg@nd.gov

From: Kenley Nebeker, Regional Director for Technical Programs and Training, Williston State College

Subject: Recommendation to Amend Commerce Budget

To the Honorable Chairman Holmberg and Committee,

As the Director of TrainND Northwest it is my privilege to share our vision for our developing unmanned aircraft systems (UAS) program and express my support for appropriated funding through an amendment to the Commerce Budget. While TrainND Northwest's UAS program is new and developing, we see great potential in the training that we could potentially provide to the state.

To take full advantage of the impressive investment the state is making in the Vantis BVLOS (Beyond Visual Line of Site) network workforce training will be key. The applications of UAS for the industries of ND are near endless. The addition of the Vantis BVLOS network creates an opportunity for industry to gain efficiencies in multiple ways. To take advantage of this opportunity industry, communities, and the youth of North Dakota will need to be educated as to what those possibilities are and trained on how to safely and efficiently operate UAS. TrainND Northwest's vision is to provide this training and education to the people of North Dakota. A seamless workforce training program in UAS will allow the state to reap the full benefit of its investment in Vantis.

This appropriation would allow TrainND Northwest to develop and provide a rounded UAS training curriculum outlined below:

- UAS Careers exploration/community education
- Part 107 certification preparation (federal commercial license to operate an UAS)
- UAS Safety
- Hands on Flight training Crawl-Walk-Run approach
  - Simulation
  - Group 1 UAS (small)
  - Group 2 UAS (medium)
  - Medium Altitude Long Endurance (MALE) UAS
- BVLOS
  - Visual observer (visually observes flight of drone at checkpoints during mission)
  - Sensor operator (ensures BVLOS network is operating for UAS during mission)
  - Pilot & command (operators of UAS controls and legally responsible for operation of UAS)
  - Mission commander (oversees UAS mission and planning)
- Industry specific use training
  - Oil and Gas
  - Agriculture
  - Utilities and Wind Energy
  - Public/emergency services
  - Cinematography
  - Construction

To make this vision a reality we are asking for a one-time appropriation of $2 million requiring, and contingent on receiving, a 1:1 match (available from any-and-all sources including O & G, Ag, Utilities, city, county, and WSC). Appropriations will be leveraged to continue building a UAS training program that meets the stated vision utilizing the draft budget seen below:

- 1.75 million UAS and sensors
- .75 million UAS curriculum development/administration
- .25 million UAS simulators
- .75 million UAS operations equipment
- .25 million UAS ground stations
- .25 million in- and out-of-state marketing

TrainND Northwest is confident that this appropriated funding will allow us to develop a UAS training program that will provide the state with a well trained UAS workforce that is ready to make use of the Vantis network allowing us to increase efficiencies and wealth for industry and the great citizens of North Dakota.

I propose this amendment to be located within the commerce budget due to the connection with UAS. I defer to the appropriation committee as to the location of the amendment as there are also connections to higher education and CTE with this request.

Please feel free to reach out to me at kenley.nebeker@willistonstate.edu with any questions.

Very respectfully,

Kenley Nebeker
Regional Director for Technical Programs and Training
Williston State College

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3001

1600 47th Ave S Unit A
Grand Forks, ND 58201
701-838-2610
www.skyskopes.com

25 Jan 21

Senate Appropriations Committee
Chairman Ray Holmberg
621 High Plains Court
Grand Forks, ND 58201
rholmberg@nd.gov

From: Matt Dunlevy, CEO & Chairman, SkySkopes

Subject: Recommendation to Amend Commerce Budget

To the Honorable Chairman Holmberg and Committee,

Having worked for years in the UAS industry, it is clear to me that the need for UAS training in North Dakota is essential to the continued development of, and leadership position with, UAS in North Dakota. The UAS program at Williston State College and TrainND Northwest is new, but shows as much tremendous promise as any new UAS initiative organized in the state of North Dakota. Through direct collaboration with the organizations, I detect a vision at their program that would certainly drive value for North Dakota in some of the most important sectors of the state's economy, namely UAS, agriculture, and energy. Pilots produced by TrainND would be in a perfect position to take advantage of the new statewide beyond-visual-line-of-sight (BVLOS) UAS network being constructed in the western side of North Dakota by the Northern Plains UAS Test Site's (NPUASTS) Vantis. This is also an opportune time to engage in such work due to the coincidentally simultaneous success North Dakota now enjoys as a member of the FAA's new Beyond program.

Such an appropriation, to my knowledge would be used to purchase equipment and administer the UAS program. I would suggest this appropriation during this legislative session in order to lay the groundwork to create workforce as soon as possible to take full advantage of Vantis.

Similarly to Vantis, I believe this would keep North Dakota the center of UAS development and operations, while also attracting companies to do UAS business in North Dakota and making the lives of North Dakotans better through advances in UAS in operations.

My understanding is that this would be a one-time appropriation, with lasting, and significant, value for North Dakota. To jump start this program will be to get a leg-up on other states without gold standard training to be adopted in such industries as oil and gas.

Please feel free to reach out to me at matt@skyskopes.com with any questions.

Very respectfully,

Matt Dunlevy

Matt Dunlevy
CEO & Chairman

SENATE APPROPIATIONS
January 25, 2021 – 9:00 a.m. – Roughrider Room

North Dakota Department of Transportation
Jeff Horan, Pilot / UAS Project Coordinator

SB 2018

Good morning Mr. Chairman and members of the committee. I'm Jeff Horan, Pilot and UAS Project Coordinator for the North Dakota Department of Transportation (DOT). I'm here to provide information regarding SB 2018.

The USDOT states that there are over 1.7 million Unmanned Aircraft Systems (UAS) currently registered in the United States.

The North Dakota Department of Transportation and the Northern Plains UAS Test Site is deploying UAS technologies through USDOT's Integration Pilot Program (IPP). Recently, the North Dakota Department of Transportation was awarded an extension to the IPP program. The new IPP program is called "BEYOND" and the North Dakota Department of Transportation along with the Northern Plains UAS Test Site are working toward the safe implementation of UAS operations and technologies throughout the State of North Dakota.

Our partnership with Northern Plains UAS Test site is critical in the advancement of UAS operations in North Dakota and to the further development of a state-wide UAS network tower system referred to as Vantis. The Department of Transportation has utilized and hopes to expand utilization of UAS technology for flood fighting efforts, bridge inspection, tower inspection, land surveys, stockpile inventories, and other operating needs of the agency.

Thank you for allowing me to provide information regarding this bill. This concludes my testimony. I stand for any questions you might have at this time.

Senate Bill 2018 – 67th North Dakota Legislative Assembly

Senate Appropriations Committee, Senator Ray Holmberg, Chair

Monday, January 25, 2021

Testimony Provided By: Dr. Donna Brown, President, Turtle Mountain Community College

Good afternoon Chairman Holmberg and members of the Senate Appropriations Committee, my name is Donna Brown and I am President of Turtle Mountain Community College (TMCC). Thank you for affording me the opportunity to provide testimony on Senate Bill 2018, relating to workforce development for Turtle Mountain Community College.

I am here to respectfully request that the Workforce Development Grant to Turtle Mountain Community College in the amount of $500,000 remain in the 2021-2023 Commerce Department budget.

This past biennium, we provided workforce training in Commercial Vehicle Operations (CVO), Heavy Equipment Operator (HEO), and Welding Technician programs. We also expanded our Medical Administrative Assistant (MAA) program to meet the future needs of the Tribe's recovery center, which is expected to be open in the near future. Our MAA program includes certification in coding, billing, and transcription. This is a two-year program and fifteen students are enrolled in their first year of the program, having begun in the fall of 2020.

The grant gave TMCC an opportunity to increase capacity, including building infrastructure and enhancing program offerings. Students can attain industry-recognized

certificates and degrees with a focus on stackable credentials, where students earn a sequence of credentials that can be accumulated over time and used to move along a career ladder. Intensive, customized student support is provided from intake to job placement. Additionally, funding played an important role in strengthening partnerships with business and industry resulting in programmatic alignment to jobs and increased opportunities for students to find and secure employment.

As part of building infrastructure, we purchased a 2020 Freightliner Semi for the Commercial Vehicle Operations program and a GPS control system for the Heavy Equipment Operator program. The remaining expenses included salaries & fringe benefits, supplies such as fuels & oils, student testing fees for certifications, and general maintenance of the equipment.

We have a strong emphasis on achieving results and we have a history of success in the number of students served, number of graduates, and number of placements. This past year we enrolled 24 students in the CVO program, with 9 completing and 10 employed. In the HEO program we enrolled 32 students, with 23 completing and 18 employed. Our Welding program served 26 students, with 9 completing and 8 placed in employment. In the fall of 2020 we began training students in the Medical Administrative Assistant program, with 15 students currently enrolled.

Like many other institutions of higher education, TMCC was impacted by the pandemic. Our spring courses were interrupted in March for the safety of our students. Due to this we were not able to provide the face-to-face instruction needed to complete the lab portions of courses. Once safety protocols were implemented, faculty scheduled one-

on-one and small group sessions with students into the summer to complete course requirements from spring term. Because spring courses had to be completed in the summer, we did not enroll new students for summer, which we typically do.

We utilize our Career and Technical Education Advisory Committee – our partners – to assist with feedback and continuous improvement. The Advisory Committee members are from industry, business, and labor located at the tribal, regional, and state levels.

Our graduates fulfill workforce needs in our community and beyond. For example, graduates of the Commercial Vehicle and Heavy Equipment programs were employed by the Turtle Mountain Tribal Transportation department this past summer on various road projects. Welding program graduates are employed by the Turtle Mountain Manufacturing plant. They are also employed at the Rugby Manufacturing plant and the plant is requesting more of our graduates, which is a testimony to the quality of their skills.

TMCC is well positioned to qualify for another round of state funding that focuses on continued development of some of our programs and enhancement of others. We have demonstrated our ability and capacity as a viable source for the training of individuals and helping to meet the workforce demands in North Dakota.

I recommend a "do pass" by this Committee. Thank you very much and I will entertain any questions you might have at this time.

January 2021

Dear Senator Holmberg and Members of Senate Appropriations,

As a small business owner who has received direct assistance from Paul Smith, I urge you to increase the state's funding support of the ND SBDC. This nationally accredited program provides invaluable, no-cost business advising to small businesses all around the state and has been influential in helping build and grow my business.

I acquired the Hammelton Building in Lisbon, ND, in 2018. Built in 1907, the Hammelton building had been empty for more than 15 years prior to its renovation. With limited knowledge and experience within the world of construction, real estate law, marketing, etc., I began the planning process to bring this property back to life. During the renovation process, I worked with several professionals and sought advice from anyone willing to help. It was then that Gwen Crawford, Lisbon City Auditor, advised me to look to the ND Small Business Development Centers for assistance. I had no experience with this sort of project; I only knew I wanted to be successful in making an impact and establishing a legacy with our community.

Elijah Holdings LLC has been a client of the ND SBDC since 2017 and our project was recently featured as a 2020 success story. ND SBDC assisted me AND my future tenants (separately) in planning for future financial needs and growth. Together, we had a comprehensive plan that has allowed each of us to succeed. Some of my retailers enjoyed their most profitable quarters DURING the COVID-19 closures and restrictions---this was possible because of the planning and implementation we had done together.

The City of Lisbon was awarded the Governor's Choice Community Development Award for its efforts on the Hammelton Building. This award recognizes a development project that has increased the quality of life in a community. The Hammelton has been transformed into a high-rise apartment complex with a bridal store, flower shop, event hall, martial arts school and clothing boutiques. The project has been an inspiration for others in our community, and despite the economic challenges of 2021, Lisbon has seen a boom in new store openings and retail sales.

The ND SBDC provides support to businesses in many ways. They give guidance on developing business plans and financial projections, providing accurate and comprehensive industry data, creating marketing strategies, obtaining financing, enhancing websites and e-commerce, assessing cybersecurity issues, and much more.

Not only did the ND SBDC provide assistance to more than 1,400 unique clients in 2020, but they have also increased their services and outreach in the face of COVID-19. The ND SBDC helped small business owners obtain nearly $85M in capital for starting and expanding their companies. The organization also created, retained and supported 6,031 jobs in North Dakota. By providing live and recorded webinars to assist business owners with PPP Loan applications and forgiveness, the Economic Injury Disaster Loans

(EIDL), BND COVID-19 relief programs, and other business support, the ND SBDC has been on the front lines of saving and strengthening North Dakota's business community during the pandemic.

Please support small business owners and entrepreneurs around our great state by proposing increased funding for the ND SBDC program. Now more than ever our small businesses, and the economy of North Dakota, need programs like the ND SBDC that provide no-cost advising for our businesses as we try to survive during a pandemic. Financial support for this program results in a healthier and more resilient small-business sector, creates meaningful jobs and thriving communities, and supports the overall North Dakota economy.

Sincerely,
Teena Elijah

Elijah Holdings LLC
13210 68th Street SE
Lisbon ND 58054
701.680.9828

January 22, 2021

Chairman Holmberg, Vice-Chairs Krebsbach and Wanzek, and Members of the Senate Appropriations Committee,

My name is Sonja Duerre Stromswold, and I own two small businesses in Mohall, ND. As the owner of two long-operating small businesses in North Dakota, I am writing to testify in support of the North Dakota Small Business Development Centers (ND SBDC) and their services. I have worked with and seen first-hand the impacts of the ND SBDC, so I urge you to increase the state's funding support of this incredibly impactful program. This nationally accredited program provides invaluable, no-cost business advising to small businesses all around the state and is influential in the growth of business and economic success in our state and local communities.

Both of my businesses have utilized the services of the ND SBDC since the program started in North Dakota in 1989 – 35 years ago. From starting a business to growing it, the ND SBDC and its business advisors have been invaluable to my businesses. Both businesses, The Flower House Garden Center and The Prairie Bistro, LLC, are located in rural Mohall, North Dakota. The Flower House began as a way to supplement my family's farming income in 1968. While our farm has not survived, the Flower House did, partly due to the business support and financial help from SBDC. Our advisor at the time helped us develop a business plan and helped us apply for and receive Disaster Assistance due to the poor economy in rural North Dakota at the time. We've continued to take advantage of the business advice of Mary Beth Votava, the current Center Director of the Minot Region SBDC. She has helped us improve our pricing structure, create budgets, analyze our performance, and survive the cycles of business in an area dependent on agriculture and oil. I believe it is safe to say The Flower House Garden Center would not be in business, employing 15-20 people in our small town, today if not for the support of SBDC. The Prairie Bistro, LLC began the same year the ND SBDC did, in 1989. And as with the Flower House, the local SBDC has been a steady source of support, education, and advice since I opened the business. I knew how to bake but not how to create a budget, price my product, or read a financial statement. Thanks to the ongoing support of the SBDC, we now employ 4 full staff and up to 8 part time. Neither business would be here today if not for the support of the SBDC.

Please support small business owners, local communities, and economic growth around our great state by supporting and increasing funding for the ND SBDC program. I cannot overstate the importance of their assistance, now more than ever, as small businesses like mine attempt to navigate and survive the impacts of the pandemic. The support of the ND SBDC has not only kept The Flower House Garden Center and The Prairie Bistro, LLC, but has also helped us grow. Financial support for this program will result in a healthier and more resilient small-business sector, create meaningful jobs and thriving communities, and support the overall North Dakota economy. Please support my small businesses and others like them by supporting the ND SBDC.

Sincerely,
Sonja Duerre Stromswold

NCPC
NORTH CENTRAL
PLANNING COUNCIL

417 5th St. NE
PO Box 651
Devils Lake, ND 58301-0651
PH: 701-662-8131
Fax: 701-662-8132
www.northcentralplanningcouncil.com

January 21, 2020

Honorable Ray Holmberg
State Senator
921 High Plains Court
Grand Forks, ND 58201

Dear Senator Holmberg:

I am writing to urge you to increase the states funding of the ND SBDC. This nationally accredited program provides invaluable, no-cost business advising to small businesses all around the state and is influential in the growth of business and economic success in our state and local communities.

I have been a board member of North Central Planning Council, the host organization for the Devils Lake ND SBDC, since 2015. I have received quarterly and annual SBDC reports since that time and have seen first-hand the impacts of the Devils Lake SBDC and the entire ND SBDC network. North Dakota Region III consists of Benson, Cavalier, Eddy, Ramsey, Rolette, and Towner Counties as well as the Turtle Mountain Band of Chippewa and Spirit Lake Reservations. This Center has assisted Region III entrepreneurs and business owners with numerous business start-ups, expansions, business successions and obtaining millions of dollars in capital.

The ND SBDC provides support to businesses in many ways. They give guidance on developing business plans and financial projections, providing accurate and comprehensive industry data, creating marketing strategies, obtaining financing, enhancing websites and e-commerce, assessing cybersecurity issues, and much more. These efforts result in strong small business ecosystems in local communities and helps to create jobs and economic growth in our state.
They have also increased their services and outreach in the face of COVID-19. By providing live and recorded webinars to assist business owners with PPP Loan applications and forgiveness, the Economic Injury Disaster Loans (EIDL), BND COVID-19 relief programs, and other business support, the ND SBDC has been on the front lines of saving and strengthening North Dakota's business community during the pandemic. The ND SBDC helped small business owners obtain nearly $85M in capital for starting and expanding their companies. The organization also created, retained and supported 6,031 jobs in North Dakota.

Please support small business owners, local communities, and economic growth around our great state by proposing increased funding for the ND SBDC program. Now more than ever North Dakota needs programs like the ND SBDC that provide no-cost advising for our small businesses. Financial support for this program results in a healthier and more resilient small-business sector, creates meaningful jobs and thriving communities, and supports the overall North Dakota economy.

Sincerely,

Merle Boucher

PO Box 7
Rolette, ND 58366
PH: 701-246-3652
Cell: 701-550-9098

Dr. John Miller
President, Williston State College

Senator Bekkedahl and Senator Holmberg:

I am writing today in support of the North Dakota Small Business Development Centers (SBDC), and in turn to ask that you consider additional funding for this worthwhile service to small businesses in North Dakota. As a college president and host for one of the regional SBDC's, I see every day the impact our regional SBDC has on local people, local businesses, and local prosperity. This nationally acclaimed program provides invaluable, no-cost business advising to small businesses and prospective small business operators all around the state, and speaking for NW North Dakota, Keith Olson and those who support his efforts are essential to the growth of business and economic success in our local communities, our region, and our state.

To illustrate my point, in 2020 the Williston State SBDC served over 350 clients, achieved capital infusion of more than $53 million, Small Business Administration (SBA) loans of almost $16 million, and supported the creation of over 1300 jobs. I believe the ultimate purpose of the SBA and by extension our regional SBDC's is to generate wealth, create jobs, and foster economic and personal prosperity. Given last year's reporting metrics, the local and statewide efforts of the SBDC have been highly successful across the board.

Not only did the North Dakota SBDC's aid more than 1,400 unique clients in 2020, but they also increased their services and outreach in the face of COVID-19. By providing live and recorded webinars to assist business owners with PPP Loan applications and forgiveness, the Economic Injury Disaster Loans (EIDL), Bank of North Dakota COVID-19 relief programs, and other business support, the North Dakota SBDC has been on the front lines of saving and strengthening North Dakota's business community during the pandemic.

Please support small business owners, local communities, and economic growth in North Dakota by supporting increased funding for North Dakota SBDC programs during this critical time.

Respectfully,

John S Miller, Ed.D.
President
Williston State College
john.s.miller@willistonstate.edu
701-774-4231

NDSU | RESEARCH AND TECHNOLOGY PARK

Jan 19, 2021

North Dakota Leader,

My team and I are fortunate to work with the ND SBDC every day and see the positive impacts of this important statewide organization. I urge you to increase the funding of this impactful program which will greatly enhance the business environment in North Dakota.

The ND SBDC provides support to businesses in many ways. They give guidance on developing business plans and financial projections, providing accurate and comprehensive industry data, creating marketing strategies, obtaining financing, enhancing websites and e-commerce, assessing cybersecurity issues, and much more. These efforts result in strong small business ecosystems in local communities and helps to create jobs and economic growth in our state.

Please support small business owners, local communities, and economic growth around our great state by proposing increased funding for the ND SBDC program. Now more than ever our small businesses, and the economy of North Dakota, need programs like the ND SBDC that provide no-cost advising for our businesses as we try to survive during a pandemic. Financial support for this program results in a healthier and more resilient small-business sector, creates meaningful jobs and thriving communities, and supports the overall North Dakota economy.

Take care,

Brian P. Kalk Ph.D. | Executive Director
1854 NDSU Research Circle | Fargo, N.D. | 58102
Cell: 701.261.0373 | brian.kalk@ndsurtp.com
U.S. Marine Corps (Retired) | N.D. Public Service Commissioner (Emeritus)

Testimony of Shawn Wenko, President
Economic Development Association of North Dakota
In Support of SB 2018
January 25, 2021

Chairman Holmberg and members of the Senate Appropriations Committee:

I'm Shawn Wenko, executive director of Williston Economic Development and president of the Economic Development Association of North Dakota (EDND). It is in that capacity I am testifying before you today in support of SB 2018.

EDND represents more than 80 state economic development organizations on the front line of economic development efforts throughout North Dakota. The primary purpose of the organization is to promote the creation of new wealth throughout North Dakota to develop more vibrant communities and improve quality of life.

One of EDND's top priorities is to support North Dakota Department of Commerce programs as valuable tools, programs and resources for the economic developers in our state. EDND members can attest that a strong partnership with the state helps us locally recruit and retain new and expanding businesses, train North Dakota's workforce, and compete in national and international markets. We also rely on the Commerce Department to help local entrepreneurs explore potential opportunities and diversify the state's economy.

The pandemic and other unpredictability in oil and agriculture activity over the last decade have highlighted the need for North Dakota to diversify its economy and stabilize budget sources. Commercialization, entrepreneurship, and small business growth are crucial to North Dakota's economic future. Entrepreneurs and small businesses are leaders in the nation in employment growth. EDND is supportive of the continuation of all Department of Commerce programs which support local economic developers and businesses, such as Innovate ND, funding partners like the North Dakota Small Business Development Centers, providing training programs to redeploy displaced workers through the Technical Skills Training Grant, attracting workers and new industries through business development programs and tourism, investing in

emerging industries such as Unmanned Aerial Systems, and much more. Further investment in programs such as the Innovation Technology Loan Program (LIFT) as part of a comprehensive statewide strategy to continue to bring new industries to the state are other tools to help diversification.

Partner programs such as the ND Small Business Development Centers (ND SBDCs), ND Women's Business Center (NDWBC), Impact ND, and the North Dakota Procurement Technical Assistance Center are vitally important to small business owners launching a new business and the economies of small communities. As an example of the impact of one of these partners, the 10 ND SBDCs provide training and direct business advising and have served 1,879 clients since the biennium began in 2019. During this time, SBDCs have helped 138 new businesses start in the state, supported more than 6,900 jobs and secured more than $76 million in funds for these businesses. For a few specific examples in the Williston area, the local SBDC was able to help the Hair Society Institute run cash flow scenarios and figure out the number of students to accept and training services to provide in order to get the school off the ground. They were also recently able to help Busted Knuckle Brewery and the Pit 105 Barbecue put together a finance plan with funders to enable the project, which took an old county building and rehabbed it, increasing the city's property tax base, to move forward. Across the state, every community or region can provide a multitude of examples like this, showing the value of these partner programs. EDND advocates for funding for all partner programs to remain stable from the 2019-21 biennium.

EDND believes an investment in the Department of Commerce is needed to grow and diversify the economy so North Dakota can ensure a more revenue-stable future. EDND members could spend the rest of the day giving examples of ways the Department of Commerce has aided their communities. No matter the location or size of the community, our membership relies on the Department of Commerce to provide guidance, resources, and staff to support and diversify our state's growth. Thank you for the opportunity to address the committee and express support for SB 2018 on behalf of economic developers statewide.

MISSION

We help North Dakotans to start, manage and grow their businesses.

NORTH DAKOTA SMALL BUSINESS DEVELOPMENT CENTERS

Your Ideas - Our Expertise - Your Success

833.4.ND.SBDC
ndsbdc.org

Our credentialed advisors empower North Dakota small businesses and entrepreneurs to thrive. The ND SBDC provides customized guidance and resources that help owners and entrepreneurs achieve their goals at every stage of their business lifecycle. We are the source for knowledge, specialized expertise, connections, business acumen, insights, tools and resources for our small businesses. We make an impact on the North Dakota economy.

The ND SBDC is a partnership between:

- Federal government - U.S. Small Business Administration
- State of North Dakota - Commerce Department
- North Dakota University System - University of North Dakota

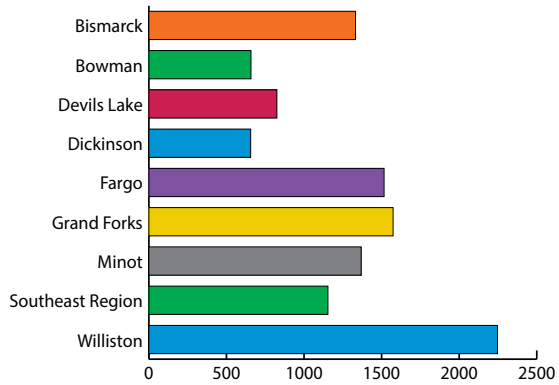
2021-2023 CONSIDERATIONS

1. Maintain or increase state funding to the program: in order to sustain service capacity to meet the needs of clients, to leverage the maximum amount of federal funds allocated to our state, and meet the mandated state and local matching funds requirement.
2. More directly appropriate funds to the ND SBDC, potentially through a named budget line.

IMPACT INFORMATION

ROI: estimates exceed $70 million in state tax revenues since July 2019 (revenue/cost = 124:1)

SERVICE BY CENTER



July 1, 2019 - To Date

- 2,632 Unique clients
- 11,424 hours of no-cost advising
- $116,915,283 capital formation
- 177 new businesses started
- 8,019 jobs supported

Last biennium: July 1, 2017 - June 30, 2019

- 1,849 Unique clients
- 11,833 hours of no-cost advising
- $100,485,520 capital formation
- 226 new businesses started
- 5,176 jobs supported

GENDER

1423 | 1186

CLIENTS BY INDUSTRY

1. Other Services (380)
2. Retail Trade (307)
3. Accommodation & Food (257)
4. Professional Services (152)
5. Construction (128)
6. Manufacturing (121)
7. Health Care & Social Asst (119)
8. Arts, Entertainment & Rec (100)
9. Transportation & Warehousing (88)
10. Admin & Support (71)
11. Ag, Forestry, Fishing, Hunting (55)
12. Wholesale Trade (37)

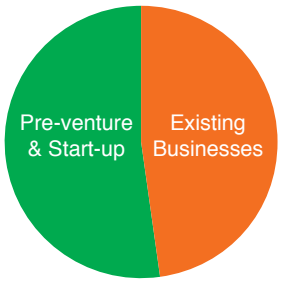
CLIENT SATISFACTION

96%

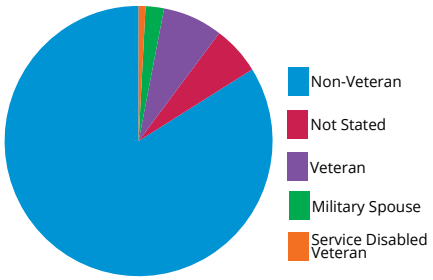
CLIENT SUCCESS RATE

90%

SERVICE BY STATUS



VETERAN STATUS



COVID-19 RESPONSE

Recover – Re-open – Re-invent – (be) Resilient
We are getting ND back in business with our 4R Project. It is a one-stop shop for business owners to find a range of disaster assistance & relief services.

This effort includes specific assistance with topics such as:

- Planning and applying for financial assistance and debt relief options, including
- Paycheck Protection Program (PPP) loans, SBA Economic Injury Disaster Loans (EIDL), and other programs
- Addressing disruptions in supply chains, and necessary pivots in operations, finances, payroll, distribution channels, and sale of products
- Developing web integration, e-commerce, online sales/ distribution and digital marketing
- Awareness of cybersecurity issues, and mitigating cyber risks
- Creating and implementing disaster and Continuity of Operations plans to sustain business activities during interruptions

BUSINESSES ASSISTED

791
businesses assisted with COVID-related services

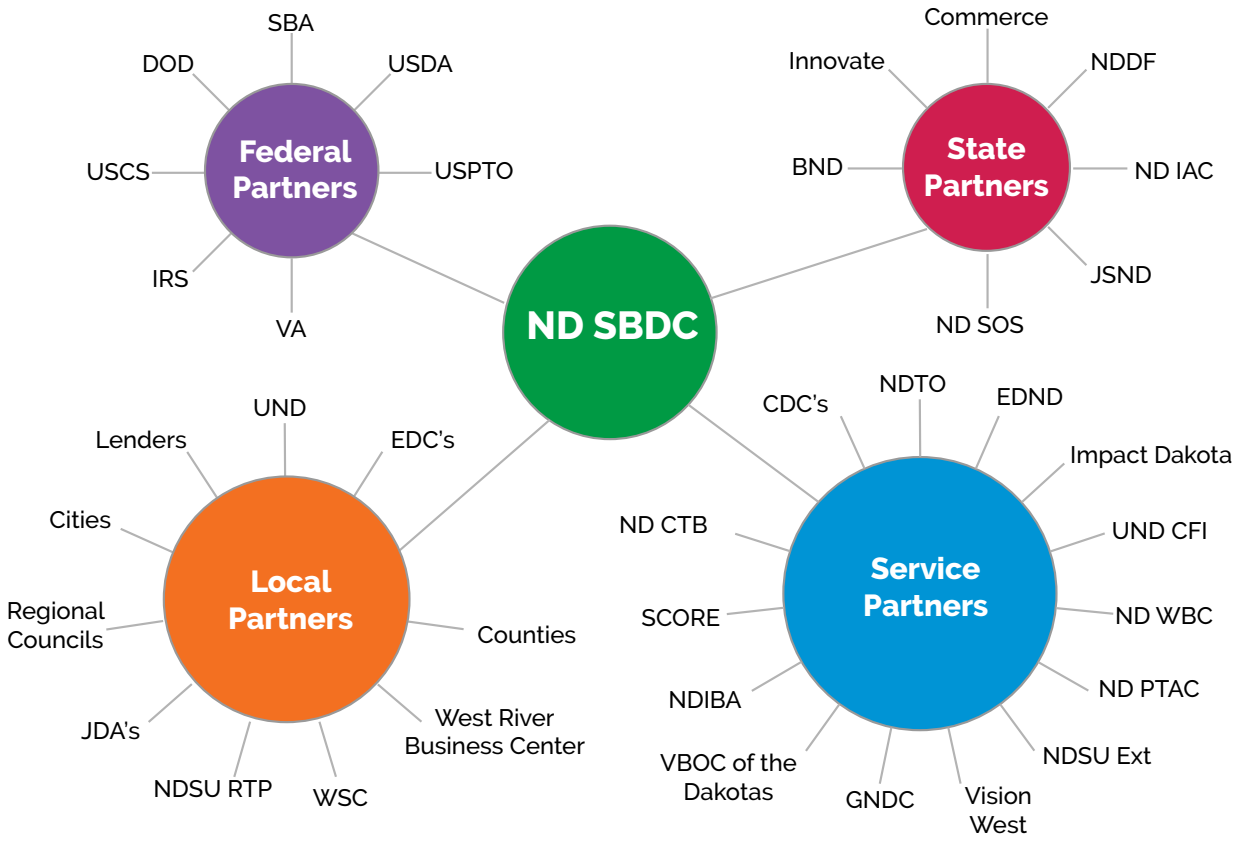
JOBS SUPPORTED

4,335
jobs supported / saved / retained since March 2020

DISASTER ASSISTANCE

$21.4M
in disaster assistance funds to date received by these clients

RESOURCE PARTNERS

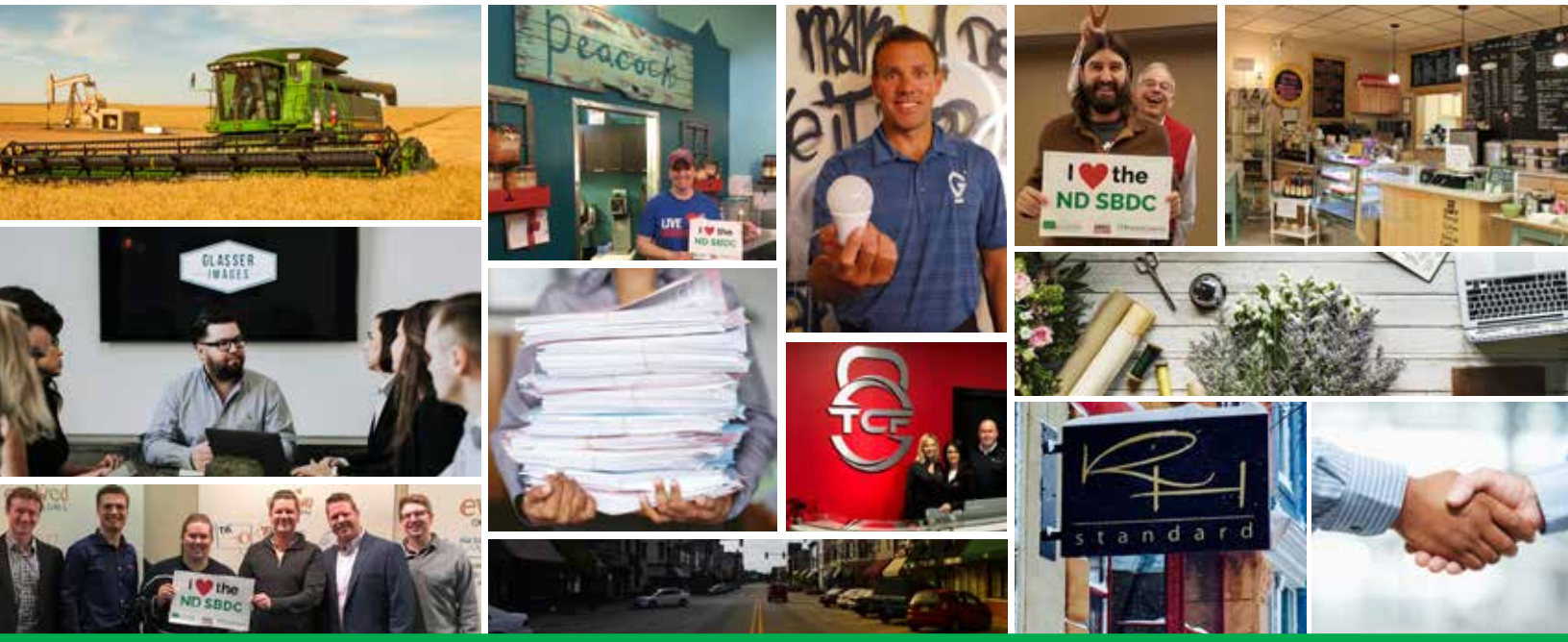


Funded in part through a cooperative agreement with the U.S. Small Business Administration. All opinions, conclusions or recommendations expressed are those of the author(s) and do not necessarily reflect the views of the SBA.

NORTH DAKOTA
SMALL BUSINESS
DEVELOPMENT CENTERS

Your Ideas - Our Expertise - Your Success

2020 Annual Report



INTRO & PARTNER PROGRAMS

Greetings! 2020 has been a year of transition for all! Before the pandemic even began, the leadership of your North Dakota Small Business Development Network shifted, as our State Director retired. I was selected to fill this role later this past spring, after serving the network as Associate State Director.

Throughout the year, there have been many positives for our network. With tremendous gratitude, credit deserves to be given to the incredible team of highly qualified individuals that have been the "boots-on-the-ground" with our state's small businesses. The team has quickly learned new programs and then learned changes to new programs. They have been innovative and have adapted their processes, just as we encourage our clients to do.

ND SBDC credentialed advisors are invested in the success of our North Dakota small business ecosystem – empowering business owners and entrepreneurs with knowledge, insights, tools and resources, listening to their needs, goals, and struggles, and giving them the confidence and skills to be stronger leaders and the drivers of their success.

With true entrepreneurial spirit, our clients continue to inspire us with their optimism and persistence – entrepreneurs continue to see new opportunities to start businesses, and our existing businesses shift and find success with new offerings and in new markets. In fact, in 2020 we have directly assisted more than double the clients we served in 2019.

The ND SBDC Network continues to partner with U.S. Small Business Administration, ND Commerce, the University of North Dakota, and our center hosts and contributors listed later in this report. We are appreciative of their support of this vital and important program, and look forward to another year of strong impacts for our state's economy. When small businesses thrive, communities thrive... North Dakota thrives.

Tiffany Ford
State Director

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Alan Haut
U.S. Small Business Administration

Alan Haut, District Director, is responsible for overseeing SBA services across North Dakota. As the nation's go-to resource and voice for small business, the SBA provides counseling, capital, and contracting expertise so businesses can confidently start, grow, expand, or recover. Al's SBA career has included many positions: Economic Development Specialist, Loan Officer, Lender Relations Specialist, and Deputy District Director. His expertise is working with lenders to utilize SBA's loan guaranty programs. He feels the SBDC program is a great help to entrepreneurs needing funds to start or grow their business. The SBDC helps prepare small business owners to meet with lenders and improve their chances of securing needed funding.

Shawn Kessel
Dept. of Commerce

Shawn Kessel, currently serves as Interim Commerce Commissioner. He is an executive professional, has served as adjunct facility, small business owner, and in local government leadership. Prior to his recent appointment, Shawn brings almost 20 years of experience working at the municipal level of government. "The ND Small Business Development Center, one of Commerce's core partners, helps small business across the State navigate the ever changing business landscape. Their services, provided throughout the life cycle of a business include helping the entrepreneur start a new business through assisting the seasoned veteran with succession planning and transitioning the business to a new owner. Small businesses create healthy, vibrant communities which fosters innovation and invites a 21st century workforce by inspiring others to achieve their dreams."

Dr. Amy Henley
University of North Dakota

Amy Henley is the dean and professor of management at the UND Nistler College of Business & Public Administration. She holds a Ph.D. from the University of Texas in Arlington in the area of organizational behavior and psychology. Henley's research interests include distributive and procedural justice, compensation and pay fairness, and intragroup processes. Dr. Henley has co-authored papers that have appeared in numerous top tier academic journals. "We are so proud to be the host of the ND SBDC and assist in supporting small businesses launch and grow across the state," says Henley.

STATE ADVISORY BOARD

Ray Berry

Ray Berry is a co-founder and CEO of OmniByte Technology in Fargo, ND. He is a life-long ND resident and brings over 28 years of experience in the fields of engineering and technology together with his passion to accomplish the OmniByte mission: "Improve the work lives and safety of field service personnel through technology." The ND SBDC has been a valuable partner for OmniByte from the beginning in 2015 and Ray is a promoter and supporter of the organization.

Kevin Davidson

Kevin, a long-time resident of the Devils Lake area, is currently the Lake Region Market VP for First Community Credit Union. He assists in the strategies, structure, and planning process while advocating for the SBDC in his role on our State Advisory Board. Kevin feels fortunate to have great staff, stakeholders, clients, lenders, and partners across the state that make the SBDC a key player in economic development and find success.

Rachael Eider

Rachael Eider is the owner of RH Standard. She opened the business seven years ago, bringing quality service and luxurious goods to her customers. She is an advocate for fellow small businesses and the downtown community. Rachael is happy to bring that greater community and visionary outlook to the ND SBDC Advisory Board and has seen the difference this program can make for small business first hand.

Missy Feist-Erickson

Missy is the Vice President of Peoples State Bank of Velva, a locally owned community bank with offices in Velva and Minot. She is also the treasurer for the Minot Area Chamber of Commerce and serves on the Governor appointed board, Commission on Status of Women. Missy believes that small business is big business! Through the partnership with SBDC and her bank customers, she has seen firsthand the key role SBDC plays to assist in the success of businesses of all kinds,.

Cherie Harms

Cherie Harms is President/CEO of Leonardite Products in Williston, a mining & processing facility serving the ag, foundry and oil industries. In addition to serving on the ND District Export Council and Western Regional Development Economic Boards, Harms is a founder and Secretary/ Treasurer of the Humic Products Trade Assoc. She has personally used the SBDC and is happy to promote and assist the organization.

Kelvin Hullet

Kelvin Hullet brings a wealth of public relations, economic development and government affairs experience to his role as Bank of North Dakota's Economic Development and Government Program Market Manager. "Small Business Development Centers play an important role in entrepreneurship and business expansion in our state," shares Hullet. "It is an honor to be asked to serve on the Board and be a part of this important mission."

Ryan Jilek

Ryan Jilek is a graduate of NDSU with an Electrical Engineering degree. After 22 years as a small business owner and SBDC client, he took a role in economic development as the Executive VP of Stark Development Corporation. Ryan has been active with workforce and business recruitment and expansion, as well as strengthening an environment that fosters innovation and entrepreneurship. The services provided by the SBDC are vital tools to support this effort.

Connie Ova

Connie Ova is the Chief Executive Officer or the Jamestown Stutsman Development Corporation, a position she has help since 2003. She has been instrumental in developing partnerships among many community entities. She says, "SBDC support for this local community and region is invaluable. They provide a much needed service to both new entrepreneurs as well as to existing business owners wanting to enhance their opportunities for growth."

Shawn Wenko

Shawn Wenko has been the Executive Director of the Williston Economic Development office since 2014. He holds a master's degree from the George Washington University and graduated from the economic development institute at the University of Oklahoma. The success of Shawn's clients is attributed to the time they have spent with the regional SBDC office. SBDC provides entrepreneurs with the knowledge, planning, and tools needed to ensure their business is successful.

THANK YOU

Our sincere thanks goes out to Kevin Davidson, Rachael Eider, and Cherie Harms whose terms on our board concluded in 2020. They have been valuable and longstanding members of our advisory board and we appreciate their time, knowledge, and input over the years.

IMPACTS

These numbers include both core services and COVID response clients.

1,465
Individual Clients Advised

6,785
Hours of Advising

$84,477,650
Client Capital Formation

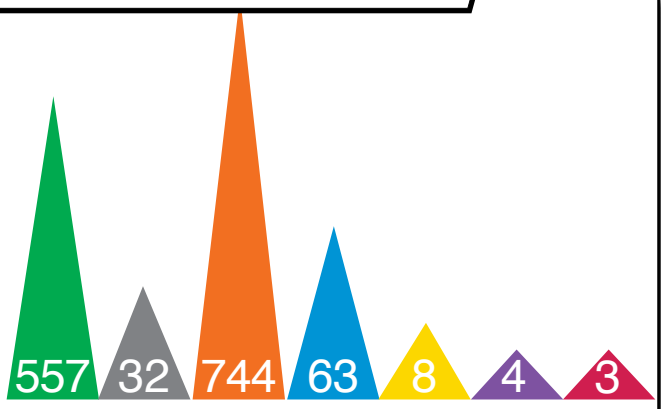
115
New Businesses Created

6,031
Jobs Supported

1,978
Training Attendees

CUSTOMER DEMOGRAPHICS

BUSINESS STATUS



INDUSTRY SEGMENT

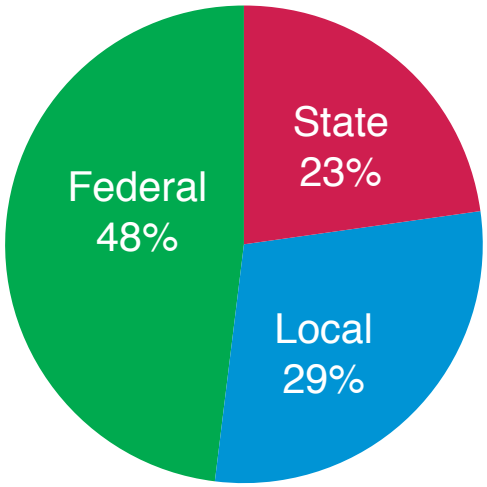
**Only top 12 categories displayed due to space limitations*

1. Other Services (232)
2. Retail Trade (173)
3. Accommodation & Food (165)
4. Technical Services (81)
5. Construction (66)
6. Health Care (63)
7. Arts, Entertainment & Rec (56)
8. Transportation & Warehousing (54)
9. Manufacturing (48)
10. Ag, Forestry, Fishing, Hunting (32)
11. Admin & Support (25)
12. Wholesale Trade (18)

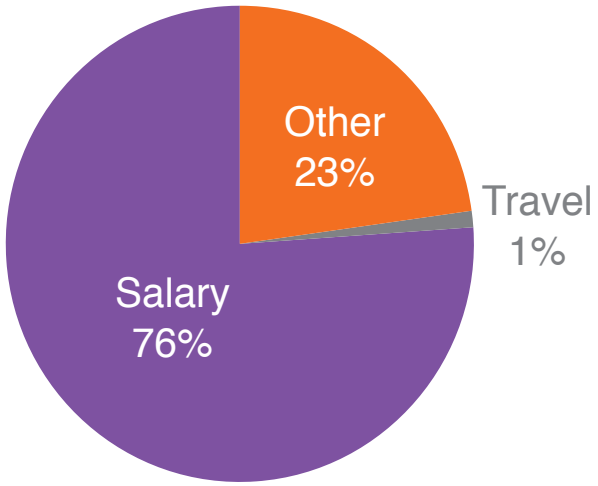
GENDER

RACE / ETHNICITY

FUNDING SOURCES



EXPENSES BY CATEGORY



PARTNER & SUB-AWARD HOSTS

SBA U.S. Small Business Administration

UND University of North Dakota

North Dakota Be Legendary.™

Bowman County Development Corporation

Dickinson State University

NCPC North Central Planning Council

NDSU Research and Technology Park

WRBC West River Business Center

Williston State College

PROGRAM SPONSORS

Adams County Development Corp.
Bank of North Dakota
Bismarck Mandan Chamber EDC
Bottineau EDC
Bowman County
Bowman County Development Corp.
Cavalier County JDA
City of Bowman
City of Grafton
City of Grand Forks
Dakota Business Lending
Dickinson State University
Economic Development Assoc of ND
Eddy County
Forward Devils Lake
Grand Forks County
Grand Forks EDC
Greater Fargo Moorhead EDC
Lewis & Clark Development Group
Mountrail County JDA
NDSU Research & Technology Park, Inc.
North Central Planning Council
North Dakota Opportunity Fund
Rolette County
Rugby JDA
Stark Development Corporation
Towner County EDC
US Bank
Walsh County JDA
Williston Economic Development

BISMARCK CENTER

YOUR IDEAS • OUR EXPERTISE YOUR SUCCESS

IMPACTS

13
New Businesses Created

522
Jobs Supported

130
Individual Clients Advised

$6,952,070
Client Capital Formation

SUCCESS STORY

STROH & ASSOCIATES

BISMARCK - With a young family in Bismarck, an office in Dickinson and working with hundreds of accounts for Blue Cross Blue Shield in western ND, Sheyna (Stroh) Weisenburger was spread very thin. She was traveling hundreds of miles a week meeting with a variety of different brokers and employers from across the US, securing accounts for employer health care contracts. When local employers started asking about different options and potentially better rates for their employee benefit packages, she realized that there was a business opportunity to help employers make those decisions, along with providing ongoing compliance guidance.

In June of 2012, she went to work to get Stroh and Associates up and running. Sheyna was introduced to ND SBDC advisor, Nancy Krogen-Abel, through the IDEA Center in Bismarck. Nancy was able to help Sheyna discover what realistic revenue numbers could potentially look like for her new business, develop a cost analysis of what the next two to three years would look like, and create a detailed business plan to present to bankers. When asked why she reached out to the ND SBDC, Sheyna stated, "I was that typical example of someone who is really good at something, but not good at running a business because I'd never done it before. When meeting Nancy I just did a Hail Mary, as I don't pretend to be good at things I'm not [good at]. She was so amazing and supportive of my idea. She made me feel like she was very invested with my idea."

For the past eight and a half years, Stroh and Associates has grown leaps and bounds. "Working with Nancy made me feel like I had that true genuine sense of support. She gave me great suggestions of which potential banks to start with and visit with. I would hands-down recommend the ND SBDC; as, I would not be where I am today without the help of Nancy and all her contacts."

Read this full client success story, along with others, at ***ndsbdc.org/success-stories***

Nancy Krogen-Abel

Q Tell us how you first got involved with the ND SBDC.

A I attended a class offered by the SBA, ND SBDC, SCORE and ND WBC on starting a business. I had just started a business of my own and was looking for resources. I've now worked with the network for 16 years!

Q If you have been with the network for a while, what is one of your first memories?

A I remember the first large project I worked on and the day the client called and said, "We got the loan!! Thank you!"

Q What do you wish people knew about the ND SBDC?

A While we do help start-ups, we offer so much more than that!

Q What are two pieces of advice you believe would be useful to all small businesses?

A Write a business plan and review it every year. And, cash is king!

BOWMAN CENTER

IMPACTS

4
New Businesses Created

205
Jobs Supported

63
Individual Clients Advised

$1,147,919
Client Capital Formation

SUCCESS STORY

PRAIRIE DENTAL

BOWMAN - Jennifer Sarsland was born and raised in Bowman, ND. After working in the insurance industry for a few years out of college she realized that it what not a fit for her. She enrolled at the University of Nebraska Medical Center College of Dentistry in Lincoln, NE, to pursue dentistry. She received her Doctor of Dental Surgery in May of 2011 and packed her bags to move back to her hometown.

Within a few short months after moving back and working with Dr. Kelly, a well-established and trusted dental practice in the Bowman area, she found herself in a position to become joint partners with Dr. Kelly and Prairie Dental was established. Soon after the partnership was finalized, Dr. Sarsland realized that they were outgrowing their current location. Thankfully, the hospital announced that they would be building a new hospital and clinic. Dr. Sarsland immediately jumped on this idea and started meeting with the hospital CEO to secure the location.

After she secured the hospital location, Dr. Sarsland realized their was extensive amounts of renovations needed to be done. Jennifer reached out to the ND SBDC for assistance. She was connected with Laura Weber at the Bowman SBDC Center, who was not only able to help Jennifer understand her interest buy-down options, but also helped her to create pro formas for her new business location so she could fully understand the monetary impact the relocation and renovation would have on their financials. "Laura and the ND SBDC team were able to help me fill out all the required paperwork for the buy-down program and get approved for it. I would recommend the ND SBDC services to other aspiring entrepreneurs, as it has been able to help me financially so I was able to expand and better serve my community," Jennifer stated.

The renovation has allowed Prairie Dental to increase their patient volume and work more efficiently thanks to the additional space. They have even been able to add more employees to their staff to help take care of their increase in patients.

photo credit: Kelly Schefter

Read this full client success story, along with others, at *ndsbdc.org/success-stories*

Q What do you like most about your job?

A I absolutely love assisting clients in their process of exploring, starting, and building a business.

Q What is the most exciting part of your job?

A The unexpected that comes from dealing with clients as an advisor provides a great amount of excitement as a business advisor with the ND SBDC. Whether it is a start, an expansion, or other business need, you are never sure what the next project will be.

Q What is something you find inspiring about your work?

A The tenacity, initiative, and drive that it takes to be a small business owner is always inspiring to witness through the journeys of the clients we have the opportunity to work with.

Q What is your personal mantra?

A Positivity is a super power!

Laura Weber

DEVILS LAKE CENTER

12
New Businesses Created

166
Jobs Supported

92
Individual Clients Advised

$1,708,458
Client Capital Formation

PAUL'S C-STORE & GAS

FORT TOTTEN - Justin Yankton kicked around the idea of owning a convenience store starting at an early age. Justin's interest in business stems from his father owning Paul's Grocery in Fort Totten, for over 30 years. Due to his declining health and subsequent passing away in 2014, Justin's brother took over the family grocery store.

Over the next year, Justin's urge to open up his own convenience store grew. He planned to purchase the existing gas and laundromat building from his siblings and convert the whole location into a convenience store. Although it was a smaller location that the grocery store building, he knew this would be the more feasible option and it was conveniently located on the corner of the same lot.

From the very beginning, he was able to rely on Sandy Shively, ND SBDC Devils Lake advisor, for assistance. From creating a business plan and calculating startup costs, to obtaining the appropriate licenses and permits and even registering his business with the state, Sandy was there to help. "Sandy was able to give me direction, advice, and information on how to start and where to begin on my business plan," Justin noted.

He also stated that one of the most difficult challenges of starting your own business is just getting started and Sandy was able to help him overcome that hurdle with her patience and expertise within the industry. Throughout the summer and fall of 2015, Justin continued to work with Sandy on the business plans while he was gutting and renovating the building. Justin named this new

convenience store Paul's C-Store & Gas and they officially opened on November 6th, 2015.

For the past five years, Paul's C-Store & Gas has grown leaps and bounds. He attributes his success to the Fort Totten community saying, "We wouldn't be here without our community." Additionally, Justin has kept in contact with Sandy as he is now looking at expanding his store. Sandy has been able to draw up financial projections and expansion costs for him. The ND SBDC is excited to watch Justin and Paul's C-Store & Gas grow.

Read this full client success story, along with others, at *ndsbdc.org/success-stories*

Sandy Shively

Q What three words would you use to describe your roll?

A Listen, Research, Advise

Q What do you wish people knew about the ND SBDC?

A As a collective group of advisors we have a lot of years' experience in assisting a large variety of small businesses. Clients are getting high value advising from a program that does not charge for the assistance they provide.

Q What is the most exciting part of your job?

A It is exciting when you have a client who has an idea but doesn't know what to do next. As an ND SBDC advisor I get to walk them through their business plan and financial projection getting them ready for the next step. It is exciting when one of my clients is able to make their idea a reality.

Q What do you like most about your job?

A I enjoy all the people I get to meet being able to assist in making them successful.

DICKINSON CENTER

This center transitioned to a new host in the fall of 2020.

IMPACTS

6
New Businesses Created

333
Jobs Supported

97
Individual Clients Advised

$330,900
Client Capital Formation

SUCCESS STORY

PHAT FISH BREWING

DICKINSON - Husband and wife, Tony and Kelli Scharf, have always loved their community of Dickinson, North Dakota, where they've resided for almost a decade. They dreamed of bringing everyone closer together but never really knew how. After lots of research and prayers, Phat Fish Brewing was born.

In the beginning, the Scharf's tossed around ideas for a few years and wrestled with the idea of opening a brewery/pizza restaurant over and over again. However, they never really knew where to begin. They sat on the idea for a while until they stumbled into the Department of Veterans Affairs where they had heard about the North Dakota Small Business Development Center (ND SBDC) and how the program could help. They were soon connected with Darryl Neubert, business advisor for the Dickinson Center at that time.

In October 2017, the Scharf's dove head-first into the initial planning process and never looked back. "We didn't expect to get as much out of the advising session as we did! Darryl took his time and helped us with every aspect of what we needed to do to get the information to make good decisions," explained Kelli.

After discussing all their ideas and reviewing the business plan with Darryl, both Tony and Kelli knew they wanted to pursue the brewery and restaurant business whole-heartedly. Throughout the process, whenever they felt unsure about a decision or idea, they returned to the Dickinson SBDC as a sounding board for ideas and resources to help move Phat Fish Brewing past the planning phase.

Financing for project came together with the support of local lenders, Stark Development Corporation, Dakota Business Lending and an SBA 504 loan

It was a long and grueling year and a half of planning and preparation but in June 2019 Phat Fish Brewing opened its doors. They explained, "Anyone who has a goal or dream that is sitting at home not knowing where to start will most likely stay there if they don't know about the help you can receive. If it wasn't for the VA or SBDC, we would probably still be thinking about it."

Read this full client success story, along with others, at *ndsbdc.org/success-stories*

Q What do you wish more people knew about the ND SBDC?

A I wish more folks knew that the ND SBDC network existed. I wish more people were aware of the depth of resources our centers and the collective network has to offer.

Q What are two pieces of advice you believe are useful to all small businesses?

A Expect change and be ready/willing to adapt. And, always pay attention to your market.

Q What motivates you at work?

A Seeing and hearing the success stories of small business owners and entrepreneurs is very motivational.

Q What is something you find inspiring about your work?

A I find it very inspiring when entrepreneurs come through my door who are putting their dreams into action. They're committed to 'going for it.'

John Diem

14
New Businesses Created

867
Jobs Supported

228
Individual Clients Advised

$11,031,609
Client Capital Formation

ELIJAH HOLDINGS

LISBON - July 20th, 2017 is a day that Paul and Teena Elijah will remember for the rest of their lives. It was the day their fourteen-year-old daughter passed away in a tragic accident. After the initial shock of any type of trauma, there are, of course, the various stages of grief that everyone goes through. It was through Teena's journey of grieving that she found an unexpected opportunity to help manage her mental health and give herself a project to focus on.

It all started when Teena stumbled across a 'For Sale' advertisement for the historic Hammelton Building in the City of Lisbon newsletter. Her idea was to renovate this vacant main street brick building built in 1907 to provide a welcoming, functional, and beautiful space for others to enjoy their lives in.

With limited knowledge and experience Teena went to work. Teena was advised to look to the ND Small Business Development Centers for assistance. "I wanted to be successful, but had no experience with this sort of project," she said. "I didn't have any expectations for my first advising session with the ND SBDC. I didn't know what the process would be like, but I trusted that their team would walk me through it."

The ND SBDC assisted Teena in planning the financial aspects of her project. Former advisor Justin Neppl and later, Fargo Center Director Paul Smith, developed a detailed 3-year monthly financial projections for Teena. Through her no-cost advising sessions with the SBDC, Teena was able to secure her construction and mortgage loan and

completed the building on time and within budget.

Teena explained, "ND SBDC assisted me AND my future tenants in planning for future financial needs and growth. Together, we had a comprehensive plan that has allowed each of us to succeed. Some of my retailers enjoyed their most profitable quarters DURING the COVID-19 closures and restrictions--this was possible because of the planning and implementation we had done together."

Read this full client success story, along with others, at *ndsbdc.org/success-stories*

Paul Smith

Q What is something that you find inspiring about your work?

A I am inspired by the stories of clients who believe they can make the world a better place, are determined to succeed, and have overcome great obstacles along the way.

Q What are two pieces of advice you believe are useful to all small businesses?

A 1. Don't try to do it alone. Build a support network that include a mentor, advisors, and fellow business owners. 2. Many small business owners want to try to do too much. Don't worry about trying to be the best at everything, just be the best at something. And that 'something' is usually found where your purpose, passion, and core competencies all converge around solving a real problem.

Q What motivates you at work?

A I am motivated to do my best by a strong desire to serve and help clients realize their dreams.

GRAND FORKS CENTER

IMPACTS

13
New Businesses Created

828
Jobs Supported

207
Individual Clients Advised

$2,927,441
Client Capital Formation

SUCCESS STORY

JULSON LAWN MOWING & ALL SEASONS CAR WASH

WAHPETON - In the spring of 1997, Julson Lawn Mowing started as a way for Jay to get his kids out of the house and make some money. For over seventeen years it was just Jay and his two sons mowing lawns for the people in the Wahpeton community. In August of 2014, Jay's youngest son asked him to look into buying the All Seasons Car Wash so they could convert the already existing car wash building into a shop for their lawn mowing business. Jay believed this would be an ideal business opportunity to renovate the existing car wash and be able to expand his lawn mowing business.

In the fall of 2014, Jay reached out to the ND SBDC to get help with the purchase of All Seasons Car Wash and better understand all of his financing options. Because of this, Jay was able to successfully get financing for the purchase of the car wash.

So, with the purchase complete, Julson's Lawn Mowing converted to a full-time business by adding nearly ten employees to their staff during the mowing season. Additionally, All Seasons Car Wash expanded by adding a soft touch car wash feature thanks to the help of Nicole Evans, the Grand Forks ND SBDC center director. Jay worked with Nicole to prepare for the expansion. Jay was able to turn the five-bay self-service wash into a four-bay self-service wash with the fifth bay being an automatic wash.

"I have recommended the ND SBDC to others as they have the knowledge and resources of what is needed for their project, can help with the business plans, and can help obtain financing," Jay explained when asked if he would recommend the ND SBDC to others. Since they began, All Seasons Car Wash's income has increased year over year by 20%. This year alone they are up over 188%, and over 50% of this increase is attributed to the expansion of the car wash. Jay offers his thanks to Nicole Evans at the ND SBDC for her assistance with that project.

Among others, Nicole helped provide service to the Southeast region while it was in transition.

Read this full client success story, along with others, at *ndsbdc.org/success-stories*

Q Tell us how you got involved with the ND SBDC?

A I learned about the SBDC while working in tech support at UND. I was assigned to the department and their purpose resonated with me on a personal level. When the opportunity came to join the network, I jumped at it!

Q What is the most exciting part of your job?

A The most exciting part of my job is being present when a client first opens their business. Also anytime the client is excited about what they are doing. It's a big deal to make dreams into a reality.

Q What do you like most about your job?

A I am a small business owner myself so I can empathize with some of the up and down emotions our clients go through. I like that I get to sit down and talk over hopes and aspirations of what another person wants to do. This can instill confidence that they too, can be a business owner. I get to be one of their biggest cheerleaders throughout their journey.

Nicole Evans

MINOT CENTER

IMPACTS

8
New Businesses Created

547
Jobs Supported

126
Individual Clients Advised

$3,347,799
Client Capital Formation

SUCCESS STORY

PRAIRIE SKY BREADS

MINOT - Travis Gerjets, founder of Prairie Sky Breads, never set out to open a business of his own but the people of Minot and surrounding communities are sure glad he did.

It all started at the local farmers market back in 2014. Gerjets wanted to make people happy with fresh homemade bread, and that he did. The community supported him so much that they started offering "Bread Subscriptions," where customers could sign up to have fresh bread delivered weekly. As subscriptions grew, so did his business. Gerjets knew he had to pivot to adjust to the heightened demand.

"I first realized that I was going to start my own business when we started baking year-round. That is when I started to look at the numbers and think about what it might take to make this a business instead of a passion project," Gerjets stated.

As every entrepreneur knows, opening up a new business comes with its set of challenges. Gerjets knew almost everything about what it took to bake a perfect loaf of bread but not nearly as much about what it would take to open up his own business.

"The SBDC was recommended early on. Mary Beth worked patiently with me as I put together a business plan, budget, menu... all the things I needed to get going. She was right there to run the numbers with me. We talked about rent cost, taxes, inventory, utilities -- so many things that could have been overlooked without a pro looking over my shoulder," he expressed.

After months of planning, Prairie Sky Breads' brick-and-mortar bakery and café opened its doors in February of 2020, the culmination of a more than 5-year long journey from the first loaf of bread to the opening of its physical business doors. Unfortunate timing as COVID-19 changed things for businesses across the country within weeks and Prairie Sky Breads was no exception. Luckily, the community keeps turning up for Prairie Sky Breads.

The final funding package included a commercial bank, a local development corporation loan and SBA 504 financing.

When Gerjerts came to the ND SBDC he had no idea of what to expect. "The finalized business plan – and especially the financial figures, formatted correctly for our local lender – had so much to do with Mary Beth and the work of the SBDC. I just don't know how we would have gotten everything done without her."

Read this full client success story, along with others, at *ndsbdc.org/success-stories*

Mary Beth Votava

Q What do you like most about your job?

A We work with unique people from all walks of life and industry. We continuously learn from our clients and associates, enabling us to broaden our knowledge base and keep passing this knowledge along.

Q What do you wish people new about the ND SBDC?

A How truly dedicated, diverse, and knowledgeable our team is!

Q What is the most exciting part of your job?

A No two days are ever identical. We are constantly challenged to grow and take on new ideas and opportunities to better serve our clients.

Q What are two pieces of advice you believe are useful to all small businesses?

A Never give up - adjust to make it work. And, learn and ask questions!

SOUTHEAST CENTER

IMPACTS

6
New Businesses Created

289
Jobs Supported

170
Individual Clients Advised

$3,480,904
Client Capital Formation

SUCCESS STORY

PRAIRIE STONE

SOUTHEAST - Owner of Prairie Stone LLC, Jeff Hoeft of Wahpeton, ND, recently shifted his focus from agriculture and farming to becoming an entrepreneur. The road taken to open Prairie Stone has not been a traditional route.

Shortly after college Jeff took over the family farm. Over the years the strenuous nature of farming caught up to Jeff over time. In 2015, he had to have back fusion surgery which forced him to significantly cut back his acreage. Because of that change, Jeff knew that he needed to look for other opportunities within the market but he just didn't know what – yet.

Jeff found his new opportunity when an unfortunate situation led to a fortunate opportunity. A garage fire that burned down the family home allowed Jeff to recognize a need in the market for countertops. The countertops were being installed in the new Hoeft family kitchen when the light bulb went off in Jeff's head. He looked at the new installation and simply realized that he could do a better job at it.

Jeff reached out to Ian Carlstrom, business advisor for the southeast region of the ND SBDC, for input on his business plan. Ian was able to help Jeff expand the plan in order to better prepare for visits to lenders for funding.

"Ian gave me the ability to write out a full business plan and be able to bring my vision to my local lenders so they could understand my goals," Jeff explained.

Ian was also able to help Jeff finalize his financial proformas as he worked to obtain the $1 million in capital acquisition needed to start his business. Ian assisted Jeff with fulfilling loan requests from various banks as well as understanding the range of loan programs available to him. His final funding included an SBA 504 loan. Prairie Stone was successfully opened in November of 2019.

"If you start with a solid plan, even a thing like COVID-19 can be dealt with. The ND SBDC has access to so many resources in everyday life, and we wouldn't be where we are without them."

Read this full client success story, along with others, at *ndsbdc.org/success-stories*

Q What three words would you use to describe your roll?

A Coach, advisor, mentor

Q What do you like most about your job?

A I enjoy working with such a diversity of ideas and t he passionate people behind the ideas that are chasing their dreams. No two are alike, but yet so much is transferable and relevant across the board. I enjoy being able to help clients solve key issues and achieve things they didn't know were possible.

Q What is your motto or personal mantra?

A You cannot talk your way out of problems that you behave your way into.

Q What motivates you at work?

A My clients motivate me most. Often their stories, their dreams, and their tenacity is inspiring and courageous.

Ian Carlstrom

WILLISTON CENTER

IDEAS • OUR EXPERTISE YOUR IDEAS • OUR EXPERTISE
UR SUCCESS YOUR SUCCESS
XPERTISE YOUR IDEAS • OUR EXPERTISE YOUR IDEAS • OUR EXPERTISE
SUCCESS YOUR SUCCESS YOUR SUCCESS YOUR SUCCESS

IMPACTS

39
New Businesses Created

2,274
Jobs Supported

352
Individual Clients Advised

$53,520,550
Client Capital Formation

SUCCESS STORY

WESTERN VETERINARY CLINIC

WILLISTON – The owners of Western Veterinary Clinic (WVC) in Williston are celebrating the third anniversary of their expansion and remodel. The construction project was started in 2017 to accommodate WVC's growing mixed animal practice. The buildout nearly doubled the clinic's size and made it more functional and attractive.

The $1.2 million project included a 1,400 square-foot addition and 1,500 square-foot remodel. The renovation also gave the clinic more retail space for pet products and room for another veterinarian.

While the original clinic served WVC well for several decades, co-owners Dr. Lee Garbel, Dr. Jody Smith and Dr. Heidi Folden-Willard, began running out of room for their clients and patients in the mid 2010's.

"WVC was started in the 1970's by Dr. Bob Walton and Dr. Lloyd Sorenson," said Garbel. "Gradually, the previous owners retired, and we slowly bought in. Currently we have three owners, five full-time veterinarians, one part-time veterinarian and 15 staff members."

To help them finance the expansion, the owners turned to advisors at the Small Business Development Center (SBDC) and American State Bank and Trust (ASB&T) in Williston. Keith Olson, SBDC Regional Director, provided no-cost advising and support while Zach Nelson, ASB&T Assistant Vice President and Assistant Commercial Loan Manager, assisted with the loan. Garbel said Olson and Nelson were helpful with the loan process.

WVC utilized the Flex PACE program, funded by the Williston STAR Fund and Bank of North Dakota (BND). In 2017, WVC received $82,000 from the STAR Fund and $152,000 from BND to buydown the interest on its loan.

The expansion has helped WVC provide more daily appointments with shorter wait times. Clients and their pets can also enjoy a more comfortable lobby and larger exam rooms.

"The buildout was a way to expand the customer base and provide an opportunity to recruit new vets to ensure continued longevity," said Olson. "The Williston area is growing, and vet services are crucial as many people move with their pets."

Read this full client success story, along with others, at *ndsbdc.org/success-stories*

Keith Olson

Q Tell us how you first got involved with the ND SBDC.

A As a previous economic developer, I knew and understood the role of the SBDC and how valuable it was to my work. When my predecessor retired, it was a great opportunity that fit my skill set.

Q What do you wish people knew about the ND SBDC?

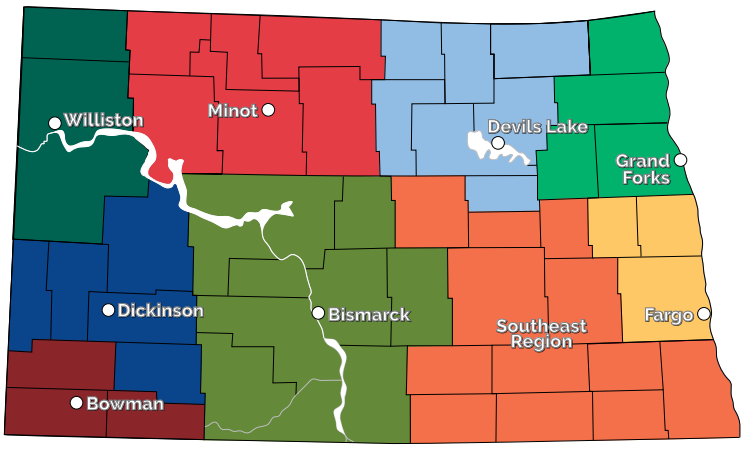
A I wish people knew how good we are and how many different things we can provide a client - all for free!! We are not just for start-ups.

Q What is something you find inspiring about your work?

A I really enjoy helping people and hearing many times a year that you have helped them achieve their dreams.

Q Having been with the network for several years, what is something you remember from the early years?

A We have moved several times over the years. The only constant is change.



Location information can be found at:
ndsbdc.org

Credentialed advisors empowering North Dakota small businesses and entrepreneurs to thrive

Q What do you wish people knew about the ND SBDC?

A I wish entrepreneurs, community members, and the like, would think of the ND SBDC network as their first stop to success. The amount of knowledge that the entire staff has provides North Dakotan's one of the strongest resources anyone can access - for FREE!

KayCee Lindsey

Q Tell us how you first got involved with the ND SBDC.

A I began when I was hired to be the Community Development Director for Divide County. I believe that the partnership between the Economic Development Office and the ND SBDC has been more valuable than many realize. This has been a significant factor in the success of sustaining and growing our local economy.

Q What motivates you at work?

A My motivation at work is being able to not only assist individuals in helping many of their dreams become reality, but also know that what I do makes a positive impact on our entire community.

NETWORK PROGRAMS

U.S. SMALL BUSINESS ADMINISTRATION
VBOC
VETERANS BUSINESS OUTREACH CENTERS

The Veterans Business Outreach Center (VBOC) program is a one-stop-shop for service members, veterans and military spouses looking to start, purchase, or grow a business. Located nationwide, VBOCs provide training workshops, including Boots to Business (B2B) and Boots to Business Reboot, as well as business development assistance such as training, advising and mentoring, and resource referrals. B2B and Reboot are entrepreneurial education and training programs. They are open to Service members. National Guard and Reserves, Veterans of all eras, and their spouses.

NORTH DAKOTA
PROCUREMENT TECHNICAL ASSISTANCE CENTER
Government Contracting Assistance

North Dakota Procurement Technical Assistance Center (ND PTAC) is a resource for assisting North Dakota businesses in obtaining federal, state, and local government contracts. ND PTAC advisors work with businesses to identify government contracting opportunities. They do this by providing confidential, no cost, one-on-one counseling on how to obtain, manage and comply with contracting requirements for the Department of Defense (DoD) and other federal agencies, state & local governments and businesses with government prime contracts. They emphasize the importance of understanding contracting requirements, and educate businesses on all levels of government contracting.

POWERED BY SBA
U.S. Small Business Administration

UND UNIVERSITY OF NORTH DAKOTA
CENTER FOR BUSINESS ENGAGEMENT & DEVELOPMENT

Funded in part by a cooperative agreement with the U.S. Small Business Administration. All opinions, conclusions, or recommendations expressed are those of the author(s) and do not necessarily reflect the views of the SBA.

AMERICA'S SBDC
ACCREDITED MEMBER

NORTH DAKOTA SMALL BUSINESS DEVELOPMENT CENTERS
Your Ideas - Our Expertise - Your Success

Testimony of
Tiffany Ford, State Director,
North Dakota Small Business Development Centers
Regarding Bill SB 2018: ND Commerce Department
January 25, 2021 – Senate Appropriations Committee

Chairman Holmberg, Vice-Chairs Krebsbach and Wanzek, and members of the Senate Appropriations Committee:

My name is Tiffany Ford, State Director for your ND Small Business Development Centers (ND SBDC). The ND SBDC is hosted by the University of North Dakota (UND) Nistler College of Business and Public Administration. The national Small Business Development Centers (SBDC) program is administered by the U.S. Small Business Administration. Our state network is partially funded by federal dollars, with mandated state and local matching funds provided by the Department of Commerce, UND, cities, counties and private contributors. Our program here in North Dakota is nationally accredited by America's SBDC (ASBDC). We successfully completed a rigorous re-accreditation review in 2019, exceeding each of the quality standards in service, operations, and compliance, with zero findings and a national commendation.

ND SBDC credentialed advisors empower North Dakota small and medium-sized businesses and entrepreneurs to thrive, through customized guidance and resources that help them achieve their goals at any stage of their business. We are the source for knowledge, specialized expertise, connections, business acumen, insights, tools and resources, all at no cost to the client. We accelerate business growth and success across North Dakota, strengthening and diversifying the economy, resulting in long-term positive impacts. When small businesses thrive, communities thrive. North Dakota thrives.

This year we are celebrating the 35th anniversary of the ND SBDC program. For over three decades, our program and staff have been invested in the success of small and medium-

sized businesses across our state. Now, probably more than ever in our long history, the ND SBDC is recognized as the essential service provider and support system for the businesses that are the cornerstones of our state's economy. Please refer to the ND SBDC impact information, the 2020 ND SBDC Annual Report, and the letters of support provided with the written testimony. To highlight just a few relevant data points from the past 18 months of the current biennium:

- the state's return on investment for the ND SBDC program is estimated to **exceed $70 million in state tax revenues,** with the current funding level at just over $750,000 per biennium, that calculates an approximate benefit to cost ratio of 124:1,
- our survival success rate of 90% far exceeds the national average (nationally, only 50% of new small businesses survive their first five years),
- our client satisfaction rate also ranks extremely high: 96% of our clients rate the services they received a 4 out of 5, or higher,
- ND SBDC clients started more than *177 new* small businesses, received more than *$116 million in capital*, and *created, retained, or supported more than 8,019 jobs* in our state.

	2017	2018	2019	2020
New Business Starts	129	100	90	116
Capital Formation	$ 52,385,799	$ 47,565,529	$ 54,914,162	$ 87,010,976
Top 5 Industries Assisted	‣ Other Services ‣ Retail Trade ‣ Accommodation/ Food Service ‣ Prof., Scientific, Tech. Services ‣ Construction	‣ Other Services ‣ Retail Trade ‣ Accommodation / Food Service ‣ Prof., Scientific, Tech. Services ‣ Manufacturing	‣ Other Services ‣ Retail Trade ‣ Accommodation/ Food Service ‣ Prof., Scientific, Tech. Services ‣ Transportation & Warehousing	‣ Other Services ‣ Retail Trade ‣ Accommodation/ Food Service ‣ Prof., Scientific, Tech. Services ‣ Health Care/ Childcare/ Assistance
Start-up % vs. Existing Business %	49% / 51%	48% / 52%	48% / 52%	44% / 56%

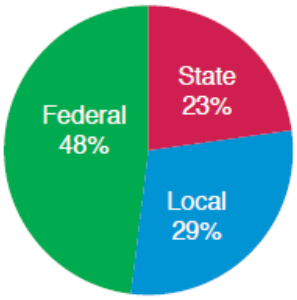
The COVID-19 pandemic has called attention to the vital and significant value of the ND SBDC program. Our COVID-related services and impacts are on page two of the included impact document. The demand for ND SBDC assistance has increased substantially in the past ten months. In 2020, we served nearly 3,500 individuals through one-on-one advising and training workshops. In an average year that count is usually around 1,500.

The ND SBDC program is North Dakota's widest reaching and most substantial business support program, assisting individual clients in each of our state's 53 counties. Our program far exceeds its goals in each category, each year. We report only verifiable, fact based successes. The comprehensive expertise and certifications of our staff is incomparable, and the tools available to our clients are not available through any other service or organization in our state, not even those that do charge a fee.

The ND SBDC is a fundamental component of the North Dakota entrepreneurial ecosystem. Small business is BIG business in this state, with 98.8% of firms defined as small businesses. The statewide services provided by the ND SBDC have direct economic impacts including jobs, tax base, and quality of life. Small businesses ARE the foundation of our communities and provide essential services and products to support the operations and success of all of our state's industries, including our top producers: oil, energy, agriculture, and tourism. Regardless of industry or interest, from manufacturing to childcare, innovation to rural vitality, and workforce development to business transition planning – the path for each client and business is unique, and the ND SBDC guides these businesses towards success.

Each of the past five years has seen an increase in federal funding for the national SBDC program, however, the ND SBDC will be challenged to receive additional federal dollars, when our state contribution remains at the current level. Page five of our Annual Report, shows the breakdown of federal, state, and local funding sources. The State provided only

23% of funding for operations of this statewide program in 2020. Adequate funding from the state supports our program in numerous ways:



- To sustain and possibly increase service capacity and program offerings, to *meet the increased demand for assistance* from our program, assisting ND small businesses to start, grow, and not just survive but thrive in the long-term – we anticipate lasting effects from the pandemic will be devastating for years to come on our small businesses,
- Adequate state funding ensures that we can continue to *leverage* the maximum amount of federal funding available to our state, and continue to meet the mandated 1:1 match under the SBDC program; if state and local funding decreases, our federal funding will decrease (a triple-threat to our operations and service delivery capacity),
- We anticipate local sources of funding to become even more strained in the near future, and seeking these local sources for operational funding takes significant time away from direct assistance provided to clients,
- If funding for the ND SBDC program decreases below the current level, it will have *negative repercussions* on service delivery, economic impact, and may lead to the closure of service centers.

An additional consideration would be a more direct appropriations approach to the funds meant for the ND SBDC program. Funding allocations within an aggregated budget line often lack legislative intent. Given the considerable impact of the ND SBDC as a statewide program, it may be in the best interest of the state to have ND SBDC be a named budget line.

The ND SBDC is a long-standing, strong program with undeniable positive impacts for our state's economy, businesses, and communities – large and small. While many may not realize the strength of small businesses in our state, we like to remind them that the essential services and products they consume, whether from the grocery store, gas station,

car dealership, childcare center, plumber, electrician, or dentist, are small businesses that employ people, pay taxes, and support the local little league team. We as a network of passionate and invested individuals look forward to serving these businesses and this state for years to come. We are proud to assist the resilient, determined, and hard-working small businesses and entrepreneurs in our communities. Helping our clients achieve their dreams of owning a successful small business, right here in North Dakota, is what matters most.

We are pleased to have a client attending today to provide their testimony, but before they speak with you, I will be happy to answer any questions that you have. I appreciate having the opportunity to share this information with you. Thank you Chairman Holmberg and committee members for your time, and for your support of the ND SBDC. I would now like to introduce you to ND SBDC client, Jeff Brose.

NORTH DAKOTA
PROCUREMENT TECHNICAL ASSISTANCE CENTER
Government Contracting Assistance

Senate Appropriations Committee

SB 2018
January 25, 2021

Mr. Chairman and members of the committee. My name is Dave Kleppe, Program Manager of the North Dakota Procurement Technical Assistance Center. The Procurement Technical Assistance Center (PTAC) program is hosted by the University of North Dakota's Center for Business Engagement and Development (led by Tiffany Ford) within the Nistler College of Business and Public Administration. Federal program funding is provided by the Department of Defense's Defense Logistics Agency (DLA) with match funding provided by the North Dakota Department of Commerce (DOC).

The program was established in 1985 to expand the number of businesses capable of participating in government contracts. It is administered by DLA's Small Business Programs in cooperation with the states, local governments and nonprofit organizations. Under the program, PTACs help businesses pursue and perform in contract awards with the Department of Defense, other federal agencies, state and local governments and also subcontracting with government prime contractors. Most of the assistance the PTACs provide is free. PTAC support to businesses includes registration in procurement systems such as the federal System for Award Management (SAM), identification of contract opportunities, help in understanding contracting requirements and in preparing and submitting bids. PTACs have a local presence in all

50 states. The North Dakota PTAC currently operates with two full-time positions: a PTAC Advisor located in Fargo and a Program Manager located in the Entrepreneur Center at the Bank of North Dakota.

The federal PTAC program provides 60% federal funding with a 40% state match. For the past several years the required state match has been provided by the Department of Commerce from within their discretionary funds line. Without the required state match funds, the ND PTAC program will cease to exist. While the amount of the state's investment is small, the economic impact of this program is not. During state fiscal years 2019 and 2020, the ND PTAC assisted 373 small and large North Dakota businesses. Many of them have been successful in the government marketplace and have been awarded more than $169 million in government contracts, meaning diversification of revenue streams, creating jobs in our state, and positively impacting our communities.

We have a very good working relationship with DOC. Without the matching funds DOC provides, there would be no North Dakota PTAC program to assist our businesses in navigating the complex path involved with government contracting. Thank you for your time.

Handouts:

-ND PTAC Impacts/Information Sheet

NORTH DAKOTA PROCUREMENT TECHNICAL ASSISTANCE CENTER

Government Contracting Assistance

Impacts

July 1, 2018- June 30, 2020

- 373 Clients
- Federal contract awards:
  - $169.2 Million – all clients (977 awards)
  - $160.8 Million – only DLA active clients (848 Awards)
- 45 Training events
- Program ROI is $860 in contracts for every state dollar invested
- 54:1 Benefit-cost ratio per biennium

Purpose

DLA - DOC - UND

To expand the number of businesses capable of participating in government contracts with local, state and federal agencies and also with prime contractors.

Our values are:

- Collaboration
- Integrity
- Accountability
- Patience

Benefits

of the ND PTAC

- Strengthening ND businesses by providing individualized training and one-on-one advising to prepare them for selling their goods and services to local, state, and federal government agencies
- Diversifying local company revenue streams by leveraging access to the government marketplace
- Boosting state and local economic activity by helping ND businesses navigate the complex contracting process
- Assisting ND MAIN STREETS to reach out for nationwide opportunities
- Increasing qualified sources and competition for government buyers; creating better value for the military, government agencies, and the American taxpayer

Collaboration

Service Partners

PTAC is a partnership between the Federal Government (U.S. Department of Defense, Defense Logistics Agency), State of North Dakota (Commerce Department) and North Dakota University System (University of North Dakota). We collaborate with the U.S. Small Business Administration, area military bases and other resource partners to teach businesses what they need to know about government contracting.

Recent Collaborative Events include:

- Tri-state procurement webinar (monthly)
- Jamestown Regional Entrepreneur Center Women's Business Summit
- North Dakota Government Procurement Fair in Minot (100+ businesses)
- What is beta.SAM (United Tribes Technical College)
- Air Force Industry Day at Capitol Building involving Minot, Grand Forks and Ellsworth, SD Air Force bases
- Assisted DOC with National Defense Industrial Association event held in Grand Forks and Fargo
- SBIR Road Show in Fargo
- Northrop Grumman Corp. Cybersecurity workshop in Grand Forks

Funding Structure

Federal & State/Local Match

- For FFY 2021, the Defense Logistics Agency (DLA – DoD) provided for a 60/40 match of federal funds to state/local matching funds
- Matching funds for the ND PTAC are provided by the ND Department of Commerce

ND Procurement Technical Assistance Center
1200 Memorial Highway
Bismarck, ND 58504

ndptac@UND.edu
Bismarck: 701.328.5857
Fargo: 701.261.0737
www.ndptac.org

NORTH DAKOTA
PROCUREMENT TECHNICAL ASSISTANCE CENTER
Government Contracting Assistance

Client Testimonial

Masfique Mehedl, Ph.D.
VIRVAC, LCC

I am thankful for the ND PTAC staff for guiding us to get SAM registration. I am grateful to them for providing an **outstanding effort.** They helped me every step of the application process. I highly recommend ND PTAC.

Greenstone Construction

Justin Lindteigen, Owner

Founder and President of Greenstone Construction, Justin Lindteigen, passion for construction began at an early age. He spent endless hours in his Grandpa's woodworking shop when he was little. After his time in the North Dakota National Guard and Iraq, Justin brings military discipline, respect, and integrity to every project.

Since 2014, Greenstone Construction has been using the North Dakota Procurement Technical Assistance Center (ND PTAC) services and guidance. "We are always looking for new contracting opportunities and the PTAC bid match helped our team identify multiple contract opportunities for our businesses to succeed. PTAC helped us identify a project opportunity to build a new communications tower for the North Dakota National Guard," Justin explained.

With the help of ND PTAC, Greenstone Construction was able to secure contract awards. Aside from just using our bid match services, Greenstone has received ND PTAC assistance and helped them through their SAM registration, researching government markets, navigating through regulations, and they have opened doors to other procurement and contract officers.

MonDak Portables

Rick Rogers, Owner

MonDak Portables provides portable restroom rentals for a variety of different occasions like worksites, public and community gatherings, sporting events, and parties. Aside from just portable restroom rentals, they also provide portable handwashing stations and heated trailers.

Since becoming a client in 2017, Dave Kleppe, ND PTAC program manager, has been able to help MonDak Portables receive close to $1.5 million in Federal awards. These awards have allowed them to retain twenty jobs and generate an additional three. Rick Rogers, the owner of MonDak Portables, described his experience with ND PTAC as,

"We were looking to get into government bidding and had done our research and were still very confused on where to start. A business associate of ours told us about the ND PTAC office, so we researched them out and ran into Dave Kleppe in the Bismarck office. He helped us get registered in SAM and showed us bid match and we started looking for opportunities that matched our business. From there we found the opportunity we needed to bid on the WAFB contract and were awarded the 2-year contract."

Client Testimonial

Timothy L. Kreft, Chief Appraiser
AgCountry Farm Credit Services

The ND PTAC team walked me through the SAM registration, and it was **extremely beneficial** to learn the necessary steps as it saved me a great deal of time and effort. I **greatly** appreciate the assistance from the ND PTAC staff.

ND Procurement Technical Assistance Center
1200 Memorial Highway
Bismarck, ND 58504

ndptac@UND.edu
Bismarck: 701.328.5857
Fargo: 701.261.0737
www.ndptac.org

North Dakota

Travel Alliance Partnership

P.O. Box 2599
Bismarck, ND 58502
(701) 355-4458
FAX (701) 223-4645

MEMBERS

America's Best Value Inn & Suites
Basin Electric Power Cooperative
Bismarck Airport
Bismarck-Mandan CVB
Bottineau Area Chamber of Commerce
Destination Marketing Association of North Dakota
Devils Lake CVB
Dickinson CVB
Eastbay Campground
Fargo Air Museum
Fargo-Moorhead CVB
Friends of Lake Sakakawea
Greater Grand Forks CVB
Hampton Inn & Suites Minot Airport
Jamestown Tourism
Leistikow Park Campground
Lone Butte Ranch/Log Cabin Vacations
McKenzie County Tourism
Minot Convention & Visitors Bureau
Missouri Valley Heritage Alliance/ Fort Abraham Lincoln Foundation
Municipal Airport Authority of the City of Fargo
National Hospitality Services
Newman Outdoor Advertising
Norsk Hostfest Association
North Dakota Association of Rural Electric Cooperatives
North Dakota State Fair
North Dakota Tourism Division (ex-officio)
Odney
Rocky Mountain International
Roosevelt Park Zoo
State Historical Society of North Dakota Foundation
Theodore Roosevelt Medora Foundation
Valley City CVB/Sheyenne RV Scenic Byway
Vern's Rental
Williston CVB

Testimony of Terri Thiel

Chair, Travel Alliance Partnership

In support of SB 2018

January 25, 2021

Chairman Holmberg and members of the Senate Appropriations Committee, my name is Terri Thiel, and I am the chair of the ND Travel Alliance Partnership (ND TAP). ND TAP is a coalition of travel industry stakeholders, including CVB's, state attractions, businesses, and other interested stakeholders, in this number three industry of North Dakota's economy.

The impact of COVID has not only decimated our travel industry, but also caused economic strain throughout North Dakota. Local attractions, venues, hotels, restaurants, and visitor bureaus have all suffered huge losses in revenue resulting in layoffs, and in some communities, business closures. Included in my testimony is a survey, developed to gauge the impact of the pandemic on TAP's membership. Of those surveyed, nearly a quarter (22.2%) indicated the pandemic has resulted in a loss of revenue of $1 million or more. 61.1% indicated they have had to reduce the size of their staff. Of those, 83.4% were either unable rehire staff or were able to hire some but not all of their pre-existing staff.

Financial assistance made possible through the North Dakota Department of Commerce in the form of grants have helped but are no substitute for sales driven by travelers. Revenue generated from travelers will be critical to the

tourism industry's recovery, necessitating the need for the ND Tourism Division to appeal to travelers through expanded marketing and awareness.

The pandemic and the effects of quarantine and isolation have resulted in pent up interest in travel. North Dakota has already experienced some of the benefits of this demand, resulting in a substantial increase in state park use (up 16%), an increase in Game & Fish licenses, increases in boat and camper sales and more. ND Tourism Division's website analytics were up 52% over last year, showing that populations in and outside of the state is ready to get out and travel to the wide-open spaces of North Dakota. The ND Tourism Division needs to be ready to capture those additional in and out of state audiences.

Tourism supports many of the small businesses in the western part of the state, and now more than ever, it is important to help those businesses that have also been impacted due to the decreased energy activity. Tourism is a part of many small business in the eastern part of the state also. The experiences that many of them provide to travelers have been halted or modified this past year. The need for traveling customers is urgent, on both ends of the state.

ND TAP asks for your continued support of the ND Tourism Division and its efforts to attract those travelers by funding ND Tourism's budget at $18 million. While this would be a notable increase in ND Tourism's budget, it would still pale in comparison to neighboring states. This increase would be a critical step to boost tourism awareness for North Dakota and allow for additional marketing campaigns to encourage travel to our state

Below are the figures for the 2019 – 2021 biennium:

- ND - $9 million
- SD – $30.2 million
- MT - $19.5 million

- MN - $32.2 million

COVID has shed a light on the importance of travel and underscored the economic impact felt in the absence of tourism. Tourism will be a cornerstone to North Dakota's economic recovery. North Dakota's wide-open spaces, diverse experiences and unique communities have the capability to re-generate lost revenue and the ND Tourism Division plays a pivotal role in marketing those experiences. America is ready to travel again and North Dakota is ready for business.

We ask for your support of $18 million in funding for the ND Tourism Division within SB 2018.

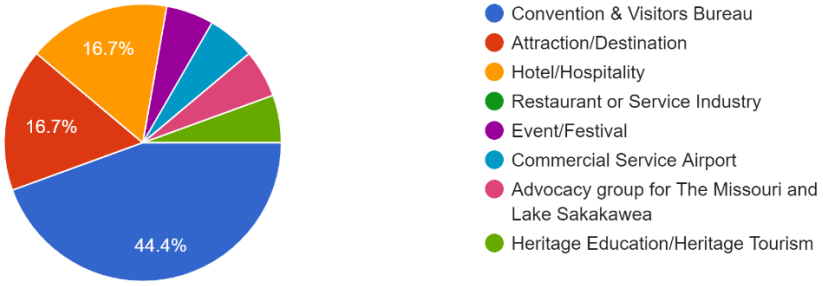
Travel Alliance Partnership Pandemic Survey

The Covid-19 pandemic has had a profound impact on North Dakota's travel and tourism industry, forcing the cancellation or delay of dozens of events statewide.

The North Dakota Travel Alliance Partnership (TAP) developed the following survey to gauge the impact of the COVID-19 pandemic on its members. The results of the survey are available below.

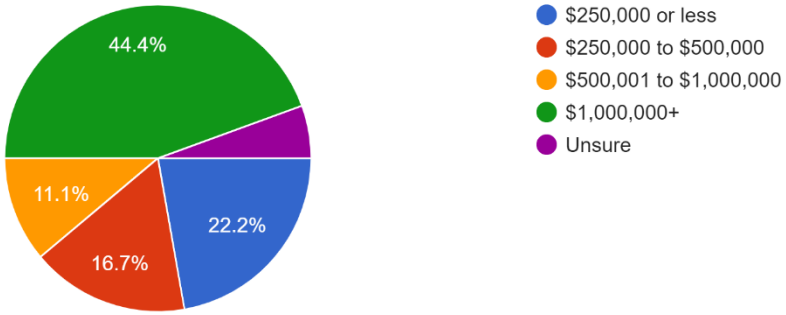
Please indicate the category that best represents your organization:

18 responses



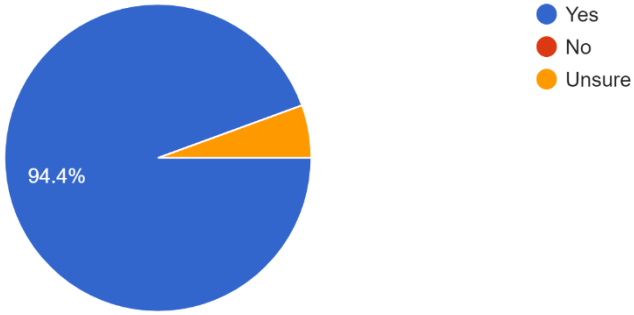
What is your organization's annual budget?

18 responses



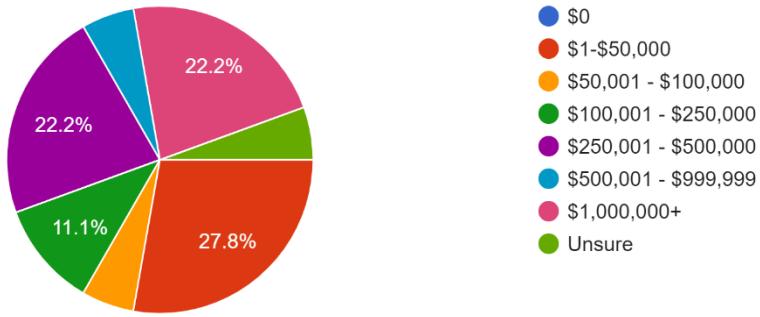
Did the Covid-19 pandemic force the cancellation of events or operations that substantially impacted your donations, revenue or funding?

18 responses



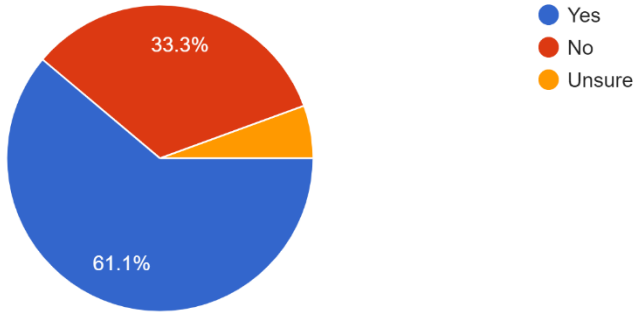
How much do you estimate your organization lost in earned revenue or funding due to the pandemic?

18 responses



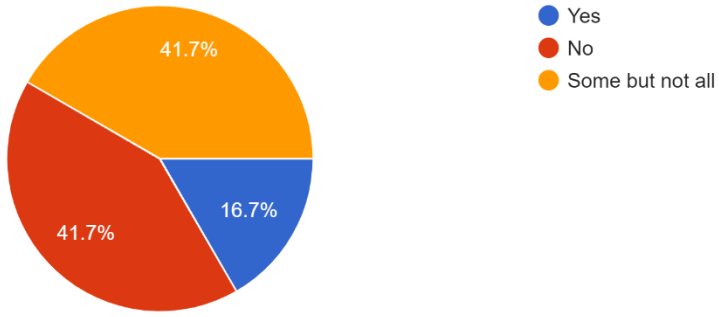
Has the Covid-19 pandemic forced you to reduce the size of your staff?

18 responses



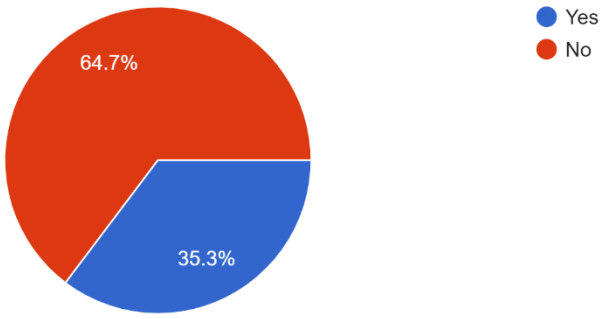
If you were forced to reduce the size of your staff, have you been able to rehire them since?

12 responses



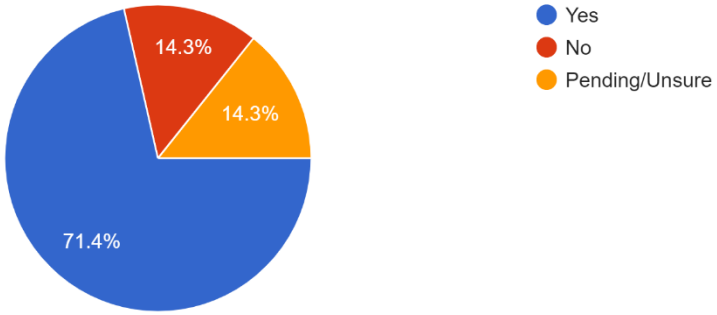
Did your organization apply for the Paycheck Protection Program (PPP)?

17 responses



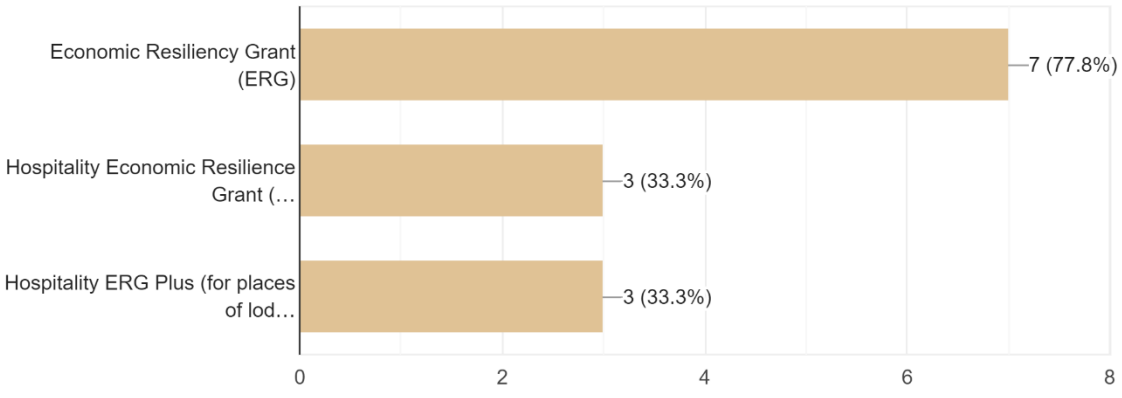
If you answered yes to the previous question, was your application approved?

7 responses



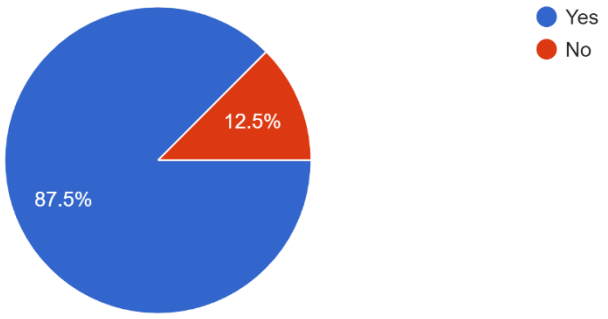
Did your organization apply for any of the following ND Department of Commerce grants?

9 responses



Were your ND Department of Commerce grants approved?

8 responses



What has been the biggest challenge to your organization throughout the Covid-19 pandemic?

- Funding. We have had to eliminate our paid marketing efforts and rely on our internal, organic efforts along with the ND Tourism Division's marketing to attract visitors to ND.
- The cancellation of all our events.
- Closing of the Canadian Border, major event cancellations which caused reduction in lodging. Cutbacks on corporate travel, impacts from the oil industry. We have been fortunate in that we were able to secure government/military groups participating with the MAFB and FEMA. We have also had to reduce some of our amenities which impacts the guest's stay.
- Maintaining a safe environment for customers and employees.
- Event cancellations, economic impact, and budget impacts.
- Simply the lack of financial support for hotels. We were denied for all of the first round of grants and while the second round was helpful with a loss of millions it was not enough as much support as needed especially as we go into the difficult winter season.
- Everchanging COVID restrictions/mandates.
- Finding ways to help our stakeholder industries: hotels, attractions, bars & restaurants.
- Visitors. When the border closed, we lost 40 percent of our annual visitors that come from Canada. In total, our revenue was 28 percent of 2019's revenue in gate fees and camping fees. We did not open a cafe because of COVID-19. Our gift shop also suffered.
- Our only income is the occupancy tax. Lack of travelers to our city has dropped our income. Trying to maintain our marketing presence has been a challenge.
- The reduction in funding has negatively impacted what we've been able to do to support the hospitality businesses in our community.
- In-person meetings
- The uncertainty of it all. Which is the trouble for all business and government.
- Like all agencies, the constant shifting from one scenario to another in an effort to reinvent during a time of uncertainty.
- Cancellations of events — please let people get back to what they want.

Do you have any additional feedback you would like to provide regarding the impacts of the pandemic on your organization?

- More than ever we need additional funding for ND Tourism Division. The interest to travel is documented with the ND Tourism web analytics up 52% in 2020. The surrounding states fund their State Tourism entities almost double of our ND Tourism Division, we need to be able to compete for the attention of those travelers who will put money into our local businesses, attractions and tax revenue.
- Tourism is such an important part of our city and state and I believe we should continue to do whatever we can to keep tourism strong and to promote this wonderful state.
- We estimate that our community has already lost $14.9 million in direct visitors expenditures just from the loss of multi-day meetings, conventions, sports and events. This number isn't done growing. 1st quarter is still showing very bleak indicators and we anticipate 2nd quarter being down significantly, too.
- The airline industry is suffering significant financial impacts which is impacting airports around the country.
- Now, more than ever, ND needs to invest in promoting the state. Things will begin to open around the country and world by mid-summer into fall, and there will be pent up demand for travel. ND Tourism needs to have the funds necessary to take advantage and let people know that this is a great place to visit.
- We are grateful for all of the relief funding we've received. Unfortunately, we need more support to continue recovering from all the lost revenue at the gate, campground, cafe, gift shop, canceled weddings and other rental events. The Peace Garden is a staple of the Peace Garden State. We are in an exciting phase of capital growth and hope to maintain our operating funds to help us recover from the tough year.

LA QUINTA
INNS & SUITES

January 19, 2021

To: Senate Appropriations Committee
Re: SB 2018 – ND Tourism Division Support

Dear Chairman Holmberg and members of the Senate Appropriations Committee:

My name is Darren Bleth, and I am the General Manager of the La Quinta Inn & Suites in Dickinson. I am writing this letter, to implore you to increase the ND Tourism Division's budget.

I have served in the hotel industry in Dickinson, for the past 20+ years. During that time, our state and Southwestern North Dakota especially have seen its share of economic ups and downs. In the past decade, we have endured the oil and energy best of times as well as its worst of times. This past year has presented our industry, our state, our nation, and our world with unprecedented adversity. The likes of which, we could have never imagined.

As we navigated through the period of such uncertainty, beginning in March 2020, we were left only to question when or if tourism would again return. And, if so, to what degree? Given the pandemic's implications, travel from abroad was out of the equation. What then could be expected from domestic travel?

As 2020Q2 neared its close, our region began to see the domestic traveler. Unable to utilize airline travel as originally planned, given the pandemic, these individuals instead took to the interstates and highways to engage in outdoor vacation plans. And, as a result, the national parks provided one of the few "open" venues for responsible, safe socializing and gathering. This represents just an example of the impact of the ND Tourism Division's impact on our state. Without their efforts in bringing awareness and exposure for our state, and all its attractions and destinations, our industry...our region will become stagnant. The impact and inroads realized by their efforts necessitate a long-term, increased budgetary commitment.

I challenge you to think of the ND Tourism Division as, in essence, our state's dedicated Sales force. Historically, our state legislature has funded our state's Sales force approximately $1 for every $4-$5 afforded the neighboring states in our region. This is not competitive. Not close. This is a travesty and a disservice. To our industry, to our region, and to our state.

LA QUINTA
INNS & SUITES

I implore each of you to help the ND Tourism Division, our state's dedicated Sales force, sell our wonderful state to the rest of the nation...and rest of the world...better than ever before. Please support increasing ND Tourism Division funding to $9 million per year/$18 million for the biennium.

Sincerely,

Darren Bleth
General Manager
La Quinta Inn & Suites
Dickinson, ND

FLUFFY FIELDS
VINEYARD & WINERY

January 25th, 2021

To: Senate Appropriations Committee
Re: SB 2018 - ND Tourism Division Support

Dear Chairman Holmberg and members of the Senate Appropriations Committee:

My name is Deb Kinzel and I am the owner of Fluffy Flelds Vineyard and Winery in Dickinson, ND. Fluffy Fields VIneyard started in 2010 by converting an acre and a half of farmland into grape vineyards and orchards. In 2016 Fluffy Fields opened the doors to Southwest North Dakota's first year round full service Winery, offering wines made on location, a full daily menu, as well as event services for parties, weddings, and special events.

Being located in Southwest North Dakota, Fluffy Fields Winery relies largely on tourism. Word of mouth only travels so far, tourism marketing is the best way for our business to attract new patrons to our establishment.

Tourism brings millions of visitors to North Dakota every year, which turns into billions of dollars in visitor spending every year as well as tens of thousands of jobs related to tourism.

Please support increasing ND Tourism Division funding to $9 million per year/$18 million for the biennium.

Sincerely,

Deb Kinzel
Fluffy Fields Vineyard and Winery

KEVIN & DEB KINZEL PROPRIETORS
701.483.2242 | 2708 21st Street East | Dickinson, ND 58601 | www.fluffyfields.com

AmericInn
BY WYNDHAM

January 20, 2021

To: Senate Appropriations Committee
Re: SB 2018 – ND Tourism Division Support

Dear Chairman Holmberg & Members of the Senate Appropriations Committee:

My name is Jim Bridger and I am the owner of AmericInn Hotels of Medora & Dickinson, ND as well as the Historic Little Missouri Saloon. As you are aware the pandemic has left the tourism industry in shambles and many cities have seen the lowest tourism rates in history. Destination cities have been left with little or no tourism funding so they are relying on the State Tourism Division to supplement their tourism efforts in the months or even years ahead.

In addition to a vested personal interest in tourism, I am an active member of the Board of Directors for the Dickinson and Medora Convention & Visitors Bureaus which coordinate tourism efforts for their communities. In both of my CVB roles I have been involved with painstaking decisions involving budget cuts due to large decreases in our local tourism. Prior to the Covid-19 outbreak 2020 was set to be a record tourism year for our state, however it did not turn out that way. If anything positive can be taken from the pandemic it is that there is a renewed interest in outdoor activities like hunting and visiting state and National Parks. North Dakota is poised to be a national leader in tourism and the natural wonders within our state complement current tourism trends. I am writing today to offer wholehearted support of increasing ND Tourism Division funding from 9 million per year to 18 million for the biennium to attract additional tourists, groups & meetings and to offer extended marketing support to our communities that rely so heavily on tourism.

While I am aware that you are regularly faced with grueling decisions regarding cutting and adding to state budgets, I feel that the tourism budget is one that continues to repay the state and its cities through incremental revenue generated by tourism activities. I am excited to learn of your decision to increase the Tourism Division funding in the weeks to come. Thank you for your time and for already doing so much to help resuscitate our communities since the inception of the pandemic. I would be glad to answer any questions you or your committee may have regarding tourism in our communities.

Sincerely,

Jim Bridger- President
AmericInn Medora & Dickinson
Historic Little Missouri Saloon

2275

Dickinson Museum Center

Lose Track of Time

701-456-6225
188 Museum Drive East
Dickinson, ND 58601
www.dickinsonmuseumcenter.com

January 20, 2021

To: Senate appropriation Committee
Re: SB 2018 – ND Tourism Division Support

Dear Chairman Holmberg and members of the Senate appropriations Committee:

My name is Robert Fuhrman and I am the Director of the Dickinson Museum Center located in Dickinson, ND. The Dickinson Museum Center's operation includes the Joachim Regional Museum and Prairie Outpost Park, both of which focus on the history of Southwestern North Dakota, and the Badlands Dinosaur Museum which presents an evolving exhibit program of fossils and minerals, a public preparation laboratory and a vibrant research and fieldwork program.

As the gateway to North Dakota's Western Edge, Dickinson is fortunate to have attractions such as ours and, just down the road, the forthcoming Theodore Roosevelt Presidential Library, to be located near one of state's great treasures, the Theodore Roosevelt National Park. Being located on Interstate 94 is of incalculable value to destinations such as these and we know from talking to our summer visitors that towns and cities all along the I-94 corridor benefit from the numerous tourists who travel throughout our great state.

We also know from our visitors how crucial it is that materials promoting North Dakota's tourist attractions get into their hands or, ever increasingly, on their screens to entice them to visit our state's unique destinations. While we are grateful for every visitor who visits North Dakota, those of us in tourism related industries and professions know that our neighbors – South Dakota, Montana and Minnesota – all regularly out-spend North Dakota on tourism promotion and all rank higher annually in terms of visitors.

The next two years present a unique opportunity to test North Dakota's ability to compete with our neighbors *if* the North Dakota Tourism Division's budget can be put on par with the tourism support in those states. As a country, we have turned a major corner in handling the Covid-19 pandemic and *we will* see visitors returning as people are excited to once again plan their vacations. Now is the time to consider an increase in tourism funding to ensure North Dakota's appeal to those potential visitors stands out from that of our neighbors.

Please support SB 2018 – ND Tourism Division's budget at $18 million for the biennium.

Sincerely,

Robert Fuhrman

Robert Fuhrman
Director, Dickinson Museum Center

2276

DICKINSON
THE WESTERN EDGE
CONVENTION & VISITORS BUREAU

72 EAST MUSEUM DRIVE
DICKINSON, NORTH DAKOTA 58601
701.483.4988 | 800.279.7391
F: 701.483.9261
E: INFO@VISITDICKINSON.COM
www.visitdickinson.com

January 25, 2021

To: Senate Appropriations Committee

Re: SB 2018 – ND Tourism Division Budget

Dear Chairman Holmberg and Committee Members,

I am Terri Thiel, Executive Director of the Dickinson Convention & Visitors Bureau.

The ND Tourism Division has been, and always will be, the marketing agent for our state's image. That ability to draw travelers to North Dakota has never been more important than now. COVID has changed our industry. The visitor industry has been turned upside down.

Our Roughrider Days Fair & Expo was cancelled, along with most of other festival events. Convention and meetings were cancelled. Sporting events may have continued, but without the people in the stands.

As a result of the lower lodging tax revenue, our CVB re-budgeted, stripped our marketing plans, and basically kept the lights on while staff worked to re-invent themselves to help our community with information related to COVID hospitality updates, grant information, what businesses were open, hours of operation, delivery options and such. We may finally be able to receive a few dollars in the second round of PPP, (we did not qualify earlier), but the amount will be minimal.

We need ND Tourism to be able to show the brand image of the state to increase awareness of ND and influence a trip to the badlands, to the safe open places in ND. Our office has always been a regional partner for the surrounding attractions, events, and small businesses, and with our paid marketing reduced, it is even more important to support the ND Tourism Division budget.

In 2020 there was a **52% increase** in ND Tourism website traffic. There is pent up demand for travel, and not to the turmoiled cities - but to our wide, open, safe places in ND.

The ND Tourism Division needs to be competitive with our neighboring State Tourism offices to reach these travel audiences, *they are so far below them.*

Please support SB 2018 ND Tourism Division budget at $18 million/biennium.

Sincerely,

Terri Thiel
Executive Director

Explore the WESTERN EDGE

DMAND
DESTINATION MARKETING ASSOCIATION
OF NORTH DAKOTA

Honorable Ray Holmberg
State Senator
600 E Boulevard Ave
Bismarck, ND 58505

Senate Appropriations Committee:

The hospitality industry has been devastated in 2020. Businesses from local boutiques to hotels to restaurants to visitor attractions had to shift, plan and rethink everything they knew about their work. In a year that we never could have imagined, there are stories of hardship and pain, but as a place, North Dakotans are never really down and out. It's part of our DNA as settlers that we look for optimism and point to a future with hope and gratitude. These are the stories of three Jamestown businesses:

On March 17, the Gladstone Inn in Jamestown closed its doors. The property has remained closed over these past 10 months. The Gladstone Inn has served the community of Jamestown for over 100 years. Plans are being made to resume operations mid-May. Confident to weather this uncertain time and come out stronger, they've invested dollars using the HERG grants and can now provide contactless check ins.

Sabirs Buffalo Grill, a local watering hole in the downtown district and the place everyone takes their out-of-town guests to, saw a 24% decrease in revenues including eight weeks when COVID or government restrictions closed their doors. The Payroll Protection Plan and the HERG helped with their operational overhead, and the ERG grant allowed Sabirs Buffalo Grill to implement a new touchless payment system and outdoor seating.

The National Buffalo Museum paid admissions were down 51% in 2020. The American Alliance of Museums surveyed institutions across the nation. As of a November 2020 report, 30% of museums remained closed, and for those who had reopened, their admissions have seen on average a reduction of 65%.

What do the hospitality businesses throughout North Dakota need? They need people. Much like the common themes of the public, these businesses strive to get back to normal. Businesses that support and benefit the hospitality industry need people. This can be accomplished by supporting the marketing budget for ND Tourism. These dollars will do two things:

1. Tell visitors North Dakota and its wide open spaces are open for business.
2. Broadcast North Dakota's investment in infrastructure that will make their visit safe and comforting.

Data shows a pent-up demand for travel. We know that there is a growing, and yet uncertain confidence for travel. North Dakota Tourism is well position to create an invitation to the state that addresses these concerns. If ever there was a time for North Dakota to act, it is now.

Please support the ND Tourism marketing budget – SB 2018. The dollars that can be invested in the coming biennium will bring the much-needed visitors that businesses throughout the state need now.

Sincerely,

Searle Swedlund
President of DMAND
Executive Director, Jamestown Tourism

January 23, 2021

RE: SB2018 Testimony by Amy A. Whitney, Director, UND Center for Innovation

Chairman Holmberg and committee members,

For the record, my name is Dr. Amy Whitney, and I am the Director of the University of North Dakota (UND) Center for Innovation. Thank you for the opportunity to submit testimony regarding SB 2018: An act to provide an appropriation for defraying the expenses of the Department of Commerce.

As the Director of the UND Center for Innovation, I have the privilege of leading an entrepreneur center dedicated to helping North Dakotans as well as students and faculty at the University of North Dakota to commercialize their ideas, whether based on research or invention. Entrepreneurial business coaching and training is the heart and soul of what we do every day. After almost three years as Director of the UND Center for Innovation, I can say with confidence that our work as a business incubator is stronger when we partner with organizations such as the Department of Commerce. Programs under their purview such as InnovateND, the LIFT fund, BioND, and more, are essential components of a holistic suite of resources to help entrepreneurs access funding and technical support during the critical early stages of the creation, development and growth of a business.

The current version of SB 2018 provides $948,467 of funding for entrepreneur grants and vouchers, otherwise known as InnovateND. My submitted testimony today focuses primarily on this program in an effort to provide you with a glimpse into the value of this program for North Dakota. Maintaining InnovateND program means sustaining a grant and voucher funding program for entrepreneurs as well as essential grants to the entrepreneurial center who provide coaching and technical assistance to those entrepreneurs. The UND Center for Innovation is one of four providing this support. Each Center has dedicated staff with the knowledge and experience necessary to coach, mentor and guide the entrepreneurs. We are uniquely positioned to support entrepreneurs and we have a strong, collaborative partnership with Commerce in support of InnovateND.

InnovateND uses a phased grant and voucher funding process that includes measurable benchmarks, provides coaching critical to determining the feasibility and viability of an

entrepreneur's business idea, and a match requirement. Each recognized entrepreneur center receives a grant from Commerce to provide the coaching and support. The Commerce grants to for each Center is critical to our ability to off-set employment costs for these hands-on services and to leverage federal funding to expand our work. For example, at the UND Center for Innovation, we presently use the funding to support staff time and as a local match for our federal EDA University Center for Autonomous Systems grant.

As the State of North Dakota continues to respond to the COVID pandemic, supporting entrepreneurial activity is more critical than ever. Entrepreneurial activity helps North Dakota grow out of this challenging time in new and innovative ways. InnovateND provides non-dilutive funding at the earliest-stage of a business. The coaching we provide helps de-risk the idea, ensure market fit and requires customer discovery. Here are a few testimonials from InnovateND clients in our office from the last biennium.

> "Innovate ND changed my business. The funding allowed me to properly market my business in a way that matched my product line. I hired all North Dakota female talent to support the relaunch of my brand, building the bridge back to North Dakota. It is a great program to support entrepreneurs." – *Janelle Wald, Owner AthenaStirs LLC*

> "Two years ago I had little capital, a small network, and not much direction until I discovered InnovateND. Since then, InnovateND has helped me accomplish my goals faster than imaginable." *Brock Admundson, Owner & Founder, Clean Coil*

In addition to these testimonials, I am including a letter at the end of this testimony from Brian LaPlante, owner of Back When Foods, also a current InnovateND client.

I strongly encourage this body to support the Commerce appropriation bill, maintain funding for the entrepreneurship grants, and retain funding for the innovation center appropriation. Doing so means Commerce and the State of North Dakota continues to provide a strong ecosystem of support for business growth and development. It is a privilege to work with the creative, innovative, hardworking and passionate entrepreneurs in this state. The Department of Commerce and the entrepreneurial programs it manages such as InnovateND, and others are critical to entrepreneurial success entrepreneurs. This funding further enables business incubators like our to provide high-quality technical assistance and leverage additional federal funding.

Thank you for your time and review of this testimony today.

1-20-2021

Brian LaPlante

Back When Foods, Inc.

218-280-0945

Honorable Members of the North Dakota Legislature,

Economic Development is key to the continued growth of North Dakota. Central to the goal of Economic Development is the Innovate ND program. I for one, can speak to the unique nature of the Innovate ND entity located in Grand Forks, ND. Obviously, financial assistance is extremely beneficial to entrepreneurs as we navigate the path toward business launch, but equally important is the role that Innovate ND plays in facilitating introductions to other businesses or potential partners. Innovate ND becomes an important portal or conduit for ideas to meet potential partnerships.

The Grand Forks team has gone out of their way to facilitate the creation of a commercial kitchen partnership with UND. Food entrepreneurs will now have an important "stepping stone" as they move toward the reality of their own food business. I strongly encourage the legislature's continued financial support of Innovate ND.

Most Sincerely,

Brian LaPlante

Back When Foods, Inc.

GRAND FORKS COUNTY
HEART OF THE RED RIVER VALLEY

Board of Commissioners

Diane K. Knauf, Grand Forks, ND
David Engen, Northwood, ND
Cynthia Pic, Niagara, ND
Tom Falck, Grand Forks, ND
Bob Rost, Grand Forks, ND

Commissioner Tom Falck
Grand Forks County
PO Box 5726
Grand Forks, ND 58206-5726

RE: SENATE BILL 2018 – A BILL FOR AN ACT TO PROVIDE AN APPROPRIATION FOR DEFRAYING THE EXPENSES OF THE DEPARTMENT OF COMMERCE; AND TO PROVIDE TRANSFER

Dear Chairman Holmberg and members of the Senate Appropriations Committee,

My name is Tom Falck, and I am a member of the Grand Forks County Board of Commissioners; I also oversee the Grand Sky Portfolio. I am writing you today in support of SB2018, specifically the Enhanced Use Lease grant line item.

On February 6, 2015, Grand Forks County executed a historic, 50-year Enhanced Use Lease with the United States Air Force, creating the nation's first commercial testing and training center devoted to the support and development of the Unmanned Aircraft Systems industry. Grand Sky has since put North Dakota on the map in the UAS sector. Grand Sky has become the model EUL for other industry to follow. The USAF cites Grand Sky as its most successful, and innovative EUL.

Without the State's investments, Grand Sky would not exist. Thanks to the State's investments, necessary infrastructure has been made available to host the two leading UAS companies in Northrop Grumman Corporation and General Atomics.

Continued investments into Grand Sky provides hundreds of jobs in North Dakota – 175 jobs at Grand Sky alone. It also means investments into North Dakota from the private sector, such as private facilities, jobs, internships, and capital assets.

Investments into Grand Sky have strengthened the Grand Forks regions, and the State's partnership with Grand Forks Air Force Base. Grand Forks County is leading the way in Public-Public-Private Partnerships that positively impact both the County and the Air Force.

Finally, investments into Grand Sky offer economic benefits to North Dakota but also create valuable protection if the base were to experience another round of base realignments and closures.

GRAND FORKS COUNTY
HEART OF THE RED RIVER VALLEY

Board of Commissioners

Diane K. Knauf Grand Forks, ND
David Engen Northwood, ND
Cynthia Pic Niagara, ND
Tom Falck Grand Forks, ND
Bob Rost Grand Forks, ND

To date, the State has generously invested $21 million into Grand Sky. These investments have been met with $70 million in private investments into Grand Forks County and North Dakota. This is a 3.3:1 return on investment for North Dakota.

North Dakota is the nation's leader in UAS; however, other states are quickly trying to replicate the Grand Sky model, and overtake North Dakota's position as the nation's UAS leader. It is crucial to our state's economy that the Legislature continue to invest in Grand Sky so that the State's economy diversifies and grows, securing North Dakota as the nation's UAS leader.

Sincerely,

Tom Falck
Commissioner
Grand Forks County

January 22, 2021

Senator Ray Holmberg and members of the Senate Appropriations Committee.

Mr. Chairman, my name is Dave Achtenberg and I am employed by Regency Hotel Management. We manage two properties in Bismarck, the Ramkota & Radisson Hotels as well as a property in Fargo. With 35 years in the hospitality business we have never experienced the challenges we have faced in the past ten months. In March when the Pandemic began we furloughed roughly 95% of our workforce company wide and have been slowly ramping back up as demand increases. Hotel occupancy in the Bismarck market has declined from 60.9% in 2019 to 42%in 2020. Total lodging revenue has declined from $67,182,623.00 in 2019 to $41,297,867.00 in 2020 in the Bismarck market. Almost all meeting and convention business in 2020 was cancelled and the first half of 2021will be more of the same. The leisure market has begun a small rebound. Industry experts are predicting the rebound in groups and conventions may take 2 to 3 years.

We feel that there has never been a bigger need for increased tourism dollars and fully support the increases in the Governor's proposed budget for the Tourism Division. As lodging revenue has declined we have also seen a sharp decline in lodging tax revenues that fund many of our local Convention and Visitor Bureaus. The competition to attract and retain groups will be intense as many of our neighboring states already out spend us by large margins in Tourism Marketing. Our neighbors to the south doubled down early in the pandemic and enjoyed a fairly good tourist season. I believe the additional funding will benefit our state and local economies and help put people back to work.

Thank you for your time and I would be available to answer any questions you may have.

Sincerely,

Dave Achtenberg.

VC Convention & Visitors Bureau
Rosebud Visitor Center
250 Main St. W
Valley City, ND 58072
701-845-1891

January 20, 2021

Senate Appropriations Committee
Honorable Senator Ray Holmberg, Chairman
600 East Boulevard Avenue
Bismarck, ND 58505

Dear Chairman Holmberg and Committee Members,

We are asking for your support of SB 2018 to enhance tourism in North Dakota.

Tourism generates dollars- it is the third largest industry in the state and provides revenues statewide. Marketing North Dakota not only encourages visitors to look at our state, Economic Developers use these promotional materials to lure additional businesses to our state. We know through research that States that tourists like to visit also are States that businesses want to locate.

We need dollars to market North Dakota! We have found in Valley City that if we can get visitors to the region they spend a lot of money. These are new dollars added to our economy that our specialty shops in Valley City need to survive. Our CVB has a limited budget ($85,000) and need the help of State Tourism to reach a wide audience. Tourism has responded with cooperative marketing programs that make it possible for us to advertise in national magazines like Midwest Living. We would love to do more cooperative marketing- please give Tourism the ability to help small towns advertise by expanding their marketing program.

Invest in North Dakota's future. Please support SB 2018. Thank you.

Mary Lee Nielson, Marketing Coordinator
Valley City Convention & Visitors Bureau

NORTH DAKOTA housing FINANCE AGENCY

David A. Flohr Executive Director

INDUSTRIAL COMMISSION
Doug Burgum Governor
Wayne Stenehjem Attorney General
Doug Goehring Agriculture Commissioner

Written Testimony Submission- SB 2018

David A. Flohr, North Dakota Housing Finance Agency, Executive Director, Bismarck ND.

Registering to support the ND Department of Commerce in testimony related to the transfer of the HOME program to North Dakota Housing Finance Agency. Available to answer questions on this topic.

2624 Vermont Avenue • PO Box 1535 • Bismarck, North Dakota 58502-1535
Ph: 701/328-8080 • Fax: 701/328-8090 • Toll Free: 800/292-8621 • 800/366-6888 (TTY)
www.ndhfa.org
hfainfo@nd.gov

CTB
2720 E Broadway Ave • Bismarck ND 58501
701.223.0707 • www.ctbnd.com

Good morning Mr. Chairman and members of the committee, my name is Christy Dodd. I am the Executive Director of CTB, formerly Center for Technology & Business. CTB is a 501(c)(3) nonprofit organization that houses the North Dakota Women's Business Center (NDWBC) with locations in Bismarck and Fargo providing service statewide.

The NDWBC was formed in 1999 and is a shared partnership between Small Business Administration's Office of Women's Business Ownership and the State of North Dakota through the ND Department of Commerce and CTB. The federal dollars mandate a 1:1 cash match and state dollars are leveraged 3.73 times to help meet that requirement and fulfill duties under the ND Women's Business Development Office (century code section: 54-60-15) along with the guidelines in the federal notice of award from SBA.

We ask for the State's continued support so that we can continue to secure the federal dollars awarded and fulfill the duties outlined to support and serve entrepreneurs in North Dakota.

The NDWBC provides one-on-one business advising and technical training to entrepreneurs to start, grow, and expand their businesses, provide in-depth business training opportunities and events with a focus of reaching underserved women, programming that develops skillsets and confidence for women to step into private, public and/or elected leadership roles, and acts as the certifying entity for Woman-Owned Business Certification programs.

Over the past 20 years, the NDWBC has trained almost 45,000 North Dakotans to date which includes outreach to many rural and tribal communities. We have built a large partner and client network across the state which fosters open communication and collaboration with local community leaders, resource partners, and other stakeholders when developing programming to minimize duplication of services.

We manage and facilitate several key programs and services that are outlined in the handouts provided. I would like to highlight a few:

1-on-1 Business Advising Services:
The NDWBC offers services and resources designed to help individuals in every phase of the business development and growth process. The one-on-one business advising, and technical training services are free and confidential, with an emphasis on resources specific to women entrepreneurs.

For the current biennium, our team provided one-on-one business advising to 423 individuals with new and existing businesses. That number is expected to grow past 500 by the end of this biennium. Of those clients, 39 officially registered a new business creating 48 new jobs so far.

Here are two examples of entrepreneurs who have received out services:

Kelani Welstad, owner of Turbo Septic of Upham, received business advising services through our Bismarck location this past Spring. Just after our meeting, Kelani was able to gain access to capital to grow her operation. She also applied for and was granted Certified Woman-Owned business status at the state and federal levels.

Dan Coleman (Yes, we help men, too!), a Fargo-area business advisee and one-time felon was able to launch his lawn care business after completing entrepreneurship training provided by the Fargo team. Dan was able to access the capital he needed, even with no credit, thanks to the preparedness and coaching of our staff.

Balancing Goat Coffee Co. opened in Mandan in January 2020. They offer specialty coffee and food items along with a wellness studio. They employ 17 part-time employees. The NDWBC assisted them over a 3-year period in overall operations, financial planning, and marketing. The client worked with the NDWBC through one-on-one business advising for technical advice and attended several events the NDWBC hosted.

Michaela, business advising client and a 2019 graduate of the NDWBC's Women's Leadership Program (WLP), was set to host her first-ever Limitless conference in Davenport. The event's purpose was to offer guidance and training for North Dakota's solopreneurs. Unfortunately, COVID-19 forced her to postpone but we consider this a success story because Michaela credits WLP and NDWBC staff for equipping her with the skills and courage necessary to take the leap.

The demand for individual business advising services for entrepreneurs, especially women, remains steady statewide.

Our Business and Technical Trainings

One of our focus areas is to develop and implement training across urban and rural ND based on community need and demand. The NDWBC provides current, relevant training opportunities to entrepreneurs, small business owners, and business professionals across the state.

Rural and tribal communities can often be underserved in their access to advanced technical and business education trainings. We work with local community partners such as economic developers and other stakeholders to bring relevant, in-demand, and non-duplicative training opportunities to these communities. In addition to rural communities, the NDWBC partners with the North Dakota Veterans Business Outreach Center (ND VBOC) and SBA to deliver services to military personnel and their family members at the Minot and Grand Forks Air Force Bases and other locations, as necessary.

CTB
2720 E Broadway Ave • Bismarck ND 58501
701.223.0707 • www.ctbnd.com

NDWBC provides entrepreneurial training designed specifically for the residents at the Dakota Women's Correctional and Rehabilitation Center (DWCRC) located in New England. The training aims to equip women for a successful transition back into their communities and help them establish core business basics that include business planning, marketing their ideas, operations and gaining confidence to succeed.

The final training program I would like to highlight is a partnership the NDWBC has developed with Growing Small Towns in Oakes. Beginning in the summer of 2021 we will be implementing office hours onsite to assist the seven-county region with business advising, leadership development, and other training opportunities.

Certification of Women-Owned Businesses
The NDWBC is the only entity authorized but the ND Department of Commerce to examine applications and qualify businesses for status as a Certified Woman-Owned Business (WOB) in the state. NDWBC is also the only entity in the state approved as site visitors for any of the third-party certifiers of the Woman-Owned Small Business federal certification program.

NDWBC provides ongoing assistance to 39 active certified ND WOBs. They represent industries including retail, construction, service, HVAC design, oilfield safety and manufacturing. They average 19 years in business, 18 employees, and their average net profit totals more than $3.3 Million per year.

Certification and ongoing assistance prepare these businesses for better securing state, federal and/or private contracts from businesses looking to increase diversity in their supply chain.

National certification provides the opportunity for ND businesses to seek federal contracts with set-asides for women-owned businesses. The U.S. government does not meet its goal of awarding 5% of federal contracts to women-owned businesses. If this annual goal was met, women-owned businesses would have access to marketplace opportunities worth at least $4 billion each year.

As a recap, NDWBC proudly serves North Dakota entrepreneurs through various programs that positively impact the state's economy. I want to thank you and the State of ND for the continued support and urge you to approve the financial commitment that allows us to secure these federal dollars to continue to serve and support entrepreneurs throughout North Dakota.

Thank you for your time and careful consideration.

idea CENTER

North Dakota Women's Business Center
NDWBC
A partner for Women In Business

2720 East Broadway Ave.
Bismarck ND 58501
701.223.0707
www.ctbnd.com

Clients Served

Total Since 1999	'19-21 Biennium
44,824	21,835

83%	16%
Women	Men

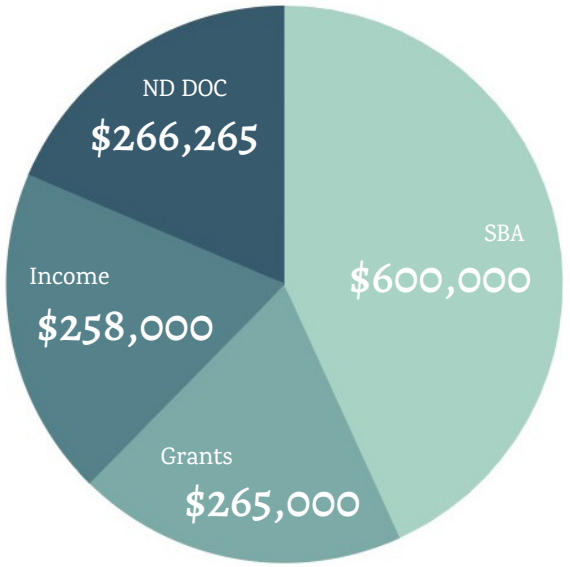
423	8.4%
Business Counseling	Veterans/Spouses Trained
38	2,467
Business Start Ups	Leaders Trained
6	32
Businesses Incubated	Women Honored

+10% Women's Leadership PROGRAM

start a business within two years of graduation

+79%	+80%	+174%
Followers on Social Media	Clients Served	Website Traffic

'19-21 Biennium Budget



Each state dollar is leveraged by

3.74 times

'21-23 Funding Request

*$266,265

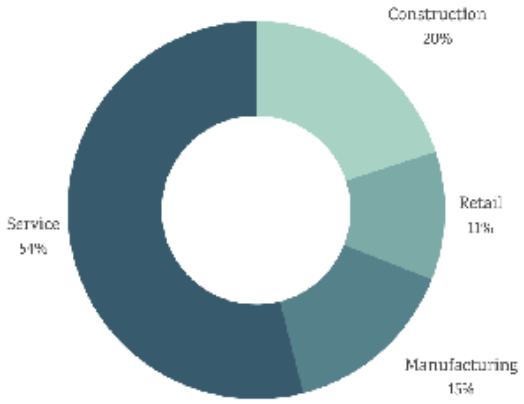
*$266,265 in funding from ND Department of Commerce unlocks 1:1 Federal Grant Match

Programming Impact at a Glance

NORTH DAKOTA INNOVATE at the Idea Center

Clients Served	58
Current Clients	30
Businesses Starts	16
Jobs Created	42 FTE
Total Revenue	$9 Million

WOMAN-OWNED Certified Business

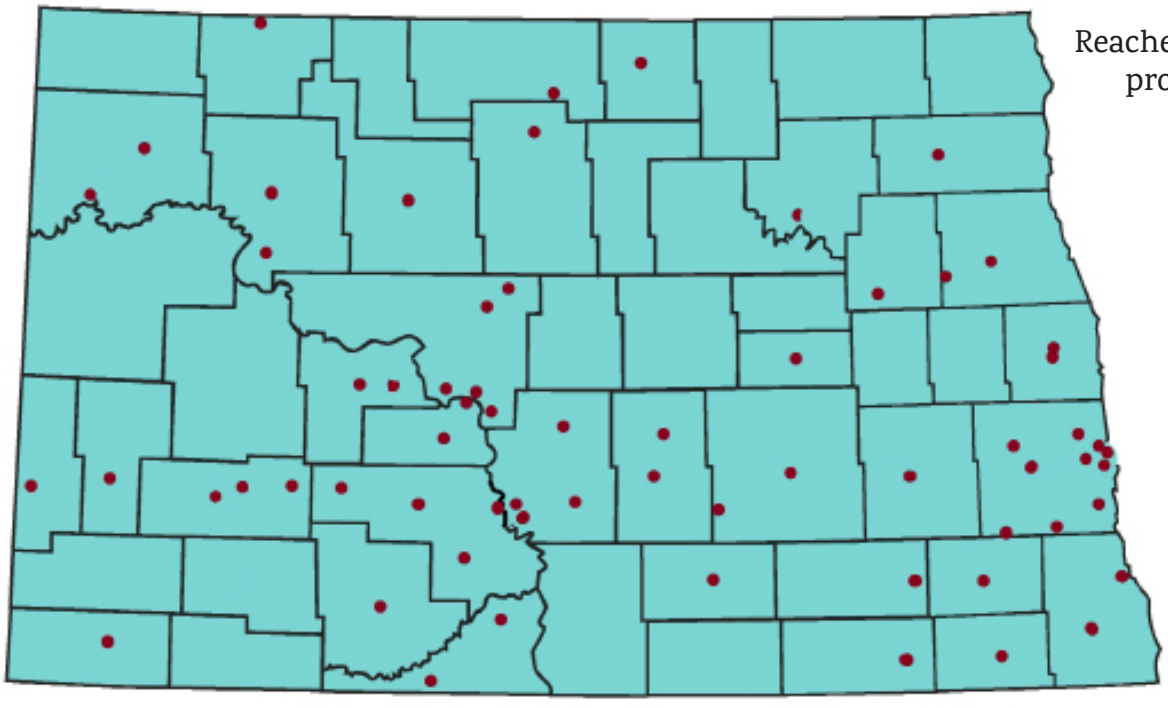


45 Businesses Certified

AVERAGE

- 19 Years in Business
- 18 Full-time Employees
- $3,363,746 Gross Profits

Our '19-21 Outreach



21,835

Reached through our programming

About Host:

CTB formed in 1999, is a 501(c)(3) that hosts the North Dakota Women's Business Center (NDWBC) grant program. NDWBC is a shared partnership between Small Business Administration and the State of North Dakota (ND); through the ND Department of Commerce and fulfills the duties of the North Dakota Women's Business Development Office (Century Code section: 54-60-15).

In addition to the NDWBC, CTB houses the IDEA Center, a program that focuses on inspiring innovation, creating a vibrant entrepreneurial ecosystem, and supporting entrepreneurs through the Innovate ND program. Having both programs under one 501(c)(3) allow CTB to redirect operating dollars from both programs and put those dollars toward delivering client services and streamline offerings for entrepreneurs across the state of North Dakota.

CTB collaborates with other resource partners to serve urban and rural communities across the state by providing non-duplicative and impactful trainings for small business owners and their teams to increase revenue, develop skillsets, and adapt their processes to meet the workforce challenges by embracing remote workers and technology.

In 2016, NDWBC was selected as the Women's Business Center of Excellence winner from the Small Business Administration for providing innovative and in-demand training opportunities. NDWBC was chosen 1/105 centers in the United States. This national recognition for exceeding its goals for more than three years in a row was essential to NDWBC receiving a second federal grant from the Small Business Administration in 2018, which expanded NDWBC programming to two offices in ND. The additional federal award is a 4.5-year grant, totaling $675,000.00 federal dollars, that mandates a 1:1 non-federal match.

North Dakota Women's Business Center
NDWBC
A partner for Women In Business

How NDWBC is Funded:

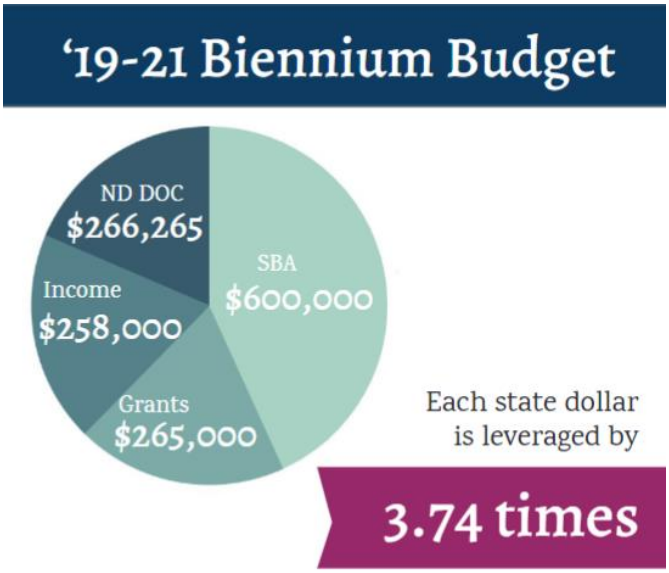
Timeline of events leading to the initial development of the NDWBC:

- October 25, 1988, the U.S. Congress passed, and President Ronald Reagan signed into law, HR 5050-The Women's Business Ownership Act;
- The U.S. Small Business Administration created the Office of Women's Business Ownership office which administers the Women's Business Center grant;
- North Dakota established a Women's Business Center/Development Office in 1999 and state dollars were committed and leveraged to fulfill the requirement of the 1:1 cash match and to utilize the federal funding for North Dakota entrepreneurs.

CTB has a staff of 11 FTEs. Eight FTEs are focused on NDWBC programming, serving the entire state of North Dakota. CTB's annual operating budget for NDWBC is approximately $680,000.00 per year, which totals to $1,360,000.00 for the biennium. Roughly, 84% of the annual budget goes directly into delivering services to clients. The remaining 18% of the annual budget covers operations and grant management expenses.

CTB has multiple sources of funding to support its mission and programming duties. CTB leverages federal and state dollars to receive grants from the Bush Foundation, Otto Bremer Foundation, and private partnership commitments. These grants are specific to support the programming needs for NDWBC across the state. Program income is generated through training opportunities and programming throughout the year for program sustainability.

In addition, thousands of dollars via in-kind contributions from resource partners across the state help NDWBC to carry out its programs. In-kind contributions range from donated training space in rural communities to training facilitation by expert volunteers.



NDWBC's Mission:
To enhance ND's economic future by providing one-on-one business technical assistance to women entrepreneurs to start and grow businesses, provide in-depth business training opportunities with a focus on reaching underserved women, and programming that develops skillsets for women to step into private and/or public leadership roles across North Dakota.

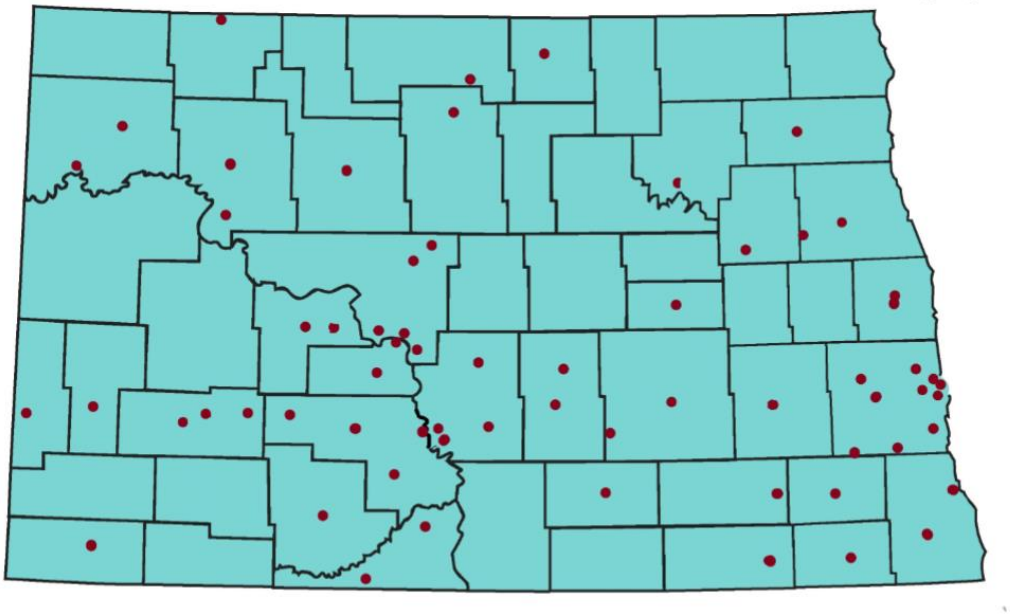
NDWBC collaborates with resource partners and listens to the needs of rural and urban communities to develop programming to address those specific needs.

The impact map below shows NDWBC's services area and the trainings, events, outreach, and free and confidential business advisings provided during the 2019-2021 biennium thus far. A narrative of each category can be found on the following pages to clarify the impact NDWBC has in North Dakota.

Our '19-21 Outreach

21,835

Reached through our programming



Key Programs of the NDWBC Grant:

Business ADVISINGS

A. Entrepreneurial Services

NDWBC's services and resources are designed to help individuals in every phase of business development and stage of growth.

- One-on-one business advisings and technical services are free and confidential. NDWBC emphasizes and promotes resources specific to women entrepreneurs and inventors seeking prototyping and manufacturing assistance.
- Business incubation office space and community room rentals make NDWBC a hub of entrepreneurial support and an ideal location for local organizations to gather for meetups and trainings.
- North Dakota ranks in the 5 lowest states for the combined economic clout of the number, employment, and revenues of women-owned firms. (source American Express Open: The State of Women-Owned Businesses, 2019)
- In North Dakota from 2007 to 2018, woman-owned firms increased by 32.5%, employment by woman-owned firms grew by 47%, revenues increased by 115.9% (source American Express Open: The State of Women-Owned Businesses, 2018).
- The high demand for one-on-one advisings resulted in an average 3-week wait period in 2019.
- In the current biennium, NDWBC provided one-on-one business advisings to 423 individuals. That number is projected to reach 500+ by the end of this biennium. Of those advisings, 38 started their businesses, supporting 289 jobs.

- In comparison to previous years, 233 individuals received business counseling services during the 2017-2019 biennium, and 191 in the 2015-2017 biennium.
- Of NDWBC clients, 94% saw growth in their business since attending a business advising or training service.

B. Business Development and Technology Trainings

NDWBC provides relevant trainings in technology and business development made for entrepreneurs and small business employees across the state. NDWBC emphasizes trainings in rural communities and communities with urgent and high-ranking needs.

- As the size of woman-owned businesses continues to grow in North Dakota, the need and demand for advanced trainings for business owners and their employees has increased greatly. In the current biennium, NDWBC trained 2,467 individuals, including 615 who participated in COVID specific training around EIDLE and PPP loans. In total, NDWBC completed outreach to 21,968 individuals. The need rose for entrepreneurs, and NDWBC met that need with the ability to market its services with increased staff.
- Rural communities are often under-served with limited access to technology and business training opportunities. During the last biennium, NDWBC worked with local partners and stakeholders to bring relevant, in-demand and non-duplicative training opportunities to communities including Glen Ullin, Dickinson, Williston, Hazen, Minot, Jamestown, Oakes, Valley City, Devil's Lake, Hankinson, Cayuga, Wahpeton, and others. After attending training events, entrepreneurs created business plans with financial projections to obtain start-up capital through lenders. Attendees gained practical knowledge in social media marketing and strategy, learning the value of a clean, simple website. NDWBC coached many through the uncertainties of coronavirus and helped business owners to pivot, keeping their business healthy and moving forward. With many more people working remotely, NDWBC is expanding its outreach through virtual trainings. NDWBC takes great pride in the fact that after advisings and trainings, entrepreneurs and professionals know they have an ally, a partner, and someone to connect with when they need encouragement or get stuck. Entrepreneurship can be a lonely road. Sometimes the most impactful data is qualitative, not quantitative.
- NDWBC collaborates with organizations promoting STEM and learning technology classes to girls and women. Providing exposure in a safe learning environment creates curiosity, builds confidence, and develops essential STEM skills.
- NDWBC provides educational training designed specifically for the residents at the Dakota Women's Correctional and Rehabilitation Center (DWCRC) located in New England. The training equips women for a successful transition into the community and equips the women with business basics, which include writing a business plan, best marketing practices, business operations, resetting the entrepreneurial mindset, and building the confidence to succeed.
- NDWBC facilitates the annual Finance Resource Tour educating loan officers, economic developers, and business development centers on financing programs in North Dakota. The tour is a collaboration with the USDA, ND Department of Commerce, Bank of North Dakota, and SBA. In 2019, the tour served approximately 90 attendees across Minot, Bismarck, Fargo, and Grand Forks. NDWBC partners with the SBA District Office to host Boots to Business at the Minot and Grand Forks Air Force Bases and ReBoot (entrepreneurial trainings for the ND National Guard in Bismarck, Fargo, and Dickinson each quarter. Military personnel and their spouses attend these trainings that cover the opportunities and challenges of transferring military skills into entrepreneurism, sustainable business concepts, competitive analysis, small business marketing, the economics of small business, legal considerations, business financing, business plan development, and the statewide resources available to entrepreneurs and veterans launching their business ideas. In the current biennium, NDWBC trained over 125 military personnel who were preparing to retire from service.

- NDWBC is a critical force that helps build a strong entrepreneurial ecosystem in local communities. It fosters healthier relationships among resource partners, provides staffing resources, and contributes to volunteer-driven, community-based events that encourage growth such as 1 Million Cups Bismarck-Mandan, the Mandan Pitch Challenge, and TEDxBismarck.

C. Women's Business Summit

NDWBC hosts the annual Women's Business Summit every October/November, coinciding with National Women's Small Business Month. The Summit attracts around 200 participants each year and includes top-notch speakers and breakout sessions training individuals from across the state. Attendees network and develop essential business skills. NDWBC honors 2 women in business with the coveted Woman of Impact and Female Entrepreneur of the Year awards during the awards luncheon.

- By bringing women together, the summit offers a unique and unmatched opportunity for women to make valuable business connections, learn advanced skills for business success through a full day of trainings, and to access a variety of resources in one location.
- "I first attended with my previous employer, and now I have attended the last few years as a business owner." – Summit Attendee

D. Women's Leadership Program

NDWBC's Women's Leadership Program (WLP) is a unique, six-month training dedicated to advancing the personal, professional, community, and health leadership skills for women of all ages. WLP's goal is increasing participants' interest in advanced leadership positions, building business leaders, and encouraging entrepreneurship. WLP is held in two hub communities and offers a one-day mini WLP session in rural and tribal communities. WLP has graduated 448 women from the six-month program and the one-day mini sessions. It has proven to be an environment in which women gain the skills and confidence to step into new leadership and gain traction toward closing the gender gap of women in leadership roles.

Of the graduates, many move into managerial roles, run successful campaigns for local and state elections, and step up to serve on boards.

- Within six months of graduation, NDWBC sees an increase in interest in the following categories:
  - Business Owner: 24%
  - Manager: 24%
  - Non-Profit Board Member: 38%
  - Corporate Board Member: 25%
  - Service Club Member: 28%
  - Service Club Officer: 32%
  - Mentor: 42%
  - Community Volunteer: 22%
- Data from the 2017 report from the American Association of University Women ranks ND #26 in pay equality, with women making just 79% of the wages of men. WLP

- Nationally women hold 52% of jobs in management, professional and related occupations yet only 14.6% of executive positions and 16.9% of board seats. (https://www.americanprogress.org/issues/women/reports/2014/03/07/85457/fact-sheet-the-womens-leadership-gap/). The gender gap increases dramatically from mid-management to top management. WLP participants undergo the crucial training that prepares them for succeeding in these advanced roles, including management and board leadership.
- Participants of the six-month program take on a philanthropic project and receive $100 in seed money. Since the beginning of the program, WLP has raised $408,724.41 of cash and in-kind donations for local community organizations. This project activates their leadership skills, shows participants that they have the power to make a difference in their communities, and builds their confidence for greater leaps in the future.

E. Career Discovery- Entrepreneurship Essentials

NDWBC partners with the University of Mary, NDSU Female Business Leaders Club, Williston Chamber, Mandan HS FBLA Club, and programs at Century HS in Bismarck for entrepreneurship classes and training.

WOMAN-OWNED Certified Business

F. Woman-Owned Business Certification: State and Federal

NDWBC is the only entity authorized by the North Dakota Department of Commerce to examines\ applications and qualify businesses for the elite status as a Certified Woman-Owned Business in North Dakota. NDWBC also certifies Federal Woman-Owned Small Businesses for the Women's Business Enterprise National Council and the National Women Business Owners Corporation.

- This biennium, NDWBC approved or renewed 77 ND Woman-Owned Business certifications, preparing these businesses for better securing federal and private contracts.
- The status of a Woman-Owned Business Certification provides unique opportunities for attaining and securing contracts from businesses looking to increase diversity in their supply chain.
- The national certification provides ND woman-owned businesses the opportunity to go after large, federal contracts set aside for women-owned businesses, as the U.S. government has the goal of allocating 5% of its contracts to woman-owned small businesses. In 2017, this benchmark was reached for the first time in US history. There are 36 industry categories set aside solely for federally certified woman-owned businesses to compete for contracts and sole-source awards, dramatically expanding the opportunities for women-owned businesses and paving the way for new jobs.
- In the current biennium, NDWBC records show (numbers as of 12/21/2020):
    - Current # of Active State Certifications: 45
    - Average Years in Business: 19
    - Average Gross Profit: $3,363,746
    - Average Employees: 18
    - % of International Business: 4%
    - Percentages by Industry Type:
        a. Retail: 11%
        b. Construction: 20%
        c. Service: 54%
        d. Manufacturer: 15%
- "Going through the process of the ND Woman-Owned Business Certification, I learned more about what was needed to succeed in running a company. This encouraged me to

c. Service: 54%
d. Manufacturer: 15%

- "Going through the process of the ND Woman-Owned Business Certification, I learned more about what was needed to succeed in running a company. This encouraged me to seek out mentors in the financial, strategic, and HR areas so that our company could grow to a higher level," Lorie Pope, Nexus Innovations.

Summary:

Since 1999, NDWBC has served approximately 44,824 individuals across North Dakota. Its programming reach has drastically increased in the last year to increased demand, marketing abilities, and recognition as a go-to trainer and community collaborator. NDWBC works closely with its resource partners across the state and refers clients to its resource partners for their areas of expert service.

Biennium	Counseled	Trained	Outreach
2013-2015	69	5146	
2015-2017	191	5687	
2017-2019	233	5298	
2019-2021 (#'s to date)	425	2467	21,968

State dollars are used to serve existing and aspiring entrepreneurs across North Dakota with a special focus to train and equip its rural communities. To serve effectively, NDWBC continued to adapt its strategies and roll with the changes in the business environment and its federal regulations. This biennium, NDWBC has offered a dramatically increased number of one-on-one business advising sessions. These advisings, even with the help of virtual conferences and video chat capabilities, saw a wait time of 2-3 weeks due to increased demand for assistance through COVID and limited resources.

In addition to a dramatic increase of business and technical advisings, NDWBC experienced changes in tracking clients. First, the definition of "clients served" was amended. The "trained" numbers reflect only "unique clients" (who may have attended 5 training sessions) instead of counting attendees at each training. This change is evident when one compares the number of individuals trained compared to the previous years of training.

This biennium marks the first time that NDWBC tracked "outreach" to individuals attending training sessions where SBA 641 forms were not filled out. These numbers reflect attendees of in-person and virtual trainings sessions and include individuals who attend multiple training sessions.

Continued state funding will allow NDWBC to maximize the reach of its key programs. State funding will allow NDWBC to continue providing the needed assistance to meet the increased demand across rural and urban ND and allow NDWBC to continue accessing $600,000.00 federal from the Small Business Administration that supports the ND Women's Business Development Office. Thank you for the continued support and the State's commitment provide resources that improve the lives and inspires success for women and entrepreneurs across North Dakota.

North Dakota Women's Business Center
NDWBC
A partner for Women In Business

Business ADVISINGS
Client Success

About North Dakota Women's Business Center (NDWBC)

NDWBC is a *Partner* for Women in Business.

They help women advance their careers, businesses, and leadership skills. They understand that not knowing where to start can be overwhelming. NDWBC acts as a guide, offering free tools, inspiring events, and empowering trainings. Clients they work with leave prepared, confident, and have the steps to move forward.

Business Advisings

It's a fact that many entrepreneurs struggle to find a clear path to start and grow their businesses.

In *Free and Confidential* in-person or virtual meetings, NDWBC helps business owners identify their needs, connects them with resources, and offers actionable steps to help business owners move forward with confidence.

Karen Schmidt and Dawn Hager
Balancing Goat Coffee Co. in Mandan, ND
Est. January 2020

Karen Schmidt and Dawn Hager, longtime friends and former co-workers, wanted to go into business together. Looking for balance, they realized they wanted to offer it to their clients as well, which is why they opened Balancing Goat Coffee Co. a coffee shop and yoga studio, combining caffeine with relaxation. Partnering with yoga instructors, offering an all-day menu, roasting their own coffee beans is part of the whole experience.

"Our goal was to create a place where you can break out of the mundane, make it your second home, and feel relaxed."
Before breaking ground on their new location, Karen and Dawn booked a business advising with NDWBC for training in the areas of general business services, marketing and branding, financial management, and human resources.

"The staff was helpful and knowledgable. The training sessions we received were full of great nuggets of information that we took back and applied to our business. NDWBC provided us with the opportunity to network and meet other woman business owners who shared their experiences and advice as well as the pitfalls to avoid. These connections were very beneficial to us prior to and after opening our business. Not only did they provide us with training, connections, and general business knowledge, but they also continue to inspire us and provide us with support and motivation. We think of NDWBC as a valued friend in our business adventure."

Balancing Goat provides in-house roasted coffee, fresh fruit smoothies, smoothie bowls, pastries, baked goods, all-day breakfast, lunch, and much more. They partner with Transitions Yaga, another woman-owned business, to manage the yoga studio. Balancing Goat Coffee Co. offers customers a way to relax and start or end their days on a balanced note.

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WOMAN-OWNED Certified Business

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Kelani and Tyler Welstad
Turbo Septic Services in Upham, ND
Est. April 2020

Turbo Septic Service LLC provides and services portable toilets and offers servicing of residential and commercial septics. Turbo Septic Service LLC started when Kelani and Tyler Welstad realized the need for a portable toilet rental company in rural, north-central North Dakota. After receiving brochures from a couple of portable toilet companies, Kelani started to feel overwhelmed despite her business background.

I had worked for a "Woman-Owned Business," Jost Construction, several years prior, and I knew I wanted to own a majority of the company. My previous boss, Darla Jost, majority owner of Jost Construction, told me to reach out to NDWBC."

"I somewhat understood what it meant to be "Woman Owned," but I definitely needed to know more. I had so many questions about grants, funding, and the process of becoming state and federally certified."

Kelani booked her business advising session for business plan development, counseling services, government procurement, and grant opportunities.

"The knowledge, excitement, encouragement, and positive feedback I received from NDWBC was amazing! I was so scared when the call started, but by the end of the meeting, I was fired up and couldn't wait to get started! NDWBC was so knowledgeable and helpful. I felt that I could reach out to them with any questions I had."

"Nothing can replace the feeling of having support! When this idea first presented itself to us, I was lost. But the encouragement and the guidance of NDWBC calmed my nerves and gave me the confidence to move forward! I have nothing but great things to say, and I will continue to reach out to NDWBC for advice, guidance, and encouragement!"

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Allie Seely and Carley Schutt
Pride Pups. in Fargo-Moorhead, ND
Est. August 2020

Pride Pups is Fargo-Moorhead's first dog grooming salon with Fear Free Certified professionals dedicated to supporting local non-profit organizations. The salon is owned and operated by Allie Seely and Carley Schutt. Their mission was developed when the owners realized their passion for grooming and animal welfare and turned it into a next-generation dog salon.

Using Fear-Free practices, Pride Pups offers a calm, comfortable grooming experience and rehabilitates dogs that have had negative experiences in the past. Pride Pups donates half of its tips to non-profits that benefit animals, women, and the LGBTQ+ community.

"Opening a dog grooming salon in the middle of a pandemic has had its fair number of challenges, but it has been very rewarding. The main obstacles have been obtaining grooming equipment for the salon and funding for a loan to pay for the necessary equipment and start-up costs. Due to the pandemic, there was a shortage in steel and other supplies that distributors needed to make the equipment that Pride Pups was trying to purchase. Luckily, we were able to borrow equipment from the previous owner of the space until ours was delivered."

"We have been fortunate to have an outstanding team of supporters, including NDWBC (or as we like to call them, our Pride Pups Pack) to help us make our dreams come true. The most rewarding aspect of owning and operating Pride Pups has been the opportunity to make the grooming experience as enjoyable for the dogs that are entrusted to our care as it is for us. We never fail to find fun and joy in every day."

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Dan Coleman
Dakota Property Services, LLC in West Fargo, ND
Est. January 2020

Dakota Property Services, LLC offers residential and commercial rooftop and driveway/parking lot snow and ice removal, general home maintenance, yard care, lawn mowing, spring and fall cleanup, and more. Owner Dan Coleman was introduced to NDWBC through the F5 entrepreneurship program. The odds were against Dan, a three-time felon recently released from jail with no credit and a baby on the way.

Dan reached out after graduating from the entrepreneurship class because he wanted to start his own business, often one of the only employment ontions for felons.

NDWBC connected him with a local lender and helped him write his business and financial plans. He received a small business loan to jumpstart his lawn care service company. The lender credited his business plan and financials as the reason Dan's venture was funded. NDWBC worked tirelessly to help Dan get another chance after a rough past.

"I am incredibly thankful and fully credit NDWBC and Dakota Business Lending for playing a huge part in my success. I opened my business at the start of the pandemic. I have had to be creative and expand, offering more and more services all the time. I even installed Christmas lights!"

Dan is the definition of turning one's life around and is an inspiration to NDWBC as a truly successful client.

DAKOTA
PROPERTY SERVICES, LLC
(701)339-2063
Licensed & Insured

ednd
economic development association of north dakota

PO Box 1091 • Bismarck, ND 58502
701-355-4458 • www.ednd.org

Testimony of Shawn Wenko, President
Economic Development Association of North Dakota
In Support of SB 2018
January 25, 2021

Chairman Holmberg and members of the Senate Appropriations Committee:

I'm Shawn Wenko, executive director of Williston Economic Development and president of the Economic Development Association of North Dakota (EDND). It is in that capacity I am testifying before you today in support of SB 2018.

EDND represents more than 80 state economic development organizations on the front line of economic development efforts throughout North Dakota. The primary purpose of the organization is to promote the creation of new wealth throughout North Dakota to develop more vibrant communities and improve quality of life.

One of EDND's top priorities is to support North Dakota Department of Commerce programs as valuable tools, programs and resources for the economic developers in our state. EDND members can attest that a strong partnership with the state helps us locally recruit and retain new and expanding businesses, train North Dakota's workforce, and compete in national and international markets. We also rely on the Commerce Department to help local entrepreneurs explore potential opportunities and diversify the state's economy.

The pandemic and other unpredictability in oil and agriculture activity over the last decade have highlighted the need for North Dakota to diversify its economy and stabilize budget sources. Commercialization, entrepreneurship, and small business growth are crucial to North Dakota's economic future. Entrepreneurs and small businesses are leaders in the nation in employment growth. EDND is supportive of the continuation of all Department of Commerce programs which support local economic developers and businesses, such as Innovate ND, funding partners like the North Dakota Small Business Development Centers, providing training

programs to redeploy displaced workers through the Technical Skills Training Grant, attracting workers and new industries through business development programs and tourism, investing in emerging industries such as Unmanned Aerial Systems, and much more. Further investment in programs such as the Innovation Technology Loan Program (LIFT) as part of a comprehensive statewide strategy to continue to bring new industries to the state are other tools to help diversification.

Partner programs such as the ND Small Business Development Centers (ND SBDCs), ND Women's Business Center (NDWBC), Impact ND, and the North Dakota Procurement Technical Assistance Center are vitally important to small business owners launching a new business and the economies of small communities. As an example of the impact of one of these partners, the 10 ND SBDCs provide training and direct business advising and have served 1,879 clients since the biennium began in 2019. During this time, SBDCs have helped 138 new businesses start in the state, supported more than 6,900 jobs and secured more than $76 million in funds for these businesses. For a few specific examples in the Williston area, the local SBDC was able to help the Hair Society Institute run cash flow scenarios and figure out the number of students to accept and training services to provide in order to get the school off the ground. They were also recently able to help Busted Knuckle Brewery and the Pit 105 Barbecue put together a finance plan with funders to enable the project, which took an old county building and rehabbed it, increasing the city's property tax base, to move forward. Across the state, every community or region can provide a multitude of examples like this, showing the value of these partner programs. EDND advocates for funding for all partner programs to remain stable from the 2019-21 biennium.

EDND believes an investment in the Department of Commerce is needed to grow and diversify the economy so North Dakota can ensure a more revenue-stable future. EDND members could spend the rest of the day giving examples of ways the Department of Commerce has aided their communities. No matter the location or size of the community, our membership relies on the Department of Commerce to provide guidance, resources, and staff to support and diversify our state's growth. Thank you for the opportunity to address the committee and express support for SB 2018 on behalf of economic developers statewide.

devils lake Tourism

January 22, 2021

Senator Holmberg and Members of the Senate Appropriations Committee,

I am writing today to ask you to consider Governor Burgum's recommendation to increase the Tourism Division's budget, as well as the additional $2 million in one-time funding for destination marketing from the general fund and the $200,000 for brand extension and visitor services enhancements.

Tourism has always played a vital role to the State of ND bringing in "new money" to the state and helping to retain the revenue to distribute to other entities around the state through state budgets, but it is needed now more than ever. The pandemic has diminished travel and made some weary of planning meetings or traveling for work. North Dakota has the prime stance to gain visitors to our state for leisure travel because of our wide-open spaces. Social distancing will be key in gaining the momentum back, and we have just what they need. But in order to gain the economic impact, we need to make sure North Dakota Tourism has the tools in their toolbox to get our face in front of those traveling… and that takes money.

The Tourism Division of the Department of Commerce is a strong Economic Development partner because they present the "image of North Dakota" to also help us grow our state as a place to do business. The Tourism Division's staff have done a great job marketing our state on a small budget but as our competing state's marketing dollars increase, it is getting harder and harder for North Dakota to stay on track.

Local cities and attractions could not be as successful without the help from the state's Tourism Division. The advertising efforts, reach and other programs they provide to the local entities are important for us to acquire the needed travelers to our areas. We partner with the state on many programs such as the Travel Show program and other advertising campaigns/promotions. As a small CVB with a very small budget, we would not be able to advertise in some of these markets without the help of the state Tourism Division. The data that is provided to us is vital in learning more about our visitors and potential visitors and in evaluating our own efforts. All of our communities rely on the ND Department of Tourism as our resource for such information. As an example, if you take the time to look through their 2021 media plan you will see that they are heavily investing in the Chicago and Minneapolis markets. I can tell you for a fact that their media push helps my small community of Devils Lake because Chicago and the Minneapolis market are by far the largest visitors to my area of the state. Our cities need the help from the state Tourism Division to make us succeed and stay viable communities.

Advertising costs are on the rise and technology is advancing. It is vital to the state of North Dakota that the Tourism Division keep up with trends and stay competitive. The ND Tourism budget is already underfunded. Any cuts to the department would put us further behind our competitors. I encourage you and your committee to support the tourism portion of SB2018 for at least the ask, but would urge you to consider more. It has been proven that tourism marketing dollars come back to the state in significant multiples.

Respectfully,

Suzie Kenner

Suzie Kenner
Executive Director

208 Highway 2 West | PO Box 879 | Devils Lake, ND 58301
www.devilslakend.com | 1.800.233.8048 | 701.662.4903 | fax: 701.662.2147

2320

HISTORIC
MEDORA

January 22, 2021

Honorable Ray Holmberg
State Senator and Appropriations Committee Chair

Testimony before Senator Holmberg and Appropriations Committee Members, January 25, 2021.

Dear Senator Holmberg and Members of the Committee,

My name is Maria Miller and I am the Executive Director of the Medora Convention and Visitors Bureau. I'm writing to unequivocally support the Governor's proposed $461-thousand increase in the Tourism Division Budget for the Biennium that begins next summer and his proposal for an additional two-million dollars ($2,000,000) for destination marketing. The state increase is more vital than ever this year, as most of our local destination marketing budgets, Medora's included are dependent on local lodging tax that has been cut drastically as a result of Covid-19 hampering travel across our state and country. This loss is seen in both the leisure traveler as well as in group travel, such as bus groups, small meetings and events. It is essential that we increase marketing for tourism recovery. Nearby states such as South Dakota have doubled down on destination marketing during the pandemic and we need to be able to compete and increase our marketing efforts. We, like our tourism partners and hospitality businesses across the state will depend more than ever on the state's business focus and commerce grant delivey for small businesses and the need for them to continue marketing efforts to assist with recovery and business growth. The increase in funding will help support marketing the state and build our image awareness.

Tourism and travel are pure forms of economic development, with visitors leaving their money behind when they return home. Tourism Marking boosts the national and international character of the entire state. Tourism is also the first step in a decision to move to a new state, in fact that is what first brought me to North Dakota, a state now for 8 months I have called home. Just over a year ago I made my first visit to North Dakota and thus started my economic relationship with the state. When someone comes to a new state as a tourist first, they are more likely to consider working, living, or starting a business in that state. It was the quality marketing that first brought me to North Dakota and to Medora! During the first couple of months in my new role, the Tourism Team made office visits and reached out via email and Zoom. While due to the pandemic I have yet to meet them all in person, I can tell you they are passionate and committed to North Dakota, encouraged for the future and see the potential of all we can accomplish together. With the proper tools and funding they can stay competitive with other states around the country and share all that it means to be ND legendary!

Sincerely,

Maria Miller

Executive Director

Medora
Convention & Visitors Bureau

330 Pacific Ave. PO Box 433
Medora, ND 58645

701 • 623 • 4830

info@medorand.com

www.medorand.com

2352

Bismarck-Mandan
Convention & Visitors Bureau
1600 Burnt Boat Drive
Bismarck, ND 58503
701-222-4308
800-767-3555

Testimony of Sheri Grossman
Bismarck-Mandan Convention & Visitors Bureau
Senate Bill 2018
January 25, 2021

Chairman Holmberg and Members of the Senate Appropriations Committee:

My name is Sheri Grossman, and I am the CEO for the Bismarck-Mandan Convention & Visitors Bureau (CVB).

Sufficient funding for the ND Tourism Division is more important than ever. The pandemic has brought so much devastation to the tourism and hospitality industry.

As the third largest contributor to North Dakota's economy, tourism is a proven revenue generator in all 53 counties. Visitors come to North Dakota for a variety of reasons: to shop, fish, hunt, golf, play or watch a sport, attend an event or convention; the list goes on and on. Whatever the reason, the impact is significant.

All indicators are showing that people want to start traveling again. They will go somewhere; we need to have the funding to inspire them to choose North Dakota. If not, we are letting other states derive the benefits of the economic impact that could benefit our state.

If we have learned anything from this pandemic, it is how much the tourism industry contributes to the economic welfare of our communities in North Dakota. In 2020, Bismarck-Mandan lost over 235 multi-day meetings and events. That is over 168,000 attendees and over $14.9 million in lost direct expenditures. The lodging tax revenue, which is our major funding source, is down 38%.

The Bismarck-Mandan CVB, like most communities, relies on the Tourism Division to market to leisure travelers. We partner with Tourism on cooperative efforts, making it more affordable for all of us. In addition, by having the Tourism Division do most of the marketing for leisure travelers, we can use more of our CVB marketing dollars to bring in larger conventions and events—allowing all of us to bring in the greatest number of out-of-state visitors and dollars to help stimulate our North Dakota economy. This partnership is more vital than ever.

If you have watched TV these past several months, it is hard to miss the wealth of advertising that we are seeing from South Dakota Tourism. South Dakota Tourism has always had a much larger budget than North Dakota. However, this additional funding influx is of great concern.

It is critical that our Tourism Division has adequate funding to compete with neighboring states. North Dakota cannot continue to let our neighbors capture these visitors and risk losing the economic impact that they could bring to North Dakota. It is imperative to attract this business to fill our hotels, restaurants, gas stations and stores. These businesses suffered so much in 2020.

I hope you will make the commitment to invest our state's resources in the ND Tourism Division a priority. All of North Dakota will reap the benefits.

Thank you for your time and consideration.

January 22, 2021

2438

Chairman Holmberg, Vice-Chairs Krebsbach and Wanzek, and Members of the Senate Appropriations Committee,

My name is Sonja Duerre Stromswold, and I own two small businesses in Mohall, ND. As the owner of two long-operating small businesses in North Dakota, I am writing to testify in support of the North Dakota Small Business Development Centers (ND SBDC) and their services. I have worked with and seen first-hand the impacts of the ND SBDC, so I urge you to increase the state's funding support of this incredibly impactful program. This nationally accredited program provides invaluable, no-cost business advising to small businesses all around the state and is influential in the growth of business and economic success in our state and local communities.

Both of my businesses have utilized the services of the ND SBDC since the program started in North Dakota in 1989 – 35 years ago. From starting a business to growing it, the ND SBDC and its business advisors have been invaluable to my businesses. Both businesses, The Flower House Garden Center and The Prairie Bistro, LLC, are located in rural Mohall, North Dakota. The Flower House began as a way to supplement my family's farming income in 1968. While our farm has not survived, the Flower House did, partly due to the business support and financial help from SBDC. Our advisor at the time helped us develop a business plan and helped us apply for and receive Disaster Assistance due to the poor economy in rural North Dakota at the time. We've continued to take advantage of the business advice of Mary Beth Votava, the current Center Director of the Minot Region SBDC. She has helped us improve our pricing structure, create budgets, analyze our performance, and survive the cycles of business in an area dependent on agriculture and oil. I believe it is safe to say The Flower House Garden Center would not be in business, employing 15-20 people in our small town, today if not for the support of SBDC. The Prairie Bistro, LLC began the same year the ND SBDC did, in 1989. And as with the Flower House, the local SBDC has been a steady source of support, education, and advice since I opened the business. I knew how to bake but not how to create a budget, price my product, or read a financial statement. Thanks to the ongoing support of the SBDC, we now employ 4 full staff and up to 8 part time. Neither business would be here today if not for the support of the SBDC.

Please support small business owners, local communities, and economic growth around our great state by supporting and increasing funding for the ND SBDC program. I cannot overstate the importance of their assistance, now more than ever, as small businesses like mine attempt to navigate and survive the impacts of the pandemic. The support of the ND SBDC has not only kept The Flower House Garden Center and The Prairie Bistro, LLC, but has also helped us grow. Financial support for this program will result in a healthier and more resilient small-business sector, create meaningful jobs and thriving communities, and support the overall North Dakota economy. Please support my small businesses and others like them by supporting the ND SBDC.

Sincerely,
Sonja Duerre Stromswold

January 24, 2021

Re: SB 2018

Greetings Chairman Holmberg, Vice-Chairs Krebsbach and Wanzek, and members of the Senate Appropriations Committee:

My wife and I, on five separate projects, have used the services of Mary Beth Votava at the Minot Branch of the Small Business Development Center. Her advice and ability to think of things we didn't think of have been invaluable to us in our businesses.

First: I purchased an existing small business, the funeral home in Mohall, in 2004. Mary Beth generated all the reports and projections that I needed to take to the bank in order to get financing.

Second: My wife had the opportunity to buy a flower shop where she worked for 21 years. As we began the buy/sell process, it quickly became apparent the owner wanted way too much. The worst thing you want to do is overpay for a business. Sometimes, in the blind excitement of purchasing a business, a grounded, neutral party needs to look at it and provide advice. My wife did not buy this business.

Third: Mary Beth generated the projections for my wife to go out on her own and open her own flower shop. My wife opened her shop in April of 2012. She has now been open close to nine years and has been named the #1 flower shop in Minot for the last seven years.

Fourth: We leased the building for five years that houses my wife's flower shop. We were given the opportunity to purchase the building. Mary Beth assisted my wife and me in the paperwork needed to take to the banks for the purchase of the building.

Fifth: Mary Beth assisted my wife with applying for the Commerce Emergency Relief Grant. These funds were used to purchase a UV disinfection lamp, masks and sanitizing stations to make her business safer for customers to come in.

The Small Business Development Center has been vital to both my wife and me and our businesses. Small businesses are the backbone of our communities, contributing to the local economy and providing jobs.

I would encourage your committee to approve, and maybe even increase, the funding for the Small Business Development Center so other people, just like us, who have a dream to own a business, can get the help they need in the planning stages. Thank you for your consideration.

Sincerely,

Jeff Brose
Brose Funeral Home
P.O. Box 396
Mohall, ND 58761-0396
701-756-6380

Niki Brose
Flower Central
P.O. Box 1625
Minot, ND 58702-1625
701-852-6224

Jeff and Niki Brose
CKJ Real Estate, LLC
2004 Westfield Avenue
Minot, ND 58701-3443

MEDORA
CHAMBER OF COMMERCE

January 25, 2021

Honorable Ray Holmberg
State Senator and Appropriations Committee Chair

Testimony before Senator Holmberg and Appropriations Committee Members, January 25, 2021.

Dear Senator Holmberg and Members of the Committee,

My name is Clarence Sitter and I am the President of the board of directors for the Medora Chamber of Commerce. I am writing to both personally and on behalf of the Medora business community to proudly support the Governor's proposed $461,000 increase in the Tourism Division Budget for the Biennium that begins next summer and his proposal for an additional two-million dollars ($2,000,000) for destination marketing.

The state increase is more vital than ever this year as businesses in Medora are continuing to deal with and recover from the impacts related to COVID-19. Specifically, reduced travel by the public in 2020 and increased costs to ensure consumer confidence negatively impacted many Medora businesses. With uncertainty continuing to surround leisure travel in 2021, specifically the summer months, and as a prime tourist destination for North Dakota, it is essential that we increase marketing for tourism recovery. Nearby states such as South Dakota have doubled down on destination marketing during the pandemic and we need to be able to compete and increase our marketing efforts. We, like our tourism partners and hospitality businesses across the state, will depend more than ever on the state's business focus, commerce grants for small businesses and the need to continue marketing efforts to assist with recovery and business growth. The increase in funding will help support marketing the state and build our image awareness.

Tourism and travel are pure forms of economic development, with visitors leaving their money behind when they return home. Tourism marketing boosts the national and international character of the entire state. We are proud to represent the state of North Dakota in Medora and we are passionate about providing a great experience to the traveling public through our various businesses. With the proper tools and funding, we can stay competitive with other states around the country and share all that it means to be ND Legendary!

Sincerely,

Clarence Sitter

Clarence Sitter
President of the Board of Directors
Medora Chamber of Commerce

Support for SB 2018

Dawn Mandt, Executive Director

Red River Regional Council

January 25, 2021

Chairman Holmberg and Committee members, thank you for the opportunity to touch on the importance of SB2018. In Region 4 (northeastern North Dakota), we have been working diligently the past seven years in the areas of tourism/destination, workforce, manufacturing, and community development. These areas came to our forefront as key focal areas during strategic planning conducted in 2014.

First, I'd like to provide a brief report on activities in the Pembina Gorge, as this committee was instrumental to our ability to continue to develop outdoor recreational amenities. Though COVID prohibits Canadian visitors which have historically comprised most of the winter customers at Frost Fire, the Pembina Gorge Foundation opted to press forward to having a winter season this year. And, boy, are we glad we did. The mild winter and people aching to be outside, Frost Fire has been a bustling destination with more skiers than we'd imagined from down the valley and the entire state. This winter traffic has allowed us to showcase the Gorge and create a renewed awareness of these terrific amenities. COVID assistance has also been a lifeline for many of our small businesses.

In the past few years, we have enlisted support from the Department of Commerce and its partner programs in each of these areas. Both funding programs and expertise have been valuable to our efforts.

We have tapped funding from the Division of Community Services to address handicap accessibility at the Walla Theater, rehabilitate single family homes in Park River and Minto and launching a new project in Nelson County; greatly improve accessibility at Nelson County Health Systems in McVille; build a new fire hall in Crystal; and address water supply emergencies in Lakota and Aneta. Without this funding, each of these projects would've struggled greatly to be completed.

We have also received funding from the Partners in Marketing and Planning programs. To increase awareness of the retention and expansion of our 20+ manufacturing firms, the marketing program provided matching funds to complete 10 social media videos, conduct strategic planning, and plan a couple substantial student awareness events. Our manufacturers need nearly 750 new employees to support growth and replace retiring personnel in the next 3-5 years. The planning program is currently being utilized to develop a six-county destination and brand development strategic plan that will guide our efforts for the next 5-10 years.

We regularly call upon the Small Business Development Center and Impact Dakota as key partners. Both organizations provide quality one-on-one consulting services to new and existing entrepreneurs in our region. We are also extremely appreciative of the ND Workforce Development Council and strongly support their recommendations. In partnership with North Valley Career and Technology Center, we have been developing career exposure and linkage opportunities for our existing businesses has already

had success and needs to be increased. ND Career Builders can continue to assist in leveling up these efforts.

Tourism has been vital to our growing momentum in the Rendezvous Region. With 1.2 million people within a two-hour drive, we believe tourism has vast development potential to enliven our rural main streets and further outdoor recreation and cultural assets. The expertise, data, marketing, and funding opportunities give us the confidence and boost that are resulting in increased visits to our region. The monthly industry chats that have been developed due to COVID have been outstanding. It is our hope that we can turn some of these visitors to residents. We don't want to be a "best kept secret" – to overcome this, we are ever-increasing our marketing and need Tourism's assistance.

I call for support in further programs that enhance our ability to develop our rural communities. Over the past couple of sessions, community enhancement programs through Tourism Infrastructure Grant Program and ND Parks and Recreation Department Community Grant Program were not funded. The Outdoor Heritage Fund has not funded numerous rural community recreation requests. Without matching grants, many of these projects simply do not proceed.

I write to provide specific examples of the value the Department of Commerce is regularly bringing to our region. We are extremely grateful for the leadership, staff, and resources.

Testimony of Rudie Martinson
Executive Director, ND Hospitality Association
In favor of SB 2018
January 25, 2021
Before the Senate Appropriations Committee

Chairman Holmberg and Members of the Committee,

Good morning and thank you for the opportunity to address the committee. My name is Rudie Martinson and I am Executive Director of the ND Hospitality Association, which is North Dakota's trade association for the restaurant, lodging, and retail beverage industries. Today we urge you to support the additional tourism marketing funding included in SB 2018.

Since the advent of the COVID-19 pandemic, the hospitality sector has been the most directly and severely impacted industry in North Dakota. Bars and restaurants have been subjected to executive orders severely curtailing their business activities, often forcing individual establishments to redesign their business models functionally overnight. And though the lodging segment of the industry has not been directly subject to such orders, the pandemic has caused the cancellation of nearly every business driver for a hotel property: things like business travel, conventions, community events, sporting events, and concerts.

The ND state government and the Burgum administration took pains to minimize the impact of the pandemic and its response measures on this critical portion of North Dakota's economy. Bars and restaurants were limited to carry-out service only for the shortest possible time, and the industry was involved in drafting the guidelines for reopening. Several economic aid programs were implemented in addition to the federal Paycheck Protection Plan in order to help businesses continue to function in light of harsh circumstances and additional regulatory requirements.

In fact, two rounds of grants were directed specifically at hospitality sector businesses. These programs were also designed to incentivize following ND Smart Restart guidelines, rather than implementing regulatory penalties for failure to comply.

Unfortunately, these regulations and economic aid programs were originally designed to be temporary measures, not permanent operating conditions. "Two weeks to slow the spread" is now entering month eleven, though vaccine distribution does appear to be providing a light at the end of the tunnel. However, bars and restaurants are simply not designed to operate at limited capacity indefinitely. Hotels cannot continue to operate with no upcoming events on their calendar for months ahead.

Tourism is North Dakota's third largest industry, and hospitality businesses are the front line of that industry. If North Dakota is going to maintain a recognizable hospitality industry in a post-COVID world, the state government needs to commit to making the financial investment to carry the industry through this challenging period in time.

This is why we believe support for the ND Tourism Division and their promotional programs is critical. These programs play a critical role in consumer demand recovery, and in reminding people regionally and nationwide what a great place North Dakota is to visit. These investments will result directly in an increase in visits and dollars being spent at our restaurants, bars, and hotels.

For these reasons, we urge your support of these tourism funds included in SB 2018. Thank you.

2021 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Roughrider Room, State Capitol

SB 2018
2/1/2021
Commerce Sub-Committee

A BILL for an Act to provide an appropriation for defraying the expenses of the department of commerce; and to provide for a transfer.

Senator Bekkedahl opened the hearing at 10:03 a.m.

Senators present: **Holmberg, Bekkedahl, and Heckaman**.

Discussion Topics:

- Update on Department of Commerce
- UAS
- Intergovernmental Assistance Program
- LIFT

Shawn Kessel, Interim Commissioner, Department of Commerce, gave an update on the Department of Commerce and answered questions of the sub-committee.

Bonnie Malo, Director, Community Services, answered questions of the sub-committee.

Josh Teigen, Director, Economic Development and Finance, answered questions of the sub-committee.

Additional written testimony: #4519

Senator Bekkedahl closed the hearing at 10:28 a.m.

Rose Laning, Committee Clerk

Department of Commerce - Budget No. 601
Senate Bill No. 2018
Base Level Funding Changes

	Executive Budget Recommendation				Senate Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2021-23 Biennium Base Level	61.80	$32,866,721	$54,123,293	$86,990,014	61.80	$32,866,721	$54,123,293	$86,990,014
2021-23 Ongoing Funding Changes								
Base payroll changes		($49,007)	$16,577	($32,430)				$0
Salary increase		272,046	61,741	333,787				0
Health insurance increase		2,341	531	2,872				0
Retirement contribution increase		54,247	12,312	66,559				0
Underfunds salaries		(140,000)		(140,000)				0
Transfers 1 FTE IT position to ITD for IT unification	(1.00)			0				0
Transfers the HOME program to the Housing Finance Agency	(2.00)		(8,343,371)	(8,343,371)				0
Adds funding for Microsoft Office 365 license expenses		5,486	1,013	6,499				0
Reduces funding for the marketing division		(630,000)		(630,000)				0
Reduces funding for the tourism division		(955,046)		(955,046)				0
Adjusts funding for the Community Services Division		(216,576)	329,488	112,912				0
Reduces funding for the Workforce Development Division		(399,664)		(399,664)				0
Reduces funding for the Economic Development and Finance Division		(195,000)		(195,000)				0
Reduces funding for the administration division		(396,990)	(3,283)	(400,273)				0
Reduces funding for the Operation Intern program		(100,000)		(100,000)				0
Adds funding for the UAS program		2,000,000	7,020,150	9,020,150				0
Transfers funding for contractual fees from grants to operating expenses				0				0
Transfers funding for the early childhood education program from operating to grants				0				0
Removes funding for the biotechnology grant program		(300,000)		(300,000)				0
Reduces funding for homeless shelter grants		(169,788)		(169,788)				0
Adds funding for a state apprenticeship expansion program			347,157	347,157				0
Adds funding to continue community services federal COVID-19 programs			8,000,000	8,000,000				0
Reduces funding for discretionary funds		(600,000)		(600,000)				0
Transfers funding for the North Dakota Trade Office to the Agriculture Commissioner		(850,000)		(850,000)				0
Total ongoing funding changes	(3.00)	($2,667,951)	$7,442,315	$4,774,364	0.00	$0	$0	$0
One-time funding items								
Adds funding for tourism marketing		$2,000,000	$0	$2,000,000				$0
Adds funding for tourism branding		200,000	0	200,000				0
Adds funding for UAS program grants			1,000,000	1,000,000				0
Adds funding for technical skills training grants		1,000,000	0	1,000,000				0
Total one-time funding changes	0.00	$3,200,000	$1,000,000	$4,200,000	0.00	$0	$0	$0
Total Changes to Base Level Funding	(3.00)	$532,049	$8,442,315	$8,974,364	0.00	$0	$0	$0
2021-23 Total Funding	58.80	$33,398,770	$62,565,608	$95,964,378	61.80	$32,866,721	$54,123,293	$86,990,014
Total ongoing changes as a percentage of base level	*(4.9%)*	*(8.1%)*	*13.8%*	*5.5%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Total changes as a percentage of base level	*(4.9%)*	*1.6%*	*15.6%*	*10.3%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*

Other Sections in Department of Commerce - Budget No. 601

	Executive Budget Recommendation	Senate Version
Exemption - Discretionary funds	Section 3 would provide an exemption for discretionary funds to continue any unexpended 2019-21 biennium funds in the discretionary funds line item into the 2021-23 biennium. A total of $2.15 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.	
Exemption - Beyond visual line of sight UAS program	Section 4 would provide an exemption for unexpended 2017-19 biennium funds continued into the 2019-21 biennium for the beyond visual line of sight UAS program to continue into the 2021-23 biennium. The 2019 Legislative Assembly provided a $28 million supplemental appropriation from the general fund for this purpose for the 2017-19 biennium.	
Exemption - Early childhood education grant program	Section 5 would provide an exemption to continue unexpended 2019-21 biennium funds for the early childhood education program into the 2021-23 biennium. A total of $1.5 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.	
Exemption - Nonresident nurse employment recruitment program	Section 6 would provide an exemption to continue unexpended 2019-21 biennium funds for the nonresident nurse employment recruitment program into the 2021-23 biennium. A total of $500,000 was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.	
Exemption - UAS program	Section 7 would provide an exemption for the UAS program to continue any unexpended 2019-21 biennium funds for the operating expenses of this program into the 2021-23 biennium. A total of $2.25 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.	
Exemption - Enhanced use lease grant program	Section 8 would provide an exemption for the enhanced use lease grant program to continue any unexpended 2019-21 biennium funds for the program into the 2021-23 biennium. A total of $3 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.	
Internship fund transfer	Section 9 would transfer $755,000 from the general fund to the internship fund in the operating expenses line item for the Operation Intern program.	
Exemption - Operation Intern program	Section 10 would provide an exemption for the Operation Intern program to continue any unexpended 2019-21 biennium funds for the program into the 2021-23 biennium. A total of $855,000 was appropriated from the general fund and transferred to the internship fund for this purpose for the 2019-21 biennium.	
Exemption - Intermodal container transportation shipping fees	Section 11 would provide an exemption to continue any unexpended 2019-21 biennium funds for intermodal container transportation shipping fees into the 2021-23 biennium. A total of $1.3 million was appropriated from the beginning farmer revolving loan fund for this purpose for the 2019-21 biennium.	

Other Sections in Department of Commerce - Budget No. 601

	Executive Budget Recommendation	Senate Version
Other funds appropriation	Section 12 would appropriate all federal and special funds received by the Department of Commerce in excess of those funds appropriated in Section 1.	
North Dakota Trade Office - Matching fund requirement	Section 13 would identify $750,000 from the general fund for the North Dakota Trade Office and would allow the Department of Commerce to spend 60 percent of the North Dakota Trade Office line item listed in Section 1 without requiring any matching funds from the North Dakota Trade Office. Any additional amounts may be spent only to the extent the North Dakota Trade Office provides $1 of matching funds from private or other public sources for each $1 provided by the Department of Commerce during the 2021-23 biennium.	
Entrepreneurship grants and vouchers program	Section 14 would identify $948,467 included in Section 1, of which $740,956 is from the general fund and $207,511 is from the economic development fund for the entrepreneurship grants and vouchers program, also known as Innovate ND, for the 2021-23 biennium. Any unexpended funds for the program would be made available to the department during the 2023-25 biennium.	
North Dakota Trade Office - Statutory changes	Section 15 would amend North Dakota Century Code Section 54-60-16 to restrict the North Dakota Trade Office, also known as the International Business and Trade Office, from assisting businesses with investment opportunities in farming, forestry, ranching, food quality, and nutrition. The section would also be amended to provide the Commissioner of Commerce, or the commissioner's designee, must serve as the chairman of the International Business and Trade Office Advisory Board.	
UAS-related programs continuing appropriation	Section 16 would amend Section 54-60-29 to expand the continuing appropriation provided to the Department of Commerce from the UAS fund for expenses of the UAS program to also include expenses of the beyond visual line of sight UAS program and the enhanced use lease grant program.	

2021 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Roughrider Room, State Capitol

SB 2018
2/8/2021
Department of Commerce Sub-Committee

A BILL for an Act to provide an appropriation for defraying the expenses of the department of commerce.

Senator Bekkedahl opened the hearing at 10:12 am.

Senators present: **Bekkedahl, Holmberg,** and **Heckaman**

Discussion Topics:

- ND workforce
- UAS and VANTIS
- Train ND NW

Shawn Kessel, Director, Dept. of Commerce – answering questions of the subcommittee.

Katie Ralston, Workforce Director, Dept. of Commerce – answering questions of the committee.

Joshua Teigen, Dept of Commerce – answering subcommittee questions about the UAS system.

Nick Flom, Exec. Director, Northern Plains Unmanned Aircraft Systems Test Site – testifying in favor of the UAS system and VANTIS - answering subcommittee questions.

Thomas Swoyer, Developer, Grand Sky Development Company – answering subcommittee questions.

Senator Bekkedahl closed the hearing at 11:04 am.

Rose Laning, Committee Clerk

2021 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Roughrider Room, State Capitol

SB 2018
2/10/2021
Dept. of Commerce Sub-committee

A BILL for an Act to provide an appropriation for defraying the expenses of the department of commerce.

Senator Bekkedahl opened the hearing at 10:37 a.m.

Senators present: **Bekkedahl, Holmberg and Heckaman.**

Discussion Topics:

- Tourism and Marketing

Shawn Kessel, Deputy Commissioner, Department of Commerce, submitted testimony #6220.

Sara Otte Coleman, Director of Tourism and Marketing, Department of Commerce, answered questions of the sub-committee.

Katie Ralston, Director of Workforce Division, Department of Commerce, answered questions of the sub-committee.

James Leiman, Director of Strategy, Department of Commerce, answered questions of the sub-committee.

Senator Bekkedahl closed the hearing at 11:54 a.m.

Rose Laning, Committee Clerk

6220

NORTH Dakota | Commerce
Be Legendary.

MEMORANDUM

TO: Commissioner Michelle Kommer
CC: Celeste Engelhard, Accounting Manager
FROM: Deputy Commissioner Shawn Kessel
DATE: November 1, 2019
RE: Control Enhancements

As you know, our most recent audit identified opportunities for improvement in our control environment. We have thoroughly reviewed the audit report to identify appropriate control enhancements. Please see the Department of Commerce's action plan, below.

FINDING 19-01 "CIRCUMVENTING PROCUREMENT GUIDELINES"

Audit Issue (pg. 2 of Audit Report)
"These contracts should have been treated as one contract for services and allowed for contractor competition following the Office of Management and Budget (OMB) procurement requirements."

Commerce Position
"We disagree with the finding that the Department "violated state law by circumventing procurement requirements related to the 'Be Legendary' logo and overall brand refresh. As correctly stated in the audit report, the value of this contract was $9,500, and as such, did not require a competitive bid process under procurement rules. Contract deliverables were met prior to the contract being completed. Subsequently, temporary workers were hired to perform work that was connected to the brand refresh but was separate from the contract deliverables. We acknowledge there was overlap in the time frame of the contract and the temporary employment as the final contract payment was made in November 2018, and the temporary employees began employment with the Department in October 2018. After the hiring of the temporary employees, the OMB Procurement Office was consulted, and steps were taken to ensure the contract was appropriately terminated after final payment. The Department will ensure there is a clear separation between contract deliverables and temporary employment arrangements in the future and that all procurement requirements are followed."

As stated above, there were two separate workstreams: one to create the website design, or "frame," and the other to develop content for the website, which required additional resources. While we acknowledge these efforts were related, there was no overlap with the original contract, and we believe Commerce properly complied with OMB Purchasing Guidelines. Commerce also followed state hiring practices and generally accepted employment law principles in treating those hired for the second workstream as temporary employees.

ACTIONS	INITIATION	CONCLUSION
1. Conduct mandatory training on procurement guidelines at least once during the biennium, at an All Staff Meeting	Q1 2020	(ANNUALLY)
2. Require at least one member of each of Commerce's four divisions become Level 3 procurement trained *-Hiring in Workforce & DCS has slowed compliance along with OMB cancelling May Level 3 & 4 training*	Q4 2019	Q2 2020
3. Include procurement training as part of the on-boarding process for all new Commerce employees.	Q1 2020	(ONGOING)
4. When a program/contract transitions from one Commerce division to another Commerce division, a review of contract deliverables between division leads shall take place within 15 days of the transfer.	Q4 2019	(ONGOING)
5. Commerce procurement designee will attend a senior team meeting at least once per quarter and provide an update, sufficient to meet senior team expectations, on staff trained in procurement, active procurement processes and a list of open contracts that were procured.	Q4 2019	(ONGOING)
6. All contract related approvals shall have timely documentation and contract deliverables will be acknowledged in writing.	Immediately	(ONGOING)
7. Commerce will consult/review level 3+ procurement processes with OMB liaison.	Immediately	(ONGOING)
8. Commerce will consult/review level 4 procurement processes with OMB procurement staff.	Immediately	(ONGOING)
9. Review, revise & communicate Financial Policies as necessary to implement these enhanced controls, and communicate, train as necessary.	Q4 2019	Q2 2020

FINDING 19-02 "VIOLATION OF APPROPRIATION AUTHORITY"

Audit Issue (pg. 5 of Audit Report)

"...violated their appropriation authorized in the 2017 Session Laws by improperly charging $853,908 to the wrong biennium."

Commerce Position

The Department of Commerce agrees with the recommendation and acknowledges that these expenditures should have been charged to the 2019-21 biennium rather than the 2017-19 Biennium. The Department will strengthen internal controls and implement procedures to ensure in the future expenditures are properly allocated to the correct biennium.

As acknowledged, this was a timing error related to payment for agreed-upon work on an infrastructure project at Grand Sky UAS park – a project that was funded by the Legislature and had been delayed by weather. The Department made the correct payment to the correct party at the incorrect time, and Commerce has since implemented changes to prevent it from happening again. Ultimately, the funds went to the Legislature's intended purpose, and no party received undue benefit. Funding for infrastructure projects often comes with continuing appropriation authority, or "carryover" authority, which allows the funding to be carried into the next biennium in case of construction delays. That carryover authority was not in place for this project. Commerce will request such authority in the future to prevent this from happening again.

ACTIONS	INITIATION	CONCLUSION
1. Educate all involved parties regarding Office of Management & Budget policies and procedures relating to the "allow-back period", including and especially partners affected by the appropriation.	Q1 2020	Q2 2020
2. Request continuing appropriations authority for all grants designated by the Legislature to the Department of Commerce.	67th Leg. Session	(ONGOING)
3. Request continuing budget authority pursuant to North Dakota Century Code Section 54-44.1-11 if complications	>67th Leg. Session	(ONGOING)

- The following email was distributed to all Commerce Staff.

The State financial system will be shut down July 29-30, 2020 for fiscal year end processing.

- Payments cannot be processed during this time so plan ahead.
- Please have all payment requests and invoices submitted to fiscal staff by July 15, 2020.
- All June travel must be submitted for reimbursement by July 15, 2020. ***Please see policy below.**
- Remember goods and services paid with Fiscal Year 2020 funds need to be delivered by June 30, 2020.
- Please be cognizant of P-Card charges made in late June. The charge must be on your June statement in order to use FY20 funds.

***Submitting Travel Expense Voucher**

All Travel Expense Vouchers (SFN 52785) must be submitted within 60 days of the end of the month for which the travel is being claimed.

Travel Expense Vouchers for June must be submitted by July 15 so they can be paid during the fiscal year in which they are incurred.

Please share the July 15, 2020 deadline with any vendors, partners or sub-grantees that you may be working with, so they can submit June invoices or payment requests timely. This will ensure they are paid prior to shut down.

M. Halone also reviewed the allow-back procedure at the July 15, 2020 Commerce Huddle

	arise (i.e. construction delays) where the Department does not have continuing appropriations.		
4.	Review, revise & communicate Financial Policies as necessary to implement these enhanced controls, and communicate, train as necessary.	Q4 2019	Q2 2020

FINDING 19-03 "NONCOMPLIANCE WITH CONTRACT REQUIREMENTS"

Audit Issue (pg. 6 of Audit Report)

"...did not monitor contract deliverables of an entrepreneurial contract with a total cost of $253,921. As a result, contract payments totaling $123,750 were made to unapproved subcontractors. Further, $23,448 of these payments were not supported by progress reports."

Commerce Position

"We disagree with the finding that the Department did not monitor contract deliverables and that contract payments were made to unapproved subcontractors.

The auditor's report indicates that the following contract deliverables were not met:

- *CONTRACTOR must submit sub-contractors to state for approval with proof of sustainability of developed programming/positions.*
- *Sub-contractor progress reports must be reported in CONTRACTOR quarterly required reports.*

The auditor's report indicates that the "The Department did not approve subcontractors...as required by the contract." The Department did provide approval for sub-contracts; however, this approval occurred verbally, as verified by the previous contract manager and vendor. The auditor's report indicates that unsupported payments were made to unapproved subcontractors. As noted, the Department verbally approved subcontractors, hence disagrees payments were made to "unapproved" contractors. The Department has implemented contract monitoring procedures to ensure appropriate documentation is secured in advance of payment for all future contracts."

As stated above, subcontractors were verbally approved as allowed for in the contract, and no payments were made to unapproved subcontractors. Commerce specifically reconciled the subcontractor billing with the aggregated billing to ensure that no one was overpaid or underpaid.

ACTIONS		INITIATION	CONCLUSION
1.	When a program/contract transitions from one Commerce Division to another Commerce Division, a review of contract deliverables between division leads shall take place within 15 days of the transfer.	Q4 2019	(ONGOING)

2. All contract related approvals will have timely documentation and contract deliverables will be acknowledged in writing.	Q4 2019	(ONGOING)
3. A report of any charges to be made during the "allow-back period" will be provided to the Office of Management and Budget and Attorney General's Liaison for review prior to formal submission	July 2021	(ONGOING)
4. Review, revise & communicate Financial Policies as necessary to implement these enhanced controls, and communicate, train as necessary.	Q4 2019	Q2 2020

FINDING 19-04 "LACK OF INTERNAL CONTROL SURROUNDING APPROPRIATIONS"

Audit Issue (pg. 7 of Audit Report)
"...identified $853,908 charged to the wrong biennium."

Commerce Position
The Department of Commerce agrees with the recommendation and acknowledges that these expenditures should have been charged to the 2019-21 biennium rather than the 2017-19 biennium. The Department will strengthen internal controls and implement procedures to ensure in the future expenditures are properly allocated to the correct biennium.

As acknowledged, this was a timing error related to payment for agreed-upon work on an infrastructure project at Grand Sky UAS park – a project that was funded by the Legislature and had been delayed by weather. The Department made the correct payment to the correct party at the incorrect time, and Commerce has since implemented changes to prevent it from happening again. Ultimately, the funds went to the Legislature's intended purpose, and no party received undue benefit. Funding for infrastructure projects often comes with continuing appropriation authority, or "carryover" authority, which allows the funding to be carried into the next biennium in case of construction delays. That carryover authority was not in place for this project. Commerce will request such authority in the future to prevent this from happening again.

ACTIONS	INITIATION	CONCLUSION
1. Work with vendors to assure invoices accurately reflect the month that the vendor issued payment for the service.	Q1 2020	(ONGOING)
2. A report of any charges to be made (invoices to be submitted) during the "allow-back period" will be provided to the Office of Management and Budget and Attorney General's Liaison for review prior to formal submission	July 2021	(ONGOING)

3. All temporary employee arrangements will be reviewed by the Commerce Attorney General liaison prior to execution, if they are expected to work for longer than six months.	Immediately	(ONGOING)
4. Commerce will schedule a quarterly meeting to review matters related to procurement with the Attorney General's office	Nov. 2019	
5. Review, revise & communicate Financial Policies as necessary to implement these enhanced controls, and communicate, train as necessary.	Q4 2019	Q2 2020

PROPOSED AMENDMENTS TO SENATE BILL NO. 2018

Page 1, line 2, after "commerce;" remove "and"

Page 1, line 2, after "transfer" insert, "and to provide an appropriation to the department of transportation for costs related to the construction of unmanned aircraft system towers."

Page 3, line 14, after "center" insert:

"SECTION 8. APPROPRIATION – DEPARTMENT OF TRANSPORTATION – CONSTRUCTION OF UNMANNED AIRCRAFT SYSTEM TOWERS. Of the $28,000,000 appropriated to the department of commerce in section 12 of chapter 18 of the 2019 Session Laws, up to $28,000,000 may be provided to and is appropriated to the department of transportation for the purpose of beyond visual line of sight unmanned aircraft system program tower infrastructure construction, during the biennium beginning July 1, 2021, and ending June 30, 2023.The department of transportation may bid, award and administer any contracts necessary to complete the construction of the tower infrastructure."

Renumber accordingly

FW: PROPOSED AMENDMENTS SB 2018 2-2-21 (UAS tower) - DRAFT

From: Kessel, Shawn skessel@nd.gov
To: Bekkedahl, Brad bbekkedahl@nd.gov, Holmberg, Ray E. rholmberg@nd.gov, Heckaman, Joan M. jheckaman@nd.gov
Cc: Kinnischtzke, Levi lkinnischtzke@nd.gov, Bloms, Renae R. rrbloms@nd.gov, - Grp-COM Leadership Team comleadership@nd.gov, Tolan, Michael P. mtolan@nd.gov, Heick, Tammy A. theick@nd.gov, Engelhard, Celeste R. cengelhard@nd.gov
Date: Wednesday, February 10, 8:29 AM
2019 Audit Plan Final.docx 74 KB
PROPOSED AMENDMENTS SB 2018 2-2-21 (UAS tower).docx 27 KB

Chairman Bekkendahl, Senator Holmberg, Sen. Heckaman,

In the continued effort to answer all of the questions asked of Commerce and in preparation for the sub-committee meeting scheduled for this am, I have attached the proposed amendment for the NDDOT to be involved in the UAS tower construction and the Control Enhancements we created as a response to the 2019 audit that has been well documented in the press. The Control Enhancement document is provided in response to the preparation document we were provided in anticipation of committee consideration of SB2018.

Here also are the commitments and incurred expenses made from the Commerce Momentum (Discretionary) Fund requested earlier by the committee. I can review this doc today if we have time and/or Katie and Sara can speak to their department commitments if time is short.

Project	Commitments	Paid
Workforce	**$ 920,000.00**	
AHEC	$ 300,000.00	$ 100,000.00
Dakota Strike	$ 20,000.00	
Workbay	*$ 200,000.00*	
Workforce Planning Grant Program	*$ 200,000.00*	

Workforce Training Program	*$ 200,000.00*	
Community Building	**$ 722,602.50**	
Planning Grants	$ 492,695.00	$ 220,136.48
Vibrancy Grants	$ 36,350.00	$ 1,500.00
Summit and Regional Convenings	$ 75,000.00	$ 53,696.70
Tech Platforms	$ 118,557.50	$ 68,557.50
Economic Development	**$ 1,332,319.00**	
PTAC	$ 190,000.00	$ 87,019.59
SBDC	$ 102,319.00	
Development Fund	*$ 500,000.00*	
Energy Innovation Center	$ 250,000.00	
Primary Sector Automation	*$ 20,000.00*	
Innovation Grants	$ 270,000.00	$ 94,419.34
Tourism/Marketing	**$ 690,000.00**	
Tourism Infrastructure Grants	$ 160,000.00	$ 40,000.00
Tourism/Marketing Branding	$ 80,000.00	
Pilot Program Marketing	$ 50,000.00	
Primary Marketing Campaign	*$ 400,000.00*	

Project Support	**$ 215,000.00**	$ 53,217.32
	$ 3,879,921.50	$ 718,546.93
Yet to commit	*$ 12,305.50*	
	$ 3,892,227.00	

If you are in need of any further documents to answer questions you may have please let me know.

Thanks you & see you soon.

By the way, Workforce Director Ralston and Tourism/Marketing Director Otte Coleman will be on-site today along with Lead Finance Officer Engelhard. James Leiman and I will be attending virtually – thanks again for providing that option.

Shawn Kessel
Int. Commerce Commissioner
skessel@nd.gov
701.328.5331
701.690.7776

2021 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Roughrider Room, State Capitol

SB 2018
2/15/2021
Department of Commerce Sub-committee

A BILL for an Act to provide an appropriation for defraying the expenses of the department of commerce.

Senator Bekkedahl opened the hearing at 11:23 p.m.

Senators present: **Bekkedahl, Holmberg and Heckaman.**

Discussion Topics:

- FTEs
- Changes to the base budget

Shawn Kessel, Director, North Dakota Dept. of Commerce – answering sub-committee questions.

Sara Otte Coleman, Tourism Director, North Dakota Dept. of Commerce – answering sub-committee questions.

Celeste Engelhard, Dept. of Commerce – answering sub-committee questions.

Senator Bekkedahl closed the hearing at 11:58 p.m.

Rose Laning, Committee Clerk

2021 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Roughrider Room, State Capitol

SB 2018
2/17/2021
Dept. Commerce Sub-committee

A BILL for an Act to provide an appropriation for defraying the expenses of the department of commerce.

Senator Bekkedahl opened the hearing at 10:40 a.m.

Senators present: **Bekkedahl, Holmberg and Heckaman.**

Discussion Topics:

- Hogue amendment for Nurse Recruitment
- Carryover funding
- Discretionary funding

Senator Bekkedahl presented amendment [LC 21.0300.01001] - testimony #6821 – and moved its adoption.
Senator Heckaman second
Roll Call - 3-0-0. Motion passed.

Levi Kinnischtzke, Legislative Council giving neutral testimony - #6820

Shawn Kessel, Director, Dept of Commerce – answering sub-committee questions.

Senator Holmberg moved $200,000 to discretionary funding – allow to continue into 22-23 biennium
Senator Heckaman second.
Roll Call vote 3-0-0. Motion passed.

Senator Holmberg moved money to UAS line in budget.
Senator Heckaman second.
Roll Call vote – 3-0-0. Motion passed.

Senator Holmberg moved early childhood education grants
Senator Heckaman second.
Roll call vote – 3-0-0. Motion passed.

Senator Holmberg moved to accept 5 lines on the LC worksheet.
Senator Heckaman second.
Roll Call vote – 3-0-0. Motion passed.

Senator Heckaman moved to keep the Entrepreneurship grants.
Senator Holmberg second.

Senator Bekkedahl - N
Senator Holmberg – N
Senator Heckaman – Y

Roll call vote – 1-2-0. Motion failed.

Senator Holmberg moved the UAS expenses.
Senator Heckaman second.
Roll Call vote – 3-0-0. Motion passed.

Senator Bekkedahl closed the hearing at 11:14 a.m.

Rose Laning, Committee Clerk

Prepared by the Legislative Council staff for
Senator Hogue
February 10, 2021

PROPOSED AMENDMENTS TO SENATE BILL NO. 2018

Page 1, line 2, remove "and"

Page 1, line 2, after "transfer" insert "; and to provide an exemption"

Page 3, after line 14, insert:

"**SECTION 8. EXEMPTION - NONRESIDENT NURSE EMPLOYMENT RECRUITMENT PROGRAM - ELIGIBILITY.** Of the $500,000 appropriated from the general fund for the nonresident nurse employment recruitment program in section 29 of chapter 40 of the 2019 Session Laws, $320,000 is not subject to section 54-44.1-11 and is available for the program during the biennium beginning July 1, 2021, and ending June 30, 2023. In addition to the program eligibility guidelines established for the 2019-21 biennium, the department of commerce shall provide funding authorized in this section to eligible nursing students in the state who have not been employed by a health care provider on a full-time basis in the year preceding the grant award."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment authorizes the Department of Commerce to continue $320,000 of the $500,000 appropriated from the general fund for the 2019-21 biennium for the nonresident nurse recruitment program into the 2021-23 biennium and authorizes the department to provide funding from the program to eligible nursing students in the state who have not been employed by a health care provider on a full-time basis in the year preceding the grant award.

21.0300.01001
Title.

Prepared by the Legislative Council staff for
Senator Hogue
February 10, 2021

PROPOSED AMENDMENTS TO SENATE BILL NO. 2018

Page 1, line 2, remove "and"

Page 1, line 2, after "transfer" insert "; and to provide an exemption"

Page 3, after line 14, insert:

"**SECTION 8. EXEMPTION - NONRESIDENT NURSE EMPLOYMENT RECRUITMENT PROGRAM - ELIGIBILITY.** Of the $500,000 appropriated from the general fund for the nonresident nurse employment recruitment program in section 29 of chapter 40 of the 2019 Session Laws, $320,000 is not subject to section 54-44.1-11 and is available for the program during the biennium beginning July 1, 2021, and ending June 30, 2023. In addition to the program eligibility guidelines established for the 2019-21 biennium, the department of commerce shall provide funding authorized in this section to eligible nursing students in the state who have not been employed by a health care provider on a full-time basis in the year preceding the grant award."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment authorizes the Department of Commerce to continue $320,000 of the $500,000 appropriated from the general fund for the 2019-21 biennium for the nonresident nurse recruitment program into the 2021-23 biennium and authorizes the department to provide funding from the program to eligible nursing students in the state who have not been employed by a health care provider on a full-time basis in the year preceding the grant award.

Department of Commerce - Budget No. 601
Senate Bill No. 2018
Base Level Funding Changes

	Executive Budget Recommendation				Senate Version				Senate Changes to Executive Budget Increase (Decrease) - Executive Budget			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2021-23 Biennium Base Level	61.80	$32,866,721	$54,123,293	$86,990,014	61.80	$32,866,721	$54,123,293	$86,990,014	0.00	$0	$0	$0
2021-23 Ongoing Funding Changes												
Base payroll changes		($49,007)	$16,577	($32,430)		($49,007)	$16,577	($32,430)				$0
Salary increase		272,046	61,741	333,787		266,126	56,512	322,638		($5,920)	($5,229)	(11,149)
Health insurance increase		2,341	531	2,872		2,341	531	2,872				0
Retirement contribution increase		54,247	12,312	66,559				0		(54,247)	(12,312)	(66,559)
Underfunds salaries		(140,000)		(140,000)		(140,000)		(140,000)				0
Transfers 1 FTE IT position to ITD for IT unification	(1.00)			0	(1.00)	3,525		3,525		3,525		3,525
Transfers the HOME program to the Housing Finance Agency	(2.00)		(8,343,371)	(8,343,371)	(2.00)		(8,343,371)	(8,343,371)				0
Adds funding for Microsoft Office 365 license expenses		5,486	1,013	6,499		5,486	1,013	6,499				0
Reduces funding for the marketing division		(630,000)		(630,000)				0		630,000		630,000
Reduces funding for the tourism division		(955,046)		(955,046)				0		955,046		955,046
Adjusts funding for the Community Services Division		(216,576)	329,488	112,912		(216,576)	329,488	112,912				0
Reduces funding for the Workforce Development Division		(199,664)		(199,664)		(199,664)		(199,664)				0
Reduces funding for the Economic Development and Finance Division		(195,000)		(195,000)		(195,000)		(195,000)				0
Reduces funding for the administration division		(396,990)	(3,283)	(400,273)		(396,990)	(3,283)	(400,273)				0
Reduces funding for the Operation Intern program		(100,000)		(100,000)		(100,000)		(100,000)				0
Adds funding for the UAS program		2,000,000	7,020,150	9,020,150		2,000,000	7,020,150	9,020,150				0
Transfers funding for contractual fees from grants to operating expenses				0				0				0
Transfers funding for the early childhood education program from operating to grants				0				0				0
Reduces funding for the Community Service Commission for Americorps		(200,000)		(200,000)				0		200,000		200,000
Removes funding for the biotechnology grant program		(300,000)		(300,000)		(300,000)		(300,000)				0
Reduces funding for homeless shelter grants		(169,788)		(169,788)		(169,788)		(169,788)				0
Adds funding for a state apprenticeship expansion program			347,157	347,157			347,157	347,157				0
Adds funding to continue community services federal COVID-19 programs			8,000,000	8,000,000				0			(8,000,000)	(8,000,000)
Reduces funding for discretionary funds		(600,000)		(600,000)		(600,000)		(600,000)				0
Transfers funding for the North Dakota Trade Office to the Agriculture Commissioner		(850,000)		(850,000)		(1,600,000)		(1,600,000)		(750,000)		(750,000)
Total ongoing funding changes	(3.00)	($2,667,951)	$7,442,315	$4,774,364	(3.00)	($1,689,547)	($575,226)	($2,264,773)	0.00	$978,404	($8,017,541)	($7,039,137)
One-time funding items												
Adds funding for tourism marketing		$2,000,000		$2,000,000		$7,000,000		$7,000,000		$5,000,000		$5,000,000
Adds funding for tourism branding		200,000		200,000				0		(200,000)		(200,000)
Adds funding for UAS program grants			1,000,000	1,000,000			1,000,000	1,000,000				0
Adds funding for technical skills training grants		1,000,000		1,000,000		1,000,000		1,000,000				0
Adds funding for workforce grants to tribally controlled community colleges				0		500,000		500,000		500,000		500,000
Total one-time funding changes	0.00	$3,200,000	$1,000,000	$4,200,000	0.00	$8,500,000	$1,000,000	$9,500,000	0.00	$5,300,000	$0	$5,300,000
Total Changes to Base Level Funding	(3.00)	$532,049	$8,442,315	$8,974,364	(3.00)	$6,810,453	$424,774	$7,235,227	0.00	$6,278,404	($8,017,541)	($1,739,137)
2021-23 Total Funding	58.80	$33,398,770	$62,565,608	$95,964,378	58.80	$39,677,174	$54,548,067	$94,225,241	0.00	$6,278,404	($8,017,541)	($1,739,137)
Total ongoing changes as a percentage of base level	*(4.9%)*	*(8.1%)*	*13.8%*	*5.5%*	*(4.9%)*	*(5.1%)*	*(1.1%)*	*(2.6%)*				
Total changes as a percentage of base level	*(4.9%)*	*1.6%*	*15.6%*	*10.3%*	*(4.9%)*	*20.7%*	*0.8%*	*8.3%*				

Other Sections in Department of Commerce - Budget No. 601

	Executive Budget Recommendation	Senate Version
Exemption - Discretionary funds	Section 3 would provide an exemption for discretionary funds to continue any unexpended 2019-21 biennium funds in the discretionary funds line item into the 2021-23 biennium. A total of $2.15 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.	
Exemption - Beyond visual line of sight UAS program	Section 4 would provide an exemption for unexpended 2017-19 biennium funds continued into the 2019-21 biennium for the beyond visual line of sight UAS program to continue into the 2021-23 biennium. The 2019 Legislative Assembly provided a $28 million supplemental appropriation from the general fund for this purpose for the 2017-19 biennium.	
Exemption - Early childhood education grant program	Section 5 would provide an exemption to continue unexpended 2019-21 biennium funds for the early childhood education program into the 2021-23 biennium. A total of $1.5 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.	
Exemption - Nonresident nurse employment recruitment program	Section 6 would provide an exemption to continue unexpended 2019-21 biennium funds for the nonresident nurse employment recruitment program into the 2021-23 biennium. A total of $500,000 was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.	Section 6 provides an exemption to continue $320,000 of the $500,000 appropriated for the 2019-21 biennium for the nonresident nurse employment recruitment program into the 2021-23 biennium. In addition to the program eligibility guidelines established for the 2019-21 biennium, the Department of Commerce is required to provide funding for the program to eligible nursing students in the state who have not been employed by a health care provider on a full-time basis in the year preceding the grant award.
Exemption - UAS program	Section 7 would provide an exemption for the UAS program to continue any unexpended 2019-21 biennium funds for the operating expenses of this program into the 2021-23 biennium. A total of $2.25 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.	
Exemption - Enhanced use lease grant program	Section 8 would provide an exemption for the enhanced use lease grant program to continue any unexpended 2019-21 biennium funds for the program into the 2021-23 biennium. A total of $3 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.	
Internship fund transfer	Section 9 would transfer $755,000 from the general fund to the internship fund in the operating expenses line item for the Operation Intern program.	Section 9 transfers $755,000 from the general fund to the internship fund in the operating expenses line item for the Operation Intern program.
Exemption - Operation Intern program	Section 10 would provide an exemption for the Operation Intern program to continue any unexpended 2019-21 biennium funds for the program into the 2021-23 biennium. A total of $855,000 was appropriated from the general fund and transferred to the internship fund for this purpose for the 2019-21 biennium.	

Other Sections in Department of Commerce - Budget No. 601

	Executive Budget Recommendation	Senate Version
Exemption - Intermodal container transportation shipping fees	Section 11 would provide an exemption to continue any unexpended 2019-21 biennium funds for intermodal container transportation shipping fees into the 2021-23 biennium. A total of $1.3 million was appropriated from the beginning farmer revolving loan fund for this purpose for the 2019-21 biennium.	
Other funds appropriation	Section 12 would appropriate all federal and special funds received by the Department of Commerce in excess of those funds appropriated in Section 1.	
North Dakota Trade Office - Matching fund requirement	Section 13 would identify $750,000 from the general fund for the North Dakota Trade Office and would allow the Department of Commerce to spend 60 percent of the North Dakota Trade Office line item listed in Section 1 without requiring any matching funds from the North Dakota Trade Office. Any additional amounts may be spent only to the extent the North Dakota Trade Office provides $1 of matching funds from private or other public sources for each $1 provided by the Department of Commerce during the 2021-23 biennium.	
Entrepreneurship grants and vouchers program	Section 14 would identify $948,467 included in Section 1, of which $740,956 is from the general fund and $207,511 is from the economic development fund for the entrepreneurship grants and vouchers program, also known as Innovate ND, for the 2021-23 biennium. Any unexpended funds for the program would be made available to the department during the 2023-25 biennium.	Section 14 would identify $948,467 included in Section 1, of which $740,956 is from the general fund and $207,511 is from the economic development fund for the entrepreneurship grants and vouchers program, also known as Innovate ND, for the 2021-23 biennium.
North Dakota Trade Office - Statutory changes	Section 15 would amend North Dakota Century Code Section 54-60-16 to restrict the North Dakota Trade Office, also known as the International Business and Trade Office, from assisting businesses with investment opportunities in farming, forestry, ranching, food quality, and nutrition. The section would also be amended to provide the Commissioner of Commerce, or the commissioner's designee, must serve as the chairman of the International Business and Trade Office Advisory Board.	
UAS-related programs continuing appropriation	Section 16 would amend Section 54-60-29 to expand the continuing appropriation provided to the Department of Commerce from the UAS fund for expenses of the UAS program to also include expenses of the beyond visual line of sight UAS program and the enhanced use lease grant program.	
Discretionary funds - Rural health		This section identifies of the $1,550,000 from the general fund appropriated in the discretionary funds line item in Section 1, $200,000 is designated for the purpose of providing matching funds to an organization assisting in the recruitment, distribution, and supply, and enhancing the quality and efficiency of personnel providing health services in rural areas of the state.

2021 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Roughrider Room, State Capitol

SB 2018
2/18/2021 a.m.
Commerce Sub-Committee

A BILL for an Act to provide an appropriation for defraying the expenses of the department of commerce; and to provide for a transfer.

Senator Bekkedahl opened the hearing at 11:16 a.m.

Senators present: **Bekkedahl, Holmberg, Heckaman**

Discussion Topics:

- Long Sheet

Levi Kinnischtzke, Fiscal Analyst, Legislative Council, provided testimony #6953

Senator Holmberg moved to adopt amendments once completed.
Senator Heckaman seconded the motion.

Roll Call Vote 3-0-0 – motion passed

Senator Bekkedahl closed the hearing at 11:24 a.m.

Rose Laning, Committee Clerk

Department of Commerce - Budget No. 601
Senate Bill No. 2018
Base Level Funding Changes

Reflecting Discussion Through 2/17/2021

	Executive Budget Recommendation				Senate Version				Senate Changes to Executive Budget Increase (Decrease) - Executive Budget			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2021-23 Biennium Base Level	61.80	$32,866,721	$54,123,293	$86,990,014	61.80	$32,866,721	$54,123,293	$86,990,014	0.00	$0	$0	$0
2021-23 Ongoing Funding Changes												
Base payroll changes		($49,007)	$16,577	($32,430)		($49,007)	$16,577	($32,430)				$0
Salary increase		272,046	61,741	333,787		266,126	56,512	322,638		($5,920)	($5,229)	(11,149)
Health insurance increase		2,341	531	2,872		2,341	531	2,872				0
Retirement contribution increase		54,247	12,312	66,559				0		(54,247)	(12,312)	(66,559)
Underfunds salaries		(140,000)		(140,000)		(140,000)		(140,000)				0
Transfers 1 FTE IT position to ITD for IT unification	(1.00)			0	(1.00)	3,525		3,525		3,525		3,525
Transfers the HOME program to the Housing Finance Agency	(2.00)		(8,343,371)	(8,343,371)	(2.00)		(8,343,371)	(8,343,371)				0
Adds funding for Microsoft Office 365 license expenses		5,486	1,013	6,499		5,486	1,013	6,499				0
Reduces funding for the marketing division		(630,000)		(630,000)				0		630,000		630,000
Reduces funding for the tourism division		(955,046)		(955,046)				0		955,046		955,046
Adjusts funding for the Community Services Division		(216,576)	329,488	112,912		(216,576)	329,488	112,912				0
Reduces funding for the Workforce Development Division		(199,664)		(199,664)		(199,664)		(199,664)				0
Reduces funding for the Economic Development and Finance Division		(195,000)		(195,000)		(195,000)		(195,000)				0
Reduces funding for the administration division		(396,990)	(3,283)	(400,273)		(396,990)	(3,283)	(400,273)				0
Reduces funding for the Operation Intern program		(100,000)		(100,000)		(100,000)		(100,000)				0
Adds funding for the UAS program		2,000,000	7,020,150	9,020,150		2,000,000	7,020,150	9,020,150				0
Transfers funding for contractual fees from grants to operating expenses				0				0				0
Transfers funding for the early childhood education program from operating to grants				0				0				0
Reduces funding for the Community Service Commission for Americorps		(200,000)		(200,000)				0		200,000		200,000
Removes funding for the biotechnology grant program		(300,000)		(300,000)		(300,000)		(300,000)				0
Reduces funding for homeless shelter grants		(169,788)		(169,788)		(169,788)		(169,788)				0
Adds funding for rural health care grants				0		200,000		200,000		200,000		200,000
Adds funding for a state apprenticeship expansion program			347,157	347,157			347,157	347,157				0
Adds funding to continue community services federal COVID-19 programs			8,000,000	8,000,000				0			(8,000,000)	(8,000,000)
Reduces funding for discretionary funds		(600,000)		(600,000)		(600,000)		(600,000)				0
Transfers funding for the North Dakota Trade Office to the Agriculture Commissioner		(850,000)		(850,000)		(1,600,000)		(1,600,000)		(750,000)		(750,000)
Total ongoing funding changes	(3.00)	($2,667,951)	$7,442,315	$4,774,364	(3.00)	($1,489,547)	($575,226)	($2,064,773)	0.00	$1,178,404	($8,017,541)	($6,839,137)
One-time funding items												
Adds funding for tourism marketing		$2,000,000		$2,000,000		$7,000,000		$7,000,000		$5,000,000		$5,000,000
Adds funding for tourism branding		200,000		200,000				0		(200,000)		(200,000)
Adds funding for UAS program grants			$1,000,000	1,000,000			$1,000,000	1,000,000				0
Adds funding for the beyond visual line of sight UAS program				0		1,000,000	20,000,000	21,000,000		1,000,000	$20,000,000	21,000,000
Adds funding for enhanced use lease grants				0			7,000,000	7,000,000			7,000,000	7,000,000
Adds funding for technical skills training grants		1,000,000		1,000,000		1,000,000		1,000,000				0
Adds funding for workforce grants to tribally controlled community colleges				0		500,000		500,000		500,000		500,000
Total one-time funding changes	0.00	$3,200,000	$1,000,000	$4,200,000	0.00	$9,500,000	$28,000,000	$37,500,000	0.00	$6,300,000	$27,000,000	$33,300,000
Total Changes to Base Level Funding	(3.00)	$532,049	$8,442,315	$8,974,364	(3.00)	$8,010,453	$27,424,774	$35,435,227	0.00	$7,478,404	$18,982,459	$26,460,863
2021-23 Total Funding	58.80	$33,398,770	$62,565,608	$95,964,378	58.80	$40,877,174	$81,548,067	$122,425,241	0.00	$7,478,404	$18,982,459	$26,460,863
Total ongoing changes as a percentage of base level	*(4.9%)*	*(8.1%)*	*13.8%*	*5.5%*	*(4.9%)*	*(4.5%)*	*(1.1%)*	*(2.4%)*				
Total changes as a percentage of base level	*(4.9%)*	*1.6%*	*15.6%*	*10.3%*	*(4.9%)*	*24.4%*	*50.7%*	*40.7%*				

Other Sections in Department of Commerce - Budget No. 601

	Executive Budget Recommendation	Senate Version
Appropriation - Department of Transportation - Beyond visual line of sight unmanned aircraft system program - One-time funding		Section 3 appropriates $28 million to the Department of Transportation from grant funds received from the Department of Commerce pursuant to Section 11 for the purpose of of defraying tower infrastructure construction expenses of the beyond visual line of sight unmanned aircraft system (UAS) program during the 2021-23 biennium. The Department of Transportation may bid, award, and adminster any contracts necessary to complete the construction of the tower infastructure. This funding is considered a one-time funding item.
Internship fund transfer	Section 9 would transfer $755,000 from the general fund to the internship fund in the operating expenses line item for the Operation Intern program.	Section 4 transfers $755,000 from the general fund to the internship fund in the operating expenses line item for the Operation Intern program.
Entrepreneurship grants and vouchers program	Section 14 would identify $948,467 included in Section 1, of which $740,956 is from the general fund and $207,511 is from the economic development fund for the entrepreneurship grants and vouchers program, also known as Innovate ND, for the 2021-23 biennium. Any unexpended funds for the program would be made available to the department during the 2023-25 biennium.	Section 5 identifies $948,467 included in Section 1, of which $740,956 is from the general fund and $207,511 is from the economic development fund for the entrepreneurship grants and vouchers program, also known as Innovate ND, for the 2021-23 biennium.
Estimated income - Strategic investment and improvements fund - Beyond visual line of sight UAS program - Enhanced use lease grants program		Section 6 identifies $27,000,000 from the strategic investment and improvements fund in Section 1, of which $20,000,000 is for providing beyond visual light of sight UAS grants and $7,000,000 is for providing enhanced use lease grants during the 2021-23 biennium. This funding is considered a one-time funding item.
Beyond visual line of sight UAS program - Matching fund requirement - One-time funding		Section 7 identifies $1,000,000 from the general fund in section 1 is for providing grants to an organization dedicated to expanding workforce opportunities, training, and education related to the beyond visual line of sight UAS industry, which the Department of Commerce may provide only to the extent the organization provides $1 of matching funds from private or other public sources for each $1 provided by the department during the 2021-23 biennium. This funding is considered a one-time funding item.
North Dakota Trade Office - Advisory board - Continuing appropriation		Section 8 creates a new section to Chapter 4.1-01 to transfer the international businss and trade office, also known as the North Dakota Trade Office, from the Department of Commerce to the Agriculture Commissioner.
UAS-related programs continuing appropriation	Section 16 would amend Section 54-60-29 to expand the continuing appropriation provided to the Department of Commerce from the UAS fund for expenses of the UAS program to also include expenses of the beyond visual line of sight UAS program and the enhanced use lease grant program.	Section 9 amends Section 54-60-29 to expand the continuing appropriation provided to the Department of Commerce from the UAS fund for expenses of the UAS program to also include expenses of the beyond visual line of sight UAS program and the enhanced use lease grant program.

Other Sections in Department of Commerce - Budget No. 601

	Executive Budget Recommendation	Senate Version
North Dakota Trade Office - Repeal		Section 10 repeals Section 54-60-16 related to the international businss and trade office, also known as the North Dakota Trade Office, as part of the transfer of the program from the Department of Commerce to the Agriculture Commissioner.
Exemption - Beyond visual line of sight UAS program	Section 4 would provide an exemption for unexpended 2017-19 biennium funds continued into the 2019-21 biennium for the beyond visual line of sight UAS program to continue into the 2021-23 biennium. The 2019 Legislative Assembly provided a $28 million supplemental appropriation from the general fund for this purpose for the 2017-19 biennium.	Section 11 provides an exemption for unexpended 2017-19 biennium funds continued into the 2019-21 biennium for the beyond visual line of sight UAS program to continue into the 2021-23 biennium. The 2019 Legislative Assembly provided a $28 million supplemental appropriation from the general fund for this purpose for the 2017-19 biennium. The Department of Commerce may provide grants of up to $28 million, as directed by the Commissioner of Commerce, to the Department of Transportation, pursuant to the appropriation in Section 3, for the purpose of defraying tower infrastructure construction expenses of the beyond visual line of sight UAS program during the 2021-23 biennium.
Exemption - UAS program	Section 7 would provide an exemption for the UAS program to continue any unexpended 2019-21 biennium funds for the operating expenses of this program into the 2021-23 biennium. A total of $2.25 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.	Section 12 provides an exemption for the UAS program to continue any unexpended 2019-21 biennium funds for the operating expenses of this program into the 2021-23 biennium. A total of $2.25 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.
Exemption - Enhanced use lease grant program	Section 8 would provide an exemption for the enhanced use lease grant program to continue any unexpended 2019-21 biennium funds for the program into the 2021-23 biennium. A total of $3 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.	Section 13 provides an exemption for the enhanced use lease grant program to continue any unexpended 2019-21 biennium funds for the program into the 2021-23 biennium. A total of $3 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.
Exemption - Early childhood education program	Section 5 would provide an exemption to continue unexpended 2019-21 biennium funds for the early childhood education program into the 2021-23 biennium. A total of $1.5 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.	Section 14 provides an exemption to continue unexpended 2019-21 biennium funds for the early childhood education program into the 2021-23 biennium. A total of $1.5 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.
Exemption - Nonresident nurse employment recruitment program	Section 6 would provide an exemption to continue unexpended 2019-21 biennium funds for the nonresident nurse employment recruitment program into the 2021-23 biennium. A total of $500,000 was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.	Section 15 provides an exemption to continue $320,000 of the $500,000 appropriated for the 2019-21 biennium for the nonresident nurse employment recruitment program into the 2021-23 biennium. In addition to the program eligibility guidelines established for the 2019-21 biennium, the Department of Commerce is required to provide funding for the program to eligible nursing students in the state who have not been employed by a health care provider on a full-time basis in the year preceding the grant award.
Exemption - Discretionary funds	Section 3 would provide an exemption for discretionary funds to continue any unexpended 2019-21 biennium funds in the discretionary funds line item into the 2021-23 biennium. A total of $2.15 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.	Section 16 provides an exemption for discretionary funds to continue any unexpended 2019-21 biennium funds in the discretionary funds line item into the 2021-23 biennium. A total of $2.15 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.

Other Sections in Department of Commerce - Budget No. 601

	Executive Budget Recommendation	Senate Version
Exemption - Operation Intern program	Section 10 would provide an exemption for the Operation Intern program to continue any unexpended 2019-21 biennium funds for the program into the 2021-23 biennium. A total of $855,000 was appropriated from the general fund and transferred to the internship fund for this purpose for the 2019-21 biennium.	
Exemption - Intermodal container transportation shipping fees	Section 11 would provide an exemption to continue any unexpended 2019-21 biennium funds for intermodal container transportation shipping fees into the 2021-23 biennium. A total of $1.3 million was appropriated from the beginning farmer revolving loan fund for this purpose for the 2019-21 biennium.	
Other funds appropriation	Section 12 would appropriate all federal and special funds received by the Department of Commerce in excess of those funds appropriated in Section 1.	
North Dakota Trade Office - Matching fund requirement	Section 13 would identify $750,000 from the general fund for the North Dakota Trade Office and would allow the Department of Commerce to spend 60 percent of the North Dakota Trade Office line item listed in Section 1 without requiring any matching funds from the North Dakota Trade Office. Any additional amounts may be spent only to the extent the North Dakota Trade Office provides $1 of matching funds from private or other public sources for each $1 provided by the Department of Commerce during the 2021-23 biennium.	
North Dakota Trade Office - Statutory changes	Section 15 would amend North Dakota Century Code Section 54-60-16 to restrict the North Dakota Trade Office, also known as the International Business and Trade Office, from assisting businesses with investment opportunities in farming, forestry, ranching, food quality, and nutrition. The section would also be amended to provide the Commissioner of Commerce, or the commissioner's designee, must serve as the chairman of the International Business and Trade Office Advisory Board.	

2021 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Roughrider Room, State Capitol

SB 2018
2/18/2021 p.m.
Senate Appropriations Committee

A BILL for an Act to provide an appropriation for defraying the expenses of the department of commerce;

Chairman Holmberg opened the hearing at 3:12 p.m.

Senators present: **Holmberg, Krebsbach, Wanzek, Bekkedahl, Poolman, Erbele, Dever, Oehlke, Rust, Davison, Hogue, Sorvaag, Mathern, and Heckaman.**

Senator Bekkedahl presented amendment LC 21.0300.01003; testimony #6977

Senator Bekkedahl moved to adopt amendment LC 21.0300.01003
Vice-Chair Wanzek seconded the motion.

Senators			***Senators***	
Senator Holmberg	Y		*Senator Hogue*	Y
Senator Krebsbach	Y		*Senator Oehlke*	Y
Senator Wanzek	Y		*Senator Poolman*	Y
Senator Bekkedahl	Y		*Senator Rust*	Y
Senator Davison	Y		*Senator Sorvaag*	Y
Senator Dever	Y		*Senator Heckaman*	Y
Senator Erbele	Y		*Senator Mathern*	Y

Motion Passed 14-0-0

Senator Bekkedahl moved DO PASS AS AMENDED
Vice-Chair Wanzek seconded the motion.

Senators			***Senators***	
Senator Holmberg	Y		*Senator Hogue*	Y
Senator Krebsbach	Y		*Senator Oehlke*	Y
Senator Wanzek	Y		*Senator Poolman*	Y
Senator Bekkedahl	Y		*Senator Rust*	Y
Senator Davison	Y		*Senator Sorvaag*	Y
Senator Dever	Y		*Senator Heckaman*	Y
Senator Erbele	Y		*Senator Mathern*	Y

Motion Passed 14-0-0

Senator Bekkedahl will carry the bill

Chairman Holmberg closed the hearing at

Rose Laning, Committee Clerk

SK 2/18 1058

21.0300.01003
Title.03000
Fiscal No. 2

Prepared by the Legislative Council staff for
Senator Bekkedahl
February 18, 2021

PROPOSED AMENDMENTS TO SENATE BILL NO. 2018

Page 1, line 2, replace "and" with "to provide an appropriation to the department of transportation; to create and enact a new section to chapter 4.1-01 of the North Dakota Century Code, relating to the transfer of the international business and trade office from the department of commerce to the agriculture commissioner; to amend and reenact section 54-60-29 of the North Dakota Century Code, relating to the unmanned aircraft systems program fund; to repeal section 54-60-16 of the North Dakota Century Code, relating to the international business and trade office; to provide a continuing appropriation;"

Page 1, line 2, after "transfer" insert "; to provide for a report; and to provide an exemption"

Page 1, replace lines 9 through 22 with:

"

	Base Level	Adjustments or Enhancements	Appropriation
Salaries and wages	$13,217,286	($353,133)	$12,864,153
Operating expenses	14,873,203	9,444,557	24,317,760
Grants	52,638,527	28,543,803	81,182,330
Discretionary funds	2,150,000	(600,000)	1,550,000
North Dakota trade office	1,600,000	(1,600,000)	0
Partner programs	1,562,531	0	1,562,531
Entrepreneurship grants and vouchers	948,467	0	948,467
Total all funds	$86,990,014	$35,435,227	$122,425,241
Less estimated income	54,123,293	26,424,774	80,548,067
Total general fund	$32,866,721	$9,010,453	$41,877,174
Full-time equivalent positions	61.80	(3.00)	58.80"

Page 1, line 23, after "**FUNDING**" insert "**- EFFECT ON BASE BUDGET - REPORT TO SIXTY-EIGHTH 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 14 with:

"Unmanned aircraft system	$2,225,000	$1,000,000
Beyond visual line of sight unmanned aircraft system	0	20,000,000
Enhanced use lease grant	3,000,000	7,000,000
Workforce grants to tribally controlled community colleges	500,000	500,000
Census 2020 program	1,000,000	0
Workforce safety grant	1,000,000	0
Entrepreneurship grants and vouchers	2,000,000	0
Sculpture maintenance grants	75,000	0
Nonresident nurse employment recruitment	500,000	0
Intermodal container transportation shipping fees	1,300,000	0
Job development and economic growth grant	25,000	0
Tourism marketing	0	7,000,000
Technical skills training grants	0	1,000,000
Total all funds	$11,625,000	$36,500,000

Less estimated income	4,300,000	27,000,000
Total general fund	$7,325,000	$9,500,000

The 2021-23 biennium one-time funding amounts are not a part of the entity's base budget for the 2023-25 biennium. The department of commerce shall report to the appropriations committees of the sixty-eighth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2021, and ending June 30, 2023.

SECTION 3. APPROPRIATION - DEPARTMENT OF TRANSPORTATION - BEYOND VISUAL LINE OF SIGHT UNMANNED AIRCRAFT SYSTEM PROGRAM - ONE-TIME FUNDING. There is appropriated from special funds, derived from grant funds received from the department of commerce pursuant to section 11 of this Act, not otherwise appropriated, the sum of $28,000,000, or so much of the sum as may be necessary, to the department of transportation for the purpose of defraying tower infrastructure construction expenses of the beyond visual line of sight unmanned aircraft system program, for the biennium beginning July 1, 2021, and ending June 30, 2023. The department of transportation may bid, award, and administer any contracts necessary to complete the construction of the tower infrastructure. This funding is considered a one-time funding item."

Page 2, line 16, replace "$855,000" with "$755,000"

Page 2, remove lines 19 through 31

Page 3, remove lines 1 through 6

Page 3, after line 14, insert:

"**SECTION 6. ESTIMATED INCOME - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - ONE-TIME FUNDING.** The estimated income line item in section 1 of this Act includes the sum of $26,000,000 from the strategic investment and improvements fund, of which $19,000,000 is for beyond visual line of sight unmanned aircraft system grants and $7,000,000 is for enhanced use lease grants. This funding is considered a one-time funding item.

SECTION 7. BEYOND VISUAL LINE OF SIGHT UNMANNED AIRCRAFT SYSTEM PROGRAM - MATCHING FUND REQUIREMENT - ONE-TIME FUNDING. The grants line item in section 1 of this Act includes $1,000,000 from the general fund for grants to an organization dedicated to expanding workforce opportunities, training, and education related to the beyond visual line of sight unmanned aircraft system industry, which the department of commerce may provide only to the extent the organization provides one dollar of matching funds from private or other public sources for each one dollar provided by the department. This funding is considered a one-time funding item.

SECTION 8. A new section to chapter 4.1-01 of the North Dakota Century Code is created and enacted as follows:

International business and trade office - Advisory board - Continuing appropriation.

1. The commissioner shall administer the international business and trade office. The purpose of the office is to assist North Dakota businesses to expand exports to international markets by:

   a. Advocating for exporters;

b. Offering export educational opportunities to North Dakota businesses;

c. Researching and raising awareness of export opportunities, issues, and challenges impacting North Dakota businesses;

d. Assisting North Dakota businesses in identifying, developing, and cultivating international markets for products; and

e. Organizing and carrying out trade missions that seek to facilitate contact and communication between North Dakota businesses and international markets.

2. The commissioner may designate a nonprofit corporation incorporated in this state which has the primary purpose of assisting North Dakota exporters or contract with a third party for the provision of services for the international business and trade office. If the commissioner designates a nonprofit corporation or contracts with a third party under this subsection, all data and databases collected and created by the third party in performing services for the office are the property of the department and the third party.

3. The commissioner may seek and accept any gift, grant, or donation of funds, property, services, or other assistance from public or private sources for the purpose of furthering the objectives of the international business and trade office. Any funds accepted under this subsection are appropriated to the commissioner on a continuing basis.

4. The commissioner may establish an international business and trade office advisory board with whom the commissioner may consult in administering the international business and trade office. Each member of the advisory board is entitled to receive per diem compensation at a rate established by the director not exceeding sixty-two dollars and fifty cents and reimbursement of expenses as provided by law for state officers, while attending meetings or performing duties directly related to board membership, except that per diem compensation under this section may not be paid to any member who receives compensation or salary as a regular state employee or official.

SECTION 9. AMENDMENT. Section 54-60-29 of the North Dakota Century Code is amended and reenacted as follows:

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 ~~must~~may be used to defray the expenses of the ~~operations~~:

   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 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 ~~unmanned aircraft systems program~~programs identified in subsection 1. Interest earned on moneys in the fund must be credited to the fund.

SECTION 10. REPEAL. Section 54-60-16 of the North Dakota Century Code is repealed.

SECTION 11. EXEMPTION - BEYOND VISUAL LINE OF SIGHT UNMANNED AIRCRAFT SYSTEM PROGRAM. The amount of $28,000,000 appropriated from the general fund in the grants line item for the beyond visual line of sight unmanned aircraft system program in section 27 of chapter 40 of the 2019 Session Laws is not subject to section 54-44.1-11 and is available for the program during the biennium beginning July 1, 2021, and ending June 30, 2023. The department of commerce may provide grants of up to $28,000,000, to the department of transportation, for the purpose of defraying tower infrastructure construction expenses of the beyond visual line of sight unmanned aircraft system program during the 2021-23 biennium.

SECTION 12. EXEMPTION - UNMANNED AIRCRAFT SYSTEM PROGRAM. The amount of $2,250,000 appropriated from the general fund in the operating expenses line item for the unmanned aircraft system program in section 27 of chapter 40 of the 2019 Session Laws is not subject to section 54-44.1-11 and is available for the program during the biennium beginning July 1, 2021, and ending June 30, 2023.

SECTION 13. EXEMPTION - ENHANCED USE LEASE GRANT PROGRAM. The amount of $3,000,000 appropriated from the general fund in the grants line item for the enhanced use lease grant program in section 27 of chapter 40 of the 2019 Session Laws is not subject to section 54-44.1-11 and is available for the program during the biennium beginning July 1, 2021, and ending June 30, 2023.

SECTION 14. EXEMPTION - EARLY CHILDHOOD EDUCATION PROGRAM. The amount of $1,500,000 appropriated from the general fund in the operating expenses line item and grants line item for the early childhood education program in section 27 of chapter 40 of the 2019 Session Laws is not subject to section 54-44.1-11 and is available for the program during the biennium beginning July 1, 2021, and ending June 30, 2023.

SECTION 15. EXEMPTION - NONRESIDENT NURSE EMPLOYMENT RECRUITMENT PROGRAM - ELIGIBILITY. Of the $500,000 appropriated from the general fund in the grants line item for the nonresident nurse employment recruitment program in section 27 of chapter 40 of the 2019 Session Laws, $320,000 is not subject to section 54-44.1-11 and is available for the program during the biennium beginning July 1, 2021, and ending June 30, 2023. In addition to the program eligibility guidelines established for the 2019-21 biennium, the department of commerce shall provide funding authorized in this section to eligible nursing students in the state who have not been employed by a health care provider on a full-time basis in the year preceding the grant award.

SECTION 16. EXEMPTION - DISCRETIONARY FUNDS. The amount of $2,150,000 appropriated from the general fund in the discretionary funds line item in section 27 of chapter 40 of the 2019 Session Laws is not subject to section 54-44.1-11

and is available for the program during the biennium beginning July 1, 2021, and ending June 30, 2023."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2018 - Summary of Senate Action

	Base Budget	Senate Changes	Senate Version
Department of Commerce			
Total all funds	$86,990,014	$35,435,227	$122,425,241
Less estimated income	54,123,293	26,424,774	80,548,067
General fund	$32,866,721	$9,010,453	$41,877,174
FTE	61.80	(3.00)	58.80
Department of Transportation			
Total all funds	$0	$28,000,000	$28,000,000
Less estimated income	0	28,000,000	28,000,000
General fund	$0	$0	$0
FTE	0.00	0.00	0.00
Bill total			
Total all funds	$86,990,014	$63,435,227	$150,425,241
Less estimated income	54,123,293	54,424,774	108,548,067
General fund	$32,866,721	$9,010,453	$41,877,174
FTE	61.80	(3.00)	58.80

Senate Bill No. 2018 - Department of Commerce - Senate Action

	Base Budget	Senate Changes	Senate Version
Salaries and wages	$13,217,286	($353,133)	$12,864,153
Operating expenses	14,873,203	9,444,557	24,317,760
Grants	52,638,527	28,543,803	81,182,330
Discretionary funds	2,150,000	(600,000)	1,550,000
North Dakota Trade Office	1,600,000	(1,600,000)	
Entrepreneurship grants and vouchers	948,467		948,467
Partner programs	1,562,531		1,562,531
Total all funds	$86,990,014	$35,435,227	$122,425,241
Less estimated income	54,123,293	26,424,774	80,548,067
General fund	$32,866,721	$9,010,453	$41,877,174
FTE	61.80	(3.00)	58.80

Department 601 - Department of Commerce - Detail of Senate Changes

	Adjusts Funding for Base Payroll Changes[1]	Adds Funding for Salary and Benefit Increases[2]	Underfunds Salaries[3]	Transfers Position to ITD for IT Unification[4]	Transfers the HOME Program to HFA[5]	Adjusts Base Level Funding[6]
Salaries and wages	($32,430)	$325,510	($140,000)	($149,792)	($356,421)	
Operating expenses				153,317	(286,950)	($321,810)
Grants					(7,700,000)	(353,716)
Discretionary funds						
North Dakota Trade Office						
Entrepreneurship grants and vouchers						
Partner programs						
Total all funds	($32,430)	$325,510	($140,000)	$3,525	($8,343,371)	($675,526)
Less estimated income	16,577	57,043	0	0	(8,343,371)	327,218
General fund	($49,007)	$268,467	($140,000)	$3,525	$0	($1,002,744)
FTE	0.00	0.00	0.00	(1.00)	(2.00)	0.00

	Reduces Funding for Operation Intern[7]	Adds Funding for the UAS Program[8]	Adjusts Funding for Grants[9]	Adds Funding for Apprenticeship Expansion Program[10]	Reduces Funding for Discretionary Funds[11]	Transfers the North Dakota Trade Office[12]
Salaries and wages						
Operating expenses	($100,000)	$3,000,000				
Grants		7,020,150	($269,788)	$347,157		
Discretionary funds					($600,000)	
North Dakota Trade Office						($1,600,000)
Entrepreneurship grants and vouchers						
Partner programs						
Total all funds	($100,000)	$10,020,150	($269,788)	$347,157	($600,000)	($1,600,000)
Less estimated income	0	7,020,150	0	347,157	0	0
General fund	($100,000)	$3,000,000	($269,788)	$0	($600,000)	($1,600,000)
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Adds One-Time Funding for Tourism Marketing[13]	Adds One-Time Funding for UAS Programs[14]	Ads One-Time Funding for Technical Skills Grants[15]	Adds One-Time Funding for Tribal Grants[16]	Total Senate Changes
Salaries and wages					($353,133)
Operating expenses	$7,000,000				9,444,557
Grants		$28,000,000	$1,000,000	$500,000	28,543,803
Discretionary funds					(600,000)
North Dakota Trade Office					(1,600,000)
Entrepreneurship grants and vouchers					
Partner programs					
Total all funds	$7,000,000	$28,000,000	$1,000,000	$500,000	$35,435,227
Less estimated income	0	27,000,000	0	0	26,424,774
General fund	$7,000,000	$1,000,000	$1,000,000	$500,000	$9,010,453
FTE	0.00	0.00	0.00	0.00	(3.00)

[1] Funding is adjusted for base payroll changes.

[2] The following funding is added for 2021-23 biennium salary adjustments of 2 percent on July 1, 2021, with a minimum monthly increase of $80 and a maximum monthly increase of $300 and 2 percent on July 1, 2022, and increases in health insurance premiums from $1,427 to $1,429 per month:

	General Fund	Other Funds	Total
Salary increase	$266,126	$56,512	$322,638
Health insurance increase	2,341	531	2,872
Total	$268,467	$57,043	$325,510

[3] Funding for salaries is reduced from the general fund by $140,000, for anticipated savings from vacant positions and employee turnover.

[4] One FTE information technology position and related funding is transferred to the Information Technology Department for the information technology unification initiative, including a decrease of $149,792 of salaries and wages and an increase of $153,317 of operating expenses.

[5] Funding of $8,343,371 for the HOME program, including 2 FTE positions, is transferred to the Housing Finance Agency, of which $7,643,371 is from federal funds and $700,000 is from the intergovernmental assistance fund, also known as the community development loan fund.

[6] Base level funding is adjusted as follows:

	General Fund	Other Funds	Total
Adds funding for Microsoft Office 365 license expenses	$5,486	$1,013	$6,499
Adjusts funding for the Community Services Division	(216,576)	329,488	112,912
Reduces funding for the Workforce Development Division	(199,664)	0	(199,664)
Reduces funding for the Economic Development and Finance Division	(195,000)	0	(195,000)
Reduces funding for the administration division	(396,990)	(3,283)	(400,273)
Transfers funding of $505,000 for contractual fees from the grants line item to the operating expenses line item	0	0	0
Transfers $151,284 for the early childhood education program from the operating expenses line item to the grants line item to provide a total of $1.5 million from the general fund, the same as provided for the 2019-21 biennium	0	0	0
Total	($1,002,744)	$327,218	($675,526)

[7] Funding for the Operation Intern program is reduced by $100,000 from the general fund to provide a total of $755,000 from the general fund. A separate section is added to provide for a transfer of $755,000 from the general fund to the internship fund.

[8] Funding of $10,020,150 is added for the unmanned aircraft systems (UAS) program, of which $3,000,000 is from the general fund, $7,000,000 is from federal funds, and $20,150 is from the UAS fund. Of the total, $3,000,000 is for operating expenses of the Northern Plains UAS Test Site and $7,020,150 is for grants. Total ongoing funding provided for the UAS program is $12,020,150, including $2,000,000 in the agency's base budget for grants, of which $1,000,000 is from federal funds and $1,000,000 is from the UAS fund.

[9] Funding of $269,788 from the general fund is reduced for grants, including the removal of $300,000 for biotechnology grants to provide a total of $0, a reduction of $169,788 for homeless shelter grants to provide a total of $1,330,212 from the general fund, and the addition of $200,000 for rural health care grants to provide a total of $200,000 from the general fund.

[10] Funding of $347,157 is added from federal funds for a state apprenticeship expansion program. The funding will be transferred to the North Dakota State College of Science for the administration of the program. In August 2020, the Emergency Commission and Budget Section approved a request to accept and spend $694,317 of federal funds for this program for the remainder of the 2019-21 biennium.

[11] Funding of $600,000 from the general fund for discretionary funds is reduced to provide a total of $1,550,000 from the general fund.

[12] Funding of $1.6 million from the general fund is transferred from the Department of Commerce to the Agriculture Commissioner for providing funding to the North Dakota Trade Office.

[13] One-time funding of $7 million is added from the general fund for tourism marketing and branding initiatives.

[14] One-time funding of $28 million is added for grants related to the following UAS programs, of which $1 million is from the general fund, $26 million is from the strategic investment and improvements fund, and $1 million is from the UAS fund:

	General Fund	Other Funds	Total
UAS program	$0	$1,000,000	$1,000,000
Beyond visual line of sight UAS program	1,000,000	19,000,000	20,000,000
Enhanced use lease grant program	0	7,000,000	7,000,000
Total	$1,000,000	$27,000,000	$28,000,000

[15] One-time funding of $1 million is added from the general fund for a technical skills training grant program. In June 2020, the Emergency Commission and Budget Section approved an allocation of $1 million from the state's allocation from the federal Coronavirus Relief Fund for this program for the 2019-21 biennium.

[16] One-time funding of $500,000 is added from the general fund for workforce grants to tribally controlled community colleges, the same as provided for the 2019-21 biennium.

This amendment also:

- Amends a section relating to the amount of funding transferred from the general fund to the internship fund for the Operation Intern program.
- Removes a section related to biotechnology grants.

- Removes a section designating $200,000 for rural area health grants from the discretionary grants line item. This funding is appropriated in the grants line item in Section 1 of the bill.
- Removes a section related to the North Dakota Trade Office.
- Adds a section to identify $26 million in Section 1 from the strategic investment and improvements fund, of which $19 million is for providing beyond visual line of sight UAS grants and $7 million is for providing enhanced use lease grants during the 2021-23 biennium. This funding is considered a one-time funding item.
- Adds a section to identify $1 million from the general fund in Section 1 for providing grants to an organization dedicated to expanding workforce opportunities, training, and education related to the beyond visual line of sight UAS industry, which the Department of Commerce may provide only to the extent the organization provides $1 of matching funds from private or other public sources for each $1 provided by the department during the 2021-23 biennium. This funding is considered a one-time funding item.
- Adds a section to create a new section to North Dakota Century Code Chapter 4.1-01 to transfer the international business and trade office, also known as the North Dakota Trade Office, from the Department of Commerce to the Agriculture Commissioner.
- Adds a section to amend Section 54-60-29 to expand the continuing appropriation provided to the Department of Commerce from the UAS fund for expenses of the UAS program to also include expenses of the beyond visual line of sight UAS program and the enhanced use lease grant program.
- Adds a section to repeal Section 54-60-16 related to the North Dakota Trade Office, as part of the transfer of the program from the Department of Commerce to the Agriculture Commissioner.
- Adds a section to provide an exemption for the $28 million 2017-19 biennium supplemental appropriation for the beyond visual line of sight UAS program that was continued into the 2019-21 biennium to continue into the 2021-23 biennium. The Department of Commerce may provide grants of up to $28 million from this funding to the Department of Transportation for tower infrastructure construction of the beyond visual line of sight UAS program during the 2021-23 biennium.
- Adds a section to provide an exemption for the $2.25 million appropriated from the general fund for UAS program operating expenses during the 2019-21 biennium to continue into the 2021-23 biennium.
- Adds a section to provide an exemption for the $3 million appropriated from the general fund for the enhanced use lease grant program during the 2019-21 biennium to continue into the 2021-23 biennium.
- Adds a section to provide an exemption for the $1.5 million appropriated from the general fund for the early childhood education program during the 2019-21 biennium to continue into the 2021-23 biennium.
- Adds a section to provide an exemption of $320,000 for the nonresident nurse employment recruitment program and to expand program eligibility to include nursing students in the state who have not been employed by a health care provider on a full-time basis in the year preceding the grant award.
- Adds a section to provide an exemption for the $2.15 million appropriated from the general fund in the discretionary grants line item during the 2019-21 biennium to continue into the 2021-23 biennium.

Senate Bill No. 2018 - Department of Transportation - Senate Action

	Base Budget	Senate Changes	Senate Version
Grants		$28,000,000	$28,000,000
Total all funds	$0	$28,000,000	$28,000,000
Less estimated income	0	28,000,000	28,000,000
General fund	$0	$0	$0
FTE	0.00	0.00	0.00

Department 801 - Department of Transportation - Detail of Senate Changes

	Adds One-Time Funding for UAS[1]	Total Senate Changes
Grants	$28,000,000	$28,000,000
Total all funds	$28,000,000	$28,000,000
Less estimated income	28,000,000	28,000,000
General fund	$0	$0
FTE	0.00	0.00

[1] A section is added providing one-time funding of $28 million to the Department of Transportation from grant funds received from the Department of Commerce pursuant to Section 11 of the bill for tower infrastructure construction expenses of the beyond visual line of sight UAS program during the 2021-23 biennium.

REPORT OF STANDING COMMITTEE

SB 2018: Appropriations Committee (Sen. Holmberg, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2018 was placed on the Sixth order on the calendar.

Page 1, line 2, replace "and" with "to provide an appropriation to the department of transportation; to create and enact a new section to chapter 4.1-01 of the North Dakota Century Code, relating to the transfer of the international business and trade office from the department of commerce to the agriculture commissioner; to amend and reenact section 54-60-29 of the North Dakota Century Code, relating to the unmanned aircraft systems program fund; to repeal section 54-60-16 of the North Dakota Century Code, relating to the international business and trade office; to provide a continuing appropriation;"

Page 1, line 2, after "transfer" insert "; to provide for a report; and to provide an exemption"

Page 1, replace lines 9 through 22 with:

"

	Base Level	Adjustments or Enhancements	Appropriation
Salaries and wages	$13,217,286	($353,133)	$12,864,153
Operating expenses	14,873,203	9,444,557	24,317,760
Grants	52,638,527	28,543,803	81,182,330
Discretionary funds	2,150,000	(600,000)	1,550,000
North Dakota trade office	1,600,000	(1,600,000)	0
Partner programs	1,562,531	0	1,562,531
Entrepreneurship grants and vouchers	948,467	0	948,467
Total all funds	$86,990,014	$35,435,227	$122,425,241
Less estimated income	54,123,293	26,424,774	80,548,067
Total general fund	$32,866,721	$9,010,453	$41,877,174
Full-time equivalent positions	61.80	(3.00)	58.80"

Page 1, line 23, after "**FUNDING**" insert "**- EFFECT ON BASE BUDGET - REPORT TO SIXTY-EIGHTH 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 14 with:

"Unmanned aircraft system	$2,225,000	$1,000,000
Beyond visual line of sight unmanned aircraft system	0	20,000,000
Enhanced use lease grant	3,000,000	7,000,000
Workforce grants to tribally controlled community colleges	500,000	500,000
Census 2020 program	1,000,000	0
Workforce safety grant	1,000,000	0
Entrepreneurship grants and vouchers	2,000,000	0
Sculpture maintenance grants	75,000	0
Nonresident nurse employment recruitment	500,000	0
Intermodal container transportation shipping fees	1,300,000	0
Job development and economic growth grant	25,000	0
Tourism marketing	0	7,000,000
Technical skills training grants	0	1,000,000
Total all funds	$11,625,000	$36,500,000
Less estimated income	4,300,000	27,000,000
Total general fund	$7,325,000	$9,500,000

The 2021-23 biennium one-time funding amounts are not a part of the entity's base budget for the 2023-25 biennium. The department of commerce shall report to the appropriations committees of the sixty-eighth legislative assembly on the use of

this one-time funding for the biennium beginning July 1, 2021, and ending June 30, 2023.

SECTION 3. APPROPRIATION - DEPARTMENT OF TRANSPORTATION - BEYOND VISUAL LINE OF SIGHT UNMANNED AIRCRAFT SYSTEM PROGRAM - ONE-TIME FUNDING. There is appropriated from special funds, derived from grant funds received from the department of commerce pursuant to section 11 of this Act, not otherwise appropriated, the sum of $28,000,000, or so much of the sum as may be necessary, to the department of transportation for the purpose of defraying tower infrastructure construction expenses of the beyond visual line of sight unmanned aircraft system program, for the biennium beginning July 1, 2021, and ending June 30, 2023. The department of transportation may bid, award, and administer any contracts necessary to complete the construction of the tower infrastructure. This funding is considered a one-time funding item."

Page 2, line 16, replace "$855,000" with "$755,000"

Page 2, remove lines 19 through 31

Page 3, remove lines 1 through 6

Page 3, after line 14, insert:

"**SECTION 6. ESTIMATED INCOME - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - ONE-TIME FUNDING.** The estimated income line item in section 1 of this Act includes the sum of $26,000,000 from the strategic investment and improvements fund, of which $19,000,000 is for beyond visual line of sight unmanned aircraft system grants and $7,000,000 is for enhanced use lease grants. This funding is considered a one-time funding item.

SECTION 7. BEYOND VISUAL LINE OF SIGHT UNMANNED AIRCRAFT SYSTEM PROGRAM - MATCHING FUND REQUIREMENT - ONE-TIME FUNDING. The grants line item in section 1 of this Act includes $1,000,000 from the general fund for grants to an organization dedicated to expanding workforce opportunities, training, and education related to the beyond visual line of sight unmanned aircraft system industry, which the department of commerce may provide only to the extent the organization provides one dollar of matching funds from private or other public sources for each one dollar provided by the department. This funding is considered a one-time funding item.

SECTION 8. A new section to chapter 4.1-01 of the North Dakota Century Code is created and enacted as follows:

International business and trade office - Advisory board - Continuing appropriation.

1. The commissioner shall administer the international business and trade office. The purpose of the office is to assist North Dakota businesses to expand exports to international markets by:

   a. Advocating for exporters;

   b. Offering export educational opportunities to North Dakota businesses;

   c. Researching and raising awareness of export opportunities, issues, and challenges impacting North Dakota businesses;

   d. Assisting North Dakota businesses in identifying, developing, and cultivating international markets for products; and

e. Organizing and carrying out trade missions that seek to facilitate contact and communication between North Dakota businesses and international markets.

2. The commissioner may designate a nonprofit corporation incorporated in this state which has the primary purpose of assisting North Dakota exporters or contract with a third party for the provision of services for the international business and trade office. If the commissioner designates a nonprofit corporation or contracts with a third party under this subsection, all data and databases collected and created by the third party in performing services for the office are the property of the department and the third party.

3. The commissioner may seek and accept any gift, grant, or donation of funds, property, services, or other assistance from public or private sources for the purpose of furthering the objectives of the international business and trade office. Any funds accepted under this subsection are appropriated to the commissioner on a continuing basis.

4. The commissioner may establish an international business and trade office advisory board with whom the commissioner may consult in administering the international business and trade office. Each member of the advisory board is entitled to receive per diem compensation at a rate established by the director not exceeding sixty-two dollars and fifty cents and reimbursement of expenses as provided by law for state officers, while attending meetings or performing duties directly related to board membership, except that per diem compensation under this section may not be paid to any member who receives compensation or salary as a regular state employee or official.

SECTION 9. AMENDMENT. Section 54-60-29 of the North Dakota Century Code is amended and reenacted as follows:

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 ~~must~~may be used to defray the expenses of the ~~operations~~:

   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 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 ~~unmanned aircraft systems program~~programs identified in subsection 1. Interest earned on moneys in the fund must be credited to the fund.

SECTION 10. REPEAL. Section 54-60-16 of the North Dakota Century Code is repealed.

SECTION 11. EXEMPTION - BEYOND VISUAL LINE OF SIGHT UNMANNED AIRCRAFT SYSTEM PROGRAM. The amount of $28,000,000 appropriated from the general fund in the grants line item for the beyond visual line of sight unmanned aircraft system program in section 27 of chapter 40 of the 2019

Session Laws is not subject to section 54-44.1-11 and is available for the program during the biennium beginning July 1, 2021, and ending June 30, 2023. The department of commerce may provide grants of up to $28,000,000, to the department of transportation, for the purpose of defraying tower infrastructure construction expenses of the beyond visual line of sight unmanned aircraft system program during the 2021-23 biennium.

SECTION 12. EXEMPTION - UNMANNED AIRCRAFT SYSTEM PROGRAM. The amount of $2,250,000 appropriated from the general fund in the operating expenses line item for the unmanned aircraft system program in section 27 of chapter 40 of the 2019 Session Laws is not subject to section 54-44.1-11 and is available for the program during the biennium beginning July 1, 2021, and ending June 30, 2023.

SECTION 13. EXEMPTION - ENHANCED USE LEASE GRANT PROGRAM. The amount of $3,000,000 appropriated from the general fund in the grants line item for the enhanced use lease grant program in section 27 of chapter 40 of the 2019 Session Laws is not subject to section 54-44.1-11 and is available for the program during the biennium beginning July 1, 2021, and ending June 30, 2023.

SECTION 14. EXEMPTION - EARLY CHILDHOOD EDUCATION PROGRAM. The amount of $1,500,000 appropriated from the general fund in the operating expenses line item and grants line item for the early childhood education program in section 27 of chapter 40 of the 2019 Session Laws is not subject to section 54-44.1-11 and is available for the program during the biennium beginning July 1, 2021, and ending June 30, 2023.

SECTION 15. EXEMPTION - NONRESIDENT NURSE EMPLOYMENT RECRUITMENT PROGRAM - ELIGIBILITY. Of the $500,000 appropriated from the general fund in the grants line item for the nonresident nurse employment recruitment program in section 27 of chapter 40 of the 2019 Session Laws, $320,000 is not subject to section 54-44.1-11 and is available for the program during the biennium beginning July 1, 2021, and ending June 30, 2023. In addition to the program eligibility guidelines established for the 2019-21 biennium, the department of commerce shall provide funding authorized in this section to eligible nursing students in the state who have not been employed by a health care provider on a full-time basis in the year preceding the grant award.

SECTION 16. EXEMPTION - DISCRETIONARY FUNDS. The amount of $2,150,000 appropriated from the general fund in the discretionary funds line item in section 27 of chapter 40 of the 2019 Session Laws is not subject to section 54-44.1-11 and is available for the program during the biennium beginning July 1, 2021, and ending June 30, 2023."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2018 - Summary of Senate Action

	Base Budget	Senate Changes	Senate Version
Department of Commerce			
Total all funds	$86,990,014	$35,435,227	$122,425,241
Less estimated income	54,123,293	26,424,774	80,548,067
General fund	$32,866,721	$9,010,453	$41,877,174
FTE	61.80	(3.00)	58.80
Department of Transportation			
Total all funds	$0	$28,000,000	$28,000,000
Less estimated income	0	28,000,000	28,000,000
General fund	$0	$0	$0
FTE	0.00	0.00	0.00

Bill total			
Total all funds	$86,990,014	$63,435,227	$150,425,241
Less estimated income	54,123,293	54,424,774	108,548,067
General fund	$32,866,721	$9,010,453	$41,877,174
FTE	61.80	(3.00)	58.80

Senate Bill No. 2018 - Department of Commerce - Senate Action

	Base Budget	Senate Changes	Senate Version
Salaries and wages	$13,217,286	($353,133)	$12,864,153
Operating expenses	14,873,203	9,444,557	24,317,760
Grants	52,638,527	28,543,803	81,182,330
Discretionary funds	2,150,000	(600,000)	1,550,000
North Dakota Trade Office	1,600,000	(1,600,000)	
Entrepreneurship grants and vouchers	948,467		948,467
Partner programs	1,562,531		1,562,531
Total all funds	$86,990,014	$35,435,227	$122,425,241
Less estimated income	54,123,293	26,424,774	80,548,067
General fund	$32,866,721	$9,010,453	$41,877,174
FTE	61.80	(3.00)	58.80

Department 601 - Department of Commerce - Detail of Senate Changes

	Adjusts Funding for Base Payroll Changes[1]	Adds Funding for Salary and Benefit Increases[2]	Underfunds Salaries[3]	Transfers Position to ITD for IT Unification[4]	Transfers the HOME Program to HFA[5]	Adjusts Base Level Funding[6]
Salaries and wages	($32,430)	$325,510	($140,000)	($149,792)	($356,421)	
Operating expenses				153,317	(286,950)	($321,810)
Grants					(7,700,000)	(353,716)
Discretionary funds						
North Dakota Trade Office						
Entrepreneurship grants and vouchers						
Partner programs						
Total all funds	($32,430)	$325,510	($140,000)	$3,525	($8,343,371)	($675,526)
Less estimated income	16,577	57,043	0	0	(8,343,371)	327,218
General fund	($49,007)	$268,467	($140,000)	$3,525	$0	($1,002,744)
FTE	0.00	0.00	0.00	(1.00)	(2.00)	0.00

	Reduces Funding for Operation Intern[7]	Adds Funding for the UAS Program[8]	Adjusts Funding for Grants[9]	Adds Funding for Apprenticeship Expansion Program[10]	Reduces Funding for Discretionary Funds[11]	Transfers the North Dakota Trade Office[12]
Salaries and wages						
Operating expenses	($100,000)	$3,000,000				
Grants		7,020,150	($269,788)	$347,157		
Discretionary funds					($600,000)	
North Dakota Trade Office						($1,600,000)
Entrepreneurship grants and vouchers						
Partner programs						
Total all funds	($100,000)	$10,020,150	($269,788)	$347,157	($600,000)	($1,600,000)
Less estimated income	0	7,020,150	0	347,157	0	0
General fund	($100,000)	$3,000,000	($269,788)	$0	($600,000)	($1,600,000)
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Adds One-Time Funding for Tourism Marketing[13]	Adds One-Time Funding for UAS Programs[14]	Ads One-Time Funding for Technical Skills Grants[15]	Adds One-Time Funding for Tribal Grants[16]	Total Senate Changes
Salaries and wages					($353,133)
Operating expenses	$7,000,000				9,444,557
Grants		$28,000,000	$1,000,000	$500,000	28,543,803
Discretionary funds					(600,000)
North Dakota Trade Office					(1,600,000)
Entrepreneurship grants and vouchers					
Partner programs					
Total all funds	$7,000,000	$28,000,000	$1,000,000	$500,000	$35,435,227
Less estimated income	0	27,000,000	0	0	26,424,774
General fund	$7,000,000	$1,000,000	$1,000,000	$500,000	$9,010,453
FTE	0.00	0.00	0.00	0.00	(3.00)

[1] Funding is adjusted for base payroll changes.

[2] The following funding is added for 2021-23 biennium salary adjustments of 2 percent on July 1, 2021, with a minimum monthly increase of $80 and a maximum monthly increase of $300 and 2 percent on July 1, 2022, and increases in health insurance premiums from $1,427 to $1,429 per month:

	General Fund	Other Funds	Total
Salary increase	$266,126	$56,512	$322,638
Health insurance increase	2,341	531	2,872
Total	$268,467	$57,043	$325,510

[3] Funding for salaries is reduced from the general fund by $140,000, for anticipated savings from vacant positions and employee turnover.

[4] One FTE information technology position and related funding is transferred to the Information Technology Department for the information technology unification initiative, including a decrease of $149,792 of salaries and wages and an increase of $153,317 of operating expenses.

[5] Funding of $8,343,371 for the HOME program, including 2 FTE positions, is transferred to the Housing Finance Agency, of which $7,643,371 is from federal funds and $700,000 is from the intergovernmental assistance fund, also known as the community development loan fund.

[6] Base level funding is adjusted as follows:

	General Fund	Other Funds	Total
Adds funding for Microsoft Office 365 license expenses	$5,486	$1,013	$6,499
Adjusts funding for the Community Services Division	(216,576)	329,488	112,912
Reduces funding for the Workforce Development Division	(199,664)	0	(199,664)
Reduces funding for the Economic Development and Finance Division	(195,000)	0	(195,000)
Reduces funding for the administration division	(396,990)	(3,283)	(400,273)
Transfers funding of $505,000 for contractual fees from the grants line item to the operating expenses line item	0	0	0
Transfers $151,284 for the early childhood education program from the operating expenses line item to the grants line item to provide a total of $1.5 million from the general fund, the same as provided for the 2019-21 biennium	0	0	0
Total	($1,002,744)	$327,218	($675,526)

[7] Funding for the Operation Intern program is reduced by $100,000 from the general fund to provide a total of $755,000 from the general fund. A separate section is added to provide for a transfer of $755,000 from the general fund to the internship fund.

[8] Funding of $10,020,150 is added for the unmanned aircraft systems (UAS) program, of which $3,000,000 is from the general fund, $7,000,000 is from federal funds, and $20,150 is from the UAS fund. Of the total, $3,000,000 is for operating expenses of the Northern Plains UAS Test Site and $7,020,150 is for grants. Total ongoing funding provided for the UAS program is $12,020,150, including $2,000,000 in the agency's base budget for grants, of

which $1,000,000 is from federal funds and $1,000,000 is from the UAS fund.

[9] Funding of $269,788 from the general fund is reduced for grants, including the removal of $300,000 for biotechnology grants to provide a total of $0, a reduction of $169,788 for homeless shelter grants to provide a total of $1,330,212 from the general fund, and the addition of $200,000 for rural health care grants to provide a total of $200,000 from the general fund.

[10] Funding of $347,157 is added from federal funds for a state apprenticeship expansion program. The funding will be transferred to the North Dakota State College of Science for the administration of the program. In August 2020, the Emergency Commission and Budget Section approved a request to accept and spend $694,317 of federal funds for this program for the remainder of the 2019-21 biennium.

[11] Funding of $600,000 from the general fund for discretionary funds is reduced to provide a total of $1,550,000 from the general fund.

[12] Funding of $1.6 million from the general fund is transferred from the Department of Commerce to the Agriculture Commissioner for providing funding to the North Dakota Trade Office.

[13] One-time funding of $7 million is added from the general fund for tourism marketing and branding initiatives.

[14] One-time funding of $28 million is added for grants related to the following UAS programs, of which $1 million is from the general fund, $26 million is from the strategic investment and improvements fund, and $1 million is from the UAS fund:

	General Fund	Other Funds	Total
UAS program	$0	$1,000,000	$1,000,000
Beyond visual line of sight UAS program	1,000,000	19,000,000	20,000,000
Enhanced use lease grant program	0	7,000,000	7,000,000
Total	$1,000,000	$27,000,000	$28,000,000

[15] One-time funding of $1 million is added from the general fund for a technical skills training grant program. In June 2020, the Emergency Commission and Budget Section approved an allocation of $1 million from the state's allocation from the federal Coronavirus Relief Fund for this program for the 2019-21 biennium.

[16] One-time funding of $500,000 is added from the general fund for workforce grants to tribally controlled community colleges, the same as provided for the 2019-21 biennium.

This amendment also:

- Amends a section relating to the amount of funding transferred from the general fund to the internship fund for the Operation Intern program.
- Removes a section related to biotechnology grants.
- Removes a section designating $200,000 for rural area health grants from the discretionary grants line item. This funding is appropriated in the grants line item in Section 1 of the bill.
- Removes a section related to the North Dakota Trade Office.
- Adds a section to identify $26 million in Section 1 from the strategic investment and improvements fund, of which $19 million is for providing beyond visual line of sight UAS grants and $7 million is for providing enhanced use lease grants during the 2021-23 biennium. This funding is considered a one-time funding item.
- Adds a section to identify $1 million from the general fund in Section 1 for providing grants to an organization dedicated to expanding workforce opportunities, training, and education related to the beyond visual line of sight UAS industry, which the Department of Commerce may provide only to the extent the organization provides $1 of matching funds from private or other public sources for each $1 provided by the department during the 2021-23 biennium. This funding is considered a one-time

funding item.

- Adds a section to create a new section to North Dakota Century Code Chapter 4.1-01 to transfer the international business and trade office, also known as the North Dakota Trade Office, from the Department of Commerce to the Agriculture Commissioner.
- Adds a section to amend Section 54-60-29 to expand the continuing appropriation provided to the Department of Commerce from the UAS fund for expenses of the UAS program to also include expenses of the beyond visual line of sight UAS program and the enhanced use lease grant program.
- Adds a section to repeal Section 54-60-16 related to the North Dakota Trade Office, as part of the transfer of the program from the Department of Commerce to the Agriculture Commissioner.
- Adds a section to provide an exemption for the $28 million 2017-19 biennium supplemental appropriation for the beyond visual line of sight UAS program that was continued into the 2019-21 biennium to continue into the 2021-23 biennium. The Department of Commerce may provide grants of up to $28 million from this funding to the Department of Transportation for tower infrastructure construction of the beyond visual line of sight UAS program during the 2021-23 biennium.
- Adds a section to provide an exemption for the $2.25 million appropriated from the general fund for UAS program operating expenses during the 2019-21 biennium to continue into the 2021-23 biennium.
- Adds a section to provide an exemption for the $3 million appropriated from the general fund for the enhanced use lease grant program during the 2019-21 biennium to continue into the 2021-23 biennium.
- Adds a section to provide an exemption for the $1.5 million appropriated from the general fund for the early childhood education program during the 2019-21 biennium to continue into the 2021-23 biennium.
- Adds a section to provide an exemption of $320,000 for the nonresident nurse employment recruitment program and to expand program eligibility to include nursing students in the state who have not been employed by a health care provider on a full-time basis in the year preceding the grant award.
- Adds a section to provide an exemption for the $2.15 million appropriated from the general fund in the discretionary grants line item during the 2019-21 biennium to continue into the 2021-23 biennium.

Senate Bill No. 2018 - Department of Transportation - Senate Action

	Base Budget	Senate Changes	Senate Version
Grants		$28,000,000	$28,000,000
Total all funds	$0	$28,000,000	$28,000,000
Less estimated income	0	28,000,000	28,000,000
General fund	$0	$0	$0
FTE	0.00	0.00	0.00

Department 801 - Department of Transportation - Detail of Senate Changes

	Adds One-Time Funding for UAS[1]	Total Senate Changes
Grants	$28,000,000	$28,000,000
Total all funds	$28,000,000	$28,000,000
Less estimated income	28,000,000	28,000,000
General fund	$0	$0
FTE	0.00	0.00

[1] A section is added providing one-time funding of $28 million to the Department of Transportation from grant funds received from the Department of Commerce pursuant to Section 11 of the bill for tower infrastructure construction expenses of the beyond visual line

of sight UAS program during the 2021-23 biennium.

6977

21.0300.01003
Title.
Fiscal No. 2

Prepared by the Legislative Council staff for
Senator Bekkedahl
February 18, 2021

PROPOSED AMENDMENTS TO SENATE BILL NO. 2018

Page 1, line 2, replace the first "and" with "to provide an appropriation to the department of transportation; to create and enact a new section to chapter 4.1-01 of the North Dakota Century Code, relating to the transfer of the international business and trade office from the department of commerce to the agriculture commissioner; to amend and reenact section 54-60-29 of the North Dakota Century Code, relating to the unmanned aircraft systems program fund; to repeal section 54-60-16 of the North Dakota Century Code, relating to the international business and trade office; to provide a continuing appropriation;"

Page 1, line 2, after "transfer" insert "; to provide for a report; and to provide an exemption"

Page 1, replace lines 9 through 22 with:

"

	Base Level	Adjustments or Enhancements	Appropriation
Salaries and wages	$13,217,286	($353,133)	$12,864,153
Operating expenses	14,873,203	9,444,557	24,317,760
Grants	52,638,527	28,543,803	81,182,330
Discretionary funds	2,150,000	(600,000)	1,550,000
North Dakota trade office	1,600,000	(1,600,000)	0
Partner programs	1,562,531	0	1,562,531
Entrepreneurship grants and vouchers	948,467	0	948,467
Total all funds	$86,990,014	$35,435,227	$122,425,241
Less estimated income	54,123,293	26,424,774	80,548,067
Total general fund	$32,866,721	$9,010,453	$41,877,174
Full-time equivalent positions	61.80	(3.00)	58.80"

Page 1, line 23, after "**FUNDING**" insert "**- EFFECT ON BASE BUDGET - REPORT TO SIXTY-EIGHTH 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 14 with:

"Unmanned aircraft system	$2,225,000	$1,000,000
Beyond visual line of sight unmanned aircraft system	0	20,000,000
Enhanced use lease grant	3,000,000	7,000,000
Workforce grants to tribally controlled community colleges	500,000	500,000
Census 2020 program	1,000,000	0
Workforce safety grant	1,000,000	0
Entrepreneurship grants and vouchers	2,000,000	0
Sculpture maintenance grants	75,000	0
Nonresident nurse employment recruitment	500,000	0
Intermodal container transportation shipping fees	1,300,000	0
Job development and economic growth grant	25,000	0
Tourism marketing	0	7,000,000
Technical skills training grants	0	1,000,000
Total all funds	$11,625,000	$36,500,000

Less estimated income	4,300,000	27,000,000
Total general fund	$7,325,000	$9,500,000

The 2021-23 biennium one-time funding amounts are not a part of the entity's base budget for the 2023-25 biennium. The department of commerce shall report to the appropriations committees of the sixty-eighth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2021, and ending June 30, 2023.

SECTION 3. APPROPRIATION - DEPARTMENT OF TRANSPORTATION - BEYOND VISUAL LINE OF SIGHT UNMANNED AIRCRAFT SYSTEM PROGRAM - ONE-TIME FUNDING. There is appropriated from special funds, derived from grant funds received from the department of commerce pursuant to section 11 of this Act, not otherwise appropriated, the sum of $28,000,000, or so much of the sum as may be necessary, to the department of transportation for the purpose of defraying tower infrastructure construction expenses of the beyond visual line of sight unmanned aircraft system program, for the biennium beginning July 1, 2021, and ending June 30, 2023. The department of transportation may bid, award, and administer any contracts necessary to complete the construction of the tower infrastructure. This funding is considered a one-time funding item."

Page 2, line 16, replace "$855,000" with "$755,000"

Page 2, remove lines 19 through 31

Page 3, remove lines 1 through 6

Page 3, after line 14, insert:

"SECTION 6. ESTIMATED INCOME - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - ONE-TIME FUNDING. The estimated income line item in section 1 of this Act includes the sum of $26,000,000 from the strategic investment and improvements fund, of which $19,000,000 is for beyond visual line of sight unmanned aircraft system grants and $7,000,000 is for enhanced use lease grants. This funding is considered a one-time funding item.

SECTION 7. BEYOND VISUAL LINE OF SIGHT UNMANNED AIRCRAFT PROGRAM - MATCHING FUND REQUIREMENT - ONE-TIME FUNDING. The grants line item in section 1 of this Act includes $1,000,000 from the general fund for grants to an organization dedicated to expanding workforce opportunities, training, and education related to the beyond visual line of sight unmanned aircraft system industry, which the department of commerce may provide only to the extent the organization provides one dollar of matching funds from private or other public sources for each one dollar provided by the department. This funding is considered a one-time funding item.

SECTION 8. A new section to chapter 4.1-01 of the North Dakota Century Code is created and enacted as follows:

International business and trade office - Advisory board - Continuing appropriation.

1. The commissioner shall administer the international business and trade office. The purpose of the office is to assist North Dakota businesses to expand exports to international markets by:

   a. Advocating for exporters;

b. Offering export educational opportunities to North Dakota businesses;

c. Researching and raising awareness of export opportunities, issues, and challenges impacting North Dakota businesses;

d. Assisting North Dakota businesses in identifying, developing, and cultivating international markets for products; and

e. Organizing and carrying out trade missions that seek to facilitate contact and communication between North Dakota businesses and international markets.

2. The commissioner may designate a nonprofit corporation incorporated in this state which has the primary purpose of assisting North Dakota exporters or contract with a third party for the provision of services for the international business and trade office. If the commissioner designates a nonprofit corporation or contracts with a third party under this subsection, all data and databases collected and created by the third party in performing services for the office are the property of the department and the third party.

3. The commissioner may seek and accept any gift, grant, or donation of funds, property, services, or other assistance from public or private sources for the purpose of furthering the objectives of the international business and trade office. Any funds accepted under this subsection are appropriated to the commissioner on a continuing basis.

4. The commissioner may establish an international business and trade office advisory board with which the commissioner may consult in administering the international business and trade office. Each member of the advisory board is entitled to receive per diem compensation at a rate established by the director not exceeding sixty-two dollars and fifty cents and reimbursement of expenses as provided by law for state officers, while attending meetings or performing duties directly related to board membership, except that per diem compensation under this section may not be paid to any member who receives compensation or salary as a regular state employee or official.

SECTION 9. AMENDMENT. Section 54-60-29 of the North Dakota Century Code is amended and reenacted as follows:

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 ~~must~~may be used to defray the expenses of the ~~operations~~:

   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 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 ~~unmanned aircraft systems program~~programs identified in subsection 1 of this section. Interest earned on moneys in the fund must be credited to the fund.

SECTION 10. REPEAL. Section 54-60-16 of the North Dakota Century Code is repealed.

SECTION 11. EXEMPTION - BEYOND VISUAL LINE OF SIGHT UNMANNED AIRCRAFT SYSTEM PROGRAM. The amount of $28,000,000 appropriated from the general fund in the grants line item for the beyond visual line of sight unmanned aircraft system program in section 27 of chapter 40 of the 2019 Session Laws is not subject to section 54-44.1-11 and is available for the program during the biennium beginning July 1, 2021, and ending June 30, 2023. The department of commerce may provide grants of up to $28,000,000, to the department of transportation, for the purpose of defraying tower infrastructure construction expenses of the beyond visual line of sight unmanned aircraft system program during the 2021-23 biennium.

SECTION 12. EXEMPTION - UNMANNED AIRCRAFT SYSTEM PROGRAM. The amount of $2,250,000 appropriated from the general fund in the operating expenses line item for the unmanned aircraft system program in section 27 of chapter 40 of the 2019 Session Laws is not subject to section 54-44.1-11 and is available for the program during the biennium beginning July 1, 2021, and ending June 30, 2023.

SECTION 13. EXEMPTION - ENHANCED USE LEASE GRANT PROGRAM. The amount of $3,000,000 appropriated from the general fund in the grants line item for the enhanced use lease grant program in section 27 of chapter 40 of the 2019 Session Laws is not subject to section 54-44.1-11 and is available for the program during the biennium beginning July 1, 2021, and ending June 30, 2023.

SECTION 14. EXEMPTION - EARLY CHILDHOOD EDUCATION PROGRAM. The amount of $1,500,000 appropriated from the general fund in the operating expenses line item and grants line item for the early childhood education program in section 27 of chapter 40 of the 2019 Session Laws is not subject to section 54-44.1-11 and is available for the program during the biennium beginning July 1, 2021, and ending June 30, 2023.

SECTION 15. EXEMPTION - NONRESIDENT NURSE EMPLOYMENT RECRUITMENT PROGRAM - ELIGIBILITY. Of the $500,000 appropriated from the general fund in the grants line item for the nonresident nurse employment recruitment program in section 27 of chapter 40 of the 2019 Session Laws, $320,000 is not subject to section 54-44.1-11 and is available for the program during the biennium beginning July 1, 2021, and ending June 30, 2023. In addition to the program eligibility guidelines established for the 2019-21 biennium, the department of commerce shall provide funding authorized in this section to eligible nursing students in the state who have not been employed by a health care provider on a full-time basis in the year preceding the grant award.

SECTION 16. EXEMPTION - DISCRETIONARY FUNDS. The amount of $2,150,000 appropriated from the general fund in the discretionary funds line item in section 27 of chapter 40 of the 2019 Session Laws is not subject to section 54-44.1-11

and is available for the program during the biennium beginning July 1, 2021, and ending June 30, 2023."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2018 - Summary of Senate Action

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Department of Commerce			
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General fund	$32,866,721	$9,010,453	$41,877,174
FTE	61.80	(3.00)	58.80
Department of Transportation			
Total all funds	$0	$28,000,000	$28,000,000
Less estimated income	0	28,000,000	28,000,000
General fund	$0	$0	$0
FTE	0.00	0.00	0.00
Bill total			
Total all funds	$86,990,014	$63,435,227	$150,425,241
Less estimated income	54,123,293	54,424,774	108,548,067
General fund	$32,866,721	$9,010,453	$41,877,174
FTE	61.80	(3.00)	58.80

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Discretionary funds	2,150,000	(600,000)	1,550,000
North Dakota Trade Office	1,600,000	(1,600,000)	
Entrepreneurship grants and vouchers	948,467		948,467
Partner programs	1,562,531		1,562,531
Total all funds	$86,990,014	$35,435,227	$122,425,241
Less estimated income	54,123,293	26,424,774	80,548,067
General fund	$32,866,721	$9,010,453	$41,877,174
FTE	61.80	(3.00)	58.80

Department 601 - Department of Commerce - Detail of Senate Changes

	Adjusts Funding for Base Payroll Changes[1]	Adds Funding for Salary and Benefit Increases[2]	Underfunds Salaries[3]	Transfers Position to ITD for IT Unification[4]	Transfers the HOME Program to HFA[5]	Adjusts Base Level Funding[6]
Salaries and wages	($32,430)	$325,510	($140,000)	($149,792)	($356,421)	
Operating expenses				153,317	(286,950)	($321,810)
Grants					(7,700,000)	(353,716)
Discretionary funds						
North Dakota Trade Office						
Entrepreneurship grants and vouchers						
Partner programs						
Total all funds	($32,430)	$325,510	($140,000)	$3,525	($8,343,371)	($675,526)
Less estimated income	16,577	57,043	0	0	(8,343,371)	327,218
General fund	($49,007)	$268,467	($140,000)	$3,525	$0	($1,002,744)
FTE	0.00	0.00	0.00	(1.00)	(2.00)	0.00

	Reduces Funding for Operation Intern[7]	Adds Funding for the UAS Program[8]	Adjusts Funding for Grants[9]	Adds Funding for Apprenticeship Expansion Program[10]	Reduces Funding for Discretionary Funds[11]	Transfers the North Dakota Trade Office[12]
Salaries and wages						
Operating expenses	($100,000)	$3,000,000				
Grants		7,020,150	($269,788)	$347,157		
Discretionary funds					($600,000)	
North Dakota Trade Office						($1,600,000)
Entrepreneurship grants and vouchers						
Partner programs						
Total all funds	($100,000)	$10,020,150	($269,788)	$347,157	($600,000)	($1,600,000)
Less estimated income	0	7,020,150	0	347,157	0	0
General fund	($100,000)	$3,000,000	($269,788)	$0	($600,000)	($1,600,000)
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Adds One-Time Funding for Tourism Marketing[13]	Adds One-Time Funding for UAS Programs[14]	Ads One-Time Funding for Technical Skills Grants[15]	Adds One-Time Funding for Tribal Grants[16]	Total Senate Changes
Salaries and wages					($353,133)
Operating expenses	$7,000,000				9,444,557
Grants		$28,000,000	$1,000,000	$500,000	28,543,803
Discretionary funds					(600,000)
North Dakota Trade Office					(1,600,000)
Entrepreneurship grants and vouchers					
Partner programs					
Total all funds	$7,000,000	$28,000,000	$1,000,000	$500,000	$35,435,227
Less estimated income	0	27,000,000	0	0	26,424,774
General fund	$7,000,000	$1,000,000	$1,000,000	$500,000	$9,010,453
FTE	0.00	0.00	0.00	0.00	(3.00)

[1] Funding is adjusted for base payroll changes.

[2] The following funding is added for 2021-23 biennium salary adjustments of 2 percent on July 1, 2021, with a minimum monthly increase of $80 and a maximum monthly increase of $300 and 2 percent on July 1, 2022, and increases in health insurance premiums from $1,427 to $1,429 per month:

	General Fund	Other Funds	Total
Salary increase	$266,126	$56,512	$322,638
Health insurance increase	2,341	531	2,872
Total	$268,467	$57,043	$325,510

[3] Funding for salaries is reduced from the general fund by $140,000, for anticipated savings from vacant positions and employee turnover.

[4] One FTE information technology position and related funding is transferred to the Information Technology Department for the information technology unification initiative, including a decrease of $149,792 of salaries and wages and an increase of $153,317 of operating expenses.

[5] Funding of $8,343,371 for the HOME program, including 2 FTE positions, is transferred to the Housing Finance Agency, of which $7,643,371 is from federal funds and $700,000 is from the intergovernmental assistance fund, also known as the community development loan fund.

[6] Base level funding is adjusted as follows:

	General Fund	Other Funds	Total
Adds funding for Microsoft Office 365 license expenses	$5,486	$1,013	$6,499
Adjusts funding for the Community Services Division	(216,576)	329,488	112,912
Reduces funding for the Workforce Development Division	(199,664)	0	(199,664)
Reduces funding for the Economic Development and Finance Division	(195,000)	0	(195,000)
Reduces funding for the administration division	(396,990)	(3,283)	(400,273)
Transfers funding of $505,000 for contractual fees from the grants line item to the operating expenses line item	0	0	0
Transfers $151,284 for the early childhood education program from the operating expenses line item to the grants line item to provide a total of $1.5 million from the general fund, the same as provided for the 2019-21 biennium	0	0	0
Total	($1,002,744)	$327,218	($675,526)

[7] Funding for the Operation Intern program is reduced by $100,000 from the general fund to provide a total of $755,000 from the general fund. A separate section is added to provide for a transfer of $755,000 from the general fund to the internship fund.

[8] Funding of $10,020,150 is added for the unmanned aircraft systems (UAS) program, of which $3,000,000 is from the general fund, $7,000,000 is from federal funds, and $20,150 is from the UAS fund. Of the total, $3,000,000 is for operating expenses of the Northern Plains UAS Test Site and $7,020,150 is for grants. Total ongoing funding provided for the UAS program is $12,020,150, including $2,000,000 in the agency's base budget for grants, of which $1,000,000 is from federal funds and $1,000,000 is from the UAS fund.

[9] Funding of $269,788 from the general fund is reduced for grants, including the removal of $300,000 for biotechnology grants to provide a total of $0, a reduction of $169,788 for homeless shelter grants to provide a total of $1,330,212 from the general fund, and the addition of $200,000 for rural health care grants to provide a total of $200,000 from the general fund.

[10] Funding of $347,157 is added from federal funds for a state apprenticeship expansion program. The funding will be transferred to the North Dakota State College of Science for the administration of the program. In August 2020, the Emergency Commission and Budget Section approved a request to accept and spend $694,317 of federal funds for this program for the remainder of the 2019-21 biennium.

[11] Funding of $600,000 from the general fund for discretionary funds is reduced to provide a total of $1,550,000 from the general fund.

[12] Funding of $1.6 million from the general fund is transferred from the Department of Commerce to the Agriculture Commissioner for providing funding to the North Dakota Trade Office.

[13] One-time funding of $7 million is added from the general fund for tourism marketing and branding initiatives.

[14] One-time funding of $28 million is added for grants related to the following UAS programs, of which $1 million is from the general fund, $26 million is from the strategic investment and improvements fund, and $1 million is from the UAS fund:

	General Fund	Other Funds	Total
UAS program	$0	$1,000,000	$1,000,000
Beyond visual line of sight UAS program	1,000,000	19,000,000	20,000,000
Enhanced use lease grant program	0	7,000,000	7,000,000
Total	$1,000,000	$27,000,000	$28,000,000

[15] One-time funding of $1 million is added from the general fund for a technical skills training grant program. In June 2020, the Emergency Commission and Budget Section approved an allocation of $1 million from the state's allocation from the federal Coronavirus Relief Fund for this program for the 2019-21 biennium.

[16] One-time funding of $500,000 is added from the general fund for workforce grants to tribally controlled community colleges, the same as provided for the 2019-21 biennium.

This amendment also:

- Amends a section relating to the amount of funding transferred from the general fund to the internship fund for the Operation Intern program.
- Removes a section related to biotechnology grants.

- Removes a section designating $200,000 for rural area health grants from the discretionary grants line item. This funding is appropriated in the grants line item in Section 1 of the bill.
- Removes a section related to the North Dakota Trade Office.
- Adds a section to identify $26 million in Section 1 from the strategic investment and improvements fund, of which $19 million is for providing beyond visual line of sight UAS grants and $7 million is for providing enhanced use lease grants during the 2021-23 biennium. This funding is considered a one-time funding item.
- Adds a section to identify $1 million from the general fund in Section 1 for providing grants to an organization dedicated to expanding workforce opportunities, training, and education related to the beyond visual line of sight UAS industry, which the Department of Commerce may provide only to the extent the organization provides $1 of matching funds from private or other public sources for each $1 provided by the department during the 2021-23 biennium. This funding is considered a one-time funding item.
- Adds a section to create a new section to North Dakota Century Code Chapter 4.1-01 to transfer the international business and trade office, also known as the North Dakota Trade Office, from the Department of Commerce to the Agriculture Commissioner.
- Adds a section to amend Section 54-60-29 to expand the continuing appropriation provided to the Department of Commerce from the UAS fund for expenses of the UAS program to also include expenses of the beyond visual line of sight UAS program and the enhanced use lease grant program.
- Adds a section to repeal Section 54-60-16 related to the North Dakota Trade Office, as part of the transfer of the program from the Department of Commerce to the Agriculture Commissioner.
- Adds a section to provide an exemption for the $28 million 2017-19 biennium supplemental appropriation for the beyond visual line of sight UAS program that was continued into the 2019-21 biennium to continue into the 2021-23 biennium. The Department of Commerce may provide grants of up to $28 million from this funding to the Department of Transportation for tower infrastructure construction of the beyond visual line of sight UAS program during the 2021-23 biennium.
- Adds a section to provide an exemption for the $2.25 million appropriated from the general fund for UAS program operating expenses during the 2019-21 biennium to continue into the 2021-23 biennium.
- Adds a section to provide an exemption for the $3 million appropriated from the general fund for the enhanced use lease grant program during the 2019-21 biennium to continue into the 2021-23 biennium.
- Adds a section to provide an exemption for the $1.5 million appropriated from the general fund for the early childhood education program during the 2019-21 biennium to continue into the 2021-23 biennium.
- Adds a section to provide an exemption of $320,000 for the nonresident nurse employment recruitment program and to expand program eligibility to include nursing students in the state who have not been employed by a health care provider on a full-time basis in the year preceding the grant award.
- Adds a section to provide an exemption for the $2.15 million appropriated from the general fund in the discretionary grants line item during the 2019-21 biennium to continue into the 2021-23 biennium.

Senate Bill No. 2018 - Department of Transportation - Senate Action

	Base Budget	Senate Changes	Senate Version
Grants		$28,000,000	$28,000,000
Total all funds	$0	$28,000,000	$28,000,000
Less estimated income	0	28,000,000	28,000,000
General fund	$0	$0	$0
FTE	0.00	0.00	0.00

Department 801 - Department of Transportation - Detail of Senate Changes

	Adds One-Time Funding for UAS[1]	Total Senate Changes
Grants	$28,000,000	$28,000,000
Total all funds	$28,000,000	$28,000,000
Less estimated income	28,000,000	28,000,000
General fund	$0	$0
FTE	0.00	0.00

[1] A section is added providing one-time funding of $28 million to the Department of Transportation from grant funds received from the Department of Commerce pursuant to Section 11 of the bill for tower infrastructure construction expenses of the beyond visual line of sight UAS program during the 2021-23 biennium.

2021 HOUSE APPROPRIATIONS

SB 2018

Department 601 - Department of Commerce
Senate Bill No. 2018

Executive Budget Comparison to Prior Biennium Appropriations

	FTE Positions	General Fund	Other Funds	Total
2021-23 Executive Budget	58.80	$33,398,770	$62,565,608	$95,964,378
2019-21 Legislative Appropriations[1]	61.80	40,191,721	58,423,293	98,615,014
Increase (Decrease)	(3.00)	($6,792,951)	$4,142,315	($2,650,636)

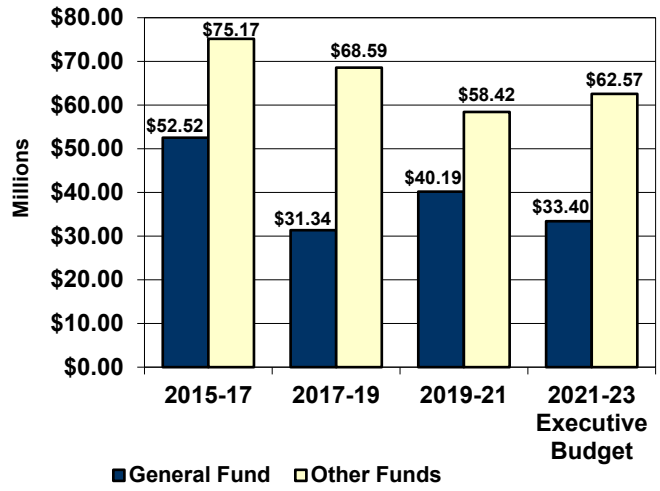
[1]The 2019-21 biennium agency appropriation amounts have not been adjusted for the following:

- Additional special funds authority of $1 million resulting from Emergency Commission action during the 2019-21 biennium.
- Additional federal funds authority of $129,680,028, of which $121,985,711 is related to Coronavirus (COVID-19) costs, resulting from Emergency Commission action during the 2019-21 biennium.

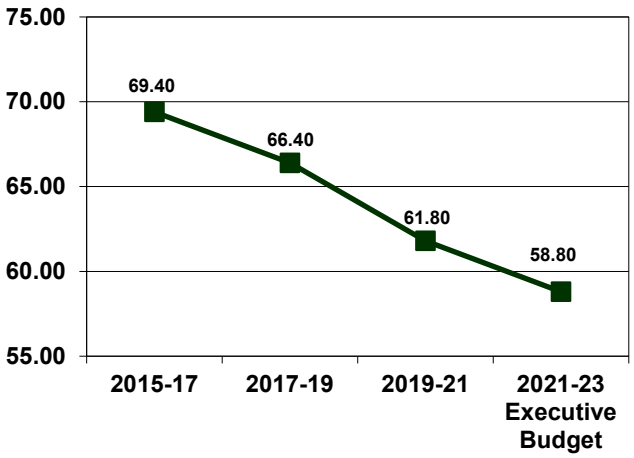
Ongoing and One-Time General Fund Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2021-23 Executive Budget	$30,198,770	$3,200,000	$33,398,770
2019-21 Legislative Appropriations	32,866,721	7,325,000	40,191,721
Increase (Decrease)	($2,667,951)	($4,125,000)	($6,792,951)

Agency Funding



FTE Positions



Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2021-23 Executive Budget	$33,398,770	$62,565,608	$95,964,378
2021-23 Base Level	32,866,721	54,123,293	86,990,014
Increase (Decrease)	$532,049	$8,442,315	$8,974,364

Attached as an appendix is a detailed comparison of the executive budget to the agency's base level appropriations.

First House Action

Attached is a comparison worksheet detailing first house changes to base level funding and the executive budget.

Executive Budget Highlights
(With First House Changes in Bold)

	General Fund	Other Funds	Total
1. Provides funding for state employee salary and benefit increases, of which $333,787 is for salary increases, $2,872 is for health insurance increases, and $66,559 is for retirement increases. **The Senate added funding for salary adjustments of 2 percent on July 1, 2021, with a minimum monthly increase of $80 and a**	$328,634	$74,584	$403,218

	maximum monthly increase of $300 and 2 percent on July 1, 2022, and increases in health insurance premiums from $1,427 to $1,429 per month. The Senate did not add funding for retirement contribution increases.			
2.	Underfunds salaries	($140,000)	$0	($140,000)
3.	Transfers 1 FTE information technology (IT) position to the Information Technology Department for an IT unification initiative, which includes a decrease of $149,792 for salaries and wages and an increase of $149,792 for operating expenses	$0	$0	$0
4.	Transfers 2 FTE positions and related funding for the HOME program, of which $356,421 is for salaries and wages, $286,950 is for operating expenses, and $7,700,000 is for grants, to the Housing Finance Agency. Of the total, $7,643,371 is from federal funds and $700,000 is from the intergovernmental assistance fund	$0	($8,343,371)	($8,343,371)
5.	Adds funding for Microsoft Office 365 license expenses	$5,486	$1,013	$6,499
6.	Reduces funding for the marketing division, primarily related to operating fees and services. **The Senate did not reduce this funding.**	($630,000)	$0	($630,000)
7.	Reduces funding for the tourism division, primarily related to operating fees and services. **The Senate did not reduce this funding.**	($955,046)	$0	($955,046)
8.	Adjusts funding for the Community Services Division, primarily related to operating fees and services. Of the $329,488 increase in other funds, $291,576 is from federal funds and $37,912 is from the intergovernmental assistance fund.	($216,576)	$329,488	$112,912
9.	Reduces funding for the Workforce Development Division, primarily related to operating fees and services	($199,664)	$0	($199,664)
10.	Reduces funding for grants to the North Dakota State Commission on National and Community Service for AmeriCorps to provide total federal funding of $1.62 million. **The Senate did not reduce this funding, resulting in total funding of $1.82 million, of which $1.62 million is from federal funds and $200,000 is from the general fund, the same as provided for the 2019-21 biennium.**	($200,000)	$0	($200,000)
11.	Reduces funding for the Economic Development and Finance Division, primarily related to travel, rent, professional development, and operating fees and services	($195,000)	$0	($195,000)
12.	Reduces funding for the administration division, primarily related to rent, IT data processing, IT software supplies, postage, and travel, of which $3,283 is from the economic development fund	($396,990)	($3,283)	($400,273)
13.	Reduces funding for the Operation Intern program to provide a total of $755,000 from the general fund	($100,000)	$0	($100,000)
14.	Adds funding for the unmanned aircraft system (UAS) program, of which $2,000,000 is from the general fund, $7,000,000 is from federal funds, and $20,150 is from the UAS fund. Of the total, $2,000,000 is for operating expenses of the Northern Plains UAS Test Site and $7,020,150 is for grants. **The Senate added $10,020,150 of ongoing funding for the UAS program, of which $3,000,000 is from the general fund, $7,000,000 is from federal funds, and $20,150 is from the UAS fund. Of the total, $3,000,000 is for operating expenses of the Northern Plains UAS Test Site and $7,020,150 is for grants.**	$2,000,000	$7,020,150	$9,020,150
15.	Transfers $505,000 from the intergovernmental assistance fund from the grants line item to the operating expenses line item	$0	$0	$0
16.	Transfers $151,284 from the general fund for the early childhood education program from the operating expenses line item to the grants line item to provide a total of $1.5 million from the general fund	$0	$0	$0
17.	Removes funding for the biotechnology grant program	($300,000)	$0	($300,000)
18.	Reduces funding for homeless shelter grants to provide a total of $1,330,212 from the general fund	($169,788)	$0	($169,788)

19. Adds federal funding for a state apprenticeship expansion program. The funding will be transferred to the North Dakota State College of Science for the administration of the program. In August 2020, the Emergency Commission and Budget Section approved a request to accept and spend $694,317 of federal funds for this program for the remainder of the 2019-21 biennium.	$0	$347,157	$347,157
20. Adds funding to continue federal COVID-19 relief funds received during the 2019-21 biennium for Community Services Division-related programs into the 2021-23 biennium, including $3 million for the community development block grant program, $4 million for the community services block grant program, and $1 million for the emergency solutions grant program. **The Senate did not add this funding. This funding was included in House Bill No. 1394.**	$0	$8,000,000	$8,000,000
21. Reduces funding for discretionary funds to provide a total of $1.55 million from the general fund	($600,000)	$0	($600,000)
22. Transfers funding to the Agriculture Commissioner for the North Dakota Trade Office, resulting in $750,000 for the program in the Department of Commerce budget and $850,000 for the program in the Agriculture Commissioner budget. **The Senate transferred the entire $1.6 million appropriation from the general fund for the program from the Department of Commerce to the Agriculture Commissioner.**	($850,000)	$0	($850,000)
23. Adds **one-time funding** for tourism marketing operating expenses. **The Senate added one-time funding of $7 million from the general fund for tourism marketing and branding operating expenses.**	$2,000,000	$0	$2,000,000
24. Adds **one-time funding** for tourism branding operating expenses. **The Senate including this funding in the $7 million general fund appropriation for tourism marketing and branding operating expenses described in the entry above.**	$200,000	$0	$200,000
25. Adds **one-time funding** for UAS grants from the UAS fund	$0	$1,000,000	$1,000,000
26. Adds **one-time funding** for a technical skills training grant program to support skills-based and hands-on workforce training programs for displaced workers	$1,000,000	$0	$1,000,000

Other Sections in Senate Bill No. 2018

Appropriation - Department of Transportation - Beyond visual line of sight UAS program - Section 3 appropriates $28 million to the Department of Transportation from grant funds received from the Department of Commerce pursuant to Section 11 for the purpose of defraying tower infrastructure construction expenses of the beyond visual line of sight UAS program during the 2021-23 biennium. The Department of Transportation may bid, award, and administer any contracts necessary to complete the construction of the tower infrastructure. This funding is considered a one-time funding item.

Internship fund transfer - Section 4 transfers $755,000 from the general fund to the internship fund in the operating expenses line item for the Operation Intern program.

Entrepreneurship grants and vouchers program - Section 5 identifies $948,467 included in Section 1, of which $740,956 is from the general fund and $207,511 is from the economic development fund for the entrepreneurship grants and vouchers program, also known as Innovate ND, for the 2021-23 biennium.

Strategic investment and improvements fund - Beyond visual line of sight UAS program - Enhanced use lease grant program - Section 6 identifies $26 million from the strategic investment and improvements fund in Section 1, of which $19 million is for providing beyond visual line of sight UAS grants and $7 million is for providing enhanced use lease grants during the 2021-23 biennium. This funding is considered a one-time funding item.

Beyond visual line of sight UAS program - Matching fund requirement - Section 7 identifies $1 million from the general fund in Section 1 is for providing grants to an organization dedicated to expanding workforce opportunities, training, and education related to the beyond visual line of sight UAS industry, which the Department of Commerce may provide only to the extent the organization provides $1 of matching funds from private or other public sources for each $1 provided by the department during the 2021-23 biennium. This funding is considered a one-time funding item.

North Dakota Trade Office - Advisory board - Continuing appropriation - Section 8 creates a new section to North Dakota Century Code Chapter 4.1-01 to transfer the international business and trade office, also known as the North Dakota Trade Office, from the Department of Commerce to the Agriculture Commissioner.

UAS-related programs continuing appropriation - Section 9 amends Section 54-60-29 to expand the continuing appropriation provided to the Department of Commerce from the UAS fund for expenses of the UAS program to also include expenses of the beyond visual line of sight UAS program and the enhanced use lease grant program.

North Dakota Trade Office - Repeal - Section 10 repeals Section 54-60-16 related to the international business and trade office, also known as the North Dakota Trade Office, as part of the transfer of the program from the Department of Commerce to the Agriculture Commissioner.

Beyond visual line of sight UAS program exemption - Section 11 provides an exemption for unexpended 2017-19 biennium funds continued into the 2019-21 biennium for the beyond visual line of sight UAS program to continue into the 2021-23 biennium. The 2019 Legislative Assembly provided a $28 million supplemental appropriation from the general fund for this purpose for the 2017-19 biennium. The Department of Commerce may provide grants of up to $28 million to the Department of Transportation, pursuant to the appropriation in Section 3, defraying tower infrastructure construction expenses of the beyond visual line of sight UAS program during the 2021-23 biennium.

Unmanned aircraft systems program exemption - Section 12 provides an exemption for the UAS program to continue any unexpended 2019-21 biennium funds for the operating expenses of this program into the 2021-23 biennium. A total of $2.25 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.

Enhanced use lease grant program exemption - Section 13 provides an exemption for the enhanced use lease grant program to continue any unexpended 2019-21 biennium funds for the program into the 2021-23 biennium. A total of $3 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.

Early childhood education grant program exemption - Section 14 provides an exemption to continue unexpended 2019-21 biennium funds for the early childhood education program into the 2021-23 biennium. A total of $1.5 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.

Nonresident nurse employment recruitment program exemption - Section 15 provides an exemption to continue $320,000 of the $500,000 appropriated from the general fund for the nonresident nurse employment recruitment program for the 2019-21 biennium into the 2021-23 biennium. In addition to the program eligibility guidelines established for the 2019-21 biennium, the Department of Commerce is required to provide funding for the program to eligible nursing students in the state who have not been employed by a health care provider on a full-time basis in the year preceding the grant award.

Discretionary funds exemption - Section 16 provides an exemption for discretionary funds to continue any unexpended 2019-21 biennium funds in the discretionary funds line item into the 2021-23 biennium. A total of $2.15 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.

Continuing Appropriations

Innovation loan fund to support technology advancement - Section 6-09.18-05 - Provided for the purpose of providing innovation technology loans and for administrative expenses. The Department of Commerce is required to deposit to the fund all principal and interest paid on loans made from the fund. Loan recipients may only use funding to conduct applied research, experimentation, or operational testing within the state.

Ethanol production incentive fund - Section 17-02-05 - Allows for payments of ethanol production incentives to North Dakota ethanol plants.

Workforce enhancement fund - Section 54-60-23 - All funds in the workforce enhancement fund are appropriated to the Department of Commerce on a continuing basis for implementing and administering the Workforce Enhancement Council and workforce enhancement grants to higher education institutions assigned primary responsibility for workforce training.

Community development loan fund - Section 54-44.5-05 - Allows for the expenditures of community development block grant revolving loan funds.

Research North Dakota - Section 54-65-08 - This continuing appropriation allows for implementing and administering the Research North Dakota program.

Internship fund - Section 54-60-17.1 - This continuing appropriation allows for the expansion of the number of new internships, work experience, and apprenticeship opportunities with North Dakota employers.

UAS program fund - Section 54-60-29 - This continuing appropriation allows the UAS test site to collect fees and use the collected fees for expenses relating to the administration of the test site.

Energy conservation grant fund - Section 54-44.5-05.1 - This continuing appropriation allows for the agency to provide grants to political subdivisions for energy conservation projects in nonfederal public buildings.

Significant Audit Findings

The operational audit for the Department of Commerce conducted by the State Auditor's office for the period ending June 30, 2019, identified the following significant audit findings:

- **Circumventing procurement guidelines** - The Department of Commerce circumvented procurement requirements related to the "Be Legendary" logo. In July 2018, the department entered a contract with a Minnesota-based business for $9,500 to update the official North Dakota logo and develop digital and other mediums, including a new nd.gov website. The department later entered two temporary employment contracts to allow the work from the original contract to continue to avoid certain procurement requirements. The total of these contracts was $87,163.
- **Violation of appropriation law** - The Department of Commerce improperly charged $853,908 related to the enhanced use lease grant program for the 2017-19 biennium in the 2019-21 biennium. The 2017 Legislative Assembly provided a one-time appropriation of $3 million to the department for the enhanced use lease grant program, of which $1 million was

from the general fund and $2 million was from the strategic investment and improvements fund. In December 2017, the department entered a grant agreement with Grand Forks County.

Grand Forks County submitted reimbursement requests for the work completed but the final payment to the county exceeded the reimbursement request by $458,801, resulting in an advance payment prohibited by the grant agreement.

An additional $395,107 for the program related to July 2019 expenditures was improperly charged to appropriations for the 2017-19 biennium.

The department did not request an exemption from the 2019 Legislative Assembly to continue funding for the program from the 2017-19 biennium to the 2019-21 biennium. Therefore, the total of $853,908 should have been canceled at the end of the 2017-19 biennium and retained in the originating funding sources--the general fund and the strategic investment and improvements fund.

- **Noncompliance with contract requirements** - The Department of Commerce did not monitor contract deliverables of an entrepreneurial contract, resulting in $123,750 being paid to unapproved subcontractors. An additional $23,448 was not supported by progress reports.
- **Lack of internal control surrounding appropriations** - The Department of Commerce's internal control procedures are not effective to ensure expenditures are charged to the proper biennial appropriations authorized by the Legislative Assembly, as seen in the violation of appropriation law audit finding.

Major Related Legislation

House Bill No. 1141 - Transfers $15 million from the strategic investment and improvements fund to the innovation loan fund to support technology advancement for providing innovation technology loans during the 2021-23 biennium.

House Bill No. 1142 - Appropriates $250,000 from the general fund to the Department of Commerce for providing matching funds to an organization assisting in the recruitment, distribution, and supply, and enhancing the quality and efficiency of personnel providing health services in rural areas of the state. The department may spend the appropriated funds only to the extent the organization has secured matching funds from nonstate sources on a $1-for-$1 basis.

House Bill No. 1394 - This bill provides a 2019-21 biennium appropriation of $11,393,078 to the Department of Commerce from federal funds received as a result of the COVID-19 pandemic, of which $7,393,078 is for the community services block grant program, $3,000,000 is for the community development block grant program, and $1,000,000 is for the emergency solutions block grant program. Section 2 of the bill provides an exemption for the Department of Commerce to continue the funding into the 2021-23 biennium.

House Bill No. 1395 - This bill provides a 2019-21 biennium appropriation of $109,179,000 of federal funding to the Department of Commerce, as approved by the Emergency Commission and Budget Section during the 2019-20 interim, from the state's allocation from the federal Coronavirus Relief Fund for various programs in response to the COVID-19 pandemic.

Senate Bill No. 2245 - Appropriates $10 million from the strategic investment and improvements fund to the Department of Commerce for developing an intermodal transportation assistance program, which must be used for providing grants to an organization dedicated to the purchase and development of an intermodal transportation facility and expansion of intermodal infrastructure in the state. Grant funds awarded must be used for the purchase of infrastructure assets, real property, and equipment necessary for successful intermodal rail service in the state.

Senate Bill No. 2291 - Requires the Department of Commerce to study environmental social governance related to government and private industry in the state. The study must include an evaluation of investment policies and the potential implications for the state related to the boycott of energy or production of agriculture commodities by companies that intend to penalize, inflict economic harm on, or limit commercial relations. The department is required to report its findings and recommendations to the Legislative Management by June 1, 2022.

Senate Concurrent Resolution No. 4001 - Authorizes the Budget Section to hold the required legislative hearings on state plans for the receipt and expenditures of new or revised block grants passed by Congress. The Department of Commerce appropriation bill contains directions regarding the use of community services block grant program money for the period ending September 30, 2023.

Department of Commerce - Budget No. 601
Senate Bill No. 2018
Base Level Funding Changes

	Executive Budget Recommendation				Senate Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2021-23 Biennium Base Level	61.80	$32,866,721	$54,123,293	$86,990,014	61.80	$32,866,721	$54,123,293	$86,990,014
2021-23 Ongoing Funding Changes								
Base payroll changes		($49,007)	$16,577	($32,430)		($49,007)	$16,577	($32,430)
Salary increase		272,046	61,741	333,787		266,126	56,512	322,638
Health insurance increase		2,341	531	2,872		2,341	531	2,872
Retirement contribution increase		54,247	12,312	66,559				0
Underfunds salaries		(140,000)		(140,000)		(140,000)		(140,000)
Transfers 1 FTE IT position to ITD for IT unification	(1.00)			0	(1.00)	3,525		3,525
Transfers the HOME program to the Housing Finance Agency	(2.00)		(8,343,371)	(8,343,371)	(2.00)		(8,343,371)	(8,343,371)
Adds funding for Microsoft Office 365 license expenses		5,486	1,013	6,499		5,486	1,013	6,499
Reduces funding for the marketing division		(630,000)		(630,000)				0
Reduces funding for the tourism division		(955,046)		(955,046)				0
Adjusts funding for the Community Services Division		(216,576)	329,488	112,912		(216,576)	329,488	112,912
Reduces funding for the Workforce Development Division		(199,664)		(199,664)		(199,664)		(199,664)
Reduces funding for the Economic Development and Finance Division		(195,000)		(195,000)		(195,000)		(195,000)
Reduces funding for the administration division		(396,990)	(3,283)	(400,273)		(396,990)	(3,283)	(400,273)
Reduces funding for the Operation Intern program		(100,000)		(100,000)		(100,000)		(100,000)
Adds funding for the UAS program		2,000,000	7,020,150	9,020,150		3,000,000	7,020,150	10,020,150
Transfers funding for contractual fees from grants to operating expenses				0				0
Transfers funding for the early childhood education program from operating to grants				0				0
Reduces funding for the Community Service Commission for AmeriCorps		(200,000)		(200,000)				0
Removes funding for the biotechnology grant program		(300,000)		(300,000)		(300,000)		(300,000)
Reduces funding for homeless shelter grants		(169,788)		(169,788)		(169,788)		(169,788)
Adds funding for rural health care grants				0		200,000		200,000
Adds funding for a state apprenticeship expansion program			347,157	347,157			347,157	347,157
Adds funding to continue community services federal COVID-19 programs			8,000,000	8,000,000				0
Reduces funding for discretionary funds		(600,000)		(600,000)		(600,000)		(600,000)
Transfers funding for the North Dakota Trade Office to the Agriculture Commissioner		(850,000)		(850,000)		(1,600,000)		(1,600,000)
Total ongoing funding changes	(3.00)	($2,667,951)	$7,442,315	$4,774,364	(3.00)	($489,547)	($575,226)	($1,064,773)
One-time funding items								
Adds funding for tourism marketing		$2,000,000		$2,000,000		$7,000,000		$7,000,000
Adds funding for tourism branding		200,000		200,000				0
Adds funding for UAS program grants			$1,000,000	1,000,000			$1,000,000	1,000,000
Adds funding for the beyond visual line of sight UAS program				0		1,000,000	19,000,000	20,000,000
Adds funding for enhanced use lease grants				0			7,000,000	7,000,000
Adds funding for technical skills training grants		1,000,000		1,000,000		1,000,000		1,000,000
Adds funding for workforce grants to tribally controlled community colleges				0		500,000		500,000
Total one-time funding changes	0.00	$3,200,000	$1,000,000	$4,200,000	0.00	$9,500,000	$27,000,000	$36,500,000
Total Changes to Base Level Funding	(3.00)	$532,049	$8,442,315	$8,974,364	(3.00)	$9,010,453	$26,424,774	$35,435,227
2021-23 Total Funding	58.80	$33,398,770	$62,565,608	$95,964,378	58.80	$41,877,174	$80,548,067	$122,425,241
Total ongoing changes as a percentage of base level	*(4.9%)*	*(8.1%)*	*13.8%*	*5.5%*	*(4.9%)*	*(1.5%)*	*(1.1%)*	*(1.2%)*
Total changes as a percentage of base level	*(4.9%)*	*1.6%*	*15.6%*	*10.3%*	*(4.9%)*	*27.4%*	*48.8%*	*40.7%*

Other Sections in Department of Commerce - Budget No. 601

	Executive Budget Recommendation	Senate Version
Appropriation - Department of Transportation - Beyond visual line of sight unmanned aircraft system program - One-time funding		Section 3 appropriates $28 million to the Department of Transportation from grant funds received from the Department of Commerce pursuant to Section 11 for the purpose of defraying tower infrastructure construction expenses of the beyond visual line of sight UAS program during the 2021-23 biennium. The Department of Transportation may bid, award, and administer any contracts necessary to complete the construction of the tower infrastructure. This funding is considered a one-time funding item.
Internship fund transfer	Section 9 would transfer $755,000 from the general fund to the internship fund in the operating expenses line item for the Operation Intern program.	Section 4 transfers $755,000 from the general fund to the internship fund in the operating expenses line item for the Operation Intern program.
Entrepreneurship grants and vouchers program	Section 14 would identify $948,467 included in Section 1, of which $740,956 is from the general fund and $207,511 is from the economic development fund for the entrepreneurship grants and vouchers program, also known as Innovate ND, for the 2021-23 biennium. Any unexpended funds for the program would be made available to the department during the 2023-25 biennium.	Section 5 identifies $948,467 included in Section 1, of which $740,956 is from the general fund and $207,511 is from the economic development fund for the entrepreneurship grants and vouchers program, also known as Innovate ND, for the 2021-23 biennium.
Estimated income - Strategic investment and improvements fund - Beyond visual line of sight UAS program - Enhanced use lease grants program		Section 6 identifies $26 million from the strategic investment and improvements fund in Section 1, of which $19 million is for providing beyond visual light of sight UAS grants and $7 million is for providing enhanced use lease grants during the 2021-23 biennium. This funding is considered a one-time funding item.
Beyond visual line of sight UAS program - Matching fund requirement - One-time funding		Section 7 identifies $1million from the general fund in Section 1 is for providing grants to an organization dedicated to expanding workforce opportunities, training, and education related to the beyond visual line of sight UAS industry, which the Department of Commerce may provide only to the extent the organization provides $1 of matching funds from private or other public sources for each $1 provided by the department during the 2021-23 biennium. This funding is considered a one-time funding item.
North Dakota Trade Office - Advisory board - Continuing appropriation		Section 8 creates a new section to Chapter 4.1-01 to transfer the international business and trade office, also known as the North Dakota Trade Office, from the Department of Commerce to the Agriculture Commissioner.
UAS-related programs continuing appropriation	Section 16 would amend Section 54-60-29 to expand the continuing appropriation provided to the Department of Commerce from the UAS fund for expenses of the UAS program to also include expenses of the beyond visual line of sight UAS program and the enhanced use lease grant program.	Section 9 amends Section 54-60-29 to expand the continuing appropriation provided to the Department of Commerce from the UAS fund for expenses of the UAS program to also include expenses of the beyond visual line of sight UAS program and the enhanced use lease grant program.
North Dakota Trade Office - Repeal		Section 10 repeals Section 54-60-16 related to the international business and trade office, also known as the North Dakota Trade Office, as part of the transfer of the program from the Department of Commerce to the Agriculture Commissioner.

Other Sections in Department of Commerce - Budget No. 601

	Executive Budget Recommendation	Senate Version
Exemption - Beyond visual line of sight UAS program	Section 4 would provide an exemption for unexpended 2017-19 biennium funds continued into the 2019-21 biennium for the beyond visual line of sight UAS program to continue into the 2021-23 biennium. The 2019 Legislative Assembly provided a $28 million supplemental appropriation from the general fund for this purpose for the 2017-19 biennium.	Section 11 provides an exemption for unexpended 2017-19 biennium funds continued into the 2019-21 biennium for the beyond visual line of sight UAS program to continue into the 2021-23 biennium. The 2019 Legislative Assembly provided a $28 million supplemental appropriation from the general fund for this purpose for the 2017-19 biennium. The Department of Commerce may provide grants of up to $28 million to the Department of Transportation, pursuant to the appropriation in Section 3, for the purpose of defraying tower infrastructure construction expenses of the beyond visual line of sight UAS program during the 2021-23 biennium.
Exemption - UAS program	Section 7 would provide an exemption for the UAS program to continue any unexpended 2019-21 biennium funds for the operating expenses of this program into the 2021-23 biennium. A total of $2.25 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.	Section 12 provides an exemption for the UAS program to continue any unexpended 2019-21 biennium funds for the operating expenses of this program into the 2021-23 biennium. A total of $2.25 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.
Exemption - Enhanced use lease grant program	Section 8 would provide an exemption for the enhanced use lease grant program to continue any unexpended 2019-21 biennium funds for the program into the 2021-23 biennium. A total of $3 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.	Section 13 provides an exemption for the enhanced use lease grant program to continue any unexpended 2019-21 biennium funds for the program into the 2021-23 biennium. A total of $3 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.
Exemption - Early childhood education program	Section 5 would provide an exemption to continue unexpended 2019-21 biennium funds for the early childhood education program into the 2021-23 biennium. A total of $1.5 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.	Section 14 provides an exemption to continue unexpended 2019-21 biennium funds for the early childhood education program into the 2021-23 biennium. A total of $1.5 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.
Exemption - Nonresident nurse employment recruitment program	Section 6 would provide an exemption to continue unexpended 2019-21 biennium funds for the nonresident nurse employment recruitment program into the 2021-23 biennium. A total of $500,000 was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.	Section 15 provides an exemption to continue $320,000 of the $500,000 appropriated from the general fund for the nonresident nurse employment recruitment program for the 2019-21 biennium into the 2021-23 biennium. In addition to the program eligibility guidelines established for the 2019-21 biennium, the Department of Commerce is required to provide funding for the program to eligible nursing students in the state who have not been employed by a health care provider on a full-time basis in the year preceding the grant award.
Exemption - Discretionary funds	Section 3 would provide an exemption for discretionary funds to continue any unexpended 2019-21 biennium funds in the discretionary funds line item into the 2021-23 biennium. A total of $2.15 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.	Section 16 provides an exemption for discretionary funds to continue any unexpended 2019-21 biennium funds in the discretionary funds line item into the 2021-23 biennium. A total of $2.15 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.
Exemption - Operation Intern program	Section 10 would provide an exemption for the Operation Intern program to continue any unexpended 2019-21 biennium funds for the program into the 2021-23 biennium. A total of $855,000 was appropriated from the general fund and transferred to the internship fund for this purpose for the 2019-21 biennium.	

Other Sections in Department of Commerce - Budget No. 601

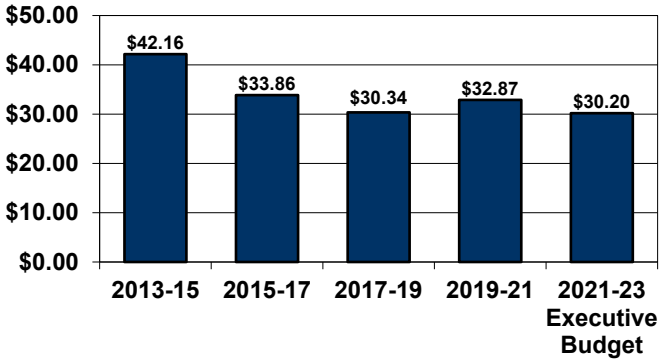
	Executive Budget Recommendation	Senate Version
Exemption - Intermodal container transportation shipping fees	Section 11 would provide an exemption to continue any unexpended 2019-21 biennium funds for intermodal container transportation shipping fees into the 2021-23 biennium. A total of $1.3 million was appropriated from the beginning farmer revolving loan fund for this purpose for the 2019-21 biennium.	
Other funds appropriation	Section 12 would appropriate all federal and special funds received by the Department of Commerce in excess of those funds appropriated in Section 1.	
North Dakota Trade Office - Matching fund requirement	Section 13 would identify $750,000 from the general fund for the North Dakota Trade Office and would allow the Department of Commerce to spend 60 percent of the North Dakota Trade Office line item listed in Section 1 without requiring any matching funds from the North Dakota Trade Office. Any additional amounts may be spent only to the extent the North Dakota Trade Office provides $1 of matching funds from private or other public sources for each $1 provided by the Department of Commerce during the 2021-23 biennium.	
North Dakota Trade Office - Statutory changes	Section 15 would amend Section 54-60-16 to restrict the North Dakota Trade Office, also known as the International Business and Trade Office, from assisting businesses with investment opportunities in farming, forestry, ranching, food quality, and nutrition. The section would also be amended to provide the Commissioner of Commerce, or the commissioner's designee, must serve as the chairman of the International Business and Trade Office Advisory Board.	

Department 601 - Department of Commerce

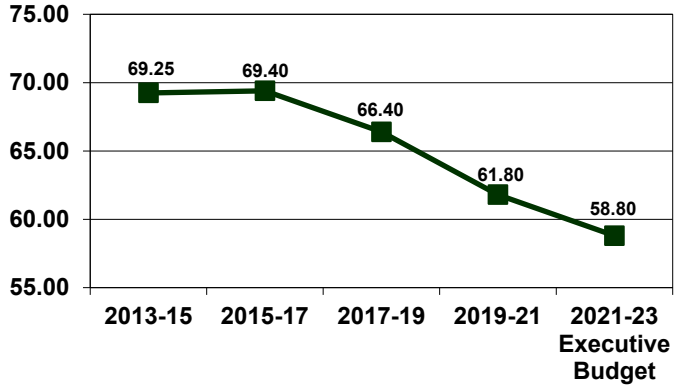
Historical Appropriations Information

Ongoing General Fund Appropriations Since 2013-15

Ongoing General Fund Appropriations (in Millions)



FTE Positions



Ongoing General Fund Appropriations					
	2013-15	2015-17	2017-19	2019-21	2021-23 Executive Budget
Ongoing general fund appropriations	$42,157,060	$33,859,099	$30,342,680	$32,866,721	$30,198,770
Increase (decrease) from previous biennium	N/A	($8,297,961)	($3,516,419)	$2,524,041	($2,667,951)
Percentage increase (decrease) from previous biennium	N/A	(19.7%)	(10.4%)	8.3%	(8.1%)
Cumulative percentage increase (decrease) from 2013-15 biennium	N/A	(19.7%)	(28.0%)	(22.0%)	(28.4%)

Major Increases (Decreases) in Ongoing General Fund Appropriations

2015-17 Biennium

1. Removed grants authorized in the 2013-15 biennium, including homeless shelter grants ($2 million), child care facility grants ($2.6 million), tribal college grants ($5 million), and rural health service grants ($400,000)	($10,000,000)
2. Added funding for partner programs to provide total funding of $2.2 million	$251,786
3. Added funding from the general fund to provide matching funds to an organization assisting in the recruitment, distribution, supply, quality, and efficiency of personnel providing health services in rural areas of the state. The funding required a dollar-for-dollar match from nonstate sources.	$200,000
4. Added funding from the general fund to provide early childhood education grants	$906,000

2017-19 Biennium

1. Removed 3 FTE positions and related funding of $479,078, of which $274,522 is from the general fund and $204,556 is from other funds	($274,522)
2. Adjusted funding for operating expenses, primarily related to professional services, postage, office supplies, and equipment	($1,438,838)
3. Reduced funding for the Operation Intern program to provide total funding of $950,000	($550,000)
4. Reduced funding for prekindergarten community grants to provide total funding of $1.5 million	($500,000)
5. Reduced funding for the North Dakota Trade Office to provide total funding of $2 million	($556,694)
6. Reduced funding for partner programs to provide total funding of $1,939,845	($233,984)
7. Added funding for homeless shelter grants	$300,000
8. Adjusted funding for entrepreneurship grants and vouchers to provide total funding of $1.95 million, of which $600,000 is from the general fund, $1.2 million is from the Research North Dakota fund, and $150,000 is from the economic development fund	($750,000)

2019-21 Biennium

1. Removed 3 FTE positions and related funding of $521,836, of which $130,845 is from the general fund	($130,845)
2. Adjusted funding for the department's reorganization	($1,549,149)
3. Added funding for homeless shelter grants to provide a total of $1.5 million from the general fund	$1,200,000
4. Added funding for biotechnology grants	$300,000
5. Adjusted funding for discretionary funds from the Research North Dakota fund to the general fund	$950,000
6. Added funding for the tourism division to provide total funding of $8,801,678 for operating expenses, of which $8,259,678 is from the general fund and $542,000 is from the Department of Tourism fund	$1,000,000
7. Added funding for matching funds to an organization providing research-based literacy intervention services to students below grade four who score below proficient in reading	$200,000

2021-23 Biennium (Executive Budget Recommendation)

1. Underfunds salaries	($140,000)
2. Reduces funding for operating expenses, primarily related to operating fees and services, travel, rent, professional development, IT data processing, IT software supplies, and postage. **The Senate did not reduce funding for operating expenses for the marketing division ($630,000) and tourism division ($955,046), resulting in a reduction of operating expenses primarily related to operating fees and services, travel, rent, professional development, IT data processing, IT software supplies, and postage of $1,008,230.**	($2,593,276)
3. Reduces funding for the Operation Intern program to provide a total of $755,000 from the general fund	($100,000)
4. Adds funding for the UAS program for operating expenses of the Northern Plains UAS Test Site. **The Senate added $3,000,000 from the general fund for this purpose.**	$2,000,000
5. Removes funding for the biotechnology grant program	($300,000)
6. Reduces funding for homeless shelter grants to provide a total of $1,330,212 from the general fund	($169,788)
7. Reduces funding for discretionary funds to provide a total of $1,550,000 from the general fund	($600,000)
8. Transfers funding to the Agriculture Commissioner for the North Dakota Trade Office, resulting in $750,000 for the program in the Department of Commerce budget and $850,000 for the program in the Agriculture Commissioner budget. **The Senate transferred the entire $1.6 million appropriation from the general fund for the program from the Department of Commerce to the Agriculture Commissioner.**	($850,000)

GOVERNOR'S RECOMMENDATION FOR THE DEPARTMENT OF COMMERCE AS SUBMITTED BY THE OFFICE OF MANAGEMENT AND BUDGET

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, and from special funds derived from federal funds and other income, to the department of commerce for the purpose of defraying the expenses of the department of commerce, for the biennium beginning July 1, 2021, and ending June 30, 2023 as follows:

	Base Level	Adjustments or Enhancements	Appropriation
Salaries and Wages	$13,217,286	$ (275,425)	$12,941,861
Operating Expenses	14,873,203	2,055,986	16,929,189
Grants	52,638,527	643,803	53,282,330
Discretionary Funds	2,150,000	(600,000)	1,550,000
North Dakota Trade Office	1,600,000	(850,000)	750,000
Partner Programs	1,562,531	0	1,562,531
Entrepreneurship Grants and Vouchers	948,467	0	948,467
CARES Act Funding	0	8,000,000	8,000,000
Total All Funds	$86,990,014	$8,974,364	$95,964,378
Less Estimated Income	54,123,292	8,442,316	62,565,608
Total General Fund	$32,866,722	$ 532,048	$33,398,770
Full-Time Equivalent Positions	61.80	(3.00)	58.80

SECTION 2. ONE-TIME FUNDING – EFFECT ON BASE BUDGET – REPORT TO SIXTY-EIGHTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty- sixth legislative assembly for the 2019-21 biennium and the 2021-23 one-time funding items included in the appropriation in section 1 of this Act:

One-Time Funding Description	2019-21	2021-23
Unmanned Aircraft System	$ 2,225,000	$ 0
Enhanced Use Lease Grant	3,000,000	0
Workforce Grant to Tribally Controlled Community	500,000	0
Census 2020	1,000,000	0
Workforce Safety Grant	1,000,000	0
Entrepreneurship Grants and Vouchers	2,000,000	0
Sculpture Maintenance Grants	75,000	0
Nonresident Nurse Employment Recruitment	500,000	0
Intermodal Container Transportation Shipping Fees	1,300,000	0
Job Development and Economic Growth Grant	25,000	0
Unmanned Aircraft System – Test Site	0	1,000,000
Tourism – Destination Marketing	0	2,000,000
Tourism – Brand Extension	0	200,000
Technical Skills Training Grant	0	1,000,000
Total All Funds	$11,625,000	$4,200,000
Total Special Funds	4,300,000	1,000,000
Total General Fund	$ 7,325,000	$3,200,000

The 2021-23 biennium one-time funding amounts are not a part of the entity's base budget for the 2023-25 biennium. The department of commerce shall report to the appropriations committees of the sixty-seventh legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2021 and ending June 30, 2023.

SECTION 3. EXEMPTION. The amount appropriated for the discretionary funds line item in section 1 of chapter 18 of the 2019 Session Laws is not subject to section 54-44.1-11 and any unexpended funds from this line item are available during the biennium beginning July 1, 2021 and ending June 30, 2023.

SECTION 4. EXEMPTION. The amount appropriated for the beyond visual line of sight unmanned aircraft systems program in section 12 of chapter 18 of the 2019 Session Laws is not subject to section 54-44.1-11 and any unexpended funds from this line item are available during the biennium beginning July 1, 2021 and ending June 30, 2023.

SECTION 5. EXEMPTION. The amount of $1,500,000 appropriated from the general fund for the early childhood education grant program in section 1 of chapter 18 of the 2019 Session Laws is not subject to section 54-44.1-11 and any unexpended funds from this program are available for the program during the biennium beginning July 1, 2021 and ending June 30, 2023.

SECTION 6. EXEMPTION. The amount of $500,000 appropriated from the general fund for the nonresident nurse employment recruitment program in section 1 of chapter 18 of the 2019 Session Laws is not subject to section 54-44.1-11 and any unexpended funds from this line item are available during the biennium beginning July 1, 2021 and ending June 30, 2023.

SECTION 7. EXEMPTION. The amount of $2,225,000 appropriated from the general fund for the unmanned aircraft systems operating expense in section 1 of chapter 18 of the 2019 Session Laws is not subject to section 54-44.1-11 and any unexpended funds from this program are available for the program during the biennium beginning July 1, 2021 and ending June 30, 2023.

SECTION 8. EXEMPTION. The amount of $3,000,000 appropriated from the general fund for the enhanced use lease grants in section 1 of chapter 18 of the 2019 Session Laws is not subject to section 54-44.1-11 and any unexpended funds from this program are available for the program during the biennium beginning July 1, 2021 and ending June 30, 2023.

SECTION 9. TRANSFER - INTERNSHIP FUND. The office of management and budget shall transfer $755,000 of the amount appropriated in the operating expenses line item in section 1 of this Act to the internship fund for the purpose of administering the operation intern program, for the biennium beginning July 1, 2021 and ending June 30, 2023.

SECTION 10. EXEMPTION. The amount of $855,000 appropriated from the general fund in the operating expenses line item for the operation intern program in section 1 of chapter 18 of the 2019 Session Laws and transferred to the internship fund in section 7 of chapter 18 of the 2019 Session Laws is not subject to section 54-44.1-11 and any unexpended funds from this program are available for the program during the biennium beginning July 1, 2021 and ending June 30, 2023.

SECTION 11. EXEMPTION. The amount of $1,300,000 appropriated to the department of commerce from the beginning farmer revolving loan fund for intermodal container transportation shipping fees in section 1 of chapter 18 of the 2019 Session Laws is not subject to section 54-44.1-11 and any unexpended funds from this program are available for the program during the biennium beginning July 1, 2021 and ending June 30, 2023.

SECTION 12. APPROPRIATION - In addition to the amounts appropriated to the department of commerce in section 1 of this Act, there is appropriated any additional income from federal or other funds which may become available to the agency for the biennium beginning July 1, 2021 and ending June 30, 2023.

SECTION 13. TRADE OFFICE - MATCHING FUND REQUIREMENT. The North Dakota trade office line item and the general fund appropriation in section 1 of this Act include $750,000 of funding relating to the North Dakota trade office. The department of commerce may spend sixty percent of this amount without requiring any matching funds from the trade office. Any additional amounts may be spent only to the extent that the North Dakota trade office provides one dollar of matching funds from private or other public sources for each one dollar provided by the department for the biennium beginning July 1, 2021 and ending June 30, 2023. Matching funds may include money spent by businesses or organizations to pay salaries to export assistants, provide training to export assistants, or buy computer equipment as part of the North Dakota trade office's export assistance program.

SECTION 14. ENTREPRENEURSHIP GRANTS AND VOUCHER PROGRAM. Section 1 of this Act includes the sum of $948,467, of which $740,956 is from the general fund and $207,511 from special funds, for an entrepreneurship grants and voucher program to be developed and administered by the department of commerce, for the biennium beginning July 1, 2021 and ending June 30, 2023. The department shall establish guidelines to provide grants to entrepreneurial centers certified by the department. The department shall also establish guidelines to award vouchers to entrepreneurs to procure business development assistance from certified entrepreneurial centers or to provide grants to entrepreneurs working with an entrepreneurial center. The amount appropriated for entrepreneurship grants in section 1 of this Act is not subject to section 54-44.1-11 and any unexpended funds from this line item are available during the biennium beginning July 1, 2023 and ending June 30, 2025.

SECTION 15. AMENDMENT. Section 54-60-16 of the North Dakota Century Code is amended and reenacted as follows:

54-60-16. International business and trade office - Advisory board.

1. The commissioner shall administer the international business and trade office. The purpose of the office is to assist North Dakota businesses expand exports to international markets and to attract investment opportunities to the state by:
   a. Advocating for exporters and foreign direct investment opportunities;
   b. Offering export educational opportunities to North Dakota businesses;
   c. Researching and raising awareness of export and international business opportunities, issues, and challenges impacting North Dakota businesses;
   d. Assisting North Dakota businesses in identifying, developing, and cultivating international markets for products; ~~and~~
   e. Organizing and carrying out trade and reverse trade missions that seek to facilitate contact and communication between North Dakota businesses and international markets.; and
   f. Assisting and fostering the diplomatic mission of North Dakota.
2. The international business and trade office shall not assist businesses with expansion efforts or investment opportunities in any of the following markets: farming, forestry, ranching, food quality, or nutrition.
3. The commissioner may designate a nonprofit corporation incorporated in this state that has the primary purpose of assisting North Dakota exporters or contract with a third party for the provision of services for the international business and trade office. If the commissioner designates a nonprofit corporation or contracts with a third party under this subsection, all data and databases collected and created by the third party in performing services for the office are the property of the department and the third party.
4. The department may seek and accept any gift, grant, or donation of funds, property, services, or other assistance from public or private sources for the purpose of furthering the objectives of the international business and trade office.
5. The commissioner may establish an international business and trade office advisory board with which the director may consult in administering the international business and trade office. The commissioner or the commissioner's designee shall serve as the chair of the international business and trade office advisory board. Each member of the advisory board created under this subsection is entitled to receive per diem compensation at a rate established by the director not exceeding sixty-two dollars and fifty cents and reimbursement of expenses as provided by law for state officers, while attending meetings or performing duties directly related to board

membership, except that per diem compensation under this section may not be paid to any member who receives compensation or salary as a regular state employee or official.

SECTION 16. AMENDMENT. Section 54-60-29 of the North Dakota Century Code is amended and reenacted as follows:

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 ~~must~~may be used for the following purposes:
   a. To defray the expenses of the operations of an unmanned aircraft systems test site officially designated by the federal aviation administration.
   b. To defray the expenses of the beyond visual line of sight unmanned aircraft system program.
   c. To defray the expense of the enhanced used lease grant program.
2. The fund consists of fees collected for the administration of the test site and other funds as appropriated. 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 unmanned aircraft systems program. Interest earned on moneys in the fund must be credited to the fund.

2021 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division
Prairie Room, State Capitol

SB 2018
3/3/2021
House Appropriations Committee - Education and Environment

A BILL for an Act to provide an appropriation for defraying the expenses of the department of commerce; and to provide for a transfer.

Chairman David Monson called the meeting to order at 2:57 p.m.

Representative	Present	Absent
Chairman Monson	P	
Vice Chairman Schmidt	P	
Representative Martinson	P	
Representative Nathe	P	
Representative Sanford	P	
Representative Schatz	P	
Representative Boe	P	

Discussion Topics:

- Department of Commerce overview
- Travel and tourism impact across ND
- Workforce enhancement grants
- Economic resiliency and diversification

James Leiman (2:57 p.m.) testified in favor. Testimony # 7283

Bonnie Malo (3:13 p.m.) testified in favor. Testimony #7283, submitted by James Leiman.

Sara Otte Coleman (3:22 p.m.) testified in favor. Testimony #7349

Katie Ralston (3:42 p.m.) testified in favor. #7283, submitted by James Leiman.

Josh Teigan (3:55 p.m.) testified in favor. #7283, submitted by James Leiman.

Terri Thiel (4:06 p.m.) testified in favor. Testimony #7110, #7111, #7112, #7113, #7114 #7146

Charley Johnson (4:10 p.m.) testified in favor. Testimony #7120

Additional written testimony: #7263, #7130, #7149, #7296, #7251, #7148, #7268, #7287, #7262, #7196, #7234, #7265, #7266, #7435

Chairman David Monson adjourned the meeting at 4:15 p.m.

Klarissa Pudwill, Committee Clerk

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TESTIMONY SB2018

MARCH 3, 2021, 3:15 P.M. CST
HOUSE APPROPRIATIONS COMMITTEE
REPRESENTATIVE DAVID MONSON, CHAIRMAN

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HOUSE APPROPRIATIONS COMMITTEE
SB 2018

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DEPARTMENT OF COMMERCE TESTIMONY SB2018

MARCH 3, 2021, 3:15 P.M. CST

HOUSE APPROPRIATION

EDUCATION AND ENVIRONMENT COMMITTEE

PRAIRIE ROOM

REPRESENTATIVE DAVID MONSON, CHAIR

JAMES LEIMAN, PH.D., COMMERCE COMMISSIONER

Chairman Monson and members of the House Appropriations Committee, I am James Leiman and I have the privilege of serving as Commissioner of the North Dakota Department of Commerce. The amazing Commerce leadership team joins me today to assist in providing you a report on Commerce. We also have a short video to augment our presentation that includes supporting testimony from some of our amazing partners. We have weaved the video and supporting testimony into our allotted time.

Commerce has had an extraordinary two years and we are ready to accelerate that success and take North Dakota to the next level. We will share with you today some of those successes and discuss Commerce's priorities by breaking them down into five themes:

Theme 1: Commerce crushed it in the face of a flock of black swans

Theme 2: Community Development

Theme 3: The New Workforce

Theme 4: Elevating ND Image

Theme 5: Continued Economic Resiliency and Diversification

THEME 1: COMMERCE CRUSHED IT IN THE FACE OF A FLOCK OF BLACK SWANS

I would like to start with the issue that has affected us all lives and has dramatically changed the way we do business, the way we recreate and the way we live our lives. With very limited resources and staff that has been spread thin, Commerce has deployed over $80 million of the Coronavirus Aid, Relief, and Economic Security Act also known as CARES Act funding by creating, administering and deploying four brand new grants targeted at segments of the economy hit hardest by COVID-19;

We started with the Economic Resiliency Grant (ERG) which was an all industry grant meant to provide safety and build confidence in the marketplace. We received 2,656 applications and awarded $38,720,521 to 2,064 businesses.

The Hospitality Economic Resiliency Grant (HERG) was next and designed to provide much needed capital by reimbursing applicants for payroll, rent/lease, utilities expenses, or similar expenses targeting restaurants and bars in an effort to help them survive the 50%-70% declines in revenue that were not uncommon in this sector. Commerce received 1,132 applications and we awarded $23,681,952 to 966 businesses.

The Hospitality Economic Resiliency Grant PLUS was designed in a similar fashion as the HERG but focused on hotels/motels/resorts. I talked to one resort owner in the Devils Lake area and she had three bookings in November and the calendar through March looked similarly bleak. We received 220 applications and awarded $8,351,332 to 197 businesses.

The Medical Expense Assistance Program (MEAP) that we administered jointly with Workforce Safety and Insurance (WSI) to assist emergency responders and front-line healthcare workers who contracted COVID-19 from a secondary source. We received 2,968 applications and we awarded $2.5 million to 2,469 North Dakota citizens.

In total for all four grants, we received almost 7,000 (6,976) applications, requesting over $163 million ($163,473,652). We made almost 6,000 (5,696) awards totaling over $73 million ($73,253,805).

But we aren't done. The recent federal extension has allowed us more time to conduct a second round of grant awards where we intend to distribute all remaining funds to North Dakota businesses in need. Once distributed, Commerce will have shared almost $100 million to help support businesses in North Dakota survive and continue to employ thousands of residents.

Round two of the Hospitality Economic Resiliency Grant PLUS will begin in March. We are working with our state partners to address some of the early hurdles caused by the initial federal deadlines. We would like to go back to existing ERG applicants and allow them a second chance to implement their original plans. Many applicants were not able to meet the tight deadlines we were forced to implement in order to comply with the initial federal deadline or applicants were not able to find contractors to implement the desired changes by the initial federal deadline – those applicants that had approved expenses but couldn't meet the deadlines will get another opportunity to obtain grant funds.

Commerce was able to tailor these grants to the most affected industries because we conducted no less than four surveys before designing the CARES grants. Two of these surveys were aimed at North Dakota businesses so we could better understand their needs and how COVID-19 was impacting their businesses and how deeply. Not only did our informed, data-driven response include the CARES Act grants mentioned above, but it also resulted in several webinars Commerce developed and produced to provide local leaders and communities with tools to assist them or to help them connect to vital resources. We partnered with the North Dakota Department of Health to create and issue a survey that targeted all North Dakotan residents and had over 11,000 people reply!

In addition, while most states were reactive to the federal government COVID-19 response, Commerce was not. We were weeks ahead. We became the experts on the federal response, partnered with our local subject matter experts and then shared this information with North Dakota businesses through a series of business briefings thereby preparing our companies to take advantage of the Paycheck Protection Program (PPP) and Economic Injury Disaster Loan (EIDL) program. These proactive efforts resulted in over 11,000 Small Business Administration (SBA) loans being provided to North Dakota businesses. According to USA Facts website, "North Dakota received the most (in terms of federal loan proceeds) at $2,037 per capita. California and New York received $845 and $1,041 per capita, respectively."

The Commerce COVID response improved lives and was nothing short of robust.

Last time we presented in front of you, we promised the development and deployment of a new Commerce strategy. We are pleased to share that we not only delivered what we promised but took it even further.

Thank you for your trust – I'm going to highlight some of your investment successes, and you'll hear additional details from the Commerce leadership team:

- Placed a heavy emphasis on diversification and innovation attracting hundreds of millions in private capital.
- Completely transformed how economic development is conducted in the state by doubling primary sector projects compared to last biennium.
- Introduced in excess of $50 million in start-up innovation activity using the newly created Innovation Technology Loan Fund (LIFT) legislation.
- Doubled activity within the UAS environment while growing Grand Sky commercial activity by 30% and almost completing the Vantis beyond visual line of sight (BVLOS) network in the Bakken.
- Successfully recruited an intermodal operation to North Dakota after 20 years of previous unsuccessful attempts.
- Working with our partners Regional Planning Councils and Community Action Agencies, we deployed Community Development Block Grant (CBDG) and Community Services Block Grant (CSBG) funds resulting in 85,699 people served/impacted.
- Actively managed 59 Renaissance Zones resulting in 1,850 approved investments (since inception in 1999) across communities in North Dakota.
- Developed and deployed the ND Development Calculator (ND2C) enabling communities to better understand the true long-term costs of infrastructure to ensure optimization of community planning and the reduction of local tax burdens.
- Empowered communities to proactively plan their futures by providing matching grant funds though our Partners in Planning grant program.
- Reenergized the Rural Development Council. Surveyed local leaders and used the data to set priorities for long term rural economic and community growth.
- Simultaneous to rural community and economic engagement, we achieved solid outreach across the nation by actively participating in national webinars and conference as panelists to share progress in North Dakota.
- Retooled Tourism Division marketing materials due to the pandemic and mobilized an in-state campaign and free cooperative platform featuring tourism businesses and destinations.
- Supported pandemic communications by providing leadership with Joint Information Center (JIC), CARE 19 apps, ND Smart Restart, a variety of Commerce grants and Business Briefings.
- Led occupational licensure reform research effort resulting in precision recommendations to improve talent recruitment and geographic mobility.

- Recruited "The Last Mile" training program to the North Dakota Department Corrections thereby improving prisoner rehab and job placement reducing recidivism and saving state resources and improving company growth prospects.
- Invested $924,516 of matching funds in accelerated skilled workforce training programs designed to get displaced workers prepared for new jobs and back to work; and
- Operation Intern went big on tech, trade, logistics, critical skills gaps and in-demand jobs.

THEME 2: COMMUNITY DEVELOPMENT

I am going to provide a little deeper dive on Theme 2: Community Development and I will ask Bonnie Malo to share some additional details.

In order for North Dakota to be successful our communities must be successful. Commerce has been on the leading edge of redefining what "community development" means through its leadership ensuring that North Dakota communities not only understand the need for smart, efficient infrastructure; healthy, vibrant spaces; and 21st century workforce but, also have the resources to deploy strategies in pursuit of community aspirations.

After we designed and administered the Rural Economic Development study, results indicated economic development in rural North Dakota looks a little different than it does in our urban centers. In rural North Dakota the attraction and/or creation of retail and restaurants is the number one economic development goal. Commerce wants to make sure these rural communities have access to resources to pursue their economic development goals. Currently, the Rural Growth Fund contained within the Commerce Development Fund legislatively requires all investments to have a primary sector designation, because of this hurdle these funds have been rarely accessed. I ask you, is it time to eliminate this hurdle and allow rural communities access to these funds? Our data says it is. And some communities have made a similar change already. In a conversation with Keith Lund, President and CEO of Grand Forks Regional Economic Development, he informed me that they eliminated the primary sector language from the economic support activities conducted outside the city limits of Grand Forks.

Another Commerce achievement was the creation of the ND2C. This tool enables communities to understand the true long-term costs of infrastructure, especially expansions with the goal of providing information to ensure decision makers are well informed when making decisions regarding optimization of existing infrastructure, planning and reducing tax burdens. We're actively working with the North Dakota Department of Transportation (NDDOT) to deploy the ND2C on all NDDOT projects that

involve streets in and around cities and communities showing the value in growth decisions.

The Partners in Planning (PiP) grant empowered communities to proactively plan their futures by supporting comprehensive plans, economic development/diversification strategic plans, or economic recovery plans due to impacts of COVID-19. In 2020, $125,000 was awarded to six communities. These matching grants to Bowman County, City of Cavalier, Hettinger/Adams County and Linton Industrial Development Corporation helped them develop strategic plans and the City of Milnor develop a comprehensive plan.

We were able to reenergize the Rural Development Council and set priorities for long term rural economic and community growth which include stabilizing rural development funding, investment in infrastructure, quality of life, high paying jobs and building leadership capacity.

Based on data gleaned from the Rural Economic Development survey and the trend of collaboration and regionalization we developed the Economic/Community Development Ecosystem Map which provides a spatial representation of state and local resources and organizations, with contact information, so leaders across our state can more easily connect with neighbors resulting in improved local economic and community development opportunities and collaboration.

Vibrancy grants were created to incent small successes in communities that serve to build confidence in local leaders and empower communities to engage the populace in community conversations that create vibrancy. These grants can also support the implementation of a community need project identified and supported by a comprehensive or economic development plan whose creation was incentivized by the Partners in Planning grant effectively operationalizing the plan and ensuring it doesn't get placed on a shelf.

Chairman and members of the Committee. We ask for your continued support of the resources required to ensure community vibrancy and smart infrastructure development across North Dakota, especially in small towns. The Partners in Planning and Vibrancy grants were funded using the Commerce Momentum Fund.

I will return now to the remaining themes...

THEME 3: CONTINUED ECONOMIC RESILIENCY AND DIVERSIFICATION

In the past year, North Dakota has been affected by a "double black swan" event, that is, the collapse of oil demand and prices, followed by a global pandemic that grounded the world economy to a halt in the spring of 2020. While discussed as important for years, never has a solid economic diversification strategy been more crucial to our state. Combined with the need to stabilize existing industries and businesses in North Dakota, both for the purpose of creating a more "resilient" economy – one not as vulnerable to the shifts in the oil and agriculture industries and one capable of adjusting to new consumer behaviors and expectations more quickly than our national and global competitors.

THEME 4: THE NEW WORKFORCE

North Dakota began the year 2020 with an unemployment rate of 2.3% - the lowest in the nation – and a labor market participation rate of 69.2% - one of the highest in the nation. There is a need to prepare workforce for today's jobs and those to come. We are working closely with state educational systems and the private sector in preparing the workforce of tomorrow including reducing barriers that prevent residents from obtaining the skills or employment they seek.

THEME 5: ELEVATION OF NORTH DAKOTA'S IMAGE

Magnifying what North Dakota has to offer to visitors, new residents, and new companies, this opportunity has taken on a new and higher profile during the time of COVID-19. There is appetite for wide-open spaces, safe destinations, and the many amenities that North Dakota is naturally gifted to offer has never been so significant.

Each division director will talk more specifically about each of our themes.

I promised earlier that you would hear from Bonnie Malo, director of Community Services. I would like to invite Bonnie to the podium and talk more about our efforts to braid federal community development resources with state support to target and maximize impact. Bonnie can you please talk more about Community Development.

BONNIE MALO, DIRECTOR OF COMMUNITY SERVICES

Thank you, James.

Good afternoon Chairman Monson and members of the committee. I am Bonnie Malo, Director of the Division of Community Services (DCS) at the Commerce Department.

I will address the programs within the Division of Community Services. The total appropriation for this biennium is $50,823,035, which includes funding for the Energy

Conservation Grants, Weatherization Assistance, Low Income Heating Assistance, State Energy Program, CDBG, Emergency Solutions Grant (ESG), HOME, North Dakota Homeless Grant (NDHG), CSBG and Renaissance Zone programs.

To augment growth potential, we were able to serve almost 86,000 individuals with the Community Development Block Grant (CDBG) and Community Services Block Grant (CSBG) programs. These programs touch individuals either through services provided by the Regional Planning Councils or the Community Actions Agencies.

The CSBG program helps to directly address poverty in our communities. A client in the Dickinson region turned to the Community Action Agency when she and her three children were threatened with homelessness due to divorce. Her husband lost his job, and she had lost most of her wages due to a recent COVID-19 quarantine. With no sick leave and no financial resources, she worked with staff at the agency to secure permanent housing for her children. This client stated that Community Action's guidance and financial assistance helped her make decisions during a stressful time.

The Energy Conservation Grant funded 65 projects to political subdivision for this biennium, which will save an estimated $422,535 on energy savings per year.

The State Energy Program funded by the Department of Energy, provided funding to the Bismarck Public Schools System, where they recently installed 46 solar panels at the Bismarck Career Academy. In addition to reduced energy costs, students will now have an educational experience on solar energy production, providing exposure to alternative energy workforce opportunities. The energy cost savings is estimated to be around $3,500 per year.

The Weatherization Program helps to improve housing conditions and save money for our state's most vulnerable citizens. One manufactured homeowner received weatherization assistance from the Jamestown Community Action Agency that can be directly attributed to remaining in their home because of the assistance they received. Prior to receiving the weatherization assistance, their utility bill was between $400 to $500 per month. After the work was completed, their bill dropped to about $100 per month. This individual was very thankful for the assistance, with tears in her eyes she stated that they would not have been able to stay in their home without the weatherization work.

The CDBG and HOME funds are used to increase the affordable housing options in communities around North Dakota. Affordable housing was cited as the top need in all eight regions of the state during a statewide Needs Assessment Survey conducted in 2020.

The CDBG and HOME funds were an integral part of the capital stack for Monterey & Brighton Place Apartments in West Fargo. These funds were layered with Home Incentive Fund (HIF) funds and Low-Income Housing Tax Credits, allowing to demolish 60 units of Public Housing and then redevelop the site to construct 85 affordable units, significantly increasing the capacity for serving income-qualified families. Without the CDBG and HOME funds, Cass County Housing Authority would not have been able to increase the number of eligible households served in this community.

Homelessness and housing insecurity impact thousands of families across the state every day. Jennifer had recently lost her husband to COVID-19 and while grieving, she also became homeless. After staying in her car, Jennifer went to Ministry on the Margins in Bismarck. They were able to provide financial assistance and secure temporary housing, until she was able to find employment and secure permanent housing. These emergency measures prevent individuals from becoming permanently homeless and the stability that temporary housing allows them to develop a plan to move forward to achieve greater self-sufficiency. Without financial support from ESG and NDHG, organizations like Ministry on the Margins would not be able to assist the overwhelming number of people who are in situations like Jennifer's.

The Renaissance Zone Program is an economic development tool that can help cities revitalize their communities by offering both state and local tax incentives. These tax incentives encourage residents and business owners to reinvest in their communities. Earlier, Lauren Orchard, the Economic Development Directors for the City of West Fargo discussed how their community has benefited from the program.

Recent Renaissance Zone projects in the community of West Fargo include an industrial park, an investment firm, and multiple transportation/freight companies. The community notes that these projects help to fill and rehab vacant buildings and lots in the core of their city.

The Division of Community Services has received additional funding through the CARES Act Funds in the amounts of $4.8M in Community Services Block Grant Funds that was distributed to the 7 Community Action Agencies. The Emergency Shelter Grants Programs received $5.1M for homeless assistance.

The Community Development Block Grant Program received $6.3M that will be used in conjunction with the Department of Human Services Rent Bridge Program to prevent individuals and families from becoming homeless.

The Division of Community Services ask is to transfer the HOME program and two FTE's to the Housing Finance Agency. This transfer will create efficiencies with a one-stop shop for multi-family housing development programs.

This concludes my testimony of the Division of Community Services programs.

I am pleased to now introduce Sara Otte Coleman, director of Tourism, to share some details regarding elevation of North Dakota's image.

SARA OTTE COLEMAN, DIRECTOR OF TOURISM

Thank you, Bonnie.

Chairman Monson and members of the Committee, I'm Sara Otte Coleman and I have had the honor to serve as the state's director of Tourism for the past 18 years.

As James mentioned, elevating North Dakota's image during a period of challenges and opportunity is crucial and we must take advantage of the shifting demographics, the desire to travel and the growing interest to enjoy wide-open spaces.

We were able to push $80 million plus into the economy with an emphasis on hospitality sectors. Commerce awarded over $30 million dollars to more than 1000 restaurants, bars, coffee shops and venues with the HERG. An additional 401 applications for more than $11 million are currently being reviewed for round two. Hospitality Economic Resiliency Grant PLUS funds will help 197 hotels and lodges with more than $8 million in awards. Round two will open March 9th. These Hospitality Economic Resiliency Grant dollars will help this sector which was disproportionately impacted by the pandemic. To date, $1 billion in visitor revenue has been lost to North Dakota and our businesses, due to COVID-19 related restrictions including the closure of the Canadian border which has cost us 465,000 personal vehicle trips.

New research confirms tourism advertising goes beyond motivating trips and plays a lead role in elevating our state's image across various economic development benchmarks. For example, people who have seen our advertising rated North Dakota 16% higher as "a good place to start a business" compared to those who had not seen our advertising. This lift is even higher once they have visited, where we saw respondents ranking the state 20% higher as "a good place to live" once they have visited.

The team's research driven media outreach showed strong results using a new creative campaign (2019) which included multi-channel placements targeting outdoor programming, sports and recreation and targeted urban areas like Minneapolis St. Paul and Chicago. The campaign exceeded our benchmarks and industry average results.

We retooled tourism marketing materials due to pandemic by mobilizing an in-state campaign and created a free cooperative platform featuring tourism businesses and destinations. We are currently running our first winter campaign in-state and near border to inspire winter travel to support small businesses.

Paid media results 2020:

- 83 million people on TV
- 12 million people in print
- 233 million people on digital advertising
- 85 million people through out of home advertising
- 23 million people on social media through advertising campaigns
- 52% increase in visits to NDtourism.com over 2019
- Increases from 50 states
    - First time visitors made up 92% of visits (up 78% from 2019)

We know this work impacted sales. In 2020, there were 3,523,146 room nights sold in North Dakota, this is down 30.4% from last year's nearly 5 million sold - however could have been much worse without our proactive work.

This year we garnered 40 national editorial media placements which was up 25% from 2019 and reaching 776 million. We also leveraged eight influencers reaching more than 10.6 million. We hosted HoneyTrek- with paid support of $3,900 and assistance from partners across the state. The couple spent 10 days in North Dakota generating 53 social posts and stories which were seen by over 1 million to date.

The Tourism/Marketing Division has led the state's brand unification efforts which became increasingly important as the state managed COVID-19 mitigation efforts. Thirty-four agencies are now using the Be Legendary brand. The team also supported pandemic communications by providing leadership with JIC, CARE 19 apps, ND Smart Restart, Economic Resiliency Grants and impacted business engagements.

In addition to the video clips you saw earlier the Travel Alliance Partnership, the Destination Marketing Association of North Dakota and other businesses will also request to testify.

As illustrated, tourism revenue supports small businesses - 3,000 of them in the tourism sector. The experiences we showcase are for people that live here, visit here (for business or leisure) or are considering living here. It is important to increase the awareness of North Dakota and elevate our image to recruit and retain people from the region. We also must invest in those who have already visited the state. Once travel restrictions are lifted, the border traffic will help drive retail sales in northern

communities and we will need to compete with all our neighbors, including Manitoba, to attract new wealth to the state.

To achieve those goals, we need additional dollars for marketing. The Governor's budget included a $2 million of one-time funding from the General Fund for destination marketing. This will would be used to extend our campaign beyond June. Research in 2020 showed that on-line searches on North Dakota travel options and online bookings were high and at par with neighboring states during the peak advertising campaign. Once the campaign ended in early June, the intent to travel, as shown by online searches and bookings, declined well below our competitors. The additional dollars are imperative in driving demand to our businesses and assisting their recovery.

We also are asking for $200,000 to improve our visitor services by leveraging existing state infrastructure, like rest areas and visitor sites, to elevate the North Dakota brand. The new hubs will enhance visitor services with fresh contemporary designed space aimed at showcasing experiences statewide to extend visitors stays.

The senate supported these requests. While they did not include the $461,000 in ongoing funding as proposed in the executive budget, they kept the on-going budget even with last biennium and provided $7 million in on-time funding for destination marketing including visitor services enhancements.

These budget enhancements would allow continued investments in destination marketing to recruit visitors and new North Dakotans which will improve small business activity and increase visitor spending at a critical time. The added benefit is creating awareness for workforce recruitment purposes, retaining resident revenue, and keeping North Dakotans traveling to sites within the state. All of which would improve success of all economic development and workforce recruitment efforts.

I would like to now turn the podium over to Katie Ralston, director of Workforce to talk more about The New Workforce.

KATIE RALSTON, DIRECTOR OF WORKFORCE

Thank you, Sara.

Chairman Monson and members of the committee, I'm Katie Ralston and I have had the honor to serve as the director of Workforce with the North Dakota Department of Commerce since January 2020.

The Workforce Division continues to augment state level workforce solutions to ensure that North Dakota is not only prepared for future workforce needs but is well positioned to outcompete neighboring states for qualified workers. In November 2019, the private

sector led Workforce Development Council was moved to the Department of Commerce. We have leveraged the industry expertise and diverse geographic representation on this board to better understand workforce needs in North Dakota and generate strategies to address them. Recently, the Council identified a number of opportunities to address some of the states most pressing needs in the following areas: earlier and more diverse career exploration and addressing the technical skills gap; removing barriers to employment; occupational licensure reform; and recruitment and retention of workers. We're honored to take the lead in coordinating partners and aligning resources to create statewide workforce solutions.

Last summer, when the state received CARES Act funds, we created the Technical Skills Training grant with $1 million in matching funds that were used to support public and private sector led training providers in expanding and developing new accelerated skilled workforce training programs aimed at helping displaced workers prepare for high-demand jobs in North Dakota. These training programs range from CDL and CNA training, to IT and cybersecurity, to wind turbine technician and even structural and pipeline welding. We invested a total of $924,516 in 12 programs across the state from August to December. The success of this program has motivated us to pursue state funding to continue providing support for accelerated training programs in the next biennium, not just for displaced workers, but for those who want to make a career change and for students who want to expedite their path to the workforce after completing their education. This model previously existed in North Dakota through workforce enhancement grants; however, the biggest difference between that program and the technical skills training grant is who can access the funds and provide the training. In the spring of 2020, we saw private businesses across the country step up and create industry-led training programs, and North Dakota was no different. Ten of the programs we supported through our grant were developed by the private sector, and based on the interest we've had from businesses since closing the program in December, we know that more are interested in making this investment in our workforce.

Each of the programs we supported with federal dollars are sustainable and will continue to prepare citizens for entrance and movement within the workforce for years to come, thus creating more pathways to employment in our state. To date, nearly 200 individuals have graduated from training programs created by, or expanded, under this grant, and have entered the workforce with an average entry salary of $43,500. The technical skills training grant is a state program that we stood up with federal dollars. With $1 million in matching funds, we can continue to support training opportunities

that prepare individuals for entrance and movement within the workforce. Accelerated job training programs will help us fill high demand jobs in healthcare, renewable energy, IT, logistics and transportation, and more, well into the future.

In the 2019 legislative session, Commerce received $500,000 for a non-resident nurse recruitment program. Throughout the biennium, we identified opportunities to improve this program, which is why you see an extension of the original allocation in the amount of $320,000 from the Senate Appropriations committee. By opening this program up to include the recruitment of recent nursing graduates who are already residents of the state to licensed healthcare facilities, we will see increased use of this program and more nursing job vacancies filled. Funds awarded under this program go directly to the nurse in the form of a sign-on bonus, moving or housing stipend, covering the cost of continuing education credits or training, in return for a four-year contract with their employer. Last year, 864 LPN, RN, and APRN students graduated from North Dakota nursing programs. In collaboration with licensed healthcare facilities, this is the audience we will target, in addition to nurses who are interested in moving to the state.

The workforce division is also active in connecting students with employers through apprenticeship and internship opportunities. We are requesting authority to spend the $694,000 Apprenticeship State Expansion grant we received from the United States Department of Labor to develop new apprenticeship programs primarily focused on healthcare, biomedical research, and advanced manufacturing, along with other in-demand jobs. Half of our overall grant award was approved by the Emergency Commission in August 2020, so we are asking for approval to spend the remaining $347,157 in the 2021-2023 biennium. Finally, I'd like to add some context to the $100,000 decrease you see in our ask for Operation Intern. This program continues to see great success. Despite economic hardships due to the pandemic, many employers still prioritized internship programs as meaningful work-based learning experiences for students and continued to recognize their value in creating an effective workforce pipeline for their companies. As a result, we saw an increase in Operation Intern participation with a heavy concentration in technology, advanced manufacturing, and energy throughout the biennium. We have had the ability to carry over unused funds in past biennia, which we will be able to utilize if we receive an appropriation of $755,000 which is less than what we received in the 2019-2020 biennium.

I appreciate the opportunity to discuss how what we've done throughout the last two years will help us continue to lead statewide workforce strategy and support key partners in addressing North Dakota's workforce needs in the next biennium.

Next, I would like to introduce our Economic Development and Finance director Josh Teigen to provide a deeper dive into our next theme of continued economic resilience and diversification.

JOSH TEIGEN, DIRECTOR OF ECONOMIC DEVELOPMENT AND FINANCE

Thank you, Katie.

Chairman Monson and members of the Appropriations Committee, I'm Josh Teigen and am honored to have been promoted to serve as the director of Economic Development and Finance.

The last biennium laid the foundation for a highly diverse and resilient North Dakotan economy and we went big and bold with a heavy emphasis economic diversification, especially in the areas of innovation, high tech jobs and value added activity.

In parallel to our strong economic development approach, we also reinvented the way we deploy capital in the state to better meet the market need. We achieved major successes in attracting outside investments such as venture capitals, equity firms, and private capital allowing for an innovation platform.

The department completely transformed how economic development is conducted in the state with precision recruitment and growth based on data, research, and new investment opportunities. Using data, we can now be predictive rather than reactive, and focus our efforts on the highest return on investment (ROI) activities.

We successfully recruited the world's most successful innovation platform with Plug and Play, which equates to 40 top-tier startups each year in the intelligent ag space. This feeds economic development initiatives for us, brings a needed ecosystem to the marketplace, and is a great source of investment opportunities for us.

In addition, we developed nearly 100 primary sector projects in 2019 and in 2020 simultaneous to the pandemic, worked in excess of $2 billion in projects in 2020, and introduced in excess of $50 million in start-up innovation activity using LIFT and InnovateND which was a wise investment that paid huge returns for the state. We were able to develop new side-by-side investment relationships across the nation creating higher probability to create new wealth and improve capital access.

Our team developed and deployed a foreign direct investment (FDI) strategy attracting new companies and investments from Asia, the Middle East, Europe and Latin America including a major greenhouse project from Canada and petrochemical foundation which is a multigenerational solution to massive and long-term energy growth.

Unmanned Aircraft Systems (UAS) deployed systems-wide unmanned system plan to include initial beyond visual line of sight (BVLOS) capability in the Red River Valley and Bakken and doubled activity within the Northern Plains UAS. Grand Sky commercial activity grew by 30% with hundreds of jobs averaging almost $100 thousand per year and generated over $55 million in private investment capital.

In collaboration with several partners, we successfully recruited an intermodal operation to North Dakota after 20 years of attempts; with no use of state money. This success allows huge savings for shippers and will likely see higher ROIs per acre. The biggest shipper in the state saves 34% on drayage, and average shippers save between 20-25%. This is a tremendous recruitment tool for the state and is a cornerstone for growth in the Minot Industrial Complex.

We redefined the approach to energy growth laying foundation for next generation economy including value-added, innovation, and environmental, social, and corporate guidance (ESG).

- What we need
    - Capital
        - Transfer $30 million from Legacy Fund earnings for Innovation Technology Loan Program (LIFT)- 4x-5x investment
        - Continued investment in innovation programs
        - Get behind Grand Strategy
            - Grand Sky
            - Grand Farm
            - Grand Energy
                - Commerce to seed program to focus on preparing companies for ESG compliance to attract equity, capital and entities to purchase North Dakota products
    - Transfer $20 million to the Unmanned Aircraft System Program Fund on June 30, 2021 for Beyond Visual Line of Site (Vantis)
    - Transfer $7 million to the Unmanned Aircraft System Program Fund on June 30, 2021 for Grand Sky.
    - $2 million in continued funding for Northern Plains UAS Test Site
    - North Dakota Trade Office Bifurcation
        - $750,000 to fund trade and foreign direct investment opportunity with emphasis on energy and tech, e.g. UAS
        - Focus on trade data to support need

Next, I would like to ask James to return to the podium and provide a couple of closing thoughts.

Thank you, Josh.

Chairman Monson and members of the committee, we only had 70 minutes today and I hope you were able to get a high-level overview of the agency's budget. Most importantly, I wish to talk about where we are heading with your continued confidence and investment.

I want to take a minute or two and reiterate some of the items covered earlier today. UAS is a tide that lifts other boats including ag, energy and tech sectors. We are working with other state agencies, including the North Dakota Department of Transportation and intend to request an amendment so they can help Commerce and the industry build common infrastructure. We want to work with the ND Agriculture department to utilize each our strengths to increase trade with foreign countries. Commerce would like to retain the diplomatic role, foreign direct investment and continue to have a seat at the table so we can work in unison for the good of all ND businesses. We would like to carryover unexpended funds in our discretionary fund so we can continue to help ND communities and businesses, and we would like to eliminate the primary sector language from the Rural Growth Fund so rural leaders can pursue the economic development activities that they feel impact their communities the most. I certainly won't take the time to cover all the ways we stand ready to help but I hope you can see that the evidence speaks for itself, in the face of extraordinary adversity, we delivered. I am proud of the work our team did and the investments made are paying off.

The state of North Dakota is at a crossroads. It has been a difficult year for many and may remain difficult for some of our most important economic sectors – such as agriculture and energy, for the years to come. As you heard, Commerce is doubling down on community development, economic resiliency and diversification and is investing heavily into the future of our communities and the nation's best workforce. We are elevating our image so everyone knows about the opportunity that awaits them in our beautiful state.

We have an amazing opportunity for the residents of our great state…Come with us and let's grow this State together!

Thank you for your time today and we welcome any questions.

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NORTH DAKOTA DEPARTMENT OF COMMERCE

HOUSE APPROPRIATIONS – Education and Environment

MARCH 3, 2021

THEMES

- Commerce Crushed it – in face of once in a century event
- Community Development
- Elevation of North Dakota's Image
- The New Workforce
- Continued Economic Resiliency and Diversification

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CARES ACT GRANTS

- ERG
- 2,656 Apps
- 2,064 Apps Awarded
- $38,720,521 Awarded

- HERG
- 1,132 Apps
- 966 Apps Awarded
- $23,681,952 Awarded

Round 2

401 Apps $8.3 M

- HERG PLUS
- 220 Apps
- 197 Apps Awarded
- $8,351,332 Awarded

COMMERCE RESULTS

- Diversification
- Innovation
- Start-ups
- Small city focus and empowerment
- Rural Development Council
- Research driven
- Successful marketing
- Pandemic support
- Workforce program implementation
- Business support

RURAL DEVELOPMENT

- Redefining "Community Development"
- Rural Growth Fund
  - Primary Sector

VIBRANT COMMUNITIES

- ND2C
- Partners in Planning Grants
- Vibrancy Grants
- Economic & Community Development Map
- Tourism MS Grants

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COMMUNITY DEVELOPMENT

COMMUNITY SERVICES

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To Augment Growth with CDBG and CSBG Funds

- Provided services to 86,000 individuals

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CDBG, HOME & WEATHERIZATION PROGRAM

- Developed 3 Multi-Family Housing Projects
- Rehabbed 134 Housing Units
- Weatherized 1,036 Low-Income Homes

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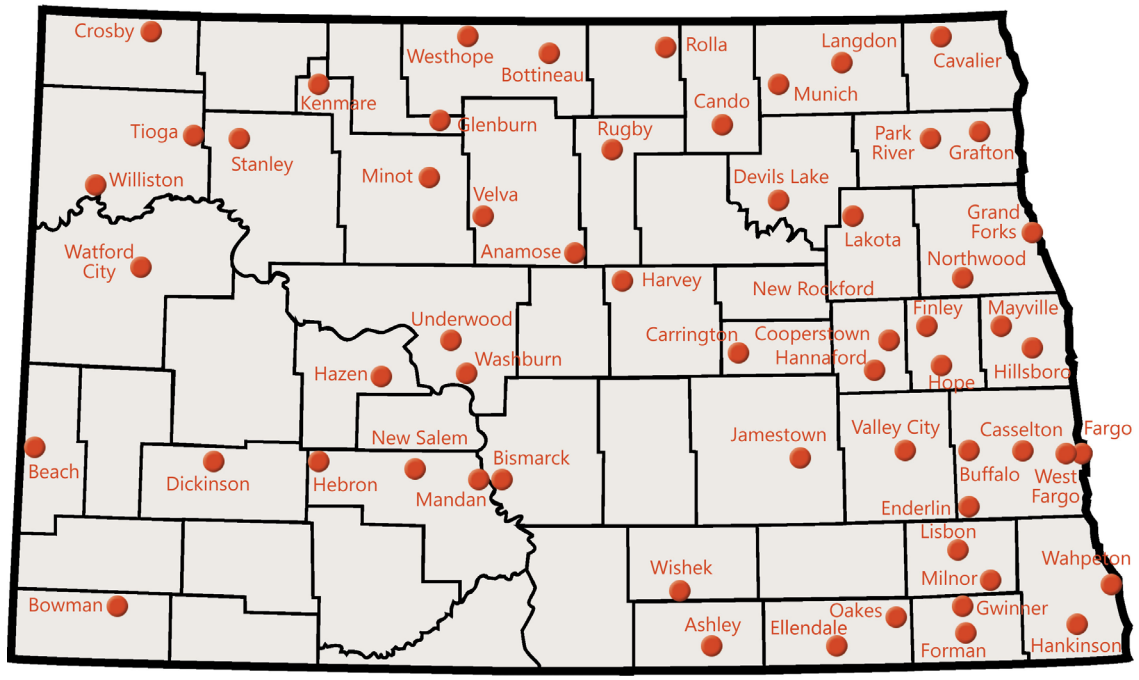
Emergency Solutions Grant and North Dakota Homeless Grant Programs

- Funded 31 Shelter Providers and Assisted 1,790 Individuals

RENAISSANCE ZONE

- Actively Manage 59 Renaissance Zones
- 1,850 Renaissance Zone Investments



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2020 CARES ACT FUNDING

- Community Development Block Grant
  - $6.1 M
- Emergency Solution Grants
  - $5.1 M
- Community Service Block Grant
  - $4.8 M

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REQUESTED ACTION

- Transfer the HOME Program and 2 FTE Positions to NDHFA

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ELEVATION OF NORTH DAKOTA'S IMAGE

TOURISM AND MARKETING

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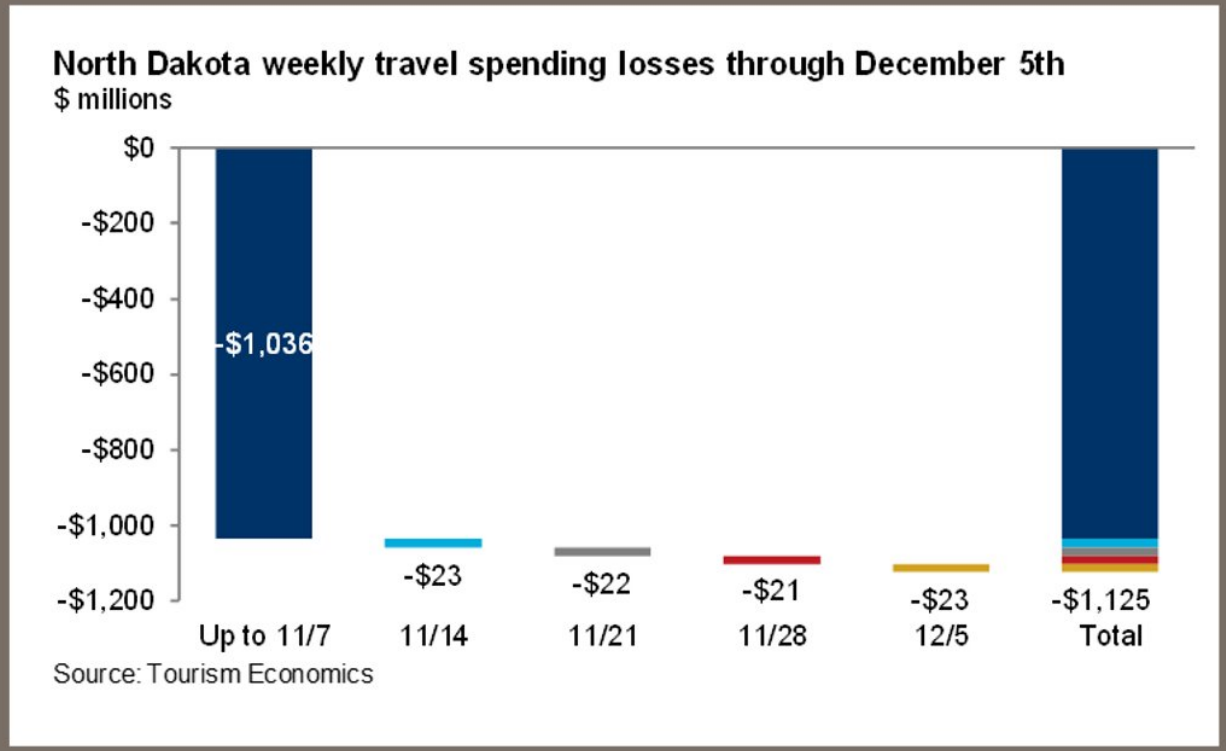
PANDEMIC IMPACT

- $1 B lost visitor spending
- $80 M lost visitor paid taxes
- 465,000 lost Canadian passenger vehicles



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DIVERSIFYING OUR ECONOMY

- Advertising has ability to change perceptions, attitudes and behaviors
- Campaigns create a “halo effect” that lifts image

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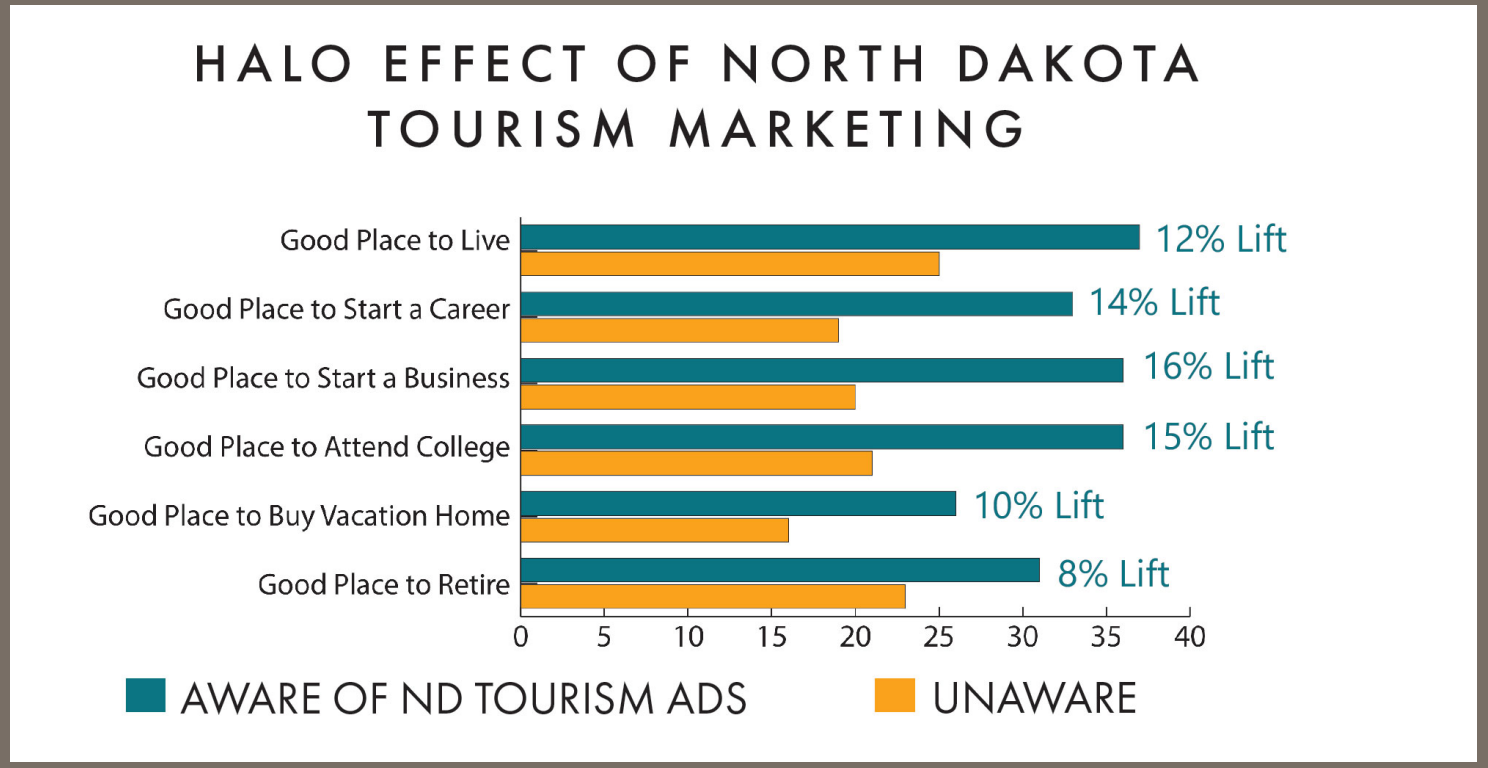
ELEVATING NORTH DAKOTA'S IMAGE

- Destination marketing yields more than visitors



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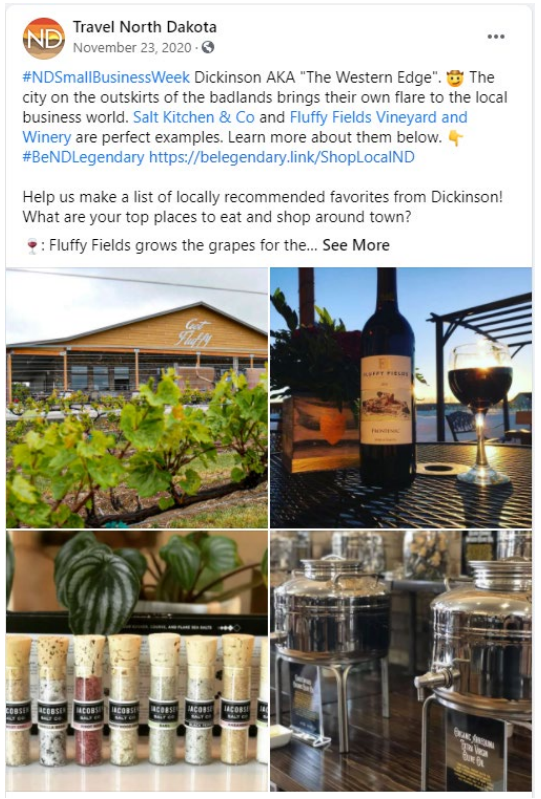
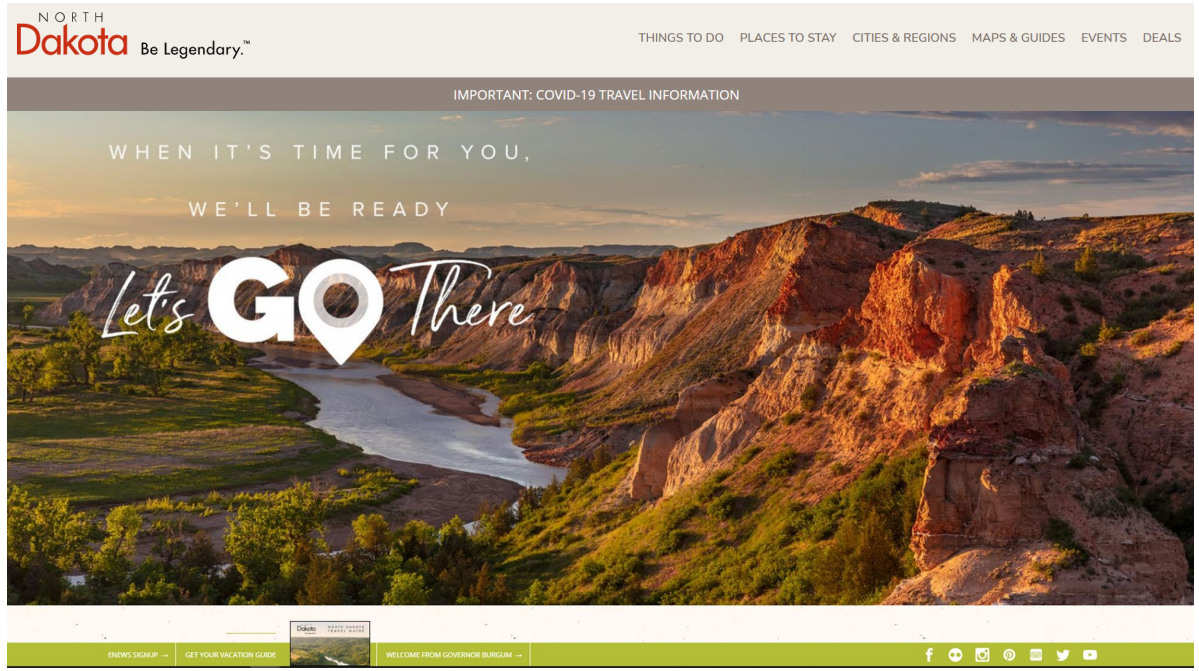
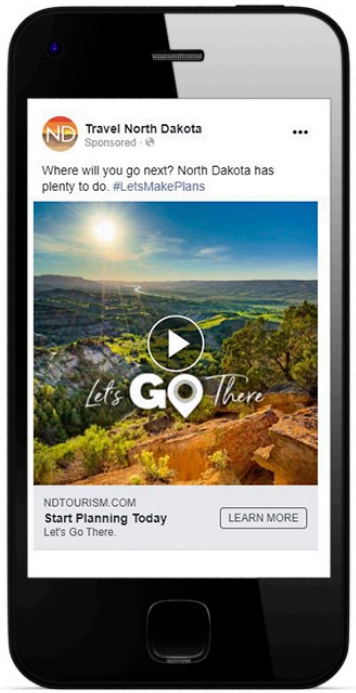
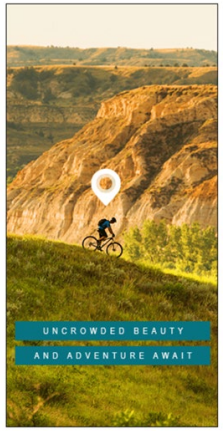


ADVERTISING IMPACT

- TV reached 83 million households
- Digital netted 112 million impressions
  - 9 million views on digital and connected TV spots
- Magazine and newspaper circulation of 12 million







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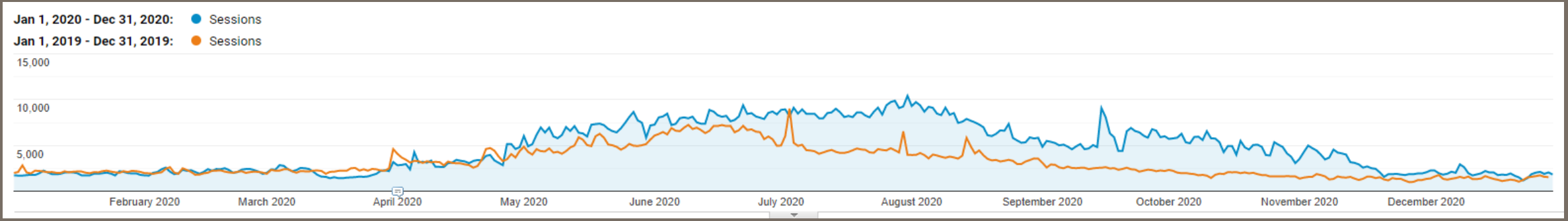
WEBSITE TRAFFIC = TRAVEL INTENT

- Traffic to NDtourism.com +52% from 2019
- Increases among all channels: organic, paid search and digital advertising, referrals, emails and social



INCREASED AWARENESS OF NORTH DAKOTA

- Garnered 40 national editorial media placements (up 25% from 2019) reaching 776 million
- Hosted 8 influencers reaching more than 10.6 million

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TOURISM SUPPORTS SMALL BUSINESS

- More than 3,000 businesses
- Employing over 42,000 North Dakota citizens

$289
MILLION IN LODGING

$637
MILLION IN FOOD & BEVERAGE

$422
MILLION IN TRANSPORTATION

$298
MILLION IN RECREATION

$467
MILLION IN RETAIL

REQUESTED ACTION

Executive Budget

$461,000 base increase up 3.6%

$2 M increase – one time for destination marketing

$200,000 for visitor services enhancements and brand activation

SB 2018- Senate

Maintain 2019-2021 base funding

$7 M increase – one time for destination marketing

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THE NEW WORKFORCE

WORKFORCE DEVELOPMENT

TECHNICAL SKILLS TRAINING GRANT

- Invested $924,516
- 12 programs
  - 10 led by private sector
- 180+ graduates
- Requesting $1M

NNERP

- Requesting $320,000 extension
- Modify to include recent graduates

WORK-BASED LEARNING

- Apprenticeship Expansion
  - Biomedical Research
  - Healthcare
- Operation Intern
  - 120 companies
  - 366 interns

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REQUESTED ACTION

- $1 M for Technical Skills Training Grant
- $755,000 for Operation Intern
- $320,000 for NNERP

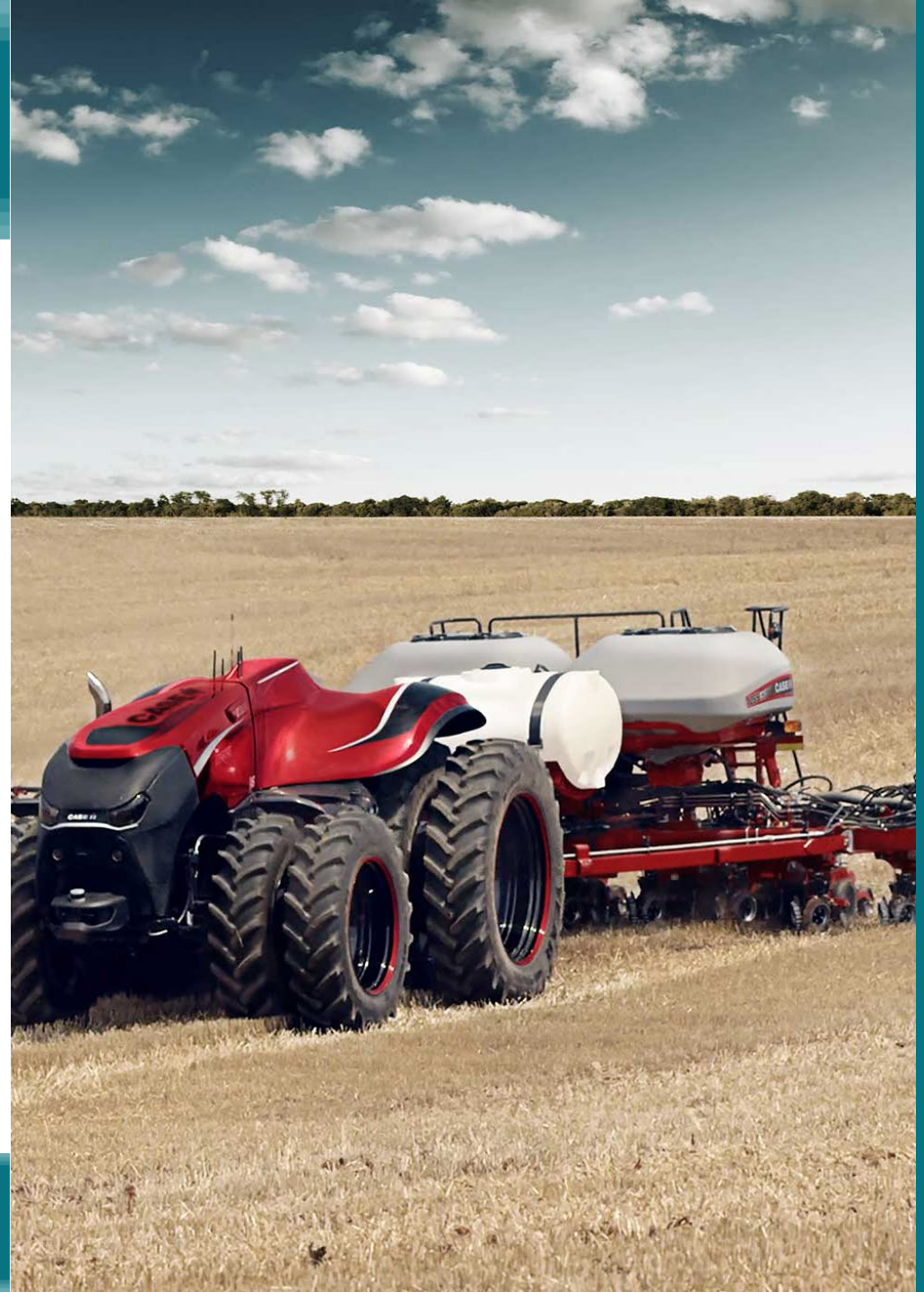
CONTINUED ECONOMIC RESILIENCY AND DIVERSIFICATION

2020 IN REVIEW

- Revamped economic development approach
- 100 primary sector projects - $2 B
- Intermodal
- $50 M in start up and innovation funding
- Innovation platform
- UAS & VANTIS

INNOVATION PLATFORM

- Plug and Play
- 40 top-tier startups per year
- Intelligent ag

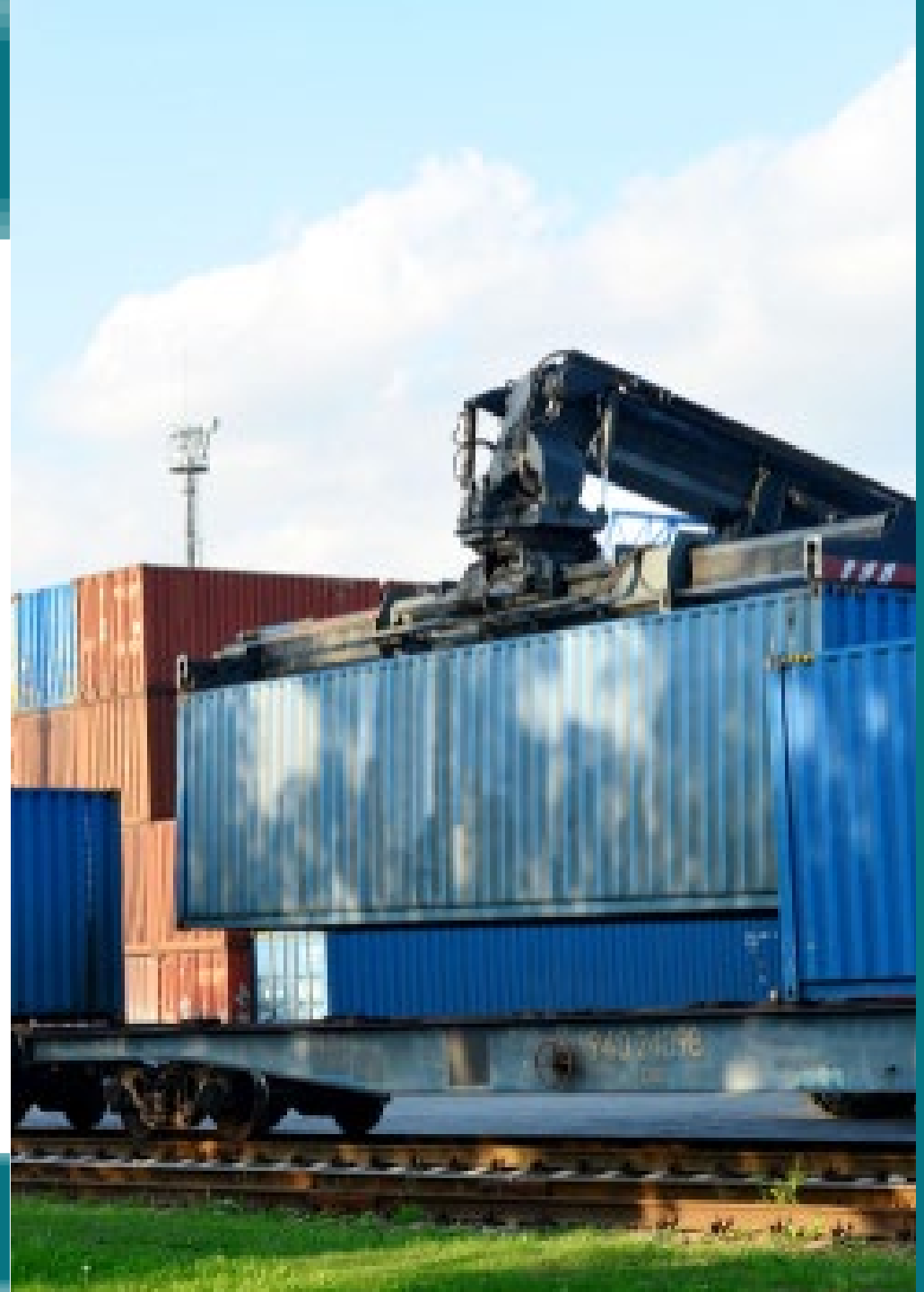


INVESTING

- LIFT
- InnovateND
- NDDF
- FDI

MINOT INTERMODAL FACILITY

- Game changer for the ag industry in ND
- Average shipper saves 20-25%
- Huge recruitment tool for Minot



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REQUESTS

- $30 M from Legacy Fund earnings to LIFT
- $20 M from Legacy Fund earnings for beyond visual line of sight (Vantis)
- $7 M from Legacy Fund earnings for Grand Sky

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REQUESTS CONT.

- $2 Million from Legacy Fund earnings for Northern Plains UAS Test Site
- $750 K for ND Trade Office Bifurcation to fund foreign direct investment

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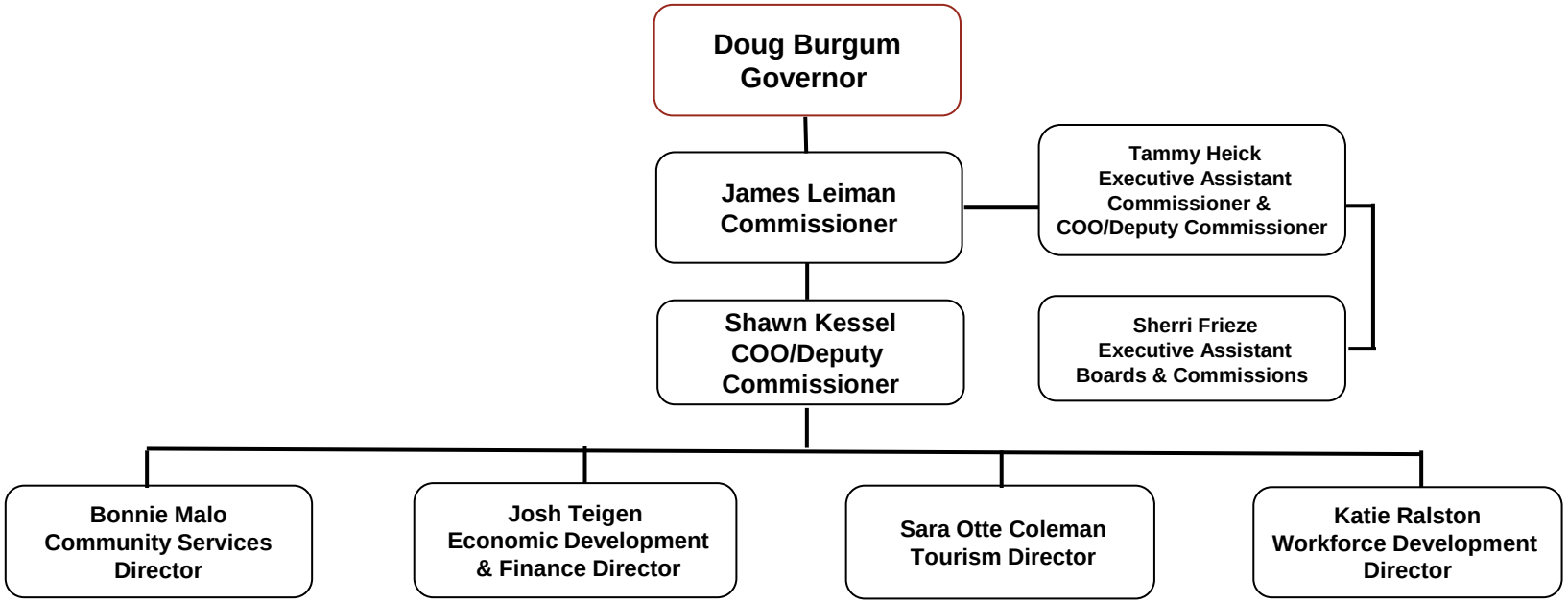
Department of Commerce Organizational Chart



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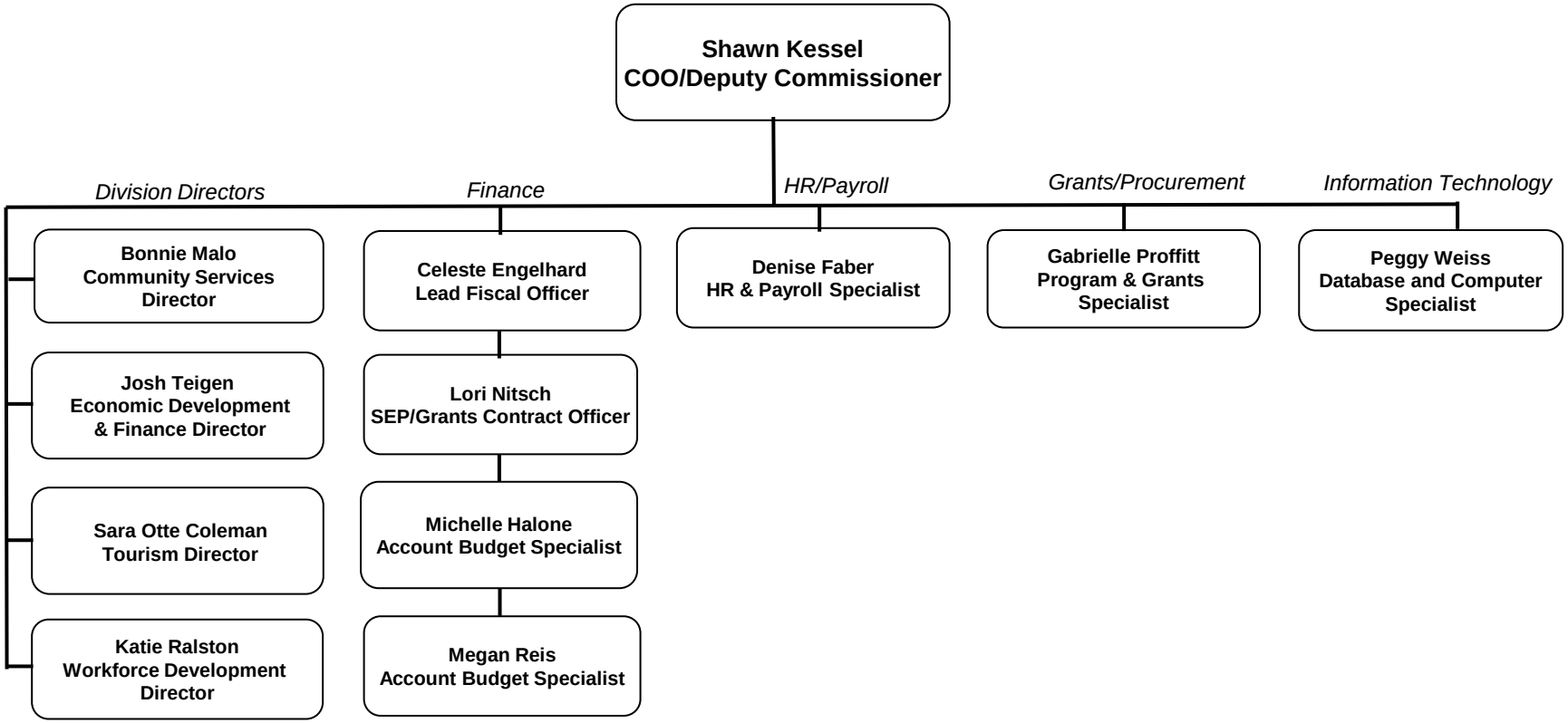
Administration Organizational Chart



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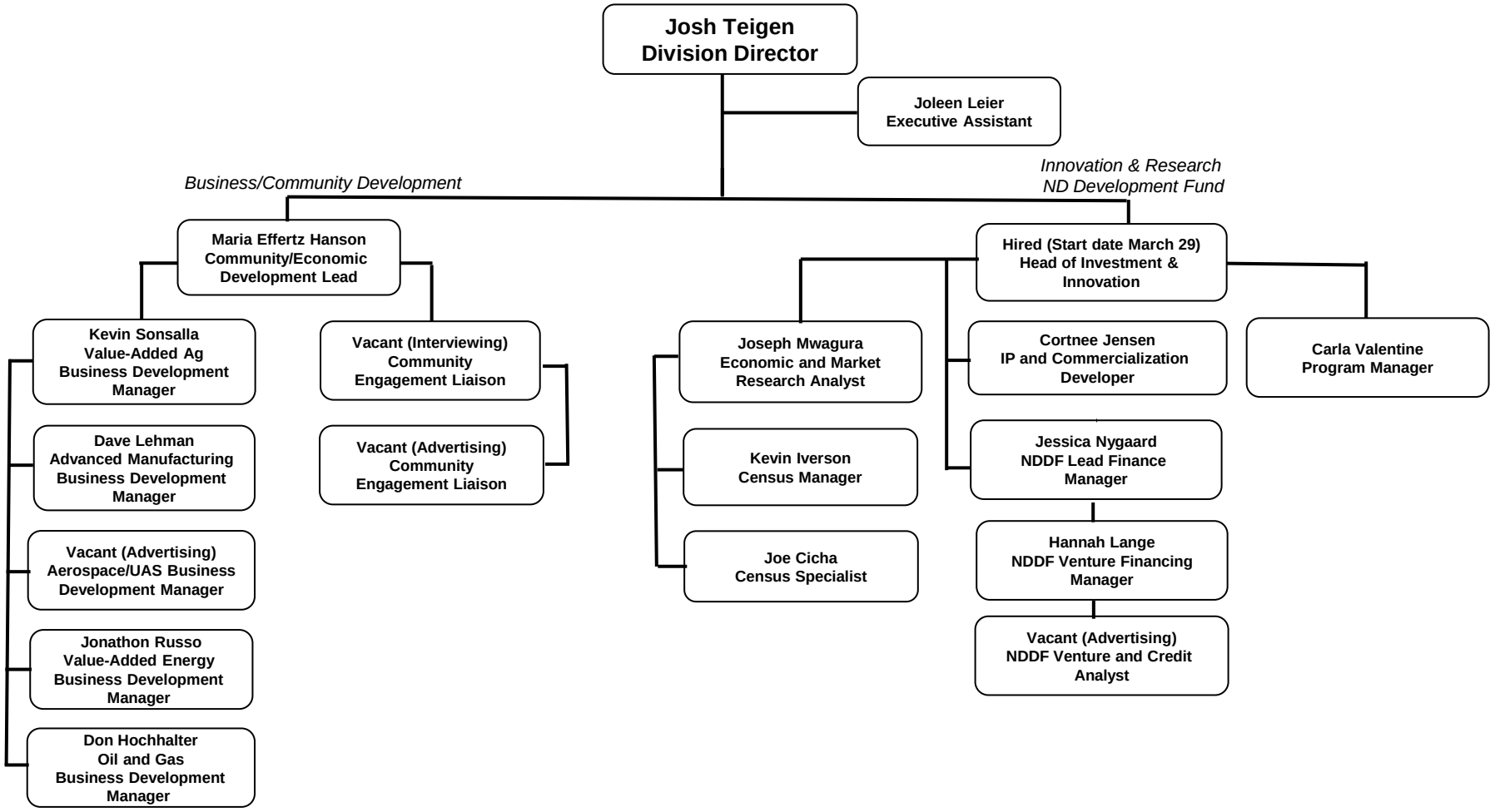
Division of Economic Development & Finance
Organizational Chart



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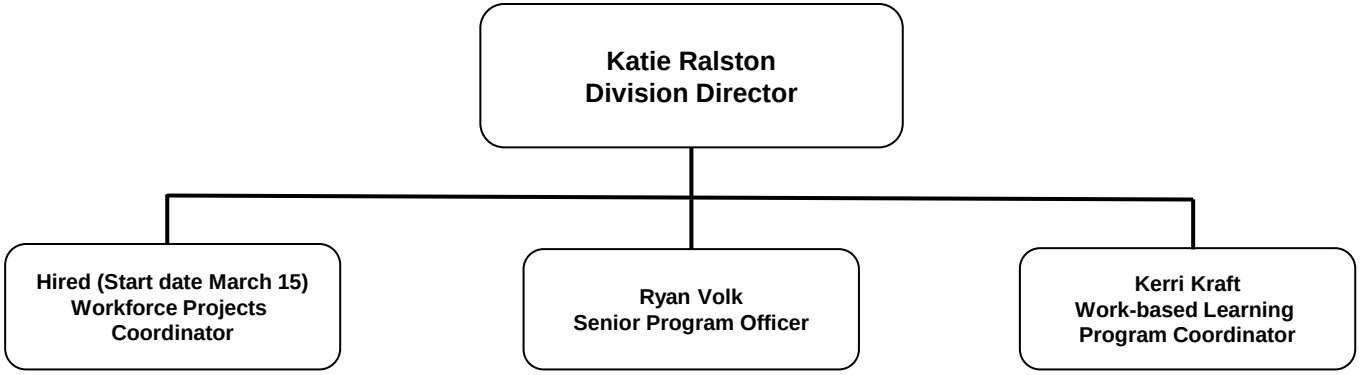
Division of Workforce Development Organizational Chart



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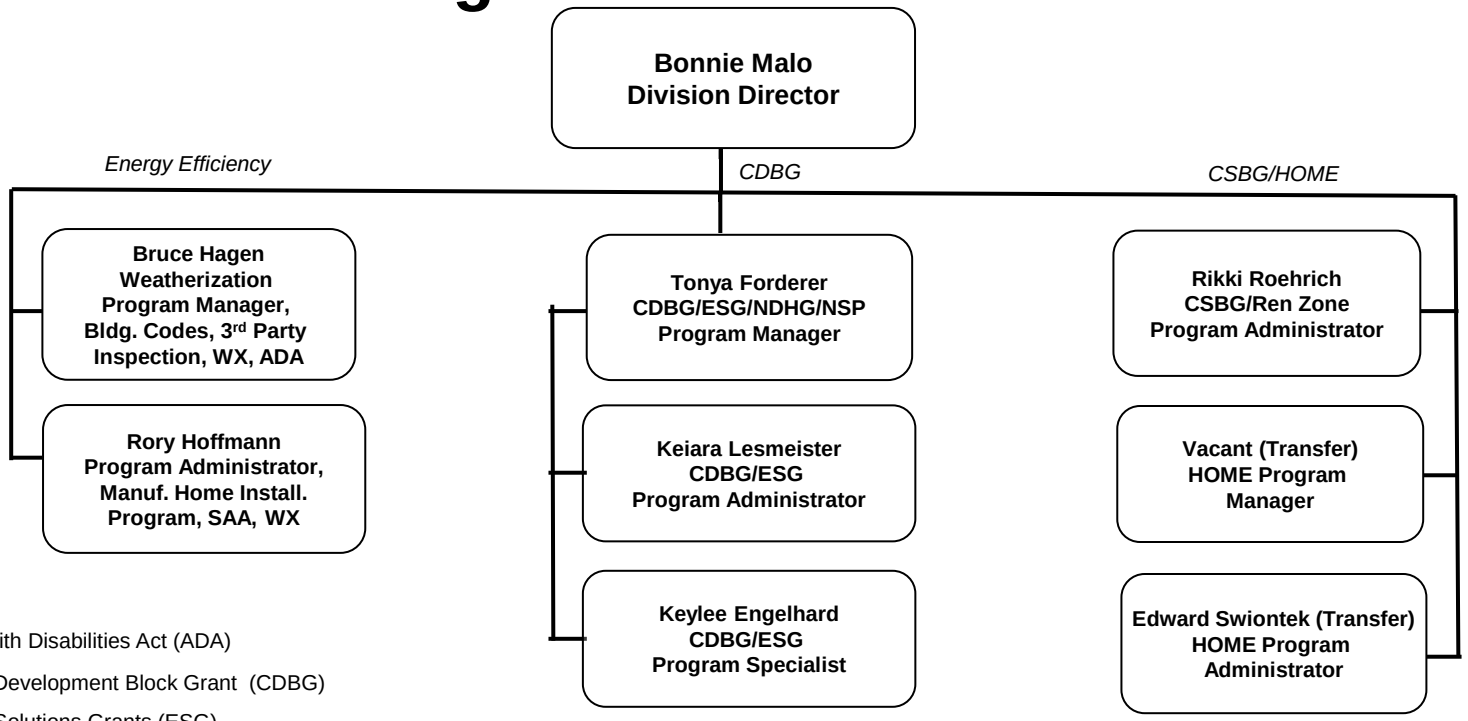
Division of Community Services Organizational Chart



- Americans with Disabilities Act (ADA)
- Community Development Block Grant (CDBG)
- Emergency Solutions Grants (ESG)
- Home Investment Partnership Program (HOME)
- State Administrative Agency for Manufactured Homes (SAA)
- Community Service Block Grant (CSBG)
- Renaissance Zone (Ren Zone)

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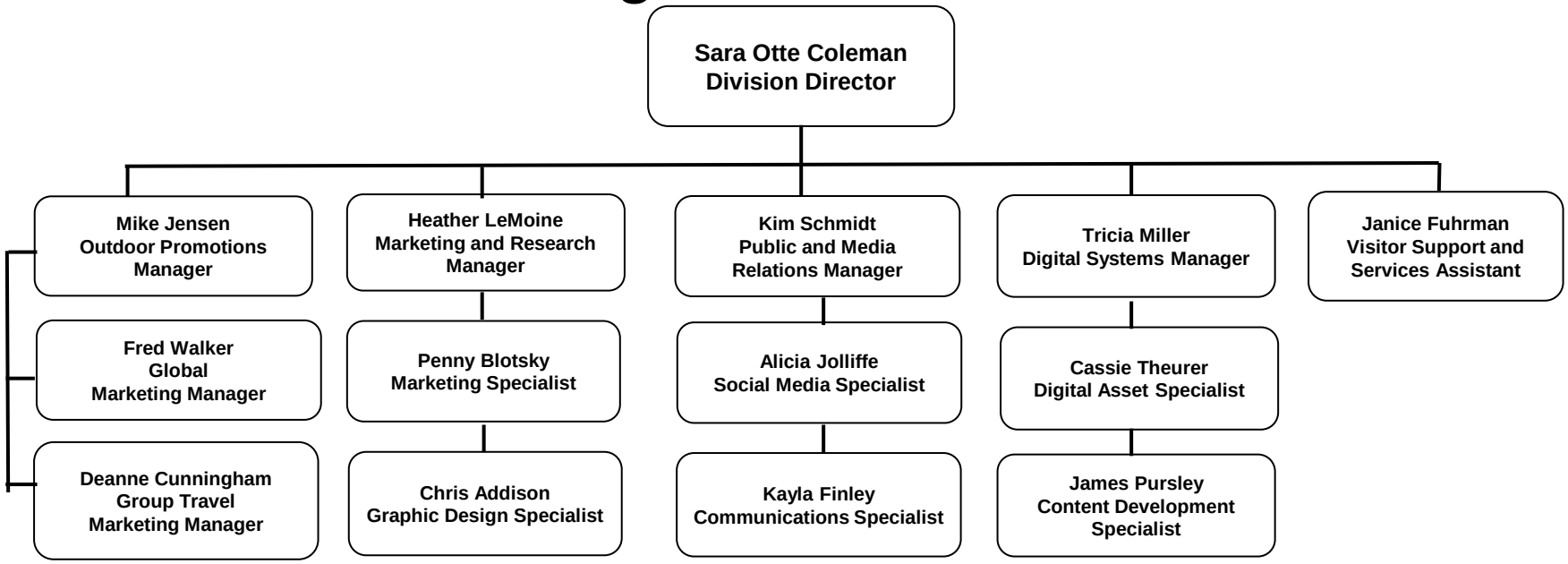
Division of Tourism and Marketing Organizational Chart



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MEMORANDUM

TO: Commissioner Michelle Kommer

CC: Celeste Engelhard, Accounting Manager

FROM: Deputy Commissioner Shawn Kessel

DATE: November 1, 2019

RE: Control Enhancements

As you know, our most recent audit identified opportunities for improvement in our control environment. We have thoroughly reviewed the audit report to identify appropriate control enhancements. Please see the Department of Commerce's action plan, below.

FINDING 19-01 "CIRCUMVENTING PROCUREMENT GUIDELINES"

Audit Issue (pg. 2 of Audit Report)

"These contracts should have been treated as one contract for services and allowed for contractor competition following the Office of Management and Budget (OMB) procurement requirements."

Commerce Position

"We disagree with the finding that the Department "violated state law by circumventing procurement requirements related to the 'Be Legendary' logo and overall brand refresh. As correctly stated in the audit report, the value of this contract was $9,500, and as such, did not require a competitive bid process under procurement rules. Contract deliverables were met prior to the contract being completed. Subsequently, temporary workers were hired to perform work that was connected to the brand refresh but was separate from the contract deliverables. We acknowledge there was overlap in the time frame of the contract and the temporary employment as the final contract payment was made in November 2018, and the temporary employees began employment with the Department in October 2018. After the hiring of the temporary employees, the OMB Procurement Office was consulted, and steps were taken to ensure the contract was appropriately terminated after final payment. The Department will ensure there is a clear separation between contract deliverables and temporary employment arrangements in the future and that all procurement requirements are followed."

As stated above, there were two separate workstreams: one to create the website design, or "frame," and the other to develop content for the website, which required additional resources. While we acknowledge these efforts were related, there was no overlap with the original contract, and we believe Commerce properly complied with OMB Purchasing Guidelines. Commerce also followed state hiring practices and generally accepted employment law principles in treating those hired for the second workstream as temporary employees.

ACTIONS	INITIATION	CONCLUSION
1. Conduct mandatory training on procurement guidelines at least once during the biennium, at an All Staff Meeting	Q1 2020	(ANNUALLY)
2. Require at least one member of each of Commerce's four divisions become Level 3 procurement trained *-Hiring in Workforce & DCS has slowed compliance along with OMB cancelling May Level 3 & 4 training*	Q4 2019	Q2 2020
3. Include procurement training as part of the on-boarding process for all new Commerce employees.	Q1 2020	(ONGOING)
4. When a program/contract transitions from one Commerce division to another Commerce division, a review of contract deliverables between division leads shall take place within 15 days of the transfer.	Q4 2019	(ONGOING)
5. Commerce procurement designee will attend a senior team meeting at least once per quarter and provide an update, sufficient to meet senior team expectations, on staff trained in procurement, active procurement processes and a list of open contracts that were procured.	Q4 2019	(ONGOING)
6. All contract related approvals shall have timely documentation and contract deliverables will be acknowledged in writing.	Immediately	(ONGOING)
7. Commerce will consult/review level 3+ procurement processes with OMB liaison.	Immediately	(ONGOING)
8. Commerce will consult/review level 4 procurement processes with OMB procurement staff.	Immediately	(ONGOING)
9. Review, revise & communicate Financial Policies as necessary to implement these enhanced controls, and communicate, train as necessary.	Q4 2019	Q2 2020

FINDING 19-02 "VIOLATION OF APPROPRIATION AUTHORITY"

Audit Issue (pg. 5 of Audit Report)

"…violated their appropriation authorized in the 2017 Session Laws by improperly charging $853,908 to the wrong biennium."

Commerce Position

The Department of Commerce agrees with the recommendation and acknowledges that these expenditures should have been charged to the 2019-21 biennium rather than the 2017-19 Biennium. The Department will strengthen internal controls and implement procedures to ensure in the future expenditures are properly allocated to the correct biennium.

As acknowledged, this was a timing error related to payment for agreed-upon work on an infrastructure project at Grand Sky UAS park – a project that was funded by the Legislature and had been delayed by weather. The Department made the correct payment to the correct party at the incorrect time, and Commerce has since implemented changes to prevent it from happening again. Ultimately, the funds went to the Legislature's intended purpose, and no party received undue benefit. Funding for infrastructure projects often comes with continuing appropriation authority, or "carryover" authority, which allows the funding to be carried into the next biennium in case of construction delays. That carryover authority was not in place for this project. Commerce will request such authority in the future to prevent this from happening again.

ACTIONS	INITIATION	CONCLUSION
1. Educate all involved parties regarding Office of Management & Budget policies and procedures relating to the "allow-back period", including and especially partners affected by the appropriation. - The following email was distributed to all Commerce Staff. The State financial system will be shut down July 29-30, 2020 for fiscal year end processing. • Payments cannot be processed during this time so plan ahead. • Please have all payment requests and invoices submitted to fiscal staff by July 15, 2020. • All June travel must be submitted for reimbursement by July 15, 2020. ***Please see policy below.** • Remember goods and services paid with Fiscal Year 2020 funds need to be delivered by June 30, 2020. • Please be cognizant of P-Card charges made in late June. The charge must be on your June statement in order to use FY20 funds. ***Submitting Travel Expense Voucher*** All Travel Expense Vouchers (SFN 52785) must be submitted within 60 days of the end of the month for which the travel is being claimed. Travel Expense Vouchers for June must be submitted by July 15 so they can be paid during the fiscal year in which they are incurred. Please share the July 15, 2020 deadline with any vendors, partners or sub-grantees that you may be working with, so they can submit June invoices or payment requests timely. This will ensure they are paid prior to shut down. M. Halone also reviewed the allow-back procedure at the July 15, 2020 Commerce Huddle	Q1 2020	Q2 2020
2. Request continuing appropriations authority for all grants designated by the Legislature to the Department of Commerce.	67th Leg. Session	(ONGOING)
3. Request continuing budget authority pursuant to North Dakota Century Code Section 54-44.1-11 if complications	>67th Leg. Session	(ONGOING)

	arise (i.e. construction delays) where the Department does not have continuing appropriations.		
4.	Review, revise & communicate Financial Policies as necessary to implement these enhanced controls, and communicate, train as necessary.	Q4 2019	Q2 2020

FINDING 19-03 "NONCOMPLIANCE WITH CONTRACT REQUIREMENTS"

Audit Issue (pg. 6 of Audit Report)
"…did not monitor contract deliverables of an entrepreneurial contract with a total cost of $253,921. As a result, contract payments totaling $123,750 were made to unapproved subcontractors. Further, $23,448 of these payments were not supported by progress reports."

Commerce Position
"We disagree with the finding that the Department did not monitor contract deliverables and that contract payments were made to unapproved subcontractors.

The auditor's report indicates that the following contract deliverables were not met:
- *CONTRACTOR must submit sub-contractors to state for approval with proof of sustainability of developed programming/positions.*
- *Sub-contractor progress reports must be reported in CONTRACTOR quarterly required reports.*

The auditor's report indicates that the "The Department did not approve subcontractors…as required by the contract." The Department did provide approval for sub-contracts; however, this approval occurred verbally, as verified by the previous contract manager and vendor. The auditor's report indicates that unsupported payments were made to unapproved subcontractors. As noted, the Department verbally approved subcontractors, hence disagrees payments were made to "unapproved" contractors. The Department has implemented contract monitoring procedures to ensure appropriate documentation is secured in advance of payment for all future contracts."

As stated above, subcontractors were verbally approved as allowed for in the contract, and no payments were made to unapproved subcontractors. Commerce specifically reconciled the subcontractor billing with the aggregated billing to ensure that no one was overpaid or underpaid.

ACTIONS		INITIATION	CONCLUSION
1.	When a program/contract transitions from one Commerce Division to another Commerce Division, a review of contract deliverables between division leads shall take place within 15 days of the transfer.	Q4 2019	(ONGOING)

2.	All contract related approvals will have timely documentation and contract deliverables will be acknowledged in writing.	Q4 2019	(ONGOING)
3.	A report of any charges to be made during the "allow-back period" will be provided to the Office of Management and Budget and Attorney General's Liaison for review prior to formal submission	July 2021	(ONGOING)
4.	Review, revise & communicate Financial Policies as necessary to implement these enhanced controls, and communicate, train as necessary.	Q4 2019	Q2 2020

FINDING 19-04 "LACK OF INTERNAL CONTROL SURROUNDING APPROPRIATIONS"

Audit Issue (pg. 7 of Audit Report)
"…identified $853,908 charged to the wrong biennium."

Commerce Position
The Department of Commerce agrees with the recommendation and acknowledges that these expenditures should have been charged to the 2019-21 biennium rather than the 2017-19 biennium. The Department will strengthen internal controls and implement procedures to ensure in the future expenditures are properly allocated to the correct biennium.

As acknowledged, this was a timing error related to payment for agreed-upon work on an infrastructure project at Grand Sky UAS park – a project that was funded by the Legislature and had been delayed by weather. The Department made the correct payment to the correct party at the incorrect time, and Commerce has since implemented changes to prevent it from happening again. Ultimately, the funds went to the Legislature's intended purpose, and no party received undue benefit. Funding for infrastructure projects often comes with continuing appropriation authority, or "carryover" authority, which allows the funding to be carried into the next biennium in case of construction delays. That carryover authority was not in place for this project. Commerce will request such authority in the future to prevent this from happening again.

ACTIONS		INITIATION	CONCLUSION
1.	Work with vendors to assure invoices accurately reflect the month that the vendor issued payment for the service.	Q1 2020	(ONGOING)
2.	A report of any charges to be made (invoices to be submitted) during the "allow-back period" will be provided to the Office of Management and Budget and Attorney General's Liaison for review prior to formal submission	July 2021	(ONGOING)

3.	All temporary employee arrangements will be reviewed by the Commerce Attorney General liaison prior to execution, if they are expected to work for longer than six months.	Immediately	(ONGOING)
4.	Commerce will schedule a quarterly meeting to review matters related to procurement with the Attorney General's office	Nov. 2019	
5.	Review, revise & communicate Financial Policies as necessary to implement these enhanced controls, and communicate, train as necessary.	Q4 2019	Q2 2020

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RURAL DEVELOPMENT COUNCIL

FACTS

3RD IN NATION
IN RURAL CONTRIBUTION TO STATE GDP

MORE THAN 15,000
RURAL BUSINESSES EMPLOY **134,396**

2ND IN NATION
RURAL ANNUAL COMPOUND GROWTH RATE (2010–2018)

SOURCES: U.S. Bureau of Economic Analysis and Labor Market Information Center, Job Service North Dakota, QCEW Unit

RURAL DEVELOPMENT COUNCIL (RDC)

The RDC is charged with facilitating collaboration among governments and the private and nonprofit sectors in the planning and implementation of programs and policies that have an impact on rural areas of the state. Members also monitor, report and comment on policies and programs aimed at addressing the needs of rural areas of North Dakota. The RDC unites the state's private and nonprofit sectors with state, federal, local and tribal governments to strengthen rural America.

THE RDC AND NORTH DAKOTA COMMERCE DEPARTMENT

In 2020, Commerce and the RDC prioritized and advanced several rural incentive and economic efforts. Much of this work was completed by the Commerce Main Street Initiative (MSI) team in collaboration with other state and private entities, maximizing resources and time.

Main Street Community network:

- Provides support and technical assistance to more than 230 people from 80 Main Street communities across North Dakota.
- Continues one-on-one visits with existing and new Main Street communities along with education, joint convenings and online resources.

Partners in Planning (PiP) Grant Program:

- Empowers communities to proactively plan their futures through comprehensive planning, economic development/diversification strategic plans or economic recovery plans.
- The PiP is a result of dialogue with the RDC and recommendations to support community planning efforts and the creation of actionable plans.

MSI Community Vibrancy Grant Program:

- Supports local efforts to increase community vibrancy with seed funding for a small project.
- Builds momentum and inspires additional projects with improved quality of life, attracting and retaining workforce and enhancing community pride.

Supporting statewide COVID-19 efforts:

- Implemented and conducted research and outreach education tools were undertaken supporting communities, small businesses and state leaders.
- COVID-19 webinars providing information for businesses and stakeholders across North Dakota, including resources available for small businesses, social distancing aspects and resources for businesses in rural areas related to online marketing.
- A business impact survey, conducted in partnership with the Greater Fargo Moorhead EDC, helped measure the impact of the pandemic on local businesses and gauge their needs and understand how to best direct resources.

UPDATED 01/07/2021

2020–2021 APPOINTED MEMBERS

Teran Doerr of Bowman, executive director of the Bowman County Development Corp.

Janne Myrdal of Edinburg, a farmer and state senator

Luke Anderson of Forman, a farmer with Anderson Seed Farms Inc.

Gwendolyn Crawford of Kathryn, Lisbon auditor and economic development director

Jay Doan of McKenzie, a rancher with Black Leg Ranch

Antoinette Heier of Hazen, executive director of the Hazen Chamber of Commerce

Megan Laudenschlager of Minot, executive director of Strengthen ND

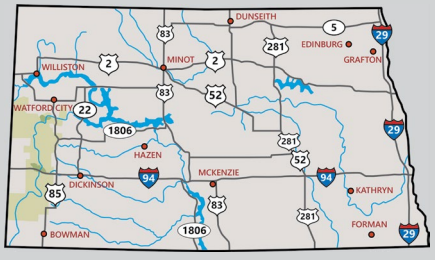
Lindsey Lipp of Casselton, associate scientist in process and product design at Aldevron

Dawn Mandt of Grafton, executive director of the Red River Regional Council

Joyce "Jt" Shining One Side of Dunseith, an educator at Dunseith Public School

Daniel Stenberg of Watford City, McKenzie County economic development coordinator

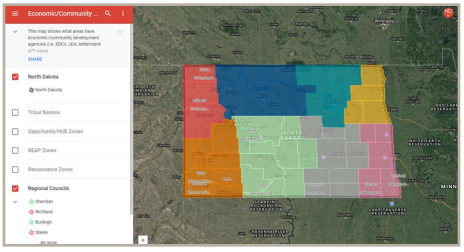
Shawn Wenko of Williston, director of the Williston Economic Development Corp.



Locations of Rural Development Council members.

Economic Development Ecosystem Mapping:

- The Economic Development Ecosystem Map provides a spatial representation of entities that do economic development work in North Dakota at the local, regional and state levels.
- The project emerged out of an RDC recommendation to document the organizations that support economic development work in North Dakota.



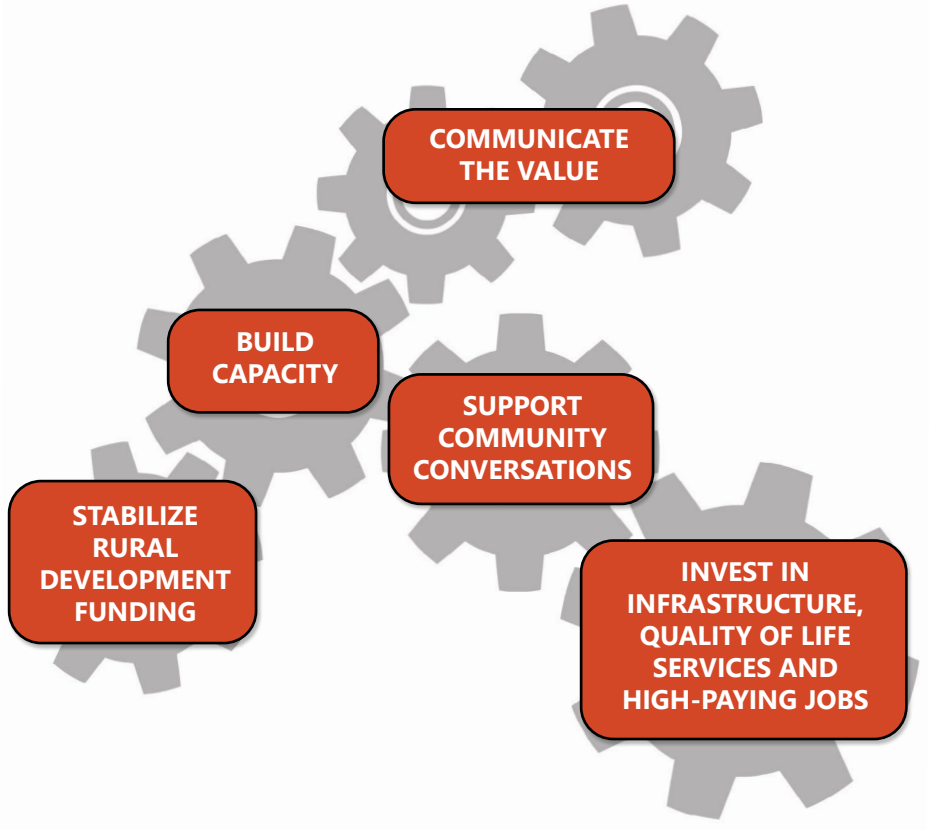
North Dakota New Development Budgeting Calculator (ND2C):

- The ND2C assists communities in estimating the long-term costs of new development with a specific focus on infrastructure.
- The technology helps communities understand the magnitude of a project's fiscal impact and compare infill vs. greenfield development more easily.

LOOKING AHEAD TO 2021

Continuing the strong momentum of the past year, future recommendations focus on communicating and developing strong networks between rural communities and regional and state leadership; advocating for opportunities in rural North Dakota; and providing resources and education to support smart, efficient instruction and continued quality of place.

THE FIVE FOCUS AREAS FOR 2021:



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COMMUNITY SERVICES

FACTS

85,699
PEOPLE IMPACTED BY CDBG AND CSBG

12,137
FAMILIES AND YOUTH SERVED BY HOMELESS GRANTS

CDBG AND HOME FUNDS REHABBED **134** HOMES

ASSISTED **30 ESG** AND **31 NDHG** RECIPIENTS

DIVISION OF COMMUNITY SERVICES

The North Dakota Department of Commerce Division of Community Services was established to provide technical assistance to local governments and state agencies in the areas of community and rural planning and development, policy research and development and grant program implementation.

PROGRAMS INCLUDE:

STATE ENERGY PROGRAM — Promoting Energy Conservation and Efficiency

The State Energy Program provides a range of energy conservation-related opportunities, including energy education, installation of energy efficient measures, transportation initiatives (alternative fuel vehicles and fueling systems) and renewable energy technologies (small scale wind turbines and solar technologies). The program's state energy plan is supported by financial and technical assistance through the U.S. Department of Energy (DOE).

COMMUNITY DEVELOPMENT BLOCK GRANT — Developing Vibrant and Sustainable Communities

The Community Development Block Grant Program (CDBG), provided through the U.S. Department of Housing and Urban Development (HUD), provides financial assistance to local governments in the form of grants and loans for public facilities, housing rehabilitation and economic development projects. The primary beneficiaries of these projects must be very low and low-income individuals.

EMERGENCY SOLUTIONS AND CONTINUUM OF CARE GRANTS — Working to End Homelessness

The Emergency Solutions Grant (ESG) and the Continuum of Care Grant are programs of the U.S. Department of Housing and Urban Development.

The Emergency Solutions Grant and ND Homeless Grant (NDHG) provides financial assistance to facilities and programs to identify sheltered and unsheltered homeless persons, as well as those at risk of homelessness, and provide services to help them quickly regain stability in permanent housing after experiencing homelessness. The North Dakota Department of Commerce currently awards grant funds directly to emergency/homeless shelters and agencies throughout the state for activities like operational expenses (utilities, insurance, furnishings, appliances, etc.) and essential services (case management, medical, laundry, transportation, etc.), homeless prevention, rapid rehousing and the Homeless Management Information System.

UPDATED 12/28/2020

DID YOU KNOW

Community Services Block Grant impacted 41,546 low-income individuals, including 14,913 children, 6,283 persons with disabilities and 7,498 people who lacked health insurance.

Community Development Block Grant created 132 jobs and had $1.39 million economic impact

The HOME Program assisted 400 families across North Dakota

The Low-Income Weatherization Assistance Program assisted 521 households

WEATHERIZATION/LIHEAP — Increasing Energy Efficiency for Low-Income Persons

The Weatherization Assistance Program and the LIHEAP Weatherization Program impact low-income individuals across the state to:

- Increase energy efficiency in homes
- Strengthen the health and safety of the home
- Reduce total residential energy expenditures
- Provide conservation measures

Since 2001, more than 10,000 homes have been equipped with energy-conserving measures. They are programs of the U.S. Department of Energy and the U.S. Department of Health and Human Services.

HOME PROGRAM — Creating Affordable Housing

The HOME Program is a U.S. Department of Housing and Urban Development program, designed to create partnerships among government entities and the private sector to make affordable housing available to low-income persons. The program has two primary activities: homeowner assistance and rental production/assistance. This is accomplished through five basic areas:

- Homeownership assistance
- Homeowner rehabilitation activities
- Rental rehabilitation or production
- Security deposits
- Rental assistance

COMMUNITY SERVICES BLOCK GRANT — Fighting Poverty in North Dakota

The Community Services Block Grant (CSBG) Program assists communities in implementing anti-poverty programs. The program administers funding from the U.S. Department of Health and Human Services through the state's seven Community Action Agencies (CAAs), providing various services to low-income persons, including:

- Emergency assistance
- Money management
- Housing counseling
- Self-sufficiency services
- Case management and outreach
- Referral services

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For more information, contact Bonnie Malo at bmalo@nd.gov

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RENAISSANCE ZONE PROGRAM

FACTS

59
NORTH DAKOTA CITIES PARTICIPATE

1,850
PROJECTS APPROVED

1,450
PROJECTS COMPLETED

COMMUNITY DEVELOPMENT TOOL FOR **ANY SIZE CITY**

DEVELOPING DOWNTOWNS

The Renaissance Zone Program is a locally driven program that includes 59 cities across North Dakota. Since 1999, more than 1,850 projects have been approved and more than 1,450 have been completed. The Renaissance Zone Program helps create and retain jobs, businesses and residents.

The Renaissance Zone Program is a tool for community redevelopment and economic investment that incorporates tax incentives to business and residential properties. The Renaissance Act, created by the 56th Legislative Assembly, made it possible for North Dakota cities to create Renaissance Zones within their jurisdictions.

RENAISSANCE ZONE SIZES

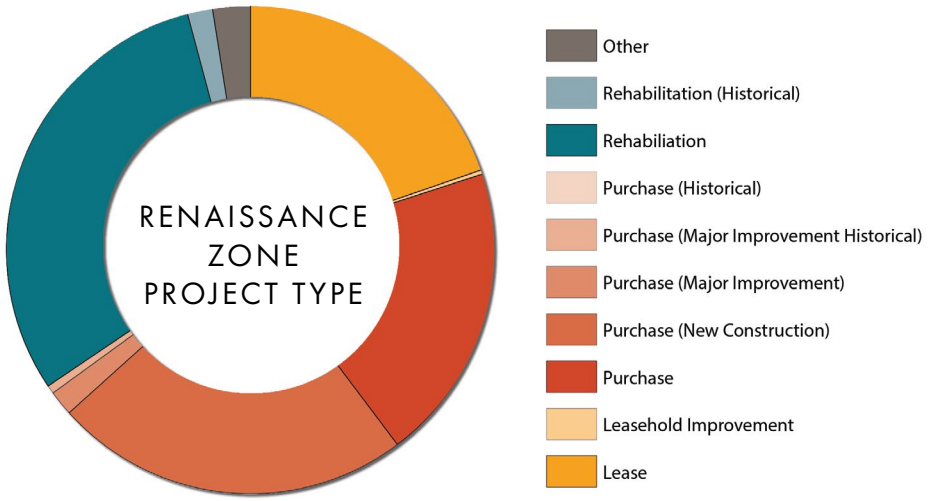
The size of the zone depends on city population.

- 34 city blocks in cities with a population of up to 5,000
- One additional block granted for each additional 5,000 in population
- Maximum size 49 blocks

PROJECT REQUIREMENTS

Development of a Renaissance Zone includes:

- A comprehensive or strategic plan
- Creation of a development plan
- Public input from at least one public hearing
- Letters of support from the county and school district
- A resolution adopted by the city to provide the tax exemptions and credits permitted in the program



UPDATED 12/29/2020

TAX INCENTIVES

Up to $500,000 of **income exempted** annually on income derived at an approved zone business project (5-year max)

Property tax exemptions for commercial and residential properties (5-year max)

Up to a $10,000 tax credit per year for five years on qualified **single-family homes** (max $50,000)

25% tax credit available for **historic property** on the amount invested (max $250,000)

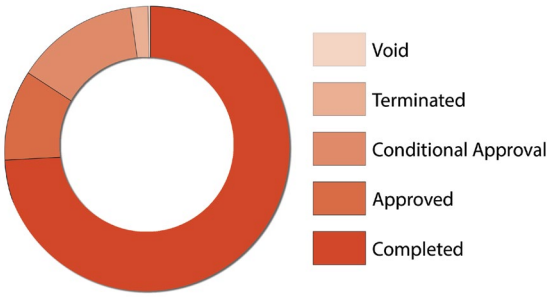
Transferable credits upon selling a single-family home

Transferable exemptions upon selling or leasing a business

SUCCESS STORIES

The city of West Fargo renewed the program for an additional five years in 2020. West fargo started utilizing the Renaissance Zone Program in 2000 and has had 90 approved projects. Recent major projects include Restad Industrial Park in 2020 and Midcontinent Communications in 2017.

PROJECT STATUS

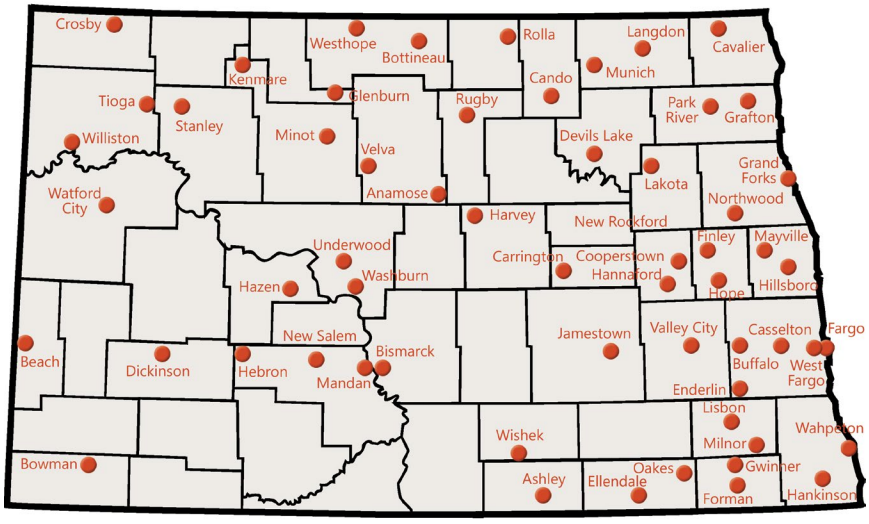


The city of Wahpeton renewed the program for an additional five years in 2018. Wahpeton started utilizing the Renaissance Zone Program in 2003 and has had 55 approved projects. Recent projects include Tractor Supply Company in 2017, Brew 2 Inc. in 2017, Grippers Sports in 2017 and Dakota Coffee Company in 2016.

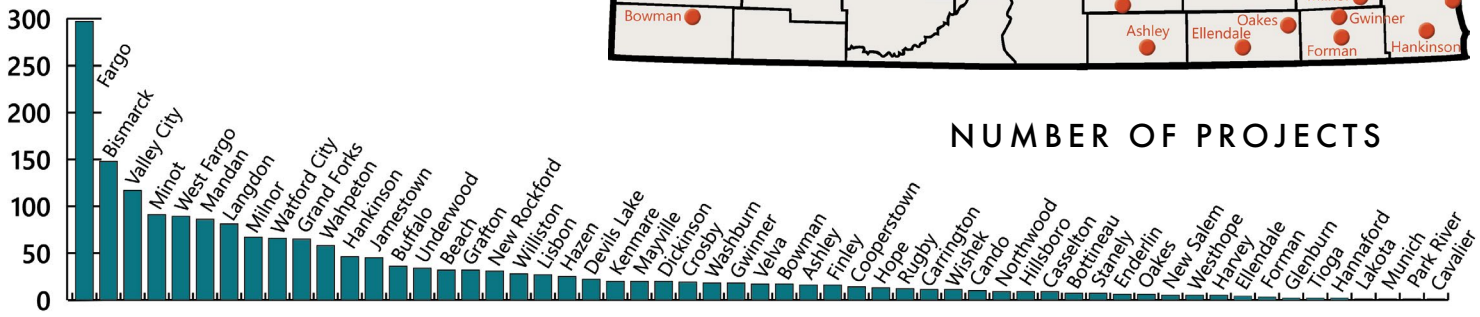
The city of Valley City renewed the program for an additional five years in 2020. Valley City started utilizing the Renaissance Zone Program in 2000 and has had 125 approved projects. Recent major projects include Brockopp Brewing LLC in 2020 and Valley Lumber Company in 2018.

The city of Hazen renewed the program for an additional five years in 2018. Hazen started utilizing the Renaissance Zone Program in 2003 and has had 26 approved projects. Recent projects include Mandate Machinery in 2017 and Tractor Supply Company in 2017.

RENAISSANCE ZONE PARTICIPANTS



NUMBER OF PROJECTS



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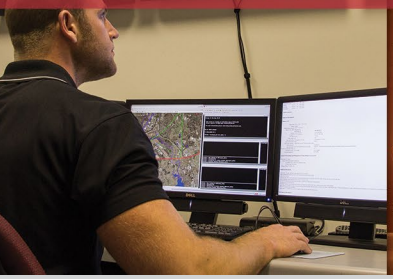
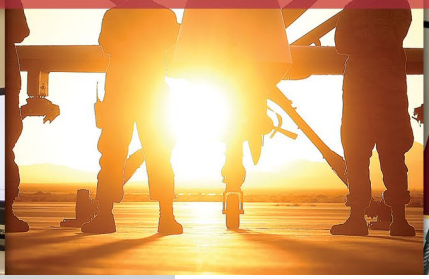
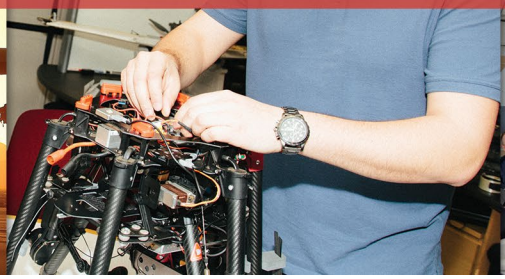
UAS (UNMANNED AIRCRAFT SYSTEMS)

INDUSTRY FACTS

STATE COMMITMENT FOR NEW INFRASTRUCTURE
$33 MILLION

$77 MILLION
TOTAL INVESTMENT BY THE STATE OF NORTH DAKOTA

THE NATION'S FIRST
BVLOS SYSTEM
VANTIS

1ST
UAV TRANSATLANTIC FLIGHT

NORTH DAKOTA UMANNED AIR SYSTEMS (UAS): THE NEXT GENERATION

North Dakota's unmanned systems sector continues to lead the nation in supporting the agricultural and energy industries, commercializing intellectual property and operationalizing federal requirements. To continue this growth and momentum, North Dakota must continue to invest in growing its Beyond Visual Line of Sight (BVLOS) network, support robust operations at the Northern Plains UAS Test Site (NPUASTS) and expand infrastructure at the Grand Sky UAS Park to support highly diverse and well-paying jobs as well as the national security mission.

GRAND SKY: THE NATION'S FIRST PRIVATE UAS PARK

Grand Sky, the nation's first UAS business and aviation park, is home for flight testing, UAS operations and research and development. Grand Sky offers build-to-suit locations and temporary facilities for commercial UAS development and testing, as well as defense-related operations support and has attracted more than $100 million in private investment. Grand Sky offers access to secure defense networks, dark fiber, a 12,351-foot runway, uncongested airspace with less than 10 operations daily and more than 330 days of flying weather annually. Testing operations are supported with electronics component distributors, metal fabrication, 3D printing and equipment support for the most demanding test requirements. Grand Sky partners like the Northern Plains UAS Test Site can support airspace needs. Grand Sky is home to one of the nation's first commercial BVLOS system.

VANTIS

North Dakota leads in attracting companies and federal agencies to operationalize, commercialize and grow this sector by leveraging historic investments, utilizing existing resources, subject matter expertise and infrastructure to continue the growth trajectory, commercialization of new technologies, and well-paying jobs. North Dakota is using VANTIS and its subject matter experts at the test site on behalf of NASA, DoD, CBP and private industry. The Bakken capability will be deployed by Spring 2021. Commerce is recruiting new industries to assist in energy production and supporting small communities across the state. Autonomous development and the attraction of private equity throughout the agricultural sector continues at a rapid clip as well, including new start up activity from Plug and Play.

UPDATED 12/28/2020

KEY NORTH DAKOTA GROWTH

$400 million in private sector investment.

Almost 50 UAS companies call North Dakota home.

Over 1,000 people employed by the industry.

Federal partners include DoD, CBP and FAA.

INDUSTRY CLUSTERS

The North Dakota UAS entrepreneur cluster is larger than any other accelerator, incubator or entrepreneur center in the nation.

Almost all UAS companies operate in North Dakota, including:

- Northrop Grumman
- General Atomics
- Collins Aerospace
- L3 Harris Technologies
- Thales USA
- SkySkopes
- ISight RPV Services
- Botlink

SUCCESSES

- Participation in the FAA's BEYOND program which continues the partnership that was started through the UAS Integration Pilot Program
- Northrup Grumman endurance testing
- Department of Homeland Security Northern Border Airspace Domain Awareness Test Bed
- Four contracts awarded to support the United States Air Force Agility Prime program

PREMIER TEST SITE ADVANTAGES

- Strong industry support
- Open terrain
- Robust energy and agriculture industry clusters
- Broad infrastructure, including Grand Sky Business Park and Northern Plains Test Site
- Research through UND Research Institute for Autonomous Systems
- History and culture of aviation safety
- Uncongested airspace
- Climate diversity
- Unique testing locations and scenarios

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For more information, contact James Leiman at jleiman@nd.gov

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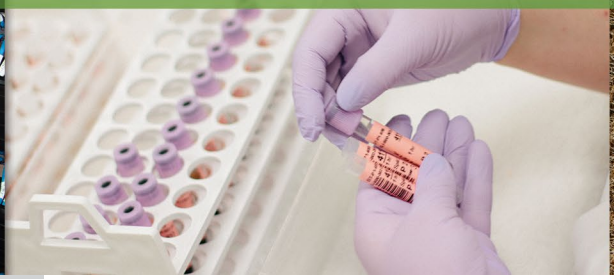
INNOVATION TECHNOLOGY LOAN FUND



FUND FACTS

18
PARTICIPANTS

MORE THAN $14 MILLION
IN LOANS AWARDED

NEW IP
DEVELOPED IN NORTH DAKOTA

The Innovation Technology Loan Fund (LIFT) is an innovation loan fund to support technology advancement by providing financing for commercialization of intellectual property within the state of North Dakota. The following industries qualify for these funds:

- Advanced computing and data management
- Agriculture technology
- Autonomous and unmanned vehicles and related technologies
- Energy
- Health care
- Value-added agriculture
- Value-added energy
- Any industry or area specifically identified by the committee as an industry that will contribute to the diversification of the state's economy

The use of the loan funds are available to enhance capacity and to the extent possible, leverage state, federal and private sources of funding. Loan funds may be used to conduct applied research, experimentation or operational testing within the state. Loan funds may not be used for capital or building investments or for research, academic or instructive programming, workforce training, administrative costs, or to supplant funding for regular operations of institutions of higher education.

Approval for the LIFT applications shall be made by the LIFT Committee with consideration given to the following:

1. 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.
2. Lead to the commercialization or patent of an innovation technology solution.
3. 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.

LIFT LOAN TERMS INCLUDE:

- Zero percent interest for the first three years of the loan
- Two percent interest for the next two years of the loan
- An interest rate equal to a standard Bank of North Dakota loan for all subsequent years

More info can be found by visiting NDCC Chapter 6-09.18.

INDUSTRIES REPRESENTED

- ADVANCED COMPUTING AND DATA MANAGEMENT
- AGRICULTURE TECHNOLOGY
- ENERGY AND VALUE-ADDED ENERGY
- HEALTH CARE
- VALUE-ADDED AGRICULTURE
- UAS

UPDATED 01/08/2020

LIFT SUCCESS EXAMPLES

Access Point Technologies EP Inc. — A global supplier of innovative medical devices focused on meeting the needs of the large and fast-growing electrophysiology (EP) market, estimated at $5 billion today with an 11% CAGR. APT EP designs and develops new catheters and systems for treating cardiac arrhythmias. It is building a new R&D center in Horace ND which will be ready in Q1 2021 and plans to develop both catheters and systems in this new facility. In addition, the company plans to hire and train local engineering talent and partner with ND physicians to develop significant bioscience intellectual property (IP) in the state.

Checkable Medical Corp. — Developing an at-home strep test to be manufactured in North Dakota and launching an at-home rapid COVID-19 antibody test. LIFT support allowed it to move the founding team to the state and partner with a North Dakota clinical research partner to execute its trial. The company plans to create high-paying jobs in the bioscience industry in the next couple years.

First-I LLC (KSI Video) — Currently contracting its software services from a North Dakota company and recently established an office in Grand Forks as base for the development and manufacture of a new UAS product designed to assist first responders and emergency management personnel. The company is applying for matching funding from other sources and plans to have a commercially viable prototype available later in 2021. To date it has created one job in Grand Forks with plans for additional hires once it reaches commercialization.

Three Farm Daughters — A value-added ag start-up creating high-fiber, low gluten food products utilizing GoodWheat varieties grown in the USA and milled at the North Dakota State Mill. Three Farm Daughters has launched three pasta products and a 100% wheat flour for sale online and in stores in North Dakota and Minnesota. In doing so, Three Farm Daughters utilizes three North Dakota logistics companies, a North Dakota food-grade warehouse facility and collaborates with a Grand Forks local chef for recipe development.

TracFrac Inc. — A Bismarck-based company developing a patent pending scheduling platform that coordinates activities between operators and service companies in the oil and gas industry. Currently working with two major energy companies in North Dakota, TracFrac adds reliability and automation to the oil and gas monitoring and notification system.

For more information, contact Carla Valentine at crvalentine@nd.gov

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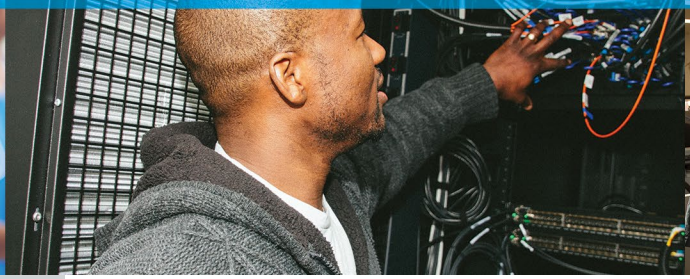
WORKFORCE DEVELOPMENT COUNCIL



FACTS

79%
ND HIGH SCHOOL STUDENTS IN CTE COURSES

1,600
RELEASED ANNUALLY FROM ND CORRECTIONAL FACILITIES

23%
OF ND WORKFORCE IS LICENSED

12 PROGRAMS
SUPPORTED BY TECHNICAL SKILLS GRANT IN 2020

ROLE OF WORKFORCE DEVELOPMENT COUNCIL

The role of the North Dakota Workforce Development Council is to advise the governor and the public concerning the nature and extent of workforce development in the context of North Dakota's economic development needs, and how to meet these needs effectively while maximizing the efficient use of available resources and avoiding unnecessary duplication of effort.

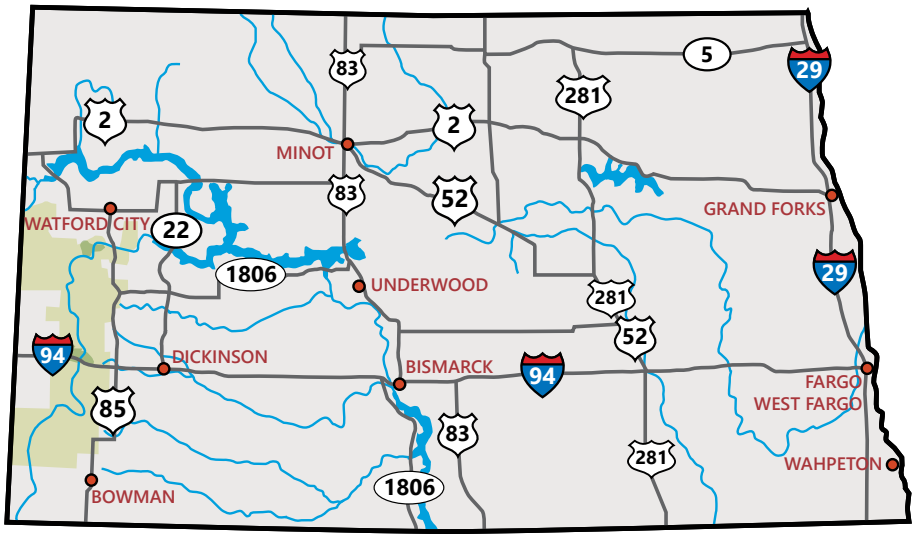
The Workforce Development Council consists of more than 30 members, with representation from industry; K-12, post-secondary and career and technical education; organized labor; WIOA state workforce partners and local and state elected officials.

LETTER FROM THE CHAIR

As Chair of the North Dakota Workforce Development Council, I am pleased to forward 13 recommendations and two endorsements that the Council believes can help address the greatest workforce challenges faced by the state of North Dakota today and in the coming years. These recommendations fall under four themes that were previously identified in the Council's 2018 Report of Recommendations: earlier and more diverse career exploration and addressing the technical skills gap; removing barriers to employment; occupational licensing reform; and recruitment and retention of North Dakota workers.

David E. Farnsworth

WDC MEMBER LOCATIONS



Council members represent large and small communities across the state.

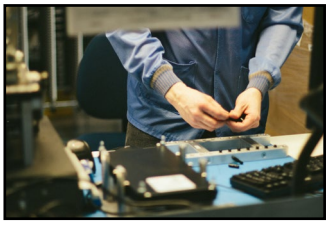
UPDATED 01/08/2021

Earlier & More Diverse Career Exploration and Addressing the Technical Skills Gap

- **The Council recommends** expanding Area Career & Technology Centers (ACTC) with a total investment of $45 million to be awarded incrementally to multiple school districts through a competitive grant process to regions that demonstrate commitment to ensuring success through industry alignment and private sector match.
- **The Council recommends** that the North Dakota Department of Career and Technical Education (NDCTE) and North Dakota Department of Public Instruction (NDDPI) work collaboratively to promote and encourage increased opportunities for career explorations in our schools.
- **The Council recommends** expanding North Dakota Studies curriculum to highlight multiple industries and career opportunities.
- **The Council recommends** the development of a grant program to support the private sector in creating virtual examples of high demand careers in North Dakota for educators and students to access.
- **The Council endorses** utilizing a portion of ND Career Builders funding to promote the program to stakeholders, including businesses, employees, students, parents and educators.

Removing Barriers to Employment

- **The Council recommends** developing a job placement pilot pilot program through a coordinated effort between Job Service North Dakota, Department of Corrections & Rehabilitation, local organizations that serve and support individuals with criminal backgrounds, and employers with a goal of placing recently or soon-to-be released individuals into in-demand positions in North Dakota.
- **The Council recommends** promoting the existing framework and service provided by the North Dakota Parole and Pardon Advisory Boards to allow individuals with criminal backgrounds participating in the job placement pilot program, as well as people preparing for parole, to have the opportunity to apply for a certificate to demonstrate their readiness for the workplace.
- **The Council recommends** developing a statewide marketing campaign to provide education around hiring individuals with criminal backgrounds with a goal of changing employer perceptions and hiring practices.



Occupational Licensing Reform

- **The Council recommends** removing vague or generic terms, including without limitation the phrases “moral turpitude” and “good character” from licensing board policies.
- **The Council recommends** establishing and making public criminal convictions that will disqualify an applicant from obtaining a license to practice, and implementing a pre-qualification process for applicants who have criminal convictions on their record in order to prevent the unnecessary expense of training and testing if a specific past conviction will disqualify an applicant from receiving a license to practice in North Dakota.
- **The Council recommends** establishing an ongoing system for data collection from licensing boards, commissions, and agencies so future reform efforts can be specific to evolving needs, barriers and opportunities.
- **The Council recommends** clearly defining who qualifies as a military spouse or dependent and including military personnel under the provisions of the military spouse licensure reciprocity bill (SB 2306) passed by the 66th Legislative Assembly.

Recruitment and Retention of Workers

- **The Council recommends** sustaining the Technical Skills Training grant created by the Department of Commerce with $1 million of Coronavirus Aid, Relief and Economic Security (CARES) Act funding. This grant program provides matching dollars to help training providers develop or expand accelerated, skilled workforce training programs in targeted industries and in-demand occupations.
  - » **The Council endorses** the current $2 million funding allocation for TrainND as determined in the North Dakota Department of Career and Technical Education budget for the 2021-2023 biennium and is supportive of TrainND serving as a key partner in providing training programs under the Technical Skills Training Grant, in addition to the private sector and other training providers.
- **The Council recommends** investing in a workforce recruitment campaign to support targeted industries in attracting workers to the state.

For more information, contact Katie Ralston at keralston@nd.gov

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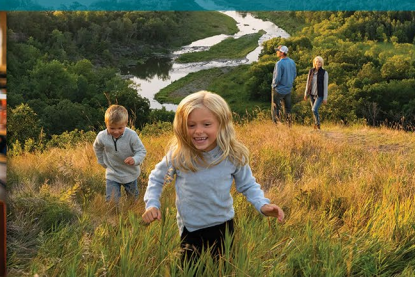
TRAVEL AND TOURISM



INDUSTRY FACTS

22 MILLION ANNUAL VISITORS

$3 BILLION IN VISITOR SPENDING

MORE THAN 3,000 RELATED BUSINESSES AND ORGANIZATIONS

MORE THAN 42K JOBS

TOURISM DIVERSIFIES NORTH DAKOTA'S ECONOMY

Tourism links communities, supports main streets, sparks economic diversification and defines our image – how we see ourselves and how others see us. It is a significant economic driver.

The sector employs more than 42,000 North Dakota citizens. Residents in every community, large and small, rural and urban, benefit from visitor spending and tourism activities.

North Dakota's tourism sector comprises five industries: accommodations, food and beverage, recreation and entertainment, transportation and retail. From restaurants to museums, service stations to golf courses, tourism benefits every county of the state.

TOURISM IS AN EXPORT COMMODITY

North Dakota's visitor economy grows when more people travel to and within the state, and visitors interact more with a destination. Shopping, dining, purchasing transportation and lodging, buying event tickets, attending galleries, performances and sporting events and other activities all contribute to a stronger visitor economy.

FAST FACTS ABOUT NORTH DAKOTA'S TOURISM INDUSTRY

REVENUE SOURCE

Tourism contributed $3 billion in total traveler spending and $300 million in visitor paid taxes to the state's economy in 2018.

SUPPORTS LOCAL BUSINESS

Tourism is a significant revenue source for hotels, lodges, restaurants, museums, art galleries, parks, fishing and hunting outfitters, casinos, sporting events, retail outlets, coffee shops, festivals, craft shops, golf courses and many other businesses. In 2018, there were more than 22 million visitors to and through North Dakota.

ECONOMIC DRIVER

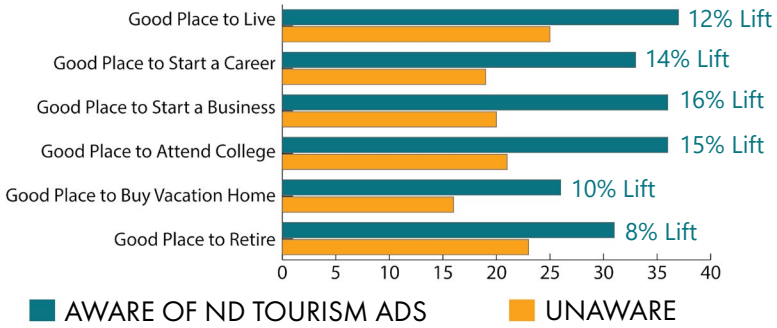
There are more than 3,000 businesses and organizations offering countless attractions, events and tourism-related activity in the state.

UPDATED 01/06/2021

TOURISM IS A GATEWAY TO ECONOMIC DEVELOPMENT

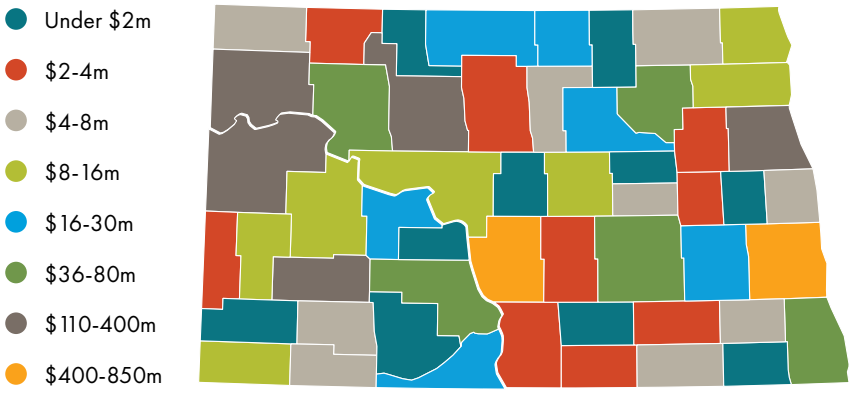
Businesses don't build in a location they know nothing about. People don't move to a location they've never visited. Tourism marketing and visitation are a gateway to a number of key economic development measures.

HALO EFFECT OF NORTH DAKOTA TOURISM MARKETING



Across the board, the advertisements done by North Dakota Tourism have a positive effect on how North Dakota is perceived.

VISITOR SPENDING BY COUNTY



Travel and tourism positively impacts every county in North Dakota, creating jobs and generating sales across dozens of sectors.

VISITOR SPENDING BRINGS OUTSIDE DOLLARS INTO NORTH DAKOTA'S ECONOMY, GENERATING TAX REVENUE, ADDITIONAL BUSINESS INCOME, JOBS AND A MORE DIVERSE ECONOMY.

$522 MILLION IN LODGING

$900 MILLION IN FOOD AND BEVERAGE

$593 MILLION IN TRANSPORTATION

$383 MILLION IN RECREATION

$522 MILLION IN RETAIL

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For more information, contact Sara Otte Coleman at socoleman@nd.gov

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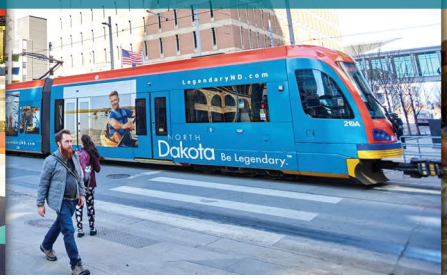
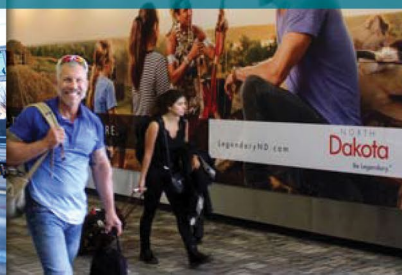
ELEVATING IMAGE





AD EFFECTIVENESS

13%
AVERAGE IMAGE LIFT FROM ADVERTISING AWARENESS

WEBSITE TRAFFIC UP
52%
IN 2020

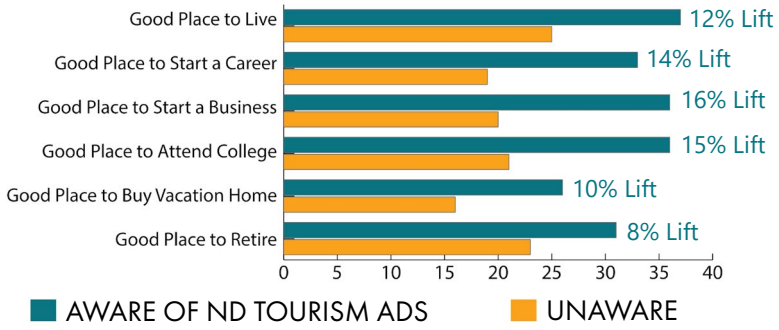
DIGITAL CAMPAIGN HAD
9.4 MILLION
VIDEO COMPLETIONS

265,000
ADDITIONAL ADVERTISING-MOTIVATED TRIPS

TOURISM ADVERTISING ELEVATES NORTH DAKOTA'S IMAGE

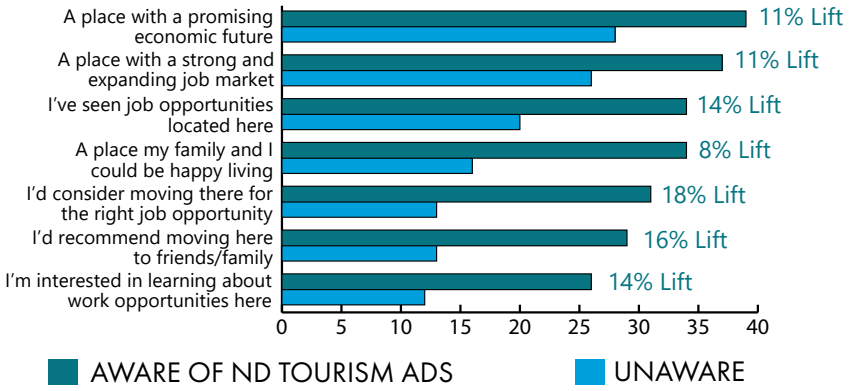
Advertising is a powerful tool with the ability to change perceptions, attitudes and behaviors. Research shows that North Dakota Tourism's promotional campaigns create a "halo effect" that lifts image and diversifies the economy through increased visitation and makes North Dakota a more favorable place to live, work, start a business, attend college, purchase a home and retire.

HALO EFFECT OF NORTH DAKOTA TOURISM MARKETING



Awareness of North Dakota's advertising led to double-digital increases in positive impressions across economic development attributes, most notably the impression of North Dakota as a place to be happy living in, that would be considered moving to for the right job opportunity and willingness to recommend to friends and family.

TOURISM ADVERTISING IMPROVES IMAGE OF ECONOMIC DEVELOPMENT ATTRIBUTES



UPDATED 01/08/2021

WHY INVEST IN ADVERTISING?

Tourism advertising **supports North Dakota entrepreneurs and businesses** by raising awareness of North Dakota.

Every dollar invested in North Dakota Tourism advertising **returns $104** in incremental visitor spending.

Every dollar invested in North Dakota Tourism paid media returns $5.90 in tax revenue resulting in **$300 million in visitor-paid taxes**.

Tourism advertising **supports North Dakota's Main Streets** with visitation supporting communities of all sizes in every county in the state.

There are **45,646 visitor-supported jobs** and 2,977 tourism-related businesses in North Dakota.

SOLID ADVERTISING OUTREACH

A 2020 study reinforces the impact of North Dakota Tourism advertising on economic development and image lift. Tourism advertising is the most visible and cost-effective tool for reaching those who can be motivated, not only to visit our state, but to consider North Dakota for relocation or business building. Here is how far the North Dakota Tourism campaign has reached over the last couple of years.

TV

67 MILLION (2019)
83 MILLION (2020)

PRINT

12 MILLION (2019)
12 MILLION (2020)

DIGITAL

112 MILLION (2019)
233 MILLION (2020)

OUT-OF-HOME

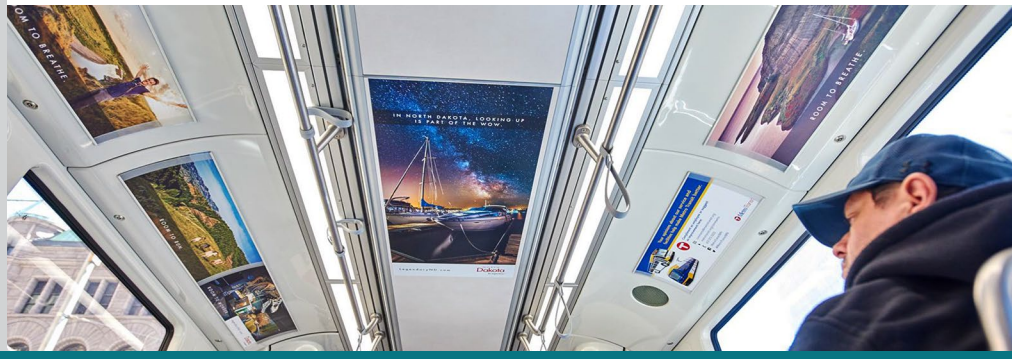
34 MILLION (2019)
85 MILLION (2020)

SOCIAL MEDIA

5.3 MILLION (2019)
23 MILLION (2020)

OPPORTUNITY AHEAD

North Dakota has an opportunity to use its valued competitive advantages now more than ever. Its safe, open, uncrowded, worry-free and affordable lifestyle is being sought out worldwide, as the post-COVID demographic shifts. With the world in transition, we need to showcase all the state's offerings to drive demand to businesses that put North Dakota on a growth track.



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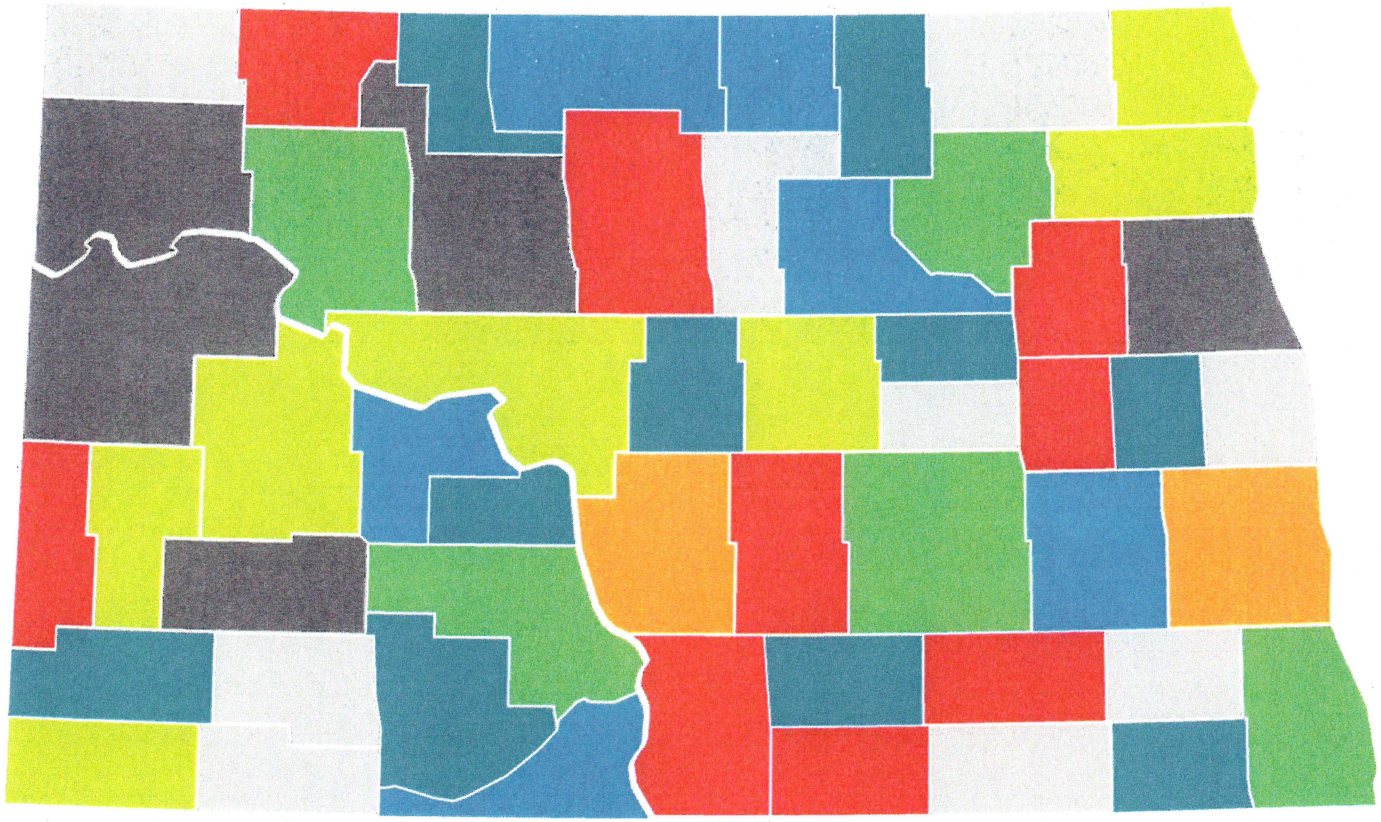
For more information, contact Sara Otte Coleman at socoleman@nd.gov

#7349

TRAVEL AND TOURISM IMPACT ACROSS THE STATE

- Under
- $2-4m
- $4-8m
- $8-16m
- $16-30m
- $36-80m
- $110-400m
- $400-850m



#7110

DICKINSON
THE WESTERN EDGE
CONVENTION & VISITORS BUREAU

72 EAST MUSEUM DRIVE
DICKINSON, NORTH DAKOTA 58601
701.483.4988 | 800.279.7391
F: 701.483.9261
E: INFO@VISITDICKINSON.COM
www.visitdickinson.com

March 3, 2021

To: House Appropriations Committee

Re: SB 2018 – ND Tourism Division Budget

Dear Chairman Delzer and Committee Members,

I am Terri Thiel, Executive Director of the Dickinson Convention & Visitors Bureau.

The ND Tourism Division has been, and always will be, the marketing agent for our state's image. That ability to draw travelers to North Dakota has never been more important than now. COVID has changed our industry. The visitor industry has been turned upside down.

Our Roughrider Days Fair & Expo was cancelled, along with most of other festival events. Convention and meetings were cancelled. Sporting events may have continued, but without the people in the stands.

As a result of the lower lodging tax revenue, our CVB re-budgeted, stripped our marketing plans, and basically kept the lights on while staff worked to re-invent themselves to help our community with information related to COVID hospitality updates, grant information, what businesses were open, hours of operation, delivery options and such. We may finally be able to receive a few dollars in the second round of PPP, (we did not qualify earlier), but the amount will be minimal.

We need ND Tourism to be able to show the brand image of the state to increase awareness of ND and influence a trip to the badlands, to the safe open places in ND. Our office has always been a regional partner for the surrounding attractions, events, and small businesses, and with our paid marketing reduced, it is even more important to support the ND Tourism Division budget.

In 2020 there was a **52% increase** in ND Tourism website traffic. There is pent up demand for travel, and not to the turmoiled cities - but to our wide, open, safe places in ND.

The ND Tourism Division needs to be competitive with our neighboring State Tourism offices to reach these travel audiences, *they are so far below them.*

Please support SB 2018 ND Tourism Division budget at $18 million/biennium.

Sincerely,

Terri Thiel
Executive Director

Explore the WESTERN EDGE

AmericInn
BY WYNDHAM

January 20, 2021

House

To: Senate Appropriations Committee

Re: SB 2018 – ND Tourism Division Support

Delzer,

Dear Chairman Holmberg & Members of the Senate Appropriations Committee:

My name is Jim Bridger and I am the owner of AmericInn Hotels of Medora & Dickinson, ND as well as the Historic Little Missouri Saloon. As you are aware the pandemic has left the tourism industry in shambles and many cities have seen the lowest tourism rates in history. Destination cities have been left with little or no tourism funding so they are relying on the State Tourism Division to supplement their tourism efforts in the months or even years ahead.

In addition to a vested personal interest in tourism, I am an active member of the Board of Directors for the Dickinson and Medora Convention & Visitors Bureaus which coordinate tourism efforts for their communities. In both of my CVB roles I have been involved with painstaking decisions involving budget cuts due to large decreases in our local tourism. Prior to the Covid-19 outbreak 2020 was set to be a record tourism year for our state, however it did not turn out that way. If anything positive can be taken from the pandemic it is that there is a renewed interest in outdoor activities like hunting and visiting state and National Parks. North Dakota is poised to be a national leader in tourism and the natural wonders within our state complement current tourism trends. I am writing today to offer wholehearted support of increasing ND Tourism Division funding from 9 million per year to 18 million for the biennium to attract additional tourists, groups & meetings and to offer extended marketing support to our communities that rely so heavily on tourism.

While I am aware that you are regularly faced with grueling decisions regarding cutting and adding to state budgets, I feel that the tourism budget is one that continues to repay the state and its cities through incremental revenue generated by tourism activities. I am excited to learn of your decision to increase the Tourism Division funding in the weeks to come. Thank you for your time and for already doing so much to help resuscitate our communities since the inception of the pandemic. I would be glad to answer any questions you or your committee may have regarding tourism in our communities.

Sincerely,

Jim Bridger

Jim Bridger- President
AmericInn Medora & Dickinson
Historic Little Missouri Saloon

FLUFFY FIELDS
VINEYARD & WINERY

March 3rd, 2021

To: House Appropriations Committee
Re: SB 2018 - ND Tourism Division Support

Dear Chairman Delzer and members of the House Appropriations Committee:

My name is Deb Kinzel and I am the owner of Fluffy Fields Vineyard and Winery in Dickinson, ND. Fluffy Fields VIneyard started in 2010 by converting an acre and a half of farmland into grape vineyards and orchards. In 2016 Fluffy Fields opened the doors to Southwest North Dakota's first year round full service Winery, offering wines made on location, a full daily menu, as well as event services for parties, weddings, and special events.

Being located in Southwest North Dakota, Fluffy Fields Winery relies largely on tourism. Word of mouth only travels so far, tourism marketing is the best way for our business to attract new patrons to our establishment.

Tourism brings millions of visitors to North Dakota every year, which turns into billions of dollars in visitor spending every year as well as tens of thousands of jobs related to tourism.

Please support increasing ND Tourism Division funding to $9 million per year/$18 million for the biennium.

Sincerely,

Deb Kinzel
Fluffy Fields Vineyard and Winery

KEVIN & DEB KINZEL PROPRIETORS
701.483.2242 | 2708 21st Street East | Dickinson, ND 58601 | www.fluffyfields.com

Dickinson Museum Center
188 Museum Drive E
Dickinson, ND 58601

March 3, 2021

To: House Appropriation Committee
Re: ND Tourism Division Support

Dear Chairman Delzer and members of the Senate Appropriations Committee:

My name is Robert Fuhrman and I am the Director of the Dickinson Museum Center located in Dickinson, ND. The Dickinson Museum Center's operation includes the Joachim Regional Museum and Prairie Outpost Park, both of which focus on the history of Southwestern North Dakota, and the Badlands Dinosaur Museum which presents an evolving exhibit program of fossils and minerals, a public preparation laboratory and a vibrant research and fieldwork program.

As the gateway to North Dakota's Western Edge, Dickinson is fortunate to have attractions such as ours and, just down the road, the forthcoming Theodore Roosevelt Presidential Library, to be located near one of state's great treasures, the Theodore Roosevelt National Park. Being located on Interstate 94 is of incalculable value to destinations such as these and we know from talking to our summer visitors that towns and cities all along the I-94 corridor benefit from the numerous tourists who travel throughout our great state.

We also know from our visitors how crucial it is that materials promoting North Dakota's tourist attractions get into their hands or, ever increasingly, on their screens to entice them to visit our state's unique destinations. While we are grateful for every visitor who visits North Dakota, those of us in tourism related industries and professions know that our neighbors – South Dakota, Montana and Minnesota – all regularly out-spend North Dakota on tourism promotion and all rank higher annually in terms of visitors.

The next two years present a unique opportunity to test North Dakota's ability to compete with our neighbors *if* the North Dakota Tourism Division's budget can be put on par with the tourism support in those states. As a country, we have turned a major corner in handling the Covid-19 pandemic and *we will* see visitors returning as people are excited to once again plan their vacations. Now is the time to consider an increase in tourism funding to ensure North Dakota's appeal to those potential visitors stands out from that of our neighbors.

Please support SB 2018 – ND Tourism Division's budget at $18 million for the biennium.

Sincerely,

Robert Fuhrman
Director, Dickinson Museum Center

LA QUINTA
INNS & SUITES

March 3, 2021

To: House Appropriations Committee
Re: SB 2018 – ND Tourism Division Support

Dear Chairman Delzer and members of the House Appropriations Committee:

My name is Darren Bleth, and I am the General Manager of the La Quinta Inn & Suites in Dickinson. I am writing this letter, to implore you to increase the ND Tourism Division's budget.

I have served in the hotel industry in Dickinson, for the past 20+ years. During that time, our state and Southwestern North Dakota especially have seen its share of economic ups and downs. In the past decade, we have endured the oil and energy best of times as well as its worst of times. This past year has presented our industry, our state, our nation, and our world with unprecedented adversity. The likes of which, we could have never imagined.

As we navigated through the period of such uncertainty, beginning in March 2020, we were left only to question when or if tourism would again return. And, if so, to what degree? Given the pandemic's implications, travel from abroad was out of the equation. What then could be expected from domestic travel?

As 2020Q2 neared its close, our region began to see the domestic traveler. Unable to utilize airline travel as originally planned, given the pandemic, these individuals instead took to the interstates and highways to engage in outdoor vacation plans. And, as a result, the national parks provided one of the few "open" venues for responsible, safe socializing and gathering. This represents just an example of the impact of the ND Tourism Division's impact on our state. Without their efforts in bringing awareness and exposure for our state, and all its attractions and destinations, our industry...our region will become stagnant. The impact and inroads realized by their efforts necessitate a long-term, increased budgetary commitment.

I challenge you to think of the ND Tourism Division as, in essence, our state's dedicated Sales force. Historically, our state legislature has funded our state's Sales force approximately $1 for every $4-$5 afforded the neighboring states in our region. This is not competitive. Not close. This is a travesty and a disservice. To our industry, to our region, and to our state.

LA QUINTA
INNS & SUITES

I implore each of you to help the ND Tourism Division, our state's dedicated Sales force, sell our wonderful state to the rest of the nation...and rest of the world...better than ever before. Please support increasing ND Tourism Division funding to $9 million per year/$18 million for the biennium.

Sincerely,

Darren Bleth
General Manager
La Quinta Inn & Suites
Dickinson, ND

North Dakota

Travel Alliance Partnership

P.O. Box 2599
Bismarck, ND 58502
(701) 355-4458
FAX (701) 223-4645

MEMBERS
America's Best Value Inn & Suites
Basin Electric Power Cooperative
Bismarck Airport
Bismarck-Mandan CVB
Bottineau Area Chamber of Commerce
Destination Marketing Association of North Dakota
Devils Lake CVB
Dickinson CVB
Eastbay Campground
Fargo Air Museum
Fargo-Moorhead CVB
Friends of Lake Sakakawea
Greater Grand Forks CVB
Hampton Inn & Suites Minot Airport
Jamestown Tourism
Leistikow Park Campground
Lone Butte Ranch/Log Cabin Vacations
McKenzie County Tourism
Minot Convention & Visitors Bureau
Missouri Valley Heritage Alliance/ Fort Abraham Lincoln Foundation
Municipal Airport Authority of the City of Fargo
National Hospitality Services
Newman Outdoor Advertising
Norsk Hostfest Association
North Dakota Association of Rural Electric Cooperatives
North Dakota State Fair
North Dakota Tourism Division (ex-officio)
Odney
Rocky Mountain International
Roosevelt Park Zoo
State Historical Society of North Dakota Foundation
Theodore Roosevelt Medora Foundation
Valley City CVB/Sheyenne RV Scenic Byway
Vern's Rental
Williston CVB

Testimony of Terri Thiel

Chair, Travel Alliance Partnership

In support of SB 2018

March 3, 2021

Chairman Monson and members of the House Appropriations Education and Environment Committee, my name is Terri Thiel, and I am the chair of the ND Travel Alliance Partnership (ND TAP). ND TAP is a coalition of travel industry stakeholders, including CVB's, state attractions, businesses, and other interested stakeholders, in this number three industry of North Dakota's economy.

The impact of COVID has not only decimated our travel industry, but also caused economic strain throughout North Dakota. Local attractions, venues, hotels, restaurants, and visitor bureaus have all suffered huge losses in revenue resulting in layoffs, and in some communities, business closures. Included in my testimony is a survey, developed to gauge the impact of the pandemic on TAP's membership. Of those surveyed, nearly a quarter (22.2%) indicated the pandemic has resulted in a loss of revenue of $1 million or more. 61.1% indicated they have had to reduce the size of their staff. Of those, 83.4% were either unable rehire staff or were able to hire some but not all of their pre-existing staff.

Financial assistance made possible through the North Dakota Department of Commerce in the form of grants have helped but are no substitute for sales driven by travelers. Revenue generated from travelers will be critical to the

tourism industry's recovery, necessitating the need for the ND Tourism Division to appeal to travelers through expanded marketing and awareness.

The pandemic and the effects of quarantine and isolation have resulted in pent up interest in travel. North Dakota has already experienced some of the benefits of this demand, resulting in a substantial increase in state park use, up 35% overall in 2020 with a 339% increase in October alone. Increases in Game & Fish licenses and boat and camper sales were also observed as travelers made adjustments to their vacation plans due to the pandemic. ND Tourism Division's website analytics were up 52% over last year, showing that populations in and outside of the state is ready to get out and travel to the wide-open spaces of North Dakota. The ND Tourism Division needs to be ready to capture those additional in and out of state audiences.

Through its state, regional and international marketing campaigns and efforts, North Dakota Tourism plays an important role in supporting the small businesses, restaurants, hotels, and attractions in communities across the state. With many small businesses still hurting from the impacts of the pandemic, the Tourism Division's marketing efforts this year will be critical to supporting communities by helping attract travelers eager to travel once again.

ND TAP asks for your continued support of the ND Tourism Division and its efforts to attract travelers. The one-time use of $7 million in funding for ND Tourism's destination and marketing efforts will play an important role in attracting travelers by boosting North Dakota's marketing efforts. TAP asks the House Appropriations Education and Environment Committee to also support this critical funding. Additionally, TAP would like to see Tourism's budget funded at $18 million. While this would be a notable increase in ND Tourism's budget, it would still pale in comparison to neighboring states. This increase would be a critical step to boost tourism awareness for North Dakota and allow for additional marketing campaigns to encourage travel to our state.

Below are the figures for the 2019 – 2021 biennium:

- ND - $9 million
- SD – $30.2 million
- MT - $19.5 million
- MN - $32.2 million

COVID has shed a light on the importance of travel and underscored the economic impact felt in the absence of tourism. Tourism will be a cornerstone to North Dakota's economic recovery. North Dakota's wide-open spaces, diverse experiences and unique communities have the capability to re-generate lost revenue and the ND Tourism Division plays a pivotal role in marketing those experiences. America is ready to travel again and North Dakota is ready for business.

We ask for your support of the $7 million in one-time funding and $18 million in ongoing funding for the ND Tourism Division.

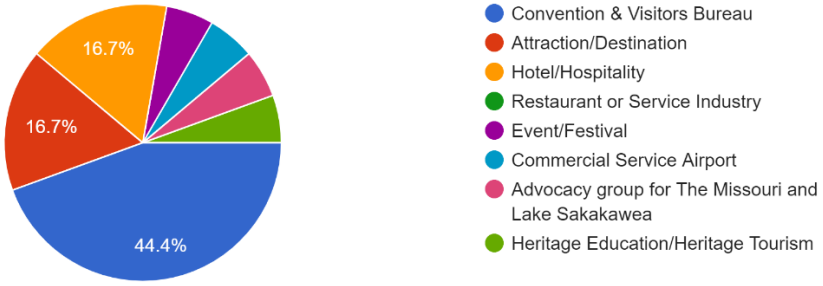
Travel Alliance Partnership Pandemic Survey

The Covid-19 pandemic has had a profound impact on North Dakota's travel and tourism industry, forcing the cancellation or delay of dozens of events statewide.

The North Dakota Travel Alliance Partnership (TAP) developed the following survey to gauge the impact of the COVID-19 pandemic on its members. The results of the survey are available below.

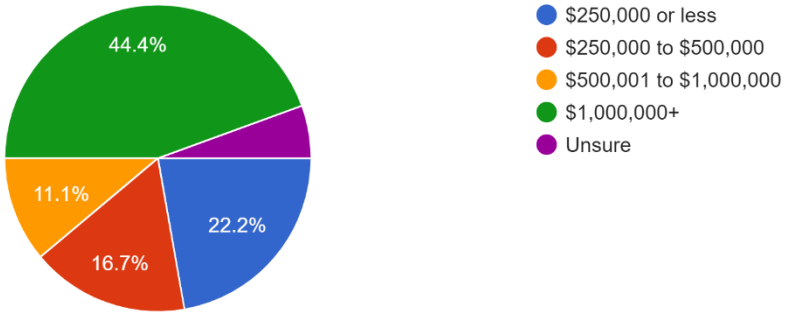
Please indicate the category that best represents your organization:

18 responses



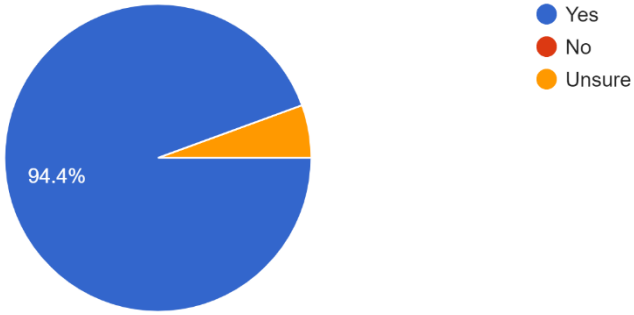
What is your organization's annual budget?

18 responses



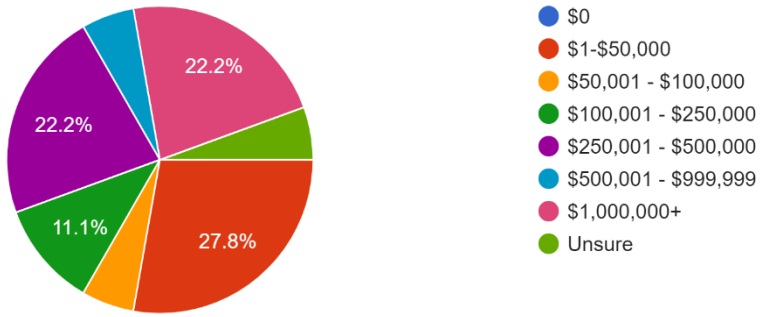
Did the Covid-19 pandemic force the cancellation of events or operations that substantially impacted your donations, revenue or funding?

18 responses



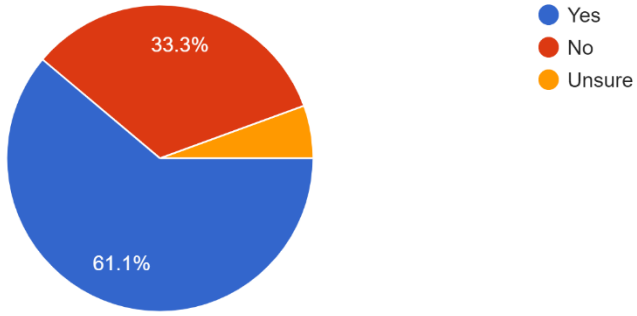
How much do you estimate your organization lost in earned revenue or funding due to the pandemic?

18 responses



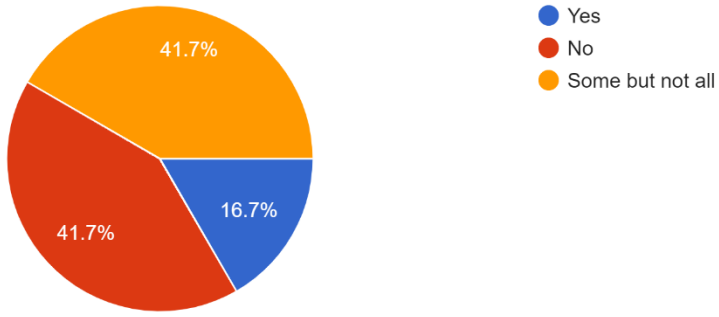
Has the Covid-19 pandemic forced you to reduce the size of your staff?

18 responses



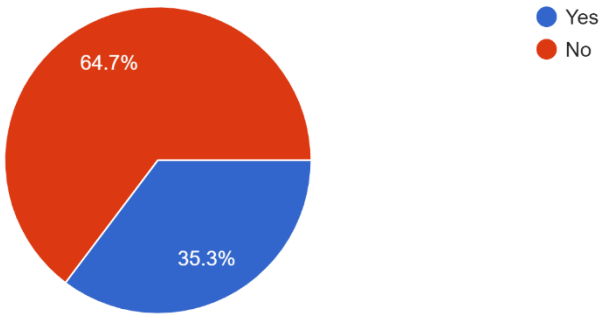
If you were forced to reduce the size of your staff, have you been able to rehire them since?

12 responses



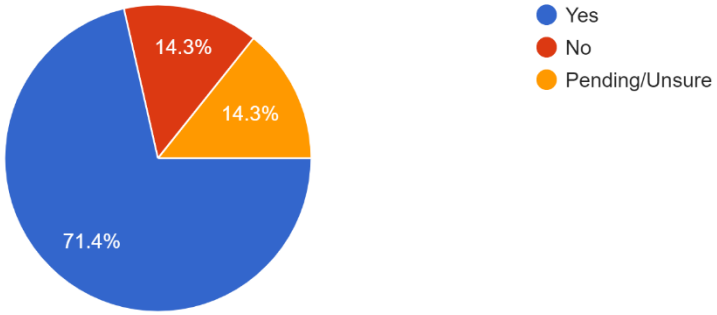
Did your organization apply for the Paycheck Protection Program (PPP)?

17 responses



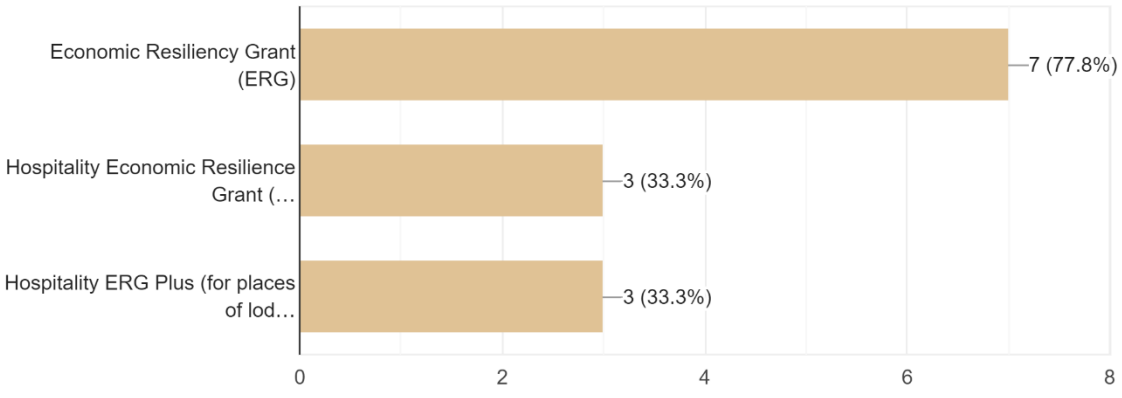
If you answered yes to the previous question, was your application approved?

7 responses



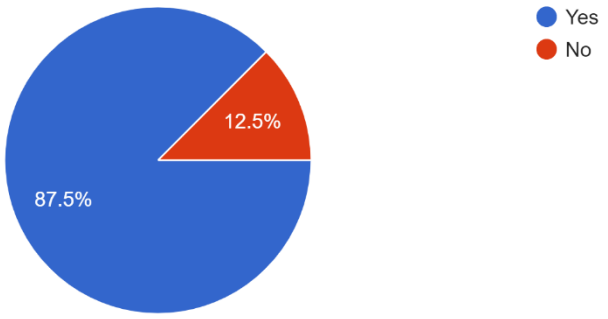
Did your organization apply for any of the following ND Department of Commerce grants?

9 responses



Were your ND Department of Commerce grants approved?

8 responses



What has been the biggest challenge to your organization throughout the Covid-19 pandemic?

- Funding. We have had to eliminate our paid marketing efforts and rely on our internal, organic efforts along with the ND Tourism Division's marketing to attract visitors to ND.
- The cancellation of all our events.
- Closing of the Canadian Border, major event cancellations which caused reduction in lodging. Cutbacks on corporate travel, impacts from the oil industry. We have been fortunate in that we were able to secure government/military groups participating with the MAFB and FEMA. We have also had to reduce some of our amenities which impacts the guest's stay.
- Maintaining a safe environment for customers and employees.
- Event cancellations, economic impact, and budget impacts.
- Simply the lack of financial support for hotels. We were denied for all of the first round of grants and while the second round was helpful with a loss of millions it was not enough as much support as needed especially as we go into the difficult winter season.
- Everchanging COVID restrictions/mandates.
- Finding ways to help our stakeholder industries: hotels, attractions, bars & restaurants.
- Visitors. When the border closed, we lost 40 percent of our annual visitors that come from Canada. In total, our revenue was 28 percent of 2019's revenue in gate fees and camping fees. We did not open a cafe because of COVID-19. Our gift shop also suffered.
- Our only income is the occupancy tax. Lack of travelers to our city has dropped our income. Trying to maintain our marketing presence has been a challenge.
- The reduction in funding has negatively impacted what we've been able to do to support the hospitality businesses in our community.
- In-person meetings
- The uncertainty of it all. Which is the trouble for all business and government.
- Like all agencies, the constant shifting from one scenario to another in an effort to reinvent during a time of uncertainty.
- Cancellations of events — please let people get back to what they want.

Do you have any additional feedback you would like to provide regarding the impacts of the pandemic on your organization?

- More than ever we need additional funding for ND Tourism Division. The interest to travel is documented with the ND Tourism web analytics up 52% in 2020. The surrounding states fund their State Tourism entities almost double of our ND Tourism Division, we need to be able to compete for the attention of those travelers who will put money into our local businesses, attractions and tax revenue.
- Tourism is such an important part of our city and state and I believe we should continue to do whatever we can to keep tourism strong and to promote this wonderful state.
- We estimate that our community has already lost $14.9 million in direct visitors expenditures just from the loss of multi-day meetings, conventions, sports and events. This number isn't done growing. 1st quarter is still showing very bleak indicators and we anticipate 2nd quarter being down significantly, too.
- The airline industry is suffering significant financial impacts which is impacting airports around the country.
- Now, more than ever, ND needs to invest in promoting the state. Things will begin to open around the country and world by mid-summer into fall, and there will be pent up demand for travel. ND Tourism needs to have the funds necessary to take advantage and let people know that this is a great place to visit.
- We are grateful for all of the relief funding we've received. Unfortunately, we need more support to continue recovering from all the lost revenue at the gate, campground, cafe, gift shop, canceled weddings and other rental events. The Peace Garden is a staple of the Peace Garden State. We are in an exciting phase of capital growth and hope to maintain our operating funds to help us recover from the tough year.

March 3, 2021

The Honorable David Monson, Chair
Appropriations – Education and Environment Division
Testimony before Chair Monson and Division Members, March 3, 2021

Good afternoon Representative Monson and Members of the Committee and thank you for this opportunity. My name is Charley Johnson, and I am the President and CEO of the Fargo-Moorhead-West Fargo Convention and Visitors Bureau. I'm here to wholeheartedly support the Senate-approved version of 2018, including the addition of seven-million dollars ($7,000,000) for destination marketing. The increased expenditure would be welcome, and is even more vital this year, as most of our local destination marketing budgets—largely dependent on the local lodging tax—have been devastated as Covid-19 curtailed all kinds of travel. I believe the now-year-long disruption has clearly revealed exactly how big a piece of the state economy our industry is, and how important it is to help it rebound.

Many of you have heard me say this before, but it bears repeating—on their own, tourism & travel are probably the purest form of economic development, since visitors leave their money behind when they go home. But it's well-established that Tourism Marketing also lifts the national and international profile of the entire state, including for purposes of economic and workforce development. Very few people ever decide to move to a state to take a job unless they've had a chance to visit, first, and the visits that influence those decisions to move somewhere don't always come during a specific job search. Sometimes they come during a family vacation, or a trip to a conference, or to a Squirt Hockey Tournament. A visit is the "first date" of an economic relationship. People who visit ND for any reason whatsoever are far more likely to consider working, living, or starting a business here, and make no mistake about it—*marketing drives the vast majority of the first visits*. You have a great team in the Tourism Division of the Commerce Department, and I believe I can speak for all my travel, tourism, and economic development colleagues around the state when I implore you to give them the tools—indeed, the funding—they need to raise North Dakota and all it has to offer to the place it deserves in the national consciousness. I would be delighted to answer any questions, either in person before your committee or via email or a phone call.

Sincerely,

President & CEO

Fargo-Moorhead
Convention & Visitors Bureau

2001 44th St S
Fargo ND 58103

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Department of Commerce Testimony on SB #2018
March 3, 2021
House Appropriations Committee
Prairie Room
Representative Monson, Chairman

MEASURE: SB 2018

Chairman David Monson and House Appropriations Committee (EE Division) Members

ND Commerce Dept. and it's programs have been significant partner in building OmniByte.

My name is Ray Berry and on behalf of OmniByte Technology, I want to express our support for **North Dakota Small Business Development Centers**.

I am a Co-Founder and the CEO of OmniByte founded in 2015. We are a boot strapped company started in Fargo, ND to build a better mobile for field service personnel in the industries we serve like HVAC, Electrical, Safety and Energy.

OmniByte Technology has partnered with SBDC, specifically Paul Smith in Fargo from our beginning, in assisting with obtaining key funding for growth at different stages of our company at no additional cost.

Paul assisted each year/stage with finance reporting such as Pro-Forma's and Forecasts while we could not justify our own controller as we present for funding requests.

Recently working with our controller, Paul assisted OmniByte in 2020 with applying for funding for PPP and EIDL. This allowed us to maintain staff levels while our revenue dropped significantly due to pandemic.

I highly recommend continued support for SBDC as small ND business like mine may not start or survive without their support. In our case the ND SBDC has been critical to our growth and sustainability for retaining the 14 FT ND jobs and benefits through this pandemic and continue our efforts to develop and deliver technology to field service industry.

Thank you.

I will attend and present virtually and open to any questions.

Sincerely,

Ray Berry

CEO, President and Founder
OmniByte Technology
1854 NDSU Research Cir N
Fargo, ND 58102

ednd
economic development association of north dakota
PO Box 1091 • Bismarck, ND 58502
701-355-4458 • www.ednd.org

Testimony of Shawn Wenko, President
Economic Development Association of North Dakota
In Support of SB 2018
March 3, 2021

Chair Monson and members of the House Appropriations Committee- Education and Environment Division:

I'm Shawn Wenko, executive director of Williston Economic Development and president of the Economic Development Association of North Dakota (EDND). It is in that capacity I am testifying before you today in support of SB 2018.

EDND represents more than 80 state economic development organizations on the front line of economic development efforts throughout North Dakota. The primary purpose of the organization is to promote the creation of new wealth throughout North Dakota to develop more vibrant communities and improve quality of life.

One of EDND's top priorities is to support North Dakota Department of Commerce programs as valuable tools, programs and resources for the economic developers in our state. EDND members can attest that a strong partnership with the state helps us locally recruit and retain new and expanding businesses, train North Dakota's workforce, and compete in national and international markets. We also rely on the Commerce Department to help local entrepreneurs explore potential opportunities and diversify the state's economy.

The pandemic and other unpredictability in oil and agriculture activity over the last decade have highlighted the need for North Dakota to diversify its economy and stabilize budget sources. Commercialization, entrepreneurship, and small business growth are crucial to North Dakota's economic future. Entrepreneurs and small businesses are leaders in the nation in employment growth. EDND is supportive of the continuation of all Department of Commerce programs which support local economic developers and businesses, such as Innovate ND, funding partners like the North Dakota Small Business Development Centers, providing training programs to redeploy displaced workers through the Technical Skills Training Grant, attracting

workers and new industries through business development programs and tourism, investing in emerging industries such as Unmanned Aerial Systems, and much more. Further investment in programs such as the Innovation Technology Loan Program (LIFT) as part of a comprehensive statewide strategy to continue to bring new industries to the state are other tools to help diversification.

Partner programs such as the ND Small Business Development Centers (ND SBDCs), ND Women's Business Center (NDWBC), Impact ND, and the North Dakota Procurement Technical Assistance Center are vitally important to small business owners launching a new business and the economies of small communities. As an example of the impact of one of these partners, the 10 ND SBDCs provide training and direct business advising and have served 1,879 clients since the biennium began in 2019. During this time, SBDCs have helped 138 new businesses start in the state, supported more than 6,900 jobs and secured more than $76 million in funds for these businesses. For a few specific examples in the Williston area, the local SBDC was able to help the Hair Society Institute run cash flow scenarios and figure out the number of students to accept and training services to provide in order to get the school off the ground. They were also recently able to help Busted Knuckle Brewery and the Pit 105 Barbecue put together a finance plan with funders to enable the project, which took an old county building and rehabbed it, increasing the city's property tax base, to move forward. Across the state, every community or region can provide a multitude of examples like this, showing the value of these partner programs. EDND advocates for funding for all partner programs to remain stable from the 2019-21 biennium.

EDND believes an investment in the Department of Commerce is needed to grow and diversify the economy so North Dakota can ensure a more revenue-stable future. EDND members could spend the rest of the day giving examples of ways the Department of Commerce has aided their communities. No matter the location or size of the community, our membership relies on the Department of Commerce to provide guidance, resources, and staff to support and diversify our state's growth. Thank you for the opportunity to address the committee and express support for SB 2018 on behalf of economic developers statewide.

#7149

Phone: 701.225.5997
Fax: 701.227.8647

STARK DEVELOPMENT CORPORATION

www.starkdev.com
team@starkdev.com

103 1st Avenue West, Suite 101 • Dickinson, ND 58601

March 2, 2021

Testimony of Ryan Jilek, Executive Vice-President
Stark Development Corporation
Regarding Bill SB 2018; ND Commerce Budget
Senate Appropriations Committee

Chairman Holmberg, Vice-Chairs Krebsbach and Wanzek, and members of the Senate Appropriations Committee:

As Executive Vice-President for Stark Development Corporation, the economic development office serving Stark County and Dickinson, I respectfully submit this testimony in favor of SB 2018. Continued funding of the programs and services under this bill are vital for the support of the work we do to diversify our economy.

Funding for the ***North Dakota Small Business Development Center (ND SBDC)*** through the Partner Programs line and discretionary line in the bill is crucial for the continual delivery of these services to our local businesses, entrepreneurs and budding entrepreneurs. In January of 2021 the client numbers for our SBDC office in Dickinson were at a five-year high. State-wide the return on your investment in the ND SBDC during the last 18 months of the current biennium accounted for more than *177 new* small businesses, received more than *$116 million in capital*, and *created, retained, or supported more than 8,019 jobs* in our state.

Funding for services through the ***Procurement and Technical Assistance Center (PTAC)*** under the discretionary line in this bill is another vital service to our region and the state. The support provided under these programs not only provides for the creation of new wealth within the state through entrepreneurism, but it is also an essential part of the economies in the communities of North Dakota.

We are in a unique position to capitalize on our rolling prairies, majestic badlands, world-class waters and wide-open spaces by stepping up our efforts in marketing our great state through tourism. Now is the time to capitalize on a pent-up demand for travel to places offering the safety and security of nature and open spaces. ***The North Dakota Tourism Division*** can only be effective in their efforts to attract these visitors by bringing their marketing budget to levels consistent with the competitive neighboring states. Please support SB 2018 ND Tourism Division budget at $7 million/biennium to support an economic driver that provides an estimated $3 billion in total traveler spending annually.

We sincerely thank you and encourage you to offer your support for SB 2018 and the impact it will have on the North Dakota economy.

Sincerely,

Ryan Jilek
Executive Vice-President

NORTH DAKOTA
PROCUREMENT TECHNICAL ASSISTANCE CENTER
Government Contracting Assistance

House Appropriations Committee

SB 2018
March 3, 2021

Mr. Chairman and members of the committee. My name is Dave Kleppe, Program Manager of the North Dakota Procurement Technical Assistance Center. The Procurement Technical Assistance Center (PTAC) program is hosted by the University of North Dakota's Center for Business Engagement and Development (led by Tiffany Ford) within the Nistler College of Business and Public Administration. Federal program funding is provided by the Department of Defense's Defense Logistics Agency (DLA) with match funding provided by the North Dakota Department of Commerce (DOC).

The program was established in 1985 to expand the number of businesses capable of participating in government contracts. It is administered by DLA's Small Business Programs in cooperation with the states, local governments and nonprofit organizations. Under the program, PTACs help businesses pursue and perform in contract awards with the Department of Defense, other federal agencies, state and local governments and also subcontracting with government prime contractors. Most of the assistance the PTACs provide is free. PTAC support to businesses includes registration in procurement systems such as the federal System for Award Management (SAM), identification of contract opportunities, help in understanding contracting requirements and in preparing and submitting bids. PTACs have a local presence in all

50 states. The North Dakota PTAC currently operates with two full-time positions: a PTAC Advisor located in Fargo and a Program Manager located in the Entrepreneur Center at the Bank of North Dakota.

The federal PTAC program provides 60% federal funding with a 40% state match. For the past several years the required state match has been provided by the Department of Commerce from within their discretionary funds line. Without the required state match funds, the ND PTAC program will cease to exist. While the amount of the state's investment is small, the economic impact of this program is not. During state fiscal years 2019 and 2020, the ND PTAC assisted 373 small and large North Dakota businesses. Many of them have been successful in the government marketplace and have been awarded more than $169 million in government contracts, meaning diversification of revenue streams, creating jobs in our state, and positively impacting our communities.

We have a very good working relationship with DOC. Without the matching funds DOC provides, there would be no North Dakota PTAC program to assist our businesses in navigating the complex path involved with government contracting. Thank you for your time.

Handouts:

-ND PTAC Impacts/Information Sheet

NORTH DAKOTA PROCUREMENT TECHNICAL ASSISTANCE CENTER

Government Contracting Assistance

Impacts

July 1, 2018- June 30, 2020

- 373 Clients
- Federal contract awards:
  - $169.2 Million – all clients (977 awards)
  - $160.8 Million – only DLA active clients (848 Awards)
- 45 Training events
- Program ROI is $860 in contracts for every state dollar invested
- 54:1 Benefit-cost ratio per biennium

Purpose

DLA - DOC - UND

To expand the number of businesses capable of participating in government contracts with local, state and federal agencies and also with prime contractors.

Our values are:

- Collaboration
- Integrity
- Accountability
- Patience

Benefits

of the ND PTAC

- Strengthening ND businesses by providing individualized training and one-on-one advising to prepare them for selling their goods and services to local, state, and federal government agencies
- Diversifying local company revenue streams by leveraging access to the government marketplace
- Boosting state and local economic activity by helping ND businesses navigate the complex contracting process
- Assisting ND MAIN STREETS to reach out for nationwide opportunities
- Increasing qualified sources and competition for government buyers; creating better value for the military, government agencies, and the American taxpayer

Collaboration

Service Partners

PTAC is a partnership between the Federal Government (U.S. Department of Defense, Defense Logistics Agency), State of North Dakota (Commerce Department) and North Dakota University System (University of North Dakota). We collaborate with the U.S. Small Business Administration, area military bases and other resource partners to teach businesses what they need to know about government contracting.

Recent Collaborative Events include:

- Tri-state procurement webinar (monthly)
- Jamestown Regional Entrepreneur Center Women's Business Summit
- North Dakota Government Procurement Fair in Minot (100+ businesses)
- What is beta.SAM (United Tribes Technical College)
- Air Force Industry Day at Capitol Building involving Minot, Grand Forks and Ellsworth, SD Air Force bases
- Assisted DOC with National Defense Industrial Association event held in Grand Forks and Fargo
- SBIR Road Show in Fargo
- Northrop Grumman Corp. Cybersecurity workshop in Grand Forks

Funding Structure

Federal & State/Local Match

- For FFY 2021, the Defense Logistics Agency (DLA – DoD) provided for a 60/40 match of federal funds to state/local matching funds
- Matching funds for the ND PTAC are provided by the ND Department of Commerce

ND Procurement Technical Assistance Center
1200 Memorial Highway
Bismarck, ND 58504

ndptac@UND.edu
Bismarck: 701.328.5857
Fargo: 701.261.0737
www.ndptac.org

NORTH DAKOTA
PROCUREMENT TECHNICAL ASSISTANCE CENTER
Government Contracting Assistance

Client Testimonial

Masfique Mehedl, Ph.D.
VIRVAC, LCC

I am thankful for the ND PTAC staff for guiding us to get SAM registration. I am grateful to them for providing an **outstanding effort.** They helped me every step of the application process. I highly recommend ND PTAC.

Greenstone Construction

Justin Lindteigen, Owner

Founder and President of Greenstone Construction, Justin Lindteigen, passion for construction began at an early age. He spent endless hours in his Grandpa's woodworking shop when he was little. After his time in the North Dakota National Guard and Iraq, Justin brings military discipline, respect, and integrity to every project.

Since 2014, Greenstone Construction has been using the North Dakota Procurement Technical Assistance Center (ND PTAC) services and guidance. "We are always looking for new contracting opportunities and the PTAC bid match helped our team identify multiple contract opportunities for our businesses to succeed. PTAC helped us identify a project opportunity to build a new communications tower for the North Dakota National Guard," Justin explained.

With the help of ND PTAC, Greenstone Construction was able to secure contract awards. Aside from just using our bid match services, Greenstone has received ND PTAC assistance and helped them through their SAM registration, researching government markets, navigating through regulations, and they have opened doors to other procurement and contract officers.

MonDak Portables

Rick Rogers, Owner

MonDak Portables provides portable restroom rentals for a variety of different occasions like worksites, public and community gatherings, sporting events, and parties. Aside from just portable restroom rentals, they also provide portable handwashing stations and heated trailers.

Since becoming a client in 2017, Dave Kleppe, ND PTAC program manager, has been able to help MonDak Portables receive close to $1.5 million in Federal awards. These awards have allowed them to retain twenty jobs and generate an additional three. Rick Rogers, the owner of MonDak Portables, described his experience with ND PTAC as,

"We were looking to get into government bidding and had done our research and were still very confused on where to start. A business associate of ours told us about the ND PTAC office, so we researched them out and ran into Dave Kleppe in the Bismarck office. He helped us get registered in SAM and showed us bid match and we started looking for opportunities that matched our business. From there we found the opportunity we needed to bid on the WAFB contract and were awarded the 2-year contract."

Client Testimonial

Timothy L. Kreft, Chief Appraiser
AgCountry Farm Credit Services

The ND PTAC team walked me through the SAM registration, and it was **extremely beneficial** to learn the necessary steps as it saved me a great deal of time and effort. I **greatly** appreciate the assistance from the ND PTAC staff.

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www.technd.org

Testimony of Kyle Martin
Executive Director
TechND

In Support of SB 2018
March 3, 2020

Chairman Monson and members of the House Appropriations Education and Environment Committee:

My name is Kyle Martin, executive director of the Technology Council of North Dakota (TechND). I am writing to voice support of SB 2018.

TechND, formerly known as the Information Technology Council of North Dakota (ITCND), was created in 2000 by North Dakota business, government and education leaders who recognized the need to strengthen the state's information technology infrastructure and reposition the state as a national leader in IT. The organization has since expanded its focus to include members from the technology industry as a whole. TechND has over 60 member organizations, with representatives from both the public and private sector.

The Unmanned Aerial Systems (UAS) program within the Department of Commerce is important to advancing TechND's mission of encouraging the use, growth and development of technology in North Dakota.

North Dakota stands at the threshold of opportunity through the advancement of its beyond visual line of site network (BVLOS) and is leading the nation in supporting the agricultural, retail, defense, and energy industries through the utilization of UAS. The BVLOS network serves as a critical sandbox for the aerospace industry by allowing companies to test the feasibility of long-distance unmanned flight operations. And, with BVLOS site deployment in

McKenzie County, the opportunities afforded by the network far extend beyond the Grand Forks region.

The BVOLS and long-range drone activities currently being tested in North Dakota could open the door to future drone delivery of medical supplies to rural communities, provide easy access to nutrition by delivering food, allow ranchers to monitor their herds from miles away, allow power companies to quickly inspect power infrastructure after a winter storm, or keep our nation's skies safe from threats imposed by hostile nations.

The Technical Skills Training Grant Program, also supported in SB 2018, provides $1 million in grant support funding for workforce training programs. These programs seek to assist displaced workers wishing to acquire the technical skills necessary to make a career change and remain employed in North Dakota. As workers pursue new careers, the technology sector is an attractive option, providing employees with flexibility, job growth and good wages. The Technical Skills Training Grant Program has the potential to bridge the gap between high demand computer science and technology positions and North Dakota's workforce.

TechND thanks you for your support of SB 2018. Both the UAS Program and Technical Skills Training Grant Program are important to supporting North Dakota's workforce and have the potential to create new jobs and create economic opportunities for our region. TechND hopes you will support these initiatives within SB 2018 to the fullest extent possible.

DEVELOPMENT
JAMESTOWN / STUTSMAN COUNTY

Testimony of Connie Ova, CEO
Jamestown/Stutsman County Development Corporation
SB2018
March 2, 2021

Chairman Delzer and members of the House Appropriates Committee, I'm Connie Ova, CEO of the Jamestown/Stutsman Development Corporation (JSDC). I have served in this capacity since 2003. The Jamestown/Stutsman Development Corporation is dedicated to area economic development growth and diversification. JSDC was formally organized in 1991 to develop employment to improve business conditions and advance the interests of the City of Jamestown and Stutsman County, North Dakota by implementing and sustaining an organized effort to attract new businesses and industry, support existing businesses and industry, and encourage new business starts. Jamestown/Stutsman Development Corporation's focus is primary sector job creation.

My testimony is in support of SB 2018. The ND Department of Commerce is a premier partner that provides valuable tools, programs, and resources for the economic developers across our state. While JSDC is supportive of the continuation of all Department of Commerce programs, I want to take opportunity to specifically express our support for a few key programs in this bill.

The North Dakota Small Business Development Centers (NDSBDC) help North Dakotans to start, manage, and grow their businesses. The NDSBDC is a statewide network supporting entrepreneurs and business owners through no-cost, confidential consulting, and business education. Their regional expertise is easily accessible across more than a dozen locations. The ND Small Business Development Center (SBDC) is funded primarily from the Partner Programs line, however, some of their funding comes from the discretionary line, which has been reduced by the Senate. Cuts to either line, will influence their operations, if that cut gets passed on to them. Our goal (and ask) is to provide increased funding.

An integral program aligned with the SBDC is the North Dakota Procurement Technical Assistance Center (ND PTAC). The ND PTAC program is 100% funded from the discretionary line. Their team assists business to navigate the government contracting learning curve and make the whole process easier. The team advisors work with businesses to identify government contracting opportunities.

JSDC understands the difficult position you have to determine the state's future, and we appreciate all the thoughtfulness you have put into managing this responsibility. Please consider how programs and resources support the communities in the entire state as you make these decisions.

I urge the committee's support of SB2018.

Dear House Appropriations Committee:

As a business that has received direct advising from the North Dakota Procurement Technical Assistance Center (ND PTAC), we urge you to increase the state's funding support of the ND PTAC. This program provides invaluable, no-cost business procurement assistance to North Dakota businesses and has been influential in helping expand our market sectors.

Razor Consulting Solution, Inc. (Razor) is a perfect example of why the ND PTAC is so important to the sustained success of North Dakota businesses. We realized the opportunities but needed someone to guide us through the complexities of doing business with the federal government. Over the past four years, Razor has gone from being new to the Federal marketplace to direct contract awards of over $25 million, with a significant portion of these revenues coming from agencies located outside of North Dakota. These dollars would not be coming into the state if it were not for the help of ND PTAC.

The PTAC has assisted us with finding opportunities, marketing to agencies, and most importantly, helping us understand and navigate a wide range of complex rules and regulations. We are extremely thankful for the assistance we have received from the ND PTAC and would not be having our current success without their help.

Currently, the ND PTAC funding is provided by the Department of Defense's Defense Logistics Agency on a 60/40 basis with the 40% state match being funded by the ND Department of Commerce through the momentum/discretionary budget line. Please support business owners around our great state by proposing increased funding for the ND PTAC. Now more than ever our businesses and the economy of North Dakota need programs like the ND PTAC that provide no-cost advising for our businesses as we try to survive during the pandemic. Financial support for this program results in a healthier and more resilient business sector, creates meaningful jobs and thriving communities, and supports the overall North Dakota economy.

Sincerely,

Darin Perius
Government Contracts Manager
Razor Consulting Solutions, Inc.
701.541.0399
darin.perius@gotorazor.com

HOUSE APPROPRIATIONS – Education & Environment Division
March 3, 2021 – 3:15 p.m. – Prairie Room

North Dakota Department of Transportation
Jolene Rieck, PLA, Executive Staff Officer

Testifying in Support of SB 2018

Good morning Mr. Chairman and members of the committee. I'm Jolene Rieck, the Executive Staff Officer for the North Dakota Department of Transportation. I'm here to testify on behalf of the agency to support SB 2018.

The North Dakota Department of Transportation (NDDOT), Department of Commerce and the Northern Plains UAS Test Site are deploying Unmanned Aircraft Systems (UAS) technologies through USDOT's Integration Pilot Program (IPP). Recently, the North Dakota Department of Transportation was awarded an extension to the IPP program. The new IPP program is called "BEYOND" and the North Dakota Department of Transportation along with the Northern Plains UAS Test Site are working toward the safe implementation of UAS operations and technologies throughout the State of North Dakota.

The USDOT states that there are over 1.7 million Unmanned Aircraft Systems (UAS) currently registered in the United States. North Dakota DOT's partnership with Department of Commerce and the Northern Plains UAS Test Site is critical in the advancement of UAS operations in North Dakota. VANTIS is the program working in this partnership to expand development of a state-wide UAS network remote ground control infrastructure.

The Department of Transportation will continue to utilize UAS technology for flood fighting efforts, bridge and tower inspections, land surveys, stockpile inventories, and other operating needs of the agency. This allows our agency to work more effectively and efficiently to safety move people and goods throughout North Dakota.

As a partner to the Department of Commerce and the UAS Test Site, the North Dakota Department of Transportation supports the language in SB2018. I stand for any questions. Thank you.

House Appropriations Committee – SB 2018

Representative Delzer, Chair

March 3, 2021

Dear Chairman Delzer and Members of the House Appropriations Committee

My name is Nathan Schneider and I am Vice President of the Bismarck Mandan Chamber EDC and a board member of the Economic Development Association of North Dakota (EDND). It is in this capacity that I testify in support of SB 2018.

The Bismarck Mandan Chamber EDC serves as the organization that leads the advocacy and economic development efforts of the Bismarck Mandan community as well as Burleigh and Morton counties. EDND represents more than 80 state economic development organizations on the front line of economic development efforts throughout North Dakota. The primary purpose of the organization is to promote the creation of new wealth throughout North Dakota to develop more vibrant communities and improve quality of life.

As you all well know, the Department of Commerce offers support to local economic development organizations across the state and both the Chamber EDC and EDND is supportive of those efforts. One vital component of support provided by the Department of Commerce is through its funding of partner programs such as the ND Small Business Development Centers (ND SBDCs), CTB, Impact Dakota, and the North Dakota Procurement Technical Assistance Center. These partner programs are instrumental in assisting local economic developers to grow businesses in their communities. The partner programs had a significant impact on the Bismarck Mandan business community specifically and it is the support of these partner programs that I would like to focus my attention on today.

- The SBDC, which provides one-on-one consulting to people looking to start or expand their business, has assisted 751 individuals out of the Bismarck office with 15 small businesses opening due to the assistance of SBDC. These businesses mostly in manufacturing, wholesale trade, healthcare and social assistance, professional/scientific/technical services, and retail trade reported over $8,300,000 in capital investments with the assistance of the Bismarck SBDC.

- Impact Dakota is a part of the National Institute of Standards and Technology (NIST) Manufacturing Extension Partnership (MEP) program. Impact Dakota provides services to manufacturers and processors across the state of North Dakota. These services focus on instructing companies to implement process improvements that eliminate waste in their production processes and business operations – resulting in increased productivity while reducing costs. The service offerings range from continuous improvement tools, to quality management systems, to CMMC cybersecurity, and numerous other areas focused on the needs of manufacturers. After the services are provided an independent third party surveys the manufacturer to find out the impact realized. The results for the Bismarck Mandan area show since 2015 through Q3 of 2020 Impact Dakota has assisted 20 manufacturers. The assistance provided nearly $57,000,000 in total impact to the Bismarck Mandan economy. This includes $32.4 MM in increased and retained sales, $8.2 MM in total savings to the manufacturers, and $16.2 MM in new product, equipment, and facility investments. Ultimately the assistance created 59 new jobs and the retention of another 112 as reported by the independent third party.

- CTB, which is headquartered in Bismarck, provides programs and resources to leaders, students, and entrepreneurs throughout North Dakota. CTB is a certified entrepreneurial center through the Department of Commerce and is also one of the centers that clients of Innovate ND must work with as they go through that program. CTB is supervising 23 Innovate clients from Burleigh and Morton counties and currently working with 8 clients outside of the Innovate program. This biennium the CTB has provided 118 individual business advising sessions and provided training to 352 Burleigh and Morton county clients. This training includes business, personal development, and professional/leadership trainings. CTB is the only authorized entity through the Department of Commerce to certify Woman-Owned Businesses at the state level. There are 12 certified Woman-Owned Business in Burleigh/Morton counties that currently employ 124 people and generate $23,503,392 in gross sales.

As you can see the partner programs funded through the ND Department of Commerce have a significant impact on Bismarck Mandan and Burleigh and Morton counties. It is important to note that the partner programs each offer a unique set of services and do not duplicate each other's efforts. Nor do the duplicate the services of the local economic development professional or the ND Department of Commerce Staff – they are a supplement to all of our efforts. It is my understanding that even though the partner program line item remains unchanged from the 19-21 biennium a portion of the funding for the partners came from the discretionary line item of the DOC budget which has been significantly cut for the 21-23 biennium. Local economic developers depend upon these partner programs to assist us in our efforts. Please consider addressing the partner program line item to account for the lost discretionary funds and fund all of the partner programs at their 2019-2021 levels. Thank you.

March 3, 2021

The Honorable Jeff Delzer
North Dakota House of Representatives
Chairman, House Appropriations Committee

Dear Mr. Chairman:

I am writing to you regarding SB 2018 and State funding for the ND Small Business Development Centers (SBDC) through the ND Department of Commerce budget.

I recently received assistance from the SBDC Fargo service center and business advisor Paul Smith after first learning of the program through the SBA District Office in Fargo. The SBDC has been vital to starting my new business. Paul assisted with financial projections and investor presentations, and his knowledge, professionalism and level of caring were evident and greatly appreciated. This process required numerous on-site meetings at the SBDC office, Zoom meetings, and also face to face meetings with potential investors at their place of work. The amount of work provided to me at no cost would have been cost prohibitive through a CPA firm.

After much consideration and assistance from Paul, I started Forest Products Direct, which will offer a one-step approach to providing lumber and sheet goods to contractor customers. We will also offer doors, windows, millwork, drywall, siding and roofing products through our specialty (one-step) distributor partnerships.

I have many years of experience running existing businesses including Simonson Lumber and Miller Holdings. Starting a new business is a very difficult and stressful process – even for an experienced business person. I can't imagine what it would be like for a person who doesn't have experience. Having the services of the SBDC and Paul to bounce ideas and provide financial documents to obtain capital was invaluable.

I was amazed to learn the SBDC provided assistance to more the 1400 unique clients in 2020, helped small business owners obtain nearly 85M in capital for starting and expanding their companies, and supported 6,031 jobs in ND – all in the face of this challenging COVID-19 pandemic. And most impressive of all: 90% of small business owners who use SBDC services to start their companies are still in business after 5 years. These statistics point to the impact of the SBDC on small businesses and the economy across our state.

I would respectfully ask for your consideration of increased funding for this vital program. By continuing to fund and expand this great service, you are supporting small businesses, job creation and economic growth across North Dakota.

Sincerely,

Richard J Simonson

March 3, 2021

RE: SB2018 Testimony by Amy A. Whitney, Director, UND Center for Innovation

Chairman Monson and committee members,

For the record, my name is Dr. Amy Whitney, and I am the Director of the University of North Dakota (UND) Center for Innovation. Thank you for the opportunity to submit testimony regarding SB 2018: An act to provide an appropriation for defraying the expenses of the Department of Commerce.

As the Director of the UND Center for Innovation, I have the privilege of leading an entrepreneur center dedicated to helping North Dakotans as well as students and faculty at the University of North Dakota to commercialize their ideas, whether based on research or invention. Entrepreneurial business coaching and training is the heart and soul of what we do every day. After almost three years as Director of the UND Center for Innovation, I can say with confidence that our work as a business incubator is stronger when we partner with organizations such as the Department of Commerce. Sharing a common mission to promote economic development in North Dakota is a shared vision for both organizations and collaboration on programming, support and funding for business opportunities and growth makes us more effective than trying to do the work alone. Commerce programs such as InnovateND, the LIFT fund, BioND, and more, are essential components of a holistic suite of resources vital to economic develop, help us to engage and facilitate strong economic development opportunities for entrepreneurial activity, and they provide access to essential early funding and technical support during the critical early stages of the creation, development and growth of a business. We appreciate the opportunity to assist is helping these program succeed as a certified entrepreneurial center and to collaborate with the Department of Commerce in implementing them.

The current version of SB 2018 provides $948,467 of funding for entrepreneur grants and vouchers, otherwise known as InnovateND. My submitted testimony today focuses primarily on this program in an effort to provide you with a glimpse into the value of this program for North Dakota. Maintaining InnovateND program means sustaining a grant and voucher funding program for entrepreneurs as well as essential grants to the entrepreneurial center who provide

coaching and technical assistance to those entrepreneurs. The UND Center for Innovation is one of four providing this support. Each Center has dedicated staff with the knowledge and experience necessary to coach, mentor and guide the entrepreneurs. We are uniquely positioned to support entrepreneurs and we have a strong, collaborative partnership with Commerce in support of InnovateND.

InnovateND uses a phased grant and voucher funding process that includes measurable benchmarks, provides coaching critical to determining the feasibility and viability of an entrepreneur's business idea, and a match requirement. Each recognized entrepreneur center receives a grant from Commerce to provide the coaching and support. The Commerce grants to for each Center is critical to our ability to off-set employment costs for these hands-on services and to leverage federal funding to expand our work. For example, at the UND Center for Innovation, we presently use the funding to support staff time and as a local match for our federal EDA University Center for Autonomous Systems grant.

As the State of North Dakota continues to respond to the COVID pandemic, supporting entrepreneurial activity is more critical than ever. Entrepreneurial activity helps North Dakota grow out of this challenging time in new and innovative ways. InnovateND provides non-dilutive funding at the earliest-stage of a business. The coaching we provide helps de-risk the idea, ensure market fit and requires customer discovery. Here are a few testimonials from InnovateND clients in our office from the last biennium.

> "The great thing about the InnovateND program is that, not only does it provide financial support, which is so crucial to a start-up company, but it also provides entrepreneurial business expertise. Having a coach that you can lean on to help answers questions, navigate new waters, and bounce ideas off of has invaluable benefits. This program is overall good for helping ND companies get established, and up & running." -*Mollie Ficocello, Co-Founder, Three Farm Daughters*

> "As a new business owner in Grand Forks, Innovate ND has been remarkable. The funding I received through the grant program enabled our success in the early stages. We wouldn't be where we are today without Innovate ND's help. The funding was very crucial but the advice and encouragement I received was priceless. This program was and is crucial to any business start-up in ND. Contacting Innovate ND was the best decision I've ever made for my company's success." – *Jeff Sprecher, Owner, Muskie Bacon Lures*

> "Innovate ND changed my business. The funding allowed me to properly market my business in a way that matched my product line. I hired all North Dakota female talent to support the relaunch of

my brand, building the bridge back to North Dakota. It is a great program to support entrepreneurs." – *Janelle Wald, Owner AthenaStirs LLC*

"Two years ago I had little capital, a small network, and not much direction until I discovered InnovateND. Since then, InnovateND has helped me accomplish my goals faster than imaginable." *Brock Admundson, Owner & Founder, Clean Coil*

In addition to these testimonials, I am including a letter at the end of this testimony from Brian LaPlante, owner of Back When Foods, also a current InnovateND client.

I strongly encourage this body to support the Commerce appropriation bill, maintain funding for the entrepreneurship grants, and retain funding for the innovation center appropriation. Doing so means Commerce and the State of North Dakota continues to provide a strong ecosystem of support for business growth and development. It is a privilege to work with the creative, innovative, hardworking and passionate entrepreneurs in this state. The Department of Commerce and the entrepreneurial programs it manages such as InnovateND, and others are critical to entrepreneurial success entrepreneurs. This funding further enables business incubators like ours to provide high-quality technical assistance and leverage additional federal funding.

Thank you for your time and review of this testimony today.

1-20-2021

Brian LaPlante

Back When Foods, Inc.

218-280-0945

Honorable Members of the North Dakota Legislature,

Economic Development is key to the continued growth of North Dakota. Central to the goal of Economic Development is the Innovate ND program. I for one, can speak to the unique nature of the Innovate ND entity located in Grand Forks, ND. Obviously, financial assistance is extremely beneficial to entrepreneurs as we navigate the path toward business launch, but equally important is the role that Innovate ND plays in facilitating introductions to other businesses or potential partners. Innovate ND becomes an important portal or conduit for ideas to meet potential partnerships.

The Grand Forks team has gone out of their way to facilitate the creation of a commercial kitchen partnership with UND. Food entrepreneurs will now have an important "stepping stone" as they move toward the reality of their own food business. I strongly encourage the legislature's continued financial support of Innovate ND.

Most Sincerely,

Brian LaPlante

Back When Foods, Inc.

March 2021

Dear Chairman Monson, Vice-Chairman Schmidt, and members of the House Appropriations Committee, Education & Environment Division:,

As a small business owner who has received direct assistance from Paul Smith, I urge you to increase the state's funding support of the ND SBDC. This nationally accredited program provides invaluable, no-cost business advising to small businesses all around the state and has been influential in helping build and grow my business.

I acquired the Hammelton Building in Lisbon, ND, in 2018. Built in 1907, the Hammelton building had been empty for more than 15 years prior to its renovation. With limited knowledge and experience within the world of construction, real estate law, marketing, etc., I began the planning process to bring this property back to life. During the renovation process, I worked with several professionals and sought advice from anyone willing to help. It was then that Gwen Crawford, Lisbon City Auditor, advised me to look to the ND Small Business Development Centers for assistance. I had no experience with this sort of project; I only knew I wanted to be successful in making an impact and establishing a legacy with our community.

Elijah Holdings LLC has been a client of the ND SBDC since 2017 and our project was recently featured as a 2020 success story. ND SBDC assisted me AND my future tenants (separately) in planning for future financial needs and growth. Together, we had a comprehensive plan that has allowed each of us to succeed. Some of my retailers enjoyed their most profitable quarters DURING the COVID-19 closures and restrictions---this was possible because of the planning and implementation we had done together.

The City of Lisbon was awarded the Governor's Choice Community Development Award for its efforts on the Hammelton Building. This award recognizes a development project that has increased the quality of life in a community. The Hammelton has been transformed into a high-rise apartment complex with a bridal store, flower shop, event hall, martial arts school and clothing boutiques. The project has been an inspiration for others in our community, and despite the economic challenges of 2021, Lisbon has seen a boom in new store openings and retail sales.

The ND SBDC provides support to businesses in many ways. They give guidance on developing business plans and financial projections, providing accurate and comprehensive industry data, creating marketing strategies, obtaining financing, enhancing websites and e-commerce, assessing cybersecurity issues, and much more.

Not only did the ND SBDC provide assistance to more than 1,400 unique clients in 2020, but they have also increased their services and outreach in the face of COVID-19. The ND SBDC helped small business owners obtain nearly $85M in capital for starting and expanding their companies. The organization also created, retained and supported 6,031 jobs in North Dakota. By providing live and recorded webinars to assist business owners with PPP Loan applications and forgiveness, the Economic Injury Disaster Loans

(EIDL), BND COVID-19 relief programs, and other business support, the ND SBDC has been on the front lines of saving and strengthening North Dakota's business community during the pandemic.

Please support small business owners and entrepreneurs around our great state by proposing increased funding for the ND SBDC program. Now more than ever our small businesses, and the economy of North Dakota, need programs like the ND SBDC that provide no-cost advising for our businesses as we try to survive during a pandemic. Financial support for this program results in a healthier and more resilient small-business sector, creates meaningful jobs and thriving communities, and supports the overall North Dakota economy.

Sincerely,
Teena Elijah

Elijah Holdings LLC
13210 68th Street SE
Lisbon ND 58054
701.680.9828

March 2, 2021

Chairman Monson, Vice-Chairman Schmidt, and members of the House Appropriations Committee, Education & Environment Division:,

My name is Sonja Duerre Stromswold, and I own two small businesses in Mohall, ND. As the owner of two long-operating small businesses in North Dakota, I am writing to testify in support of the North Dakota Small Business Development Centers (ND SBDC) and their services. I have worked with and seen first-hand the impacts of the ND SBDC, so I urge you to increase the state's funding support of this incredibly impactful program. This nationally accredited program provides invaluable, no-cost business advising to small businesses all around the state and is influential in the growth of business and economic success in our state and local communities.

Both of my businesses have utilized the services of the ND SBDC since the program started in North Dakota in 1989 – 35 years ago. From starting a business to growing it, the ND SBDC and its business advisors have been invaluable to my businesses. Both businesses, The Flower House Garden Center and The Prairie Bistro, LLC, are located in rural Mohall, North Dakota. The Flower House began as a way to supplement my family's farming income in 1968. While our farm has not survived, the Flower House did, partly due to the business support and financial help from SBDC. Our advisor at the time helped us develop a business plan and helped us apply for and receive Disaster Assistance due to the poor economy in rural North Dakota at the time. We've continued to take advantage of the business advice of Mary Beth Votava, the current Center Director of the Minot Region SBDC. She has helped us improve our pricing structure, create budgets, analyze our performance, and survive the cycles of business in an area dependent on agriculture and oil. I believe it is safe to say The Flower House Garden Center would not be in business, employing 15-20 people in our small town, today if not for the support of SBDC. The Prairie Bistro, LLC began the same year the ND SBDC did, in 1989. And as with the Flower House, the local SBDC has been a steady source of support, education, and advice since I opened the business. I knew how to bake but not how to create a budget, price my product, or read a financial statement. Thanks to the ongoing support of the SBDC, we now employ 4 full staff and up to 8 part time. Neither business would be here today if not for the support of the SBDC.

Please support small business owners, local communities, and economic growth around our great state by supporting and increasing funding for the ND SBDC program. I cannot overstate the importance of their assistance, now more than ever, as small businesses like mine attempt to navigate and survive the impacts of the pandemic. The support of the ND SBDC has not only kept The Flower House Garden Center and The Prairie Bistro, LLC, but has also helped us grow. Financial support for this program will result in a healthier and more resilient small-business sector, create meaningful jobs and thriving communities, and support the overall North Dakota economy. Please support my small businesses and others like them by supporting the ND SBDC.

Sincerely,
Sonja Duerre Stromswold

NCPC
NORTH CENTRAL
PLANNING COUNCIL

417 5th St. NE
PO Box 651
Devils Lake, ND 58301-0651
PH: 701-662-8131
Fax: 701-662-8132
www.northcentralplanningcouncil.com

March 2, 2021

Representative Monson
House Appropriations
Education and Environment Div.

Dear Chairman Monson,

I am writing to urge you to increase the states funding of the ND SBDC. This nationally accredited program provides invaluable, no-cost business advising to small businesses all around the state and is influential in the growth of business and economic success in our state and local communities.

I have been a board member of North Central Planning Council, the host organization for the Devils Lake ND SBDC, since 2015. I have received quarterly and annual SBDC reports since that time and have seen first-hand the impacts of the Devils Lake SBDC and the entire ND SBDC network. North Dakota Region III consists of Benson, Cavalier, Eddy, Ramsey, Rolette, and Towner Counties as well as the Turtle Mountain Band of Chippewa and Spirit Lake Reservations. This Center has assisted Region III entrepreneurs and business owners with numerous business start-ups, expansions, business successions and obtaining millions of dollars in capital.

The ND SBDC provides support to businesses in many ways. They give guidance on developing business plans and financial projections, providing accurate and comprehensive industry data, creating marketing strategies, obtaining financing, enhancing websites and e-commerce, assessing cybersecurity issues, and much more. These efforts result in strong small business ecosystems in local communities and helps to create jobs and economic growth in our state.
They have also increased their services and outreach in the face of COVID-19. By providing live and recorded webinars to assist business owners with PPP Loan applications and forgiveness, the Economic Injury Disaster Loans (EIDL), BND COVID-19 relief programs, and other business support, the ND SBDC has been on the front lines of saving and strengthening North Dakota's business community during the pandemic. The ND SBDC helped small business owners obtain nearly $85M in capital for starting and expanding their companies. The organization also created, retained and supported 6,031 jobs in North Dakota.

Please support small business owners, local communities, and economic growth around our great state by proposing increased funding for the ND SBDC program. Now more than ever North Dakota needs programs like the ND SBDC that provide no-cost advising for our small businesses. Financial support for this program results in a healthier and more resilient small-business sector, creates meaningful jobs and thriving communities, and supports the overall North Dakota economy.

Sincerely,

Merle Boucher

PO Box 7
Rolette, ND 58366
PH: 701-246-3652
Cell: 701-550-9098

Dr. John Miller
President, Williston State College

Representative Monson and Representative Schmidt:

I am writing today in support of the North Dakota Small Business Development Centers (SBDC), and in turn to ask that you consider additional funding for this worthwhile service to small businesses in North Dakota. As a college president and host for one of the regional SBDC's, I see every day the impact our regional SBDC has on local people, local businesses, and local prosperity. This nationally acclaimed program provides invaluable, no-cost business advising to small businesses and prospective small business operators all around the state, and speaking for NW North Dakota, Keith Olson and those who support his efforts are essential to the growth of business and economic success in our local communities, our region, and our state.

To illustrate my point, in 2020 the Williston State SBDC served over 350 clients, achieved capital infusion of more than $53 million, Small Business Administration (SBA) loans of almost $16 million, and supported the creation of over 1300 jobs. I believe the ultimate purpose of the SBA and by extension our regional SBDC's is to generate wealth, create jobs, and foster economic and personal prosperity. Given last year's reporting metrics, the local and statewide efforts of the SBDC have been highly successful across the board.

Not only did the North Dakota SBDC's aid more than 1,400 unique clients in 2020, but they also increased their services and outreach in the face of COVID-19. By providing live and recorded webinars to assist business owners with PPP Loan applications and forgiveness, the Economic Injury Disaster Loans (EIDL), Bank of North Dakota COVID-19 relief programs, and other business support, the North Dakota SBDC has been on the front lines of saving and strengthening North Dakota's business community during the pandemic.

Please support small business owners, local communities, and economic growth in North Dakota by supporting increased funding for North Dakota SBDC programs during this critical time.

Respectfully,

John S Miller, Ed.D.
President
Williston State College
john.s.miller@willistonstate.edu
701-774-4231

NDSU | RESEARCH AND TECHNOLOGY PARK

JMar 2, 2021

North Dakota Leader,

My team and I are fortunate to work with the ND SBDC every day and see the positive impacts of this important statewide organization. I urge you to increase the funding of this impactful program which will greatly enhance the business environment in North Dakota.

The ND SBDC provides support to businesses in many ways. They give guidance on developing business plans and financial projections, providing accurate and comprehensive industry data, creating marketing strategies, obtaining financing, enhancing websites and e-commerce, assessing cybersecurity issues, and much more. These efforts result in strong small business ecosystems in local communities and helps to create jobs and economic growth in our state.

Please support small business owners, local communities, and economic growth around our great state by proposing increased funding for the ND SBDC program. Now more than ever our small businesses, and the economy of North Dakota, need programs like the ND SBDC that provide no-cost advising for our businesses as we try to survive during a pandemic. Financial support for this program results in a healthier and more resilient small-business sector, creates meaningful jobs and thriving communities, and supports the overall North Dakota economy.

Take care,

Brian P. Kalk Ph.D. | Executive Director
1854 NDSU Research Circle | Fargo, N.D. | 58102
Cell: 701.261.0373 | brian.kalk@ndsurtp.com
U.S. Marine Corps (Retired) | N.D. Public Service Commissioner (Emeritus)

Testimony of Shawn Wenko, President
Economic Development Association of North Dakota
In Support of SB 2018
January 25, 2021

Chairman Holmberg and members of the Senate Appropriations Committee:

I'm Shawn Wenko, executive director of Williston Economic Development and president of the Economic Development Association of North Dakota (EDND). It is in that capacity I am testifying before you today in support of SB 2018.

EDND represents more than 80 state economic development organizations on the front line of economic development efforts throughout North Dakota. The primary purpose of the organization is to promote the creation of new wealth throughout North Dakota to develop more vibrant communities and improve quality of life.

One of EDND's top priorities is to support North Dakota Department of Commerce programs as valuable tools, programs and resources for the economic developers in our state. EDND members can attest that a strong partnership with the state helps us locally recruit and retain new and expanding businesses, train North Dakota's workforce, and compete in national and international markets. We also rely on the Commerce Department to help local entrepreneurs explore potential opportunities and diversify the state's economy.

The pandemic and other unpredictability in oil and agriculture activity over the last decade have highlighted the need for North Dakota to diversify its economy and stabilize budget sources. Commercialization, entrepreneurship, and small business growth are crucial to North Dakota's economic future. Entrepreneurs and small businesses are leaders in the nation in employment growth. EDND is supportive of the continuation of all Department of Commerce programs which support local economic developers and businesses, such as Innovate ND, funding partners like the North Dakota Small Business Development Centers, providing training programs to redeploy displaced workers through the Technical Skills Training Grant, attracting workers and new industries through business development programs and tourism, investing in

emerging industries such as Unmanned Aerial Systems, and much more. Further investment in programs such as the Innovation Technology Loan Program (LIFT) as part of a comprehensive statewide strategy to continue to bring new industries to the state are other tools to help diversification.

Partner programs such as the ND Small Business Development Centers (ND SBDCs), ND Women's Business Center (NDWBC), Impact ND, and the North Dakota Procurement Technical Assistance Center are vitally important to small business owners launching a new business and the economies of small communities. As an example of the impact of one of these partners, the 10 ND SBDCs provide training and direct business advising and have served 1,879 clients since the biennium began in 2019. During this time, SBDCs have helped 138 new businesses start in the state, supported more than 6,900 jobs and secured more than $76 million in funds for these businesses. For a few specific examples in the Williston area, the local SBDC was able to help the Hair Society Institute run cash flow scenarios and figure out the number of students to accept and training services to provide in order to get the school off the ground. They were also recently able to help Busted Knuckle Brewery and the Pit 105 Barbecue put together a finance plan with funders to enable the project, which took an old county building and rehabbed it, increasing the city's property tax base, to move forward. Across the state, every community or region can provide a multitude of examples like this, showing the value of these partner programs. EDND advocates for funding for all partner programs to remain stable from the 2019-21 biennium.

EDND believes an investment in the Department of Commerce is needed to grow and diversify the economy so North Dakota can ensure a more revenue-stable future. EDND members could spend the rest of the day giving examples of ways the Department of Commerce has aided their communities. No matter the location or size of the community, our membership relies on the Department of Commerce to provide guidance, resources, and staff to support and diversify our state's growth. Thank you for the opportunity to address the committee and express support for SB 2018 on behalf of economic developers statewide.

MISSION

We help North Dakotans to start, manage and grow their businesses.

NORTH DAKOTA SMALL BUSINESS DEVELOPMENT CENTERS

Your Ideas - Our Expertise - Your Success

833.4.ND.SBDC
ndsbdc.org

Our credentialed advisors empower North Dakota small businesses and entrepreneurs to thrive. The ND SBDC provides customized guidance and resources that help owners and entrepreneurs achieve their goals at every stage of their business lifecycle. We are the source for knowledge, specialized expertise, connections, business acumen, insights, tools and resources for our small businesses. We make an impact on the North Dakota economy.

The ND SBDC is a partnership between:

- Federal government - U.S. Small Business Administration
- State of North Dakota - Commerce Department
- North Dakota University System - University of North Dakota

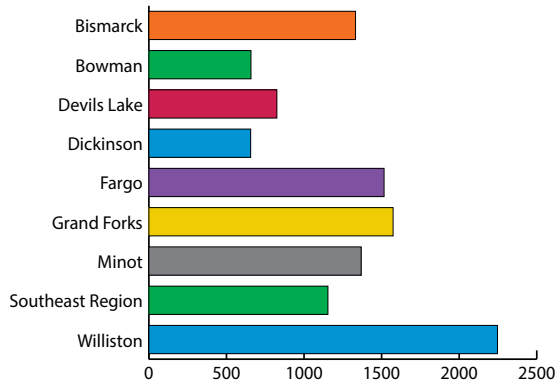
2021-2023 CONSIDERATIONS

1. Maintain or increase state funding to the program: in order to sustain service capacity to meet the needs of clients, to leverage the maximum amount of federal funds allocated to our state, and meet the mandated state and local matching funds requirement.
2. More directly appropriate funds to the ND SBDC, potentially through a named budget line.

IMPACT INFORMATION

ROI: estimates exceed $70 million in state tax revenues since July 2019 (revenue/cost = 124:1)

SERVICE BY CENTER



July 1, 2019 - To Date

- 2,632 Unique clients
- 11,424 hours of no-cost advising
- $116,915,283 capital formation
- 177 new businesses started
- 8,019 jobs supported

Last biennium: July 1, 2017 - June 30, 2019

- 1,849 Unique clients
- 11,833 hours of no-cost advising
- $100,485,520 capital formation
- 226 new businesses started
- 5,176 jobs supported

GENDER

1423 | 1186

CLIENTS BY INDUSTRY

1. Other Services (380)
2. Retail Trade (307)
3. Accommodation & Food (257)
4. Professional Services (152)
5. Construction (128)
6. Manufacturing (121)
7. Health Care & Social Asst (119)
8. Arts, Entertainment & Rec (100)
9. Transportation & Warehousing (88)
10. Admin & Support (71)
11. Ag, Forestry, Fishing, Hunting (55)
12. Wholesale Trade (37)

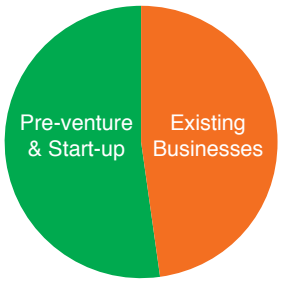
CLIENT SATISFACTION

96%

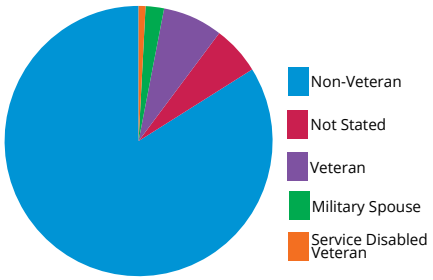
CLIENT SUCCESS RATE

90%

SERVICE BY STATUS



VETERAN STATUS



COVID-19 RESPONSE

Recover – Re-open – Re-invent – (be) Resilient
We are getting ND back in business with our 4R Project. It is a one-stop shop for business owners to find a range of disaster assistance & relief services.

This effort includes specific assistance with topics such as:

- Planning and applying for financial assistance and debt relief options, including
- Paycheck Protection Program (PPP) loans, SBA Economic Injury Disaster Loans (EIDL), and other programs
- Addressing disruptions in supply chains, and necessary pivots in operations, finances, payroll, distribution channels, and sale of products
- Developing web integration, e-commerce, online sales/ distribution and digital marketing
- Awareness of cybersecurity issues, and mitigating cyber risks
- Creating and implementing disaster and Continuity of Operations plans to sustain business activities during interruptions

BUSINESSES ASSISTED

791
businesses assisted with COVID-related services

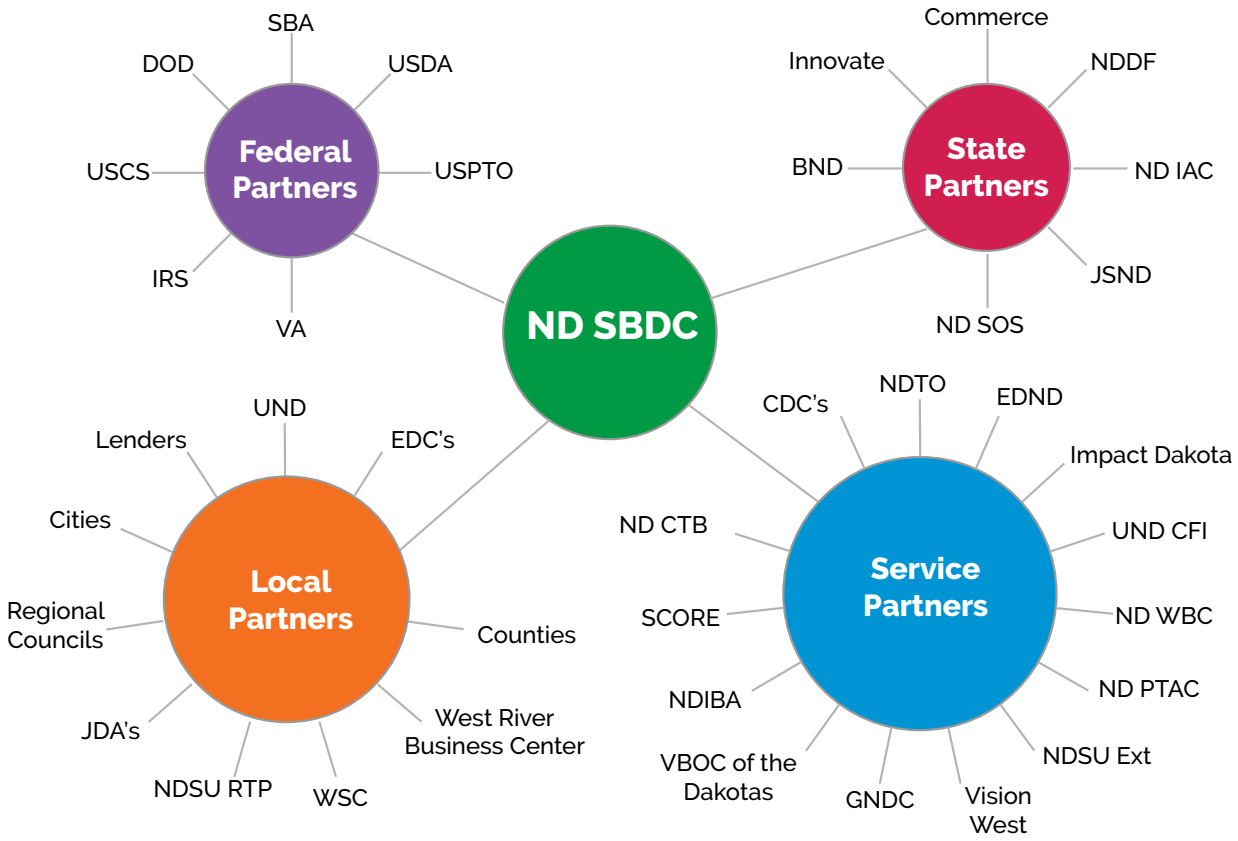
JOBS SUPPORTED

4,335
jobs supported / saved / retained since March 2020

DISASTER ASSISTANCE

$21.4M
in disaster assistance funds to date received by these clients

RESOURCE PARTNERS

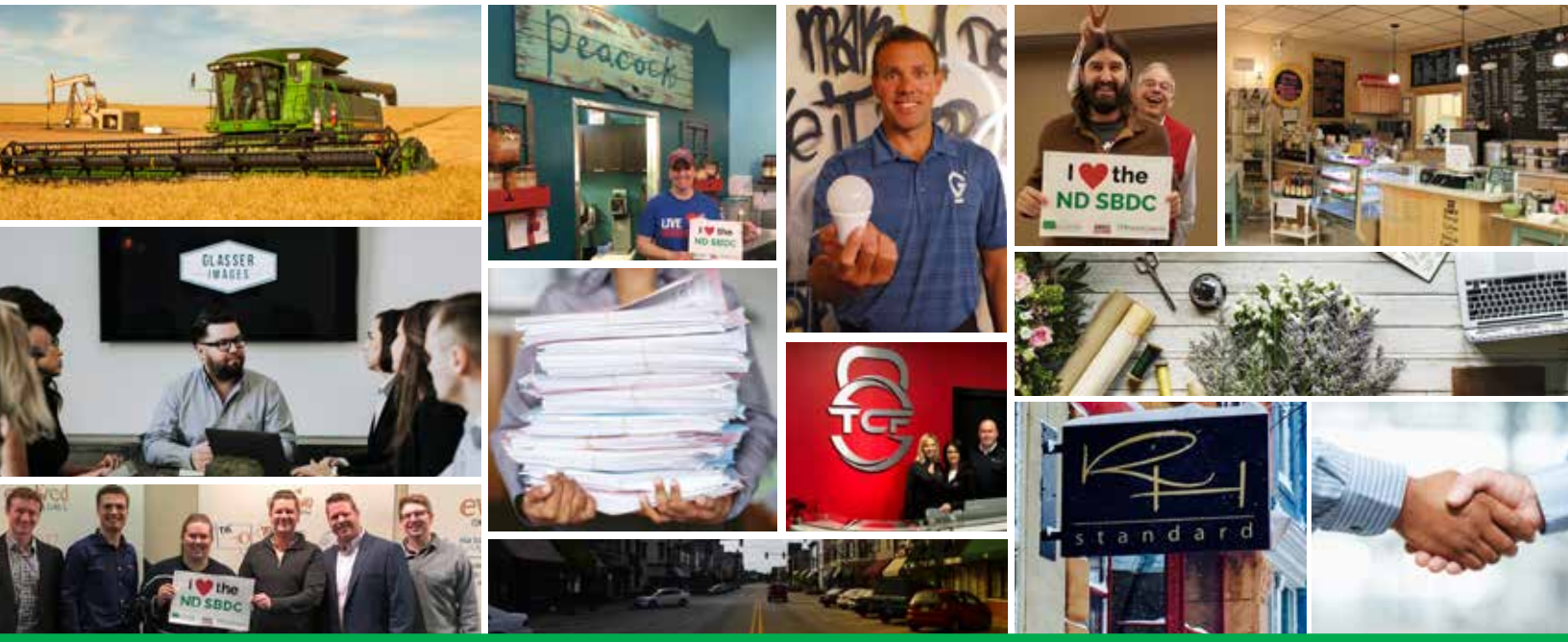


Funded in part through a cooperative agreement with the U.S. Small Business Administration. All opinions, conclusions or recommendations expressed are those of the author(s) and do not necessarily reflect the views of the SBA.

NORTH DAKOTA
SMALL BUSINESS
DEVELOPMENT CENTERS

Your Ideas - Our Expertise - Your Success

2020 Annual Report



INTRO & PARTNER PROGRAMS

Greetings! 2020 has been a year of transition for all! Before the pandemic even began, the leadership of your North Dakota Small Business Development Network shifted, as our State Director retired. I was selected to fill this role later this past spring, after serving the network as Associate State Director.

Throughout the year, there have been many positives for our network. With tremendous gratitude, credit deserves to be given to the incredible team of highly qualified individuals that have been the "boots-on-the-ground" with our state's small businesses. The team has quickly learned new programs and then learned changes to new programs. They have been innovative and have adapted their processes, just as we encourage our clients to do.

ND SBDC credentialed advisors are invested in the success of our North Dakota small business ecosystem – empowering business owners and entrepreneurs with knowledge, insights, tools and resources, listening to their needs, goals, and struggles, and giving them the confidence and skills to be stronger leaders and the drivers of their success.

With true entrepreneurial spirit, our clients continue to inspire us with their optimism and persistence – entrepreneurs continue to see new opportunities to start businesses, and our existing businesses shift and find success with new offerings and in new markets. In fact, in 2020 we have directly assisted more than double the clients we served in 2019.

The ND SBDC Network continues to partner with U.S. Small Business Administration, ND Commerce, the University of North Dakota, and our center hosts and contributors listed later in this report. We are appreciative of their support of this vital and important program, and look forward to another year of strong impacts for our state's economy. When small businesses thrive, communities thrive... North Dakota thrives.

Tiffany Ford
State Director

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Alan Haut
U.S. Small Business Administration

Alan Haut, District Director, is responsible for overseeing SBA services across North Dakota. As the nation's go-to resource and voice for small business, the SBA provides counseling, capital, and contracting expertise so businesses can confidently start, grow, expand, or recover. Al's SBA career has included many positions: Economic Development Specialist, Loan Officer, Lender Relations Specialist, and Deputy District Director. His expertise is working with lenders to utilize SBA's loan guaranty programs. He feels the SBDC program is a great help to entrepreneurs needing funds to start or grow their business. The SBDC helps prepare small business owners to meet with lenders and improve their chances of securing needed funding.

Shawn Kessel
Dept. of Commerce

Shawn Kessel, currently serves as Interim Commerce Commissioner. He is an executive professional, has served as adjunct facility, small business owner, and in local government leadership. Prior to his recent appointment, Shawn brings almost 20 years of experience working at the municipal level of government. "The ND Small Business Development Center, one of Commerce's core partners, helps small business across the State navigate the ever changing business landscape. Their services, provided throughout the life cycle of a business include helping the entrepreneur start a new business through assisting the seasoned veteran with succession planning and transitioning the business to a new owner. Small businesses create healthy, vibrant communities which fosters innovation and invites a 21st century workforce by inspiring others to achieve their dreams."

Dr. Amy Henley
University of North Dakota

Amy Henley is the dean and professor of management at the UND Nistler College of Business & Public Administration. She holds a Ph.D. from the University of Texas in Arlington in the area of organizational behavior and psychology. Henley's research interests include distributive and procedural justice, compensation and pay fairness, and intragroup processes. Dr. Henley has co-authored papers that have appeared in numerous top tier academic journals. "We are so proud to be the host of the ND SBDC and assist in supporting small businesses launch and grow across the state," says Henley.

STATE ADVISORY BOARD

Ray Berry

Ray Berry is a co-founder and CEO of OmniByte Technology in Fargo, ND. He is a life-long ND resident and brings over 28 years of experience in the fields of engineering and technology together with his passion to accomplish the OmniByte mission: "Improve the work lives and safety of field service personnel through technology." The ND SBDC has been a valuable partner for OmniByte from the beginning in 2015 and Ray is a promoter and supporter of the organization.

Kevin Davidson

Kevin, a long-time resident of the Devils Lake area, is currently the Lake Region Market VP for First Community Credit Union. He assists in the strategies, structure, and planning process while advocating for the SBDC in his role on our State Advisory Board. Kevin feels fortunate to have great staff, stakeholders, clients, lenders, and partners across the state that make the SBDC a key player in economic development and find success.

Rachael Eider

Rachael Eider is the owner of RH Standard. She opened the business seven years ago, bringing quality service and luxurious goods to her customers. She is an advocate for fellow small businesses and the downtown community. Rachael is happy to bring that greater community and visionary outlook to the ND SBDC Advisory Board and has seen the difference this program can make for small business first hand.

Missy Feist-Erickson

Missy is the Vice President of Peoples State Bank of Velva, a locally owned community bank with offices in Velva and Minot. She is also the treasurer for the Minot Area Chamber of Commerce and serves on the Governor appointed board, Commission on Status of Women. Missy believes that small business is big business! Through the partnership with SBDC and her bank customers, she has seen firsthand the key role SBDC plays to assist in the success of businesses of all kinds,.

Cherie Harms

Cherie Harms is President/CEO of Leonardite Products in Williston, a mining & processing facility serving the ag, foundry and oil industries. In addition to serving on the ND District Export Council and Western Regional Development Economic Boards, Harms is a founder and Secretary/ Treasurer of the Humic Products Trade Assoc. She has personally used the SBDC and is happy to promote and assist the organization.

Kelvin Hullet

Kelvin Hullet brings a wealth of public relations, economic development and government affairs experience to his role as Bank of North Dakota's Economic Development and Government Program Market Manager. "Small Business Development Centers play an important role in entrepreneurship and business expansion in our state," shares Hullet. "It is an honor to be asked to serve on the Board and be a part of this important mission."

Ryan Jilek

Ryan Jilek is a graduate of NDSU with an Electrical Engineering degree. After 22 years as a small business owner and SBDC client, he took a role in economic development as the Executive VP of Stark Development Corporation. Ryan has been active with workforce and business recruitment and expansion, as well as strengthening an environment that fosters innovation and entrepreneurship. The services provided by the SBDC are vital tools to support this effort.

Connie Ova

Connie Ova is the Chief Executive Officer or the Jamestown Stutsman Development Corporation, a position she has help since 2003. She has been instrumental in developing partnerships among many community entities. She says, "SBDC support for this local community and region is invaluable. They provide a much needed service to both new entrepreneurs as well as to existing business owners wanting to enhance their opportunities for growth."

Shawn Wenko

Shawn Wenko has been the Executive Director of the Williston Economic Development office since 2014. He holds a master's degree from the George Washington University and graduated from the economic development institute at the University of Oklahoma. The success of Shawn's clients is attributed to the time they have spent with the regional SBDC office. SBDC provides entrepreneurs with the knowledge, planning, and tools needed to ensure their business is successful.

THANK YOU

Our sincere thanks goes out to Kevin Davidson, Rachael Eider, and Cherie Harms whose terms on our board concluded in 2020. They have been valuable and longstanding members of our advisory board and we appreciate their time, knowledge, and input over the years.

IMPACTS

These numbers include both core services and COVID response clients.

1,465
Individual Clients Advised

6,785
Hours of Advising

$84,477,650
Client Capital Formation

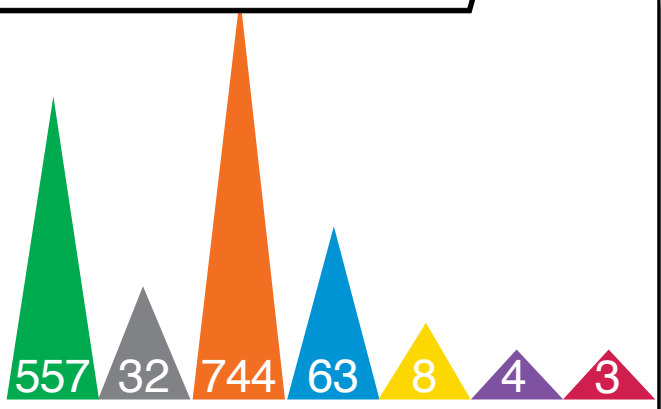
115
New Businesses Created

6,031
Jobs Supported

1,978
Training Attendees

CUSTOMER DEMOGRAPHICS

BUSINESS STATUS



INDUSTRY SEGMENT

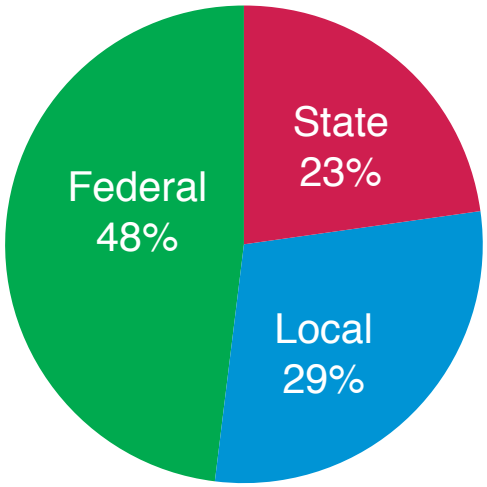
**Only top 12 categories displayed due to space limitations*

1. Other Services (232)
2. Retail Trade (173)
3. Accommodation & Food (165)
4. Technical Services (81)
5. Construction (66)
6. Health Care (63)
7. Arts, Entertainment & Rec (56)
8. Transportation & Warehousing (54)
9. Manufacturing (48)
10. Ag, Forestry, Fishing, Hunting (32)
11. Admin & Support (25)
12. Wholesale Trade (18)

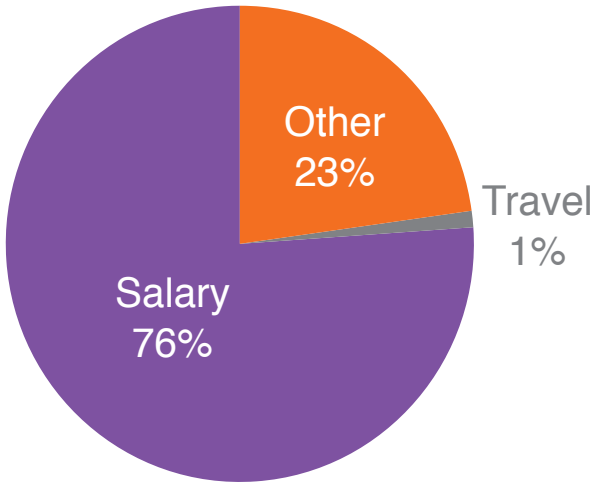
GENDER

RACE / ETHNICITY

FUNDING SOURCES



EXPENSES BY CATEGORY



PARTNER & SUB-AWARD HOSTS

SBA U.S. Small Business Administration

UND University of North Dakota

North Dakota Be Legendary.™

Bowman County Development Corporation

Dickinson State University

NCPC North Central Planning Council

NDSU Research and Technology Park

WRBC West River Business Center

Williston State College

PROGRAM SPONSORS

Adams County Development Corp.
Bank of North Dakota
Bismarck Mandan Chamber EDC
Bottineau EDC
Bowman County
Bowman County Development Corp.
Cavalier County JDA
City of Bowman
City of Grafton
City of Grand Forks
Dakota Business Lending
Dickinson State University
Economic Development Assoc of ND
Eddy County
Forward Devils Lake
Grand Forks County
Grand Forks EDC
Greater Fargo Moorhead EDC
Lewis & Clark Development Group
Mountrail County JDA
NDSU Research & Technology Park, Inc.
North Central Planning Council
North Dakota Opportunity Fund
Rolette County
Rugby JDA
Stark Development Corporation
Towner County EDC
US Bank
Walsh County JDA
Williston Economic Development

BISMARCK CENTER

YOUR IDEAS • OUR EXPERTISE YOUR SUCCESS

IMPACTS

13
New Businesses Created

522
Jobs Supported

130
Individual Clients Advised

$6,952,070
Client Capital Formation

SUCCESS STORY

STROH & ASSOCIATES

BISMARCK - With a young family in Bismarck, an office in Dickinson and working with hundreds of accounts for Blue Cross Blue Shield in western ND, Sheyna (Stroh) Weisenburger was spread very thin. She was traveling hundreds of miles a week meeting with a variety of different brokers and employers from across the US, securing accounts for employer health care contracts. When local employers started asking about different options and potentially better rates for their employee benefit packages, she realized that there was a business opportunity to help employers make those decisions, along with providing ongoing compliance guidance.

In June of 2012, she went to work to get Stroh and Associates up and running. Sheyna was introduced to ND SBDC advisor, Nancy Krogen-Abel, through the IDEA Center in Bismarck. Nancy was able to help Sheyna discover what realistic revenue numbers could potentially look like for her new business, develop a cost analysis of what the next two to three years would look like, and create a detailed business plan to present to bankers. When asked why she reached out to the ND SBDC, Sheyna stated, "I was that typical example of someone who is really good at something, but not good at running a business because I'd never done it before. When meeting Nancy I just did a Hail Mary, as I don't pretend to be good at things I'm not [good at]. She was so amazing and supportive of my idea. She made me feel like she was very invested with my idea."

For the past eight and a half years, Stroh and Associates has grown leaps and bounds. "Working with Nancy made me feel like I had that true genuine sense of support. She gave me great suggestions of which potential banks to start with and visit with. I would hands-down recommend the ND SBDC; as, I would not be where I am today without the help of Nancy and all her contacts."

Read this full client success story, along with others, at ***ndsbdc.org/success-stories***

Nancy Krogen-Abel

Q Tell us how you first got involved with the ND SBDC.

A I attended a class offered by the SBA, ND SBDC, SCORE and ND WBC on starting a business. I had just started a business of my own and was looking for resources. I've now worked with the network for 16 years!

Q If you have been with the network for a while, what is one of your first memories?

A I remember the first large project I worked on and the day the client called and said, "We got the loan!! Thank you!"

Q What do you wish people knew about the ND SBDC?

A While we do help start-ups, we offer so much more than that!

Q What are two pieces of advice you believe would be useful to all small businesses?

A Write a business plan and review it every year. And, cash is king!

BOWMAN CENTER

IMPACTS

4
New Businesses Created

205
Jobs Supported

63
Individual Clients Advised

$1,147,919
Client Capital Formation

SUCCESS STORY

PRAIRIE DENTAL

BOWMAN - Jennifer Sarsland was born and raised in Bowman, ND. After working in the insurance industry for a few years out of college she realized that it what not a fit for her. She enrolled at the University of Nebraska Medical Center College of Dentistry in Lincoln, NE, to pursue dentistry. She received her Doctor of Dental Surgery in May of 2011 and packed her bags to move back to her hometown.

Within a few short months after moving back and working with Dr. Kelly, a well-established and trusted dental practice in the Bowman area, she found herself in a position to become joint partners with Dr. Kelly and Prairie Dental was established. Soon after the partnership was finalized, Dr. Sarsland realized that they were outgrowing their current location. Thankfully, the hospital announced that they would be building a new hospital and clinic. Dr. Sarsland immediately jumped on this idea and started meeting with the hospital CEO to secure the location.

After she secured the hospital location, Dr. Sarsland realized their was extensive amounts of renovations needed to be done. Jennifer reached out to the ND SBDC for assistance. She was connected with Laura Weber at the Bowman SBDC Center, who was not only able to help Jennifer understand her interest buy-down options, but also helped her to create pro formas for her new business location so she could fully understand the monetary impact the relocation and renovation would have on their financials. "Laura and the ND SBDC team were able to help me fill out all the required paperwork for the buy-down program and get approved for it. I would recommend the ND SBDC services to other aspiring entrepreneurs, as it has been able to help me financially so I was able to expand and better serve my community," Jennifer stated.

The renovation has allowed Prairie Dental to increase their patient volume and work more efficiently thanks to the additional space. They have even been able to add more employees to their staff to help take care of their increase in patients.

photo credit: Kelly Schefter

Read this full client success story, along with others, at *ndsbdc.org/success-stories*

Q What do you like most about your job?

A I absolutely love assisting clients in their process of exploring, starting, and building a business.

Q What is the most exciting part of your job?

A The unexpected that comes from dealing with clients as an advisor provides a great amount of excitement as a business advisor with the ND SBDC. Whether it is a start, an expansion, or other business need, you are never sure what the next project will be.

Q What is something you find inspiring about your work?

A The tenacity, initiative, and drive that it takes to be a small business owner is always inspiring to witness through the journeys of the clients we have the opportunity to work with.

Q What is your personal mantra?

A Positivity is a super power!

Laura Weber

DEVILS LAKE CENTER

12
New Businesses Created

166
Jobs Supported

92
Individual Clients Advised

$1,708,458
Client Capital Formation

PAUL'S C-STORE & GAS

FORT TOTTEN - Justin Yankton kicked around the idea of owning a convenience store starting at an early age. Justin's interest in business stems from his father owning Paul's Grocery in Fort Totten, for over 30 years. Due to his declining health and subsequent passing away in 2014, Justin's brother took over the family grocery store.

Over the next year, Justin's urge to open up his own convenience store grew. He planned to purchase the existing gas and laundromat building from his siblings and convert the whole location into a convenience store. Although it was a smaller location that the grocery store building, he knew this would be the more feasible option and it was conveniently located on the corner of the same lot.

From the very beginning, he was able to rely on Sandy Shively, ND SBDC Devils Lake advisor, for assistance. From creating a business plan and calculating startup costs, to obtaining the appropriate licenses and permits and even registering his business with the state, Sandy was there to help. "Sandy was able to give me direction, advice, and information on how to start and where to begin on my business plan," Justin noted.

He also stated that one of the most difficult challenges of starting your own business is just getting started and Sandy was able to help him overcome that hurdle with her patience and expertise within the industry. Throughout the summer and fall of 2015, Justin continued to work with Sandy on the business plans while he was gutting and renovating the building. Justin named this new

convenience store Paul's C-Store & Gas and they officially opened on November 6th, 2015.

For the past five years, Paul's C-Store & Gas has grown leaps and bounds. He attributes his success to the Fort Totten community saying, "We wouldn't be here without our community." Additionally, Justin has kept in contact with Sandy as he is now looking at expanding his store. Sandy has been able to draw up financial projections and expansion costs for him. The ND SBDC is excited to watch Justin and Paul's C-Store & Gas grow.

Read this full client success story, along with others, at *ndsbdc.org/success-stories*

Sandy Shively

Q What three words would you use to describe your roll?

A Listen, Research, Advise

Q What do you wish people knew about the ND SBDC?

A As a collective group of advisors we have a lot of years' experience in assisting a large variety of small businesses. Clients are getting high value advising from a program that does not charge for the assistance they provide.

Q What is the most exciting part of your job?

A It is exciting when you have a client who has an idea but doesn't know what to do next. As an ND SBDC advisor I get to walk them through their business plan and financial projection getting them ready for the next step. It is exciting when one of my clients is able to make their idea a reality.

Q What do you like most about your job?

A I enjoy all the people I get to meet being able to assist in making them successful.

DICKINSON CENTER

This center transitioned to a new host in the fall of 2020.

IMPACTS

6
New Businesses Created

333
Jobs Supported

97
Individual Clients Advised

$330,900
Client Capital Formation

SUCCESS STORY

PHAT FISH BREWING

DICKINSON - Husband and wife, Tony and Kelli Scharf, have always loved their community of Dickinson, North Dakota, where they've resided for almost a decade. They dreamed of bringing everyone closer together but never really knew how. After lots of research and prayers, Phat Fish Brewing was born.

In the beginning, the Scharf's tossed around ideas for a few years and wrestled with the idea of opening a brewery/pizza restaurant over and over again. However, they never really knew where to begin. They sat on the idea for a while until they stumbled into the Department of Veterans Affairs where they had heard about the North Dakota Small Business Development Center (ND SBDC) and how the program could help. They were soon connected with Darryl Neubert, business advisor for the Dickinson Center at that time.

In October 2017, the Scharf's dove head-first into the initial planning process and never looked back. "We didn't expect to get as much out of the advising session as we did! Darryl took his time and helped us with every aspect of what we needed to do to get the information to make good decisions," explained Kelli.

After discussing all their ideas and reviewing the business plan with Darryl, both Tony and Kelli knew they wanted to pursue the brewery and restaurant business whole-heartedly. Throughout the process, whenever they felt unsure about a decision or idea, they returned to the Dickinson SBDC as a sounding board for ideas and resources to help move Phat Fish Brewing past the planning phase.

Financing for project came together with the support of local lenders, Stark Development Corporation, Dakota Business Lending and an SBA 504 loan

It was a long and grueling year and a half of planning and preparation but in June 2019 Phat Fish Brewing opened its doors. They explained, "Anyone who has a goal or dream that is sitting at home not knowing where to start will most likely stay there if they don't know about the help you can receive. If it wasn't for the VA or SBDC, we would probably still be thinking about it."

Read this full client success story, along with others, at *ndsbdc.org/success-stories*

Q What do you wish more people knew about the ND SBDC?

A I wish more folks knew that the ND SBDC network existed. I wish more people were aware of the depth of resources our centers and the collective network has to offer.

Q What are two pieces of advice you believe are useful to all small businesses?

A Expect change and be ready/willing to adapt. And, always pay attention to your market.

Q What motivates you at work?

A Seeing and hearing the success stories of small business owners and entrepreneurs is very motivational.

Q What is something you find inspiring about your work?

A I find it very inspiring when entrepreneurs come through my door who are putting their dreams into action. They're committed to 'going for it.'

John Diem

14
New Businesses Created

867
Jobs Supported

228
Individual Clients Advised

$11,031,609
Client Capital Formation

ELIJAH HOLDINGS

LISBON - July 20th, 2017 is a day that Paul and Teena Elijah will remember for the rest of their lives. It was the day their fourteen-year-old daughter passed away in a tragic accident. After the initial shock of any type of trauma, there are, of course, the various stages of grief that everyone goes through. It was through Teena's journey of grieving that she found an unexpected opportunity to help manage her mental health and give herself a project to focus on.

It all started when Teena stumbled across a 'For Sale' advertisement for the historic Hammelton Building in the City of Lisbon newsletter. Her idea was to renovate this vacant main street brick building built in 1907 to provide a welcoming, functional, and beautiful space for others to enjoy their lives in.

With limited knowledge and experience Teena went to work. Teena was advised to look to the ND Small Business Development Centers for assistance. "I wanted to be successful, but had no experience with this sort of project," she said. "I didn't have any expectations for my first advising session with the ND SBDC. I didn't know what the process would be like, but I trusted that their team would walk me through it."

The ND SBDC assisted Teena in planning the financial aspects of her project. Former advisor Justin Neppl and later, Fargo Center Director Paul Smith, developed a detailed 3-year monthly financial projections for Teena. Through her no-cost advising sessions with the SBDC, Teena was able to secure her construction and mortgage loan and

completed the building on time and within budget.

Teena explained, "ND SBDC assisted me AND my future tenants in planning for future financial needs and growth. Together, we had a comprehensive plan that has allowed each of us to succeed. Some of my retailers enjoyed their most profitable quarters DURING the COVID-19 closures and restrictions--this was possible because of the planning and implementation we had done together."

Read this full client success story, along with others, at *ndsbdc.org/success-stories*

Paul Smith

Q What is something that you find inspiring about your work?

A I am inspired by the stories of clients who believe they can make the world a better place, are determined to succeed, and have overcome great obstacles along the way.

Q What are two pieces of advice you believe are useful to all small businesses?

A 1. Don't try to do it alone. Build a support network that include a mentor, advisors, and fellow business owners. 2. Many small business owners want to try to do too much. Don't worry about trying to be the best at everything, just be the best at something. And that 'something' is usually found where your purpose, passion, and core competencies all converge around solving a real problem.

Q What motivates you at work?

A I am motivated to do my best by a strong desire to serve and help clients realize their dreams.

GRAND FORKS CENTER

IMPACTS

13
New Businesses Created

828
Jobs Supported

207
Individual Clients Advised

$2,927,441
Client Capital Formation

SUCCESS STORY

JULSON LAWN MOWING & ALL SEASONS CAR WASH

WAHPETON - In the spring of 1997, Julson Lawn Mowing started as a way for Jay to get his kids out of the house and make some money. For over seventeen years it was just Jay and his two sons mowing lawns for the people in the Wahpeton community. In August of 2014, Jay's youngest son asked him to look into buying the All Seasons Car Wash so they could convert the already existing car wash building into a shop for their lawn mowing business. Jay believed this would be an ideal business opportunity to renovate the existing car wash and be able to expand his lawn mowing business.

In the fall of 2014, Jay reached out to the ND SBDC to get help with the purchase of All Seasons Car Wash and better understand all of his financing options. Because of this, Jay was able to successfully get financing for the purchase of the car wash.

So, with the purchase complete, Julson's Lawn Mowing converted to a full-time business by adding nearly ten employees to their staff during the mowing season. Additionally, All Seasons Car Wash expanded by adding a soft touch car wash feature thanks to the help of Nicole Evans, the Grand Forks ND SBDC center director. Jay worked with Nicole to prepare for the expansion. Jay was able to turn the five-bay self-service wash into a four-bay self-service wash with the fifth bay being an automatic wash.

"I have recommended the ND SBDC to others as they have the knowledge and resources of what is needed for their project, can help with the business plans, and can help obtain financing," Jay explained when asked if he would recommend the ND SBDC to others. Since they began, All Seasons Car Wash's income has increased year over year by 20%. This year alone they are up over 188%, and over 50% of this increase is attributed to the expansion of the car wash. Jay offers his thanks to Nicole Evans at the ND SBDC for her assistance with that project.

Among others, Nicole helped provide service to the Southeast region while it was in transition.

Read this full client success story, along with others, at *ndsbdc.org/success-stories*

Q Tell us how you got involved with the ND SBDC?

A I learned about the SBDC while working in tech support at UND. I was assigned to the department and their purpose resonated with me on a personal level. When the opportunity came to join the network, I jumped at it!

Q What is the most exciting part of your job?

A The most exciting part of my job is being present when a client first opens their business. Also anytime the client is excited about what they are doing. It's a big deal to make dreams into a reality.

Q What do you like most about your job?

A I am a small business owner myself so I can empathize with some of the up and down emotions our clients go through. I like that I get to sit down and talk over hopes and aspirations of what another person wants to do. This can instill confidence that they too, can be a business owner. I get to be one of their biggest cheerleaders throughout their journey.

Nicole Evans

MINOT CENTER

IMPACTS

8
New Businesses Created

547
Jobs Supported

126
Individual Clients Advised

$3,347,799
Client Capital Formation

SUCCESS STORY

PRAIRIE SKY BREADS

MINOT - Travis Gerjets, founder of Prairie Sky Breads, never set out to open a business of his own but the people of Minot and surrounding communities are sure glad he did.

It all started at the local farmers market back in 2014. Gerjets wanted to make people happy with fresh homemade bread, and that he did. The community supported him so much that they started offering "Bread Subscriptions," where customers could sign up to have fresh bread delivered weekly. As subscriptions grew, so did his business. Gerjets knew he had to pivot to adjust to the heightened demand.

"I first realized that I was going to start my own business when we started baking year-round. That is when I started to look at the numbers and think about what it might take to make this a business instead of a passion project," Gerjets stated.

As every entrepreneur knows, opening up a new business comes with its set of challenges. Gerjets knew almost everything about what it took to bake a perfect loaf of bread but not nearly as much about what it would take to open up his own business.

"The SBDC was recommended early on. Mary Beth worked patiently with me as I put together a business plan, budget, menu... all the things I needed to get going. She was right there to run the numbers with me. We talked about rent cost, taxes, inventory, utilities -- so many things that could have been overlooked without a pro looking over my shoulder," he expressed.

After months of planning, Prairie Sky Breads' brick-and-mortar bakery and café opened its doors in February of 2020, the culmination of a more than 5-year long journey from the first loaf of bread to the opening of its physical business doors. Unfortunate timing as COVID-19 changed things for businesses across the country within weeks and Prairie Sky Breads was no exception. Luckily, the community keeps turning up for Prairie Sky Breads.

The final funding package included a commercial bank, a local development corporation loan and SBA 504 financing.

When Gerjerts came to the ND SBDC he had no idea of what to expect. "The finalized business plan – and especially the financial figures, formatted correctly for our local lender – had so much to do with Mary Beth and the work of the SBDC. I just don't know how we would have gotten everything done without her."

Read this full client success story, along with others, at *ndsbdc.org/success-stories*

Mary Beth Votava

Q What do you like most about your job?

A We work with unique people from all walks of life and industry. We continuously learn from our clients and associates, enabling us to broaden our knowledge base and keep passing this knowledge along.

Q What do you wish people new about the ND SBDC?

A How truly dedicated, diverse, and knowledgeable our team is!

Q What is the most exciting part of your job?

A No two days are ever identical. We are constantly challenged to grow and take on new ideas and opportunities to better serve our clients.

Q What are two pieces of advice you believe are useful to all small businesses?

A Never give up - adjust to make it work. And, learn and ask questions!

SOUTHEAST CENTER

IMPACTS

6
New Businesses Created

289
Jobs Supported

170
Individual Clients Advised

$3,480,904
Client Capital Formation

SUCCESS STORY

PRAIRIE STONE

SOUTHEAST - Owner of Prairie Stone LLC, Jeff Hoeft of Wahpeton, ND, recently shifted his focus from agriculture and farming to becoming an entrepreneur. The road taken to open Prairie Stone has not been a traditional route.

Shortly after college Jeff took over the family farm. Over the years the strenuous nature of farming caught up to Jeff over time. In 2015, he had to have back fusion surgery which forced him to significantly cut back his acreage. Because of that change, Jeff knew that he needed to look for other opportunities within the market but he just didn't know what – yet.

Jeff found his new opportunity when an unfortunate situation led to a fortunate opportunity. A garage fire that burned down the family home allowed Jeff to recognize a need in the market for countertops. The countertops were being installed in the new Hoeft family kitchen when the light bulb went off in Jeff's head. He looked at the new installation and simply realized that he could do a better job at it.

Jeff reached out to Ian Carlstrom, business advisor for the southeast region of the ND SBDC, for input on his business plan. Ian was able to help Jeff expand the plan in order to better prepare for visits to lenders for funding.

"Ian gave me the ability to write out a full business plan and be able to bring my vision to my local lenders so they could understand my goals," Jeff explained.

Ian was also able to help Jeff finalize his financial proformas as he worked to obtain the $1 million in capital acquisition needed to start his business. Ian assisted Jeff with fulfilling loan requests from various banks as well as understanding the range of loan programs available to him. His final funding included an SBA 504 loan. Prairie Stone was successfully opened in November of 2019.

"If you start with a solid plan, even a thing like COVID-19 can be dealt with. The ND SBDC has access to so many resources in everyday life, and we wouldn't be where we are without them."

Read this full client success story, along with others, at *ndsbdc.org/success-stories*

Q What three words would you use to describe your roll?

A Coach, advisor, mentor

Q What do you like most about your job?

A I enjoy working with such a diversity of ideas and t he passionate people behind the ideas that are chasing their dreams. No two are alike, but yet so much is transferable and relevant across the board. I enjoy being able to help clients solve key issues and achieve things they didn't know were possible.

Q What is your motto or personal mantra?

A You cannot talk your way out of problems that you behave your way into.

Q What motivates you at work?

A My clients motivate me most. Often their stories, their dreams, and their tenacity is inspiring and courageous.

Ian Carlstrom

WILLISTON CENTER

IDEAS • OUR EXPERTISE YOUR IDEAS • OUR EXPERTISE
UR SUCCESS YOUR SUCCESS
XPERTISE YOUR IDEAS • OUR EXPERTISE YOUR IDEAS • OUR EXPERTISE
SUCCESS YOUR SUCCESS YOUR SUCCESS YOUR SUCCESS

IMPACTS

39
New Businesses Created

2,274
Jobs Supported

352
Individual Clients Advised

$53,520,550
Client Capital Formation

SUCCESS STORY

WESTERN VETERINARY CLINIC

WILLISTON – The owners of Western Veterinary Clinic (WVC) in Williston are celebrating the third anniversary of their expansion and remodel. The construction project was started in 2017 to accommodate WVC's growing mixed animal practice. The buildout nearly doubled the clinic's size and made it more functional and attractive.

The $1.2 million project included a 1,400 square-foot addition and 1,500 square-foot remodel. The renovation also gave the clinic more retail space for pet products and room for another veterinarian.

While the original clinic served WVC well for several decades, co-owners Dr. Lee Garbel, Dr. Jody Smith and Dr. Heidi Folden-Willard, began running out of room for their clients and patients in the mid 2010's.

"WVC was started in the 1970's by Dr. Bob Walton and Dr. Lloyd Sorenson," said Garbel. "Gradually, the previous owners retired, and we slowly bought in. Currently we have three owners, five full-time veterinarians, one part-time veterinarian and 15 staff members."

To help them finance the expansion, the owners turned to advisors at the Small Business Development Center (SBDC) and American State Bank and Trust (ASB&T) in Williston. Keith Olson, SBDC Regional Director, provided no-cost advising and support while Zach Nelson, ASB&T Assistant Vice President and Assistant Commercial Loan Manager, assisted with the loan. Garbel said Olson and Nelson were helpful with the loan process.

WVC utilized the Flex PACE program, funded by the Williston STAR Fund and Bank of North Dakota (BND). In 2017, WVC received $82,000 from the STAR Fund and $152,000 from BND to buydown the interest on its loan.

The expansion has helped WVC provide more daily appointments with shorter wait times. Clients and their pets can also enjoy a more comfortable lobby and larger exam rooms.

"The buildout was a way to expand the customer base and provide an opportunity to recruit new vets to ensure continued longevity," said Olson. "The Williston area is growing, and vet services are crucial as many people move with their pets."

Read this full client success story, along with others, at *ndsbdc.org/success-stories*

Keith Olson

Q Tell us how you first got involved with the ND SBDC.

A As a previous economic developer, I knew and understood the role of the SBDC and how valuable it was to my work. When my predecessor retired, it was a great opportunity that fit my skill set.

Q What do you wish people knew about the ND SBDC?

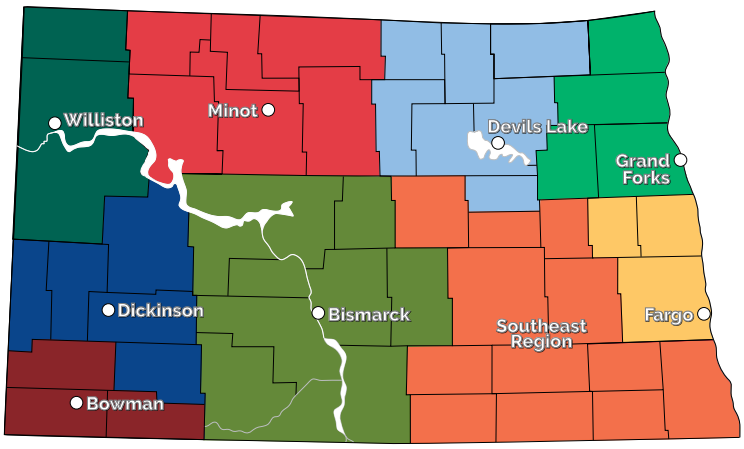
A I wish people knew how good we are and how many different things we can provide a client - all for free!! We are not just for start-ups.

Q What is something you find inspiring about your work?

A I really enjoy helping people and hearing many times a year that you have helped them achieve their dreams.

Q Having been with the network for several years, what is something you remember from the early years?

A We have moved several times over the years. The only constant is change.



Location information can be found at:
ndsbdc.org

Credentialed advisors empowering North Dakota small businesses and entrepreneurs to thrive

Q What do you wish people knew about the ND SBDC?

A I wish entrepreneurs, community members, and the like, would think of the ND SBDC network as their first stop to success. The amount of knowledge that the entire staff has provides North Dakotan's one of the strongest resources anyone can access - for FREE!

KayCee Lindsey

Q Tell us how you first got involved with the ND SBDC.

A I began when I was hired to be the Community Development Director for Divide County. I believe that the partnership between the Economic Development Office and the ND SBDC has been more valuable than many realize. This has been a significant factor in the success of sustaining and growing our local economy.

Q What motivates you at work?

A My motivation at work is being able to not only assist individuals in helping many of their dreams become reality, but also know that what I do makes a positive impact on our entire community.

NETWORK PROGRAMS

U.S. SMALL BUSINESS ADMINISTRATION
VBOC
VETERANS BUSINESS OUTREACH CENTERS

The Veterans Business Outreach Center (VBOC) program is a one-stop-shop for service members, veterans and military spouses looking to start, purchase, or grow a business. Located nationwide, VBOCs provide training workshops, including Boots to Business (B2B) and Boots to Business Reboot, as well as business development assistance such as training, advising and mentoring, and resource referrals. B2B and Reboot are entrepreneurial education and training programs. They are open to Service members. National Guard and Reserves, Veterans of all eras, and their spouses.

NORTH DAKOTA
PROCUREMENT TECHNICAL ASSISTANCE CENTER
Government Contracting Assistance

North Dakota Procurement Technical Assistance Center (ND PTAC) is a resource for assisting North Dakota businesses in obtaining federal, state, and local government contracts. ND PTAC advisors work with businesses to identify government contracting opportunities. They do this by providing confidential, no cost, one-on-one counseling on how to obtain, manage and comply with contracting requirements for the Department of Defense (DoD) and other federal agencies, state & local governments and businesses with government prime contracts. They emphasize the importance of understanding contracting requirements, and educate businesses on all levels of government contracting.

POWERED BY SBA
U.S. Small Business Administration

UND UNIVERSITY OF NORTH DAKOTA
CENTER FOR BUSINESS ENGAGEMENT & DEVELOPMENT

Funded in part by a cooperative agreement with the U.S. Small Business Administration. All opinions, conclusions, or recommendations expressed are those of the author(s) and do not necessarily reflect the views of the SBA.

AMERICA'S SBDC
ACCREDITED MEMBER

NORTH DAKOTA SMALL BUSINESS DEVELOPMENT CENTERS
Your Ideas - Our Expertise - Your Success

Testimony of
Tiffany Ford, State Director,
North Dakota Small Business Development Centers
Regarding Bill SB 2018: ND Commerce Department
March 3, 2021 – House Appropriations Committee
(Education & Environment Division)

Chairman Monson, Vice-Chairman Schmidt, and members of the House Appropriations Committee, Education & Environment Division:

My name is Tiffany Ford, State Director for your ND Small Business Development Centers (ND SBDC). The ND SBDC is hosted by the University of North Dakota (UND) Nistler College of Business and Public Administration. The national Small Business Development Centers (SBDC) program is administered by the U.S. Small Business Administration. Our state network is partially funded by federal dollars, with mandated state matching funds provided by the Department of Commerce from the **Partner Program line and the Discretionary line**. Local contributors include UND, cities, counties, and private contributors. Our program here in North Dakota is nationally accredited by America's SBDC (ASBDC). We successfully completed a rigorous re-accreditation review in 2019, exceeding each of the quality standards in service, operations, and compliance, with zero findings and a national commendation.

ND SBDC credentialed advisors empower North Dakota small and medium-sized businesses and entrepreneurs to thrive, through customized guidance and resources that help them achieve their goals at every stage of business development. We are the source for knowledge, specialized expertise, connections, business acumen, insights, tools and resources, all at no cost to the client. We accelerate business growth and success across North Dakota, strengthening and diversifying the economy, resulting in long-term positive impacts. When small businesses thrive, communities thrive. **North Dakota thrives**.

This year we are celebrating the 35th anniversary of the ND SBDC program. For over three decades, our program and staff have been invested in the success of small and medium-sized businesses across our state. Now, probably more than ever in our long history, the ND SBDC is recognized as the essential service provider and support system for the businesses that are the cornerstones of our state's economy. Please refer to the ND SBDC impact information, the 2020 ND SBDC Annual Report, and the letters of support provided with this written testimony. To highlight just a few relevant data points from the past 20 months of the current biennium:

- the state's return on investment for the ND SBDC program is estimated to **exceed $70 million in state tax revenues,** with the current funding level at just over $750,000 per biennium, that calculates an approximate **benefit to cost ratio of 124:1**,
- our survival success rate of 90% far exceeds the national average (nationally, only 50% of new small businesses survive their first five years),
- our client satisfaction rate also ranks extremely high: 96% of our clients rate the services they received a 4 out of 5, or higher,
- ND SBDC clients started more than *180 new* small businesses, received more than *$121 million in capital*, and *created, retained, or supported more than 8,200 jobs* in our state.

	2017	2018	2019	2020
New Business Starts	129	100	90	116
Capital Formation	$ 52,385,799	$ 47,565,529	$ 54,914,162	$ 87,010,976
Top 5 Industries Assisted	‣ Other Services ‣ Retail Trade ‣ Accommodation/ Food Service ‣ Prof., Scientific, Tech. Services ‣ Construction	‣ Other Services ‣ Retail Trade ‣ Accommodation / Food Service ‣ Prof., Scientific, Tech. Services ‣ Manufacturing	‣ Other Services ‣ Retail Trade ‣ Accommodation/ Food Service ‣ Prof., Scientific, Tech. Services ‣ Transportation & Warehousing	‣ Other Services ‣ Retail Trade ‣ Accommodation/ Food Service ‣ Prof., Scientific, Tech. Services ‣ Health Care/ Childcare/ Assistance
Start-up % vs. Existing Business %	49% / 51%	48% / 52%	48% / 52%	44% / 56%

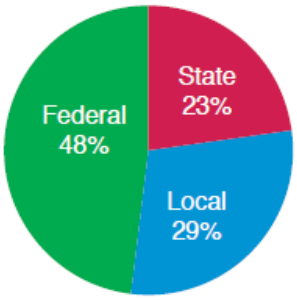
The COVID-19 pandemic has called attention to the vital and significant value of the ND SBDC program. Our COVID-related services and impacts are on page two of the included impact document. The demand for ND SBDC assistance has increased substantially in the past year. In 2020, we served nearly 3,500 individuals through one-on-one advising and training workshops. In an average year that count is usually around 1,500.

The ND SBDC program is North Dakota's widest reaching and most substantial business support program, assisting individual clients in each of our state's 53 counties. Our program far exceeds its goals in each category, each year. We report only verifiable, fact based successes. The comprehensive expertise and certifications of our staff is incomparable, and the tools available to our clients are not available through any other service or organization in our state, not even those that do charge a fee.

The ND SBDC is a fundamental component of the North Dakota entrepreneurial ecosystem. Small business is BIG business in this state, with 98.8% of firms defined as small businesses. The statewide services provided by the ND SBDC have direct economic impacts including jobs, tax base, and quality of life. Small businesses ARE the foundation of our communities and provide essential services and products to support the operations and success of all of our state's industries, including our top producers: oil, energy, agriculture, and tourism. Regardless of industry or interest, from manufacturing to childcare, innovation to rural vitality, and workforce development to business transition planning – the path for each client and business is unique, and the ND SBDC guides these businesses towards success.

Each of the past five years has seen an increase in federal funding for the national SBDC program, however, the **ND SBDC will be challenged to receive our full allocation of federal dollars**, when our state contribution remains at the current level. Page five of our Annual Report shows the breakdown of federal, state, and local funding sources. The State

provided only 23% of funding for operations of this statewide program in 2020. Adequate funding from the state supports our program in numerous ways:



- To sustain current service capacity and program offerings, in order to *meet the increasing demand for assistance* from our program, assisting ND small businesses to start, grow, and not just survive but thrive in the long-term – we anticipate lasting effects from the pandemic will be devastating for years to come on our small businesses,
- Adequate state funding ensures that we can continue to *leverage the maximum amount of federal funding available to our state*, and continue to meet the mandated 1:1 match under the SBDC program; if state and local funding decreases, our federal funding will decrease (a triple-threat to our operations and service delivery capacity),
- We anticipate local sources of funding to become even more strained in the near future, and seeking these local sources for operational funding takes significant time away from direct assistance provided to clients,
- If funding for the ND SBDC program decreases below the current level, it will have *negative repercussions* on service delivery, economic impact, and may lead to the closure of service centers.

An additional consideration would be a more direct appropriations approach to the funds meant for the ND SBDC program. Funding allocations within an aggregated budget line lack legislative intent. Given the considerable **statewide impact** of the ND SBDC, it may be in the best interest of the state to have ND SBDC be a named budget line, outside of the Partner Programs line.

The ND SBDC is a long-standing, strong program with undeniable positive impacts for our state's economy, businesses, and communities – large and small. While many may not realize the strength of small businesses in our state, we like to remind them that the essential services and products they consume, whether from the grocery store, gas station, car dealership, childcare center, plumber, electrician, or dentist, are small businesses that

employ people, pay taxes, and support the local little league team. We as a network of passionate and invested individuals look forward to serving these businesses and this state for years to come. We are proud to assist the resilient, determined, and hard-working small businesses and entrepreneurs in our communities. Helping our clients achieve their dreams of owning a successful small business, right here in North Dakota, is what matters most.

I am happy to answer any questions that you have. I appreciate having the opportunity to share this information with you. Thank you Chairman Monson and committee members for your time, and for your support of the ND SBDC and small businesses all across our great state.

March 3, 2021

The Honorable Jeff Delzer
North Dakota House of Representatives
Chairman, House Appropriations Committee

Dear Mr. Chairman:

I am writing to you regarding SB 2018 and State funding for the ND Small Business Development Centers (SBDC) through the ND Department of Commerce budget.

I recently received assistance from the SBDC Fargo service center and business advisor Paul Smith after first learning of the program through the SBA District Office in Fargo. The SBDC has been vital to starting my new business. Paul assisted with financial projections and investor presentations, and his knowledge, professionalism and level of caring were evident and greatly appreciated. This process required numerous on-site meetings at the SBDC office, Zoom meetings, and also face to face meetings with potential investors at their place of work. The amount of work provided to me at no cost would have been cost prohibitive through a CPA firm.

After much consideration and assistance from Paul, I started Forest Products Direct, which will offer a one-step approach to providing lumber and sheet goods to contractor customers. We will also offer doors, windows, millwork, drywall, siding and roofing products through our specialty (one-step) distributor partnerships.

I have many years of experience running existing businesses including Simonson Lumber and Miller Holdings. Starting a new business is a very difficult and stressful process – even for an experienced business person. I can't imagine what it would be like for a person who doesn't have experience. Having the services of the SBDC and Paul to bounce ideas and provide financial documents to obtain capital was invaluable.

I was amazed to learn the SBDC provided assistance to more the 1400 unique clients in 2020, helped small business owners obtain nearly 85M in capital for starting and expanding their companies, and supported 6,031 jobs in ND – all in the face of this challenging COVID-19 pandemic. And most impressive of all: 90% of small business owners who use SBDC services to start their companies are still in business after 5 years. These statistics point to the impact of the SBDC on small businesses and the economy across our state.

I would respectfully ask for your consideration of increased funding for this vital program. By continuing to fund and expand this great service, you are supporting small businesses, job creation and economic growth across North Dakota.

Sincerely,

Richard J Simonson

2021 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division
Prairie Room, State Capitol

SB 2018
3/11/2021
House Appropriations Committee - Education and Environment

A BILL for an Act to provide an appropriation for defraying the expenses of the department of commerce; and to provide for a transfer.

Chairman David Monson called the meeting to order at 10:02 a.m.

Representative	Present	Absent
Chairman Monson	P	
Vice Chairman Schmidt	P	
Representative Martinson	P	
Representative Nathe	P	
Representative Sanford	P	
Representative Schatz	P	
Representative Boe	P	

Discussion Topics:

- Foreign Direct Investment (FDI)
- Digital Aviation Segment of North America
- Grand Sky Development Company
- Economic Development of ND
- Leondardite Products

James Leiman (10:02 a.m.) testified in favor. Testimony #8849

Frank Matus (10:47 a.m.) testified in favor. Testimony #8706

Tom Swoyer (10:58 a.m.) testified in favor. Testimony #8765

Jolene Rieck (11:17 a.m.) testified in favor. Testimony #8641

Jennifer Greuel (11:24 a.m.) testified in favor. Testimony #7130

Cherie Harms (11:30 a.m.) testified in favor. Testimony #8714

Additional written testimony: #8764, #8713, #8710, #8711, #8704, #8676, #8660, #8654, #8639, #8637, #8627, #8628, #8612, #8583, #8348, #8338, #8672, #8850

Chairman David Monson adjourned the meeting at 11:42 a.m.

Klarissa Pudwill, Committee Clerk

SB 2018
March 11, 2021
House Education and Environment Committee

Chairman Monson and Members of the E&E Committee,

As leaders in the North Dakota Energy Sector, we request that you support Senate Bill 2018 given Commerce's importance in growing the economy, marketing the sector's characteristics, preparing communities for the state's clean energy transformation and creating a workforce that meets competitive standards for recruiting the nation's best talent.

Specifically, the requested Commerce budget has discretion to invest money into Foreign Direct Investment (FDI) efforts thereby increasing the probability of value-added production capabilities and invest in critical projects such as informing industry on evolving Environmental, Social and Corporate Governance (ESG) standards. This occurs via the Commerce Momentum (Discretionary) Fund and the FDI request of $850,000.

As industry and the State of ND invest big into clean energy, Commerce is essential in moving the needle, accelerating an innovative and entrepreneurial environment, and synchronizing activities among state agencies to support the energy sector most effectively.

Please accept this letter as a collective endorsement of these critical Commerce initiatives as well as SB 2018.

Jason Bohrer, President & CEO
Lignite Energy Council

Ron Ness, President
North Dakota Petroleum Council

Danette Welsch, Government Relations
ONEOK

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www.thalesgroup.com/USA

January 5, 2021

Subject: Thales Letter of Support for Vantis and Northern Plains UAS Test Site

The Honorable Chairman Jeff Delzer-

I am writing you on behalf of Thales, a global organization with more than 80,000 employees worldwide, revenues of $24 Billion and one of the systems integrators for the State's beyond visual line of sight (BVLOS) initiative—Vantis—to express our support for Governor Burgum's initiative to use Legacy Funds to stimulate the growth of the unmanned aviation sector in the State.

As a partner with the State, Thales believes that there is enormous potential in the expansion of the UAS industry within the State and across the country. Thales, along with a globally recognized policy and financial consulting firm, recently conducted a technology and economic study to assess the impact of UAS operations in the State of North Dakota over the next 15 years. The study determined that the planned State investment over the next two legislative cycles can lead to a sustainable services stream valued between $40 million to $100 million per year by 2035. Even though there is uncertainty in these forecasts, the study concludes that the latent demand from commercial UAS operators is extremely strong and investment represents a way to prime the pump for the UAS industry in North Dakota.

I provided this information up front to show you that today's investment by the State yields benefits for generations of North Dakotans to come. The benefits of UAS operations extend beyond North Dakota's largest cities. In fact, close to 75% of the benefits realized from the Vantis network improve the lives of those in rural areas. Vantis will soon prove that UAS operations to assist farmers for agriculture, the Bureau of Minerals and Natural Resources for land management, oil and gas companies, and the Department of Transportation for infrastructure improvements and preservation will be apparent. This will lead to new economic opportunities for the State and its residents but will also pave the way for educational opportunities for North Dakota's children because they will witness first-hand how technology improves their lives and the lives of their families.

Perhaps the largest benefit that can't be quantified just yet, is the importance that the State of North Dakota plays in the global aviation ecosystem. Aviation is an industry that is risk adverse, slow to change. However, when it does, programs like the one that the State is undertaking with Vantis, serve as the envy of the industry inspiring others to follow. Vantis is showing air navigation service providers around the world the impact that investment in infrastructure, UAS operations for several applications and evolving aviation policy means to the global aviation community. North Dakota's initiative is referenced globally today—we know this because outside of the United States, Thales has customers in over 170 countries that equate to more than 40% of the total airspace on Earth. The State is in a great position to capitalize through Vantis not only to benefit its own citizens, but as a leading voice in the global integration and adoption of UAS.

Vantis is unique in that this is an opportunity for the State to capitalize on infrastructure investments that will see a continual return on investment. Thales has participated in similar efforts in other States where money was spent on infrastructure to address a small fraction of the UAS integration challenge. The State, through Vantis, understands that partnerships and strong business relationships need to be formed to advance the future of UAS integration. This initial investment will spur economic drivers in several industries from transportation to health care to, eventually, package delivery. Vantis benefits those in rural areas as much as, if not more, than those located in the State's most populated areas. With the industry poised to "take-off," now is not the time to reduce investment, but, continue so that the path towards self-sustainment can be realized within the next five years.

As you can tell, we are very passionate about the future of Vantis. Thales is playing a key role in the U.S. and globally to advance the future of the UAS portion of the aviation industry. We believe in the mission of the State and the Vantis initiative. We look forward to working with the team to deploy capabilities to enable UAS integration into the national airspace system. We urge you to support the ongoing funding for the Vantis network to help attract more companies, like Thales, to North Dakota and provide opportunities for generations to come.

Regards,

Todd Donovan
VP, Airspace Mobility Solutions—Americas

CC: Frank Matus, Thales Air Traffic Control / Digital Aviation Solutions
Nicholas Flom, Executive Director NPUASTS

2021 ENHANCED USE LEASE REQUEST

The current request, passed by the North Dakota Senate, is for **$7M in new funding to support growth of utilities and infrastructure at the park and $3M of carryover from the 2019-2021 biennium**. Grand Sky requested the $7M to support accelerated growth in response to the growth of the UAS market nationally and the expected rapid growth of the North Dakota UAS market that will see quicker growth than the national average with the roll-out of the Vantis statewide BVLOS network.

Grand Sky is self-sufficient with respect to its operations. All past and future State investments are used for the development of new utilities and infrastructure at the park that benefit all tenants. The Enhanced Use Lease grant is funding that will support new investment in utilities and infrastructure that includes; security, roads, electric, sanitary sewer, natural gas, water, fire suppression (hydrant system), storm water and wetlands, airfield apron concrete repair, taxiway lights, taxiway paving, airfield striping and painting, flight support facilities, firefighting equipment, communications (fiber optics), software and licenses for flight operations support, fencing/gates, and common area parking. No funds will be used to subsidize Grand Sky operations with the exception of investment in new roads, utilities, and infrastructure as referenced above.

As mentioned above, Grand Sky is self-sufficient with respect to its ongoing day-to-day operations. However, funding for utilities and infrastructure is needed to continue to grow the park. At the outset, Total utility investment required for the entire park is estimated at $41M. If approved, the current $7M request would bring total infrastructure investment to $28.5M.

THE NEED:

- The tenant base at Grand Sky is growing as is the need for more space.
- Grand Sky will be developing “Phase 2” of the park which includes additional security and communications requirements, along with the pre-development of expansion of the flight operations aprons to promote the possibility of a crosswind runway along with expanded apron space to encourage more tenants to establish operations at the park. Simply put, the park needs to grow its utility and infrastructure footprint to support growth from existing tenants and new tenants.
- We request permission to use some portion, up to $2M, for engineering, planning, and similar services in support of the development of new utilities and infrastructure. No funds will be used in support of tenant facilities.

THE HISTORY

- To date the state has invested $21.5M in utilities and infrastructure at the park.
- The Enhanced Use Lease Grant (Grand Sky) which has been leveraged with $68.75M in private sector investment in the form of new office buildings, hangars, and other support facilities completed in 2020.
- The private sector has invested $3.19 for every $1 the state has invested.

- Since 2015, over $90M in privately funded construction has been completed at Grand Sky yielding a ratio of $4.18 (privately funded) to $1 (State funds).

JOBS CREATED

Annual employment and wage impacts from Grand Sky's ongoing operations (Grand Sky and tenant operations) include the following:

- Grand Sky and its tenants employ 187 people annually. Those 187 jobs generate almost $17M in annual wages with an average salary of $90,586.05 per year. (Note: Average Salary derived by dividing Total Reported Salary of $16,966,768.00 by 187.3 reported jobs.)
- Grand Sky and its tenants create an Indirect economic impact of $7,282,724 in wages from 143.4 jobs. (Note: Based on IMPLAN estimates)
- Grand Sky and its tenants create an Induced economic impact of $4,935,297 in wages from 120.0 jobs. (Note: Based on IMPLAN estimates)
- Total ANNUAL Grand Sky economic impact, including Direct, Indirect and Induced economic impacts from employment is $29.18M over 450.7 jobs. (SOURCE: Project Technical Memorandum from Jeffrey Donohoe Associates, LLC regarding "Grand Sky Economic Impact Evaluation" dated 2/26/21)

BENEFITS TO THE STATE

- Currently, Grand Sky generates $1,309,000 per year in state and local taxes from the following four sources: Employee Compensation, Tax on Production and Imports, Households, Corporations. (SOURCE: Project Technical Memorandum from Jeffrey Donohoe Associates, LLC regarding "Grand Sky Economic Impact Evaluation" dated 2/26/21)
- Over the next 20 years, assuming no new employment, no changes in compensation rates, changes in tax rates, or changes in state and local taxes, Grand Sky will generate state and local taxes in excess of $26M.

HOUSE APPROPRIATIONS – Education & Environment Division
March 11, 2021 – 10:00 a.m. – Prairie Room

North Dakota Department of Transportation
Jolene Rieck, PLA, Executive Staff Officer

Testifying in Support of SB 2018

Good morning Mr. Chairman and members of the committee. I'm Jolene Rieck, the Executive Staff Officer for the North Dakota Department of Transportation. I'm here to testify on behalf of the agency to support SB 2018.

The North Dakota Department of Transportation (NDDOT), Department of Commerce and the Northern Plains UAS Test Site are deploying Unmanned Aircraft Systems (UAS) technologies through USDOT's Integration Pilot Program (IPP). Recently, the North Dakota Department of Transportation was awarded an extension to the IPP program. The new IPP program is called "BEYOND" and the North Dakota Department of Transportation along with the Northern Plains UAS Test Site are working toward the safe implementation of UAS operations and technologies throughout the State of North Dakota.

The USDOT states that there are over 1.7 million Unmanned Aircraft Systems (UAS) currently registered in the United States. North Dakota DOT's partnership with Department of Commerce and the Northern Plains UAS Test Site is critical in the advancement of UAS operations in North Dakota. VANTIS is the program working in this partnership to expand development of a state-wide UAS network remote ground control infrastructure.

The Department of Transportation will continue to utilize UAS technology for flood fighting efforts, bridge and tower inspections, land surveys, stockpile inventories, and other operating needs of the agency. This allows our agency to work more effectively and efficiently to safety move people and goods throughout North Dakota.

As a partner to the Department of Commerce and the UAS Test Site, the North Dakota Department of Transportation supports the language in SB2018. I stand for any questions. Thank you.

ednd
economic development association of north dakota
PO Box 1091 • Bismarck, ND 58502
701-355-4458 • www.ednd.org

Testimony of Shawn Wenko, President
Economic Development Association of North Dakota
In Support of SB 2018
March 3, 2021

Chair Monson and members of the House Appropriations Committee- Education and Environment Division:

I'm Shawn Wenko, executive director of Williston Economic Development and president of the Economic Development Association of North Dakota (EDND). It is in that capacity I am testifying before you today in support of SB 2018.

EDND represents more than 80 state economic development organizations on the front line of economic development efforts throughout North Dakota. The primary purpose of the organization is to promote the creation of new wealth throughout North Dakota to develop more vibrant communities and improve quality of life.

One of EDND's top priorities is to support North Dakota Department of Commerce programs as valuable tools, programs and resources for the economic developers in our state. EDND members can attest that a strong partnership with the state helps us locally recruit and retain new and expanding businesses, train North Dakota's workforce, and compete in national and international markets. We also rely on the Commerce Department to help local entrepreneurs explore potential opportunities and diversify the state's economy.

The pandemic and other unpredictability in oil and agriculture activity over the last decade have highlighted the need for North Dakota to diversify its economy and stabilize budget sources. Commercialization, entrepreneurship, and small business growth are crucial to North Dakota's economic future. Entrepreneurs and small businesses are leaders in the nation in employment growth. EDND is supportive of the continuation of all Department of Commerce programs which support local economic developers and businesses, such as Innovate ND, funding partners like the North Dakota Small Business Development Centers, providing training programs to redeploy displaced workers through the Technical Skills Training Grant, attracting

workers and new industries through business development programs and tourism, investing in emerging industries such as Unmanned Aerial Systems, and much more. Further investment in programs such as the Innovation Technology Loan Program (LIFT) as part of a comprehensive statewide strategy to continue to bring new industries to the state are other tools to help diversification.

Partner programs such as the ND Small Business Development Centers (ND SBDCs), ND Women's Business Center (NDWBC), Impact ND, and the North Dakota Procurement Technical Assistance Center are vitally important to small business owners launching a new business and the economies of small communities. As an example of the impact of one of these partners, the 10 ND SBDCs provide training and direct business advising and have served 1,879 clients since the biennium began in 2019. During this time, SBDCs have helped 138 new businesses start in the state, supported more than 6,900 jobs and secured more than $76 million in funds for these businesses. For a few specific examples in the Williston area, the local SBDC was able to help the Hair Society Institute run cash flow scenarios and figure out the number of students to accept and training services to provide in order to get the school off the ground. They were also recently able to help Busted Knuckle Brewery and the Pit 105 Barbecue put together a finance plan with funders to enable the project, which took an old county building and rehabbed it, increasing the city's property tax base, to move forward. Across the state, every community or region can provide a multitude of examples like this, showing the value of these partner programs. EDND advocates for funding for all partner programs to remain stable from the 2019-21 biennium.

EDND believes an investment in the Department of Commerce is needed to grow and diversify the economy so North Dakota can ensure a more revenue-stable future. EDND members could spend the rest of the day giving examples of ways the Department of Commerce has aided their communities. No matter the location or size of the community, our membership relies on the Department of Commerce to provide guidance, resources, and staff to support and diversify our state's growth. Thank you for the opportunity to address the committee and express support for SB 2018 on behalf of economic developers statewide.

March 11, 2021

Subject: SB2018

Mr. Chairman and Members of the House Appropriations Committee,

My name is Cherie Harms. I am here in support of the North Dakota SBDC which receives funding in SB 2018. I would like to request an increase or the same budget allocation for the SBDC in this session as allocated in the last session. I would also suggest the ND SBDC be specifically included in the Department of Commerce budget with a named budget line.

The reason I am concerned about this allocation is because the company I am the president and CEO of, Leonardite Products , has benefited from the services provided by the North Dakota SBDC. Our Regional SBDC Director, Keith Olson, helped us at startup, through several challenges and with our recent substantial round of financing in late 2018. Leonardite Products started in 2008 with an investment in an idle mining and processing facility. There were two employees on site operating out of a skid shack with no running water.

Keith Olson looked at our business plan and suggested financing edits. He set up and attended banking appointments with us. It was obvious through this activity the bankers were very comfortable with Keith's recommendations. He was able to get feedback to help us move forward and then helped both the bank and Leonardite Products put together the financing package. Keith introduced us to the PACE program and walked us through that application procedure.

Our SBDC Regional Director was visible when we started the business, yet since then he like all the other SBDC Directors, operate under the radar. He has been with us

every step along the way. I know he assists other business, yet he is not the one cutting the ribbons and winning awards for business growth.

Keith understood that helping Leonardite Products was a benefit to the region and North Dakota for two reasons: 1. We are a is a primary sector business. In other words, 100% of the income we generate comes into North Dakota from outside the state. In 2021 we expect 50% of our income will be from outside of the US. 2. Leonardite Products also diversifies the industry mix of the Williston economy.

As legislators you are keenly aware of the changes North Dakota, and specifically Northwestern North Dakota, has experienced in the last 13 years. During the frantic activity, we relied on the SBDC for advice, guidance and sometimes just a friendly ear. I know SBDC Directors all over the state suggest business synergies based on the trends and community needs they are uniquely privy to. SBDC Directors are embedded in each region of the state; they are local advisors.

With the help of the ND SBDC, Leonardite Products provides good paying jobs for 16 people with opportunities for more employees. We contract services from dozens of area companies. We are on the way to doubling our business in 2021. We appreciate the opportunity to rely on the SBDC. I feel it is vitally important the SBDC continue to provide their services to Leonardite Products and others in the state of North Dakota. Please consider Commerce line item and consistent funding for the ND SBDC.

Cherie Harms
cherie@leonarditeproducts.com
701-471-2704

March 3, 2021

The Honorable Representative Monson
Chairman, House Appropriations Committee, EE Division
North Dakota House of Representatives

Dear Mr. Chairman:

I am writing to you regarding SB 2018 and State funding for the ND Small Business Development Centers (SBDC) through the ND Department of Commerce budget.

I recently received assistance from the SBDC Fargo service center and business advisor Paul Smith after first learning of the program through the SBA District Office in Fargo. The SBDC has been vital to starting my new business. Paul assisted with financial projections and investor presentations, and his knowledge, professionalism and level of caring were evident and greatly appreciated. This process required numerous on-site meetings at the SBDC office, Zoom meetings, and also face to face meetings with potential investors at their place of work. The amount of work provided to me at no cost would have been cost prohibitive through a CPA firm.

After much consideration and assistance from Paul, I started Forest Products Direct, which will offer a one-step approach to providing lumber and sheet goods to contractor customers. We will also offer doors, windows, millwork, drywall, siding and roofing products through our specialty (one-step) distributor partnerships.

I have many years of experience running existing businesses including Simonson Lumber and Miller Holdings. Starting a new business is a very difficult and stressful process – even for an experienced business person. I can't imagine what it would be like for a person who doesn't have experience. Having the services of the SBDC and Paul to bounce ideas and provide financial documents to obtain capital was invaluable.

I was amazed to learn the SBDC provided assistance to more the 1400 unique clients in 2020, helped small business owners obtain nearly 85M in capital for starting and expanding their companies, and supported 6,031 jobs in ND – all in the face of this challenging COVID-19 pandemic. And most impressive of all: 90% of small business owners who use SBDC services to start their companies are still in business after 5 years. These statistics point to the impact of the SBDC on small businesses and the economy across our state.

I would respectfully ask for your consideration of increased funding for this vital program. By continuing to fund and expand this great service, you are supporting small businesses, job creation and economic growth across North Dakota.

Sincerely,

Richard J Simonson

#8713

Testimony by Holly L. Anderson
In Support of SB 2018 Funding for the North Dakota Procurement Technical Assistance Center (PTAC)
to the House Appropriations - Education and Environment Division Public Hearing
March 11, 2021

Good morning Mr. Chairman and Committee members.

My name is Holly Anderson, and I am the owner and CEO of Elinor Coatings, a research and development company in Fargo that provides corrosion and surface protection solutions to the Department of Defense. Thank you for the opportunity to provide my input on SB 2018. As a business owner who has received direct advising from the North Dakota Procurement Technical Assistance Center (ND PTAC), I urge your continued support for funding of the program.

ND PTAC provides no-cost procurement and contracting assistance to North Dakotans who want to do business with local, state and federal agencies. Navigating the complex government contracting environment without proper guidance can lead to costly mistakes in time and money for a business owner.

In 2020, North Dakota entities held contracts from The Department of Defense valued at $260,989,826. In 2020, the Department of Health and Human Services increased contracts in North Dakota nearly $85 million from the year before to $251,652,705. (www.usaspending.gov) PTAC is helping our state grow new business sectors, create high-paying skilled jobs and increase North Dakota's share of the $1.485 trillion in discretionary funding spent by the federal government annually.

Having knowledgeable and no-cost support from PTAC has been extremely valuable to Elinor Coatings. We recently secured two multi-year Department of Defense research contracts to develop anti-corrosion coatings for air and ground vehicles for the Air Force and Army. These contracts have resulted in seven additional highly-skilled employees at Elinor laboratories and two open positions we are seeking to fill.

The state and local PTAC have been very helpful to Elinor Coatings in several ways. Cathy Lindquist at PTAC Fargo has assisted us with our registration on the Federal System for Awards Management (Sam.gov), searching for opportunities, qualifying for HUBZone, navigating the Federal invoicing website, and finding information to stay compliant in cybersecurity and federal acquisition regulations (FARs). We take advantage of webinars and online materials the PTAC offers regularly. We consistently get same-day answers to our questions from our PTAC office.

Funding of PTAC is currently provided by the Department of Defense's Defense Logistics Agency on a 60/40 basis with the 40% state match being funded by the ND Department of Commerce through the momentum/discretionary budget line. Please support business owners like me all around our great state by proposing increased funding for the ND PTAC.

Respectfully,

Holly Anderson, CEO
Elinor Coatings, LLC
1854 NDSU Research Circle N
Fargo ND 58102
701-499-3635
www.elinorcoatings.com

March 2021

Dear Chairman Monson, Vice-Chairman Schmidt, and members of the House Appropriations Committee, Education & Environment Division:,

As a small business owner who has received direct assistance from Paul Smith, I urge you to increase the state's funding support of the ND SBDC. This nationally accredited program provides invaluable, no-cost business advising to small businesses all around the state and has been influential in helping build and grow my business.

I acquired the Hammelton Building in Lisbon, ND, in 2018. Built in 1907, the Hammelton building had been empty for more than 15 years prior to its renovation. With limited knowledge and experience within the world of construction, real estate law, marketing, etc., I began the planning process to bring this property back to life. During the renovation process, I worked with several professionals and sought advice from anyone willing to help. It was then that Gwen Crawford, Lisbon City Auditor, advised me to look to the ND Small Business Development Centers for assistance. I had no experience with this sort of project; I only knew I wanted to be successful in making an impact and establishing a legacy with our community.

Elijah Holdings LLC has been a client of the ND SBDC since 2017 and our project was recently featured as a 2020 success story. ND SBDC assisted me AND my future tenants (separately) in planning for future financial needs and growth. Together, we had a comprehensive plan that has allowed each of us to succeed. Some of my retailers enjoyed their most profitable quarters DURING the COVID-19 closures and restrictions---this was possible because of the planning and implementation we had done together.

The City of Lisbon was awarded the Governor's Choice Community Development Award for its efforts on the Hammelton Building. This award recognizes a development project that has increased the quality of life in a community. The Hammelton has been transformed into a high-rise apartment complex with a bridal store, flower shop, event hall, martial arts school and clothing boutiques. The project has been an inspiration for others in our community, and despite the economic challenges of 2021, Lisbon has seen a boom in new store openings and retail sales.

The ND SBDC provides support to businesses in many ways. They give guidance on developing business plans and financial projections, providing accurate and comprehensive industry data, creating marketing strategies, obtaining financing, enhancing websites and e-commerce, assessing cybersecurity issues, and much more.

Not only did the ND SBDC provide assistance to more than 1,400 unique clients in 2020, but they have also increased their services and outreach in the face of COVID-19. The ND SBDC helped small business owners obtain nearly $85M in capital for starting and expanding their companies. The organization also created, retained and supported 6,031 jobs in North Dakota. By providing live and recorded webinars to assist business owners with PPP Loan applications and forgiveness, the Economic Injury Disaster Loans

(EIDL), BND COVID-19 relief programs, and other business support, the ND SBDC has been on the front lines of saving and strengthening North Dakota's business community during the pandemic.

Please support small business owners and entrepreneurs around our great state by proposing increased funding for the ND SBDC program. Now more than ever our small businesses, and the economy of North Dakota, need programs like the ND SBDC that provide no-cost advising for our businesses as we try to survive during a pandemic. Financial support for this program results in a healthier and more resilient small-business sector, creates meaningful jobs and thriving communities, and supports the overall North Dakota economy.

Sincerely,
Teena Elijah

Elijah Holdings LLC
13210 68th Street SE
Lisbon ND 58054
701.680.9828

March 2, 2021

Chairman Monson, Vice-Chairman Schmidt, and members of the House Appropriations Committee, Education & Environment Division:,

My name is Sonja Duerre Stromswold, and I own two small businesses in Mohall, ND. As the owner of two long-operating small businesses in North Dakota, I am writing to testify in support of the North Dakota Small Business Development Centers (ND SBDC) and their services. I have worked with and seen first-hand the impacts of the ND SBDC, so I urge you to increase the state's funding support of this incredibly impactful program. This nationally accredited program provides invaluable, no-cost business advising to small businesses all around the state and is influential in the growth of business and economic success in our state and local communities.

Both of my businesses have utilized the services of the ND SBDC since the program started in North Dakota in 1989 – 35 years ago. From starting a business to growing it, the ND SBDC and its business advisors have been invaluable to my businesses. Both businesses, The Flower House Garden Center and The Prairie Bistro, LLC, are located in rural Mohall, North Dakota. The Flower House began as a way to supplement my family's farming income in 1968. While our farm has not survived, the Flower House did, partly due to the business support and financial help from SBDC. Our advisor at the time helped us develop a business plan and helped us apply for and receive Disaster Assistance due to the poor economy in rural North Dakota at the time. We've continued to take advantage of the business advice of Mary Beth Votava, the current Center Director of the Minot Region SBDC. She has helped us improve our pricing structure, create budgets, analyze our performance, and survive the cycles of business in an area dependent on agriculture and oil. I believe it is safe to say The Flower House Garden Center would not be in business, employing 15-20 people in our small town, today if not for the support of SBDC. The Prairie Bistro, LLC began the same year the ND SBDC did, in 1989. And as with the Flower House, the local SBDC has been a steady source of support, education, and advice since I opened the business. I knew how to bake but not how to create a budget, price my product, or read a financial statement. Thanks to the ongoing support of the SBDC, we now employ 4 full staff and up to 8 part time. Neither business would be here today if not for the support of the SBDC.

Please support small business owners, local communities, and economic growth around our great state by supporting and increasing funding for the ND SBDC program. I cannot overstate the importance of their assistance, now more than ever, as small businesses like mine attempt to navigate and survive the impacts of the pandemic. The support of the ND SBDC has not only kept The Flower House Garden Center and The Prairie Bistro, LLC, but has also helped us grow. Financial support for this program will result in a healthier and more resilient small-business sector, create meaningful jobs and thriving communities, and support the overall North Dakota economy. Please support my small businesses and others like them by supporting the ND SBDC.

Sincerely,
Sonja Duerre Stromswold

NCPC
NORTH CENTRAL
PLANNING COUNCIL

417 5th St. NE
PO Box 651
Devils Lake, ND 58301-0651
PH: 701-662-8131
Fax: 701-662-8132
www.northcentralplanningcouncil.com

March 2, 2021

Representative Monson
House Appropriations
Education and Environment Div.

Dear Chairman Monson,

I am writing to urge you to increase the states funding of the ND SBDC. This nationally accredited program provides invaluable, no-cost business advising to small businesses all around the state and is influential in the growth of business and economic success in our state and local communities.

I have been a board member of North Central Planning Council, the host organization for the Devils Lake ND SBDC, since 2015. I have received quarterly and annual SBDC reports since that time and have seen first-hand the impacts of the Devils Lake SBDC and the entire ND SBDC network. North Dakota Region III consists of Benson, Cavalier, Eddy, Ramsey, Rolette, and Towner Counties as well as the Turtle Mountain Band of Chippewa and Spirit Lake Reservations. This Center has assisted Region III entrepreneurs and business owners with numerous business start-ups, expansions, business successions and obtaining millions of dollars in capital.

The ND SBDC provides support to businesses in many ways. They give guidance on developing business plans and financial projections, providing accurate and comprehensive industry data, creating marketing strategies, obtaining financing, enhancing websites and e-commerce, assessing cybersecurity issues, and much more. These efforts result in strong small business ecosystems in local communities and helps to create jobs and economic growth in our state.
They have also increased their services and outreach in the face of COVID-19. By providing live and recorded webinars to assist business owners with PPP Loan applications and forgiveness, the Economic Injury Disaster Loans (EIDL), BND COVID-19 relief programs, and other business support, the ND SBDC has been on the front lines of saving and strengthening North Dakota's business community during the pandemic. The ND SBDC helped small business owners obtain nearly $85M in capital for starting and expanding their companies. The organization also created, retained and supported 6,031 jobs in North Dakota.

Please support small business owners, local communities, and economic growth around our great state by proposing increased funding for the ND SBDC program. Now more than ever North Dakota needs programs like the ND SBDC that provide no-cost advising for our small businesses. Financial support for this program results in a healthier and more resilient small-business sector, creates meaningful jobs and thriving communities, and supports the overall North Dakota economy.

Sincerely,

Merle Boucher

PO Box 7
Rolette, ND 58366
PH: 701-246-3652
Cell: 701-550-9098

Dr. John Miller
President, Williston State College

Representative Monson and Representative Schmidt:

I am writing today in support of the North Dakota Small Business Development Centers (SBDC), and in turn to ask that you consider additional funding for this worthwhile service to small businesses in North Dakota. As a college president and host for one of the regional SBDC's, I see every day the impact our regional SBDC has on local people, local businesses, and local prosperity. This nationally acclaimed program provides invaluable, no-cost business advising to small businesses and prospective small business operators all around the state, and speaking for NW North Dakota, Keith Olson and those who support his efforts are essential to the growth of business and economic success in our local communities, our region, and our state.

To illustrate my point, in 2020 the Williston State SBDC served over 350 clients, achieved capital infusion of more than $53 million, Small Business Administration (SBA) loans of almost $16 million, and supported the creation of over 1300 jobs. I believe the ultimate purpose of the SBA and by extension our regional SBDC's is to generate wealth, create jobs, and foster economic and personal prosperity. Given last year's reporting metrics, the local and statewide efforts of the SBDC have been highly successful across the board.

Not only did the North Dakota SBDC's aid more than 1,400 unique clients in 2020, but they also increased their services and outreach in the face of COVID-19. By providing live and recorded webinars to assist business owners with PPP Loan applications and forgiveness, the Economic Injury Disaster Loans (EIDL), Bank of North Dakota COVID-19 relief programs, and other business support, the North Dakota SBDC has been on the front lines of saving and strengthening North Dakota's business community during the pandemic.

Please support small business owners, local communities, and economic growth in North Dakota by supporting increased funding for North Dakota SBDC programs during this critical time.

Respectfully,

John S Miller, Ed.D.
President
Williston State College
john.s.miller@willistonstate.edu
701-774-4231

NDSU | RESEARCH AND TECHNOLOGY PARK

JMar 2, 2021

North Dakota Leader,

My team and I are fortunate to work with the ND SBDC every day and see the positive impacts of this important statewide organization. I urge you to increase the funding of this impactful program which will greatly enhance the business environment in North Dakota.

The ND SBDC provides support to businesses in many ways. They give guidance on developing business plans and financial projections, providing accurate and comprehensive industry data, creating marketing strategies, obtaining financing, enhancing websites and e-commerce, assessing cybersecurity issues, and much more. These efforts result in strong small business ecosystems in local communities and helps to create jobs and economic growth in our state.

Please support small business owners, local communities, and economic growth around our great state by proposing increased funding for the ND SBDC program. Now more than ever our small businesses, and the economy of North Dakota, need programs like the ND SBDC that provide no-cost advising for our businesses as we try to survive during a pandemic. Financial support for this program results in a healthier and more resilient small-business sector, creates meaningful jobs and thriving communities, and supports the overall North Dakota economy.

Take care,

Brian P. Kalk Ph.D. | Executive Director
1854 NDSU Research Circle | Fargo, N.D. | 58102
Cell: 701.261.0373 | brian.kalk@ndsurtp.com
U.S. Marine Corps (Retired) | N.D. Public Service Commissioner (Emeritus)

Testimony of Shawn Wenko, President
Economic Development Association of North Dakota
In Support of SB 2018
January 25, 2021

Chairman Holmberg and members of the Senate Appropriations Committee:

I'm Shawn Wenko, executive director of Williston Economic Development and president of the Economic Development Association of North Dakota (EDND). It is in that capacity I am testifying before you today in support of SB 2018.

EDND represents more than 80 state economic development organizations on the front line of economic development efforts throughout North Dakota. The primary purpose of the organization is to promote the creation of new wealth throughout North Dakota to develop more vibrant communities and improve quality of life.

One of EDND's top priorities is to support North Dakota Department of Commerce programs as valuable tools, programs and resources for the economic developers in our state. EDND members can attest that a strong partnership with the state helps us locally recruit and retain new and expanding businesses, train North Dakota's workforce, and compete in national and international markets. We also rely on the Commerce Department to help local entrepreneurs explore potential opportunities and diversify the state's economy.

The pandemic and other unpredictability in oil and agriculture activity over the last decade have highlighted the need for North Dakota to diversify its economy and stabilize budget sources. Commercialization, entrepreneurship, and small business growth are crucial to North Dakota's economic future. Entrepreneurs and small businesses are leaders in the nation in employment growth. EDND is supportive of the continuation of all Department of Commerce programs which support local economic developers and businesses, such as Innovate ND, funding partners like the North Dakota Small Business Development Centers, providing training programs to redeploy displaced workers through the Technical Skills Training Grant, attracting workers and new industries through business development programs and tourism, investing in

emerging industries such as Unmanned Aerial Systems, and much more. Further investment in programs such as the Innovation Technology Loan Program (LIFT) as part of a comprehensive statewide strategy to continue to bring new industries to the state are other tools to help diversification.

Partner programs such as the ND Small Business Development Centers (ND SBDCs), ND Women's Business Center (NDWBC), Impact ND, and the North Dakota Procurement Technical Assistance Center are vitally important to small business owners launching a new business and the economies of small communities. As an example of the impact of one of these partners, the 10 ND SBDCs provide training and direct business advising and have served 1,879 clients since the biennium began in 2019. During this time, SBDCs have helped 138 new businesses start in the state, supported more than 6,900 jobs and secured more than $76 million in funds for these businesses. For a few specific examples in the Williston area, the local SBDC was able to help the Hair Society Institute run cash flow scenarios and figure out the number of students to accept and training services to provide in order to get the school off the ground. They were also recently able to help Busted Knuckle Brewery and the Pit 105 Barbecue put together a finance plan with funders to enable the project, which took an old county building and rehabbed it, increasing the city's property tax base, to move forward. Across the state, every community or region can provide a multitude of examples like this, showing the value of these partner programs. EDND advocates for funding for all partner programs to remain stable from the 2019-21 biennium.

EDND believes an investment in the Department of Commerce is needed to grow and diversify the economy so North Dakota can ensure a more revenue-stable future. EDND members could spend the rest of the day giving examples of ways the Department of Commerce has aided their communities. No matter the location or size of the community, our membership relies on the Department of Commerce to provide guidance, resources, and staff to support and diversify our state's growth. Thank you for the opportunity to address the committee and express support for SB 2018 on behalf of economic developers statewide.

MISSION

We help North Dakotans to start, manage and grow their businesses.

NORTH DAKOTA SMALL BUSINESS DEVELOPMENT CENTERS

Your Ideas - Our Expertise - Your Success

833.4.ND.SBDC
ndsbdc.org

Our credentialed advisors empower North Dakota small businesses and entrepreneurs to thrive. The ND SBDC provides customized guidance and resources that help owners and entrepreneurs achieve their goals at every stage of their business lifecycle. We are the source for knowledge, specialized expertise, connections, business acumen, insights, tools and resources for our small businesses. We make an impact on the North Dakota economy.

The ND SBDC is a partnership between:

- Federal government - U.S. Small Business Administration
- State of North Dakota - Commerce Department
- North Dakota University System - University of North Dakota

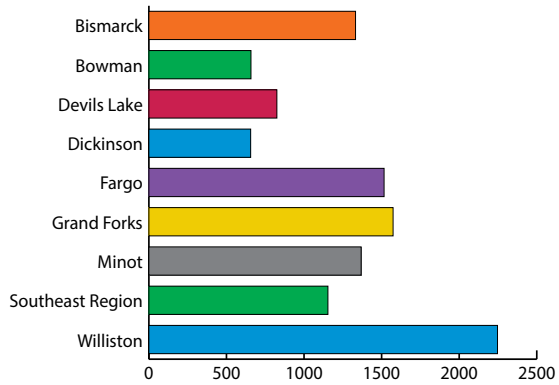
2021-2023 CONSIDERATIONS

1. Maintain or increase state funding to the program: in order to sustain service capacity to meet the needs of clients, to leverage the maximum amount of federal funds allocated to our state, and meet the mandated state and local matching funds requirement.
2. More directly appropriate funds to the ND SBDC, potentially through a named budget line.

IMPACT INFORMATION

ROI: estimates exceed $70 million in state tax revenues since July 2019 (revenue/cost = 124:1)

SERVICE BY CENTER



July 1, 2019 - To Date

- 2,632 Unique clients
- 11,424 hours of no-cost advising
- $116,915,283 capital formation
- 177 new businesses started
- 8,019 jobs supported

Last biennium: July 1, 2017 - June 30, 2019

- 1,849 Unique clients
- 11,833 hours of no-cost advising
- $100,485,520 capital formation
- 226 new businesses started
- 5,176 jobs supported

GENDER

1423 | 1186

CLIENTS BY INDUSTRY

1. Other Services (380)
2. Retail Trade (307)
3. Accommodation & Food (257)
4. Professional Services (152)
5. Construction (128)
6. Manufacturing (121)
7. Health Care & Social Asst (119)
8. Arts, Entertainment & Rec (100)
9. Transportation & Warehousing (88)
10. Admin & Support (71)
11. Ag, Forestry, Fishing, Hunting (55)
12. Wholesale Trade (37)

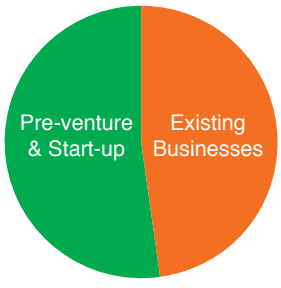
CLIENT SATISFACTION

96%

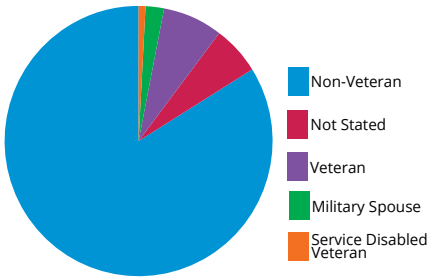
CLIENT SUCCESS RATE

90%

SERVICE BY STATUS



VETERAN STATUS



COVID-19 RESPONSE

Recover – Re-open – Re-invent – (be) Resilient
We are getting ND back in business with our 4R Project. It is a one-stop shop for business owners to find a range of disaster assistance & relief services.

This effort includes specific assistance with topics such as:

- Planning and applying for financial assistance and debt relief options, including
- Paycheck Protection Program (PPP) loans, SBA Economic Injury Disaster Loans (EIDL), and other programs
- Addressing disruptions in supply chains, and necessary pivots in operations, finances, payroll, distribution channels, and sale of products
- Developing web integration, e-commerce, online sales/ distribution and digital marketing
- Awareness of cybersecurity issues, and mitigating cyber risks
- Creating and implementing disaster and Continuity of Operations plans to sustain business activities during interruptions

BUSINESSES ASSISTED

791
businesses assisted with COVID-related services

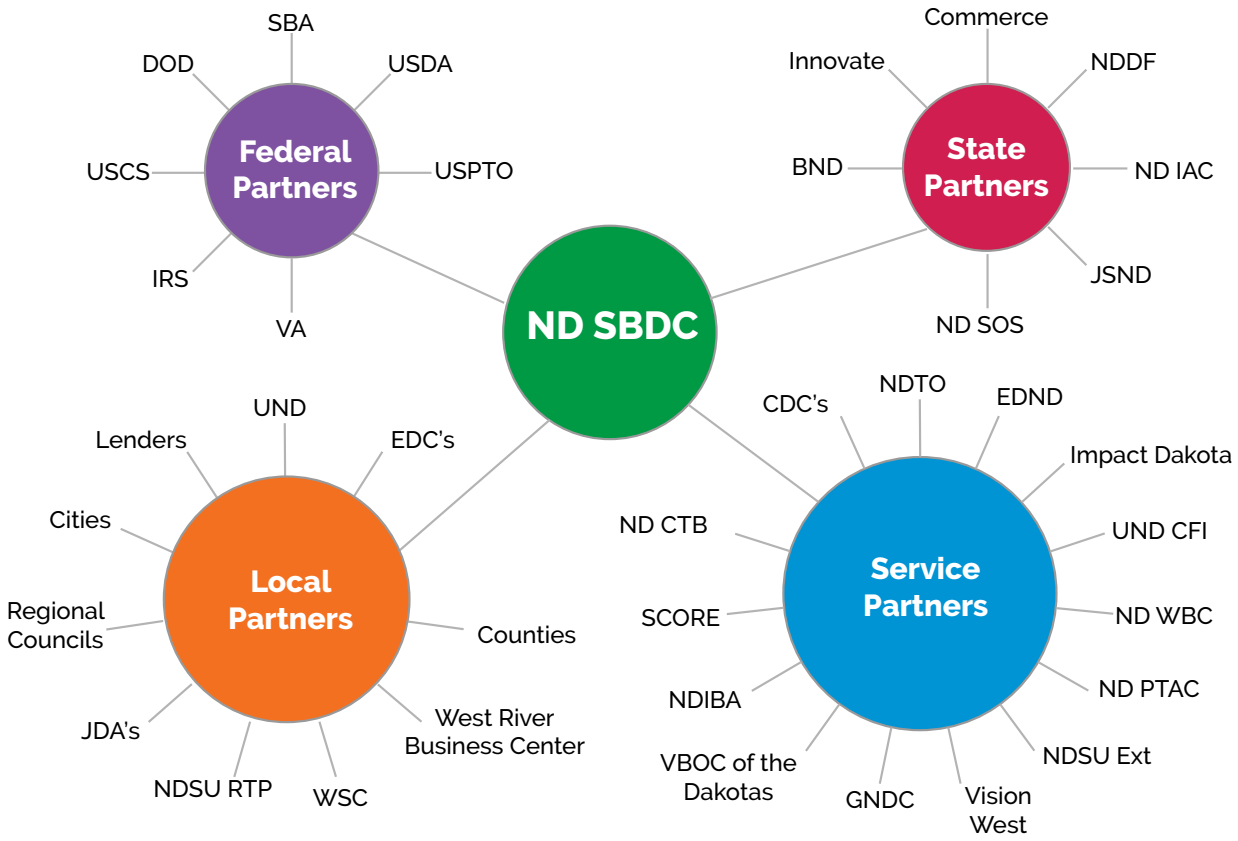
JOBS SUPPORTED

4,335
jobs supported / saved / retained since March 2020

DISASTER ASSISTANCE

$21.4M
in disaster assistance funds to date received by these clients

RESOURCE PARTNERS

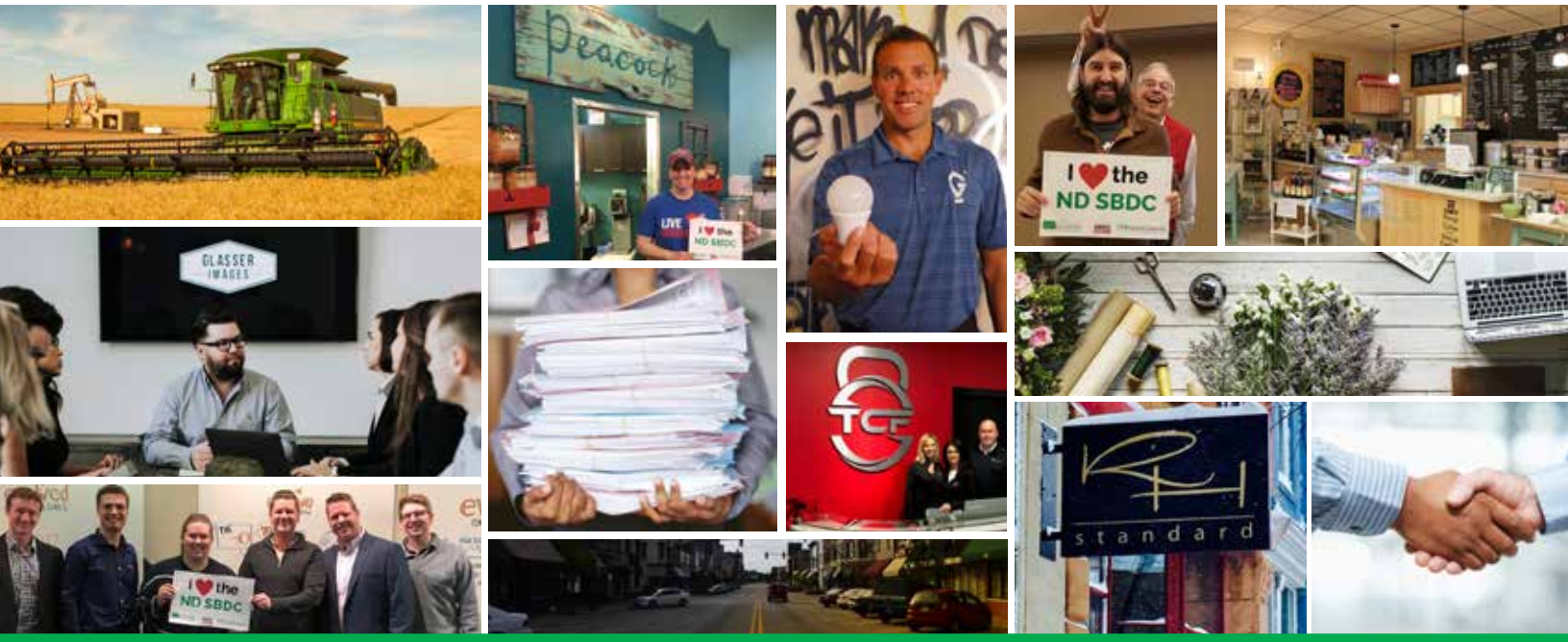


Funded in part through a cooperative agreement with the U.S. Small Business Administration. All opinions, conclusions or recommendations expressed are those of the author(s) and do not necessarily reflect the views of the SBA.

NORTH DAKOTA
SMALL BUSINESS
DEVELOPMENT CENTERS

Your Ideas - Our Expertise - Your Success

2020 Annual Report



INTRO & PARTNER PROGRAMS

Greetings! 2020 has been a year of transition for all! Before the pandemic even began, the leadership of your North Dakota Small Business Development Network shifted, as our State Director retired. I was selected to fill this role later this past spring, after serving the network as Associate State Director.

Throughout the year, there have been many positives for our network. With tremendous gratitude, credit deserves to be given to the incredible team of highly qualified individuals that have been the "boots-on-the-ground" with our state's small businesses. The team has quickly learned new programs and then learned changes to new programs. They have been innovative and have adapted their processes, just as we encourage our clients to do.

ND SBDC credentialed advisors are invested in the success of our North Dakota small business ecosystem – empowering business owners and entrepreneurs with knowledge, insights, tools and resources, listening to their needs, goals, and struggles, and giving them the confidence and skills to be stronger leaders and the drivers of their success.

With true entrepreneurial spirit, our clients continue to inspire us with their optimism and persistence – entrepreneurs continue to see new opportunities to start businesses, and our existing businesses shift and find success with new offerings and in new markets. In fact, in 2020 we have directly assisted more than double the clients we served in 2019.

The ND SBDC Network continues to partner with U.S. Small Business Administration, ND Commerce, the University of North Dakota, and our center hosts and contributors listed later in this report. We are appreciative of their support of this vital and important program, and look forward to another year of strong impacts for our state's economy. When small businesses thrive, communities thrive... North Dakota thrives.

Tiffany Ford
State Director

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Alan Haut
U.S. Small Business Administration

Alan Haut, District Director, is responsible for overseeing SBA services across North Dakota. As the nation's go-to resource and voice for small business, the SBA provides counseling, capital, and contracting expertise so businesses can confidently start, grow, expand, or recover. Al's SBA career has included many positions: Economic Development Specialist, Loan Officer, Lender Relations Specialist, and Deputy District Director. His expertise is working with lenders to utilize SBA's loan guaranty programs. He feels the SBDC program is a great help to entrepreneurs needing funds to start or grow their business. The SBDC helps prepare small business owners to meet with lenders and improve their chances of securing needed funding.

Shawn Kessel
Dept. of Commerce

Shawn Kessel, currently serves as Interim Commerce Commissioner. He is an executive professional, has served as adjunct facility, small business owner, and in local government leadership. Prior to his recent appointment, Shawn brings almost 20 years of experience working at the municipal level of government. "The ND Small Business Development Center, one of Commerce's core partners, helps small business across the State navigate the ever changing business landscape. Their services, provided throughout the life cycle of a business include helping the entrepreneur start a new business through assisting the seasoned veteran with succession planning and transitioning the business to a new owner. Small businesses create healthy, vibrant communities which fosters innovation and invites a 21st century workforce by inspiring others to achieve their dreams."

Dr. Amy Henley
University of North Dakota

Amy Henley is the dean and professor of management at the UND Nistler College of Business & Public Administration. She holds a Ph.D. from the University of Texas in Arlington in the area of organizational behavior and psychology. Henley's research interests include distributive and procedural justice, compensation and pay fairness, and intragroup processes. Dr. Henley has co-authored papers that have appeared in numerous top tier academic journals. "We are so proud to be the host of the ND SBDC and assist in supporting small businesses launch and grow across the state," says Henley.

STATE ADVISORY BOARD

Ray Berry

Ray Berry is a co-founder and CEO of OmniByte Technology in Fargo, ND. He is a life-long ND resident and brings over 28 years of experience in the fields of engineering and technology together with his passion to accomplish the OmniByte mission: "Improve the work lives and safety of field service personnel through technology." The ND SBDC has been a valuable partner for OmniByte from the beginning in 2015 and Ray is a promoter and supporter of the organization.

Kevin Davidson

Kevin, a long-time resident of the Devils Lake area, is currently the Lake Region Market VP for First Community Credit Union. He assists in the strategies, structure, and planning process while advocating for the SBDC in his role on our State Advisory Board. Kevin feels fortunate to have great staff, stakeholders, clients, lenders, and partners across the state that make the SBDC a key player in economic development and find success.

Rachael Eider

Rachael Eider is the owner of RH Standard. She opened the business seven years ago, bringing quality service and luxurious goods to her customers. She is an advocate for fellow small businesses and the downtown community. Rachael is happy to bring that greater community and visionary outlook to the ND SBDC Advisory Board and has seen the difference this program can make for small business first hand.

Missy Feist-Erickson

Missy is the Vice President of Peoples State Bank of Velva, a locally owned community bank with offices in Velva and Minot. She is also the treasurer for the Minot Area Chamber of Commerce and serves on the Governor appointed board, Commission on Status of Women. Missy believes that small business is big business! Through the partnership with SBDC and her bank customers, she has seen firsthand the key role SBDC plays to assist in the success of businesses of all kinds,.

Cherie Harms

Cherie Harms is President/CEO of Leonardite Products in Williston, a mining & processing facility serving the ag, foundry and oil industries. In addition to serving on the ND District Export Council and Western Regional Development Economic Boards, Harms is a founder and Secretary/ Treasurer of the Humic Products Trade Assoc. She has personally used the SBDC and is happy to promote and assist the organization.

Kelvin Hullet

Kelvin Hullet brings a wealth of public relations, economic development and government affairs experience to his role as Bank of North Dakota's Economic Development and Government Program Market Manager. "Small Business Development Centers play an important role in entrepreneurship and business expansion in our state," shares Hullet. "It is an honor to be asked to serve on the Board and be a part of this important mission."

Ryan Jilek

Ryan Jilek is a graduate of NDSU with an Electrical Engineering degree. After 22 years as a small business owner and SBDC client, he took a role in economic development as the Executive VP of Stark Development Corporation. Ryan has been active with workforce and business recruitment and expansion, as well as strengthening an environment that fosters innovation and entrepreneurship. The services provided by the SBDC are vital tools to support this effort.

Connie Ova

Connie Ova is the Chief Executive Officer or the Jamestown Stutsman Development Corporation, a position she has help since 2003. She has been instrumental in developing partnerships among many community entities. She says, "SBDC support for this local community and region is invaluable. They provide a much needed service to both new entrepreneurs as well as to existing business owners wanting to enhance their opportunities for growth."

Shawn Wenko

Shawn Wenko has been the Executive Director of the Williston Economic Development office since 2014. He holds a master's degree from the George Washington University and graduated from the economic development institute at the University of Oklahoma. The success of Shawn's clients is attributed to the time they have spent with the regional SBDC office. SBDC provides entrepreneurs with the knowledge, planning, and tools needed to ensure their business is successful.

THANK YOU

Our sincere thanks goes out to Kevin Davidson, Rachael Eider, and Cherie Harms whose terms on our board concluded in 2020. They have been valuable and longstanding members of our advisory board and we appreciate their time, knowledge, and input over the years.

IMPACTS

These numbers include both core services and COVID response clients.

1,465
Individual Clients Advised

6,785
Hours of Advising

$84,477,650
Client Capital Formation

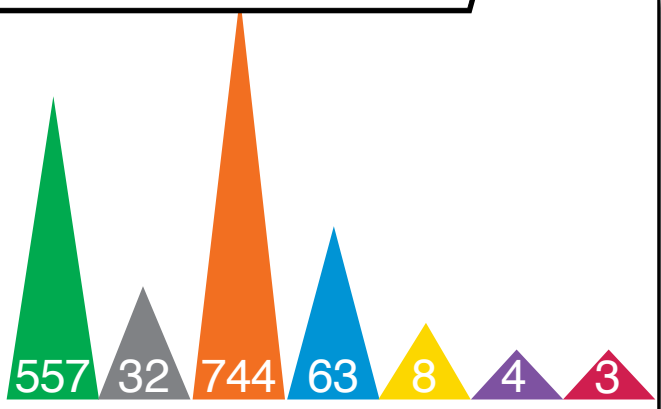
115
New Businesses Created

6,031
Jobs Supported

1,978
Training Attendees

CUSTOMER DEMOGRAPHICS

BUSINESS STATUS



INDUSTRY SEGMENT

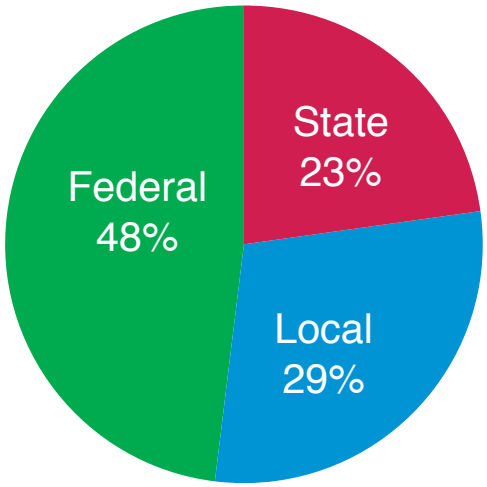
**Only top 12 categories displayed due to space limitations*

1. Other Services (232)
2. Retail Trade (173)
3. Accommodation & Food (165)
4. Technical Services (81)
5. Construction (66)
6. Health Care (63)
7. Arts, Entertainment & Rec (56)
8. Transportation & Warehousing (54)
9. Manufacturing (48)
10. Ag, Forestry, Fishing, Hunting (32)
11. Admin & Support (25)
12. Wholesale Trade (18)

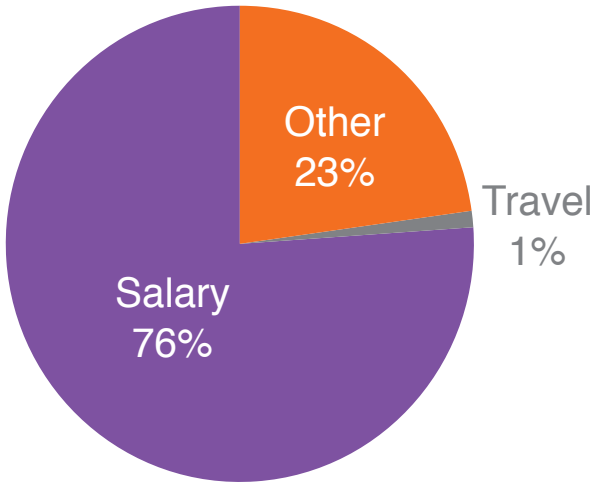
GENDER

RACE / ETHNICITY

FUNDING SOURCES



EXPENSES BY CATEGORY



PARTNER & SUB-AWARD HOSTS

SBA U.S. Small Business Administration

UND University of North Dakota

North Dakota Be Legendary.™

Bowman County Development Corporation

Dickinson State University

NCPC North Central Planning Council

NDSU Research and Technology Park

WRBC West River Business Center

Williston State College

PROGRAM SPONSORS

Adams County Development Corp.
Bank of North Dakota
Bismarck Mandan Chamber EDC
Bottineau EDC
Bowman County
Bowman County Development Corp.
Cavalier County JDA
City of Bowman
City of Grafton
City of Grand Forks
Dakota Business Lending
Dickinson State University
Economic Development Assoc of ND
Eddy County
Forward Devils Lake
Grand Forks County
Grand Forks EDC
Greater Fargo Moorhead EDC
Lewis & Clark Development Group
Mountrail County JDA
NDSU Research & Technology Park, Inc.
North Central Planning Council
North Dakota Opportunity Fund
Rolette County
Rugby JDA
Stark Development Corporation
Towner County EDC
US Bank
Walsh County JDA
Williston Economic Development

BISMARCK CENTER

YOUR IDEAS • OUR EXPERTISE YOUR SUCCESS

IMPACTS

13
New Businesses Created

522
Jobs Supported

130
Individual Clients Advised

$6,952,070
Client Capital Formation

SUCCESS STORY

STROH & ASSOCIATES

BISMARCK - With a young family in Bismarck, an office in Dickinson and working with hundreds of accounts for Blue Cross Blue Shield in western ND, Sheyna (Stroh) Weisenburger was spread very thin. She was traveling hundreds of miles a week meeting with a variety of different brokers and employers from across the US, securing accounts for employer health care contracts. When local employers started asking about different options and potentially better rates for their employee benefit packages, she realized that there was a business opportunity to help employers make those decisions, along with providing ongoing compliance guidance.

In June of 2012, she went to work to get Stroh and Associates up and running. Sheyna was introduced to ND SBDC advisor, Nancy Krogen-Abel, through the IDEA Center in Bismarck. Nancy was able to help Sheyna discover what realistic revenue numbers could potentially look like for her new business, develop a cost analysis of what the next two to three years would look like, and create a detailed business plan to present to bankers. When asked why she reached out to the ND SBDC, Sheyna stated, "I was that typical example of someone who is really good at something, but not good at running a business because I'd never done it before. When meeting Nancy I just did a Hail Mary, as I don't pretend to be good at things I'm not [good at]. She was so amazing and supportive of my idea. She made me feel like she was very invested with my idea."

For the past eight and a half years, Stroh and Associates has grown leaps and bounds. "Working with Nancy made me feel like I had that true genuine sense of support. She gave me great suggestions of which potential banks to start with and visit with. I would hands-down recommend the ND SBDC; as, I would not be where I am today without the help of Nancy and all her contacts."

Read this full client success story, along with others, at ***ndsbdc.org/success-stories***

Nancy Krogen-Abel

Q Tell us how you first got involved with the ND SBDC.

A I attended a class offered by the SBA, ND SBDC, SCORE and ND WBC on starting a business. I had just started a business of my own and was looking for resources. I've now worked with the network for 16 years!

Q If you have been with the network for a while, what is one of your first memories?

A I remember the first large project I worked on and the day the client called and said, "We got the loan!! Thank you!"

Q What do you wish people knew about the ND SBDC?

A While we do help start-ups, we offer so much more than that!

Q What are two pieces of advice you believe would be useful to all small businesses?

A Write a business plan and review it every year. And, cash is king!

BOWMAN CENTER

IMPACTS

4
New Businesses Created

205
Jobs Supported

63
Individual Clients Advised

$1,147,919
Client Capital Formation

SUCCESS STORY

PRAIRIE DENTAL

BOWMAN - Jennifer Sarsland was born and raised in Bowman, ND. After working in the insurance industry for a few years out of college she realized that it what not a fit for her. She enrolled at the University of Nebraska Medical Center College of Dentistry in Lincoln, NE, to pursue dentistry. She received her Doctor of Dental Surgery in May of 2011 and packed her bags to move back to her hometown.

Within a few short months after moving back and working with Dr. Kelly, a well-established and trusted dental practice in the Bowman area, she found herself in a position to become joint partners with Dr. Kelly and Prairie Dental was established. Soon after the partnership was finalized, Dr. Sarsland realized that they were outgrowing their current location. Thankfully, the hospital announced that they would be building a new hospital and clinic. Dr. Sarsland immediately jumped on this idea and started meeting with the hospital CEO to secure the location.

After she secured the hospital location, Dr. Sarsland realized their was extensive amounts of renovations needed to be done. Jennifer reached out to the ND SBDC for assistance. She was connected with Laura Weber at the Bowman SBDC Center, who was not only able to help Jennifer understand her interest buy-down options, but also helped her to create pro formas for her new business location so she could fully understand the monetary impact the relocation and renovation would have on their financials. "Laura and the ND SBDC team were able to help me fill out all the required paperwork for the buy-down program and get approved for it. I would recommend the ND SBDC services to other aspiring entrepreneurs, as it has been able to help me financially so I was able to expand and better serve my community," Jennifer stated.

The renovation has allowed Prairie Dental to increase their patient volume and work more efficiently thanks to the additional space. They have even been able to add more employees to their staff to help take care of their increase in patients.

photo credit: Kelly Schefter

Read this full client success story, along with others, at *ndsbdc.org/success-stories*

Q What do you like most about your job?

A I absolutely love assisting clients in their process of exploring, starting, and building a business.

Q What is the most exciting part of your job?

A The unexpected that comes from dealing with clients as an advisor provides a great amount of excitement as a business advisor with the ND SBDC. Whether it is a start, an expansion, or other business need, you are never sure what the next project will be.

Q What is something you find inspiring about your work?

A The tenacity, initiative, and drive that it takes to be a small business owner is always inspiring to witness through the journeys of the clients we have the opportunity to work with.

Q What is your personal mantra?

A Positivity is a super power!

Laura Weber

DEVILS LAKE CENTER

12
New Businesses Created

166
Jobs Supported

92
Individual Clients Advised

$1,708,458
Client Capital Formation

PAUL'S C-STORE & GAS

FORT TOTTEN - Justin Yankton kicked around the idea of owning a convenience store starting at an early age. Justin's interest in business stems from his father owning Paul's Grocery in Fort Totten, for over 30 years. Due to his declining health and subsequent passing away in 2014, Justin's brother took over the family grocery store.

Over the next year, Justin's urge to open up his own convenience store grew. He planned to purchase the existing gas and laundromat building from his siblings and convert the whole location into a convenience store. Although it was a smaller location that the grocery store building, he knew this would be the more feasible option and it was conveniently located on the corner of the same lot.

From the very beginning, he was able to rely on Sandy Shively, ND SBDC Devils Lake advisor, for assistance. From creating a business plan and calculating startup costs, to obtaining the appropriate licenses and permits and even registering his business with the state, Sandy was there to help. "Sandy was able to give me direction, advice, and information on how to start and where to begin on my business plan," Justin noted.

He also stated that one of the most difficult challenges of starting your own business is just getting started and Sandy was able to help him overcome that hurdle with her patience and expertise within the industry. Throughout the summer and fall of 2015, Justin continued to work with Sandy on the business plans while he was gutting and renovating the building. Justin named this new

convenience store Paul's C-Store & Gas and they officially opened on November 6th, 2015.

For the past five years, Paul's C-Store & Gas has grown leaps and bounds. He attributes his success to the Fort Totten community saying, "We wouldn't be here without our community." Additionally, Justin has kept in contact with Sandy as he is now looking at expanding his store. Sandy has been able to draw up financial projections and expansion costs for him. The ND SBDC is excited to watch Justin and Paul's C-Store & Gas grow.

Read this full client success story, along with others, at *ndsbdc.org/success-stories*

Sandy Shively

Q What three words would you use to describe your roll?

A Listen, Research, Advise

Q What do you wish people knew about the ND SBDC?

A As a collective group of advisors we have a lot of years' experience in assisting a large variety of small businesses. Clients are getting high value advising from a program that does not charge for the assistance they provide.

Q What is the most exciting part of your job?

A It is exciting when you have a client who has an idea but doesn't know what to do next. As an ND SBDC advisor I get to walk them through their business plan and financial projection getting them ready for the next step. It is exciting when one of my clients is able to make their idea a reality.

Q What do you like most about your job?

A I enjoy all the people I get to meet being able to assist in making them successful.

DICKINSON CENTER

This center transitioned to a new host in the fall of 2020.

IMPACTS

6
New Businesses Created

333
Jobs Supported

97
Individual Clients Advised

$330,900
Client Capital Formation

SUCCESS STORY

PHAT FISH BREWING

DICKINSON - Husband and wife, Tony and Kelli Scharf, have always loved their community of Dickinson, North Dakota, where they've resided for almost a decade. They dreamed of bringing everyone closer together but never really knew how. After lots of research and prayers, Phat Fish Brewing was born.

In the beginning, the Scharf's tossed around ideas for a few years and wrestled with the idea of opening a brewery/pizza restaurant over and over again. However, they never really knew where to begin. They sat on the idea for a while until they stumbled into the Department of Veterans Affairs where they had heard about the North Dakota Small Business Development Center (ND SBDC) and how the program could help. They were soon connected with Darryl Neubert, business advisor for the Dickinson Center at that time.

In October 2017, the Scharf's dove head-first into the initial planning process and never looked back. "We didn't expect to get as much out of the advising session as we did! Darryl took his time and helped us with every aspect of what we needed to do to get the information to make good decisions," explained Kelli.

After discussing all their ideas and reviewing the business plan with Darryl, both Tony and Kelli knew they wanted to pursue the brewery and restaurant business whole-heartedly. Throughout the process, whenever they felt unsure about a decision or idea, they returned to the Dickinson SBDC as a sounding board for ideas and resources to help move Phat Fish Brewing past the planning phase.

Financing for project came together with the support of local lenders, Stark Development Corporation, Dakota Business Lending and an SBA 504 loan

It was a long and grueling year and a half of planning and preparation but in June 2019 Phat Fish Brewing opened its doors. They explained, "Anyone who has a goal or dream that is sitting at home not knowing where to start will most likely stay there if they don't know about the help you can receive. If it wasn't for the VA or SBDC, we would probably still be thinking about it."

Read this full client success story, along with others, at *ndsbdc.org/success-stories*

Q What do you wish more people knew about the ND SBDC?

A I wish more folks knew that the ND SBDC network existed. I wish more people were aware of the depth of resources our centers and the collective network has to offer.

Q What are two pieces of advice you believe are useful to all small businesses?

A Expect change and be ready/willing to adapt. And, always pay attention to your market.

Q What motivates you at work?

A Seeing and hearing the success stories of small business owners and entrepreneurs is very motivational.

Q What is something you find inspiring about your work?

A I find it very inspiring when entrepreneurs come through my door who are putting their dreams into action. They're committed to 'going for it.'

John Diem

14
New Businesses Created

867
Jobs Supported

228
Individual Clients Advised

$11,031,609
Client Capital Formation

ELIJAH HOLDINGS

LISBON - July 20th, 2017 is a day that Paul and Teena Elijah will remember for the rest of their lives. It was the day their fourteen-year-old daughter passed away in a tragic accident. After the initial shock of any type of trauma, there are, of course, the various stages of grief that everyone goes through. It was through Teena's journey of grieving that she found an unexpected opportunity to help manage her mental health and give herself a project to focus on.

It all started when Teena stumbled across a 'For Sale' advertisement for the historic Hammelton Building in the City of Lisbon newsletter. Her idea was to renovate this vacant main street brick building built in 1907 to provide a welcoming, functional, and beautiful space for others to enjoy their lives in.

With limited knowledge and experience Teena went to work. Teena was advised to look to the ND Small Business Development Centers for assistance. "I wanted to be successful, but had no experience with this sort of project," she said. "I didn't have any expectations for my first advising session with the ND SBDC. I didn't know what the process would be like, but I trusted that their team would walk me through it."

The ND SBDC assisted Teena in planning the financial aspects of her project. Former advisor Justin Neppl and later, Fargo Center Director Paul Smith, developed a detailed 3-year monthly financial projections for Teena. Through her no-cost advising sessions with the SBDC, Teena was able to secure her construction and mortgage loan and

completed the building on time and within budget.

Teena explained, "ND SBDC assisted me AND my future tenants in planning for future financial needs and growth. Together, we had a comprehensive plan that has allowed each of us to succeed. Some of my retailers enjoyed their most profitable quarters DURING the COVID-19 closures and restrictions--this was possible because of the planning and implementation we had done together."

Read this full client success story, along with others, at *ndsbdc.org/success-stories*

Paul Smith

Q What is something that you find inspiring about your work?

A I am inspired by the stories of clients who believe they can make the world a better place, are determined to succeed, and have overcome great obstacles along the way.

Q What are two pieces of advice you believe are useful to all small businesses?

A 1. Don't try to do it alone. Build a support network that include a mentor, advisors, and fellow business owners. 2. Many small business owners want to try to do too much. Don't worry about trying to be the best at everything, just be the best at something. And that 'something' is usually found where your purpose, passion, and core competencies all converge around solving a real problem.

Q What motivates you at work?

A I am motivated to do my best by a strong desire to serve and help clients realize their dreams.

GRAND FORKS CENTER

IMPACTS

13
New Businesses Created

828
Jobs Supported

207
Individual Clients Advised

$2,927,441
Client Capital Formation

SUCCESS STORY

JULSON LAWN MOWING & ALL SEASONS CAR WASH

WAHPETON - In the spring of 1997, Julson Lawn Mowing started as a way for Jay to get his kids out of the house and make some money. For over seventeen years it was just Jay and his two sons mowing lawns for the people in the Wahpeton community. In August of 2014, Jay's youngest son asked him to look into buying the All Seasons Car Wash so they could convert the already existing car wash building into a shop for their lawn mowing business. Jay believed this would be an ideal business opportunity to renovate the existing car wash and be able to expand his lawn mowing business.

In the fall of 2014, Jay reached out to the ND SBDC to get help with the purchase of All Seasons Car Wash and better understand all of his financing options. Because of this, Jay was able to successfully get financing for the purchase of the car wash.

So, with the purchase complete, Julson's Lawn Mowing converted to a full-time business by adding nearly ten employees to their staff during the mowing season. Additionally, All Seasons Car Wash expanded by adding a soft touch car wash feature thanks to the help of Nicole Evans, the Grand Forks ND SBDC center director. Jay worked with Nicole to prepare for the expansion. Jay was able to turn the five-bay self-service wash into a four-bay self-service wash with the fifth bay being an automatic wash.

"I have recommended the ND SBDC to others as they have the knowledge and resources of what is needed for their project, can help with the business plans, and can help obtain financing," Jay explained when asked if he would recommend the ND SBDC to others. Since they began, All Seasons Car Wash's income has increased year over year by 20%. This year alone they are up over 188%, and over 50% of this increase is attributed to the expansion of the car wash. Jay offers his thanks to Nicole Evans at the ND SBDC for her assistance with that project.

Among others, Nicole helped provide service to the Southeast region while it was in transition.

Read this full client success story, along with others, at *ndsbdc.org/success-stories*

Q Tell us how you got involved with the ND SBDC?

A I learned about the SBDC while working in tech support at UND. I was assigned to the department and their purpose resonated with me on a personal level. When the opportunity came to join the network, I jumped at it!

Q What is the most exciting part of your job?

A The most exciting part of my job is being present when a client first opens their business. Also anytime the client is excited about what they are doing. It's a big deal to make dreams into a reality.

Q What do you like most about your job?

A I am a small business owner myself so I can empathize with some of the up and down emotions our clients go through. I like that I get to sit down and talk over hopes and aspirations of what another person wants to do. This can instill confidence that they too, can be a business owner. I get to be one of their biggest cheerleaders throughout their journey.

Nicole Evans

MINOT CENTER

IMPACTS

8
New Businesses Created

547
Jobs Supported

126
Individual Clients Advised

$3,347,799
Client Capital Formation

SUCCESS STORY

PRAIRIE SKY BREADS

MINOT - Travis Gerjets, founder of Prairie Sky Breads, never set out to open a business of his own but the people of Minot and surrounding communities are sure glad he did.

It all started at the local farmers market back in 2014. Gerjets wanted to make people happy with fresh homemade bread, and that he did. The community supported him so much that they started offering "Bread Subscriptions," where customers could sign up to have fresh bread delivered weekly. As subscriptions grew, so did his business. Gerjets knew he had to pivot to adjust to the heightened demand.

"I first realized that I was going to start my own business when we started baking year-round. That is when I started to look at the numbers and think about what it might take to make this a business instead of a passion project," Gerjets stated.

As every entrepreneur knows, opening up a new business comes with its set of challenges. Gerjets knew almost everything about what it took to bake a perfect loaf of bread but not nearly as much about what it would take to open up his own business.

"The SBDC was recommended early on. Mary Beth worked patiently with me as I put together a business plan, budget, menu... all the things I needed to get going. She was right there to run the numbers with me. We talked about rent cost, taxes, inventory, utilities -- so many things that could have been overlooked without a pro looking over my shoulder," he expressed.

After months of planning, Prairie Sky Breads' brick-and-mortar bakery and café opened its doors in February of 2020, the culmination of a more than 5-year long journey from the first loaf of bread to the opening of its physical business doors. Unfortunate timing as COVID-19 changed things for businesses across the country within weeks and Prairie Sky Breads was no exception. Luckily, the community keeps turning up for Prairie Sky Breads.

The final funding package included a commercial bank, a local development corporation loan and SBA 504 financing.

When Gerjerts came to the ND SBDC he had no idea of what to expect. "The finalized business plan – and especially the financial figures, formatted correctly for our local lender – had so much to do with Mary Beth and the work of the SBDC. I just don't know how we would have gotten everything done without her."

Read this full client success story, along with others, at *ndsbdc.org/success-stories*

Mary Beth Votava

Q What do you like most about your job?

A We work with unique people from all walks of life and industry. We continuously learn from our clients and associates, enabling us to broaden our knowledge base and keep passing this knowledge along.

Q What do you wish people new about the ND SBDC?

A How truly dedicated, diverse, and knowledgeable our team is!

Q What is the most exciting part of your job?

A No two days are ever identical. We are constantly challenged to grow and take on new ideas and opportunities to better serve our clients.

Q What are two pieces of advice you believe are useful to all small businesses?

A Never give up - adjust to make it work. And, learn and ask questions!

SOUTHEAST CENTER

IMPACTS

6
New Businesses Created

289
Jobs Supported

170
Individual Clients Advised

$3,480,904
Client Capital Formation

SUCCESS STORY

PRAIRIE STONE

SOUTHEAST - Owner of Prairie Stone LLC, Jeff Hoeft of Wahpeton, ND, recently shifted his focus from agriculture and farming to becoming an entrepreneur. The road taken to open Prairie Stone has not been a traditional route.

Shortly after college Jeff took over the family farm. Over the years the strenuous nature of farming caught up to Jeff over time. In 2015, he had to have back fusion surgery which forced him to significantly cut back his acreage. Because of that change, Jeff knew that he needed to look for other opportunities within the market but he just didn't know what – yet.

Jeff found his new opportunity when an unfortunate situation led to a fortunate opportunity. A garage fire that burned down the family home allowed Jeff to recognize a need in the market for countertops. The countertops were being installed in the new Hoeft family kitchen when the light bulb went off in Jeff's head. He looked at the new installation and simply realized that he could do a better job at it.

Jeff reached out to Ian Carlstrom, business advisor for the southeast region of the ND SBDC, for input on his business plan. Ian was able to help Jeff expand the plan in order to better prepare for visits to lenders for funding.

"Ian gave me the ability to write out a full business plan and be able to bring my vision to my local lenders so they could understand my goals," Jeff explained.

Ian was also able to help Jeff finalize his financial proformas as he worked to obtain the $1 million in capital acquisition needed to start his business. Ian assisted Jeff with fulfilling loan requests from various banks as well as understanding the range of loan programs available to him. His final funding included an SBA 504 loan. Prairie Stone was successfully opened in November of 2019.

"If you start with a solid plan, even a thing like COVID-19 can be dealt with. The ND SBDC has access to so many resources in everyday life, and we wouldn't be where we are without them."

Read this full client success story, along with others, at *ndsbdc.org/success-stories*

Q What three words would you use to describe your roll?

A Coach, advisor, mentor

Q What do you like most about your job?

A I enjoy working with such a diversity of ideas and t he passionate people behind the ideas that are chasing their dreams. No two are alike, but yet so much is transferable and relevant across the board. I enjoy being able to help clients solve key issues and achieve things they didn't know were possible.

Q What is your motto or personal mantra?

A You cannot talk your way out of problems that you behave your way into.

Q What motivates you at work?

A My clients motivate me most. Often their stories, their dreams, and their tenacity is inspiring and courageous.

Ian Carlstrom

WILLISTON CENTER

IDEAS • OUR EXPERTISE YOUR IDEAS • OUR EXPERTISE
UR SUCCESS YOUR SUCCESS
XPERTISE YOUR IDEAS • OUR EXPERTISE YOUR IDEAS • OUR EXPERTISE
SUCCESS YOUR SUCCESS YOUR SUCCESS YOUR SUCCESS

IMPACTS

39
New Businesses Created

2,274
Jobs Supported

352
Individual Clients Advised

$53,520,550
Client Capital Formation

SUCCESS STORY

WESTERN VETERINARY CLINIC

WILLISTON – The owners of Western Veterinary Clinic (WVC) in Williston are celebrating the third anniversary of their expansion and remodel. The construction project was started in 2017 to accommodate WVC's growing mixed animal practice. The buildout nearly doubled the clinic's size and made it more functional and attractive.

The $1.2 million project included a 1,400 square-foot addition and 1,500 square-foot remodel. The renovation also gave the clinic more retail space for pet products and room for another veterinarian.

While the original clinic served WVC well for several decades, co-owners Dr. Lee Garbel, Dr. Jody Smith and Dr. Heidi Folden-Willard, began running out of room for their clients and patients in the mid 2010's.

"WVC was started in the 1970's by Dr. Bob Walton and Dr. Lloyd Sorenson," said Garbel. "Gradually, the previous owners retired, and we slowly bought in. Currently we have three owners, five full-time veterinarians, one part-time veterinarian and 15 staff members."

To help them finance the expansion, the owners turned to advisors at the Small Business Development Center (SBDC) and American State Bank and Trust (ASB&T) in Williston. Keith Olson, SBDC Regional Director, provided no-cost advising and support while Zach Nelson, ASB&T Assistant Vice President and Assistant Commercial Loan Manager, assisted with the loan. Garbel said Olson and Nelson were helpful with the loan process.

WVC utilized the Flex PACE program, funded by the Williston STAR Fund and Bank of North Dakota (BND). In 2017, WVC received $82,000 from the STAR Fund and $152,000 from BND to buydown the interest on its loan.

The expansion has helped WVC provide more daily appointments with shorter wait times. Clients and their pets can also enjoy a more comfortable lobby and larger exam rooms.

"The buildout was a way to expand the customer base and provide an opportunity to recruit new vets to ensure continued longevity," said Olson. "The Williston area is growing, and vet services are crucial as many people move with their pets."

Read this full client success story, along with others, at *ndsbdc.org/success-stories*

Keith Olson

Q Tell us how you first got involved with the ND SBDC.

A As a previous economic developer, I knew and understood the role of the SBDC and how valuable it was to my work. When my predecessor retired, it was a great opportunity that fit my skill set.

Q What do you wish people knew about the ND SBDC?

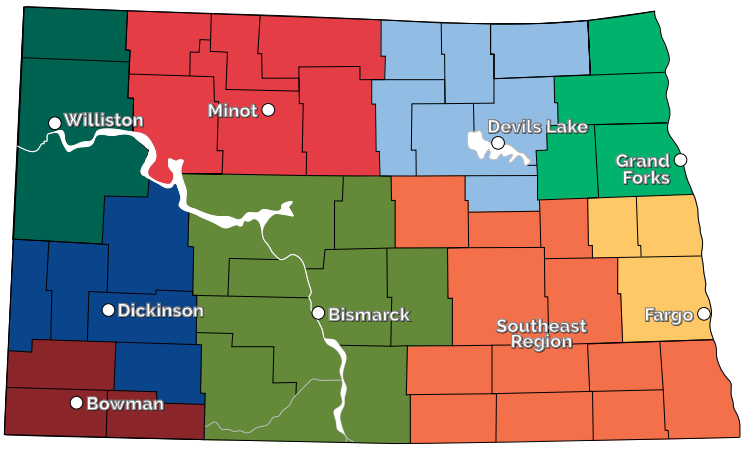
A I wish people knew how good we are and how many different things we can provide a client - all for free!! We are not just for start-ups.

Q What is something you find inspiring about your work?

A I really enjoy helping people and hearing many times a year that you have helped them achieve their dreams.

Q Having been with the network for several years, what is something you remember from the early years?

A We have moved several times over the years. The only constant is change.



Location information can be found at:
ndsbdc.org

Credentialed advisors empowering North Dakota small businesses and entrepreneurs to thrive

Q What do you wish people knew about the ND SBDC?

A I wish entrepreneurs, community members, and the like, would think of the ND SBDC network as their first stop to success. The amount of knowledge that the entire staff has provides North Dakotan's one of the strongest resources anyone can access - for FREE!

KayCee Lindsey

Q Tell us how you first got involved with the ND SBDC.

A I began when I was hired to be the Community Development Director for Divide County. I believe that the partnership between the Economic Development Office and the ND SBDC has been more valuable than many realize. This has been a significant factor in the success of sustaining and growing our local economy.

Q What motivates you at work?

A My motivation at work is being able to not only assist individuals in helping many of their dreams become reality, but also know that what I do makes a positive impact on our entire community.

NETWORK PROGRAMS

U.S. SMALL BUSINESS ADMINISTRATION
VBOC
VETERANS BUSINESS OUTREACH CENTERS

The Veterans Business Outreach Center (VBOC) program is a one-stop-shop for service members, veterans and military spouses looking to start, purchase, or grow a business. Located nationwide, VBOCs provide training workshops, including Boots to Business (B2B) and Boots to Business Reboot, as well as business development assistance such as training, advising and mentoring, and resource referrals. B2B and Reboot are entrepreneurial education and training programs. They are open to Service members. National Guard and Reserves, Veterans of all eras, and their spouses.

NORTH DAKOTA
PROCUREMENT TECHNICAL ASSISTANCE CENTER
Government Contracting Assistance

North Dakota Procurement Technical Assistance Center (ND PTAC) is a resource for assisting North Dakota businesses in obtaining federal, state, and local government contracts. ND PTAC advisors work with businesses to identify government contracting opportunities. They do this by providing confidential, no cost, one-on-one counseling on how to obtain, manage and comply with contracting requirements for the Department of Defense (DoD) and other federal agencies, state & local governments and businesses with government prime contracts. They emphasize the importance of understanding contracting requirements, and educate businesses on all levels of government contracting.

POWERED BY SBA
U.S. Small Business Administration

UND UNIVERSITY OF NORTH DAKOTA
CENTER FOR BUSINESS ENGAGEMENT & DEVELOPMENT

Funded in part by a cooperative agreement with the U.S. Small Business Administration. All opinions, conclusions, or recommendations expressed are those of the author(s) and do not necessarily reflect the views of the SBA.

AMERICA'S SBDC
ACCREDITED MEMBER

NORTH DAKOTA SMALL BUSINESS DEVELOPMENT CENTERS
Your Ideas - Our Expertise - Your Success

Testimony of
Tiffany Ford, State Director,
North Dakota Small Business Development Centers
Regarding Bill SB 2018: ND Commerce Department
March 11, 2021 – House Appropriations Committee
(Education & Environment Division)

Chairman Monson, Vice-Chairman Schmidt, and members of the House Appropriations Committee, Education & Environment Division:

For the record, my name is Tiffany Ford, State Director for your ND Small Business Development Centers (ND SBDC).

The ND SBDC is not a department within Commerce, but is hosted by the University of North Dakota (UND) Nistler College of Business and Public Administration. The ND SBDC receives funding from ND Commerce under both the Partner Programs line and the Discretionary line. **State and local funding is necessary in order to receive the full amount of federal funds allocated to North Dakota for this program**. Other local funds that support this match are provided by UND, cities, counties, and private contributors. Each of the past five years has seen an increase in federal funding for the national SBDC program, however, the ND SBDC will be challenged to receive our full allocation of federal dollars, when our state contribution remains at the current level.

In the current biennium, the ND SBDC has been awarded $756,930 from the department of Commerce. During the 2019-2021 legislative session, the ND SBDC was approved for an increase of $233,334 on top of the base budget of $654,611. For the upcoming biennium, adequate state funding for the ND SBDC is more important than ever before because we anticipate that the lasting effects due to the pandemic will be devastating for years to come for our state's businesses. $900,000 for the 2021-2023 biennium would support program operations, so that we can, at a minimum, sustain our current service capacity and program offerings, in order to meet the increasing demand for assistance from ND small businesses to start, grow, and not just survive but thrive in the long-term.

Adequate state funding ensures that we can continue to leverage the maximum amount of federal funding available to our state. If state and local funding decreases, our federal funding will decrease. We anticipate local sources of support to become even more strained in the next year and beyond, and seeking these local sources for operational funding takes significant time away from direct assistance provided to clients. Any decreases below our current level of funding will have negative repercussions on service delivery, economic impact, and may lead to the closure of service centers.

Given the considerable statewide impact of the ND SBDC, an additional consideration would be a more direct appropriations approach to the funds meant for the ND SBDC program. Funding allocations within an aggregated budget line lack legislative intent. It may be in the best interest of the state to have ND SBDC be a named budget line, outside of the Partner Programs line.

The written testimony I submitted last week gave a more detailed overview of the ND SBDC program. To briefly revisit the impacts and the return on the state's current investment in our program:

- the state's return on investment for the ND SBDC program is estimated to **exceed $70 million in state tax revenues** – with the current funding level at just over $750,000 this biennium, that calculates an approximate **benefit to cost ratio of $124 : $1**
- Businesses that work with the ND SBDC have a *survival success rate of 90%* which far exceeds the national average (nationally, only 50% of new small businesses survive their first five years)
- In the last biennium, ND SBDC clients started more than *185 new* small businesses in ND; received more than *$130 million in capital* invested in their success and growth; and *supported, created or saved more than 8,300 jobs* for ND citizens

The ND SBDC has been on the front lines, helping businesses access all available COVID disaster relief programs. The demand for ND SBDC assistance has increased substantially in the past year. In 2020, we served nearly 3,500 individuals, whereas in an average year that count is usually around 1,500. Our network of staff have been the boots-on-the-ground, getting documentation compiled for businesses to take to the bank, connecting business owners to approved lenders and portals for the applications, and answering questions as the regulations and programs get revised, all of which will continue to be a priority for the foreseeable future. ND SBDC staff have the direct connection to SBA for clients that have been denied and are looking to file for reconsideration of their application. At the state and local level, the ND SBDC is the source for assistance related to the ERG, HERG, and HERG+ application processes, and all other regional disaster assistance programs.

This past year we have observed a shift in our client base. We have seen an uptick in our services to existing businesses. These businesses are looking to expand their operations, shift or re-invent their business model, find operational efficiencies, enter into new markets, develop digital marketing and e-commerce, or are looking at exporting beyond the boundaries of ND and bringing in new revenues to our state. **The businesses that we assist provide essential services and products to support the operations and success**

of all of our state's industries, including our top producers: oil, energy, agriculture, and tourism. To mention a couple:

- Creedence Energy Services in Williston delivers chemical solutions to oil and gas operators that improve production, reduce failures, and optimize overall operational efficiency. They began working with the ND SBDC in 2014 on starting a business. They secured start-up financing, grew almost overnight, employ more than 50 people, are still hiring, and continue to work with the ND SBDC as they look to expand their operations and services for a second time.

- Harvest Profit out of Fargo began working with the ND SBDC in 2017 as an existing business looking for additional capital financing for expansion. This long-term relationship has now seen two separate phases of growth and financing for this agri-business technology company, using venture capital, ND Development Fund, BND, and PACE programs. In 2020 they were acquired by John Deere – a great next phase of innovation for this ND business!
- Chris Ahl began working with the ND SBDC in 2015 when he decided to purchase what is now Pekin Lodge. We helped him to find multiple sources for the capital necessary to finalize the purchase in 2017. Things were going well, until COVID devastated the tourism industry. Now he is working with us again to get the disaster assistance funds the business needs to survive this downturn and come out successful on the other side.

ND SBDC services to entrepreneurs looking to start new businesses did not see any decline due to the pandemic. **In 2020 we were able to capture more new business starts than in the previous two years.** Entrepreneurs saw solutions to problems, and gaps in the market to fill with their product or service. Many of our entrepreneurial clients have been let go from a job and see this as an opportunity to capitalize on the skillset they already have, to "be their own boss," and to continue to contribute to the vitality of their community. As these entrepreneurs work with us to refine their business idea and determine a model that will lead to their long-term success, we are helping to diversify our state's economy.

The ND SBDC is a fundamental component of the North Dakota entrepreneurial ecosystem. This is a long-standing, reputable, and strong program with undeniable positive impacts for our state's economy, businesses, and communities – large and small, including job creation, tax base, and quality of life. We, as a network of passionate and invested individuals, look forward to serving these businesses and this state for years to come. We are proud to assist the resilient, determined, and hard-working businesses and

entrepreneurs in our communities. Helping our clients achieve their dreams of owning a successful business, right here in North Dakota, is what matters most.

We are pleased to have a client attending today to provide their testimony, but before they speak with you, I will be happy to answer any questions that you have.

I appreciate having the opportunity to share this information with you. Thank you Chairman Monson and committee members for your time, and for your support of the ND SBDC and small businesses all across our great state. I would now like to introduce you to ND SBDC client, Cherie Harms, followed by our network partner, Dave Kleppe, Program Manager for the ND Procurement Technical Assistance Center.

NORTH DAKOTA
PROCUREMENT TECHNICAL ASSISTANCE CENTER
Government Contracting Assistance

House Appropriations Committee
Education & Environment Division
SB 2018
March 11, 2021

Chairman Monson and members of the Committee. My name is Dave Kleppe, Program Manager of the North Dakota Procurement Technical Assistance Center. The Procurement Technical Assistance Center (PTAC) program is hosted by the University of North Dakota's Center for Business Engagement and Development (led by Tiffany Ford) within the Nistler College of Business and Public Administration. Federal program funding is provided by the Department of Defense's Defense Logistics Agency (DLA) with match funding provided by the North Dakota Department of Commerce (DOC).

The program was established in 1985 to expand the number of businesses capable of participating in government contracts. It is administered by DLA's Small Business Programs in cooperation with the states, local governments, and nonprofit organizations. Under the program, PTACs help businesses pursue and perform in contract awards with the Department of Defense, other federal agencies, state and local governments, and also subcontracting with government prime contractors.

Most of the assistance the PTACs provide is free. PTAC support to businesses includes:

- Assisting with state and federal registrations in procurement systems such as the federal System for Award Management (SAM)
- Creation of a bidmatch search profile unique to each business to help identify contracting and subcontracting opportunities
- Providing training on federal and state contracting and cybersecurity

requirements and providing assistance with government certifications

- Conducting solicitation reviews and advice on preparing bid proposals

PTACs have a local presence in all 50 states. The North Dakota PTAC currently operates with two full-time positions: a PTAC Advisor located in Fargo and a Program Manager located in the Entrepreneur Center at the Bank of North Dakota.

The federal PTAC program provides 60% federal funding with a 40% match requirement. For the past several years the required state match has been provided by the Department of Commerce from within their **discretionary funds line**. Without the required state match funds, the ND PTAC program will cease to exist. While the amount of the state's investment is small, the economic impact of this program is not. During state fiscal years 2019 and 2020, the **ND PTAC assisted 373 small and large North Dakota businesses**. Many of them have been successful in the government marketplace and have been awarded more than **$169 million** in government contracts, meaning **expansion and diversification of revenue streams**, **creating jobs in our state, and positively impacting our communities**. Program return-on-investment is **$860 in contracts for every state dollar invested**.

We have a very good working relationship with DOC. Without the matching funds DOC provides, there would be no North Dakota PTAC program to assist our businesses in navigating the complex path involved with government contracting. Thank you Chairman Monson and committee members for your time and for your support of the ND PTAC.

Handout:
--ND PTAC Impacts and client feedback (attached as page 3 and 4)

NORTH DAKOTA PROCUREMENT TECHNICAL ASSISTANCE CENTER

Government Contracting Assistance

Impacts

July 1, 2018- June 30, 2020

- 373 Clients
- Federal contract awards:
  - $169.2 Million – all clients (977 awards)
  - $160.8 Million – only DLA active clients (848 Awards)
- 45 Training events
- Program ROI is $860 in contracts for every state dollar invested
- 54:1 Benefit-cost ratio per biennium

Purpose

DLA - DOC - UND

To expand the number of businesses capable of participating in government contracts with local, state and federal agencies and also with prime contractors.

Our values are:

- Collaboration
- Integrity
- Accountability
- Patience

Benefits

of the ND PTAC

- Strengthening ND businesses by providing individualized training and one-on-one advising to prepare them for selling their goods and services to local, state, and federal government agencies
- Diversifying local company revenue streams by leveraging access to the government marketplace
- Boosting state and local economic activity by helping ND businesses navigate the complex contracting process
- Assisting ND MAIN STREETS to reach out for nationwide opportunities
- Increasing qualified sources and competition for government buyers; creating better value for the military, government agencies, and the American taxpayer

Collaboration

Service Partners

PTAC is a partnership between the Federal Government (U.S. Department of Defense, Defense Logistics Agency), State of North Dakota (Commerce Department) and North Dakota University System (University of North Dakota). We collaborate with the U.S. Small Business Administration, area military bases and other resource partners to teach businesses what they need to know about government contracting.

Recent Collaborative Events include:

- Tri-state procurement webinar (monthly)
- Jamestown Regional Entrepreneur Center Women's Business Summit
- North Dakota Government Procurement Fair in Minot (100+ businesses)
- What is beta.SAM (United Tribes Technical College)
- Air Force Industry Day at Capitol Building involving Minot, Grand Forks and Ellsworth, SD Air Force bases
- Assisted DOC with National Defense Industrial Association event held in Grand Forks and Fargo
- SBIR Road Show in Fargo
- Northrop Grumman Corp. Cybersecurity workshop in Grand Forks

Funding Structure

Federal & State/Local Match

- For FFY 2021, the Defense Logistics Agency (DLA – DoD) provided for a 60/40 match of federal funds to state/local matching funds
- Matching funds for the ND PTAC are provided by the ND Department of Commerce

ND Procurement Technical Assistance Center
1200 Memorial Highway
Bismarck, ND 58504

ndptac@UND.edu
Bismarck: 701.328.5857
Fargo: 701.261.0737
www.ndptac.org

NORTH DAKOTA
PROCUREMENT TECHNICAL ASSISTANCE CENTER
Government Contracting Assistance

Client Testimonial

Masfique Mehedl, Ph.D.
VIRVAC, LCC

I am thankful for the ND PTAC staff for guiding us to get SAM registration. I am grateful to them for providing an **outstanding effort.** They helped me every step of the application process. I highly recommend ND PTAC.

Greenstone Construction

Justin Lindteigen, Owner

Founder and President of Greenstone Construction, Justin Lindteigen, passion for construction began at an early age. He spent endless hours in his Grandpa's woodworking shop when he was little. After his time in the North Dakota National Guard and Iraq, Justin brings military discipline, respect, and integrity to every project.

Since 2014, Greenstone Construction has been using the North Dakota Procurement Technical Assistance Center (ND PTAC) services and guidance. "We are always looking for new contracting opportunities and the PTAC bid match helped our team identify multiple contract opportunities for our businesses to succeed. PTAC helped us identify a project opportunity to build a new communications tower for the North Dakota National Guard," Justin explained.

With the help of ND PTAC, Greenstone Construction was able to secure contract awards. Aside from just using our bid match services, Greenstone has received ND PTAC assistance and helped them through their SAM registration, researching government markets, navigating through regulations, and they have opened doors to other procurement and contract officers.

MonDak Portables

Rick Rogers, Owner

MonDak Portables provides portable restroom rentals for a variety of different occasions like worksites, public and community gatherings, sporting events, and parties. Aside from just portable restroom rentals, they also provide portable handwashing stations and heated trailers.

Since becoming a client in 2017, Dave Kleppe, ND PTAC program manager, has been able to help MonDak Portables receive close to $1.5 million in Federal awards. These awards have allowed them to retain twenty jobs and generate an additional three. Rick Rogers, the owner of MonDak Portables, described his experience with ND PTAC as,

"We were looking to get into government bidding and had done our research and were still very confused on where to start. A business associate of ours told us about the ND PTAC office, so we researched them out and ran into Dave Kleppe in the Bismarck office. He helped us get registered in SAM and showed us bid match and we started looking for opportunities that matched our business. From there we found the opportunity we needed to bid on the WAFB contract and were awarded the 2-year contract."

Client Testimonial

Timothy L. Kreft, Chief Appraiser
AgCountry Farm Credit Services

The ND PTAC team walked me through the SAM registration, and it was **extremely beneficial** to learn the necessary steps as it saved me a great deal of time and effort. I **greatly** appreciate the assistance from the ND PTAC staff.

ND Procurement Technical Assistance Center
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NORTH DAKOTA CENTER FOR NURSING
A unified voice for nursing excellence.

#8676

2021 Legislative Session
Policy Brief #1

Legislative Support for North Dakota Nurse Staffing Clearinghouse at the ND Center for Nursing (Amendment to SB 2018)

"Due to a major shortage of health care staffing, the state's hospitals have a sever lack of available beds. Rising COVID-19 hospitalizations and high non-coronavirus admissions, some resulting from residents who deferred health care earlier int eh pandemic, have caused a crunch on medical centers." Grand Forks Herald November 10, 2020.

If we learned anything from the COVID-19 pandemic, it is that North Dakota does **not** have a centralized, coordinated effort to provide for adequate nurse staff across the state. Nursing forms the foundation for the economic engine for North Dakota's communities. Currently, health care facilities spend MILLIONS of dollars contracting with out of state agencies to secure travel and contract nurses, huge opportunity for these dollars to stay in ND.

"Something needs to be done about retention of staff. Currently, I know of 7 ICU nurses that left their positions in Bismarck to take traveling positions to Fargo and 7 Fargo nurses that have left Fargo to go to Bismarck for different jobs. ND has a constant churning of nurses." ND Practicing Nurse, 2020

"Nurses are burning out due to chronic nursing shortages exacerbated by the COVID-19 pandemic." ND Nurse Administrator, 2020

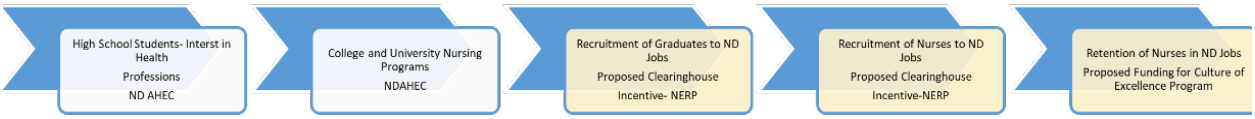
"Nurses are heavily recruited by out-of-state recruiters. ND should provide more detailed resources promoting in-state jobs if they would like us to stay here." ND Nursing Student, 2020.

The North Dakota Center for Nursing requests an amendment to the ND Department of Commerce budget (SB 2018) to reallocate $140,000 of the previously appropriated Nonresident Nurse Employment Recruitment Program funding for the establishment of the ND Nurse Staffing Clearinghouse and support the Culture of Excellence program at the ND Center for Nursing during the 2021-2023 biennium.

The ND Center for Nursing is uniquely positioned to develop and implement an innovative comprehensive strategy to address the state's nursing shortage in rural areas.

Two goals for ND Nurse Staffing Clearinghouse:

- **Recruit** nurse graduates and nurses for health care employment in **ND**.
- **Retain** nurses in **ND**, and in the workplace decrease staff turnover.



ND CENTER FOR NURSING BOARD OF DIRECTORS

- North Dakota Nurses Association
- College and University Nurse Education Administrators
- North Dakota Area Health Education Center
- North Dakota Emergency Nurses Association
- North Dakota Organization for Nursing Leadership
- North Dakota Board of Nursing
- North Dakota Nurse Practitioners Association
- North Dakota Public Health Association, Nursing Section
- Nursing Student Association of North Dakota
- North Dakota Directors of Nursing Administration- Long Term Care
- Sigma Xi Kappa at Large Chapter
- North Dakota Association of Nurse Anesthetists
- Public/Consumer Member at Large
- 40+ Nursing organizations, state agencies, nursing programs and others

Key Components of ND Nurse Staffing Clearinghouse

- Will be based on extensive ND Center for Nursing data showing the need for increased recruitment and retention.

- Target all levels of nurses: Certified Nursing Assistants (CNA), Licensed Practical Nurses (LPN), Registered Nurses (RN), Advanced Practice Registered Nurses (APRNs) and Nursing Faculty

- Is a unique opportunity for nursing education programs and employers to work together to keep ND students in North Dakota.

- **Recruit nurse graduates and nurses for health care employment in ND.**
  Provide career services to nursing students by connecting them with local communities and employment opportunities. Connect employers and graduating nurses directly together to get them to the bedside in rural and urban ND. We will work to connect students to NNERP and other incentive programs to increase the uptake. In a recent survey of graduating nurses, 38% plan to work outside of North Dakota and they are heavily recruited from out of state agencies.

  Develop a flexible staffing model through collaborative work with health care employers, graduating students, practicing nurses and education programs to provide increased opportunities for unique staffing patterns to better meet the needs of nurses (i.e., hours, shifts, travel vs. permanent).

- **Retain nurses in their workplace and in ND and decrease turnover.**
  Increase retention of nurses through the ND Nursing Culture of Excellence Designation program which is designed to improve the workplace culture and support the formation of professional identity in nursing. In a recent survey of practicing nurses, 48% indicated that they plan to leave North Dakota.

- Will add a critical component to existing ND Department of Commerce workforce programs to fill the gap of direct recruitment and retention of nurses to ND.

Fiscal Note: Funding is needed to support the ND Center for Nursing infrastructure and to fully develop the ND Nurse Staffing Clearinghouse and the Culture of Excellence program. It is anticipated that these will be fully developed during the 2021-2023 biennium which will help provide sustained funding for all the ND Center for Nursing activities. A version of this plan was included in SB 2198 which failed in the Senate.

Total State Appropriations for 2021-2023= $140,000 from carry-forward funding

The North Dakota Center for Nursing, a non-profit 501c3 organization, was developed in 2011 to represent over 20,000 nurses and over 40 nursing organizations across North Dakota. The mission of the North Dakota Center for Nursing is through collaboration guide ongoing development of a well-prepared and diverse nursing workforce to meet health care needs in North Dakota through research, education, recruitment and retention, advocacy and public policy. This policy agenda has been approved by our Board of Directors and is an official policy of the North Dakota Center for Nursing.

Contact: Patricia Moulton Burwell, PhD at patricia.moulton@ndcenterfornursing.org

North Dakota
State Council

408 Liberty Lane
Horace, ND 58047
Telephone • 701.404.7746
www.ndena.org

Tessa Johnson
President
North Dakota Center for Nursing
Box 117
Northwood, ND 58267

Patricia Moulton Burwell
Executive Director
North Dakota Center for Nursing
Box 117
Northwood, ND 58267

Dear ND Center for Nursing:

March 9, 2021

I am writing this letter to support the ND Center for Nursing proposed amendment to SB 2018: ND Department of Commerce Budget. This amendment would allocate $140,000 of the carry-forward funding of the Nonresident Nurse Employment Recruitment Program for the establishment of the ND Nurse Staffing Clearinghouse and to support the Culture of Excellence program.

Nurse staffing is in crisis in North Dakota, especially with the pandemic, and North Dakota emergency nurses have felt the impact of this firsthand. Beyond the added strain of COVID-19, emergency nurses face increased 'inpatient boarding' (patients admitted to the hospital, but remaining in the ED due to the lack of an inpatient nurse to care for them), increased nurse-to-patient ratios – especially for critically ill patients in the ED, and a constant churn of travel nurses in and out of the facilities, leading to unpredictable numbers of nurses to care for our patients.

There is a critical need for a centralized, coordinated effort to provide nurse staffing across the state. This is paired with the need for increased awareness and recruitment of future nurses to replace burned out nurses, an increased focus on recruiting ND nursing students to work in ND, the development of a centralized contract nursing staffing pool with flexible staffing options, and the need to ensure that the work environment provides a positive workplace culture to ensure retention.

I support the ND Center for Nursing proposed amendment because the Center has a strong reputation of bringing North Dakota's nurses together to solve challenging problems, has an existing framework upon which to develop an effective solution, and is committed to changing the way staffing is addressed within our state. This is North Dakota's opportunity to not only address our own nurse staffing crisis, but to serve as a model that states throughout the country will follow in the years to come.

Sincerely,

Adam Johnston, BAN, RN, CEN, CPEN, NPD-BC
2020-2021 State Council President
North Dakota Emergency Nurses Association
862 36th Ave E, Apt 110
West Fargo, ND 58078

Audrey Charchenko
Rasmussen University Fargo
4012 19th Ave S.
Fargo, ND 58103

March 8, 2021

Tessa Johnson
President
North Dakota Center for Nursing
Box 117
Northwood, ND 58267

Patricia Moulton Burwell
Executive Director
North Dakota Center for Nursing
Box 117
Northwood, ND 58267

Dear ND Center for Nursing

I am writing this letter to support the ND Center for Nursing proposed amendment to SB 2018: ND Department of Commerce Budget. This amendment would allocate $140,000 of the carry-forward funding of the Nonresident Nurse Employment Recruitment Program for the establishment of the ND Nurse Staffing Clearinghouse and to support the Culture of Excellence program.

Nurse staffing is in crisis in North Dakota, especially with the pandemic. There is a critical need for a centralized, coordinated effort to provide nurse staffing across the state. This is paired with the need for increased awareness and recruitment of future nurses to replace burned out nurses, an increased focus on recruiting ND nursing students to work in ND, the development of a centralized contract nursing staffing pool and flexible staffing options and the need to ensure that the work environment provides a positive workplace culture to ensure retention.

I support the ND Center for Nursing in receiving the carry-forward funding of $140,000 to establish the ND Nurse Staffing Clearinghouse.

Audrey Charchenko, DNP, RN
Associate Dean of Nursing
Rasmussen University-Fargo ND
audrey.charchenko@rasmussen.edu

CHI St. Alexius Health
Imagine better health.℠

Carrington Medical Center
800 North Fourth Street
PO Box 461
Carrington, ND 58421-0461

March 10, 2021

Tessa Johnson
President
North Dakota Center for Nursing
Box 117
Northwood, ND 58267

Patricia Moulton Burwell
Executive Director
North Dakota Center for Nursing
Box 117
Northwood, ND 58267

Dear ND Center for Nursing

I am writing this letter to support the ND Center for Nursing proposed amendment to SB 2018: ND Department of Commerce Budget. This amendment would allocate $140,000 of the carry-forward funding of the Nonresident Nurse Employment Recruitment Program for the establishment of the ND Nurse Staffing Clearinghouse and to support the Culture of Excellence program.

Nurse staffing is in crisis in North Dakota, especially with the pandemic. There is a critical need for a centralized, coordinated effort to provide nurse staffing across the state. This is paired with the need for increased awareness and recruitment of future nurses to replace burned out nurses, an increased focus on recruiting ND nursing students to work in ND, the development of a centralized contract nursing staffing pool and flexible staffing options and the need to ensure that the work environment provides a positive workplace culture to ensure retention.

I support the ND Center for Nursing in their efforts to combat the nursing shortage in North Dakota. I have felt the stress and struggles of not being able to fill nursing positions in my facility and have watched the stress the extra work has put on my current nurses. We need help now!!

Jodi Hovdenes
VP of Patient Care Services
CHI St. Alexius Health Carrington
jodihovdenes@catholichealth.net

UNIVERSITY OF NORTH DAKOTA
SCHOOL OF MEDICINE & HEALTH SCIENCES

UND.edu

Center for Rural Health
School of Medicine & Health Sciences
Suite E231
1301 North Columbia Rd Stop 9037
Grand Forks, ND 58202-9037
Phone: 701.777.3848
Website: ruralhealth.UND.edu

March 9, 2021

Tessa Johnson
President
North Dakota Center for Nursing
Box 117
Northwood, ND 58267

Patricia Moulton Burwell
Executive Director
North Dakota Center for Nursing
Box 117
Northwood, ND 58267

Dear ND Center for Nursing:

The Center for Rural Health (CRH), UND School of Medicine and Health Sciences, as the State Office of Rural Health (SORH) and the Program Office for the Area Health Education Center (AHEC) can support your effort to use Department of Commerce Carry Forward funds to address nursing supply and demand issues. The Center for Rural Health does employ a Workforce Specialist, supported with state appropriation, who works to assist rural communities with a range of health workforce needs (e.g., medical providers, nursing, allied health, administrative, and others). It is my understanding that this legislation is not duplicative of what is already occurring and that it can augment current efforts. The nursing situation is indeed complicated and multiple partners collaboratively working to address it may produce more benefits for North Dakota. The travel nurse pool idea is distinct.

Nurses are the largest health professional category in ND and are vital to the continuation of access to necessary health services in rural and tribal communities. Especially during a pandemic we have seen the critical importance of nursing. Nurses keep our rural hospitals and clinics open, providing high quality care. Our rural hospitals were hit hard during the height of the pandemic and most were placed in a position where they had to expend scarce funds to secure the services of agency nursing.

There is a critical need for a centralized, coordinated effort to provide nurse staffing across the state. This is paired with the need for increased awareness and recruitment of future nurses to replace burned out nurses, an increased focus on recruiting ND nursing students to work in ND, increased recruitment of out-of-state and international nurses, the development of a centralized contract nursing staffing pool and the need to ensure that the work environment provides a positive workplace culture to ensure retention.

The Center for Rural Health supports your efforts to continue to build constructive workforce solutions, and we look forward to working with you to determine a common strategy.

Sincerely,

Brad Gibbens

Brad Gibbens, Acting Director and Assistant Professor

The University of North Dakota is an equal opportunity / affirmative action institution.

Lutheran Home of the Good Shepherd
1226 First Avenue North • New Rockford, North Dakota 58356
Phone 701-947-2944 • Fax 701-947-2290 • Email administrator@lhgs.org

Friday, January 22, 2021

Tessa Johnson
President
North Dakota Center for Nursing
Box 117
Northwood, ND 58267

Patricia Moulton Burwell
Executive Director
North Dakota Center for Nursing
Box 117
Northwood, ND 58267

Dear ND Center for Nursing

I am writing this letter to support SB 2198 which provides support for the organizational structure of the ND Center for Nursing and to build a new nursing workforce recruitment and retention program to serve North Dakota. Nurse staffing is in crisis in North Dakota, especially with the pandemic. There is a critical need for a centralized, coordinated effort to provide nurse staffing across the state. This is paired with the need for increased awareness and recruitment of future nurses to replace burned out nurses, an increased focus on recruiting ND nursing students to work in ND, increased recruitment of out-of-state and international nurses, the development of a centralized contract nursing staffing pool and the need to ensure that the work environment provides a positive workplace culture to ensure retention.

I support the ND Center for Nursing .....

Kim Jensrud
Administrator
Lutheran Home of the Good Shepherd
kjensrud@lhgs.org

Ave Maria Village

SMP Health Systems

501 19th Street Northeast
Jamestown, ND 58401
PHONE: 701-252-5660
FAX: 701-251-2643
www.avemariavillage.org

January 15, 2021

Tessa Johnson, President
Patricia Moulton Burwell, Executive Director
North Dakota Center for Nursing
P.O. Box 117
Northwood, ND 58267

Dear Tessa and Patricia:

We are writing in strong support of SB 2198, which would provide support for the organizational structure of the North Dakota Center for Nursing, and build a new nursing workforce recruitment and retention program for the state.

Ave Maria Village is a 100-bed faith-based skilled nursing and rehabilitation facility. This past year, we have faced the most severe challenges we have ever had in recruiting qualified professional nurses. For the first time in many years, we are contracting with a travel nurse service in order to adequately staff our facility. During a major COVID-19 outbreak in our facility and community this past fall, not only were we utilizing costly travel nurses, but we were also heavily dependent upon the state emergency nurse pool to meet the needs of our residents. No recruitment incentives, even a substantial sign-on bonus, were bringing results. To be frank, the future looks grim in terms of attracting nurses to rural areas of North Dakota outside of the four major cities. It is truly a crisis which will only get worse unless we take strong and proactive steps to improve the situation.

Provisions in SB 2198 will enable the North Dakota Center for Nursing to provide a centralized, coordinated effort to enhance nurse staffing across the state. The Center will also increase awareness of the crisis that health care providers find themselves in. They will provide an increased focus on recruiting nursing students in the state to stay and work in North Dakota, and attracting nurses from out of state, both nationally and internationally. In addition, they will develop a centralized contract nursing pool, and promote positive workplace cultures to enhance nurse retention.

We wish you the best as you advocate for this important piece of legislation. Please contact us if there is any way we can help in this effort.

Sincerely,

Tim Burchill
CEO

Tonie Lagodinski
Assistant Administrator

Dear Senator, Roers,

I am writing today in support of SB 2198, which would lay our framework to help some of our staffing shortages and staffing crises in North Dakota. This is the North Dakota State Nurse Staffing Clearinghouse

My name is Tessa Johnson, and I am a registered nurse in North Dakota. I am the Executive Director of CountryHouse residence in Dickinson North Dakota. CountryHouse Residence is licensed as a basic care and memory care home. I also serve as the ND Center for Nursing as well as the NDNA President.

In many areas in nursing and healthcare around the state, we have faced staffing shortages at one point in time. During the last year during the COVID-19 crisis many of us had faced staffing crisis and staffing shortages like no other. I am an administrator of a long-term care facility and with staff members out with COVID-19 it was very difficult to staff our building at times.

Prior to COVID-19 we were often able to use local staffing agencies to fill needs. During this time, the demand is so high that even our local staffing agencies had a hard time helping us fill some of our shifts. There are many times or administrators, or leadership teams had to work in caregiver situations putting our work behind to the back burner for our residents to get the care we need. All these situations lead to burn out, exhaustion and leaving the practice.

There have also been times in which we have used agency that enjoy working for our company and with our residents. To keep them we must pay a large amount of money to buy their contract out which is very difficult for small facilities. This clearinghouse would give us the opportunity to help match these health care workers with a job they love.

As a nursing home administrator, I am speaking in favor of this staffing clearinghouse to help us mitigate this staffing crisis is in staffing shortages. We would be able to have help filling certified nursing assistant roles, nursing roles and other jobs in our buildings. We also would have to pay less recruitment fees and out-of-state contracts.

In addition, I feel like integrating the North Dakota nursing graduates into this program would help keep new graduate nurses in our state which is always a goal of ours.

If facilities are going to pay a higher amount for staffing through agency staff it would make more sense to keep the money in our state and keep it locally to benefit the nurses and other healthcare entities throughout our state.

I thank you for your consideration.

Warm Regards,

Tessa Johnson, MSN, BSN, RN CDP

Executive Director CountryHouse Residence

President, NDNA

President, ND Center for Nursing

NDNA
NORTH DAKOTA NURSES ASSOCIATION

✧ 1912-2018 ✧
1515 Burnt Boat Drive
Suite C #325
Bismarck, ND 58503
701-335-6376

January 15, 2021

Dear Senator Roers,

On behalf of the North Dakota Nurses Association, I am writing this letter to support SB 2198 which provides support for the organizational structure of the North Dakota Center for Nursing and to build a new nursing workforce recruitment and retention program to serve North Dakota.

Nurse staffing is in crisis in North Dakota, especially with the pandemic. There is a critical need for a centralized, coordinated effort to provide nurse staffing across the state. This is paired with the need for increased awareness and recruitment of future nurses to replace burned out nurses, an increased focus on recruiting ND nursing students to work in ND, increased recruitment of out-of-state and international nurses, the development of a centralized contract nursing staffing pool and the need to ensure that the work environment provides a positive workplace culture to ensure retention.

As part of the mission of NDNA is to advance the nursing profession by promoting professional development of nurses and fostering high standards of nursing practice, NDNA supports the ND Center for Nursing in this important work. We need a coordinated effort to ensure proper and safe staffing. We ask for your assistance and we respectfully ask that you also support SB 2198.

Sincerely,

Sherri Miller, BS, BSN, RN
director@ndna.org
Executive Director
North Dakota Nurses Association

Jamestown
REGIONAL MEDICAL CENTER

January 18, 2021

Tessa Johnson
President
North Dakota Center for Nursing
Box 117
Northwood, ND 58267

Patricia Moulton Burwell
Executive Director
North Dakota Center for Nursing
Box 117
Northwood, ND 58267

Dear ND Center for Nursing

I am writing this letter to support SB 2198 which provides support for the organizational structure of the ND Center for Nursing and to build a new nursing workforce recruitment and retention program to serve North Dakota.

Nurse staffing is in crisis in North Dakota, especially with the pandemic. There is a critical need for a centralized, coordinated effort to provide nurse staffing across the state. This is paired with the need for increased awareness and recruitment of future nurses to replace burned out nurses, an increased focus on recruiting ND nursing students to work in ND, increased recruitment of out-of-state and international nurses, the development of a centralized contract nursing staffing pool and the need to ensure that the work environment provides a positive workplace culture to ensure retention.

I support the ND Center for Nursing.

Mike Delfs
President and CEO
Jamestown Regional Medical Center
Michael.Delfs@jrmcn.com

February 2, 2021

Jane Christianson RN, FNP
Board Member
North Dakota Center for Nursing
Box 117
Northwood, ND 58267

Patricia Moulton Burwell
Executive Director
North Dakota Center for Nursing
Box 117
Northwood, ND 58267

Dear Center for Nursing

I urge your support for SB 2198 which provides support for the organization the North Dakota Center for Nursing and to build a new nursing workforce recruitment and retention plan for North Dakota nurses.

Nurse staffing is in crisis in North Dakota, especially with the pandemic. There is a need for a centralized, coordinated effort to provide nurse staffing across the state as well as the need for increased awareness and recruitment for future nurses. More nurses are leaving the profession due to the increased stress of the pandemic. The Center for Nursing would provide services that will focus on retaining current nurses as well as recruiting ND nursing students. The development of a centralized contract nursing staffing pool would benefit current nurses in the state as well as a clearing house for out of state nurses to encourage working in North Dakota.

I support the North Dakota Center of Nursing

Jane Christianson, RN, FNP
President, North Dakota Board of Nursing
jmjmchristianson@gmail.com

#8660

devils lake Tourism

March 10, 2021

To: House Appropriations Committee
Re: SB 2018 – ND Tourism Division Budget

To Chairman Monson and Committee Members,

I am Suzie Kenner, the Director for the Devils Lake Tourism Division. I am writing to you today to ask your full support of the Senate approved version of 2018, including the addition of the seven-million dollars ($7,000,000) for destination marketing.

I realize that seems like a large amount of money to give to a division, but we cannot sit by and just "wish" people to come to our state and spend money. We need to actually put work and effort into it, and that takes dollars. South Dakota's current tourism marketing budget is $30.2 million per year, Minnesota's is $32.2 million and Montana's budget sits at $19.5 million. North Dakota needs to boost the budget for North Dakota Tourism and give them the opportunity to prove that marketing works, not just for the travel industry but for job creation and relocation and economic development as a whole and have the opportunity to at least be competitive with these other states.

Another note that I would like to touch on is fall and winter activities. If we were taught anything in the year 2020, it's that people have flocked to the outdoors. North Dakota also has this niche. We aren't just a Memorial Day through Labor Day destination as some may think. Abu Garcia, a national fishing company, just ranked Devils Lake 18th out of 100 for the best fishing destination. We have great ski areas in the state, as well as outdoor winter activities in our downtowns and fall hunting that far exceeds other states. Our small CVBs or Destination Marketing Associations need the help of the state tourism division to push us out on the national level. We are all funded on local hospitality and lodging tax dollars and with the cancellation of events, meetings, concerts and the like, our budgets and staff have also dwindled. The marketing dollars will provide cooperative opportunities that can help not only push the state, but our individual cities as well, and get our businesses and attractions back on track.

Tourism goes beyond inspiring travel. Coming out of the other side of this pandemic, North Dakota is geared to come out on top, but we need your help to properly fund tourism to not only keep the momentum going but stay in the race with the other states that are also competing for the same market share. To put it bluntly, we need the tools for our toolbox.

I urge you to give them the tools we need, please support SB2018 including the $7 million in one-time funding.

Respectfully,

Suzie Kenner

Suzie Kenner, Executive Director

208 Highway 2 West | PO Box 879 | Devils Lake, ND 58301
www.devilslakend.com | 1.800.233.8048 | 701.662.4957 | fax: 701.662.2147

CTB
2720 E Broadway Ave • Bismarck ND 58501
701.223.0707 • www.ctbnd.com

Good morning Mr. Chairman and members of the committee, my name is Christy Dodd, and I am the Executive Director of CTB, formerly Center for Technology and Business. CTB is a standalone 501(c)(3) located in Bismarck providing services across all of North Dakota and houses the North Dakota Women's Business Center (NDWBC) with offices in Bismarck and Fargo.

NDWBC was formed in 1999 and is a shared partnership between the Small Business Administration's Office of Women's Business Ownership and the State of North Dakota; through the ND Department of Commerce and CTB. The federal dollars mandate a 1:1 cash match and State dollars are leveraged to help meet that requirement and fulfill duties under the ND Women's Business Development Office (century code section: 54-60-15) along with the guidelines in the federal notice of award from SBA.

In 2016, the NDWBC was selected as the Women's Business Center of Excellence award winner from the SBA among all 105 WBC across the US for providing innovative women focused training opportunities.

This national recognition and exceeding goals for more than three years in a row were essential to the NDWBC being awarded a second federal grant from SBA in April of 2018 to expand the NDWBC program.

The additional federal award is a five-year commitment that brings in an additional $300,000.00 of new federal dollars to ND per biennium. Together both federal awards total $600,000.00 ($300,000 from the new grant) federal dollars per biennium which requires a 1:1 cash match. This year we also were able to leverage an additional $840,000 in CARES Act Funding towards specific COVID related training for small businesses in the state. This funding created an OnDemand Library for small business owners on remote supervision, supply chain disruption, remote customer support, to name a few. Classes in the library are taught by small business owners with expertise in the topic and is free to all businesses across the state.

We ask for the state's continued support so that we can continue to secure the federal dollars awarded and fulfill the duties outlined to support and serve women entrepreneurs across North Dakota. We can leverage the funding provided through the partnership programs budget 3.74 times to benefit women owned business and leadership development across the state in general.

NDWBC provides 1:1 business technical assistance to women entrepreneurs to start, grow and expand businesses. We provide in-depth business training opportunities and events with a focus of reaching underserved women, programming that develops skillsets and confidence for women to step into private, public and/or elected leadership roles across North Dakota. We also act as the certifying entity for Women Owned Business Certification programs.

CTB
2720 E Broadway Ave • Bismarck ND 58501
701.223.0707 • www.ctbnd.com

In respect of time today, I was not planning on reading the remainder of my written testimony. I look forward to a future opportunity where I can go into details if needed and of course will answer any questions that you might have about the documents we have provided in advance to you.

We do ask you for your continued support to bring the $600,000 federal dollars into the state so we may continue our support of North Dakota women. Our programming is unique, and I would like to quickly tell you about two women who have entered our doors and now have businesses.

Because of our efforts through Hustle 2.0, mothers have re-connected with family and set goals for healthy re-entry. One woman, with a business degree, has made plans post incarceration to open a car lot and repair shop. Many of the offenses are drug related and when doing the math, one member of the class shared that she made $4.10/hour selling drugs and making countless bad choices. Her plans post-incarceration includes goals of honest employment and earning a salary that uses her sales skills. For her five-year sentence, at $14.25/hour she can expect to have lost $148,000 based on the hours she claimed on the street. She looks forward to the day where she can maintain an honest living and not end up “property of the state.”

Erin Sorensen, owner of Home Instead Senior Care of Hazen received business advising services through our Bismarck location. This is a franchised business that offers home health care for senior patients who do not need to be hospitalized but require more care than a volunteer or family caregiver can provide. After our meeting, Erin acquired access to capital through a $10,000 grant from the state to grow her business.

I want to thank you again for your consideration and will take any questions at this time.

CTB
2720 E Broadway Ave • Bismarck ND 58501
701.223.0707 • www.ctbnd.com

1-1 Business Advising Services:
NDWBC offers services and resources designed to help individuals in every phase of the business development and growth process. The one-on-one business advising, and technical training services are free and confidential, with an emphasis on resources specific to women entrepreneurs.

For the current biennium, our team provided one-on-one business advising to 423 individuals with new and existing businesses. That number is expected to grow past 500 by the end of this biennium. Of those clients, 39 officially registered a new business creating 48 new jobs so far.

Here are some examples of entrepreneurs who have received our services:

- Kelani Welstad, owner of Turbo Septic of Upham, received business advising services through our Bismarck location this past Spring. Just after our meeting, Kelani was able to gain access to capital to grow her operation. She also applied for and was granted Certified Woman-Owned business status at the state and federal levels.
- Dan Coleman (Yes, we help men, too!), a Fargo-area business advisee and one-time felon was able to launch his lawn care business after completing entrepreneurship training provided by the Fargo team. Dan was able to access the capital he needed, even with no credit, thanks to the preparedness and coaching of our staff.
- Balancing Goat Coffee Co. opened in Mandan in January 2020. They offer specialty coffee and food items along with a wellness studio. They employ 17 part-time employees. The NDWBC assisted them over a 3-year period in overall operations, financial planning, and marketing. The client worked with the NDWBC through one-on- one business advising for technical advice and attended several events the NDWBC hosted.
- Michaela, business advising client and a 2019 graduate of the NDWBC's Women's Leadership Program (WLP), was set to host her first-ever Limitless conference in Davenport. The event's purpose was to offer guidance and training for North Dakota's solopreneurs. Unfortunately, COVID-19 forced her to postpone but we consider this a success story because Michaela credits WLP and NDWBC staff for equipping her with the skills and courage necessary to take the leap.

The demand for individual business advising services for entrepreneurs, especially women, remains steady statewide.

Our Business and Technical Trainings
One of our focus areas is to develop and implement training across urban and rural ND based on community need and demand. NDWBC provides current, relevant training opportunities to entrepreneurs, small business owners, and business professionals across the state.

Rural and tribal communities can often be underserved in their access to advanced technical and business education trainings. We work with local community partners such as economic developers

and other stakeholders to bring relevant, in-demand, and non-duplicative training opportunities to these communities. In addition to rural communities, the NDWBC partners with the North Dakota Veterans Business Outreach Center (ND VBOC) and SBA to deliver services to military personnel and their family members at the Minot and Grand Forks Air Force Bases and other locations, as necessary.

NDWBC provides entrepreneurial training designed specifically for the residents at the Dakota Women's Correctional and Rehabilitation Center (DWCRC) located in New England. The training aims to equip women for a successful transition back into their communities and help them establish core business basics that include business planning, marketing their ideas, operations and gaining confidence to succeed.

The final training program I would like to highlight is a partnership the NDWBC has developed with Growing Small Towns in Oakes. Beginning in the summer of 2021 we will be implementing office hours onsite to assist the seven-county region with business advising, leadership development, and other training opportunities.

Certification of Women-Owned Businesses
NDWBC is the only entity authorized by the ND Department of Commerce to examine applications and qualify businesses for status as a Certified Woman- Owned Business (WOB) in the state. NDWBC is also the only entity in the state approved as site visitors for any of the third-party certifiers of the Woman-Owned Small Business federal certification program.

NDWBC provides ongoing assistance to 39 active certified ND WOBs. They represent industries including retail, construction, service, HVAC design, oilfield safety and manufacturing. They average 19 years in business, 18 employees, and their average net profit totals more than $3.3 Million per year.

Certification and ongoing assistance prepare these businesses for better securing state, federal and/or private contracts from businesses looking to increase diversity in their supply chain.

National certification provides the opportunity for ND businesses to seek federal contracts with set-asides for women-owned businesses. The U.S. government does not meet its goal of awarding 5% of federal contracts to women-owned businesses. If this annual goal were met, women-owned businesses would have access to marketplace opportunities worth at least $4 billion each year.

As a recap, NDWBC proudly serves North Dakota entrepreneurs through various programs that positively impact the state's economy. I want to thank you and the State of ND for the continued support and urge you to approve the financial commitment that allows us to secure these federal dollars to continue to serve and support entrepreneurs throughout North Dakota.

Thank you for your time and careful consideration.

idea CENTER

North Dakota Women's Business Center
NDWBC
A partner for Women In Business

2720 East Broadway Ave.
Bismarck ND 58501
701.223.0707
www.ctbnd.com

Clients Served

Total Since 1999	'19-21 Biennium
44,824	21,835

83%	16%
Women	Men

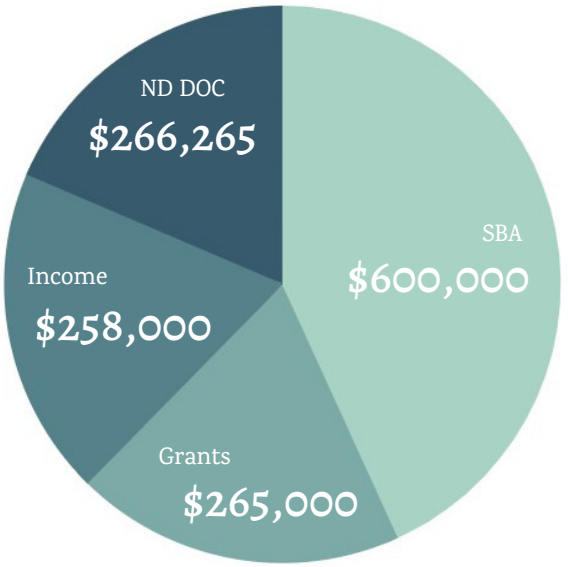
423	8.4%
Business Counseling	Veterans/Spouses Trained
38	2,467
Business Start Ups	Leaders Trained
6	32
Businesses Incubated	Women Honored

+10% Women's Leadership PROGRAM

start a business within two years of graduation

+79%	+80%	+174%
Followers on Social Media	Clients Served	Website Traffic

'19-21 Biennium Budget



Each state dollar is leveraged by

3.74 times

'21-23 Funding Request

*$266,265

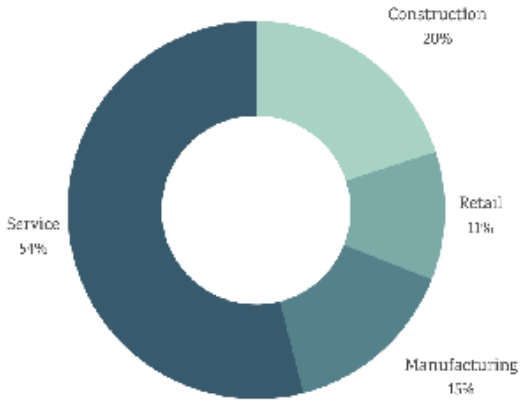
*$266,265 in funding from ND Department of Commerce unlocks 1:1 Federal Grant Match

Programming Impact at a Glance

NORTH DAKOTA INNOVATE at the Idea Center

Clients Served	58
Current Clients	30
Businesses Starts	16
Jobs Created	42 FTE
Total Revenue	$9 Million

WOMAN-OWNED Certified Business

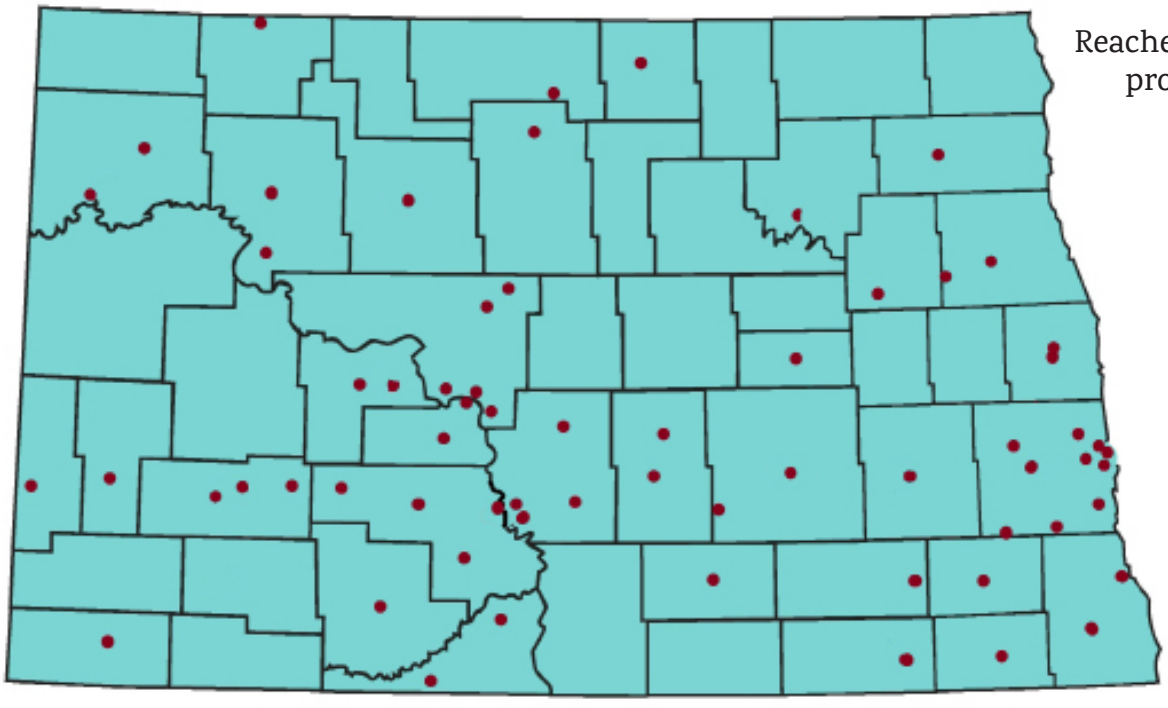


45 Businesses Certified

AVERAGE

- 19 Years in Business
- 18 Full-time Employees
- $3,363,746 Gross Profits

Our '19-21 Outreach



21,835

Reached through our programming

About Host:

CTB formed in 1999, is a 501(c)(3) that hosts the North Dakota Women's Business Center (NDWBC) grant program. NDWBC is a shared partnership between Small Business Administration and the State of North Dakota (ND); through the ND Department of Commerce and fulfills the duties of the North Dakota Women's Business Development Office (Century Code section: 54-60-15).

In addition to the NDWBC, CTB houses the IDEA Center, a program that focuses on inspiring innovation, creating a vibrant entrepreneurial ecosystem, and supporting entrepreneurs through the Innovate ND program. Having both programs under one 501(c)(3) allow CTB to redirect operating dollars from both programs and put those dollars toward delivering client services and streamline offerings for entrepreneurs across the state of North Dakota.

CTB collaborates with other resource partners to serve urban and rural communities across the state by providing non-duplicative and impactful trainings for small business owners and their teams to increase revenue, develop skillsets, and adapt their processes to meet the workforce challenges by embracing remote workers and technology.

In 2016, NDWBC was selected as the Women's Business Center of Excellence winner from the Small Business Administration for providing innovative and in-demand training opportunities. NDWBC was chosen 1/105 centers in the United States. This national recognition for exceeding its goals for more than three years in a row was essential to NDWBC receiving a second federal grant from the Small Business Administration in 2018, which expanded NDWBC programming to two offices in ND. The additional federal award is a 4.5-year grant, totaling $675,000.00 federal dollars, that mandates a 1:1 non-federal match.

North Dakota Women's Business Center
NDWBC
A partner for Women In Business

How NDWBC is Funded:

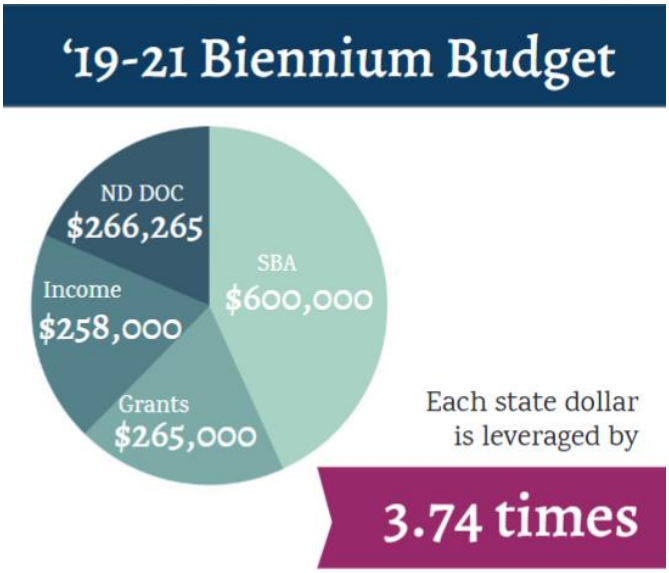
Timeline of events leading to the initial development of the NDWBC:

- October 25, 1988, the U.S. Congress passed, and President Ronald Reagan signed into law, HR 5050-The Women's Business Ownership Act;
- The U.S. Small Business Administration created the Office of Women's Business Ownership office which administers the Women's Business Center grant;
- North Dakota established a Women's Business Center/Development Office in 1999 and state dollars were committed and leveraged to fulfill the requirement of the 1:1 cash match and to utilize the federal funding for North Dakota entrepreneurs.

CTB has a staff of 11 FTEs. Eight FTEs are focused on NDWBC programming, serving the entire state of North Dakota. CTB's annual operating budget for NDWBC is approximately $680,000.00 per year, which totals to $1,360,000.00 for the biennium. Roughly, 84% of the annual budget goes directly into delivering services to clients. The remaining 18% of the annual budget covers operations and grant management expenses.

CTB has multiple sources of funding to support its mission and programming duties. CTB leverages federal and state dollars to receive grants from the Bush Foundation, Otto Bremer Foundation, and private partnership commitments. These grants are specific to support the programming needs for NDWBC across the state. Program income is generated through training opportunities and programming throughout the year for program sustainability.

In addition, thousands of dollars via in-kind contributions from resource partners across the state help NDWBC to carry out its programs. In-kind contributions range from donated training space in rural communities to training facilitation by expert volunteers.



NDWBC's Mission:
To enhance ND's economic future by providing one-on-one business technical assistance to women entrepreneurs to start and grow businesses, provide in-depth business training opportunities with a focus on reaching underserved women, and programming that develops skillsets for women to step into private and/or public leadership roles across North Dakota.

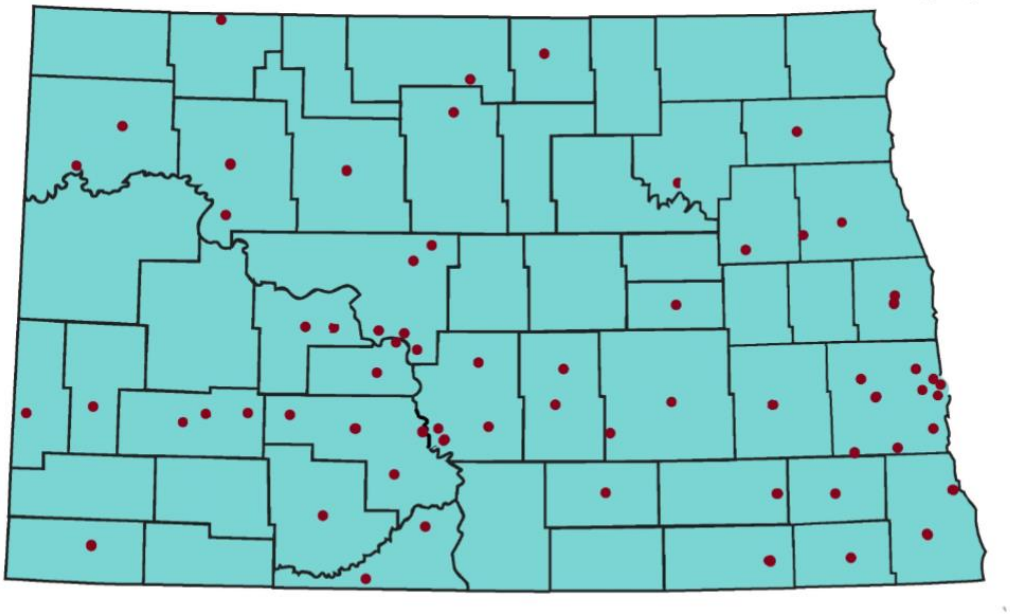
NDWBC collaborates with resource partners and listens to the needs of rural and urban communities to develop programming to address those specific needs.

The impact map below shows NDWBC's services area and the trainings, events, outreach, and free and confidential business advisings provided during the 2019-2021 biennium thus far. A narrative of each category can be found on the following pages to clarify the impact NDWBC has in North Dakota.

Our '19-21 Outreach

21,835

Reached through our programming



Key Programs of the NDWBC Grant:

Business ADVISINGS

A. Entrepreneurial Services

NDWBC's services and resources are designed to help individuals in every phase of business development and stage of growth.

- One-on-one business advisings and technical services are free and confidential. NDWBC emphasizes and promotes resources specific to women entrepreneurs and inventors seeking prototyping and manufacturing assistance.
- Business incubation office space and community room rentals make NDWBC a hub of entrepreneurial support and an ideal location for local organizations to gather for meetups and trainings.
- North Dakota ranks in the 5 lowest states for the combined economic clout of the number, employment, and revenues of women-owned firms. (source American Express Open: The State of Women-Owned Businesses, 2019)
- In North Dakota from 2007 to 2018, woman-owned firms increased by 32.5%, employment by woman-owned firms grew by 47%, revenues increased by 115.9% (source American Express Open: The State of Women-Owned Businesses, 2018).
- The high demand for one-on-one advisings resulted in an average 3-week wait period in 2019.
- In the current biennium, NDWBC provided one-on-one business advisings to 423 individuals. That number is projected to reach 500+ by the end of this biennium. Of those advisings, 38 started their businesses, supporting 289 jobs.

- In comparison to previous years, 233 individuals received business counseling services during the 2017-2019 biennium, and 191 in the 2015-2017 biennium.
- Of NDWBC clients, 94% saw growth in their business since attending a business advising or training service.

B. Business Development and Technology Trainings

NDWBC provides relevant trainings in technology and business development made for entrepreneurs and small business employees across the state. NDWBC emphasizes trainings in rural communities and communities with urgent and high-ranking needs.

- As the size of woman-owned businesses continues to grow in North Dakota, the need and demand for advanced trainings for business owners and their employees has increased greatly. In the current biennium, NDWBC trained 2,467 individuals, including 615 who participated in COVID specific training around EIDLE and PPP loans. In total, NDWBC completed outreach to 21,968 individuals. The need rose for entrepreneurs, and NDWBC met that need with the ability to market its services with increased staff.
- Rural communities are often under-served with limited access to technology and business training opportunities. During the last biennium, NDWBC worked with local partners and stakeholders to bring relevant, in-demand and non-duplicative training opportunities to communities including Glen Ullin, Dickinson, Williston, Hazen, Minot, Jamestown, Oakes, Valley City, Devil's Lake, Hankinson, Cayuga, Wahpeton, and others. After attending training events, entrepreneurs created business plans with financial projections to obtain start-up capital through lenders. Attendees gained practical knowledge in social media marketing and strategy, learning the value of a clean, simple website. NDWBC coached many through the uncertainties of coronavirus and helped business owners to pivot, keeping their business healthy and moving forward. With many more people working remotely, NDWBC is expanding its outreach through virtual trainings. NDWBC takes great pride in the fact that after advisings and trainings, entrepreneurs and professionals know they have an ally, a partner, and someone to connect with when they need encouragement or get stuck. Entrepreneurship can be a lonely road. Sometimes the most impactful data is qualitative, not quantitative.
- NDWBC collaborates with organizations promoting STEM and learning technology classes to girls and women. Providing exposure in a safe learning environment creates curiosity, builds confidence, and develops essential STEM skills.
- NDWBC provides educational training designed specifically for the residents at the Dakota Women's Correctional and Rehabilitation Center (DWCRC) located in New England. The training equips women for a successful transition into the community and equips the women with business basics, which include writing a business plan, best marketing practices, business operations, resetting the entrepreneurial mindset, and building the confidence to succeed.
- NDWBC facilitates the annual Finance Resource Tour educating loan officers, economic developers, and business development centers on financing programs in North Dakota. The tour is a collaboration with the USDA, ND Department of Commerce, Bank of North Dakota, and SBA. In 2019, the tour served approximately 90 attendees across Minot, Bismarck, Fargo, and Grand Forks. NDWBC partners with the SBA District Office to host Boots to Business at the Minot and Grand Forks Air Force Bases and ReBoot (entrepreneurial trainings for the ND National Guard in Bismarck, Fargo, and Dickinson each quarter. Military personnel and their spouses attend these trainings that cover the opportunities and challenges of transferring military skills into entrepreneurism, sustainable business concepts, competitive analysis, small business marketing, the economics of small business, legal considerations, business financing, business plan development, and the statewide resources available to entrepreneurs and veterans launching their business ideas. In the current biennium, NDWBC trained over 125 military personnel who were preparing to retire from service.

- NDWBC is a critical force that helps build a strong entrepreneurial ecosystem in local communities. It fosters healthier relationships among resource partners, provides staffing resources, and contributes to volunteer-driven, community-based events that encourage growth such as 1 Million Cups Bismarck-Mandan, the Mandan Pitch Challenge, and TEDxBismarck.

C. Women's Business Summit

NDWBC hosts the annual Women's Business Summit every October/November, coinciding with National Women's Small Business Month. The Summit attracts around 200 participants each year and includes top-notch speakers and breakout sessions training individuals from across the state. Attendees network and develop essential business skills. NDWBC honors 2 women in business with the coveted Woman of Impact and Female Entrepreneur of the Year awards during the awards luncheon.

- By bringing women together, the summit offers a unique and unmatched opportunity for women to make valuable business connections, learn advanced skills for business success through a full day of trainings, and to access a variety of resources in one location.
- "I first attended with my previous employer, and now I have attended the last few years as a business owner." – Summit Attendee

D. Women's Leadership Program

NDWBC's Women's Leadership Program (WLP) is a unique, six-month training dedicated to advancing the personal, professional, community, and health leadership skills for women of all ages. WLP's goal is increasing participants' interest in advanced leadership positions, building business leaders, and encouraging entrepreneurship. WLP is held in two hub communities and offers a one-day mini WLP session in rural and tribal communities. WLP has graduated 448 women from the six-month program and the one-day mini sessions. It has proven to be an environment in which women gain the skills and confidence to step into new leadership and gain traction toward closing the gender gap of women in leadership roles.

Of the graduates, many move into managerial roles, run successful campaigns for local and state elections, and step up to serve on boards.

- Within six months of graduation, NDWBC sees an increase in interest in the following categories:
  - Business Owner: 24%
  - Manager: 24%
  - Non-Profit Board Member: 38%
  - Corporate Board Member: 25%
  - Service Club Member: 28%
  - Service Club Officer: 32%
  - Mentor: 42%
  - Community Volunteer: 22%
- Data from the 2017 report from the American Association of University Women ranks ND #26 in pay equality, with women making just 79% of the wages of men. WLP

- Nationally women hold 52% of jobs in management, professional and related occupations yet only 14.6% of executive positions and 16.9% of board seats. (https://www.americanprogress.org/issues/women/reports/2014/03/07/85457/fact-sheet-the-womens-leadership-gap/). The gender gap increases dramatically from mid-management to top management. WLP participants undergo the crucial training that prepares them for succeeding in these advanced roles, including management and board leadership.
- Participants of the six-month program take on a philanthropic project and receive $100 in seed money. Since the beginning of the program, WLP has raised $408,724.41 of cash and in-kind donations for local community organizations. This project activates their leadership skills, shows participants that they have the power to make a difference in their communities, and builds their confidence for greater leaps in the future.

E. Career Discovery- Entrepreneurship Essentials

NDWBC partners with the University of Mary, NDSU Female Business Leaders Club, Williston Chamber, Mandan HS FBLA Club, and programs at Century HS in Bismarck for entrepreneurship classes and training.

WOMAN-OWNED Certified Business

F. Woman-Owned Business Certification: State and Federal

NDWBC is the only entity authorized by the North Dakota Department of Commerce to examines\ applications and qualify businesses for the elite status as a Certified Woman-Owned Business in North Dakota. NDWBC also certifies Federal Woman-Owned Small Businesses for the Women's Business Enterprise National Council and the National Women Business Owners Corporation.

- This biennium, NDWBC approved or renewed 77 ND Woman-Owned Business certifications, preparing these businesses for better securing federal and private contracts.
- The status of a Woman-Owned Business Certification provides unique opportunities for attaining and securing contracts from businesses looking to increase diversity in their supply chain.
- The national certification provides ND woman-owned businesses the opportunity to go after large, federal contracts set aside for women-owned businesses, as the U.S. government has the goal of allocating 5% of its contracts to woman-owned small businesses. In 2017, this benchmark was reached for the first time in US history. There are 36 industry categories set aside solely for federally certified woman-owned businesses to compete for contracts and sole-source awards, dramatically expanding the opportunities for women-owned businesses and paving the way for new jobs.
- In the current biennium, NDWBC records show (numbers as of 12/21/2020):
    - Current # of Active State Certifications: 45
    - Average Years in Business: 19
    - Average Gross Profit: $3,363,746
    - Average Employees: 18
    - % of International Business: 4%
    - Percentages by Industry Type:
        a. Retail: 11%
        b. Construction: 20%
        c. Service: 54%
        d. Manufacturer: 15%
- "Going through the process of the ND Woman-Owned Business Certification, I learned more about what was needed to succeed in running a company. This encouraged me to

c. Service: 54%
d. Manufacturer: 15%

- "Going through the process of the ND Woman-Owned Business Certification, I learned more about what was needed to succeed in running a company. This encouraged me to seek out mentors in the financial, strategic, and HR areas so that our company could grow to a higher level," Lorie Pope, Nexus Innovations.

Summary:

Since 1999, NDWBC has served approximately 44,824 individuals across North Dakota. Its programming reach has drastically increased in the last year to increased demand, marketing abilities, and recognition as a go-to trainer and community collaborator. NDWBC works closely with its resource partners across the state and refers clients to its resource partners for their areas of expert service.

Biennium	Counseled	Trained	Outreach
2013-2015	69	5146	
2015-2017	191	5687	
2017-2019	233	5298	
2019-2021 (#'s to date)	425	2467	21,968

State dollars are used to serve existing and aspiring entrepreneurs across North Dakota with a special focus to train and equip its rural communities. To serve effectively, NDWBC continued to adapt its strategies and roll with the changes in the business environment and its federal regulations. This biennium, NDWBC has offered a dramatically increased number of one-on-one business advising sessions. These advisings, even with the help of virtual conferences and video chat capabilities, saw a wait time of 2-3 weeks due to increased demand for assistance through COVID and limited resources.

In addition to a dramatic increase of business and technical advisings, NDWBC experienced changes in tracking clients. First, the definition of "clients served" was amended. The "trained" numbers reflect only "unique clients" (who may have attended 5 training sessions) instead of counting attendees at each training. This change is evident when one compares the number of individuals trained compared to the previous years of training.

This biennium marks the first time that NDWBC tracked "outreach" to individuals attending training sessions where SBA 641 forms were not filled out. These numbers reflect attendees of in-person and virtual trainings sessions and include individuals who attend multiple training sessions.

Continued state funding will allow NDWBC to maximize the reach of its key programs. State funding will allow NDWBC to continue providing the needed assistance to meet the increased demand across rural and urban ND and allow NDWBC to continue accessing $600,000.00 federal from the Small Business Administration that supports the ND Women's Business Development Office. Thank you for the continued support and the State's commitment provide resources that improve the lives and inspires success for women and entrepreneurs across North Dakota.

North Dakota Women's Business Center
NDWBC
A partner for Women In Business

Business ADVISINGS
Client Success

About North Dakota Women's Business Center (NDWBC)

NDWBC is a *Partner* for Women in Business.

They help women advance their careers, businesses, and leadership skills. They understand that not knowing where to start can be overwhelming. NDWBC acts as a guide, offering free tools, inspiring events, and empowering trainings. Clients they work with leave prepared, confident, and have the steps to move forward.

Business Advisings

It's a fact that many entrepreneurs struggle to find a clear path to start and grow their businesses.

In *Free and Confidential* in-person or virtual meetings, NDWBC helps business owners identify their needs, connects them with resources, and offers actionable steps to help business owners move forward with confidence.

Karen Schmidt and Dawn Hager
Balancing Goat Coffee Co. in Mandan, ND
Est. January 2020

Karen Schmidt and Dawn Hager, longtime friends and former co-workers, wanted to go into business together. Looking for balance, they realized they wanted to offer it to their clients as well, which is why they opened Balancing Goat Coffee Co. a coffee shop and yoga studio, combining caffeine with relaxation. Partnering with yoga instructors, offering an all-day menu, roasting their own coffee beans is part of the whole experience.

"Our goal was to create a place where you can break out of the mundane, make it your second home, and feel relaxed."
Before breaking ground on their new location, Karen and Dawn booked a business advising with NDWBC for training in the areas of general business services, marketing and branding, financial management, and human resources.

"The staff was helpful and knowledgable. The training sessions we received were full of great nuggets of information that we took back and applied to our business. NDWBC provided us with the opportunity to network and meet other woman business owners who shared their experiences and advice as well as the pitfalls to avoid. These connections were very beneficial to us prior to and after opening our business. Not only did they provide us with training, connections, and general business knowledge, but they also continue to inspire us and provide us with support and motivation. We think of NDWBC as a valued friend in our business adventure."

Balancing Goat provides in-house roasted coffee, fresh fruit smoothies, smoothie bowls, pastries, baked goods, all-day breakfast, lunch, and much more. They partner with Transitions Yaga, another woman-owned business, to manage the yoga studio. Balancing Goat Coffee Co. offers customers a way to relax and start or end their days on a balanced note.

North Dakota Women's Business Center
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Business ADVISINGS
Client Success

WOMAN-OWNED Certified Business

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Kelani and Tyler Welstad
Turbo Septic Services in Upham, ND
Est. April 2020

Turbo Septic Service LLC provides and services portable toilets and offers servicing of residential and commercial septics. Turbo Septic Service LLC started when Kelani and Tyler Welstad realized the need for a portable toilet rental company in rural, north-central North Dakota. After receiving brochures from a couple of portable toilet companies, Kelani started to feel overwhelmed despite her business background.

I had worked for a "Woman-Owned Business," Jost Construction, several years prior, and I knew I wanted to own a majority of the company. My previous boss, Darla Jost, majority owner of Jost Construction, told me to reach out to NDWBC."

"I somewhat understood what it meant to be "Woman Owned," but I definitely needed to know more. I had so many questions about grants, funding, and the process of becoming state and federally certified."

Kelani booked her business advising session for business plan development, counseling services, government procurement, and grant opportunities.

"The knowledge, excitement, encouragement, and positive feedback I received from NDWBC was amazing! I was so scared when the call started, but by the end of the meeting, I was fired up and couldn't wait to get started! NDWBC was so knowledgeable and helpful. I felt that I could reach out to them with any questions I had."

"Nothing can replace the feeling of having support! When this idea first presented itself to us, I was lost. But the encouragement and the guidance of NDWBC calmed my nerves and gave me the confidence to move forward! I have nothing but great things to say, and I will continue to reach out to NDWBC for advice, guidance, and encouragement!"

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Allie Seely and Carley Schutt
Pride Pups. in Fargo-Moorhead, ND
Est. August 2020

Pride Pups is Fargo-Moorhead's first dog grooming salon with Fear Free Certified professionals dedicated to supporting local non-profit organizations. The salon is owned and operated by Allie Seely and Carley Schutt. Their mission was developed when the owners realized their passion for grooming and animal welfare and turned it into a next-generation dog salon.

Using Fear-Free practices, Pride Pups offers a calm, comfortable grooming experience and rehabilitates dogs that have had negative experiences in the past. Pride Pups donates half of its tips to non-profits that benefit animals, women, and the LGBTQ+ community.

"Opening a dog grooming salon in the middle of a pandemic has had its fair number of challenges, but it has been very rewarding. The main obstacles have been obtaining grooming equipment for the salon and funding for a loan to pay for the necessary equipment and start-up costs. Due to the pandemic, there was a shortage in steel and other supplies that distributors needed to make the equipment that Pride Pups was trying to purchase. Luckily, we were able to borrow equipment from the previous owner of the space until ours was delivered."

"We have been fortunate to have an outstanding team of supporters, including NDWBC (or as we like to call them, our Pride Pups Pack) to help us make our dreams come true. The most rewarding aspect of owning and operating Pride Pups has been the opportunity to make the grooming experience as enjoyable for the dogs that are entrusted to our care as it is for us. We never fail to find fun and joy in every day."

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Dan Coleman
Dakota Property Services, LLC in West Fargo, ND
Est. January 2020

Dakota Property Services, LLC offers residential and commercial rooftop and driveway/parking lot snow and ice removal, general home maintenance, yard care, lawn mowing, spring and fall cleanup, and more. Owner Dan Coleman was introduced to NDWBC through the F5 entrepreneurship program. The odds were against Dan, a three-time felon recently released from jail with no credit and a baby on the way.

Dan reached out after graduating from the entrepreneurship class because he wanted to start his own business, often one of the only employment ontions for felons.

NDWBC connected him with a local lender and helped him write his business and financial plans. He received a small business loan to jumpstart his lawn care service company. The lender credited his business plan and financials as the reason Dan's venture was funded. NDWBC worked tirelessly to help Dan get another chance after a rough past.

"I am incredibly thankful and fully credit NDWBC and Dakota Business Lending for playing a huge part in my success. I opened my business at the start of the pandemic. I have had to be creative and expand, offering more and more services all the time. I even installed Christmas lights!"

Dan is the definition of turning one's life around and is an inspiration to NDWBC as a truly successful client.

DAKOTA
PROPERTY SERVICES, LLC
(701)339-2063
Licensed & Insured

#8639

Testimony in support of SB 2018
March 10, 2021
Randy Hatzenbuhler
President, TRMF

Chairman Monson and members of the House Appropriations Committee – Education and Environment Division:

My name is Randy Hatzenbuhler, President of the Theodore Roosevelt Medora Foundation. I ask for your support of SB 1018 for the Department of Commerce funding for tourism in total, in particular the $7 million one-time funding provision included in the bill for tourism marketing.

Hospitality and tourism is a much larger industry in our state than just the 75 days of prime-time travel days during the summer. We have added activities to extend our season and we will continue to invest in more activities for fall, winter, and spring. We look forward to vibrant visitation during all 12 months in the years ahead. That is just our piece of the hospitality and tourism; the industry is larger than Medora and it is year-round.

We have all felt the disappointment of missing Bison football games and UND Hockey, great dining, and all sorts of recreation during the past 12 months because of the pandemic. The pandemic has probably done more to illuminate our industry by feeling the loss of all it provides when it is cut off at the knees, as has been the case for the past year.

The path to a speedy and full recovery is investing in ourselves through great marketing and ensuring adequate resources are available to compete. It is why we are so encouraged that SB 2018 includes $7 million in one-time funding for marketing. Even at that level, our neighboring states will far out-spend us, but we will be in the same league!

I strongly support his initiative and request your leadership support as well.

Respectfully,

Randy Hatzenbuhler, President
Theodore Roosevelt Medora Foundation

#8637

GRAND FORKS COUNTY
HEART OF THE RED RIVER VALLEY

Board of Commissioners

Diane K. Knauf	David Engen	Cynthia Pic	Tom Falck	Bob Rost
Grand Forks, ND	Northwood, ND	Niagara, ND	Grand Forks, ND	Grand Forks, ND

Commissioner Tom Falck
Grand Forks County
PO Box 5726
Grand Forks, ND 58206-5726

RE: SENATE BILL 2018 – A BILL FOR AN ACT TO PROVIDE AN APPROPRIATION FOR DEFRAYING THE EXPENSES OF THE DEPARTMENT OF COMMERCE; AND TO PROVIDE TRANSFER

Dear Chairman Monson and members of the House Appropriations – Education and Environment Committee,

My name is Tom Falck, and I am a member of the Grand Forks County Board of Commissioners; I also oversee the Grand Sky Portfolio. I am writing you today in support of SB2018, specifically the Enhanced Use Lease grant line item.

On February 6, 2015, Grand Forks County executed a historic, 50-year Enhanced Use Lease with the United States Air Force, creating the nation's first commercial testing and training center devoted to the support and development of the Unmanned Aircraft Systems industry. Grand Sky has since put North Dakota on the map in the UAS sector. Grand Sky has become the model EUL for other industry to follow. The USAF cites Grand Sky as its most successful, and innovative EUL.

Without the State's investments, Grand Sky would not exist. Thanks to the State's investments, necessary infrastructure has been made available to host the two leading UAS companies in Northrop Grumman Corporation and General Atomics.

Continued investments into Grand Sky provides hundreds of jobs in North Dakota – 175 jobs at Grand Sky alone. It also means investments into North Dakota from the private sector, such as private facilities, jobs, internships, and capital assets.

Investments into Grand Sky have strengthened the Grand Forks regions, and the State's partnership with Grand Forks Air Force Base. Grand Forks County is leading the way in Public-Public-Private Partnerships that positively impact both the County and the Air Force.

Finally, investments into Grand Sky offer economic benefits to North Dakota but also create valuable protection if the base were to experience another round of base realignments and closures.

GRAND FORKS COUNTY
HEART OF THE RED RIVER VALLEY

Board of Commissioners

Diane K. Knauf, Grand Forks, ND
David Engen, Northwood, ND
Cynthia Pic, Niagara, ND
Tom Falck, Grand Forks, ND
Bob Rost, Grand Forks, ND

To date, the State has generously invested $21 million into Grand Sky. These investments have been met with $70 million in private investments into Grand Forks County and North Dakota. This is a 3.3:1 return on investment for North Dakota.

North Dakota is the nation's leader in UAS; however, other states are quickly trying to replicate the Grand Sky model, and overtake North Dakota's position as the nation's UAS leader. It is crucial to our state's economy that the Legislature continue to invest in Grand Sky so that the State's economy diversifies and grows, securing North Dakota as the nation's UAS leader.

Sincerely,

Tom Falck
Commissioner
Grand Forks County

Testimony of Julie Rygg
Visit Greater Grand Forks Executive Director
SB 2018
March 9, 2021

Chairperson Monson and members of the House Appropriations Education and Environment Committee:

Please accept this testimony, on behalf of Visit Greater Grand Forks (Visit GGF), as strong support of SB 2018, and the $7 million in one-time funding.

While North Dakota's Tourism Division historically has worked with a smaller budget then competing states in the region, funds are increasingly more crucial as the travel and hospitality industries are struggling to survive the impacts of COVID-19. For reference below are funding figures for North Dakota and surrounding states in the 2019-21 biennium:

- North Dakota - $9 million
- South Dakota - $30.2 million
- Montana - $19.5 million
- Minnesota - $32.2 million

The partnership Visit Greater Grand Forks enjoys with the North Dakota Tourism Division has been even more beneficial as we have navigated through unprecedented times. We have been provided advertising and promotional opportunities at dramatically decreased costs along with opportunities to host travel writers and showcase our #SimplyGrand outdoor recreation.

Greater Grand Forks along with communities through North Dakota, the United States and the world have seen first-hand the tremendous economic impact of travel, which, in turn, means we need to take action to provide the support this industry needs right now, and the North Dakota Tourism Division is a crucial partner to move ahead.

Again, I ask for your support of SB 2018 and the one-time $7 million funding. It is needed now more than ever. Thank you for your time and consideration.

4251 Gateway Drive, Grand Forks, ND 58203
701.746.0444 (ph) 800.866.4566 (toll free) 701.746.0775 (fax)
julie@visitgrandforks.com | www.visitgrandforks.com

Bismarck-Mandan
Convention & Visitors Bureau
1600 Burnt Boat Drive
Bismarck, ND 58503
701-222-4308
800-767-3555

Testimony of Sheri Grossman
Bismarck-Mandan Convention & Visitors Bureau
Senate Bill 2018
March 11, 2021

Chairman Monson and Members of the House Appropriations – Education and Environment Division:

My name is Sheri Grossman, and I am the CEO for the Bismarck-Mandan Convention & Visitors Bureau (CVB).

Sufficient funding for the ND Tourism Division is more important than ever. The pandemic has brought so much devastation to the tourism and hospitality industry.

As the third largest contributor to North Dakota's economy, tourism is a proven revenue generator in all 53 counties. Visitors come to North Dakota for a variety of reasons: to shop, fish, hunt, golf, play or watch a sport, attend an event or convention; the list goes on and on. Whatever the reason, the impact is significant.

All indicators are showing that people want to start traveling again. They will go somewhere; we need to have the funding to inspire them to choose North Dakota. If not, we are letting other states derive the benefits of the economic impact that could benefit our state.

If we have learned anything from this pandemic, it is how much the tourism industry contributes to the economic welfare of our communities in North Dakota. In 2020, Bismarck-Mandan lost over 235 multi-day meetings and events. That is over 168,000 attendees and over $14.9 million in lost direct expenditures. The lodging tax revenue, which is our major funding source, is down 38%.

The Bismarck-Mandan CVB, like most communities, relies on the Tourism Division to market to leisure travelers. We partner with Tourism on cooperative efforts, making it more affordable for all of us. In addition, by having the Tourism Division do most of the marketing for leisure travelers, we can use more of our CVB marketing dollars to bring in larger conventions and events—allowing all of us to bring in the greatest number of out-of-state visitors and dollars to help stimulate our North Dakota economy. This partnership is more vital than ever.

If you have watched TV these past several months, it is hard to miss the wealth of advertising that we are seeing from South Dakota Tourism. South Dakota Tourism has always had a much larger budget than North Dakota. However, this additional funding influx is of great concern.

It is critical that our Tourism Division has adequate funding to compete with neighboring states. North Dakota cannot continue to let our neighbors capture these visitors and risk losing the economic impact that they could bring to North Dakota. It is imperative to attract this business to fill our hotels, restaurants, gas stations and stores. These businesses suffered so much in 2020.

I hope you will make the commitment to invest our state's resources in the ND Tourism Division a priority. All of North Dakota will reap the benefits.

Thank you for your time and consideration.

#8612

March 10, 2021

Rep. David Monson, Chair
Appropriations Committee – Energy & Environmental Division
North Dakota House of Representatives
Via Electronic Mail

Dear Rep. Monson and Members of the Committee:

I'm writing in support of SB 2018, and specifically in support of the addition of seven-million dollars ($7,000,000) to the Tourism Division for destination marketing.

I understand from the Committee's first overview of this measure that you all have some concerns about what seems like a significant increase in that marketing budget. Adding this amount to the base Tourism budget would bring the spending to promote the state across all platforms to about $8,500,000 per year. Yes, that's an increase of about 70%, but it still leaves North Dakota well below the typical tourism spending of other states, including its closest neighbors. I have no concerns, whatsoever, about the Tourism Division Marketing Team's ability to turn that money into thousands of more visits to the state.

Effective marketing works, so—for me—it comes down to a question of whether you want to raise the profile of your state and attract more visitors and their money, or not. If you're happy with the status quo and think our cities and attractions should be happy with the visitation they've been getting, then don't spend any more money on it. It's your call, you hold the purse strings, and we all understand that. On the other hand, if you'd like your Marketing Team to be able to afford to get the word out, and invite more people to your beautiful state, you should seriously consider spending enough money to make that happen. We can't sit on our couches in Bismarck, or Medora, or Fargo, or Minot and whisper "gee, I wish more people would visit our state" and expect them to come. You have to invite them and inform them of all the state has to offer.

And again, as we've been telling you for years, marketing the state for tourism also has a huge impact on economic development and overall image, so please consider that aspect of this proposed increase, as well.

If you have any questions, feel free to contact me by phone (701-365-4567 office, 701-371-9911 mobile) or via email, which is charley@fargomoorhead.org.

Sincerely,

Charley Johnson
President & CEO

Fargo-Moorhead Convention & Visitors Bureau
2001 44th St S Fargo ND 58103
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#8583

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David J Nieuwsma
President
Avionics

January 5, 2021

The Honorable State Representative Jeff Delzer
House Appropriations Committee Chairman
2919 5th Street NW
Underwood, ND58576-9603

Dear Chairman Delzer,

I'm writing to you to express support for North Dakota's Unmanned Aircraft Systems (UAS) industry and continued state investments in its future. Collins Aerospace, a business of Raytheon Technologies, has nearly 450 employees in Jamestown as part of our Cargo Systems business. We have been a part of the community for 50 years and we now have the opportunity to expand our presence and help your state become a visionary leader in UAS deployment.

Collins is a recognized partner in the statewide UAS network and specifically, the technology known as Beyond Visual Line of Sight (BVLOS). As one of three system integrators, Collins is collaborating with the Northern Plains UAS Test Site (NPUASTS) to support public and commercial UAS BVLOS flights within the state's airspace. We believe the capabilities of this technology are still being defined and North Dakota is poised to have a leading voice in setting the standards that will guide the future of the UAS ecosystem and how drones will be integrated into the National Airspace System (NAS).

This is an incredible opportunity. With the unprecedented rise in e-commerce due to the COVID-19 pandemic, consider the Legacy Fund allocation to VANTIS as an investment in better health care, future jobs and economic growth for your state. Imagine UAVs carrying precious vaccines or necessary medical supplies to rural hospitals in hours not days; conducting pipeline inspections via drone at a fraction of the time and expense needed currently, thus increasing safety and freeing up funds for further enhancements; or helping a small manufacturer access necessary parts to keeps its machines running and employees on the job.

Investments in the UAS network today will have impact beyond our current generation and imagination. As an elected official you have the difficult job of balancing fiscal responsibility with an overwhelming number of near-term budget needs. However, a Legacy fund allocation to VANTIS does not compete with those near term needs – in fact it offers an opportunity to make a prudent investment that will leverage the already robust UAS military and civil infrastructure that will grow jobs in the state and assist the military in solving the complex problem of flying drones while also complying with National Airspace requirements.

This investment will ultimately help North Dakota become a nationwide leader in using drones. It will also assist in all aspects of oil production and delivery and will help insure America is not dependent on foreign oil. Please know that Collins is standing with you to develop and build the VANTIS network, and is looking forward to a future for America that grows well beyond our current vision for a BVLOS network.

Best Regards,

David

cc: Honorable Lt. Governor Brent Sanford

Legal language per local requirements.

Testimony
67th Legislative Assembly
House Appropriations Education and Environment Division
Senate Bill 2018
March 11, 2021

Chairman Monson and members of the Education and Environment Division, thank you for the opportunity to testify in support of SB2018. My name is Jolene Garty, and I am the Director of Student Services at the South East Education Cooperative (SEEC) and I oversee North Dakota Reading Corps.

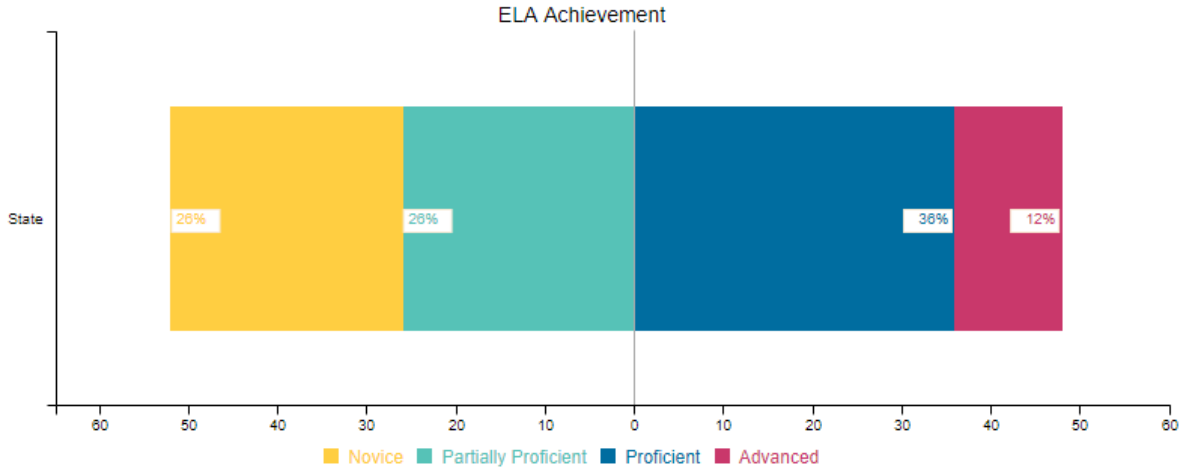
I am testifying in support of 2018 to provide background information on the $200,000 allocation in Section 1, line 20 under "grants". That funding would be administered as a grant for matching funds to provide literacy intervention services through ND Reading Corps, which is an AmeriCorps program.

This is a renewal of the legislation passed in 2019 which also provided $200,000 to expand Reading Corps into new schools in the state. In this current legislative session SB2219 was introduced as a stand-alone bill. Since the grant is administered through Commerce's Work Force Division, Senate Appropriations decided to include the funding in this bill and 2219 was subsequently killed in the Senate.

ND Reading Corps is an intervention program that partners with North Dakota school districts to deliver reading services during the school day. It combines the power of national service through AmeriCorps with the Science of Reading to help struggling readers transform into confident and capable students.

Why We Need Reading Corps

Research tells us that students who are reading proficiently by 3rd grade are 4 times more likely to graduate from high school. The 2018-19 NDSA English Language Arts (ELA) Achievement data shows that 52% of 3rd graders are not proficient in reading.



Third grade also marks the transition from “learning to read” to “reading to learn”. After 3rd grade, students who are behind in reading begin to fall behind in other subjects. Reading Corps is a cost-effective way to close the literacy gap in North Dakota to help achieve the State’s Strategic Vision Framework goal of increasing the number of 3rd graders reading proficiently.

Reading Corps works with students who score below the 49th percentile in proficiency on district reading assessments. They are often referred to as the “bubble kids”. They are at-risk for reading failure, but schools do not typically have capacity to work one on one with these students. Instead, schools need to focus their resources on students who are much further behind. This waiting period widens the gap, and it takes more intensive and expensive intervention to get these students to proficiency. The goal of Reading Corps is to catch those students before they are that far behind. By partnering with Reading Corps, the district can focus its staff and resources on students who have more intensive needs.

To implement the program, SEEC and the Central Regional Education Association (CREA) work in partnership with school districts to serve students who qualify during the school day. We recruit individuals from the community to commit to a year of service as a tutor through AmeriCorps, which is known as the domestic version of the Peace Corps. Reading Corps trains tutors to deliver evidence-based literacy interventions to students in Kindergarten through 3rd grade. Our tutors come from all walks of life and many are parents, retirees, or college students. Some have experience working in education and others do not. Tutors are placed in an elementary building part-time to work one-on-one with students 20 minutes a day, 5 days a week. In exchange for their service, they earn a stipend of $8,200 or $11,000 each year plus an education award of up to $3,000 to use towards student loans or future tuition expenses. Tutors who are over 55 can transfer the award to a child or grandchild for those purposes.

The success of Reading Corps is based on using strategies that are aligned to how the brain learns to read, which is known as the Science of Reading. Tutors assess students to identify which reading skills each individual student needs help with. Tutors meet with students for 20 minutes a day, 5 days a week, one-on-one to deliver evidence-based literacy interventions. “Interventions” means scripted practice which targets specific reading skills. Reading Corps helps students with phoneme (sound) blending, decoding, building fluency, comprehension, and expression. Student progress is monitored weekly to track growth and provide data for decision-making. Students "graduate" from the program on a rolling basis when they demonstrate that they have acquired the literacy skills required to "catch up" with their grade-level peers. A new student is then placed in that spot to receive services.

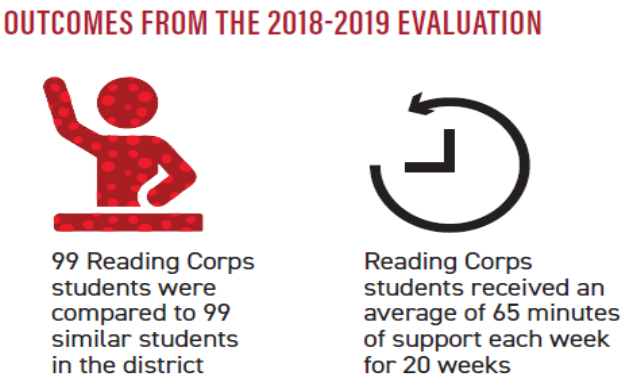
Reading Corps is also implemented as a full model which includes 5 days of training and a multi-layer coaching system which includes an on-site Internal Coach, who is a district employee, and an REA Master Coach. Both coaches meet with the tutor monthly to observe tutoring sessions using a fidelity checklist and to review student progress data.

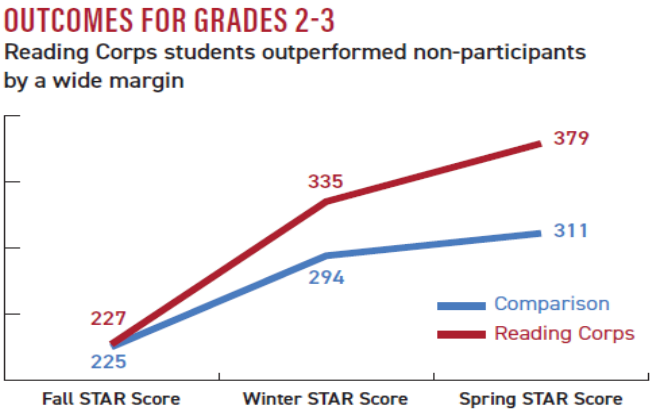
Reading Corps programs are now in 13 other states and Washington D.C. Minnesota currently invests $7.95 million of state funding annually, serving 25,000 students.

Proven Results

One of the benefits of Reading Corps is that we know that it works. During the 2019-20 school year, 79% or 499 out of 632 students served in 11 school districts had a weekly growth rate above their grade level target; meaning they made more than a years' worth of growth within a year's time to close the gap. This growth occurred even though the in-person school year and tutoring were cut short.

Reading Corps has also undergone multiple studies nationally, including a large randomized-control trial and an impact evaluation completed with West Fargo Public Schools in 2018-19. That study used a matched-comparison analysis of 99 students receiving Reading Corps service and 99 students with similar demographics (race, gender, free or reduced lunch status). Reading Corps students received an average of 65 minutes of support for 20 weeks. The evaluation found that all grade levels exceed the reading scores of the comparison group. Most notably, second and third grade students assigned to Reading Corps outperformed their peers by 68 points on STAR Reading, a remarkable feat equivalent to roughly 18 additional weeks of typical reading instruction.





Cost Savings

Through our partnership with AmeriCorps, we can leverage almost $500,000 in federal funding which comes to us through the North Dakota Department of Commerce. With the combination of grants and a low fee from school districts, we can deliver effective intervention services for around $1,100 per student. This is a significantly lower price per student than other programs. For example, Reading Recovery, a well-known program which only serves first graders and does not align to the Science of Reading costs over $5,000 per student.

AmeriCorps has restrictions on the use of federal dollars for the required matching funds which means that school districts are limited in using CARES or ESSER to pay their cost share to participate in the program.

Support SB2219

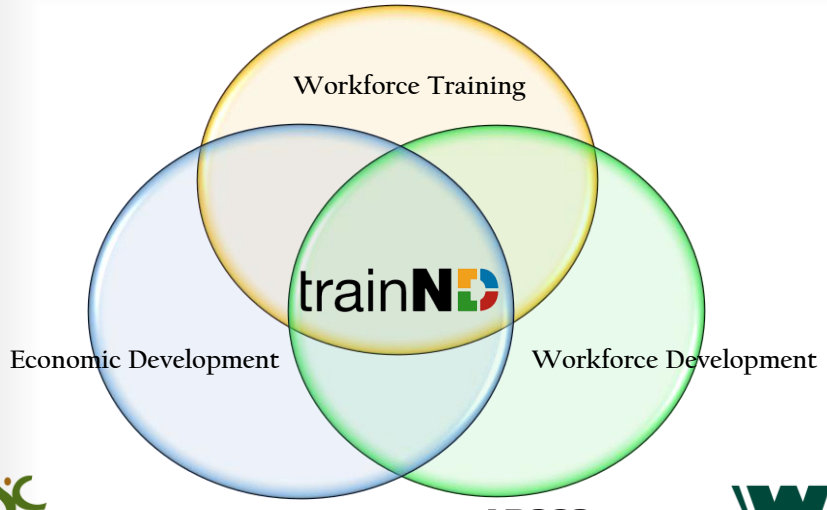
With continued state funding, Reading Corps can serve an additional 175 students who are not receiving service. We can help support students during this time of COVID learning loss and to help increase the number of 3rd graders reading proficiently in ND. Under the 2219 testimony, you will find additional testimony in support of the program from principals and parents.

Reading Corps 2020-21 Participating Districts ***expansion school***

Elementary School	Number of Students Served
Bismarck	44
Barnes County North*	12
Wilton	15
Ellendale*	11
Enderlin*	12
Litchville-Marion*	10
Minot*	41
Medina*	10
Underwood*	10
Washburn	15
Valley City*	8
Wahpeton*	8
Fargo	138
Lisbon*	13
Jamestown	9
West Fargo	59
Total as of Jan 20, 2021	**415**

An Investment into North Dakota

Building a Sustainable Workforce



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1

A Return on Investment

- Workforce Development
  - Brings Trained People Into the Workforce
- Workforce Training
  - Brings greater skills to incumbent workers
- Economic Development
  - Brings growth to communities and state

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2

Need is Greater than Ever

- Short term programming for workforce development
- Qualified workers help drive economic development
- Incumbent workers to gain new skills for enhanced work
- Economic recovery amid a pandemic
- Continued funding to assist with program expansion
- Economic diversity within North Dakota
- Investment in our workforce and business growth
- 74% of businesses in North Dakota have less than 10 people

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3

Workforce Program Impacts

- **Certified Nursing Assistant (CNA Programs)**
  - Statewide programming
  - Stackable Certificate & Pathway to Education
  - Job Service WIOA Funding Eligible
    - **326 students**
    - **36 classes**
    - **636 CNA State Board Exams (Registered Students & Challenge Exams)**
  - Pre CNA
  - Fast Track Temporary CNA
  - Quality Service Provider (In Home Care)

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4

Workforce Program Impacts

- **Commercial Drivers License (CDL Programs)**
  - Statewide programming
  - Stackable Certificate & Pathway to Education
  - Job Service WIOA Funding Eligible/Veterans Funding
  - ND Commerce Grant to Expand CDL programming
    - **134 students**
    - **22 classes**

Williston, Dickinson, Minot, Fargo, Bismarck, Devils Lake

5

trainND

NDUS Annual Enrollment Summary FY20

Non-Credit TrainND Headcount	19,008
Total Community College Headcount	35,038
Percentage of Headcount from TrainND	54%
Total NDUS Headcount (11 Institutions)	74,014
Percentage Headcount from TrainND	26%

TrainND Annual Report FY20

Number of Businesses Receiving Training in FY20	1,412
Number of Businesses with less than 50 employees	1,026
Number of Unduplicated Employees receiving Training	19,008

6

Changing Modes of Delivery

- Accelerated changes to the way people learn
- Flexible with new costs in transition
- Increased options for companies and workers
  - Distance Learning
    - Synchronous/Asynchronous
  - Virtual
  - Hybrid
  - Recorded Presentations
  - Traditional Face-to-Face/In person
  - Mobile labs

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7

- Commercial Drivers License
- Energy
- Medical
- Cybersecurity
- Welding
- Manufacturing/Automation
- Professional Development
- Precision Agriculture

Virtual Delivery Options

Programming Growth Areas

trainND

Stackable Certificates
Pathways to Education

8

TrainND Request

Request to continue funding at $2 million based on recommendation from Workforce Development Council

- Reinvention to education
- Expansion of programming
- Flexible modes of delivery
- Delivery at the speed of business

trainND

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Lake Region State College

NDSCS THE SCIENCE OF SUCCESS North Dakota State College of Science

WILLISTON STATE COLLEGE

9

#8672

DOWNTOWNERS
BISMARCK

House Appropriations
Chairperson and Committee Members
SB 2018 Support

The Downtown Business Association of Bismarck represents over 200 members with 9,000 employees in North Dakota's second largest employment district. Our Board of Directors has voted to the Department of Commerce appropriation requests.

The Downtowners Association has worked hand in hand with the team at Commerce and particularly Community Services and the Main Street Initiative team members. Not only does Bismarck's Renaissance Zone program continue to be a success in revitalizing our Downtown, but the program has now paid for itself by bringing in more in valuation than was exempted. This program has supported entrepreneurs, business and property owners and produced a return on investment for the city, school, county and parks in Bismarck.

We also work closely with the MSI Team and their support to communities can't be understated. Even though we represent Bismarck, the MSI programs and education have transformed some of our smallest communities in North Dakota with resources for vibrancy and tactical urbanism, planning, talent recruitment and retention and much more. In Bismarck we've worked with the MSI Team on a Vibrancy Project coming in Spring/Summer 2020, and supported a City of Bismarck Partners in Planning grant for community outreach for Bismarck's Comprehensive Plan both through the Momentum Fund.

We recommend favorable consideration of the Department of Commerce's appropriation requests.

Thank you-

Kate Herzog, COO
Chief Operating Officer
Downtowners Bismarck

Department of Commerce - Budget No. 601
Senate Bill No. 2018
Base Level Funding Changes

	Executive Budget Recommendation				Senate Version				Senate Changes to Executive Budget Increase (Decrease) - Executive Budget			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2021-23 Biennium Base Level	61.80	$32,866,721	$54,123,293	$86,990,014	61.80	$32,866,721	$54,123,293	$86,990,014	0.00	$0	$0	$0
2021-23 Ongoing Funding Changes												
Base payroll changes		($49,007)	$16,577	($32,430)		($49,007)	$16,577	($32,430)				$0
Salary increase		272,046	61,741	333,787		266,126	56,512	322,638		($5,920)	($5,229)	(11,149)
Health insurance increase		2,341	531	2,872		2,341	531	2,872				0
Retirement contribution increase		54,247	12,312	66,559				0		(54,247)	(12,312)	(66,559)
Underfunds salaries		(140,000)		(140,000)		(140,000)		(140,000)				0
Transfers 1 FTE IT position to ITD for IT unification	(1.00)			0	(1.00)	3,525		3,525		3,525		3,525
Transfers the HOME program to the Housing Finance Agency	(2.00)		(8,343,371)	(8,343,371)	(2.00)		(8,343,371)	(8,343,371)				0
Adds funding for Microsoft Office 365 license expenses		5,486	1,013	6,499		5,486	1,013	6,499				0
Reduces funding for the marketing division		(630,000)		(630,000)				0		630,000		630,000
Reduces funding for the tourism division		(955,046)		(955,046)				0		955,046		955,046
Adjusts funding for the Community Services Division		(216,576)	329,488	112,912		(216,576)	329,488	112,912				0
Reduces funding for the Workforce Development Division		(199,664)		(199,664)		(199,664)		(199,664)				0
Reduces funding for the Economic Development and Finance Division		(195,000)		(195,000)		(195,000)		(195,000)				0
Reduces funding for the administration division		(396,990)	(3,283)	(400,273)		(396,990)	(3,283)	(400,273)				0
Reduces funding for the Operation Intern program		(100,000)		(100,000)		(100,000)		(100,000)				0
Adds funding for the UAS program		2,000,000	7,020,150	9,020,150		3,000,000	7,020,150	10,020,150		1,000,000		1,000,000
Transfers funding for contractual fees from grants to operating expenses				0				0				0
Transfers funding for the early childhood education program from operating to grants				0				0				0
Reduces funding for the Community Service Commission for AmeriCorps		(200,000)		(200,000)				0		200,000		200,000
Removes funding for the biotechnology grant program		(300,000)		(300,000)		(300,000)		(300,000)				0
Reduces funding for homeless shelter grants		(169,788)		(169,788)		(169,788)		(169,788)				0
Adds funding for rural health care grants				0		200,000		200,000		200,000		200,000
Adds funding for a state apprenticeship expansion program			347,157	347,157			347,157	347,157				0
Adds funding to continue community services federal COVID-19 programs			8,000,000	8,000,000				0			(8,000,000)	(8,000,000)
Reduces funding for discretionary funds		(600,000)		(600,000)		(600,000)		(600,000)				0
Transfers funding for the North Dakota Trade Office to the Agriculture Commissioner		(850,000)		(850,000)		(1,600,000)		(1,600,000)		(750,000)		(750,000)
Total ongoing funding changes	(3.00)	($2,667,951)	$7,442,315	$4,774,364	(3.00)	($489,547)	($575,226)	($1,064,773)	0.00	$2,178,404	($8,017,541)	($5,839,137)
One-time funding items												
Adds funding for tourism marketing		$2,000,000		$2,000,000		$7,000,000		$7,000,000		$5,000,000		$5,000,000
Adds funding for tourism branding		200,000		200,000				0		(200,000)		(200,000)
Adds funding for UAS program grants			$1,000,000	1,000,000			$1,000,000	1,000,000				0
Adds funding for the beyond visual line of sight UAS program				0		1,000,000	19,000,000	20,000,000		1,000,000	$19,000,000	20,000,000
Adds funding for enhanced use lease grants				0			7,000,000	7,000,000			7,000,000	7,000,000
Adds funding for technical skills training grants		1,000,000		1,000,000		1,000,000		1,000,000				0
Adds funding for workforce grants to tribally controlled community colleges				0		500,000		500,000		500,000		500,000
Total one-time funding changes	0.00	$3,200,000	$1,000,000	$4,200,000	0.00	$9,500,000	$27,000,000	$36,500,000	0.00	$6,300,000	$26,000,000	$32,300,000
Total Changes to Base Level Funding	(3.00)	$532,049	$8,442,315	$8,974,364	(3.00)	$9,010,453	$26,424,774	$35,435,227	0.00	$8,478,404	$17,982,459	$26,460,863
2021-23 Total Funding	58.80	$33,398,770	$62,565,608	$95,964,378	58.80	$41,877,174	$80,548,067	$122,425,241	0.00	$8,478,404	$17,982,459	$26,460,863
Total ongoing changes as a percentage of base level	*(4.9%)*	*(8.1%)*	*13.8%*	*5.5%*	*(4.9%)*	*(1.5%)*	*(1.1%)*	*(1.2%)*				
Total changes as a percentage of base level	*(4.9%)*	*1.6%*	*15.6%*	*10.3%*	*(4.9%)*	*27.4%*	*48.8%*	*40.7%*				

Other Sections in Department of Commerce - Budget No. 601

	Executive Budget Recommendation	Senate Version
Appropriation - Department of Transportation - Beyond visual line of sight unmanned aircraft system program - One-time funding		Section 3 appropriates $28 million to the Department of Transportation from grant funds received from the Department of Commerce pursuant to Section 11 for the purpose of defraying tower infrastructure construction expenses of the beyond visual line of sight UAS program during the 2021-23 biennium. The Department of Transportation may bid, award, and administer any contracts necessary to complete the construction of the tower infrastructure. This funding is considered a one-time funding item.
Internship fund transfer	Section 9 would transfer $755,000 from the general fund to the internship fund in the operating expenses line item for the Operation Intern program.	Section 4 transfers $755,000 from the general fund to the internship fund in the operating expenses line item for the Operation Intern program.
Entrepreneurship grants and vouchers program	Section 14 would identify $948,467 included in Section 1, of which $740,956 is from the general fund and $207,511 is from the economic development fund for the entrepreneurship grants and vouchers program, also known as Innovate ND, for the 2021-23 biennium. Any unexpended funds for the program would be made available to the department during the 2023-25 biennium.	Section 5 identifies $948,467 included in Section 1, of which $740,956 is from the general fund and $207,511 is from the economic development fund for the entrepreneurship grants and vouchers program, also known as Innovate ND, for the 2021-23 biennium.
Estimated income - Strategic investment and improvements fund - Beyond visual line of sight UAS program - Enhanced use lease grants program		Section 6 identifies $26 million from the strategic investment and improvements fund in Section 1, of which $19 million is for providing beyond visual light of sight UAS grants and $7 million is for providing enhanced use lease grants during the 2021-23 biennium. This funding is considered a one-time funding item.
Beyond visual line of sight UAS program - Matching fund requirement - One-time funding		Section 7 identifies $1million from the general fund in Section 1 is for providing grants to an organization dedicated to expanding workforce opportunities, training, and education related to the beyond visual line of sight UAS industry, which the Department of Commerce may provide only to the extent the organization provides $1 of matching funds from private or other public sources for each $1 provided by the department during the 2021-23 biennium. This funding is considered a one-time funding item.
North Dakota Trade Office - Advisory board - Continuing appropriation		Section 8 creates a new section to Chapter 4.1-01 to transfer the international business and trade office, also known as the North Dakota Trade Office, from the Department of Commerce to the Agriculture Commissioner.
UAS-related programs continuing appropriation	Section 16 would amend Section 54-60-29 to expand the continuing appropriation provided to the Department of Commerce from the UAS fund for expenses of the UAS program to also include expenses of the beyond visual line of sight UAS program and the enhanced use lease grant program.	Section 9 amends Section 54-60-29 to expand the continuing appropriation provided to the Department of Commerce from the UAS fund for expenses of the UAS program to also include expenses of the beyond visual line of sight UAS program and the enhanced use lease grant program.

Other Sections in Department of Commerce - Budget No. 601

	Executive Budget Recommendation	Senate Version
North Dakota Trade Office - Repeal		Section 10 repeals Section 54-60-16 related to the international business and trade office, also known as the North Dakota Trade Office, as part of the transfer of the program from the Department of Commerce to the Agriculture Commissioner.
Exemption - Beyond visual line of sight UAS program	Section 4 would provide an exemption for unexpended 2017-19 biennium funds continued into the 2019-21 biennium for the beyond visual line of sight UAS program to continue into the 2021-23 biennium. The 2019 Legislative Assembly provided a $28 million supplemental appropriation from the general fund for this purpose for the 2017-19 biennium.	Section 11 provides an exemption for unexpended 2017-19 biennium funds continued into the 2019-21 biennium for the beyond visual line of sight UAS program to continue into the 2021-23 biennium. The 2019 Legislative Assembly provided a $28 million supplemental appropriation from the general fund for this purpose for the 2017-19 biennium. The Department of Commerce may provide grants of up to $28 million to the Department of Transportation, pursuant to the appropriation in Section 3, for the purpose of defraying tower infrastructure construction expenses of the beyond visual line of sight UAS program during the 2021-23 biennium.
Exemption - UAS program	Section 7 would provide an exemption for the UAS program to continue any unexpended 2019-21 biennium funds for the operating expenses of this program into the 2021-23 biennium. A total of $2.25 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.	Section 12 provides an exemption for the UAS program to continue any unexpended 2019-21 biennium funds for the operating expenses of this program into the 2021-23 biennium. A total of $2.25 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.
Exemption - Enhanced use lease grant program	Section 8 would provide an exemption for the enhanced use lease grant program to continue any unexpended 2019-21 biennium funds for the program into the 2021-23 biennium. A total of $3 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.	Section 13 provides an exemption for the enhanced use lease grant program to continue any unexpended 2019-21 biennium funds for the program into the 2021-23 biennium. A total of $3 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.
Exemption - Early childhood education program	Section 5 would provide an exemption to continue unexpended 2019-21 biennium funds for the early childhood education program into the 2021-23 biennium. A total of $1.5 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.	Section 14 provides an exemption to continue unexpended 2019-21 biennium funds for the early childhood education program into the 2021-23 biennium. A total of $1.5 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.
Exemption - Nonresident nurse employment recruitment program	Section 6 would provide an exemption to continue unexpended 2019-21 biennium funds for the nonresident nurse employment recruitment program into the 2021-23 biennium. A total of $500,000 was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.	Section 15 provides an exemption to continue $320,000 of the $500,000 appropriated from the general fund for the nonresident nurse employment recruitment program for the 2019-21 biennium into the 2021-23 biennium. In addition to the program eligibility guidelines established for the 2019-21 biennium, the Department of Commerce is required to provide funding for the program to eligible nursing students in the state who have not been employed by a health care provider on a full-time basis in the year preceding the grant award.
Exemption - Discretionary funds	Section 3 would provide an exemption for discretionary funds to continue any unexpended 2019-21 biennium funds in the discretionary funds line item into the 2021-23 biennium. A total of $2.15 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.	Section 16 provides an exemption for discretionary funds to continue any unexpended 2019-21 biennium funds in the discretionary funds line item into the 2021-23 biennium. A total of $2.15 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.

Other Sections in Department of Commerce - Budget No. 601

	Executive Budget Recommendation	Senate Version
Exemption - Operation Intern program	Section 10 would provide an exemption for the Operation Intern program to continue any unexpended 2019-21 biennium funds for the program into the 2021-23 biennium. A total of $855,000 was appropriated from the general fund and transferred to the internship fund for this purpose for the 2019-21 biennium.	
Exemption - Intermodal container transportation shipping fees	Section 11 would provide an exemption to continue any unexpended 2019-21 biennium funds for intermodal container transportation shipping fees into the 2021-23 biennium. A total of $1.3 million was appropriated from the beginning farmer revolving loan fund for this purpose for the 2019-21 biennium.	
Other funds appropriation	Section 12 would appropriate all federal and special funds received by the Department of Commerce in excess of those funds appropriated in Section 1.	
North Dakota Trade Office - Matching fund requirement	Section 13 would identify $750,000 from the general fund for the North Dakota Trade Office and would allow the Department of Commerce to spend 60 percent of the North Dakota Trade Office line item listed in Section 1 without requiring any matching funds from the North Dakota Trade Office. Any additional amounts may be spent only to the extent the North Dakota Trade Office provides $1 of matching funds from private or other public sources for each $1 provided by the Department of Commerce during the 2021-23 biennium.	
North Dakota Trade Office - Statutory changes	Section 15 would amend Section 54-60-16 to restrict the North Dakota Trade Office, also known as the International Business and Trade Office, from assisting businesses with investment opportunities in farming, forestry, ranching, food quality, and nutrition. The section would also be amended to provide the Commissioner of Commerce, or the commissioner's designee, must serve as the chairman of the International Business and Trade Office Advisory Board.	

2021 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division
Prairie Room, State Capitol

SB 2018
3/17/2021
House Appropriations Committee - Education and Environment

A BILL for an Act to provide an appropriation for defraying the expenses of the department of commerce; and to provide for a transfer.

Vice Chairman Jim Schmidt called the meeting to order at 8:31 a.m.

Representative	Present	Absent
Chairman Monson	P	
Vice Chairman Schmidt	P	
Representative Martinson	P	
Representative Nathe	P	
Representative Sanford	P	
Representative Schatz	P	
Representative Boe	P	

Discussion Topics:

- Amendments for UAS tower infrastructure
- Workforce division
- Tourism division
- Partner programs
- Community Services division
- Economic Development and Finance division

Levi Kinnischtzke (8:33 a.m.) explained the bill. Testimony #9862

Shawn Kessel (8:39 a.m.) testified in favor.

James Leiman (8:44 a.m.) testified in favor.

Katie Ralston (9:03 a.m.) testified in favor.

Sara Otte Coleman (9:36 a.m.) testified in favor. Testimony #9863

Thomas Swoyer (10:58 a.m.) testified in favor. Testimony #9462

Josh Teigen (11:12 a.m.) testified in favor.

Additional written testimony: #9162, #9227, #9515, #9524, #9529, #9559, #9611, #9612, #9628, #9674, #9680, #9691, #9701, #9702, #9704, #9706, #9707, #9724, #9734, #9750, #9780, #9784

Vice Chairman Jim Schmidt adjourned the meeting at 11:42 a.m.
Klarissa Pudwill, Committee Clerk

Department of Commerce - Budget No. 601
Senate Bill No. 2018
Base Level Funding Changes

	Senate Version				House Changes to Senate Version			
					Increase (Decrease) - Senate Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2021-23 Biennium Base Level	61.80	$32,866,721	$54,123,293	$86,990,014	0.00	$0	$0	$0
2021-23 Ongoing Funding Changes								
Base payroll changes		($49,007)	$16,577	($32,430)				$0
Salary increase		266,126	56,512	322,638				0
Health insurance increase		2,341	531	2,872				0
Underfunds salaries		(140,000)		(140,000)				0
Transfers 1 FTE IT position to ITD for IT unification	(1.00)	3,525		3,525				0
Transfers the HOME program to the Housing Finance Agency	(2.00)		(8,343,371)	(8,343,371)				0
Adds funding for Microsoft Office 365 license expenses		5,486	1,013	6,499				0
Adjusts funding for the Community Services Division		(216,576)	329,488	112,912				0
Reduces funding for the Workforce Development Division		(199,664)		(199,664)				0
Reduces funding for the Economic Development and Finance Division		(195,000)		(195,000)				0
Reduces funding for the administration division		(396,990)	(3,283)	(400,273)				0
Reduces funding for the Operation Intern program		(100,000)		(100,000)				0
Adds funding for the UAS program		3,000,000	7,020,150	10,020,150				0
Transfers $505,000 for contractual fees from grants to operating expenses				0				0
Transfers $151,284 for the early childhood education program from operating to grants				0				0
Removes funding for the biotechnology grant program		(300,000)		(300,000)				0
Reduces funding for homeless shelter grants		(169,788)		(169,788)				0
Adds funding for rural health care grants		200,000		200,000				0
Adds funding for a state apprenticeship expansion program			347,157	347,157				0
Reduces funding for discretionary funds		(600,000)		(600,000)				0
Transfers funding for the North Dakota Trade Office to the Agriculture Commissioner		(1,600,000)		(1,600,000)				0
Total ongoing funding changes	(3.00)	($489,547)	($575,226)	($1,064,773)	0.00	$0	$0	$0
One-time funding items								
Adds funding for tourism marketing		$7,000,000		$7,000,000				$0
Adds funding for UAS program grants			$1,000,000	1,000,000				0
Adds funding for the beyond visual line of sight UAS program		1,000,000	19,000,000	20,000,000				0
Adds funding for enhanced use lease grants			7,000,000	7,000,000				0
Adds funding for technical skills training grants		1,000,000		1,000,000				0
Adds funding for workforce grants to tribally controlled community colleges		500,000		500,000				0
Total one-time funding changes	0.00	$9,500,000	$27,000,000	$36,500,000	0.00	$0	$0	$0
Total Changes to Base Level Funding	(3.00)	$9,010,453	$26,424,774	$35,435,227	0.00	$0	$0	$0

2021-23 Total Funding	58.80	$41,877,174	$80,548,067	$122,425,241	0.00	$0	$0	$0
Total ongoing changes as a percentage of base level	*(4.9%)*	*(1.5%)*	*(1.1%)*	*(1.2%)*				
Total changes as a percentage of base level	*(4.9%)*	*27.4%*	*48.8%*	*40.7%*				

Other Sections in Department of Commerce - Budget No. 601

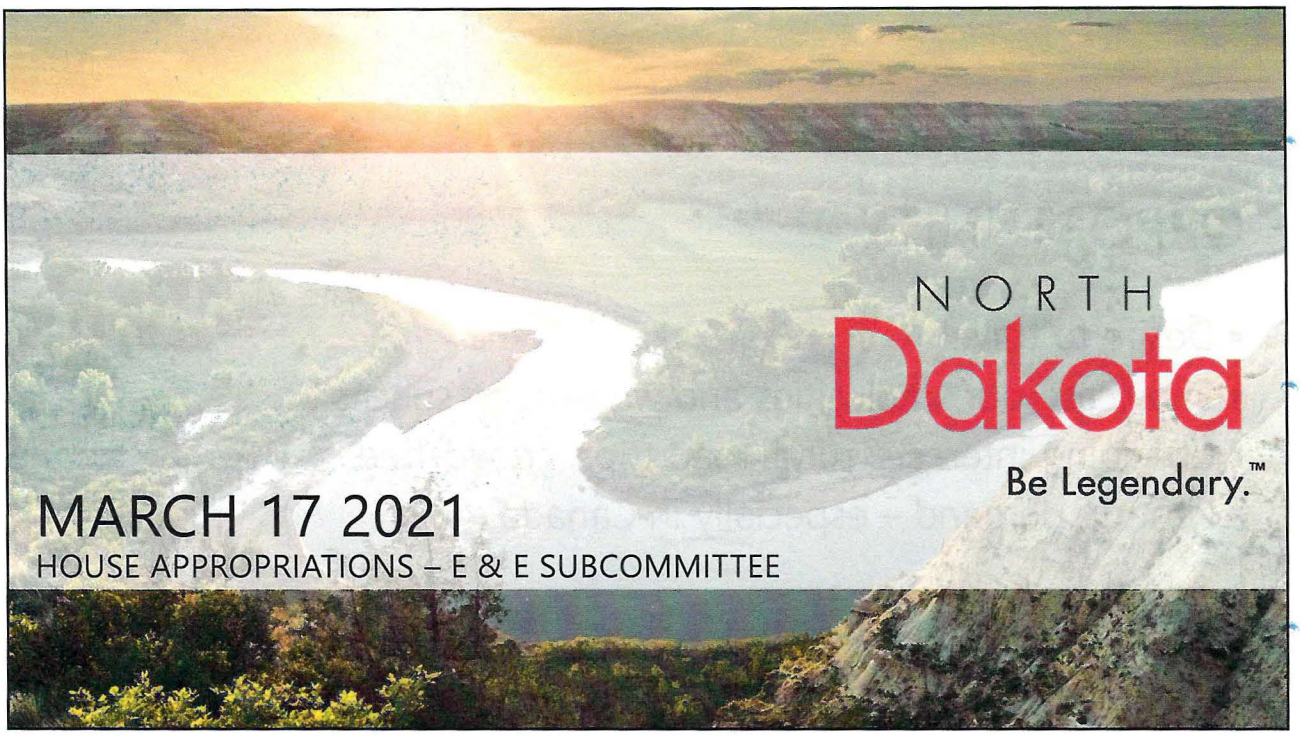
	Senate Version
Appropriation - Department of Transportation - Beyond visual line of sight unmanned aircraft system program - One-time funding	Section 3 appropriates $28 million to the Department of Transportation from grant funds received from the Department of Commerce pursuant to Section 11 for the purpose of defraying tower infrastructure construction expenses of the beyond visual line of sight UAS program during the 2021-23 biennium. The Department of Transportation may bid, award, and administer any contracts necessary to complete the construction of the tower infrastructure. This funding is considered a one-time funding item.
Internship fund transfer	Section 4 transfers $755,000 from the general fund to the internship fund in the operating expenses line item for the Operation Intern program.
Entrepreneurship grants and vouchers program	Section 5 identifies $948,467 included in Section 1, of which $740,956 is from the general fund and $207,511 is from the economic development fund for the entrepreneurship grants and vouchers program, also known as Innovate ND, for the 2021-23 biennium.
Estimated income - Strategic investment and improvements fund - Beyond visual line of sight UAS program - Enhanced use lease grants program	Section 6 identifies $26 million from the strategic investment and improvements fund in Section 1, of which $19 million is for providing beyond visual light of sight UAS grants and $7 million is for providing enhanced use lease grants during the 2021-23 biennium. This funding is considered a one-time funding item.
Beyond visual line of sight UAS program - Matching fund requirement - One-time funding	Section 7 identifies $1million from the general fund in Section 1 is for providing grants to an organization dedicated to expanding workforce opportunities, training, and education related to the beyond visual line of sight UAS industry, which the Department of Commerce may provide only to the extent the organization provides $1 of matching funds from private or other public sources for each $1 provided by the department during the 2021-23 biennium. This funding is considered a one-time funding item.

Other Sections in Department of Commerce - Budget No. 601

	Senate Version
North Dakota Trade Office - Advisory board - Continuing appropriation	Section 8 creates a new section to Chapter 4.1-01 to transfer the international business and trade office, also known as the North Dakota Trade Office, from the Department of Commerce to the Agriculture Commissioner.
UAS-related programs continuing appropriation	Section 9 amends Section 54-60-29 to expand the continuing appropriation provided to the Department of Commerce from the UAS fund for expenses of the UAS program to also include expenses of the beyond visual line of sight UAS program and the enhanced use lease grant program.
North Dakota Trade Office - Repeal	Section 10 repeals Section 54-60-16 related to the international business and trade office, also known as the North Dakota Trade Office, as part of the transfer of the program from the Department of Commerce to the Agriculture Commissioner.
Exemption - Beyond visual line of sight UAS program	Section 11 provides an exemption for unexpended 2017-19 biennium funds continued into the 2019-21 biennium for the beyond visual line of sight UAS program to continue into the 2021-23 biennium. The 2019 Legislative Assembly provided a $28 million supplemental appropriation from the general fund for this purpose for the 2017-19 biennium. The Department of Commerce may provide grants of up to $28 million to the Department of Transportation, pursuant to the appropriation in Section 3, for the purpose of defraying tower infrastructure construction expenses of the beyond visual line of sight UAS program during the 2021-23 biennium.
Exemption - UAS program	Section 12 provides an exemption for the UAS program to continue any unexpended 2019-21 biennium funds for the operating expenses of this program into the 2021-23 biennium. A total of $2.25 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.
Exemption - Enhanced use lease grant program	Section 13 provides an exemption for the enhanced use lease grant program to continue any unexpended 2019-21 biennium funds for the program into the 2021-23 biennium. A total of $3 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.

Other Sections in Department of Commerce - Budget No. 601

	Senate Version
Exemption - Early childhood education program	Section 14 provides an exemption to continue unexpended 2019-21 biennium funds for the early childhood education program into the 2021-23 biennium. A total of $1.5 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.
Exemption - Nonresident nurse employment recruitment program	Section 15 provides an exemption to continue $320,000 of the $500,000 appropriated from the general fund for the nonresident nurse employment recruitment program for the 2019-21 biennium into the 2021-23 biennium. In addition to the program eligibility guidelines established for the 2019-21 biennium, the Department of Commerce is required to provide funding for the program to eligible nursing students in the state who have not been employed by a health care provider on a full-time basis in the year preceding the grant award.
Exemption - Discretionary funds	Section 16 provides an exemption for discretionary funds to continue any unexpended 2019-21 biennium funds in the discretionary funds line item into the 2021-23 biennium. A total of $2.15 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.



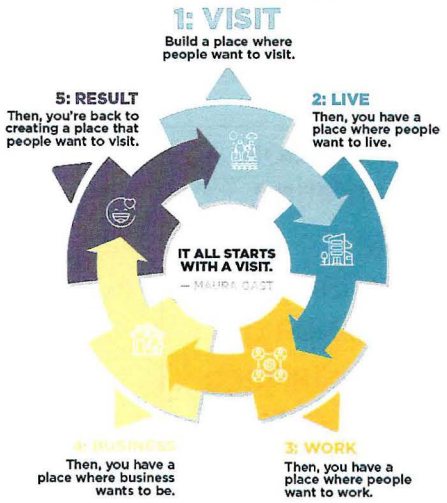
1

NORTH Dakota Be Legendary.™

TOURISM - MARKETING

IMAGE AND BRAND BUILDING

SUPPORT BUSINESSES



2

NORTH Dakota Be Legendary.™

OPPORTUNITY

- Desire to travel
- Showcase our small cities and wide-open spaces
- Changing interests: rural, road trips, crowd-free
- Pent up demand – especially in Canada

3

NORTH Dakota | Commerce Be Legendary.™

OPTIONAL TOURISM MARKETING REQUEST- $7 MILLION

Destination Marketing	Media Outreach	Brand Extension and Visitor Services
New late summer/fall - $5.8M campaign New website/tech enhancements - $525,000	Targeted national media outreach - $475,000	Brand- sales hubs at 4-6 locations $200,000

4

NORTH Dakota Be Legendary.™

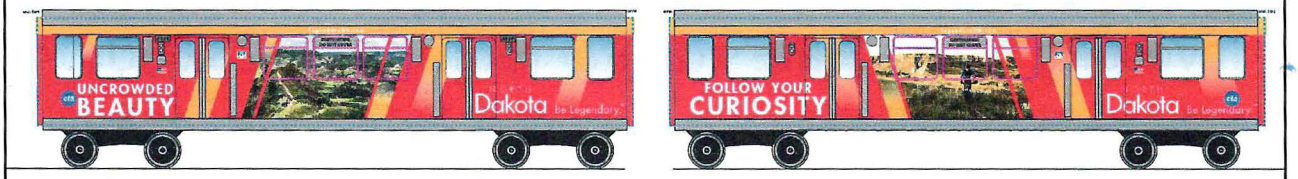
INVESTMENT - EXPANDING AWARENESS $5.8 M

- $500K – Production investment
  - Goal: Showcase the State with powerful, well-produced photography, videography and other assets
  - ROI: Studies show good photography can increase conversions by over 40%
- $1.8M - Television buy, including Connected TV and streaming video
  - Goal: Increase awareness and overall image of North Dakota as a travel destination
  - ROI: Most recent Image Study showed the highest recall on TV advertising (35%) and success at changing perceptions
- $1.8M - Digital ad buy
  - Goal: Motivate click-throughs and conversions through integrated digital advertising options
  - ROI: Tactic provides most immediate results, inspiring web visits and partner referrals
- $1M – Print buy, including magazine, newspaper and direct mail
  - Goal: Tell the North Dakota story through powerful photography, advertorial and cooperative advertising options for partners
  - ROI: Print continues to be one of the most credible means of advertising, returning the highest ROI
- $300K – Sponsorships
  - Goal: Garner national exposure with sponsorships that align with North Dakota's most unique product
  - ROI: Sponsorships not only net awareness, they also motivate media, word-of-mouth and user-generated content
- $400K – Out-of-home (OOH) and events
  - Goal: Get major impressions in high-traffic target markets aligned with propensity to travel to North Dakota
  - ROI: While OOH ads and event participation is limited in location, it provides "big splash" awareness

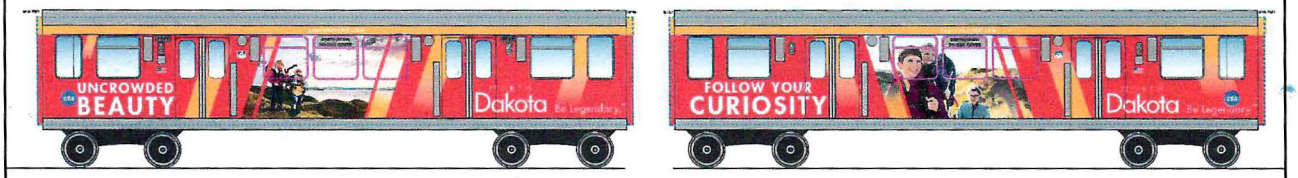
5

NORTH Dakota Be Legendary.™

SIDE-1



SIDE-1



Chicago Train, head house and elevator wrap –April – June $185,158

6

NORTH Dakota Be Legendary.

MEDIA COSTS EXAMPLES

- Broadcast TV – 3 weeks (May – Jun) Milwaukee, Duluth, Minneapolis $510,275
- Ducks Unlimited -full page ad+ editorial + enews + social $18,824
- NDNA – June placements $45,000
- Google Keyword (4 months) $94,120
- Forum April 1-June 30 digital display, video, retargeting -$80.590

7

NORTH Dakota Be Legendary.

Investing in the State's digital footprint $525,000

- $350K – Major enhancement to NDtourism.com
  - Goals: inspire visitation and economic recovery of industry, increase time-on-site, decrease bounce
  - ROI: 5x increase in signals of intent to travel (SITs)
- $75K – Google content development program
  - Goal: Improve accuracy of travel information within Google search and maps
  - ROI: Increase views of tourism partner images and North Dakota business verified by Google
- $30K – Digital Asset Management site integration
  - Goal: Increase views of user-generated content and imagery of North Dakota
  - ROI: Double time-on-site for website visitors who interact with expanded galleries and videos
- $45K – Database enhancement
  - Goal: Expand content and functionality for ND Tourism partners
  - ROI: 2x increase in referrals to partners
- $25K – User optimization tools
  - Goal: Provide online chat, provide responsive navigation
  - ROI: Increased customer satisfaction, 42% of consumers say that they prefer live chat (Inc.) and personalization

8

NORTH Dakota Be Legendary.™

INVESTMENT IN AWARENESS AND IMAGE $475,000

- $75K – Road Rally Support
  - Goal: Showcase the State with powerful, well-produced photography, video produced and shared by highly-acclaimed media.
  - ROI: 12 million household reaching 31 million impressions will drive trips to ND.
- $300K - Television Coverage by Major Network Segment
  - Goal: Increase awareness and overall image of North Dakota as a destination and new lifestyle choice.
  - ROI: 10 million viewers valued at $3 million to position ND as a must-consider destination.
- $100K – Supporting Influencers
  - Goal: Utilize the power of social media influencers to showcase North Dakota.
  - ROI: Partner with communities and attractions to host influential social media personalities. Goal is to host 10-12 media reaching 100 million.

9

NORTH Dakota | Commerce
Be Legendary.™

OPTIONAL TOURISM MARKETING REQUEST- $2.2 MILLION

Destination Marketing	Media Outreach	Brand Extension and Visitor Services
Extend campaign- August $1.4 M New website/tech enhancements - $475,000	Targeted national media outreach - $125,000	Brand- info hubs at 4-6 locations $200,000

10

NORTH Dakota Be Legendary.

INVESTMENT - EXPANDING AWARENESS $1.4M

- $700K - Television buy, including Connected TV and streaming video
  - Goal: Increase awareness and overall image of North Dakota as a travel destination
- $700K - Digital ad buy
  - Goal: Motivate click-throughs and conversions through integrated digital advertising options

11

NORTH Dakota Be Legendary.

Investing in the State's digital footprint $475,000

- $350K – Major enhancement to NDtourism.com
  - ROI: 5x increase in signals of intent to travel (SITs)
- $75K – Google content development program
  - ROI: Increase views of tourism partner images and North Dakota business verified by Google
- $25K – Database enhancement
  - ROI: 2x increase in referrals to partners
- $25K – User optimization tools
  - ROI: Increased customer satisfaction, 42% of consumers say that they prefer live chat (Inc.) and personalization

12

NORTH Dakota Be Legendary.

INVESTMENT IN AWARENESS AND IMAGE $125,000

- $75K – Road Rally- Great American Road Trip Support
  - ROI: 12 million household reaching 31 million impressions will drive trips to ND.
- $25K – Supporting Influencers
  - ROI: Partner with communities and attractions to host influential social media personalities. Goal is to host 10-12 media reaching 100 million.
- $25K -National Media Support
  - ROI: Reach new national audience targeted TBD

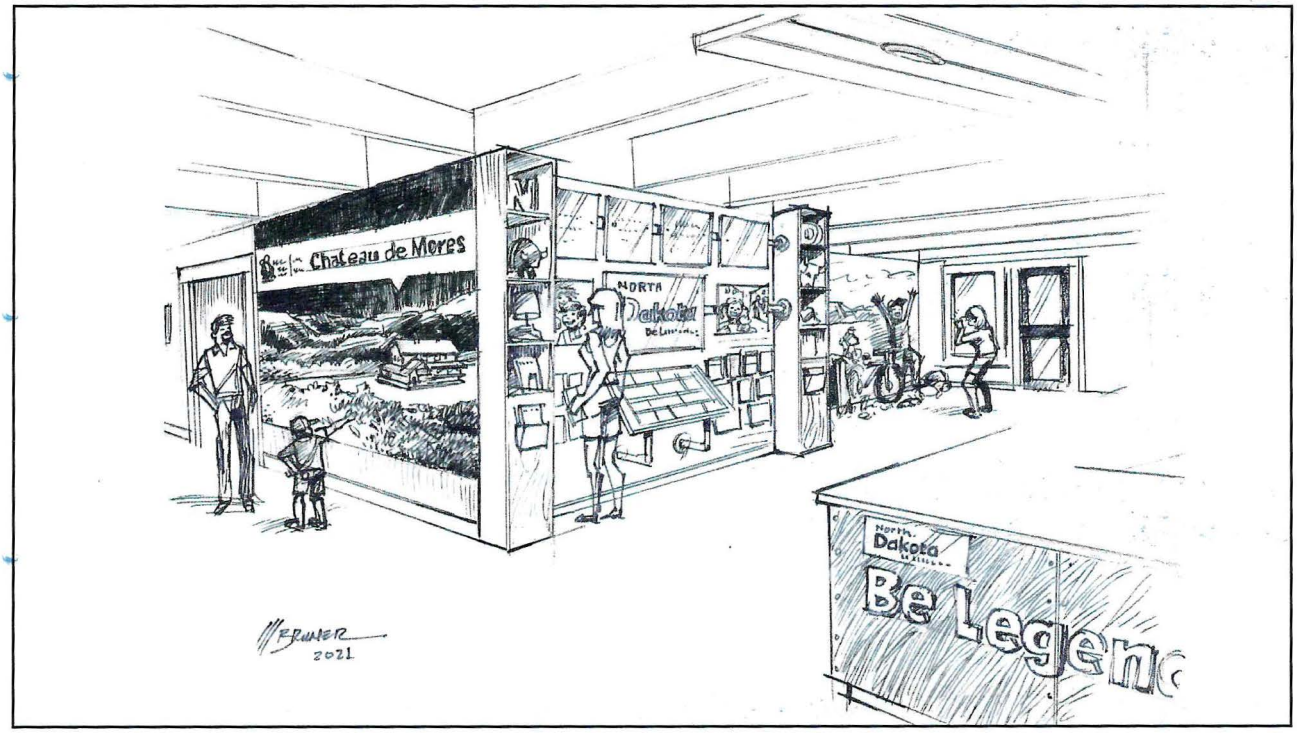
13

NORTH Dakota Be Legendary.

BRAND EXTENSION AND VISITOR SERVICE $200K

- Build out of 4-6 visitor information hubs at state owned facilities
- Provide visitor information staff training
  - ROI: Increase length of stays and more areas visited and spending, encourage return trips
  - ROI: Awareness, favorable impression and image improvement

14


Château de Mores
NORTH
Dakota
Be Legend
Dakota
Be Legend
2021

15

2021 ENHANCED USE LEASE REQUEST

The current request, passed by the North Dakota Senate, is for **$7M in new funding to support growth of utilities and infrastructure at the park and $3M of carryover from the 2019-2021 biennium**. Grand Sky requested the $7M to support accelerated growth in response to the growth of the UAS market nationally and the expected rapid growth of the North Dakota UAS market that will see quicker growth than the national average with the roll-out of the Vantis statewide BVLOS network.

Grand Sky is self-sufficient with respect to its operations. All past and future State investments are used for the development of new utilities and infrastructure at the park that benefit all tenants. The Enhanced Use Lease grant is funding that will support new investment in utilities and infrastructure that includes; security, roads, electric, sanitary sewer, natural gas, water, fire suppression (hydrant system), storm water and wetlands, airfield apron concrete repair, taxiway lights, taxiway paving, airfield striping and painting, flight support facilities, firefighting equipment, communications (fiber optics), software and licenses for flight operations support, fencing/gates, and common area parking. No funds will be used to subsidize Grand Sky operations with the exception of investment in new roads, utilities, and infrastructure as referenced above.

As mentioned above, Grand Sky is self-sufficient with respect to its ongoing day-to-day operations. However, funding for utilities and infrastructure is needed to continue to grow the park. At the outset, Total utility investment required for the entire park is estimated at $41M. If approved, the current $7M request would bring total infrastructure investment to $28.5M.

THE NEED:

- The tenant base at Grand Sky is growing as is the need for more space.
- Grand Sky will be developing “Phase 2” of the park which includes additional security and communications requirements, along with the pre-development of expansion of the flight operations aprons to promote the possibility of a crosswind runway along with expanded apron space to encourage more tenants to establish operations at the park. Simply put, the park needs to grow its utility and infrastructure footprint to support growth from existing tenants and new tenants.
- We request permission to use some portion, up to $2M, for engineering, planning, and similar services in support of the development of new utilities and infrastructure. No funds will be used in support of tenant facilities.

THE HISTORY

- To date the state has invested $21.5M in utilities and infrastructure at the park.
- The Enhanced Use Lease Grant (Grand Sky) which has been leveraged with $68.75M in private sector investment in the form of new office buildings, hangars, and other support facilities completed in 2020.
- The private sector has invested $3.19 for every $1 the state has invested.

- Since 2015, over $90M in privately funded construction has been completed at Grand Sky yielding a ratio of $4.18 (privately funded) to $1 (State funds).

JOBS CREATED

Annual employment and wage impacts from Grand Sky's ongoing operations (Grand Sky and tenant operations) include the following:

- Grand Sky and its tenants employ 187 people annually. Those 187 jobs generate almost $17M in annual wages with an average salary of $90,586.05 per year. (Note: Average Salary derived by dividing Total Reported Salary of $16,966,768.00 by 187.3 reported jobs.)
- Grand Sky and its tenants create an Indirect economic impact of $7,282,724 in wages from 143.4 jobs. (Note: Based on IMPLAN estimates)
- Grand Sky and its tenants create an Induced economic impact of $4,935,297 in wages from 120.0 jobs. (Note: Based on IMPLAN estimates)
- Total ANNUAL Grand Sky economic impact, including Direct, Indirect and Induced economic impacts from employment is $29.18M over 450.7 jobs. (SOURCE: Project Technical Memorandum from Jeffrey Donohoe Associates, LLC regarding "Grand Sky Economic Impact Evaluation" dated 2/26/21)

BENEFITS TO THE STATE

- Currently, Grand Sky generates $1,309,000 per year in state and local taxes from the following four sources: Employee Compensation, Tax on Production and Imports, Households, Corporations. (SOURCE: Project Technical Memorandum from Jeffrey Donohoe Associates, LLC regarding "Grand Sky Economic Impact Evaluation" dated 2/26/21)
- Over the next 20 years, assuming no new employment, no changes in compensation rates, changes in tax rates, or changes in state and local taxes, Grand Sky will generate state and local taxes in excess of $26M.

WOODLAND RESORT

To: House Appropriations Committee

Re: SB 2018

Date: March 15, 2021

Chairman Monson,

I am asking you and your committee to consider fully supporting SB 2018. Hospitality in North Dakota is poised to lead the post-COVID 19 recovery in North Dakota and your action will ensure our State stays and grows in this competitive marketplace.

Americans have returned to the lakes, rivers, parks, and outdoors to safely enjoy family and friend travel. North Dakota has an abundance of these opportunities. As our country continues to work towards ending the COVID pandemic the pent-up demand for tourism is going to be strong.

North Dakota Tourism can help our state take advantage of this opportunity but needs the funding to retain and grow our industry. Tourism touches every county in North Dakota and has become a 4-season job grower across the State. The last 30 years have seen amazing growth in facilities, services and opportunities for our guests.

Woodland Resort would not have grown or prospered without the efforts of ND State Tourism. What was once a 4-employee business now retains 50 full-time employees. We are an example of the results that happen from the professional leadership at ND Tourism. Real nonresident spending = job growth and new wealth to North Dakota. Let us keep moving forward. Now is the time to make the investments to ensure North Dakota is not left out.

Please do not let this once-in-a -lifetime opportunity pass us by. Fully and wisely invest in North Dakota Tourism and we will continue to hire, build, and grow our economies across North Dakota.

Please pass SB2018 including the 7 million one-time investment. We need your help and support.

Kyle Blanchfield

Owner, Woodland Resort on Devils Lake, ND

#9227

ND Small Business Development Centers
Lead Office
293 Centennial Drive, Stop 7308
University of North Dakota
Gamble Hall Room 140
Grand Forks ND 58202-7308

March 15, 2021

Chairman Monson,

My testimony submitted for the hearing on March 11 will transfer to the hearing on March 17, since time did not allow for the Partner Programs line to be discussed then.

Thank you.

Tiffany Ford
State Director
North Dakota Small Business Development Centers
701.213.8179
tiffany.ford@ndsbdc.org

#9515

3/15/2021

The Honorable David Monson
Chairman, Appropriations Education and Environment Division
ND House of Representatives

Dear Mr. Chairman:

I am writing you in regards to SB 2018, specifically in support of continued and increased state funding for the ND Small Business Development Centers (SBDC) through the ND Department of Commerce budget.

I am the owner of Lone Oak Farm Event Venue, which will be opening this summer after 27 months of work and prep. We are a rural ND, Cass County, venue that is excited to serve others and the community. We received tremendous assistance from the ND SBDC Fargo Center, specifically working with Paul Smith. Paul and the SBDC program were significant attributes to this endeavor. Not only did his expertise guide our path, but he was so patient and gracious teaching us the very basics of our business development and advocating for our best interest. The SBDC was essential in the development of Lone Oak with Paul assisting our plan development and financial projections. He also recommended financial institutions that have been great to partner with.

I can sincerely say we would not be where we are today, and most likely would not be in existence, if it were not for Paul and the support of the SBDC.

Lone Oak is one of hundreds of ND companies to receive support in 2020, and 2019 for us as well. The numbers show that SBDC supported 1400 clients, in 53 counties and helped clients secure nearly $85 Million in capital, in addition to supported 6031 jobs. SBDC has been a influencing factor in support of businesses hit by the pandemic, with 90% of small business owners who received their support, pre COVID, still in business 5 years vs. 50% nationally. This data alone signifies the value in this group and its impact in ND.

Please consider an increase in state funding for the SBDC. This will enable them to continue to support, educated and partner with new ND small businesses, ultimately enabling success. A vote in support of the program will prove your support for ND small businesses, entrepreneurship, job development and economic growth in our communities.

Sincerely,
Teresa Gulleson

teresa@loneoakfarmvenue.com
Lone Oak Farm LLC
Ayr ND
701-371-0689

#9524

March 15, 2021

The Honorable David Monson
Chairman, Appropriations Education and Environment Division
North Dakota House of Representatives

Dear Mr. Chairman:

I am writing to you regarding SB 2018 and specifically in support of continued and increased State funding for the ND Small Business Development Centers (SBDC) through the ND Department of Commerce budget.

I am the owner of Wash Your Tail LLC in Fargo ND, for over 7 years which provides dog services to clients. Our company received assistance from the SBDC Fargo Center and center director Paul Smith. The SBDC was vital to expanding and purchasing my business as Paul assisted with my business plan development/market research/financial projections/finding capital.

His knowledge, expertise, professionalism and dedication were greatly appreciated as this process required numerous virtual meetings and collaboration with lenders. I simply cannot do this type of thing and need his timely help in many areas.

In the end, our company was successful in securing financing to purchase our business, which resulted in the creation of 5 jobs so far and retention of 16 ND jobs. The services provided by the SBDC were vital to help us get to the finish line and achieve our goal. This has helped so many dogs and humans.

Our business is just one of hundreds of companies, which received assistance during the past year from the SBDC. In 2020, the program assisted more than 1,400 unique clients in all 53 counties, helped clients secure nearly $85M in capital and supported 6,031 jobs. Working in collaboration with the ND Department of Commerce, the SBA and other organizations, the SBDC has been on the ‘front lines’ for those businesses hardest hit by the pandemic. Perhaps most impressive, 90% of small business owners who used SBDC services to start their companies are still in business after 5 years (pre-pandemic) vs. 50% nationally. These results point to the significant impact of the SBDC on ND small businesses and sound return on investment for ND taxpayers.

I respectfully request your consideration of increased state funding for the SBDC, which will allow the program to continue to assist and meet the growing demand for services by ND small businesses. By voting to increase state funding of this program, you would be demonstrating your support for ND small businesses, job creation and economic growth across our great state.

Sincerely,

Kelly Norton

Wash your Tail LLC
Fargo ND
Prairiedogsouth@gmail.com
701-356-5353

March 16, 2021

Re: SB 2018

Greetings Chairman Monson, and members of the House Education & Environment Division Appropriations Committee:

My wife and I, on five separate projects, have used the services of Mary Beth Votava at the Minot Branch of the Small Business Development Center. Her advice and ability to think of things we didn't think of have been invaluable to us in our businesses.

First: I purchased an existing small business, the funeral home in Mohall, in 2004. Mary Beth generated all the reports and projections that I needed to take to the bank in order to get financing.

Second: My wife had the opportunity to buy a flower shop where she worked for 21 years. As we began the buy/sell process, it quickly became apparent the owner wanted way too much. The worst thing you want to do is overpay for a business. Sometimes, in the blind excitement of purchasing a business, a grounded, neutral party needs to look at it and provide advice. My wife did not buy this business.

Third: Mary Beth generated the projections for my wife to go out on her own and open her own flower shop. My wife opened her shop in April of 2012. She has now been open close to nine years and has been named the #1 flower shop in Minot for the last seven years.

Fourth: We leased the building for five years that houses my wife's flower shop. We were given the opportunity to purchase the building. Mary Beth assisted my wife and me in the paperwork needed to take to the banks for the purchase of the building.

Fifth: Mary Beth assisted my wife with applying for the Commerce Emergency Relief Grant. These funds were used to purchase a UV disinfection lamp, masks and sanitizing stations to make her business safer for customers to come in.

The Small Business Development Center has been vital to both my wife and me and our businesses. Small businesses are the backbone of our communities, contributing to the local economy and providing jobs.

I would encourage your committee to approve, and maybe even increase, the funding for the Small Business Development Center so other people, just like us, who have a dream to own a business, can get the help they need in the planning stages. Thank you for your consideration.

Sincerely,

Jeff Brose
Brose Funeral Home
P.O. Box 396
Mohall, ND 58761-0396
701-756-6380

Niki Brose
Flower Central
P.O. Box 1625
Minot, ND 58702-1625
701-852-6224

Jeff and Niki Brose
CKJ Real Estate, LLC
2004 Westfield Avenue
Minot, ND 58701-3443

THALES

#9559

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Overland Park, KS 66211
USA
Tel. +1 913-422-2600
Fax.+1 913-422-2962
www.thalesgroup.com/USA

January 5, 2021

Subject: Thales Letter of Support for Vantis and Northern Plains UAS Test Site

The Honorable Chairman Jeff Delzer-

I am writing you on behalf of Thales, a global organization with more than 80,000 employees worldwide, revenues of $24 Billion and one of the systems integrators for the State's beyond visual line of sight (BVLOS) initiative—Vantis—to express our support for Governor Burgum's initiative to use Legacy Funds to stimulate the growth of the unmanned aviation sector in the State.

As a partner with the State, Thales believes that there is enormous potential in the expansion of the UAS industry within the State and across the country. Thales, along with a globally recognized policy and financial consulting firm, recently conducted a technology and economic study to assess the impact of UAS operations in the State of North Dakota over the next 15 years. The study determined that the planned State investment over the next two legislative cycles can lead to a sustainable services stream valued between $40 million to $100 million per year by 2035. Even though there is uncertainty in these forecasts, the study concludes that the latent demand from commercial UAS operators is extremely strong and investment represents a way to prime the pump for the UAS industry in North Dakota.

I provided this information up front to show you that today's investment by the State yields benefits for generations of North Dakotans to come. The benefits of UAS operations extend beyond North Dakota's largest cities. In fact, close to 75% of the benefits realized from the Vantis network improve the lives of those in rural areas. Vantis will soon prove that UAS operations to assist farmers for agriculture, the Bureau of Minerals and Natural Resources for land management, oil and gas companies, and the Department of Transportation for infrastructure improvements and preservation will be apparent. This will lead to new economic opportunities for the State and its residents but will also pave the way for educational opportunities for North Dakota's children because they will witness first-hand how technology improves their lives and the lives of their families.

Perhaps the largest benefit that can't be quantified just yet, is the importance that the State of North Dakota plays in the global aviation ecosystem. Aviation is an industry that is risk adverse, slow to change. However, when it does, programs like the one that the State is undertaking with Vantis, serve as the envy of the industry inspiring others to follow. Vantis is showing air navigation service providers around the world the impact that investment in infrastructure, UAS operations for several applications and evolving aviation policy means to the global aviation community. North Dakota's initiative is referenced globally today—we know this because outside of the United States, Thales has customers in over 170 countries that equate to more than 40% of the total airspace on Earth. The State is in a great position to capitalize through Vantis not only to benefit its own citizens, but as a leading voice in the global integration and adoption of UAS.

Vantis is unique in that this is an opportunity for the State to capitalize on infrastructure investments that will see a continual return on investment. Thales has participated in similar efforts in other States where money was spent on infrastructure to address a small fraction of the UAS integration challenge. The State, through Vantis, understands that partnerships and strong business relationships need to be formed to advance the future of UAS integration. This initial investment will spur economic drivers in several industries from transportation to health care to, eventually, package delivery. Vantis benefits those in rural areas as much as, if not more, than those located in the State's most populated areas. With the industry poised to "take-off," now is not the time to reduce investment, but, continue so that the path towards self-sustainment can be realized within the next five years.

As you can tell, we are very passionate about the future of Vantis. Thales is playing a key role in the U.S. and globally to advance the future of the UAS portion of the aviation industry. We believe in the mission of the State and the Vantis initiative. We look forward to working with the team to deploy capabilities to enable UAS integration into the national airspace system. We urge you to support the ongoing funding for the Vantis network to help attract more companies, like Thales, to North Dakota and provide opportunities for generations to come.

Regards,

Todd Donovan
VP, Airspace Mobility Solutions—Americas

CC: Frank Matus, Thales Air Traffic Control / Digital Aviation Solutions
Nicholas Flom, Executive Director NPUASTS

#9611

March 15, 2021

The Honorable David Monson
Chairman, Appropriations Education and Environment Division
North Dakota House of Representatives

Dear Mr. Chairman:

I am writing to you regarding SB 2018 and specifically in support of continued and increased State funding for the ND Small Business Development Centers (SBDC) through the ND Department of Commerce budget.

I am the owner of *Seventh Avenue Auto Salvage*, which provides used auto parts, complete auto recycling as well as rebuilt automobiles since 1982. Our company received assistance from the SBDC Fargo Center and center director Paul Smith. The SBDC was vital to helping me with business purchase my business as Paul assisted with writing my business plan, and working on the financial projections for said plan. His expertise, experience and abilities were greatly appreciated, and vital to this process which required numerous on-site meetings and collaboration with lenders.

In the end, our company was successful in securing financing to purchase and expand the business, which resulted in the retention of 15 jobs. The services provided by the SBDC were vital to help us get to the finish line and achieve our goal.

Our business is just one of hundreds of companies, which received assistance during the past year from the SBDC. In 2020, the program assisted more than 1,400 unique clients in all 53 counties, helped clients secure nearly $85M in capital and supported 6,031 jobs. Working in collaboration with the ND Department of Commerce, the SBA and other organizations, the SBDC has been on the 'front lines' for those businesses hardest hit by the pandemic. Perhaps most impressive, 90% of small business owners who used SBDC services to start their companies are still in business after 5 years (pre-pandemic) vs. 50% nationally. These results point to the significant impact of the SBDC on ND small businesses and sound return on investment for ND taxpayers.

I respectfully request your consideration of increased state funding for the SBDC, which will allow the program to continue to assist and meet the growing demand for services by ND small businesses. By voting to increase state funding of this program, you would be demonstrating your support for ND small businesses, job creation and economic growth across our great state.

Sincerely,

Nate Booth
SAA Salvage & Recycling, Inc
DBA Seventh Avenue Auto Salvage
402 42nd St N, Fargo, ND 58102
natebooth@seventhavenueauto.com
701-282-5130 opt 3

#9612

NCPC
NORTH CENTRAL
PLANNING COUNCIL

417 5th St. NE
PO Box 651
Devils Lake, ND 58301-0651
PH: 701-662-8131
Fax: 701-662-8132
www.northcentralplanningcouncil.com

March 16, 2021

Dear Representative Monson and House Appropriations, Education & Environment Division committee members:

I am writing to urge you to increase the states funding of the ND SBDC. This nationally accredited program provides invaluable, no-cost business advising to small businesses all around the state and is influential in the growth of business and economic success in our state and local communities.

I have been a board member of North Central Planning Council, the host organization for the Devils Lake ND SBDC, since 2015. I have received quarterly and annual SBDC reports since that time and have seen first-hand the impacts of the Devils Lake SBDC and the entire ND SBDC network. North Dakota Region III consists of Benson, Cavalier, Eddy, Ramsey, Rolette, and Towner Counties as well as the Turtle Mountain Band of Chippewa and Spirit Lake Reservations. This Center has assisted Region Ill entrepreneurs and business owners with numerous business start-ups, expansions, business successions and obtaining millions of dollars in capital.

The ND SBDC provides support to businesses in many ways. They give guidance on developing business plans and financial projections, providing accurate and comprehensive industry data, creating marketing strategies, obtaining financing, enhancing websites and e-commerce, assessing cybersecurity issues, and much more. These efforts result in strong small business ecosystems in local communities and helps to create jobs and economic growth in our state.

They have also increased their services and outreach in the face of COVID-19. By providing live and recorded webinars to assist business owners with PPP Loan applications and forgiveness, the Economic Injury Disaster Loans (EIDL), BND COVID-19 relief programs, and other business support, the ND SBDC has been on the front lines of saving and strengthening North Dakota's business community during the pandemic. The ND SBDC helped small business owners obtain nearly $85M in capital for starting and expanding their companies. The organization also created, retained and supported 6,031 jobs in North Dakota.

Please support small business owners, local communities, and economic growth around our great state by proposing increased funding for the ND SBDC program. Now more than ever North Dakota needs programs like the ND SBDC that provide no-cost advising for our small businesses. Financial support for this program results in a healthier and more resilient small-business sector, creates meaningful jobs and thriving communities, and supports the overall North Dakota economy.

Sincerely,

Merle Boucher

PO Box 7
Rolette, ND 58366
PH: 701-246-3652
Cell: 701-550-9098

L3HARRIS™

December 22, 2020

Honorable Jeff Delzer
Chairman, House Appropriations Committee
2919 Fifth Street NW
Underwood, ND 58576

Dear Chairman Delzer,

I am writing to you in support of Governor Burgum's recent budget request of $27M for Fiscal Year 2021-2023 to fund Unmanned Aircraft System (UAS) activities in the State of North Dakota. L3Harris Technologies has been a mission partner with the State and commercial UAS entities since 2015. Our joint research and development efforts with the University of North Dakota (UND) Research Institute for Autonomous Systems have led to advancements and innovation in providing aviation-grade, ground-based surveillance and Detect-and-Avoid capabilities. These safety-critical technologies will ensure the proper integration of UAS into the National Airspace System in accordance with the Federal Aviation Administration's UAS Concept of Operations.

We are especially encouraged by the Governor's specific request to direct $20M of Legacy Fund earnings to support continued development of the North Dakota statewide beyond-visual-line-of-sight UAS network. In collaboration with UND Research Institute for Autonomous Systems and the Northern Plains UAS Test Site, L3Harris developed the proof of concept HUBNET corridor between Fargo and Grand Forks to demonstrate the feasibility and benefits of such a network. This critical research was concluded in 2019 and paved the way for the Test Site to develop the vision and concept of operations for the Vantis network. Earlier this year, L3Harris was awarded as one of the prime system engineering integrators for the Vantis network to develop and deploy the Key Sites in McKenzie and Williams counties in 2021.

The Vantis network vision to provide comprehensive aviation-grade surveillance, command and control and management services to UAS operators across the entire State of North Dakota will foster future development of UAS commerce, attract new innovative companies and high-paying jobs, provide access to essential human services in rural areas, and enhance the safety of critical infrastructure within the State.

Since the advent of modern UAS, North Dakota has been the clear leader in adapting and integrating these platforms into every facet of American life. From supporting early applications in defense with the Air Force's Predator and Global Hawk programs, to standing up the Northern Plains UAS Test Site and supporting the Grand Sky Business Park, North Dakota has created the world's first UAS ecosystem that serves as a model across the United States. The development of the Vantis network is the latest step in maintaining that leadership by demonstrating operational, political, and financial vision in the integration of UAS. The development and deployment of the Vantis network also represents a positive furthering of the public/private partnerships with both State and Federal entities, and the UAS and aerospace industries.

The integration of UAS operating beyond visual line of sight is the first step in the long-term transformation of how North Dakotans, and all Americans will live, work, commute, and interact in society. Future modes of transportation including advanced air mobility, hypersonic transportation and commercial space transportation all require a state-of-the-art infrastructure ensuring safe and efficient operations. The Vantis network defines the foundation of that infrastructure, leveraging capabilities already operating in today's National Airspace System, and engaging leading aerospace companies like L3Harris to advance technology and bring innovation to meet the changing needs of these new systems.

As a trusted mission partner, we look forward to continuing this critical work on the Vantis program as it matures and grows to service all UAS across the state. We recognize your continued support of all UAS programs, including Vantis, reaffirms that North Dakota will continue as the leader in innovations advancing UAS for years to come.

Sincerely,

James T. Eck

James T. Eck
Vice President, Strategy & Business Development, Mission Networks
L3Harris Technologies - Aviation Systems
600 Maryland Ave, SW, Suite 850E, Washington, DC 20024
t 202 730 2540 | m 202 819 5004

#9674

CITY OF
WILLISTON
ECONOMIC DEVELOPMENT

ACCREDITED ECONOMIC DEVELOPMENT ORGANIZATION

March 16, 2021

Mr. David Monson Chairman,
House Appropriations – Education and Finance Division
600 E. Boulevard Avenue
Bismarck, North Dakota 58505

RE: (SB 2018) Amendment relating to UAS training

Chairman Monson and Members of the Committee,

I am writing on behalf of the Williston Economic Development office to express our full support of Senate Bill 2018 specifically the amendment that dedicates grant funding for expanding workforce opportunities, training and education related to the beyond visual line of sight UAS industry.

The introduction of the Vantis network into Western North Dakota provides the area prime opportunities on two facets: The ability to reduce costs and increase efficiencies within the oil and gas industry and the introduction of a diversified industry to limit the ups and downs related to an economy dependent on commodity prices.

As Vantis continues to move forward, the Williston Economic Development office intends to take full advantage of the economic opportunity it presents. To do this, we will need skilled workforce. With an estimated 9.5% unemployment rate in Williams County we have an opportunity to capture individuals who already reside within the region.

We are the leader in the nation with Vantis and beyond visual line of site. We have opportunity to be a leader of an aggressive workforce development program for this exciting emerging industry.

On behalf of the Williston Economic Development office I respectfully request that the house appropriations education and environment division fully support SB2018 and the amendment relating to UAS training.

Best Regards,

Shawn Wenko
Executive Director
Williston Economic Development

March 16, 2021

Chairman Monson, Vice-Chair Schmidt, and Members of the House Appropriations Committee,

My name is Sonja Duerre Stromswold, and I own two small businesses in Mohall, ND. As the owner of two long-operating small businesses in North Dakota, I am writing to testify in support of the North Dakota Small Business Development Centers (ND SBDC) and their services. I have worked with and seen first-hand the impacts of the ND SBDC, so I urge you to increase the state's funding support of this incredibly impactful program. This nationally accredited program provides invaluable, no-cost business advising to small businesses all around the state and is influential in the growth of business and economic success in our state and local communities.

Both of my businesses have utilized the services of the ND SBDC since the program started in North Dakota in 1989 – 35 years ago. From starting a business to growing it, the ND SBDC and its business advisors have been invaluable to my businesses. Both businesses, The Flower House Garden Center and The Prairie Bistro, LLC, are located in rural Mohall, North Dakota. The Flower House began as a way to supplement my family's farming income in 1968. While our farm has not survived, the Flower House did, partly due to the business support and financial help from SBDC. Our advisor at the time helped us develop a business plan and helped us apply for and receive Disaster Assistance due to the poor economy in rural North Dakota at the time. We've continued to take advantage of the business advice of Mary Beth Votava, the current Center Director of the Minot Region SBDC. She has helped us improve our pricing structure, create budgets, analyze our performance, and survive the cycles of business in an area dependent on agriculture and oil. I believe it is safe to say The Flower House Garden Center would not be in business, employing 15-20 people in our small town, today if not for the support of SBDC. The Prairie Bistro, LLC began the same year the ND SBDC did, in 1989. And as with the Flower House, the local SBDC has been a steady source of support, education, and advice since I opened the business. I knew how to bake but not how to create a budget, price my product, or read a financial statement. Thanks to the ongoing support of the SBDC, we now employ 4 full staff and up to 8 part time. Neither business would be here today if not for the support of the SBDC.

Please support small business owners, local communities, and economic growth around our great state by supporting and increasing funding for the ND SBDC program. I cannot overstate the importance of their assistance, now more than ever, as small businesses like mine attempt to navigate and survive the impacts of the pandemic. The support of the ND SBDC has not only kept The Flower House Garden Center and The Prairie Bistro, LLC, but has also helped us grow. Financial support for this program will result in a healthier and more resilient small-business sector, create meaningful jobs and thriving communities, and support the overall North Dakota economy. Please support my small businesses and others like them by supporting the ND SBDC.

Sincerely,
Sonja Duerre Stromswold

#9691

DICKINSON
THE WESTERN EDGE
CONVENTION & VISITORS BUREAU

72 EAST MUSEUM DRIVE
DICKINSON, NORTH DAKOTA 58601
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E: INFO@VISITDICKINSON.COM
www.visitdickinson.com

March 16, 2021

To: House Appropriations Committee

Re: SB 2018 – ND Tourism Budget

Dear Chairman Monson, and members of the House Appropriations Education and Environment Committee,

The Dickinson Convention & Visitors Bureau urges your committee to approve the additional one-time funding of $7 million that is currently in the bill for the ND Tourism Division's marketing efforts.

Our industry is growing to be a year-round destination. Years ago, there wasn't a Bold St. Nick's Fatbike Festival that is held the middle of December in the ND Badlands, or a Poco Rio Frio winter event in February in the ND Badlands. These events are drawing extreme sports enthusiasts from across the US to participate in the fat tire mountain biking, snowshoeing, and XC skiing in the winter.

A question was asked about requesting such additional dollars on the "short travel season", these types of events show the extended travel season that continues to grow with attendees from also outside of North Dakota.

Marketing costs a lot of money. It takes a lot of money and our surrounding states are there. North Dakota isn't anyway near our surrounding states in the level of marketing funds, far from it.

The pandemic has taken its toll on a lot of our hospitality businesses and attractions, but it is now also providing an opportunity, please support the additional $7 million in marketing funds for the ND Tourism Division.

Sincerely,

Terri Thiel
Executive Director

Enclosure

Explore the WESTERN EDGE

BULL MOOSE MUDRUN

2ND WEEKEND IN JUNE

Medora, ND
BullMooseMudRun.com

The Bull Moose MudRun is a Badlands obstacle course run inspired by Teddy Roosevelt's daily routine to challenge himself and whoever he could get to join him. The rules are simple. Go over, under, or through any obstacle in the way until you reach the finish line.

BOLD ST. NICK'S FATBIKE FESTIVAL

MIDDLE OF DECEMBER

Medora, ND
BadlandsRaces.com

Be bold, brave the cold at this Christmas themed fatbike weekend event for the whole family. Join us Friday night for our Save the MDH Foundation's Annual Meeting & volunteer appreciation banquet. Race your fatbike on Saturday & enjoy a group recovery ride on Sunday.

POCO RIO FRIO

2ND SATURDAY OF FEBRUARY

Watford City – CCC Campground
BadlandsRaces.com

Snowshoe, XC ski and/or FATBIKE the MDH Trail/ Long X Loop Winter Wonderland from sunrise to sunset. Choose from our 2-mile, 4-mile and/or 11-mile loops, each with a specific value based on the difficulty of the current conditions. Whoever racks up the most points in ten hours - wins.

#9701

trainND NORTHWEST

March 16, 2021

House Appropriations Committee
Committee Chairman Jeff Delzer
2919 Fifth Street NW
Underwood, ND 58576-9603
jdelzer@nd.gov

House Appropriations - Education and Environment Division
Committee Chairman David Monson
P.O. Box 8
Osnabrock, ND 58269-0008
dmonson@nd.gov

From: Kenley Nebeker, Regional Director for Technical Programs and Training, Williston State College

Subject: Support for UAS training grant in SB 2018

To the Honorable Chairman Delzer, Chairman Monson, and Committee,

As the Director of TrainND Northwest it is my privilege to share our vision for our unmanned aircraft systems (UAS) program and express my support for appropriated funding through the Commerce Budget (SB 2018). While TrainND Northwest's UAS program is new and developing, we see great potential in the workforce training that we could potentially provide to the state.

To take full advantage of the impressive investment the state is making in the Vantis BVLOS (Beyond Visual Line of Site) network workforce training will be key. The applications of UAS for the industries of ND are near endless. The addition of the Vantis BVLOS network creates an opportunity for industry to gain efficiencies in multiple ways. To take advantage of this opportunity industry, communities, and the youth of North Dakota will need to be educated as to what those possibilities are and trained on how to safely and efficiently operate UAS. TrainND Northwest's vision is to provide this training and education to the people of North Dakota. A seamless workforce training program in UAS will allow the state to reap the full benefit of its investment in Vantis.

This grant would allow TrainND Northwest to develop and administer a rounded UAS training curriculum that meets the needs of LOS and BVLOS UAS operations as outlined below:

- UAS Careers exploration/community education
- Part 107 certification preparation (federal commercial license to operate an UAS)
- UAS Safety
- Hands on Flight training Crawl-Walk-Run approach
    - Simulation
    - Group 1 UAS (small)
    - Group 2 UAS (medium)
    - Medium Altitude Long Endurance (MALE) UAS
- Airframe and Powerplant (A&P) Mechanics
- BVLOS
    - Visual observer (visually observes flight of drone at checkpoints during mission)
    - Sensor operator (ensures BVLOS network is operating for UAS during mission)
    - Pilot & command (operators of UAS controls and legally responsible for operation of UAS)
    - Mission commander (oversees UAS mission and planning)
- Data Collection and Interpretation
- Industry specific use training
    - Oil and Gas
    - Agriculture
    - Utilities and Wind Energy
    - Public/emergency services

To make this vision a reality we are asking for a one-time appropriation of $1 million requiring, and contingent on receiving, a 1:1 match (available from any-and-all sources including O & G, Ag, Utilities, city, county, and WSC). Appropriations will be leveraged to continue building a UAS training program that meets the stated vision utilizing the draft budget seen below:

- 40% UAS and sensors
- 20% UAS curriculum development/administration
- 10% UAS simulators
- 17% UAS operations equipment
- 7% UAS ground stations
- 6% in- and out-of-state marketing

TrainND Northwest is confident that this appropriated funding will allow us to develop a UAS training program that will provide the state with a well-trained UAS workforce that is ready to make use of the Vantis network allowing us to increase efficiencies and wealth for industry and the great citizens of North Dakota.

Please feel free to reach out to me at kenley.nebeker@willistonstate.edu with any questions.

Very respectfully,

Kenley Nebeker
Regional Director for Technical Programs and Training
Williston State College

TRAINND NORTHWEST

TrainND Northwest: Who Are We

The workforce training division of Williston State College, TrainND Northwest, serves business and industry needs in the northwestern region of North Dakota.

Since 1998, TrainND has offered customized short term and workforce training for business and industry in North Dakota, reflecting regional workforce needs, both current and emerging, to support the North Dakota Economy.

WILLISTON STATE COLLEGE

trainND NORTHWEST

TrainND Northwest

- TrainND Northwest Mission Statement:

TrainND Northwest is North Dakota's premier training facility delivering the highest quality of diverse safety, technical, and professional training for an evolving workforce.

- TrainND Northwest Vision Statement:

Our vision is to leverage our expertise to facilitate the expansion of knowledge, skills, and confidence to empower the achievement of personal and company objectives.

TrainND Northwest

TrainND Northwest Impact on North Dakota Workforce (2009 – 2019)

- Training Participants – **80,527**
- Training Sessions – **10, 039**

Companies Served – **3,707**

Contact Training Hours – **1.14 Million**

- **21%** of ND University System Students (FY 20)

Bridging the Gap
TrainND Northwest Vision for UAS Workforce Training in North Dakota

The Imminent UAS Workforce Shortage in ND

- ND has wisely invested in the Vantis network setting our great state up to lead the way in UAS application in the BVLOS world.
- This investment is undoubtably going to create many jobs connected to UAS. Jobs that will require training.
- The state's investment in Vantis will not see its maximum ROI if there is no viable plan to train the workforce it will create.
- TrainND Northwest has prepared for this eventuality by establishing a LOS UAS curriculum and training program. Industry has made it clear that application will not gain momentum until BVLOS is made available to them.
- TrainND Northwest is positioned perfectly to train the future North Dakota UAS workforce.

trainND
NORTHWEST

Why TrainND Northwest?

- TrainND Northwest provides training in the region Vantis selected as it's **Key Site**
- TrainND Northwest is already the **preferred training provider** to O&G throughout ND
- TrainND Northwest has already **developed and established** a UAS curriculum and Flight Training Program (LOS)
- TrainND Northwest has **already established a presence** with outreach to HS students through a UAS career exploration course with NDCDE
- TrainND Northwest has established a **collaborative partnership** with the Northern Plains UAS Test Site and is a key partner in the Vantis test missions
- The statewide TrainND Network allows the workforce training to **grow with the network** as it expands
- Training proposed by TrainND Northwest is **unique** to any other being done in the state
- TrainND Northwest has designed this training **accessible and mobile** taking the training to wherever industry needs it!
- TrainND Northwest is **able and ready** to provide industry specific UAS training to the variety of industries in ND.
- **THIS IS WHAT WE DO!**

trainND
NORTHWEST

Collaboration / Involvement

- UAS Industry
  - Skyskopes, Inc.
  - Vantis/Northern Plains UAS Test Site
- Education
  - Williston State College
  - UND
  - Williston High School
  - Watford City High School
  - North Dakota Center for Distance Education
- Community
  - Williston Economic Development
  - Watford City Economic Development
  - Williams County
  - McKenzie County

trainND NORTHWEST

The TrainND Northwest Vision for UAS Training

- Curriculum Outline (basic draft)
  - UAS Career Exploration and Community Education Course
    - Build pipeline of future UAS workforce
    - Educate concerned/interested community members
  - UAS Safety
    - Focus of TrainND Northwest and key focus of this program
    - Certificate required by all O & G and energy companies for UAS activity on site (GOAL)
    - Partnership with Unmanned Safety Institute
    - Insurance discounts for companies
  - Part 107 Certification Prep
  - Hands on Flight Training
    - Both LOS and BVLOS
    - Crawl-Walk-Run approach
      - Simulation
      - Small UAS
      - Medium UAS
      - MALE

trainND NORTHWEST

TrainND Northwest Vision for UAS Training Cont.

- BVLOS Training
  - Pilot and Command
  - Visual Observer
  - Sensor Operator
  - Mission Commander/Flight plan
  - Data collection
  - Data interpretation
- A&P Mechanic Training
- Industry Specific Use Case Training
  - Oil and Gas
  - Ag
  - Renewable Energy/Utilities
  - Health/Public/Emergency services
  - Construction
- Possibilities are endless

trainND NORTHWEST

Proposed Amendment and General Budget

- Original Amendment to SB 2018
  - $2 million from state appropriation
    - Requires a 1-1 match
    - 1 time ask
  - With the match totals $4 million

- Updated Amendment to SB 2018
  - $1 million from state appropriation
    - Requires a 1-1 match
    - Available to all TrainND regions
  - With the match totals $2 million

- Draft Budget
  - 40% UAS/payloads/sensors
  - 20% UAS curriculum development/administration
  - 10% UAS simulators
  - 17% UAS operations equipment
  - 7% UAS ground stations
  - 6% in and out-of-state marketing

trainND NORTHWEST

Projected Impact on the ND UAS Workforce

We are currently planning our budget for this program based on the idea that the core curriculum for BVLOS will take students 3 weeks to complete. Much of this curriculum will be available via distance learning models both asynchronous and opportunities for synchronous “check-ins” with certified instructors. Once the “theory” portion of the curriculum is completed students will work in cohorts of 5 students/instructor to complete hands-on flight instruction that builds from simulation to in flight training and industry specific uses.

Under this model using the current instructors available and the budgeted for UAS and related equipment, we would conservatively be able to train 10 students every 2 weeks. We feel confident in our ability to scale this number up or down as needed. This equates to the ability to train a conservative total of 250 students each year. Currently, industry estimates a required 3-4 people trained (not all pilot) per UAS on the Vantis Network. It is plain to see that there will be a need for workforce training as the Vantis network matures and gains momentum with industry.

Early projections are that we will be able to provide this training at an affordable rate of $5-6 thousand dollars/student.

trainND NORTHWEST

We are excited and prepared to be a key part of the FUTURE for UAS in ND!

North Dakota will need UAS centered workforce training in order to take full advantage of the investment it is making in Vantis. TrainND Northwest is ready and waiting to provide this key training to the state and beyond!

Questions Welcome

Kenley Nebeker, Regional Director for Technical Programs and Training
kenley.nebeker@willistonstate.edu | 701.713.3780

NORTH DAKOTA
PROCUREMENT TECHNICAL ASSISTANCE CENTER
Government Contracting Assistance

House Appropriations Committee
Education & Environment Division
SB 2018
March 17, 2021

Chairman Monson and members of the Committee. My name is Dave Kleppe, Program Manager of the North Dakota Procurement Technical Assistance Center. The Procurement Technical Assistance Center (PTAC) program is hosted by the University of North Dakota's Center for Business Engagement and Development (led by Tiffany Ford) within the Nistler College of Business and Public Administration. Federal program funding is provided by the Department of Defense's Defense Logistics Agency (DLA) with match funding provided by the North Dakota Department of Commerce (DOC).

The program was established in 1985 to expand the number of businesses capable of participating in government contracts. It is administered by DLA's Small Business Programs in cooperation with the states, local governments, and nonprofit organizations. Under the program, PTACs help businesses pursue and perform in contract awards with the Department of Defense, other federal agencies, state and local governments, and also subcontracting with government prime contractors.

Most of the assistance the PTACs provide is free. PTAC support to businesses includes:

- Assisting with state and federal registrations in procurement systems such as the federal System for Award Management (SAM)
- Creation of a bidmatch search profile unique to each business to help identify contracting and subcontracting opportunities
- Providing training on federal and state contracting and cybersecurity

requirements and providing assistance with government certifications

- Conducting solicitation reviews and advice on preparing bid proposals

PTACs have a local presence in all 50 states. The North Dakota PTAC currently operates with two full-time positions: a PTAC Advisor located in Fargo and a Program Manager located in the Entrepreneur Center at the Bank of North Dakota.

The federal PTAC program provides 60% federal funding with a 40% match requirement. For the past several years the required state match has been provided by the Department of Commerce from within their **discretionary funds line**. Without the required state match funds, the ND PTAC program will cease to exist. While the amount of the state's investment is small, the economic impact of this program is not. During state fiscal years 2019 and 2020, the **ND PTAC assisted 373 small and large North Dakota businesses**. Many of them have been successful in the government marketplace and have been awarded more than **$169 million** in government contracts, meaning **expansion and diversification of revenue streams**, **creating jobs in our state, and positively impacting our communities**. Program return-on-investment is **$860 in contracts for every state dollar invested**.

We have a very good working relationship with DOC. Without the matching funds DOC provides, there would be no North Dakota PTAC program to assist our businesses in navigating the complex path involved with government contracting. Thank you Mr. Chairman and committee members for your time and for your support of the North Dakota PTAC.

Handout:
--ND PTAC Impacts and client feedback (attached as page 3 and 4)

NORTH DAKOTA PROCUREMENT TECHNICAL ASSISTANCE CENTER

Government Contracting Assistance

Impacts

July 1, 2018- June 30, 2020

- 373 Clients
- Federal contract awards:
  - $169.2 Million – all clients (977 awards)
  - $160.8 Million – only DLA active clients (848 Awards)
- 45 Training events
- Program ROI is $860 in contracts for every state dollar invested
- 54:1 Benefit-cost ratio per biennium

Purpose

DLA - DOC - UND

To expand the number of businesses capable of participating in government contracts with local, state and federal agencies and also with prime contractors.

Our values are:

- Collaboration
- Integrity
- Accountability
- Patience

Benefits

of the ND PTAC

- Strengthening ND businesses by providing individualized training and one-on-one advising to prepare them for selling their goods and services to local, state, and federal government agencies
- Diversifying local company revenue streams by leveraging access to the government marketplace
- Boosting state and local economic activity by helping ND businesses navigate the complex contracting process
- Assisting ND MAIN STREETS to reach out for nationwide opportunities
- Increasing qualified sources and competition for government buyers; creating better value for the military, government agencies, and the American taxpayer

Collaboration

Service Partners

PTAC is a partnership between the Federal Government (U.S. Department of Defense, Defense Logistics Agency), State of North Dakota (Commerce Department) and North Dakota University System (University of North Dakota). We collaborate with the U.S. Small Business Administration, area military bases and other resource partners to teach businesses what they need to know about government contracting.

Recent Collaborative Events include:

- Tri-state procurement webinar (monthly)
- Jamestown Regional Entrepreneur Center Women's Business Summit
- North Dakota Government Procurement Fair in Minot (100+ businesses)
- What is beta.SAM (United Tribes Technical College)
- Air Force Industry Day at Capitol Building involving Minot, Grand Forks and Ellsworth, SD Air Force bases
- Assisted DOC with National Defense Industrial Association event held in Grand Forks and Fargo
- SBIR Road Show in Fargo
- Northrop Grumman Corp. Cybersecurity workshop in Grand Forks

Funding Structure

Federal & State/Local Match

- For FFY 2021, the Defense Logistics Agency (DLA – DoD) provided for a 60/40 match of federal funds to state/local matching funds
- Matching funds for the ND PTAC are provided by the ND Department of Commerce

ND Procurement Technical Assistance Center
1200 Memorial Highway
Bismarck, ND 58504

ndptac@UND.edu
Bismarck: 701.328.5857
Fargo: 701.261.0737
www.ndptac.org

NORTH DAKOTA
PROCUREMENT TECHNICAL ASSISTANCE CENTER
Government Contracting Assistance

Client Testimonial

Masfique Mehedl, Ph.D.
VIRVAC, LCC

I am thankful for the ND PTAC staff for guiding us to get SAM registration. I am grateful to them for providing an **outstanding effort.** They helped me every step of the application process. I highly recommend ND PTAC.

Greenstone Construction

Justin Lindteigen, Owner

Founder and President of Greenstone Construction, Justin Lindteigen, passion for construction began at an early age. He spent endless hours in his Grandpa's woodworking shop when he was little. After his time in the North Dakota National Guard and Iraq, Justin brings military discipline, respect, and integrity to every project.

Since 2014, Greenstone Construction has been using the North Dakota Procurement Technical Assistance Center (ND PTAC) services and guidance. "We are always looking for new contracting opportunities and the PTAC bid match helped our team identify multiple contract opportunities for our businesses to succeed. PTAC helped us identify a project opportunity to build a new communications tower for the North Dakota National Guard," Justin explained.

With the help of ND PTAC, Greenstone Construction was able to secure contract awards. Aside from just using our bid match services, Greenstone has received ND PTAC assistance and helped them through their SAM registration, researching government markets, navigating through regulations, and they have opened doors to other procurement and contract officers.

MonDak Portables

Rick Rogers, Owner

MonDak Portables provides portable restroom rentals for a variety of different occasions like worksites, public and community gatherings, sporting events, and parties. Aside from just portable restroom rentals, they also provide portable handwashing stations and heated trailers.

Since becoming a client in 2017, Dave Kleppe, ND PTAC program manager, has been able to help MonDak Portables receive close to $1.5 million in Federal awards. These awards have allowed them to retain twenty jobs and generate an additional three. Rick Rogers, the owner of MonDak Portables, described his experience with ND PTAC as,

"We were looking to get into government bidding and had done our research and were still very confused on where to start. A business associate of ours told us about the ND PTAC office, so we researched them out and ran into Dave Kleppe in the Bismarck office. He helped us get registered in SAM and showed us bid match and we started looking for opportunities that matched our business. From there we found the opportunity we needed to bid on the WAFB contract and were awarded the 2-year contract."

Client Testimonial

Timothy L. Kreft, Chief Appraiser
AgCountry Farm Credit Services

The ND PTAC team walked me through the SAM registration, and it was **extremely beneficial** to learn the necessary steps as it saved me a great deal of time and effort. I **greatly** appreciate the assistance from the ND PTAC staff.

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#9704

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16 March 2021

House Appropriations Committee
Committee Chairman Jeff Delzer
2919 Fifth Street NW
Underwood, ND 58576-9603
jdelzer@nd.gov

House Appropriations - Education and Environment Division
Committee Chairman David Monson
P.O. Box 8
Osnabrock, ND 58269-0008
dmonson@nd.gov

From: Matt Dunlevy, Founder, CEO & Chairman, SkySkopes

Subject: Support for UAS training grant in SB 2018 To the

Honorable Chairman Delzer, Chairman Monson and Committee,

Having worked for years in the UAS industry, it is clear to me that the need for UAS training in North Dakota is essential to the continued development of, and leadership position with, UAS in North Dakota. The UAS program at Williston State College and TrainND Northwest is new, but shows as much tremendous promise as any new UAS initiative organized in the state of North Dakota. Through direct collaboration with the organizations, I detect a vision at their program that would certainly drive value for North Dakota in some of the most important sectors of the state's economy, namely UAS, agriculture, and energy. Pilots produced by TrainND would be in a perfect position to take advantage of the new statewide beyond-visual-line-of-sight (BVLOS) UAS network being constructed in the western side of North Dakota by the Northern Plains UAS Test Site's (NPUASTS) Vantis. This is also an opportune time to engage in such work due to the coincidentally simultaneous success North Dakota now enjoys as a member of the FAA's new Beyond program.

Such an appropriation, to my knowledge would be used to purchase equipment and administer the UAS program. I would suggest this appropriation during this legislative session in order to lay the groundwork to create workforce as soon as possible to take full advantage of Vantis.

Similarly to Vantis, I believe this would keep North Dakota the center of UAS development and operations, while also attracting companies to do UAS business in North Dakota and making the lives of North Dakotans better through advances in UAS in operations.

My understanding is that this would be a one-time appropriation, with lasting, and significant, value for North Dakota. To jump start this program will be to get a leg-up on other states without gold standard training to be adopted in such industries as oil and gas.

Please feel free to reach out to me at matt@skyskopes.com with any questions.

Very respectfully,

Matt Dunlevy

Matt Dunlevy
Founder, CEO & Chairman

TESTIMONY OF

NICHOLAS FLOM

EXECUTIVE DIRECTOR, NORTHERN PLAINS UAS TEST SITE

BEFORE THE

HOUSE APPROPRIATIONS – EDUCATION & ENVIRONMENT DIVISION

MARCH 17, 2021

SENATE BILL NO. 2018

Mr. Chairman and Members of the Committee:

I am Nicholas Flom, Executive Director of the Northern Plains Unmanned Aircraft Systems Test Site (NPUASTS). I have been the Executive Director since November of 2016 and have been a part of the Test Site since early 2014. I am testifying today in support of the Governor's funding request for Vantis, the state's unmanned aircraft system (UAS) beyond visual line of sight (BVLOS) network, under the Department of Commerce.

The Governor's budget request was for $20,000,000 in new funding, and currently passed by the North Dakota Senate, is for $19,000,000 in new funding to support the expansion of Vantis and carryover authority from the 2019-2021 biennium. The 2021-2023 additional funding would allow us to maintain the program office, support operations and maintenance costs of the key site infrastructure, deployment of multiple new sites and operational service areas, and on-boarding of UAS operators with appropriate FAA/government approvals.

Maintaining of the program management office and to continue to facilitate the infrastructure deployment including personnel, subcontractors supporting the network and the continued promotion is budgeted at $4,200,000. To maintain the deployed network, the SE/SIs have given cost estimates of $6,000,000. The O&M support plan is developed based on industry best practices for the scale and scope of the Key Site. The Key Site is being deployed with funding from the 2019-2021 biennium. With many foundational components in place, each additional deployed operational area would cost approximately $5,000,000. Depending on funding available, multiple additional operational areas would be deployed during the 2021-2023 biennium.

CARRYOVER:

- There is an anticipation of approximately $5,000,000 of unspent dollars that will be used to expand the Vantis network to new operational areas that were not able to be completed during the 2019-2021 biennium.

THE HISTORY

- During the 2019-2021 Biennium, $28,000,000 was appropriated for the beyond visual line of sight UAS program (now named Vantis).
- The Vantis system architecture was designed and developed, the program was branded, and the Program Office was established.
- Selection of three system integrators was made to Collins Aerospace, L3Harris Technologies and Thales USA.

- Implementation of the Mission and Network Operations Center at Grand Sky, and installation of remote infrastructure in McKenzie and Williams Counties is ongoing.
- Vantis is being broadly supported by the FAA's BEYOND Program.

LEVERAGE STATE ASSETS

- Installations have been made on existing North Dakota Department of Transportation towers.
- The backhaul network of Vantis uses North Dakota Information Technology Department's STAGEnet infrastructure.
- Northern Plains UAS Test Site employees are leveraged to support the Vantis Program Office.

BENEFITS TO THE STATE

- The state's 3% revenue over the first 10 years is estimated at $3,000,000 with sustained $700,000 per year after that.
- Estimated revenue from Vantis will cover operating expenses after 2027.
- Estimated revenue from Vantis over the first 10 years is estimated at $100,000,000.
- Developing public-private partnerships that will enable royalties, funding and cost-share.

JOBS AND TAX REVENUE

- We will be creating hundreds of jobs over the next 4 years and that will transition to thousands of jobs over the next 10 years.
- Vantis is projected to create approximately 6,000 UAS industry direct jobs by 2032 that support operations, data collection/analysis, logistics, manufacturing and engineering.
    - Estimated tax revenue from UAS industry direct jobs over the first 10 years is ~$270M with sustained yearly tax revenue of $59M per year after that.
- To directly support Vantis deployment and operations, we project that there will be ~85 jobs in 10 years to support the Mission and Network Operations Center, in-field maintenance and technical support, and additional jobs to support new development and capabilities.
    - Estimated tax revenue from direct jobs supporting Vantis over the first 10 years is ~$5.6M with sustained yearly tax revenue of $900K per year after that.

TESTIMONY OF

NICHOLAS FLOM

EXECUTIVE DIRECTOR, NORTHERN PLAINS UAS TEST SITE

BEFORE THE

HOUSE APPROPRIATIONS – EDUCATION & ENVIRONMENT DIVISION

MARCH 17, 2021

SENATE BILL NO. 2018

Mr. Chairman and Members of the Committee:

I am Nicholas Flom, Executive Director of the Northern Plains Unmanned Aircraft Systems Test Site (NPUASTS). I have been the Executive Director since November of 2016 and have been a part of the Test Site since early 2014. I am testifying today in support of the Governor's funding request for the Unmanned Aircraft Systems Program under the Department of Commerce.

The current request, passed by the North Dakota Senate, is for $3,000,000 in new funding to support the continuation of the UAS Test Site program and carryover authority from the 2019-2021 biennium. The funding would be able to support the FAA's UAS Test Site Program, FAA's BEYOND Program, support to state agencies and promotion and advocacy of UAS in North Dakota.

APPROPRIATIONS

- $3,000,000 from General Fund
- $7,020,150 (Other Funds) Authority to spend from Federal contracts
- $1,000,000 (Other Funds) Authority to spend from Private contracts

THE HISTORY

- Since 2013, the State of North Dakota has invested $11,943,620 into the NPUASTS.
- Since 2013, NPUASTS has been awarded external contracts worth $7,200,000 with $5,600,000 being awarded during this current biennium.

PROGRAM RECOGNITION

- The NPUASTS has been awarded Federal contracts during this biennium from CBP, DHS, DOD, FAA, and NASA.
- Selected with the North Dakota Department of Transportation as one of 10 participants in the FAA's UAS Integration Pilot Program.
- Selected with the North Dakota Department of Transportation as one of eight participants in the FAA's BEYOND Program.

BENEFITS TO THE STATE

- The Mercatus Center at George Mason University released on January 14, 2021 a 50 state report card outlining "Which States Are Prepared for the Drone Industry". North Dakota was ranked #1, and a major contributor to our ranking was the NPUASTS.

- The NPUASTS paid subcontractors $2,444,324 to support our flight activity this current biennium, with 100% of those funds coming from external sources. Of the 20 subcontractors, 16 were from the state of North Dakota.
- The NPUASTS has supported flight activity at Grand Sky, University of North Dakota, Camp Grafton, and runs the program office for Vantis.

#9724

CITY OF WILLISTON AIRPORT

March 16, 2021

House Appropriations - Education and Environment Division
Committee Chairman David Monson
P.O. Box 8
Osnabrock, ND 58269-0008
dmonson@nd.gov

From: Anthony Dudas, Airport Director, Williston Basin International Airport, Train ND Northwest Advisory Board Member

Subject: Support for TrainND Specific UAS Training Appropriation in SB 2018

To the Honorable Chairman Monson and Committee,

The State of North Dakota has placed significant investment into the Vantis network to allow civilian unmanned aircraft systems (UAS) to operate beyond visual line of sight (BVLOS) in the same airspace as manned aircraft.

I believe it is critical the State make continued investment into Vantis as well as training individuals within the industry to operate within its network. TrainND Northwest is uniquely situated in the heart of the energy industry, which I believe will be an early adopter of this technology to enhance efficiency and be a value add to their business in North Dakota.

In order to take full advantage of this infrastructure investment, training qualified UAS operators is paramount. The potential career opportunities BVLOS presents are exponential, including pilots, aircraft maintenance, and more. BVLOS operations will take place in the same airspace as manned aircraft which will require significant safety and regulatory training. It will be very important to the industries adopting UAS technology to have qualified and knowledgeable personnel available to perform the necessary operations safely and efficiently.

I ask that you support TrainND Northwest's one-time appropriation request of $1 million to make this training program a reality and support ongoing job creation in the energy industry.

Respectfully,

Anthony Dudas

Anthony Dudas C.M. | Airport Director
City of Williston | Williston Basin International Airport
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Good morning Chairman Monson and members of the House Appropriations Committee, Education & Environment Division.

My name is Deidre Hillman, State Director for your ND Women's Business Center (NDWBC). We are hosted by the organization CTB, formally known as Center for Technology and Business. CTB is a stand alone 501(c)(3) located here in Bismarck providing service across all of North Dakota.
NDWBC has two physical locations, one in Bismarck and one in Fargo. We employ staff in each city, who are responsible for covering their respective territories (Bismarck staff cover the Western half of ND, Fargo staff covers the Eastern half.

The NDWBC was formed in 1999 and is a shared partnership between the Small Business Administration's Office of Women's Business Ownership (OWBO) and the State of North Dakota; through the ND Department of Commerce and CTB. The federal dollars mandate a 1:1 cash match and State dollars are leveraged to help meet that requirement and fulfill duties under the ND Women's Business Development Office (century code section: 54-60-15) along with the guidelines in the federal notice of award from SBA.

In 2016, the NDWBC was selected as the Women's Business Center of Excellence award winner from the SBA among all 105 WBC across the US for providing innovative women focused training opportunities.

This national recognition and exceeding goals for more than three years in a row were essential to the NDWBC being awarded a second federal grant from SBA in April of 2018 to expand the NDWBC program.

That additional federal award brings in an additional $300,000.00 of new federal dollars to ND per biennium. Together both federal awards total $600,000.00 ($300,000 from the new grant) federal dollars per biennium which requires a 1:1 cash match.

This year we also were able to leverage an additional $840,000 in CARES Act Funding towards specific COVID related training for small businesses in North Dakota.

A large portion of the CARES Act dollars were used to create custom software we call The NDWBC Library which launched in January 2021. This on-demand training includes topics such how small business owners manage remote employees, supply chain disruption, remote customer support, to name a few. The trainers who developed the material are made up for subject matter experts from our region, many of them small business owners themselves with expertise in the topic and is free to access.

We ask for the States continued support so that we can continue to secure the federal dollars awarded and fulfill the duties outlined to support and serve female entrepreneurs across North Dakota. I have provided a hand-out highlighting our impact and growth trends.

We do ask you for your continued support to bring the $600,000 federal dollars into the state so we may continue our support of the women of North Dakota. Our programming is unique and I would like to quickly tell you about two women who've entered our doors and now have businesses.

Erin Sorensen, is now the owner of Home Instead Senior Care of Hazen. She received business advising services through our Bismarck location. This is a franchised business and offers home health care for senior patients who do not need to be hospitalized but require more care than a volunteer or family caregiver can provide. After our meeting, Erin acquired access to capital through grants from the state to grow her business.

I want to thank you again for your consideration and will take any questions at this time.

Karen Schmidt and Dawn Hager
Balancing Goat Coffee Co. in Mandan, ND
Est. January 2020
Karen Schmidt and Dawn Hager, longtime friends and former co-workers, wanted to go into business together. Looking for balance, they realized they wanted to offer it to their clients as well, which is why they opened Balancing Goat Coffee Co. a coffee shop and yoga studio, combining caffeine with relaxation. Partnering with yoga instructors, offering an all-day menu, roasting their own coffee beans is part of the whole experience.
"Our goal was to create a place where you can break out of the mundane, make it your second home, and feel relaxed."
Before breaking ground on their new location, Schmidt and Hager booked a business advising with NDWBC for training in the areas of general business services, marketing and branding, financial management, and human resources.
"The staff was helpful and knowledgable. The training sessions we received were full of great nuggets of information that we took back and applied to our business. NDWBC provided us with the opportunity to network and meet other woman business owners who shared their experiences and advice as well as the pitfalls to avoid. These connections were very beneficial to us prior to and after opening our business. Not only did they provide us with training, connections, and general business knowledge, but they also continue to inspire us and provide us with support and motivation. We think of NDWBC as a valued friend in our business adventure."
Balancing Goat provides in-house roasted coffee, fresh fruit smoothies, smoothie bowls, pastries, baked goods, all-day breakfast, lunch, and much more. They partner with Transitions Yaga, another woman-owned business, to manage the yoga studio. Balancing Goat Coffee Co. offers customers a way to relax and start or end their days on a balanced note.

_____
Kelani & Tyler Welstad
Turbo Septic Service LLC in Upham, ND
Est. April 2020

Turbo Septic Service LLC provides and services portable toilets and offers servicing of residential and commercial septics. Turbo Septic Service LLC started when Kalani and Tyler Welstad realized the need for a portable toilet rental company in rural, north-central North Dakota. After receiving brochures from a couple of portable toilet companies, Kelani started to feel overwhelmed despite her business background.
I had worked for a “Woman-Owned Business,” Jost Construction, several years prior, and I knew I wanted to own a majority of the company. My previous boss, Darla Jost, majority owner of Jost Construction, told me to reach out to NDWBC."
"I somewhat understood what it meant to be “Woman Owned,” but I definitely needed to know more. I had so many questions about grants, funding, and the process of becoming state and federally certified."
Kalani booked her business advising session for business plan development, counseling services, government procurement, and grant opportunities.
"The knowledge, excitement, encouragement, and positive feedback I received from NDWBC was amazing! I was so scared when the call started, but by the end of the meeting, I was fired up and couldn’t wait to get started! NDWBC was so knowledgeable and helpful. I felt that I could reach out to them with any questions I had."
"Nothing can replace the feeling of having support! When this idea first presented itself to us, I was lost. But the encouragement and the guidance of NDWBC calmed my nerves and gave me the confidence to move forward! I have nothing but great things to say, and I will continue to reach out to NDWBC for advice, guidance, and encouragement!"

_____
Allie Seely and Carley Schutt
Pride Pups in Fargo-Moorhead, ND
Est. August 2020
Pride Pups is Fargo-Moorhead's first dog grooming salon with Fear Free Certified professionals dedicated to supporting local non-profit organizations! The salon is owned and operated by Allie Seely and Carley Schutt. Their mission was developed when the owners realized their passion for grooming and animal welfare and turned it into a next-generation dog salon.
Using Fear-Free practices, Pride Pups offers a calm, comfortable grooming experience and rehabilitates dogs that have had negative experiences in the past. Pride Pups donates half of its tips to non-profits that benefit animals, women, and the LGBTQ+ community.
"Opening a dog grooming salon in the middle of a pandemic has had its fair number of challenges, but it has been very rewarding. The main obstacles have been obtaining grooming equipment for the salon and funding for a loan to pay for the necessary equipment and start-up costs. Due to the pandemic, there was a shortage in steel and other supplies that distributors needed to make the equipment that Pride Pups was trying to purchase. Luckily, we were able to borrow equipment from the previous owner of the space until ours was delivered."
"We have been fortunate to have an outstanding team of supporters, including NDWBC (or as we like to call them, our Pride Pups Pack) to help us make our dreams come true. The most rewarding aspect of owning and operating Pride Pups has been the

opportunity to make the grooming experience as enjoyable for the dogs that are entrusted to our care as it is for us. We never fail to find fun and joy in every day."

___

Dan Coleman
Dakota Property Services in West Fargo
Est. January 2020

Dakota Property Services offers residential and commercial rooftop and driveway/parking lot snow and ice removal, general home maintenance, yard care, lawn mowing, spring and fall cleanup, and more. Owner Dan Coleman was introduced to NDWBC through the F5 entrepreneurship program. The odds were against Dan, a three-time felon recently released from jail with no credit and a baby on the way.

Dan reached out after graduating from the entrepreneurship class because he wanted to start his own business, often one of the only employment ontions for felons. NDWBC connected him with a local lender and helped him write his business and financial plans. He received a small business loan to jumpstart his lawn care service company. The lender credited his business plan and financials as the reason Dan's venture was funded. NDWBC worked tirelessly to help Dan get another chance after a rough past.

"I am incredibly thankful and fully credit NDWBC and Dakota Business Lending for playing a huge part in my success. I opened my business at the start of the pandemic. I have had to be creative and expand, offering more and more services all the time. I even installed Christmas lights!"

Dan is the definition of turning one's life around and is an inspiration to NDWBC as a truly successful client.

NORTH DAKOTA CENTER FOR NURSING
A unified voice for nursing excellence.

#9750

2021 Legislative Session
Policy Brief #1

Legislative Support for North Dakota Nurse Staffing Clearinghouse at the ND Center for Nursing (Amendment to SB 2018)

"Due to a major shortage of health care staffing, the state's hospitals have a sever lack of available beds. Rising COVID-19 hospitalizations and high non-coronavirus admissions, some resulting from residents who deferred health care earlier int eh pandemic, have caused a crunch on medical centers." Grand Forks Herald November 10, 2020.

If we learned anything from the COVID-19 pandemic, it is that North Dakota does **not** have a centralized, coordinated effort to provide for adequate nurse staff across the state. Nursing forms the foundation for the economic engine for North Dakota's communities. Currently, health care facilities spend MILLIONS of dollars contracting with out of state agencies to secure travel and contract nurses, huge opportunity for these dollars to stay in ND.

"Something needs to be done about retention of staff. Currently, I know of 7 ICU nurses that left their positions in Bismarck to take traveling positions to Fargo and 7 Fargo nurses that have left Fargo to go to Bismarck for different jobs. ND has a constant churning of nurses." ND Practicing Nurse, 2020

"Nurses are burning out due to chronic nursing shortages exacerbated by the COVID-19 pandemic." ND Nurse Administrator, 2020

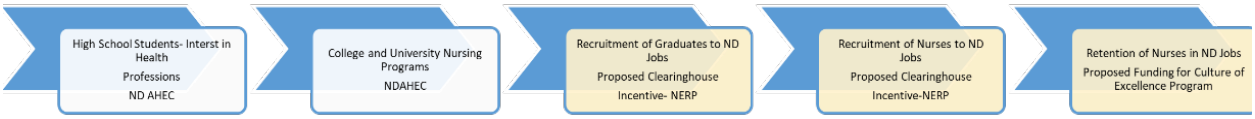
"Nurses are heavily recruited by out-of-state recruiters. ND should provide more detailed resources promoting in-state jobs if they would like us to stay here." ND Nursing Student, 2020.

The North Dakota Center for Nursing requests an amendment to the ND Department of Commerce budget (SB 2018) to reallocate $140,000 of the previously appropriated Nonresident Nurse Employment Recruitment Program funding for the establishment of the ND Nurse Staffing Clearinghouse and support the Culture of Excellence program at the ND Center for Nursing during the 2021-2023 biennium.

The ND Center for Nursing is uniquely positioned to develop and implement an innovative comprehensive strategy to address the state's nursing shortage in rural areas.

Two goals for ND Nurse Staffing Clearinghouse:

- **Recruit** nurse graduates and nurses for health care employment in **ND**.
- **Retain** nurses in **ND**, and in the workplace decrease staff turnover.



ND CENTER FOR NURSING BOARD OF DIRECTORS

- North Dakota Nurses Association
- College and University Nurse Education Administrators
- North Dakota Area Health Education Center
- North Dakota Emergency Nurses Association
- North Dakota Organization for Nursing Leadership
- North Dakota Board of Nursing
- North Dakota Nurse Practitioners Association
- North Dakota Public Health Association, Nursing Section
- Nursing Student Association of North Dakota
- North Dakota Directors of Nursing Administration- Long Term Care
- Sigma Xi Kappa at Large Chapter
- North Dakota Association of Nurse Anesthetists
- Public/Consumer Member at Large
- 40+ Nursing organizations, state agencies, nursing programs and others

Key Components of ND Nurse Staffing Clearinghouse

- Will be based on extensive ND Center for Nursing data showing the need for increased recruitment and retention.

- Target all levels of nurses: Certified Nursing Assistants (CNA), Licensed Practical Nurses (LPN), Registered Nurses (RN), Advanced Practice Registered Nurses (APRNs) and Nursing Faculty

- Is a unique opportunity for nursing education programs and employers to work together to keep ND students in North Dakota.

- **Recruit nurse graduates and nurses for health care employment in ND.**
  Provide career services to nursing students by connecting them with local communities and employment opportunities. Connect employers and graduating nurses directly together to get them to the bedside in rural and urban ND. We will work to connect students to NNERP and other incentive programs to increase the uptake. In a recent survey of graduating nurses, 38% plan to work outside of North Dakota and they are heavily recruited from out of state agencies.

  Develop a flexible staffing model through collaborative work with health care employers, graduating students, practicing nurses and education programs to provide increased opportunities for unique staffing patterns to better meet the needs of nurses (i.e., hours, shifts, travel vs. permanent).

- **Retain nurses in their workplace and in ND and decrease turnover.**
  Increase retention of nurses through the ND Nursing Culture of Excellence Designation program which is designed to improve the workplace culture and support the formation of professional identity in nursing. In a recent survey of practicing nurses, 48% indicated that they plan to leave North Dakota.

- Will add a critical component to existing ND Department of Commerce workforce programs to fill the gap of direct recruitment and retention of nurses to ND.

Fiscal Note: Funding is needed to support the ND Center for Nursing infrastructure and to fully develop the ND Nurse Staffing Clearinghouse and the Culture of Excellence program. It is anticipated that these will be fully developed during the 2021-2023 biennium which will help provide sustained funding for all the ND Center for Nursing activities. A version of this plan was included in SB 2198 which failed in the Senate.

Total State Appropriations for 2021-2023= $140,000 from carry-forward funding

The North Dakota Center for Nursing, a non-profit 501c3 organization, was developed in 2011 to represent over 20,000 nurses and over 40 nursing organizations across North Dakota. The mission of the North Dakota Center for Nursing is through collaboration guide ongoing development of a well-prepared and diverse nursing workforce to meet health care needs in North Dakota through research, education, recruitment and retention, advocacy and public policy. This policy agenda has been approved by our Board of Directors and is an official policy of the North Dakota Center for Nursing.

Contact: Patricia Moulton Burwell, PhD at patricia.moulton@ndcenterfornursing.org

North Dakota
State Council

408 Liberty Lane
Horace, ND 58047
Telephone • 701.404.7746
www.ndena.org

Tessa Johnson
President
North Dakota Center for Nursing
Box 117
Northwood, ND 58267

Patricia Moulton Burwell
Executive Director
North Dakota Center for Nursing
Box 117
Northwood, ND 58267

Dear ND Center for Nursing:

March 9, 2021

I am writing this letter to support the ND Center for Nursing proposed amendment to SB 2018: ND Department of Commerce Budget. This amendment would allocate $140,000 of the carry-forward funding of the Nonresident Nurse Employment Recruitment Program for the establishment of the ND Nurse Staffing Clearinghouse and to support the Culture of Excellence program.

Nurse staffing is in crisis in North Dakota, especially with the pandemic, and North Dakota emergency nurses have felt the impact of this firsthand. Beyond the added strain of COVID-19, emergency nurses face increased 'inpatient boarding' (patients admitted to the hospital, but remaining in the ED due to the lack of an inpatient nurse to care for them), increased nurse-to-patient ratios – especially for critically ill patients in the ED, and a constant churn of travel nurses in and out of the facilities, leading to unpredictable numbers of nurses to care for our patients.

There is a critical need for a centralized, coordinated effort to provide nurse staffing across the state. This is paired with the need for increased awareness and recruitment of future nurses to replace burned out nurses, an increased focus on recruiting ND nursing students to work in ND, the development of a centralized contract nursing staffing pool with flexible staffing options, and the need to ensure that the work environment provides a positive workplace culture to ensure retention.

I support the ND Center for Nursing proposed amendment because the Center has a strong reputation of bringing North Dakota's nurses together to solve challenging problems, has an existing framework upon which to develop an effective solution, and is committed to changing the way staffing is addressed within our state. This is North Dakota's opportunity to not only address our own nurse staffing crisis, but to serve as a model that states throughout the country will follow in the years to come.

Sincerely,

Adam Johnston, BAN, RN, CEN, CPEN, NPD-BC
2020-2021 State Council President
North Dakota Emergency Nurses Association
862 36th Ave E, Apt 110
West Fargo, ND 58078

Audrey Charchenko
Rasmussen University Fargo
4012 19th Ave S.
Fargo, ND 58103

March 8, 2021

Tessa Johnson
President
North Dakota Center for Nursing
Box 117
Northwood, ND 58267

Patricia Moulton Burwell
Executive Director
North Dakota Center for Nursing
Box 117
Northwood, ND 58267

Dear ND Center for Nursing

I am writing this letter to support the ND Center for Nursing proposed amendment to SB 2018: ND Department of Commerce Budget. This amendment would allocate $140,000 of the carry-forward funding of the Nonresident Nurse Employment Recruitment Program for the establishment of the ND Nurse Staffing Clearinghouse and to support the Culture of Excellence program.

Nurse staffing is in crisis in North Dakota, especially with the pandemic. There is a critical need for a centralized, coordinated effort to provide nurse staffing across the state. This is paired with the need for increased awareness and recruitment of future nurses to replace burned out nurses, an increased focus on recruiting ND nursing students to work in ND, the development of a centralized contract nursing staffing pool and flexible staffing options and the need to ensure that the work environment provides a positive workplace culture to ensure retention.

I support the ND Center for Nursing in receiving the carry-forward funding of $140,000 to establish the ND Nurse Staffing Clearinghouse.

Audrey Charchenko, DNP, RN
Associate Dean of Nursing
Rasmussen University-Fargo ND
audrey.charchenko@rasmussen.edu

CHI St. Alexius Health
Imagine better health.℠

Carrington Medical Center
800 North Fourth Street
PO Box 461
Carrington, ND 58421-0461

March 10, 2021

Tessa Johnson
President
North Dakota Center for Nursing
Box 117
Northwood, ND 58267

Patricia Moulton Burwell
Executive Director
North Dakota Center for Nursing
Box 117
Northwood, ND 58267

Dear ND Center for Nursing

I am writing this letter to support the ND Center for Nursing proposed amendment to SB 2018: ND Department of Commerce Budget. This amendment would allocate $140,000 of the carry-forward funding of the Nonresident Nurse Employment Recruitment Program for the establishment of the ND Nurse Staffing Clearinghouse and to support the Culture of Excellence program.

Nurse staffing is in crisis in North Dakota, especially with the pandemic. There is a critical need for a centralized, coordinated effort to provide nurse staffing across the state. This is paired with the need for increased awareness and recruitment of future nurses to replace burned out nurses, an increased focus on recruiting ND nursing students to work in ND, the development of a centralized contract nursing staffing pool and flexible staffing options and the need to ensure that the work environment provides a positive workplace culture to ensure retention.

I support the ND Center for Nursing in their efforts to combat the nursing shortage in North Dakota. I have felt the stress and struggles of not being able to fill nursing positions in my facility and have watched the stress the extra work has put on my current nurses. We need help now!!

Jodi Hovdenes
VP of Patient Care Services
CHI St. Alexius Health Carrington
jodihovdenes@catholichealth.net

UNIVERSITY OF NORTH DAKOTA
SCHOOL OF MEDICINE & HEALTH SCIENCES

UND.edu

Center for Rural Health
School of Medicine & Health Sciences
Suite E231
1301 North Columbia Rd Stop 9037
Grand Forks, ND 58202-9037
Phone: 701.777.3848
Website: ruralhealth.UND.edu

March 9, 2021

Tessa Johnson
President
North Dakota Center for Nursing
Box 117
Northwood, ND 58267

Patricia Moulton Burwell
Executive Director
North Dakota Center for Nursing
Box 117
Northwood, ND 58267

Dear ND Center for Nursing:

The Center for Rural Health (CRH), UND School of Medicine and Health Sciences, as the State Office of Rural Health (SORH) and the Program Office for the Area Health Education Center (AHEC) can support your effort to use Department of Commerce Carry Forward funds to address nursing supply and demand issues. The Center for Rural Health does employ a Workforce Specialist, supported with state appropriation, who works to assist rural communities with a range of health workforce needs (e.g., medical providers, nursing, allied health, administrative, and others). It is my understanding that this legislation is not duplicative of what is already occurring and that it can augment current efforts. The nursing situation is indeed complicated and multiple partners collaboratively working to address it may produce more benefits for North Dakota. The travel nurse pool idea is distinct.

Nurses are the largest health professional category in ND and are vital to the continuation of access to necessary health services in rural and tribal communities. Especially during a pandemic we have seen the critical importance of nursing. Nurses keep our rural hospitals and clinics open, providing high quality care. Our rural hospitals were hit hard during the height of the pandemic and most were placed in a position where they had to expend scarce funds to secure the services of agency nursing.

There is a critical need for a centralized, coordinated effort to provide nurse staffing across the state. This is paired with the need for increased awareness and recruitment of future nurses to replace burned out nurses, an increased focus on recruiting ND nursing students to work in ND, increased recruitment of out-of-state and international nurses, the development of a centralized contract nursing staffing pool and the need to ensure that the work environment provides a positive workplace culture to ensure retention.

The Center for Rural Health supports your efforts to continue to build constructive workforce solutions, and we look forward to working with you to determine a common strategy.

Sincerely,

Brad Gibbens

Brad Gibbens, Acting Director and Assistant Professor

The University of North Dakota is an equal opportunity / affirmative action institution.

Lutheran Home of the Good Shepherd
1226 First Avenue North • New Rockford, North Dakota 58356
Phone 701-947-2944 • Fax 701-947-2290 • Email administrator@lhgs.org

Friday, January 22, 2021

Tessa Johnson
President
North Dakota Center for Nursing
Box 117
Northwood, ND 58267

Patricia Moulton Burwell
Executive Director
North Dakota Center for Nursing
Box 117
Northwood, ND 58267

Dear ND Center for Nursing

I am writing this letter to support SB 2198 which provides support for the organizational structure of the ND Center for Nursing and to build a new nursing workforce recruitment and retention program to serve North Dakota. Nurse staffing is in crisis in North Dakota, especially with the pandemic. There is a critical need for a centralized, coordinated effort to provide nurse staffing across the state. This is paired with the need for increased awareness and recruitment of future nurses to replace burned out nurses, an increased focus on recruiting ND nursing students to work in ND, increased recruitment of out-of-state and international nurses, the development of a centralized contract nursing staffing pool and the need to ensure that the work environment provides a positive workplace culture to ensure retention.

I support the ND Center for Nursing .....

Kim Jensrud
Administrator
Lutheran Home of the Good Shepherd
kjensrud@lhgs.org

Ave Maria Village

SMP Health Systems

501 19th Street Northeast
Jamestown, ND 58401
PHONE: 701-252-5660
FAX: 701-251-2643
www.avemariavillage.org

January 15, 2021

Tessa Johnson, President
Patricia Moulton Burwell, Executive Director
North Dakota Center for Nursing
P.O. Box 117
Northwood, ND 58267

Dear Tessa and Patricia:

We are writing in strong support of SB 2198, which would provide support for the organizational structure of the North Dakota Center for Nursing, and build a new nursing workforce recruitment and retention program for the state.

Ave Maria Village is a 100-bed faith-based skilled nursing and rehabilitation facility. This past year, we have faced the most severe challenges we have ever had in recruiting qualified professional nurses. For the first time in many years, we are contracting with a travel nurse service in order to adequately staff our facility. During a major COVID-19 outbreak in our facility and community this past fall, not only were we utilizing costly travel nurses, but we were also heavily dependent upon the state emergency nurse pool to meet the needs of our residents. No recruitment incentives, even a substantial sign-on bonus, were bringing results. To be frank, the future looks grim in terms of attracting nurses to rural areas of North Dakota outside of the four major cities. It is truly a crisis which will only get worse unless we take strong and proactive steps to improve the situation.

Provisions in SB 2198 will enable the North Dakota Center for Nursing to provide a centralized, coordinated effort to enhance nurse staffing across the state. The Center will also increase awareness of the crisis that health care providers find themselves in. They will provide an increased focus on recruiting nursing students in the state to stay and work in North Dakota, and attracting nurses from out of state, both nationally and internationally. In addition, they will develop a centralized contract nursing pool, and promote positive workplace cultures to enhance nurse retention.

We wish you the best as you advocate for this important piece of legislation. Please contact us if there is any way we can help in this effort.

Sincerely,

Tim Burchill
CEO

Tonie Lagodinski
Assistant Administrator

Dear Senator, Roers,

I am writing today in support of SB 2198, which would lay our framework to help some of our staffing shortages and staffing crises in North Dakota. This is the North Dakota State Nurse Staffing Clearinghouse

My name is Tessa Johnson, and I am a registered nurse in North Dakota. I am the Executive Director of CountryHouse residence in Dickinson North Dakota. CountryHouse Residence is licensed as a basic care and memory care home. I also serve as the ND Center for Nursing as well as the NDNA President.

In many areas in nursing and healthcare around the state, we have faced staffing shortages at one point in time. During the last year during the COVID-19 crisis many of us had faced staffing crisis and staffing shortages like no other. I am an administrator of a long-term care facility and with staff members out with COVID-19 it was very difficult to staff our building at times.

Prior to COVID-19 we were often able to use local staffing agencies to fill needs. During this time, the demand is so high that even our local staffing agencies had a hard time helping us fill some of our shifts. There are many times or administrators, or leadership teams had to work in caregiver situations putting our work behind to the back burner for our residents to get the care we need. All these situations lead to burn out, exhaustion and leaving the practice.

There have also been times in which we have used agency that enjoy working for our company and with our residents. To keep them we must pay a large amount of money to buy their contract out which is very difficult for small facilities. This clearinghouse would give us the opportunity to help match these health care workers with a job they love.

As a nursing home administrator, I am speaking in favor of this staffing clearinghouse to help us mitigate this staffing crisis is in staffing shortages. We would be able to have help filling certified nursing assistant roles, nursing roles and other jobs in our buildings. We also would have to pay less recruitment fees and out-of-state contracts.

In addition, I feel like integrating the North Dakota nursing graduates into this program would help keep new graduate nurses in our state which is always a goal of ours.

If facilities are going to pay a higher amount for staffing through agency staff it would make more sense to keep the money in our state and keep it locally to benefit the nurses and other healthcare entities throughout our state.

I thank you for your consideration.

Warm Regards,

Tessa Johnson, MSN, BSN, RN CDP

Executive Director CountryHouse Residence

President, NDNA

President, ND Center for Nursing

NDNA
NORTH DAKOTA NURSES ASSOCIATION

✧ 1912-2018 ✧
1515 Burnt Boat Drive
Suite C #325
Bismarck, ND 58503
701-335-6376

January 15, 2021

Dear Senator Roers,

On behalf of the North Dakota Nurses Association, I am writing this letter to support SB 2198 which provides support for the organizational structure of the North Dakota Center for Nursing and to build a new nursing workforce recruitment and retention program to serve North Dakota.

Nurse staffing is in crisis in North Dakota, especially with the pandemic. There is a critical need for a centralized, coordinated effort to provide nurse staffing across the state. This is paired with the need for increased awareness and recruitment of future nurses to replace burned out nurses, an increased focus on recruiting ND nursing students to work in ND, increased recruitment of out-of-state and international nurses, the development of a centralized contract nursing staffing pool and the need to ensure that the work environment provides a positive workplace culture to ensure retention.

As part of the mission of NDNA is to advance the nursing profession by promoting professional development of nurses and fostering high standards of nursing practice, NDNA supports the ND Center for Nursing in this important work. We need a coordinated effort to ensure proper and safe staffing. We ask for your assistance and we respectfully ask that you also support SB 2198.

Sincerely,

Sherri Miller, BS, BSN, RN
director@ndna.org
Executive Director
North Dakota Nurses Association

Jamestown
REGIONAL MEDICAL CENTER

January 18, 2021

Tessa Johnson
President
North Dakota Center for Nursing
Box 117
Northwood, ND 58267

Patricia Moulton Burwell
Executive Director
North Dakota Center for Nursing
Box 117
Northwood, ND 58267

Dear ND Center for Nursing

I am writing this letter to support SB 2198 which provides support for the organizational structure of the ND Center for Nursing and to build a new nursing workforce recruitment and retention program to serve North Dakota.

Nurse staffing is in crisis in North Dakota, especially with the pandemic. There is a critical need for a centralized, coordinated effort to provide nurse staffing across the state. This is paired with the need for increased awareness and recruitment of future nurses to replace burned out nurses, an increased focus on recruiting ND nursing students to work in ND, increased recruitment of out-of-state and international nurses, the development of a centralized contract nursing staffing pool and the need to ensure that the work environment provides a positive workplace culture to ensure retention.

I support the ND Center for Nursing.

Mike Delfs
President and CEO
Jamestown Regional Medical Center
Michael.Delfs@jrmcn.com

February 2, 2021

Jane Christianson RN, FNP
Board Member
North Dakota Center for Nursing
Box 117
Northwood, ND 58267

Patricia Moulton Burwell
Executive Director
North Dakota Center for Nursing
Box 117
Northwood, ND 58267

Dear Center for Nursing

I urge your support for SB 2198 which provides support for the organization the North Dakota Center for Nursing and to build a new nursing workforce recruitment and retention plan for North Dakota nurses.

Nurse staffing is in crisis in North Dakota, especially with the pandemic. There is a need for a centralized, coordinated effort to provide nurse staffing across the state as well as the need for increased awareness and recruitment for future nurses. More nurses are leaving the profession due to the increased stress of the pandemic. The Center for Nursing would provide services that will focus on retaining current nurses as well as recruiting ND nursing students. The development of a centralized contract nursing staffing pool would benefit current nurses in the state as well as a clearing house for out of state nurses to encourage working in North Dakota.

I support the North Dakota Center of Nursing

Jane Christianson, RN, FNP
President, North Dakota Board of Nursing
jmjmchristianson@gmail.com

#9780

Testimony in support of Funding ND SBDC on SB 2018 to the House Appropriations - Education and Environment Division Public Hearing
March 17, 2021 8:30 am CT
Representative David Monson, Chairman

March 17, 2021 **MEASURE**: SB 2018

Chairman Monson, Vice-Chairman Schmidt, and members of the House Appropriations Committee, Education & Environment Division:,

I am writing to you regarding SB 2018 and specifically in support of continued and increased State funding for the ND Small Business Development Centers (SBDC) through the ND Department of Commerce budget.

My name is Ray Berry and I am Co-Founder, Owner and CEO of OmniByte Technology and on behalf of OmniByte, I want to express our support for North Dakota Small Business Development Centers. OmniByte founded in 2015 is a boot strapped company started in Fargo, ND to build and deliver better mobile technology for field service personnel in the industries we serve like HVAC, Electrical, Safety and Energy.

OmniByte Technology has partnered with SBDC, working directly with Paul Smith in Fargo SBDC from our beginning, in assisting with obtaining key funding for growth at different stages of our company at no additional cost.

Paul Smith assisted us each year/stage with business planning and finance reporting such as Pro-Forma's and Forecasts while we could not yet justify our own controller as we present for funding requests. Through our partnership with SBDC, Paul Smith assisted OmniByte with identifying, applying and preparing for funding in the form of loans and grants. Examples of funding include more recently the PPP, EIDL and Innovation Technology Loan Fund (LIFT) through the ND Department of Commerce. These funding programs were critical to our growth and success and the PPP/EIDL allowed us to maintain staff levels while our revenue dropped significantly due to pandemic.

In addition to this, OmniByte has worked with Cathy Lindquist of North Dakota Procurement Technical Assistance Center (PTAC). She has helped us navigate the challenging process of registration on the Federal System for Awards Management (Sam.gov) and finding information regarding potential opportunities for OmniByte. We regularly attend webinars and utilized online materials from PTAC. We are a very small company without dedicated/experienced resources for this, we could not compete with larger organization without a program like PTAC to assist us, also this assistance is no additional cost to my company.

I highly recommend continued support for SBDC as small ND business like mine may not start or survive without their support. In our case the ND SBDC has been critical to our growth and sustainability for retaining the 14 FT ND jobs and benefits through this pandemic, expand into to new markets including outside of the United States and continue our efforts to develop and deliver technology to field service industry.

Thank you.

I will attend and present virtually and open to any questions.

Respectfully,

Ray Berry

CEO, President and Founder
OmniByte Technology
1854 NDSU Research Cir N
Fargo, ND 58102

#9784

Testimony by Holly L. Anderson
In Support of SB 2018 Funding for the North Dakota Procurement Technical Assistance Center (PTAC)
to the House Appropriations - Education and Environment Division Public Hearing
March 11, 2021

Good morning Mr. Chairman and Committee members.

My name is Holly Anderson, and I am the owner and CEO of Elinor Coatings, a research and development company in Fargo that provides corrosion and surface protection solutions to the Department of Defense. Thank you for the opportunity to provide my input on SB 2018. As a business owner who has received direct advising from the North Dakota Procurement Technical Assistance Center (ND PTAC), I urge your continued support for funding of the program.

ND PTAC provides no-cost procurement and contracting assistance to North Dakotans who want to do business with local, state and federal agencies. Navigating the complex government contracting environment without proper guidance can lead to costly mistakes in time and money for a business owner.

In 2020, North Dakota entities held contracts from The Department of Defense valued at $260,989,826. In 2020, the Department of Health and Human Services increased contracts in North Dakota nearly $85 million from the year before to $251,652,705. (www.usaspending.gov) PTAC is helping our state grow new business sectors, create high-paying skilled jobs and increase North Dakota's share of the $1.485 trillion in discretionary funding spent by the federal government annually.

Having knowledgeable and no-cost support from PTAC has been extremely valuable to Elinor Coatings. We recently secured two multi-year Department of Defense research contracts to develop anti-corrosion coatings for air and ground vehicles for the Air Force and Army. These contracts have resulted in seven additional highly-skilled employees at Elinor laboratories and two open positions we are seeking to fill.

The state and local PTAC have been very helpful to Elinor Coatings in several ways. Cathy Lindquist at PTAC Fargo has assisted us with our registration on the Federal System for Awards Management (Sam.gov), searching for opportunities, qualifying for HUBZone, navigating the Federal invoicing website, and finding information to stay compliant in cybersecurity and federal acquisition regulations (FARs). We take advantage of webinars and online materials the PTAC offers regularly. We consistently get same-day answers to our questions from our PTAC office.

Funding of PTAC is currently provided by the Department of Defense's Defense Logistics Agency on a 60/40 basis with the 40% state match being funded by the ND Department of Commerce through the momentum/discretionary budget line. Please support business owners like me all around our great state by proposing increased funding for the ND PTAC.

Respectfully,

Holly Anderson, CEO
Elinor Coatings, LLC
1854 NDSU Research Circle N
Fargo ND 58102
701-499-3635
www.elinorcoatings.com

2021 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division
Prairie Room, State Capitol

SB 2018
3/22/2021
House Appropriations Committee - Education and Environment

A BILL for an Act to provide an appropriation for defraying the expenses of the department of commerce; and to provide for a transfer.

Vice Chairman Jim Schmidt called the meeting to order at 2:47 p.m.

Representative	Present	Absent
Chairman Monson	P	
Vice Chairman Schmidt	P	
Representative Martinson	P	
Representative Nathe	P	
Representative Sanford	P	
Representative Schatz	P	
Representative Boe	P	

Discussion Topics:

- ND Development Fund
- COIN
- Base level funding changes
- Esser funding
- ND Tourism
- Homeless shelter grants
- ND Small Business Development Centers (ND SBDC)
- ND Center for Nursing
- ND Procurement Technical Assistance Center (ND PTAC)

James Leiman (2:48 p.m.) testified in favor. Testimony #10414

Bonnie Malo (3:30 p.m.) testified in favor.

Tiffany Ford (3:35 p.m.) testified neutrally. Testimony #10155

Patricia Moulton Burwell (3:55 p.m.) testified in favor. Testimony #10175

David Kleppe (4:01 p.m.) testified in favor. Testimony #10121

Vice Chairman Jim Schmidt adjourned the meeting at 4:08 p.m.

Klarissa Pudwill, Committee Clerk

#10414

NORTH Dakota | Commerce

Be Legendary.™

NORTH DAKOTA DEVELOPMENT FUND

ANNUAL REPORT 2020

SUPPORTING BUSINESS GROWTH THROUGH FINANCING AND INVESTMENT

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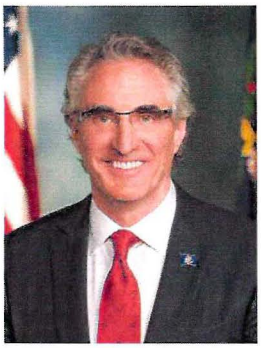
DEVELOPMENT FUND BOARD MEMBERS



"The North Dakota Development Fund offers the financing resources needed to help support business startups and expansion projects that create jobs while also providing taxpayers with a strong return on investment. The impacts experienced in 2020 due to the COVID-19 pandemic underscored the important role the development fund serves in ensuring our business community remains resilient while continuing to grow in any scenario." – Gov. Doug Burgum

The governor appoints an eight-member board of directors that oversee the North Dakota Development Fund (NDDF). Each member represents a different business sector from the state.

Vacant Chairman

Gary Gopplen – Fargo
Vice Chairman
Finance Sector

Jim Albrecht – Wahpeton
Secretary/Treasurer

Pat Murphy – Williston
Private Sector

Rob Lindberg – Bismarck
Industrial Technology
and Research Sector

Commissioner Michelle Kommer and
Interim Commissioner Shawn Kessel
ND Department of Commerce

Matt Dunlevy – Grand Forks
Industrial Technology and
Research Sector

Terri Zimmerman – Fargo
Industrial Technology and
Research Center

Scott Davis – Mandan
Native American Sector

DEVELOPMENT FUND STAFF

Jessica Nygaard
Interim CEO
701.328.7251 | jnygaard@nd.gov

Hannah Lange
Venture and Finance Analyst
701.328.7254 | hlange@nd.gov

A TOOL FOR ECONOMIC DEVELOPMENT

The North Dakota Development Fund was created through legislation in 1991 as an economic development tool. It provides flexible gap financing through debt and equity investments for new or expanding North Dakota primary sector businesses.

The Development Fund makes investments of up to $1 million. The board of directors may adjust the limit when deemed appropriate. In general, the following criteria apply to Development Fund investments:

- The entrepreneur must have a realistic financial commitment at stake. Usually, principals are required to have a minimum of 15% equity in the project.
- Refinancing of debt is not eligible.
- Principal shareholders with 20% or greater ownership are generally required to guarantee the debt. Other shareholders may also be required to guarantee.
- Financing is available to any primary sector business project with the exception of production agriculture.
- Primary sector includes individuals and businesses which, through the employment of knowledge or labor, add value to a product, process or service which results in the creation of new wealth. Primary sector includes tourism and specific types of investor-owned agriculture, and is typically businesses such as manufacturers, food processors or export service companies. Investor-owned agriculture includes livestock feeding or milking operations, or other value-added agriculture located apart from an individual farm operation that is professionally managed and has employees.
- Tourism, specific types of value-added agriculture and investor-owned agriculture can also qualify as primary sector.

Loan and equity programs managed by the North Dakota Development Fund include:

- North Dakota Development Fund
- Regional Rural Revolving Loan Fund
- Rural Incentive Growth Loan Program
- Small Business Technology Program
- Child Care Loan Program
- New Venture Capital Program
- Venture Capital Program

The fund provides "flexible financing" through loans and equity investments not available from most conventional lenders and is available to any primary sector business with the exception of production agriculture.

The North Dakota Development Fund coordinates efforts between all the sources of financing, the business and the community. Any project considered for this financing must be feasible and have a reasonable chance of succeeding.

LETTER FROM THE CEO

The Development Fund invested $5,674,246 in 39 primary sector and child care businesses from July 1, 2019 to June 30, 2020. The Development Fund has provided gap financing in which the fund's investments, since inception, have reached $147 million.

With Development Fund's dollars invested, there has been $266,758,203 leveraged from other financing institutions resulting in a $7.87 to $1 ratio – for every Development Fund dollar invested, $7.87 was invested from other sources.

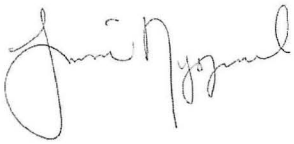
The investments made by the Development Fund in 2019 to 2020 contributed to the creation of 327 in the primary sector and child care industries.

The Development Fund reported an estimated operating income of $434,684 before bad debt expense as of June 30, 2019 fiscal year-end, as compared to $232,582 for the fiscal year-end 2018. The 87 percent increase in income is attributable to an increase in interest income, dividend income and other income in 2019 as compared to 2018. The fund saw a decrease in general and administrative expenses of $125,724 from 2018 to 2019. The Development Fund continues to pay all costs of operating the fund, including salaries and benefits. The cash flow generated from principal and interest collections continues to be strong at $3.3 million. The Development Fund continues to be a revolving loan fund as the fund has collected $6.8 million the past two years, which in turn can be used for future loan and equity investments.

Operating income (loss) before nonoperating revenues and expenses decreased by $354,500 from ($1,240,744) in 2018 to ($886,239) in 2019. The decrease in the operating income (loss) in 2019 was attributable to an increase in reserve for bad debt expense and a decrease in operating expenses.

Since the fund's inception, it has invested $147 million in 694 companies with over $48.2 million invested in rural communities. Fund investments have contributed to the projected creation of 12,203 primary sector jobs. The Development Fund helped 18 start-up businesses begin operations in North Dakota in 2018 to 2019. Of the 18 start-up businesses, two of the were in rural communities.

In providing flexible financing, the Development Fund helped primary sector and child care businesses start up or expand, which in turn created new jobs and generated new revenues. What follows are highlights of 2020 along with the accompanying financial statements.



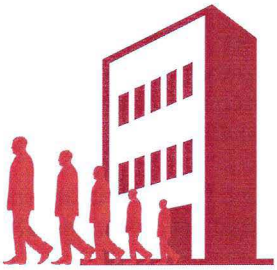
Jessica Nygaard, Interim CEO
North Dakota Development Fund

NORTH DAKOTA DEVELOPMENT FUND
By the Numbers

Development Fund inception: **1991**

$7.87:$1
return on investment

12,403 primary sector jobs created since fund inception

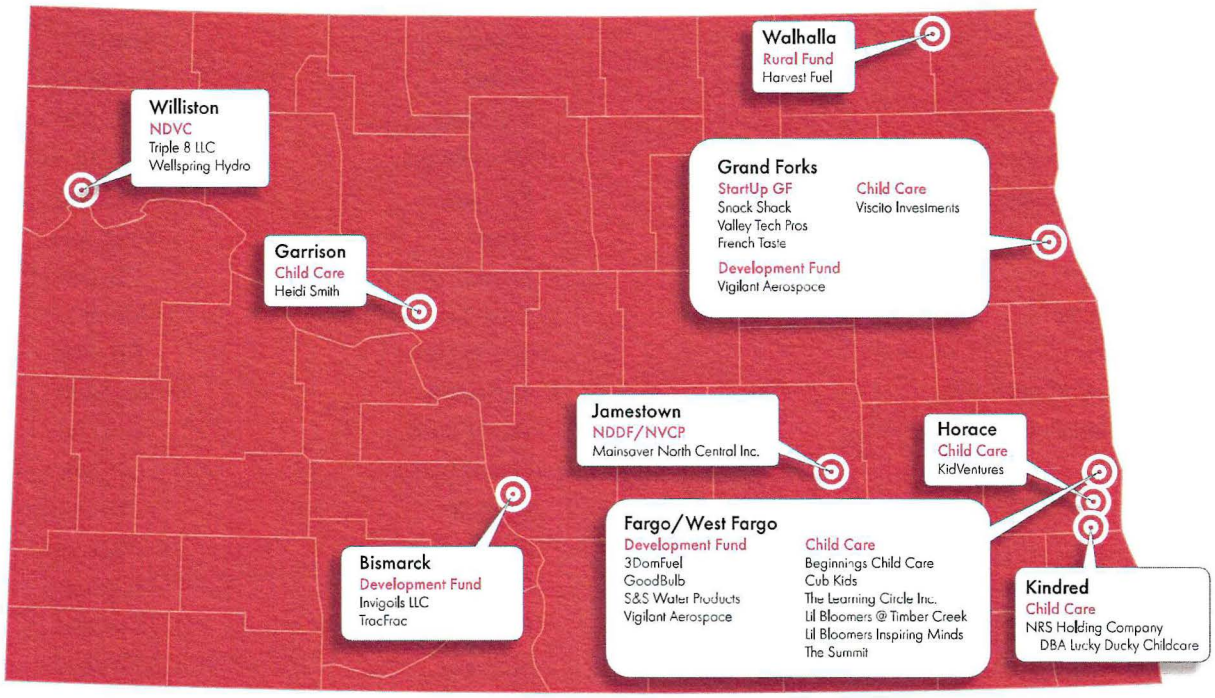


Investing in **677** North Dakota companies since inception

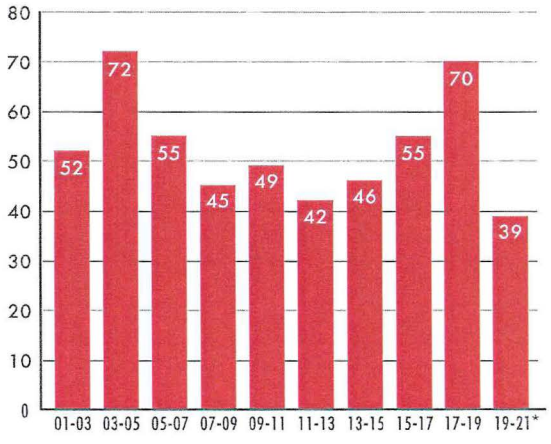
Business sectors include:

- Technology
- Value-Added Agriculture
- Value-Added Energy
- Manufacturing
- Child Care

NORTH DAKOTA INVESTMENT LOCATIONS
July 1, 2019–June 30, 2020

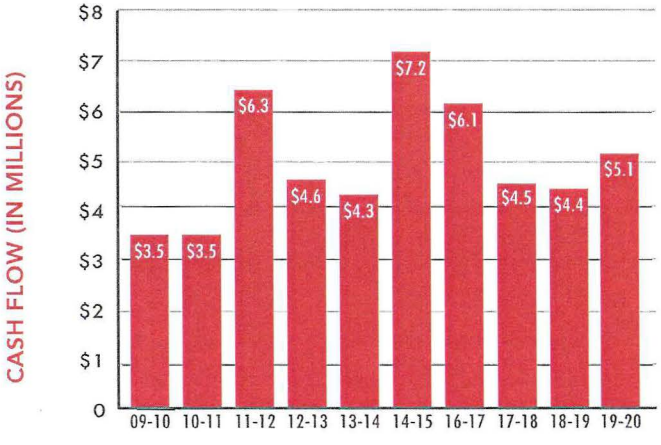


Number of Development Fund Projects



In 2020 alone, the Development Fund Invested in 22 projects.
* These numbers are good through end 2020 calendar year.

Development Fund Cash Flow



The Development Fund collected $5.1 million from 2019-2020. The fund has averaged $5 million in collections in the past 10 years. The Development Fund continues to revolve and the funds collected continue to be used to fund future loan and equity investments in the state.

DEVELOPMENT FUND PROJECTS

July 1, 2019–June 30, 2020

Company	City	Amount of Funding
Invigoils LLC	Bismarck	$250,000
Heidi Smith	Garrison	$100,000
3DomFuel	Fargo	$145,000
TracFrac	Bismarck	$150,000
The Learning Circle Inc.	West Fargo	$75,000
NRS Holding Company DBA Lucky Ducky Childcare	Kindred	$40,000
GoodBulb	Fargo	$391,547
Snack Shack	Grand Foks	$9,000
Vigilant Aerospace	Fargo/Grand Forks	$480,000
Valley Tech Pros	Grand Forks	$10,000
MainSaver North Central Inc.	Jamestown	$300,000
Beginnings Child Care	West Fargo	$50,000
French Taste	Grand Forks	$8,375
Kidventures	Horace	$8,633
Cub Kids	Fargo	$8,633
Lil Blommers @ Timber Creek	Fargo	$17,392
Lil Bloomers Inspiring Minds	Fargo	$17,392
Harvest Fuel	Walhalla	$170,785
The Summit	West Fargo	$50,000
Triple 8 DBA Wellspring Hydro	Williston	$750,000
Viscito Investments	Grand Forks	$100,000
S&S Water Products	Fargo	$25,000
		Total: $3,156,757

NORTH DAKOTA DEVELOPMENT FUND

3DomFuel

Just a few years ago, 3D printers were still a novelty item that most people had never heard of or seen. But a few brave companies were already working to be among the best in the marketplace and provide the supplies those 3D printers needed. Fargo 3D Printing's owners, John Schneider and Jake Clark, saw the opportunity due to the presence of a lot of poorly manufactured 3D filament and decided to get into the 3D filament manufacturing business. Around the same time, they met Danny McMenamin, a 40-year veteran of the plastics industry, who already was producing filament in Ireland under the business name 3Dom Filaments Ltd. They soon formed parallel businesses called 3Dom USA and 3Dom Europe.

Meanwhile, Matthew Stegall also saw the opportunity and came up with a terrific name for a 3D supplies company: 3D-Fuel. He started a separate company and brought on partners to help it grow. All three companies struggled to gain a foothold in the market until a series of events brought all three together and a rare synergy occurred.

3Dom USA, 3D-Fuel and 3Dom Europe joined forces in May of 2016 to form 3DomFuel, a new company based on the combined efforts of many people whose common goal was to produce the best 3D filament available. Their goal was to take it to the marketplace and provide quality filament at reasonable prices to the masses that would be adopting this new technology.

In the years since, 3DomFuel's 3D-Fuel filament has earned a reputation as fantastic filament for almost any job and 3D printer. Test after test has shown 3D-Fuel to be among not only the best quality, but also available at a reasonable price. Sales have begun to flourish and grow: 3D-Fuel filaments are being sold on three continents (soon to be four) and in more than 10 countries with demand increasing daily and showing no signs of slowing down.

Fast forward to today, 3D printers are now well-known and becoming more and more commonplace. The market is waking up, growth is occurring and 3DomFuel and 3D-Fuel products are right in the middle of it.

Due to the rapid growth over the last year, 3DomFuel's business has expanded to the point that it had to bring on additional labor to open more shifts – it operates two current production lines 24 hours a day, six days a week. It plans to upgrade existing equipment and add additional production lines while utilizing more space in the facility it moved to in 2018.

3Dom's current sales are completely outstripping the current production capacity. It is experiencing good cash flow from month to month but is limited by production capacity. It also is starting to attract large-volume customers, some of which would buy all 3Rom could make if it had a production line dedicated to specific customers. It currently has half a dozen new, unannounced materials (for making 3D filament) that it wants to launch that have a higher dollar margin than current materials. But it is unable to launch the line due to a lack of production capacity and the working capital required to hire the additional staff and purchase the raw materials necessary for a rapid startup. Pausing production of its current materials would cannibalize current cash flow.

3Dom has identified the necessary equipment and workforce required to double existing production capacity and to continue to grow its sales efforts.

It has signed a lease on a 15,000-square-foot facility that it currently shares with C2Renew, another local Fargo plastics production company. They made the transition to this location in June 2018. 3DomFuel surpassed $1 million in sales in 2020, a growth of over 180% from 2019, and it is on track to more than double revenues in 2021.

"Without a doubt, our growth would not have been possible without the amazing North Dakota Development Fund. Starting and growing a business is hard, especially a manufacturing business with global customers. The development fund has been there to assist in navigating the financial growing pains of our business. We expect to more double the number of people that we employ in the next 12 months and are projecting to double that again 18-24 months from now. That level of growth has been enabled by the development fund."– 3DomFuel CEO John Schneider

Plans also include additional labor to be hired full-time as production grows. The company currently employs one facility manager and nine variable hourly employees. The table below shows the projections for the next two years.

3Dom also has multiple new product releases planned and needs to produce the inventory to have on hand for when the products launch. 3Dom also wants to commit to growth for North Dakota. It has demonstrated this in 2018 by signing a 10-year lease on a building to be used for expansion. It will continue to grow through hiring of local people.

NORTH DAKOTA DEVELOPMENT FUND
GoodBulb

GoodBulb is a Fargo-based lighting distributor with a mission to provide the highest quality lighting and light expertise while bringing light to communities without electricity. GoodBulb manufactures its own brand of LEDs, provides commercial- and industrial-grade lighting systems, and dedicates a portion of profits to distributing solar lanterns to areas needing light.

GoodBulb also is proud to be home of the Lumen Masters, the brightest team of light experts in the lighting industry. It specializes in B2B lighting, supplying electricians and industrial and commercial accounts across the country.

Today, customers across North Dakota and around the country look to GoodBulb for strategies with lighting layouts, design and audits that improve lighting ambiance and reduce energy costs. You can find GoodBulb headquarters in Fargo, online at goodbulb.com and on Amazon. Seeing Amazon as an ample source for sales, GoodBulb sought the North Dakota Development Fund for funding needed to hire new employees and increase inventory to strengthen the infrastructure to maximize the Amazon potential.

"The North Dakota Development Fund has been an instrumental partner in helping GoodBulb grow and reach a wider customer base. This ultimately helps us donate more LED lanterns to people who live without electricity. The North Dakota Development Fund is helping us make a difference." - Goodbulb co-founder Tom Enright

GoodBulb is currently expanding and looking forward to growing its brand. It is a seven-figure seller on Amazon and one day hopes you will see GoodBulb LEDs in local and national wholesale stores.

EideBailly
CPAs & BUSINESS ADVISORS

December 4, 2020

To the Board of Directors
North Dakota Development Fund, Inc.
Bismarck, North Dakota

We have audited the financial statements of North Dakota Development Fund, Inc. as of and for the years ended June 30, 2020 and 2019, and have issued our report thereon dated December 4, 2020. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our letter dated September 10, 2020, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of North Dakota Development Fund, Inc. solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding a significant control deficiency over financial reporting and material noncompliance, and other matters noted during our audit in a separate letter to you dated December 4, 2020.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by North Dakota Development Fund, Inc. is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2020. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are the allowance for loan losses and valuation of equity investments.

Management's estimate of the allowance for loan losses is based on management's periodic review of the collectability of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of underlying collateral, and prevailing economic conditions.

Among the factors considered in determining whether an other than temporary impairment of an investment has occurred are the cost of the investment, development since the acquisition of the investment, the financial condition and operation results of the issuer, the long-term potential of the business of the issuer, and other factors generally pertinent to the valuation of investments. The North Dakota Development Fund, Inc. has relied on financial data investees and, in many instances, on estimates by the management company and of the investee company as to the potential effect of future developments.

We evaluated the key factors and assumptions used to develop the allowance for loan losses and valuation of equity investments and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. There are no sensitive disclosures affecting the financial statements.

Significant Difficulties Encountered during the Audit

The North Dakota Development Fund experienced significant turnover in the current year. This turnover did impact our ability to receive timely information on House Bill #1014.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit.

The following misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management:

Adjusting Journal Entries	Debit	Credit
Bad Debt Expense – Investments	$40,217	
Bad Debt Expense – Loans	$85,154	
Reserve for Loan Loss		$85,154
Reserve for Equity Loss		$40,217
To adjust reserves to actual.		
Accrued Vacation/Sick Leave	$15,302	
Other Income		$15,302
To adjust accrued vacation to actual.		
Due from other funds	$15,000,000	
Transfer In		$15,000,000

There were no uncorrected misstatements detected as a result of our audit procedures.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to North Dakota Development Fund, Inc. financial statements or the auditor's report. No such disagreements arose during the course of the audit.

We applied certain limited procedures to the Management's Discussion and Analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Combining Statements of Net Position, Combining Statements of Revenues, Expenses, and Changes in Net Position, and Combining Statements of Cash Flows, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This report is intended solely for the information and use of the Board of Directors, and management of North Dakota Development Fund, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

Eide Bailly LLP

Bismarck, North Dakota

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

Governor of North Dakota
The Legislative Assembly

Board of Directors
North Dakota Development Fund, Inc.
Bismarck, North Dakota

Report on the Financial Statements
We have audited the accompanying financial statements of North Dakota Development Fund, Inc., a component unit of the state of North Dakota, as of June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Development Fund's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of North Dakota Development Fund, Inc. as of June 30, 2020 and 2019, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter
As discussed in Note 1, the financial statements of the North Dakota Development Fund, Inc. are intended to present the financial position and the change in financial position of only that portion that is attributable to the transactions of the North Dakota Development Fund, Inc. They do not purport to, and do not, present fairly the financial position of the State of North Dakota as of June 30, 2020 and 2019, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The combining financial statements shown on pages 21 through 24 are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 4, 2020, on our consideration of North Dakota Development Fund, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering North Dakota Development Fund, Inc.'s internal control over financial reporting and compliance.

Eide Bailly LLP

Bismarck, North Dakota
December 4, 2020

North Dakota Development Fund, Inc.

Management's Discussion and Analysis
June 30, 2020 and 2019

The discussion and analysis of the financial performance of the North Dakota Development Fund, Inc. that follows is meant to provide additional insight into the Development Fund's activities for the year ended June 30, 2020. Please read it in conjunction with the Development Fund's financial statements and footnotes, which are presented within this report.

Financial Highlights

Total revenue increased by $102,479 (11.49%) to $994,243. Operating revenues increased by $66,121 (7.87%) to $906,066. Cash flow increased by $7,168,685 (57.48%) to $19,640,826. The Fund collected $2,816,729 in principal payments in 2020, which was a decrease of $471,188 (14.33%) from 2019. The increase in total and in operating revenue is attributable to an increase in dividend/interest income received from investments/loans and an increase in other income. The increase in loan interest income is due to loan growth in the portfolio in 2020. The increase in dividend income is due to the purchase of the New Venture Capital Program equities in the amount of $6,564,111 from the Bank of North Dakota as part of the $15 million transfer provided for in HB 1014 of the 2019 legislative session. The decrease in total principal funds collected was attributable to the Fund receiving lower payout of loans on the books of the North Dakota Development Fund as compared to 2019 partly due to suspended loan payments for COVID relief as well as receiving lower payout of loans on the books of the North Dakota Development Fund in 2019.

The Fund received $105,544 in dividend payments in 2020 from equity investments made, compared to $1,746 in dividend payments received in 2019. This increase is due to purchase of the New Venture Capital Program equities from the Bank of North Dakota as part of the $15 million transfer provided for in HB 1014 of the 2019 legislative session.

General and Administrative expense decreased by $11,187 (2.77%) from $402,885 in 2019 to $391,698 in 2020. The decrease was attributable to overall general decreased costs of operations compared to 2019.

Operating Income (loss) before non-operating revenues and expenses decreased by $5,713,915 from ($938,058) in 2019 to ($6,651,973) in 2020. The decrease in the operating income (loss) in 2020 was attributable to an increase in provision for losses (change in allowance). This increase in provision for losses is a result from the purchase of the New Venture Capital Program equities from the Bank of North Dakota as part of the $15 million transfer provided for in HB 1014 of the 2019 legislative session that created the NDDF Venture Capital Program.

Interest income on deposits increased by $36,358 (70.16%) from $51,819 received in 2019 to $88,177 received in 2020. The increase was the result of larger balances carried at the Bank of North Dakota along with creation of a new account at the Bank of North Dakota for the NDDF Venture Capital program.

The change in net position increased by $9,322,443 from ($886,239) in 2019 to $8,436,204 in 2020. The increase was attributable to the $15 million transfer provided for by HB 1014. The impact of this increase on the net position was offset by a corresponding increase in reserves for bad debt expense for the equities purchased from the Bank of North Dakota.

Net position increased by $8,436,204 from $22,640,814 at the end of year 2019 to $31,077,018 at the end of year 2020. The increase was attributable to the $15 million transfer provided for by HB 1014. The impact of this increase on the net position was offset by a corresponding increase in reserves for bad debt expense for the equities purchased from the Bank of North Dakota.

North Dakota Development Fund, Inc.
Management's Discussion and Analysis
June 30, 2020 and 2019

Noncurrent net assets (excluding equipment) increased by $3,617,596 from $3,259,629 in 2019 to $6,877,225 in 2020. The noncurrent assets consist of the Fund's loan and equity investments. The equity investments decreased by $2,013,629 from $3,221,812 in 2019 to $1,208,183 in 2020. There were no equity investments that were charged off during 2020 and 2019.

The loan investments made increased by $10,063,260 from $19,083,675 in 2019 to $29,146,935 in 2020. There were no loan investments that were charged off during 2020 and 2019.

Interest receivable on loans increased by $59,861 to $140,860. The increase in the receivable in 2020 is due to the increase in loans booked during 2020.

Current portion of loans receivable decreased from $6,838,143 in 2019 to $4,422,932 in 2019. The decrease is attributable to loans maturing in fiscal year 2020.

Cash and cash equivalents increased by $7,168,685 (57.48%) to $19,640,826 (cash balance is before loan and investment commitments). The increase in Cash and Cash Equivalents was attributable to available funds in the NDDF Venture Capital fund resulting from the $15 million transfer provided for in HB 1014 of the 2019 legislative session.

The Fund does invest their excess funds into longer term deposits for a higher rate of return to coincide with the funding commitments made by the Fund to companies for loans and equity investments, which are not required to be funded in the short-term. The Fund has invested more funds in longer term certificates of deposit, which are at a higher rate of return earning more deposit interest and putting the funds to work in loan and equity investments to "Primary Sector" businesses in the State of North Dakota.

39 projects were funded totaling $5,674,246.

Required Financial Statements

The discussion and analysis are intended to serve as an introduction to the Development Fund's financial statements. The financial statements of the Development Fund provide accounting information similar to that of many other business entities. The Balance Sheet summarizes the assets and liabilities, with the difference between the two reported as net position. It also serves as a basis for analysis of the soundness and liquidity of the Development Fund. The statement of Revenues, Expenses and Changes in Net position summarize the Development Fund's operating performance for the year. The statements of Cash Flows summarize the flow of cash through the Development Fund as it conducts its business.

North Dakota Development Fund, Inc.
Management's Discussion and Analysis
June 30, 2020 and 2019

Condensed Balance Sheet
June 30, 2020 and 2019, and 2018

Assets	2020	2019	2018
Current assets	$ 24,204,618	$ 19,391,283	$ 20,052,994
Capital assets, net	1,360	3,738	6,116
Noncurrent assets	6,877,225	3,259,629	3,883,465
Total noncurrent assets	6,878,585	3,263,367	3,889,581
Total assets	$ 31,083,203	$ 22,654,650	$ 23,942,575
Liabilities and Net Position			
Current liabilities	$ 6,185	$ 13,836	$ 30,522
Noncurrent liabilities	-	-	385,000
Investment in capital assets	1,360	3,738	6,116
Unrestricted	31,075,658	22,637,076	23,520,937
Total net position	31,077,018	22,640,814	23,527,053
Total liabilities and net position	$ 31,083,203	$ 22,654,650	$ 23,942,575

Cash and Cash Equivalents

Cash and cash equivalents consist of cash deposits with the Bank of North Dakota and are included in the current assets section of the balance sheet. Additional discussion of cash and cash equivalents can be found in Note 2 to the financial statements.

Equity Investments

Equity investments consist of capital investments in new or expanding primary sector businesses in or relocating to North Dakota and are included in noncurrent assets. Additional discussion of equity investments can be found in Note 3 to the financial statements.

Loans Receivable

Loans receivable consist of loans to new or expanding primary sector businesses in or relocating to North Dakota and are included in current and noncurrent assets in the balance sheet. Additional analysis of loans receivable can be found in Note 4.

North Dakota Development Fund, Inc.
Management's Discussion and Analysis
June 30, 2020 and 2019

Condensed Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2020 and 2019, and 2018

	2020	2019	2018
Operating Revenues			
Interest income on loans	$ 754,077	$ 745,580	$ 649,646
Dividend income	105,544	1,746	-
Other	46,445	92,619	77,472
	906,066	839,945	727,118
Nonoperating Revenue			
Interest income on deposits and investments	88,177	51,819	36,451
Total Revenue	994,243	891,764	763,569
Operating Expenses			
General and administrative	391,698	402,885	528,609
Depreciation expense	2,378	2,378	2,378
Bad debt expense	7,163,963	1,372,740	1,473,326
	7,558,039	1,778,003	2,004,313
Transfers			
Bank of North Dakota	15,000,000	-	-
Change in Net Position	8,436,204	(886,239)	(1,240,744)
Net Position, Beginning of Year	22,640,814	23,527,053	24,767,797
Net Position, End of Year	$ 31,077,018	$ 22,640,814	$ 23,527,053

Economic Factors and Future Outlook

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact net interest income and dividend income. Other financial impact could occur though such potential impact is unknown at this time.

On March 19, 2020 the Board of Directors voted to suspend loan payments and interest accrual on all NDDF loans where NDDF was not in a participant decision. On April 9, 2020, the Board of Directors voted to extend the COVID relief for an additional two months.

Contacting the North Dakota Development Fund's Financial Management

The information in this report is intended to provide the reader with an overview of the Development Fund's accountability for those operations. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the North Dakota Development Fund, PO Box 2057, Bismarck, ND 58502-2057.

North Dakota Development Fund, Inc.

Statements of Net Position
June 30, 2020 and 2019

	2020	2019
Assets		
Current Assets		
Cash and cash equivalents	$ 19,640,826	$ 12,472,141
Interest receivable on loans	140,860	80,999
Current portion of loans receivable	4,422,932	6,838,143
Total current assets	24,204,618	19,391,283
Noncurrent Assets		
Loans receivable, net of current portion and allowance	6,877,225	2,909,629
Equity Investments, net	-	350,000
Equipment, net	1,360	3,738
Total noncurrent assets	6,878,585	3,263,367
Total assets	$ 31,083,203	$ 22,654,650
Liabilities and Net Position		
Current Liabilities		
Accrued expenses	$ 6,185	$ 13,836
Net Position		
Investment in capital assets	1,360	3,738
Unrestricted	31,075,658	22,637,076
Total net position	31,077,018	22,640,814
Total liabilities and net position	$ 31,083,203	$ 22,654,650

North Dakota Development Fund, Inc.

Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2020 and 2019

	2020	2019
Operating Revenues		
Interest income on loans	$ 754,077	$ 745,580
Dividend income	105,544	1,746
Other	46,445	92,619
	906,066	839,945
Operating Expenses		
General and administrative	391,698	402,885
Depreciation expense	2,378	2,378
Provision for losses (change in allowance)	7,163,963	1,372,740
	7,558,039	1,778,003
Operating Income (Loss)	(6,651,973)	(938,058)
Nonoperating Revenue		
Interest income on deposits and investments	88,177	51,819
Transfers		
Bank of North Dakota	15,000,000	-
Change in Net Position	8,436,204	(886,239)
Net Position, Beginning of Year	22,640,814	23,527,053
Net Position, End of Year	$ 31,077,018	$ 22,640,814

North Dakota Development Fund, Inc.
Statements of Cash Flows
Years Ended June 30, 2020 and 2019

	2020	2019
Operating Activities		
Other receipts	$ 46,445	$ 94,998
Payments to suppliers	(399,349)	(419,571)
Net Cash (used for) Operating Activities	(352,904)	(324,573)
Investing Activities		
Interest received on cash and cash equivalents and loans	887,937	776,450
Purchase of equity investments	(8,368,206)	(1,091,700)
Proceeds from the sale of equity investments	386,792	324,870
Disbursements of business loans	(3,201,663)	(5,259,419)
Principal payments received on business loans	2,816,729	3,287,917
Net Cash (used for) Investing Activities	(7,478,411)	(1,961,882)
Non-Cash Financing Activity		
Transfer	15,000,000	-
Net Change in Cash and Cash Equivalents	7,168,685	(2,286,455)
Cash and Cash Equivalents at Beginning of Year	12,472,141	14,758,596
Cash and Cash Equivalents at End of Year	$ 19,640,826	$ 12,472,141
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities		
Operating income (loss)	$ (6,651,973)	$ (938,058)
Adjustments to reconcile operating income (loss) to net cash used for operating activities		
Depreciation	2,378	2,378
Provision for loan losses	473,415	806,543
Provision for equity investment losses	6,690,548	566,830
Reclassification of interest and dividend income	(859,621)	(745,579)
Changes in assets and liabilities		
Accrued expenses	(7,651)	(16,687)
Net Cash (used for) Operating Activities	$ (352,904)	$ (324,573)

North Dakota Development Fund, Inc.
Notes to Financial Statements
June 30, 2020 and 2019

Note 1 - Summary of Significant Accounting Policies

Organization and Nature of Activities

The North Dakota Development Fund, Inc. (the Corporation) was established pursuant to Chapter 10-30.3 of the North Dakota Century Code as amended by the passage of Senate Bill 2058 during the 1991 legislative session. The Corporation is a statewide nonprofit development corporation with the authority to take equity positions in; to provide loans to; or to use other innovative financing mechanisms to provide capital for new or expanding primary sector businesses in North Dakota or relocating to North Dakota.

The Corporation uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain corporate functions or activities.

The following activities are used by the Corporation:

Development Fund

The Development Fund is used to account for fund investments, including equity positions, loans, loan guarantees, and other innovative financing mechanisms for new or expanding primary sector businesses in North Dakota or relocating to North Dakota.

Regional Rural Development Revolving Loan Fund

The Regional Rural Development Revolving Loan Fund is used to account for fund investments including equity positions, loans, loan guarantees, or debt financing on a matching basis to new or expanding primary sector businesses in rural areas.

Small Business Technology Investment Fund

The Small Business Technology Fund is used to provide matching investments to startup technology-based businesses.

Child Care Fund

The Child Care Fund is used to account for fund investments including loans and loan guarantees for new or expanding child-care facilities in North Dakota.

Venture Capital Loan Program

The Venture Capital Loan Program is used to provide flexible financing through debt and equity investments for new or expanding businesses in the state of North Dakota.

The Corporation may form additional corporations, partnerships or other forms of business associations in order to further its mission.

North Dakota Development Fund, Inc.
Notes to Financial Statements
June 30, 2020 and 2019

The Director of the Department of Commerce Division of the Economic Development and Finance shall appoint the Chief Executive Officer of the Corporation. All investments, contracts, partnerships, limited liability companies, and business transactions of the Corporation are the responsibility of the Chief Executive Officer and the eight-member Board of Directors, who are appointed by the Governor.

Reporting Entity

In accordance with Governmental Accounting Standards Board (GASB) Statements, the Corporation should include all component units over which the Corporation exercises such aspects as (1) appointing a voting majority of an organization's governing body and (2) has the ability to impose its will on that organization or (3) the potential for the organization to provide specific financial benefits to, or impose specific burdens on the Corporation. GASB further defined reporting units as a legally separate, tax exempt affiliated organization that meet all of the following criteria:

- The economic resources of the organization entirely or almost entirely directly benefit the Corporation or its constituents, and
- The Corporation or its component units are entitled to or can otherwise access, a majority of the economic resources of the organization, and
- The economic resources that the Corporation is entitled to, or can otherwise access, are significant to the Corporation.

Based upon criteria set forth in GASB, no organizations were determined to be part of the reporting entity. The Corporation is included as part of the primary government of the State of North Dakota's reporting entity.

Basis of Accounting

The Corporation is presented in the accompanying financial statements as a proprietary fund type – an enterprise fund.

An enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public or other funds on a continuing basis be financed or recovered primarily through user charges. The Corporation operates primarily with appropriations from the general fund.

As a proprietary fund type, the Corporation accounts for its transactions using the accrual basis of accounting. Revenues are recognized for its transactions when they are earned, and expenses are recognized when they are incurred.

North Dakota Development Fund, Inc.
Notes to Financial Statements
June 30, 2020 and 2019

Revenue and Expense Recognition

The Corporation presents its revenues and expenses as operating or non-operating based on recognition definitions from GASB. Operating activities are those activities that are necessary and essential to the mission of the Corporation. Operating revenues include all charges to customers, research contracts and grants, dividends earned on equity investments and interest earned on loans. Revenues from non-exchange transactions and state appropriations that represent subsidies or gifts to the Corporation, as well as investment income, are considered non-operating since these are either investing, capital or noncapital financing activities. Operating expenses are all expense transactions incurred other than those related to investing, capital or noncapital financing activities. Revenues received for capital financing activities, as well as related expenses, are considered neither operating nor non-operating activities and are presented after non-operating activities on the accompanying Statement of Revenues, Expenses, and Changes in Net Position.

Concentration of Credit Risk

Loans receivable consist primarily of loans to new or expanding businesses in North Dakota or relocating businesses to North Dakota. The Corporation performs credit evaluations and maintains a security interest until related loans are collected.

Cash Equivalents

The Corporation considers all highly liquid investments purchased with maturity of three months or less to be cash equivalents.

Equity Investments

The Corporation records its equity investments at cost adjusted for other than temporary impairment as determined by the Board of Directors. The other than temporary impairment of equity investments is included in fund equity. Realization of the carrying value of these investments is subject to future developments inherent in such investments (see Note 3).

Among the factors considered in determining whether an other than temporary impairment of an investment has occurred are the cost of the investment, development since the acquisition of the investment, the financial condition and operating results of the issuer, the long-term potential of the business of the issuer, and other factors generally pertinent to the valuation of investments. The Development Fund has relied on financial data of investees and, in many instances, on estimates by the management company and of the investee company as to the potential effect of future developments.

Expense Allocation

The Development Fund pays all expenses of the Corporation.

North Dakota Development Fund, Inc.
Notes to Financial Statements
June 30, 2020 and 2019

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near-term relate to the determination of the allowance for loan losses and valuation of equity investments.

Capital Assets and Depreciation

All capital assets are recorded in the accompanying financial statements at cost. Donated capital assets are stated at fair market value at the time of donation. Equipment with a cost greater than $5,000 is capitalized and reported in the accompanying financial statements. The Corporation's capital assets are being depreciated on a straight-line basis over estimated useful life of 8 years.

Loans

Loans are reported at their outstanding unpaid principal adjusted for charge-offs and the allowance for loan losses.

Interest income is accrued on the unpaid principal balance. The accrual of interest on loans is discontinued at the time the loan is 90 to 120 days delinquent unless the credit is well secured and in process of collection. Loans are placed on non-accrual or charged-off at an earlier date if collection of principal or interest is doubtful. All current year interest accrued but not collected for loans that are placed on non-accrual or charged off is reversed against interest income. All prior year interest accrued but not collected is charged-off against the allowance for loan losses. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all principal and interest amounts contractually due are brought current and future payments are reasonably assured.

The Corporation has determined that the accounting for nonrefundable fees and costs associated with originating or acquiring loans does not have a material effect on their financial statements. As such, these fees and costs have been recognized during the period they are collected and incurred, respectively.

Allowance for Loan Losses

The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to earnings. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to a recovery account.

The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectability of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

A loan is considered impaired when, based on current information and events, it is probable that the Corporation will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed. Impairment is measured on a loan-by-loan basis by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price, or the fair value of the collateral if the loan is collateral dependent. The Corporation separately identifies individual loans for impairment disclosures by rating them on a scale of 1 to 6.

Restricted Resources

It is the North Dakota Development Fund, Inc.'s policy to first apply restricted resources when an expense is incurred for which both restricted and unrestricted resources are available.

Note 2 - Deposits

The Corporation is required to maintain its deposits at the Bank of North Dakota (a related party). As of June 30, 2020, the Corporation had the following:

	Fair Value	Less Than One Year
Cash		
Bank of North Dakota	$ 19,640,826	$ 19,640,826

As of June 30, 2019, the Corporation had the following:

	Fair Value	Less Than One Year
Cash		
Bank of North Dakota	$ 12,472,141	$ 12,472,141

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of investments will adversely affect the fair value of the investments.

North Dakota Development Fund, Inc.
Notes to Financial Statements
June 30, 2020 and 2019

Custodial and Concentration of Credit Risk

For deposits and investments, the custodial credit risk that, in the event of the failure of a depository financial institution, the Corporation will not be able to recover collateral securities that are in possession of an outside party. The Corporation's deposits are uncollateralized. All of the Corporation's deposits are with the Bank of North Dakota.

Note 3 - Equity Investments

Equity investments in business concerns as of June 30, 2020 and 2019 are as follows:

	2020	2019
Development Fund	$ 1,033,183	$ 2,343,962
Regional Rural Development Revolving Loan Fund	-	877,850
Development Fund Venture Capital	175,000	-
	1,208,183	3,221,812
Valuation allowance - Other than temporary impairment	(1,208,183)	(2,871,812)
	$ -	$ 350,000

Among the factors considered in determining whether an other than temporary impairment of an investment has occurred are the cost of the investment, development since the acquisition of the investment, the financial condition and operating results of the issuer, the long-term potential of the business of the issuer, and other factors generally pertinent to the valuation of investments. The Development Fund has relied on financial data of investees and, in many instances, on estimates by the management company and of the investee company as to the potential effect of future developments.

The Corporation acquired its investment by direct purchase from the issuer under investment representations, and the Board of Directors valued the securities on the premise that they may not be sold without registration under the Securities Act of 1933. The price of securities purchased was determined by direct negotiation between the Corporation and the seller.

North Dakota Development Fund, Inc.
Notes to Financial Statements
June 30, 2020 and 2019

Changes in the valuation allowance for equity investments as of June 30, 2020 and 2019 are as follows:

	2020	2019
Balance, beginning of year	$ 2,871,812	$ 2,664,004
Provision for equity investment losses	6,532,233	566,830
Transfers	(8,195,862)	(359,022)
Balance, end of year	$ 1,208,183	$ 2,871,812

Note 4 - Loans Receivable

Loans receivable at June 30, 2020 and 2019 are as follows:

	2020	2019
Development fund	$ 13,550,308	$ 10,722,905
Regional rural development revolving loan fund	6,142,975	6,317,584
Small business technology fund	50,000	50,000
Child care program	2,009,573	1,993,186
Development fund venture capital	7,394,079	-
	29,146,935	19,083,675
Allowance for loan losses	(17,846,778)	(9,335,903)
Loans receivable, net of allowance for loan losses	11,300,157	9,747,772
Less: current portion of loans receivable	4,422,932	6,838,143
Loans receivable, net of current portion	$ 6,877,225	$ 2,909,629

North Dakota Development Fund, Inc.
Notes to Financial Statements
June 30, 2020 and 2019

Changes in the allowance for loan losses as of June 30, 2020 and 2019 are as follows:

	2020	2019
Balance, beginning of year	$ 9,335,903	$ 8,166,749
Provision for loan losses (reserve decrease)	315,013	810,132
Transfers	8,195,862	359,022
Balance, end of year	$ 17,846,778	$ 9,335,903

Note 5 - Equipment

A statement of changes in fixed assets for the years ended June 30, 2020 and 2019 is as follows:

	Balance 06/30/19	Additions	Deletions	Balance 06/30/20
Furniture and equipment	$ 37,539	$ -	$ -	$ 37,539
Computer software	48,345	-	-	48,345
Accumulated depreciation	(82,146)	(2,378)	-	(84,524)
	$ 3,738	$ (2,378)	$ -	$ 1,360

	Balance 06/30/18	Additions	Deletions	Balance 06/30/19
Furniture and equipment	$ 37,539	$ -	$ -	$ 37,539
Computer software	48,345	-	-	48,345
Accumulated depreciation	(79,768)	(2,378)	-	(82,146)
	$ 6,116	$ (2,378)	$ -	$ 3,738

Note 6 - Commitments and Contingencies

Development Fund

The Board of Directors has approved equity investments, loans, grants and guaranty of collections at June 30, 2020 for which funds have not been disbursed or written agreements entered into in the approximate amount of $1,333,650.

Regional Rural Development Revolving Loan Fund

The Board of Directors has approved equity investments, loans, and guaranty of collections at June 30, 2020 for which funds have not been disbursed or written agreements entered into in the approximate amount of $998,082.

Child Care Loan Fund

The Board of Directors has approved equity investments, loans, and guaranty of collections at June 30, 2020 for which funds have not been disbursed or written agreements entered into in the approximate amount of $107,312.

Development Fund Venture Capital Fund

The Board of Directors has approved equity investments, loans, and guaranty of collections at June 30, 2020 for which funds have not been disbursed or written agreements entered into in the approximate amount of $546,142.

Note 7 - Related Party Transactions

The financial statements of the North Dakota Development Fund, Inc. include equity investments in entities partially owned by members of the Board of Directors. The related party investment balance was $1,301,918 and $1,317,149 as of June 30, 2020 and 2019, respectively. Additionally, the North Dakota Development Fund, Inc. has loans receivables from the same entities with a balance of $814,906 and $1,159,101 as of June 30, 2020 and 2019.

North Dakota Development Fund, Inc.
Notes to Financial Statements
June 30, 2020 and 2019

Note 8 - Risk Management

North Dakota Development Fund, Inc. is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The following are funds/pools established by the State for risk management issues:

The 1995 Legislative Session established the Risk Management Fund (RMF), an internal service fund, to provide a self-insurance vehicle for funding the liability exposures of state agencies resulting from the elimination of the state's sovereign immunity. The RMF manages the tort liability of the state, its agencies' employees, and the University System. All state agencies participate in the RMF and their fund contribution was determined using a projected cost allocation approach. The statutory liability of the State is limited to a total of $250,000 per person and $1,000,000 per occurrence.

The Corporation participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund through the policies of the North Dakota Commerce Department. North Dakota Commerce Department pays an annual premium to the Fire and Tornado Fund to cover property damage to personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and Tornado Fund. The Fire and Tornado Fund is reinsured by a third-party insurance carrier for losses in excess of one million dollars per occurrence during a twelve-month period. The State Bonding Fund currently provides the Agency with blanket fidelity bond coverage in the amount of $100,000 per employee. The State Bonding Fund does not currently charge any premium for this coverage.

The Corporation participates in the North Dakota Workforce Safety and Insurance, (WSI) an Enterprise Fund of the State of North Dakota. WSI is a state insurance fund and a "no fault" insurance system covering the State's employers and employees financed by premiums assessed to employers. The premiums are available for the payment of claims to employees injured during employment.

There have been no significant reductions in insurance coverage from the prior year and settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

Note 9 - Transfers

During the year ended June 30, 2020, the North Dakota Development Fund received a transfer of $15,000,000 from the Bank of North Dakota. Per House Bill 1014, the North Dakota Development Fund used a portion of these proceeds to purchase venture capital assets from the Bank of North Dakota.

North Dakota Development Fund, Inc.
Combining Statements of Net Position
June 30, 2020

	Development Fund	Regional Rural Development Revolving Loan Fund	Child Care Fund	Small Business Technology	Development Fund Venture Capital	2020	2019 (Memorandum only)
Assets							
Current Assets							
Cash and cash equivalents	$ 7,248,785	$ 6,851,123	$ 175,217	$ 969,475	$ 4,396,226	$ 19,640,826	$ 12,472,141
Interest receivable on loans	101,929	36,446	2,485	-	-	140,860	80,999
Current portion of loans receivable	1,173,316	3,059,845	189,771	-	-	4,422,932	6,838,143
Total current assets	8,524,030	9,947,414	367,473	969,475	4,396,226	24,204,618	19,391,283
Noncurrent Assets							
Loans receivable, net of current portion and allowance	4,533,500	235,503	831,367	-	1,276,855	6,877,225	2,909,629
Advance to Child Care Fund	873,750	-	-	-	-	873,750	873,750
Equity investments, net	-	-	-	-	-	-	350,000
Equipment, net	1,360	-	-	-	-	1,360	3,738
Total noncurrent assets	5,408,610	235,503	831,367	-	1,276,855	7,752,335	4,137,117
Total assets	$ 13,932,640	$ 10,182,917	$ 1,198,840	$ 969,475	$ 5,673,081	$ 31,956,953	$ 23,528,400
Liabilities and Net Position							
Current Liabilities							
Accrued expenses	$ 6,185	$ -	$ -	$ -	$ -	$ 6,185	$ 13,836
Noncurrent Liabilities							
Advance from Development Fund	-	-	873,750	-	-	873,750	873,750
Total liabilities	6,185	-	873,750	-	-	879,935	887,586
Net Position							
Investment in capital assets	1,360	-	-	-	-	1,360	3,738
Unrestricted	13,925,095	10,182,917	325,090	969,475	5,673,081	31,075,658	22,637,076
Total net position	13,926,455	10,182,917	325,090	969,475	5,673,081	31,077,018	22,640,814
Total liabilities and net position	$ 13,932,640	$ 10,182,917	$ 1,198,840	$ 969,475	$ 5,673,081	$ 31,956,953	$ 23,528,400

North Dakota Development Fund, Inc.
Combining Statements of Revenue, Expenses and Changes in Net Position
Years Ended June 30, 2020

	Development Fund	Regional Rural Development Revolving Loan Fund	Child Care Fund	Small Business Technology	Development Fund Venture Capital	2020	2019 (Memorandum only)
Operating Revenues							
Interest income on loans	$ 486,412	$ 225,333	$ 40,212	$ -	$ 2,120	$ 754,077	$ 745,580
Dividend income	-	-	-	-	105,544	105,544	1,746
Other	42,331	570	1,770	-	1,774	46,445	92,619
	528,743	225,903	41,982	-	109,438	906,066	839,945
Operating Expenses							
General and administrative	391,698	-	-	-	-	391,698	402,885
Depreciation expense	2,378	-	-	-	-	2,378	2,378
Provision for losses (reserve decrease)	852,128	(161,694)	22,903	-	6,450,626	7,163,963	1,372,740
	1,246,204	(161,694)	22,903	-	6,450,626	7,558,039	1,778,003
Operating Income (Loss)	(717,461)	387,597	19,079	-	(6,341,188)	(6,651,973)	(938,058)
Nonoperating Revenue (Expense)							
Interest income on deposits and investments	31,783	35,771	368	5,986	14,269	88,177	51,819
Transfers	3,000,000	-	-	-	12,000,000	15,000,000	-
Change in Net Position	2,314,322	423,368	19,447	5,986	5,673,081	8,436,204	(886,239)
Net Position, Beginning of Year	11,612,133	9,759,549	305,643	963,489	-	22,640,814	23,527,053
Net Position, End of Year	$ 13,926,455	$ 10,182,917	$ 325,090	$ 969,475	$ 5,673,081	$ 31,077,018	$ 22,640,814

North Dakota Development Fund, Inc.
Combining Statements of Cash Flows
Years Ended June 30, 2020

	Development Fund	Regional Rural Development Revolving Loan Fund	Child Care Fund	Small Business Technology	Development Fund Venture Capital	2020	2019 (Memorandum only)
Operating Activities							
Other receipts	$ 42,331	$ 570	$ 1,770	$ -	$ 1,774	$ 46,445	$ 94,998
Payments to suppliers	(399,349)	-	-	-	-	(399,349)	(419,571)
Net Cash (Used For) Provided by Operating Activities	(357,018)	570	1,770	-	1,774	(352,904)	(324,573)
Non-Capital Financing Activities							
Transfer	3,000,000	-	-	-	12,000,000	15,000,000	-
Investing Activities							
Interest received on cash and cash equivalents and loans	468,880	250,497	40,641	5,986	121,933	887,937	776,450
Purchase of equity investments	(818,000)	(9,100)	-	-	(7,541,106)	(8,368,206)	(1,091,700)
Proceeds from the sale of equity investments	386,792	-	-	-	-	386,792	324,870
Disbursements of business loans	(2,604,178)	-	(411,110)	-	(186,375)	(3,201,663)	(5,259,419)
Principal received on business loans	1,360,448	1,061,559	394,722	-	-	2,816,729	3,287,917
Net Cash (Used For) Provided by Investing Activities	(1,206,058)	1,302,956	24,253	5,986	(7,605,548)	(7,478,411)	(1,961,882)
Net Change in Cash and Cash Equivalents	1,436,924	1,303,526	26,023	5,986	4,396,226	7,168,685	(2,286,455)
Cash and Cash Equivalents at Beginning of Year	5,811,861	5,547,597	149,194	963,489	-	12,472,141	14,758,596
Cash and Cash Equivalents at End of Year	$ 7,248,785	$ 6,851,123	$ 175,217	$ 969,475	$ 4,396,226	$ 19,640,826	$ 12,472,141

North Dakota Development Fund, Inc.
Combining Statements of Cash Flows
Years Ended June 30, 2020

	Development Fund	Regional Rural Development Revolving Loan Fund	Child Care Fund	Small Business Technology	Development Fund Venture Capital	2020	2019 (Memorandum only)
Reconciliation of Operating Income (Loss) to Net Cash (Used In) Provided by Operating Activities							
Operating income (loss)	$ (717,461)	$ 387,597	$ 19,079	$ -	$ (6,341,188)	$ (6,651,973)	$ (938,058)
Adjustments to reconcile operating (loss) income to net cash from (used for) provided by operating activities							
Depreciation	2,378	-	-	-	-	2,378	2,378
Provision for loan losses	369,716	(170,794)	22,903	-	251,590	473,415	806,543
Provision for equity investment losses	482,412	9,100	-	-	6,199,036	6,690,548	566,830
Reclassification of interest and dividend income	(486,412)	(225,333)	(40,212)	-	(107,664)	(859,621)	(745,579)
Changes in Assets and Liabilities							
Accrued expenses	(7,651)	-	-	-	-	(7,651)	(16,687)
Net Cash (used in) Provided by Operating Activities	$ (357,018)	$ 570	$ 1,770	$ -	$ 1,774	$ (352,904)	$ (324,573)

EideBailly

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Independent Auditor's Specific Comments Requested by the North Dakota Legislative Audit and Fiscal Review Committee

Governor of North Dakota
The Legislative Assembly

Board of Directors
North Dakota Development Fund, Inc.
Bismarck, North Dakota

The Legislative Audit and Fiscal Review Committee requires that certain items be addressed by independent certified public accountants performing audits of state agencies. The items and our responses regarding the June 30, 2020 audit of the North Dakota Development Fund, Inc. (the Corporation) are as follows:

Audit Report Communications:

1. What type of opinion was issued on the financial statements?

   Unmodified.

2. Was there compliance with statutes, laws, rules, and regulations under which the agency was created and functioning?

   Yes.

3. Was internal control adequate and functioning effectively?

   Yes, except for the findings noted on the Schedule of Findings and Responses beginning on page 30.

4. Were there indications of lack of efficiency in financial operations and management of the agency?

   No.

5. Has action been taken on findings and recommendations included in prior audit reports?

   No, please see the finding 2020-001 noted on the Schedule of Findings and Responses on page 30.

6. Was a management letter issued? If so, provide a summary below, including any recommendations and the management responses.

   No.

Audit Committee Communication:

1. Identify any significant changes in accounting policies, any management conflicts of interest, and contingent liabilities, or any significant unusual transactions?

   None.

2. Identify any significant accounting estimates, the process used by management to formulate the accounting estimates, and the basis for the auditor's conclusions regarding the reasonableness of those estimates?

   The most sensitive estimates affecting the financial statements include the allowance for uncollectible loans receivable and valuation allowance for equity investments.

   The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectability of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

   Among the factors considered in determining whether an other than temporary impairment of an investment has occurred are the cost of the investment, development since the acquisition of the investment, the financial condition and operating results of the issuer, the long-term potential of the business of the issuer, and other factors generally pertinent to the valuation of investments. The Development Fund has relied on financial data of investees and, in many instances, on estimates by the management company and of the investee company as to the potential effect of future developments.

   Our opinion on the reasonableness of these estimates is based on the testing performed during our audit procedures. Our procedures included assessing the risk assigned by the Development Fund to the loans and equity investments, evaluation of the past history of these amounts, discussion with management, and review of recent information regarding the loans and investments.

3. Identify any significant audit adjustments.

   The following material audit adjustment was identified as a result of the audit procedures performed which was brought to the attention of, and corrected by, management:

Due from Bank of North Dakota	$15,000,000	
Transfer In		$15,000,000

4. Identify any disagreements with management, whether or not resolved to the auditor's satisfaction, relating to a financial accounting, reporting, or auditing matter that could be significant to the financial statements.

   None.

5. Identify any serious difficulties encountered in performing the audit.

   The North Dakota Development Fund experienced significant turnover in the current year. This turnover did impact our ability to receive timely information on House Bill #1014.

6. Identify any major issues discussed with management prior to retention.

   None.

7. Identify any management consultations with other accountants about auditing and accounting matters.

   None.

8. Identify any high-risk information technology systems critical to operations based on the auditor's overall assessment of the importance of the system to the agency and its mission or whether any exceptions identified in the six audit report questions to be addressed by auditors are directly related to the operations of an information technology system.

   The Corporation uses SPARAK for its accounting and operations. We noted no internal control issues or exceptions related to the information system used by the Corporation.

This report is intended solely for the information and use of the Legislative Audit and Fiscal Review Committee, North Dakota Development Fund, Inc. Board of Directors and other state officials and legislative committees and is not intended to be and should not be used by anyone other than these specified parties.

Eide Bailly LLP

Bismarck, North Dakota
December 4, 2020

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Governor of North Dakota
The Legislative Assembly

Board of Directors
North Dakota Development Fund, Inc.
Bismarck, North Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of North Dakota Development Fund, Inc., a component unit of the State of North Dakota, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise North Dakota Development Fund, Inc.'s basic financial statements, and have issued our report thereon dated December 4, 2020.

Internal Control over Financial Reporting
In planning and performing our audit of the financial statements, we considered North Dakota Development Fund, Inc.'s internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of North Dakota Development Fund, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of North Dakota Development Fund, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as items 2020-001 and 2020-002 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether North Dakota Development Fund, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

North Dakota Development Fund, Inc.'s Response to the Findings

North Dakota Development Fund, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and responses. North Dakota Development Fund, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Bismarck, North Dakota
December 4, 2020

North Dakota Development Fund, Inc.
Schedule of Findings and Responses
Year Ended June 30, 2020

2020-001 - Preparation of Financial Statements

Criteria: Proper controls over financial reporting include the ability to prepare financial statements and accompanying notes to the financial statements that are materially correct.

Condition: The North Dakota Development Fund, Inc. does not have an internal control system designed to provide for the preparation of the financial statements being audited. As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements. This circumstance is not unusual in an organization of your size. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Cause: The control deficiency could result in a misstatement to the presentation of the financial statements.

Effect: Inadequate controls over financial reporting of the North Dakota Development Fund, Inc. result in the more than remote likelihood that the North Dakota Development Fund, Inc. would not be able to draft the financial statements and accompanying notes to the financial statements that are materially correct without the assistance of the auditors.

Recommendations: While we recognize that this condition is not unusual for an organization your size, it is important that you be aware of this condition for financial reporting purposes. Management and the Board should continually be aware of the financial reporting of the North Dakota Development Fund, Inc. and changes in reporting requirements.

Views of responsible officials: Since it is not cost-effective for an organization our size to have staff to prepare audit-ready financial statements, we have chosen to hire Eide Bailly, a public accounting firm, to prepare the audit financial statements as part of their annual audit of North Dakota Development Fund, Inc.

North Dakota Development Fund, Inc.
Schedule of Findings and Responses
Year Ended June 30, 2020

2020-002 – Material Proposed Audit Adjustments

Criteria: A good system of internal accounting control should provide for the proper reconcilements of all general ledger accounts and adjustments of those accounts to the reconciled balances. This also includes accounting for transactions in accordance with generally accepted accounting principles.

Condition: We identified misstatements in North Dakota Development Fund, Inc.'s financial statements causing us to propose material audit adjustments.

Cause: North Dakota Development Fund, Inc. had an entirely new staff in the current year. The organization does not have a document that details transactions outside of the typical day to day activities.

Effect: Misstatements in the financial statements could result from inadequate controls over recording of transactions and it affects the North Dakota Development Fund, Inc.'s ability to detect misstatements to the financial statements.

Recommendations: The organization should develop a document that details various transactions made by the organization and includes supporting documentation to enable new staff the ability to easily understand what has occurred in the past and how to properly account for those transactions.

Views of responsible officials:
The organization accepts the recommendation of proposed audit adjustment and will prepare more thorough documentation of the North Dakota Development Fund's staff process to provide for a smoother transition of employees.

#10155

NORTH DAKOTA SMALL BUSINESS DEVELOPMENT CENTERS

Your Ideas - Our Expertise - Your Success

ND Small Business Development Centers
Lead Office
293 Centennial Drive, Stop 7308
University of North Dakota
Gamble Hall Room 140
Grand Forks ND 58202-7308

March 19, 2021

Chairman Monson,

My testimony submitted for the hearing on March 11 will transfer to the hearing on March 22, since time did not allow for the Partner Programs line to be discussed then.

Thank you.

Tiffany Ford
State Director
North Dakota Small Business Development Centers
701.213.8179
tiffany.ford@ndsbdc.org

NORTH DAKOTA CENTER FOR NURSING
A unified voice for nursing excellence.

#10175 2021 Legislative Session
Policy Brief #1

Legislative Support for North Dakota Nurse Staffing Clearinghouse at the ND Center for Nursing (Amendment to SB 2018)

"Due to a major shortage of health care staffing, the state's hospitals have a severe lack of available beds. Rising COVID-19 hospitalizations and high non-coronavirus admissions, some resulting from residents who deferred health care earlier in the pandemic, have caused a crunch on medical centers." Grand Forks Herald November 10, 2020.

If we learned anything from the COVID-19 pandemic, it is that North Dakota does **not** have a centralized, coordinated effort to provide for adequate nurse staff across the state. Nursing forms the foundation for the economic engine for North Dakota's communities. Currently, health care facilities spend MILLIONS of dollars contracting with out of state agencies to secure travel and contract nurses, huge opportunity for these dollars to stay in ND.

"Something needs to be done about retention of staff. Currently, I know of 7 ICU nurses that left their positions in Bismarck to take traveling positions to Fargo and 7 Fargo nurses that have left Fargo to go to Bismarck for different jobs. ND has a constant churning of nurses." ND Practicing Nurse, 2020

"Nurses are burning out due to chronic nursing shortages exacerbated by the COVID-19 pandemic." ND Nurse Administrator, 2020

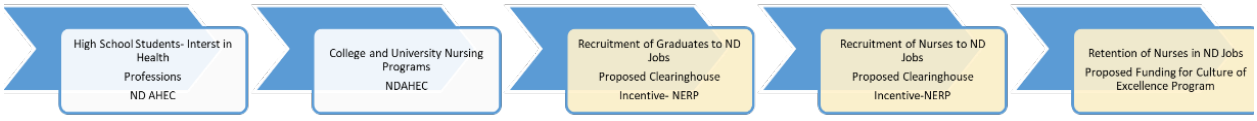
"Nurses are heavily recruited by out-of-state recruiters. ND should provide more detailed resources promoting in-state jobs if they would like us to stay here." ND Nursing Student, 2020.

The North Dakota Center for Nursing requests an amendment to the ND Department of Commerce budget (SB 2018) to reallocate $140,000 of the previously appropriated Nonresident Nurse Employment Recruitment Program funding for the establishment of the ND Nurse Staffing Clearinghouse and support the Culture of Excellence program at the ND Center for Nursing during the 2021-2023 biennium.

The ND Center for Nursing is uniquely positioned to develop and implement an innovative comprehensive strategy to address the state's nursing shortage in rural areas.

Two goals for ND Nurse Staffing Clearinghouse:

- **Recruit** nurse graduates and nurses for health care employment in **ND**.
- **Retain** nurses in **ND**, and in the workplace decrease staff turnover.



ND CENTER FOR NURSING BOARD OF DIRECTORS

- North Dakota Nurses Association
- College and University Nurse Education Administrators
- North Dakota Area Health Education Center
- North Dakota Emergency Nurses Association
- North Dakota Organization for Nursing Leadership
- North Dakota Board of Nursing
- North Dakota Nurse Practitioners Association
- North Dakota Public Health Association, Nursing Section
- Nursing Student Association of North Dakota
- North Dakota Directors of Nursing Administration- Long Term Care
- Sigma Xi Kappa at Large Chapter
- North Dakota Association of Nurse Anesthetists
- Public/Consumer Member at Large
- 40+ Nursing organizations, state agencies, nursing programs and others

Key Components of ND Nurse Staffing Clearinghouse

- Will be based on extensive ND Center for Nursing data showing the need for increased recruitment and retention.

- Target all levels of nurses: Certified Nursing Assistants (CNA), Licensed Practical Nurses (LPN), Registered Nurses (RN), Advanced Practice Registered Nurses (APRNs) and Nursing Faculty

- Is a unique opportunity for nursing education programs and employers to work together to keep ND students in North Dakota.

- **Recruit nurse graduates and nurses for health care employment in ND.**
  Provide career services to nursing students by connecting them with local communities and employment opportunities. Connect employers and graduating nurses directly together to get them to the bedside in rural and urban ND. We will work to connect students to NNERP and other incentive programs to increase the uptake. In a recent survey of graduating nurses, 38% plan to work outside of North Dakota and they are heavily recruited from out of state agencies.

  Develop a flexible staffing model through collaborative work with health care employers, graduating students, practicing nurses and education programs to provide increased opportunities for unique staffing patterns to better meet the needs of nurses (i.e., hours, shifts, travel vs. permanent).

- **Retain nurses in their workplace and in ND and decrease turnover.**
  Increase retention of nurses through the ND Nursing Culture of Excellence Designation program which is designed to improve the workplace culture and support the formation of professional identity in nursing. In a recent survey of practicing nurses, 48% indicated that they plan to leave North Dakota.

- Will add a critical component to existing ND Department of Commerce workforce programs to fill the gap of direct recruitment and retention of nurses to ND.

Fiscal Note: Funding is needed to support the ND Center for Nursing infrastructure and to fully develop the ND Nurse Staffing Clearinghouse and the Culture of Excellence program. It is anticipated that these will be fully developed during the 2021-2023 biennium which will help provide sustained funding for all the ND Center for Nursing activities. A version of this plan was included in SB 2198 which failed in the Senate.

Total State Appropriations for 2021-2023= $140,000 from carry-forward funding

The North Dakota Center for Nursing, a non-profit 501c3 organization, was developed in 2011 to represent over 20,000 nurses and over 40 nursing organizations across North Dakota. The mission of the North Dakota Center for Nursing is through collaboration guide ongoing development of a well-prepared and diverse nursing workforce to meet health care needs in North Dakota through research, education, recruitment and retention, advocacy and public policy. This policy agenda has been approved by our Board of Directors and is an official policy of the North Dakota Center for Nursing.

Contact: Patricia Moulton Burwell, PhD at patricia.moulton@ndcenterfornursing.org

North Dakota
State Council

408 Liberty Lane
Horace, ND 58047
Telephone • 701.404.7746
www.ndena.org

Tessa Johnson
President
North Dakota Center for Nursing
Box 117
Northwood, ND 58267

Patricia Moulton Burwell
Executive Director
North Dakota Center for Nursing
Box 117
Northwood, ND 58267

Dear ND Center for Nursing:

March 9, 2021

I am writing this letter to support the ND Center for Nursing proposed amendment to SB 2018: ND Department of Commerce Budget. This amendment would allocate $140,000 of the carry-forward funding of the Nonresident Nurse Employment Recruitment Program for the establishment of the ND Nurse Staffing Clearinghouse and to support the Culture of Excellence program.

Nurse staffing is in crisis in North Dakota, especially with the pandemic, and North Dakota emergency nurses have felt the impact of this firsthand. Beyond the added strain of COVID-19, emergency nurses face increased 'inpatient boarding' (patients admitted to the hospital, but remaining in the ED due to the lack of an inpatient nurse to care for them), increased nurse-to-patient ratios – especially for critically ill patients in the ED, and a constant churn of travel nurses in and out of the facilities, leading to unpredictable numbers of nurses to care for our patients.

There is a critical need for a centralized, coordinated effort to provide nurse staffing across the state. This is paired with the need for increased awareness and recruitment of future nurses to replace burned out nurses, an increased focus on recruiting ND nursing students to work in ND, the development of a centralized contract nursing staffing pool with flexible staffing options, and the need to ensure that the work environment provides a positive workplace culture to ensure retention.

I support the ND Center for Nursing proposed amendment because the Center has a strong reputation of bringing North Dakota's nurses together to solve challenging problems, has an existing framework upon which to develop an effective solution, and is committed to changing the way staffing is addressed within our state. This is North Dakota's opportunity to not only address our own nurse staffing crisis, but to serve as a model that states throughout the country will follow in the years to come.

Sincerely,

Adam Johnston, BAN, RN, CEN, CPEN, NPD-BC
2020-2021 State Council President
North Dakota Emergency Nurses Association
862 36th Ave E, Apt 110
West Fargo, ND 58078

Audrey Charchenko
Rasmussen University Fargo
4012 19th Ave S.
Fargo, ND 58103

March 8, 2021

Tessa Johnson
President
North Dakota Center for Nursing
Box 117
Northwood, ND 58267

Patricia Moulton Burwell
Executive Director
North Dakota Center for Nursing
Box 117
Northwood, ND 58267

Dear ND Center for Nursing

I am writing this letter to support the ND Center for Nursing proposed amendment to SB 2018: ND Department of Commerce Budget. This amendment would allocate $140,000 of the carry-forward funding of the Nonresident Nurse Employment Recruitment Program for the establishment of the ND Nurse Staffing Clearinghouse and to support the Culture of Excellence program.

Nurse staffing is in crisis in North Dakota, especially with the pandemic. There is a critical need for a centralized, coordinated effort to provide nurse staffing across the state. This is paired with the need for increased awareness and recruitment of future nurses to replace burned out nurses, an increased focus on recruiting ND nursing students to work in ND, the development of a centralized contract nursing staffing pool and flexible staffing options and the need to ensure that the work environment provides a positive workplace culture to ensure retention.

I support the ND Center for Nursing in receiving the carry-forward funding of $140,000 to establish the ND Nurse Staffing Clearinghouse.

Audrey Charchenko, DNP, RN
Associate Dean of Nursing
Rasmussen University-Fargo ND
audrey.charchenko@rasmussen.edu

CHI St. Alexius Health
Imagine better health.℠

Carrington Medical Center
800 North Fourth Street
PO Box 461
Carrington, ND 58421-0461

March 10, 2021

Tessa Johnson
President
North Dakota Center for Nursing
Box 117
Northwood, ND 58267

Patricia Moulton Burwell
Executive Director
North Dakota Center for Nursing
Box 117
Northwood, ND 58267

Dear ND Center for Nursing

I am writing this letter to support the ND Center for Nursing proposed amendment to SB 2018: ND Department of Commerce Budget. This amendment would allocate $140,000 of the carry-forward funding of the Nonresident Nurse Employment Recruitment Program for the establishment of the ND Nurse Staffing Clearinghouse and to support the Culture of Excellence program.

Nurse staffing is in crisis in North Dakota, especially with the pandemic. There is a critical need for a centralized, coordinated effort to provide nurse staffing across the state. This is paired with the need for increased awareness and recruitment of future nurses to replace burned out nurses, an increased focus on recruiting ND nursing students to work in ND, the development of a centralized contract nursing staffing pool and flexible staffing options and the need to ensure that the work environment provides a positive workplace culture to ensure retention.

I support the ND Center for Nursing in their efforts to combat the nursing shortage in North Dakota. I have felt the stress and struggles of not being able to fill nursing positions in my facility and have watched the stress the extra work has put on my current nurses. We need help now!!

Jodi Hovdenes
VP of Patient Care Services
CHI St. Alexius Health Carrington
jodihovdenes@catholichealth.net

UNIVERSITY OF NORTH DAKOTA
SCHOOL OF MEDICINE & HEALTH SCIENCES

UND.edu

Center for Rural Health
School of Medicine & Health Sciences
Suite E231
1301 North Columbia Rd Stop 9037
Grand Forks, ND 58202-9037
Phone: 701.777.3848
Website: ruralhealth.UND.edu

March 9, 2021

Tessa Johnson
President
North Dakota Center for Nursing
Box 117
Northwood, ND 58267

Patricia Moulton Burwell
Executive Director
North Dakota Center for Nursing
Box 117
Northwood, ND 58267

Dear ND Center for Nursing:

The Center for Rural Health (CRH), UND School of Medicine and Health Sciences, as the State Office of Rural Health (SORH) and the Program Office for the Area Health Education Center (AHEC) can support your effort to use Department of Commerce Carry Forward funds to address nursing supply and demand issues. The Center for Rural Health does employ a Workforce Specialist, supported with state appropriation, who works to assist rural communities with a range of health workforce needs (e.g., medical providers, nursing, allied health, administrative, and others). It is my understanding that this legislation is not duplicative of what is already occurring and that it can augment current efforts. The nursing situation is indeed complicated and multiple partners collaboratively working to address it may produce more benefits for North Dakota. The travel nurse pool idea is distinct.

Nurses are the largest health professional category in ND and are vital to the continuation of access to necessary health services in rural and tribal communities. Especially during a pandemic we have seen the critical importance of nursing. Nurses keep our rural hospitals and clinics open, providing high quality care. Our rural hospitals were hit hard during the height of the pandemic and most were placed in a position where they had to expend scarce funds to secure the services of agency nursing.

There is a critical need for a centralized, coordinated effort to provide nurse staffing across the state. This is paired with the need for increased awareness and recruitment of future nurses to replace burned out nurses, an increased focus on recruiting ND nursing students to work in ND, increased recruitment of out-of-state and international nurses, the development of a centralized contract nursing staffing pool and the need to ensure that the work environment provides a positive workplace culture to ensure retention.

The Center for Rural Health supports your efforts to continue to build constructive workforce solutions, and we look forward to working with you to determine a common strategy.

Sincerely,

Brad Gibbens

Brad Gibbens, Acting Director and Assistant Professor

The University of North Dakota is an equal opportunity / affirmative action institution.

Lutheran Home of the Good Shepherd
1226 First Avenue North • New Rockford, North Dakota 58356
Phone 701-947-2944 • Fax 701-947-2290 • Email administrator@lhgs.org

Friday, January 22, 2021

Tessa Johnson
President
North Dakota Center for Nursing
Box 117
Northwood, ND 58267

Patricia Moulton Burwell
Executive Director
North Dakota Center for Nursing
Box 117
Northwood, ND 58267

Dear ND Center for Nursing

I am writing this letter to support SB 2198 which provides support for the organizational structure of the ND Center for Nursing and to build a new nursing workforce recruitment and retention program to serve North Dakota. Nurse staffing is in crisis in North Dakota, especially with the pandemic. There is a critical need for a centralized, coordinated effort to provide nurse staffing across the state. This is paired with the need for increased awareness and recruitment of future nurses to replace burned out nurses, an increased focus on recruiting ND nursing students to work in ND, increased recruitment of out-of-state and international nurses, the development of a centralized contract nursing staffing pool and the need to ensure that the work environment provides a positive workplace culture to ensure retention.

I support the ND Center for Nursing .....

Kim Jensrud
Administrator
Lutheran Home of the Good Shepherd
kjensrud@lhgs.org

Ave Maria Village

SMP Health Systems

501 19th Street Northeast
Jamestown, ND 58401
PHONE: 701-252-5660
FAX: 701-251-2643
www.avemariavillage.org

January 15, 2021

Tessa Johnson, President
Patricia Moulton Burwell, Executive Director
North Dakota Center for Nursing
P.O. Box 117
Northwood, ND 58267

Dear Tessa and Patricia:

We are writing in strong support of SB 2198, which would provide support for the organizational structure of the North Dakota Center for Nursing, and build a new nursing workforce recruitment and retention program for the state.

Ave Maria Village is a 100-bed faith-based skilled nursing and rehabilitation facility. This past year, we have faced the most severe challenges we have ever had in recruiting qualified professional nurses. For the first time in many years, we are contracting with a travel nurse service in order to adequately staff our facility. During a major COVID-19 outbreak in our facility and community this past fall, not only were we utilizing costly travel nurses, but we were also heavily dependent upon the state emergency nurse pool to meet the needs of our residents. No recruitment incentives, even a substantial sign-on bonus, were bringing results. To be frank, the future looks grim in terms of attracting nurses to rural areas of North Dakota outside of the four major cities. It is truly a crisis which will only get worse unless we take strong and proactive steps to improve the situation.

Provisions in SB 2198 will enable the North Dakota Center for Nursing to provide a centralized, coordinated effort to enhance nurse staffing across the state. The Center will also increase awareness of the crisis that health care providers find themselves in. They will provide an increased focus on recruiting nursing students in the state to stay and work in North Dakota, and attracting nurses from out of state, both nationally and internationally. In addition, they will develop a centralized contract nursing pool, and promote positive workplace cultures to enhance nurse retention.

We wish you the best as you advocate for this important piece of legislation. Please contact us if there is any way we can help in this effort.

Sincerely,

Tim Burchill
CEO

Tonie Lagodinski
Assistant Administrator

Dear Senator, Roers,

I am writing today in support of SB 2198, which would lay our framework to help some of our staffing shortages and staffing crises in North Dakota. This is the North Dakota State Nurse Staffing Clearinghouse

My name is Tessa Johnson, and I am a registered nurse in North Dakota. I am the Executive Director of CountryHouse residence in Dickinson North Dakota. CountryHouse Residence is licensed as a basic care and memory care home. I also serve as the ND Center for Nursing as well as the NDNA President.

In many areas in nursing and healthcare around the state, we have faced staffing shortages at one point in time. During the last year during the COVID-19 crisis many of us had faced staffing crisis and staffing shortages like no other. I am an administrator of a long-term care facility and with staff members out with COVID-19 it was very difficult to staff our building at times.

Prior to COVID-19 we were often able to use local staffing agencies to fill needs. During this time, the demand is so high that even our local staffing agencies had a hard time helping us fill some of our shifts. There are many times or administrators, or leadership teams had to work in caregiver situations putting our work behind to the back burner for our residents to get the care we need. All these situations lead to burn out, exhaustion and leaving the practice.

There have also been times in which we have used agency that enjoy working for our company and with our residents. To keep them we must pay a large amount of money to buy their contract out which is very difficult for small facilities. This clearinghouse would give us the opportunity to help match these health care workers with a job they love.

As a nursing home administrator, I am speaking in favor of this staffing clearinghouse to help us mitigate this staffing crisis is in staffing shortages. We would be able to have help filling certified nursing assistant roles, nursing roles and other jobs in our buildings. We also would have to pay less recruitment fees and out-of-state contracts.

In addition, I feel like integrating the North Dakota nursing graduates into this program would help keep new graduate nurses in our state which is always a goal of ours.

If facilities are going to pay a higher amount for staffing through agency staff it would make more sense to keep the money in our state and keep it locally to benefit the nurses and other healthcare entities throughout our state.

I thank you for your consideration.

Warm Regards,

Tessa Johnson, MSN, BSN, RN CDP

Executive Director CountryHouse Residence

President, NDNA

President, ND Center for Nursing

NDNA
NORTH DAKOTA NURSES ASSOCIATION

✧ 1912-2018 ✧
1515 Burnt Boat Drive
Suite C #325
Bismarck, ND 58503
701-335-6376

January 15, 2021

Dear Senator Roers,

On behalf of the North Dakota Nurses Association, I am writing this letter to support SB 2198 which provides support for the organizational structure of the North Dakota Center for Nursing and to build a new nursing workforce recruitment and retention program to serve North Dakota.

Nurse staffing is in crisis in North Dakota, especially with the pandemic. There is a critical need for a centralized, coordinated effort to provide nurse staffing across the state. This is paired with the need for increased awareness and recruitment of future nurses to replace burned out nurses, an increased focus on recruiting ND nursing students to work in ND, increased recruitment of out-of-state and international nurses, the development of a centralized contract nursing staffing pool and the need to ensure that the work environment provides a positive workplace culture to ensure retention.

As part of the mission of NDNA is to advance the nursing profession by promoting professional development of nurses and fostering high standards of nursing practice, NDNA supports the ND Center for Nursing in this important work. We need a coordinated effort to ensure proper and safe staffing. We ask for your assistance and we respectfully ask that you also support SB 2198.

Sincerely,

Sherri Miller, BS, BSN, RN
director@ndna.org
Executive Director
North Dakota Nurses Association

Jamestown
REGIONAL MEDICAL CENTER

January 18, 2021

Tessa Johnson
President
North Dakota Center for Nursing
Box 117
Northwood, ND 58267

Patricia Moulton Burwell
Executive Director
North Dakota Center for Nursing
Box 117
Northwood, ND 58267

Dear ND Center for Nursing

I am writing this letter to support SB 2198 which provides support for the organizational structure of the ND Center for Nursing and to build a new nursing workforce recruitment and retention program to serve North Dakota.

Nurse staffing is in crisis in North Dakota, especially with the pandemic. There is a critical need for a centralized, coordinated effort to provide nurse staffing across the state. This is paired with the need for increased awareness and recruitment of future nurses to replace burned out nurses, an increased focus on recruiting ND nursing students to work in ND, increased recruitment of out-of-state and international nurses, the development of a centralized contract nursing staffing pool and the need to ensure that the work environment provides a positive workplace culture to ensure retention.

I support the ND Center for Nursing.

Mike Delfs
President and CEO
Jamestown Regional Medical Center
Michael.Delfs@jrmcn.com

February 2, 2021

Jane Christianson RN, FNP
Board Member
North Dakota Center for Nursing
Box 117
Northwood, ND 58267

Patricia Moulton Burwell
Executive Director
North Dakota Center for Nursing
Box 117
Northwood, ND 58267

Dear Center for Nursing

I urge your support for SB 2198 which provides support for the organization the North Dakota Center for Nursing and to build a new nursing workforce recruitment and retention plan for North Dakota nurses.

Nurse staffing is in crisis in North Dakota, especially with the pandemic. There is a need for a centralized, coordinated effort to provide nurse staffing across the state as well as the need for increased awareness and recruitment for future nurses. More nurses are leaving the profession due to the increased stress of the pandemic. The Center for Nursing would provide services that will focus on retaining current nurses as well as recruiting ND nursing students. The development of a centralized contract nursing staffing pool would benefit current nurses in the state as well as a clearing house for out of state nurses to encourage working in North Dakota.

I support the North Dakota Center of Nursing

Jane Christianson, RN, FNP
President, North Dakota Board of Nursing
jmjmchristianson@gmail.com

#10121

NORTH DAKOTA
PROCUREMENT TECHNICAL ASSISTANCE CENTER
Government Contracting Assistance

House Appropriations Committee
Education & Environment Division
SB 2018
March 22, 2021

Chairman Monson and members of the Committee. My name is Dave Kleppe, Program Manager of the North Dakota Procurement Technical Assistance Center. The Procurement Technical Assistance Center (PTAC) program is hosted by the University of North Dakota's Center for Business Engagement and Development (led by Tiffany Ford) within the Nistler College of Business and Public Administration. Federal program funding is provided by the Department of Defense's Defense Logistics Agency (DLA) with match funding provided by the North Dakota Department of Commerce (DOC).

The program was established in 1985 to expand the number of businesses capable of participating in government contracts. It is administered by DLA's Small Business Programs in cooperation with the states, local governments, and nonprofit organizations. Under the program, PTACs help businesses pursue and perform in contract awards with the Department of Defense, other federal agencies, state and local governments, and also subcontracting with government prime contractors.

Most of the assistance the PTACs provide is free. PTAC support to businesses includes:

- Assisting with state and federal registrations in procurement systems such as the federal System for Award Management (SAM)
- Creation of a bidmatch search profile unique to each business to help identify contracting and subcontracting opportunities
- Providing training on federal and state contracting and cybersecurity

requirements and providing assistance with government certifications

- Conducting solicitation reviews and advice on preparing bid proposals

PTACs have a local presence in all 50 states. The North Dakota PTAC currently operates with two full-time positions: a PTAC Advisor located in Fargo and a Program Manager located in the Entrepreneur Center at the Bank of North Dakota.

The federal PTAC program provides 60% federal funding with a 40% match requirement. For the past several years the required state match has been provided by the Department of Commerce from within their **discretionary funds line**. Without the required state match funds, the ND PTAC program will cease to exist. While the amount of the state's investment is small, the economic impact of this program is not. During state fiscal years 2019 and 2020, the **ND PTAC assisted 373 small and large North Dakota businesses**. Many of them have been successful in the government marketplace and have been awarded more than **$169 million** in government contracts, meaning **expansion and diversification of revenue streams**, **creating jobs in our state, and positively impacting our communities**. Program return-on-investment is **$860 in contracts for every state dollar invested**.

We have a very good working relationship with DOC. Without the matching funds DOC provides, there would be no North Dakota PTAC program to assist our businesses in navigating the complex path involved with government contracting. Thank you Mr. Chairman and committee members for your time and for your support of the North Dakota PTAC.

Handout:
--ND PTAC Impacts and client feedback (attached as page 3 and 4)

NORTH DAKOTA PROCUREMENT TECHNICAL ASSISTANCE CENTER

Government Contracting Assistance

Impacts

July 1, 2018- June 30, 2020

- 373 Clients
- Federal contract awards:
  - $169.2 Million – all clients (977 awards)
  - $160.8 Million – only DLA active clients (848 Awards)
- 45 Training events
- Program ROI is $860 in contracts for every state dollar invested
- 54:1 Benefit-cost ratio per biennium

Purpose

DLA - DOC - UND

To expand the number of businesses capable of participating in government contracts with local, state and federal agencies and also with prime contractors.

Our values are:

- Collaboration
- Integrity
- Accountability
- Patience

Benefits

of the ND PTAC

- Strengthening ND businesses by providing individualized training and one-on-one advising to prepare them for selling their goods and services to local, state, and federal government agencies
- Diversifying local company revenue streams by leveraging access to the government marketplace
- Boosting state and local economic activity by helping ND businesses navigate the complex contracting process
- Assisting ND MAIN STREETS to reach out for nationwide opportunities
- Increasing qualified sources and competition for government buyers; creating better value for the military, government agencies, and the American taxpayer

Collaboration

Service Partners

PTAC is a partnership between the Federal Government (U.S. Department of Defense, Defense Logistics Agency), State of North Dakota (Commerce Department) and North Dakota University System (University of North Dakota). We collaborate with the U.S. Small Business Administration, area military bases and other resource partners to teach businesses what they need to know about government contracting.

Recent Collaborative Events include:

- Tri-state procurement webinar (monthly)
- Jamestown Regional Entrepreneur Center Women's Business Summit
- North Dakota Government Procurement Fair in Minot (100+ businesses)
- What is beta.SAM (United Tribes Technical College)
- Air Force Industry Day at Capitol Building involving Minot, Grand Forks and Ellsworth, SD Air Force bases
- Assisted DOC with National Defense Industrial Association event held in Grand Forks and Fargo
- SBIR Road Show in Fargo
- Northrop Grumman Corp. Cybersecurity workshop in Grand Forks

Funding Structure

Federal & State/Local Match

- For FFY 2021, the Defense Logistics Agency (DLA – DoD) provided for a 60/40 match of federal funds to state/local matching funds
- Matching funds for the ND PTAC are provided by the ND Department of Commerce

ND Procurement Technical Assistance Center
1200 Memorial Highway
Bismarck, ND 58504

ndptac@UND.edu
Bismarck: 701.328.5857
Fargo: 701.261.0737
www.ndptac.org

NORTH DAKOTA
PROCUREMENT TECHNICAL ASSISTANCE CENTER
Government Contracting Assistance

Client Testimonial

Masfique Mehedl, Ph.D.
VIRVAC, LCC

I am thankful for the ND PTAC staff for guiding us to get SAM registration. I am grateful to them for providing an **outstanding effort.** They helped me every step of the application process. I highly recommend ND PTAC.

Greenstone Construction

Justin Lindteigen, Owner

Founder and President of Greenstone Construction, Justin Lindteigen, passion for construction began at an early age. He spent endless hours in his Grandpa's woodworking shop when he was little. After his time in the North Dakota National Guard and Iraq, Justin brings military discipline, respect, and integrity to every project.

Since 2014, Greenstone Construction has been using the North Dakota Procurement Technical Assistance Center (ND PTAC) services and guidance. "We are always looking for new contracting opportunities and the PTAC bid match helped our team identify multiple contract opportunities for our businesses to succeed. PTAC helped us identify a project opportunity to build a new communications tower for the North Dakota National Guard," Justin explained.

With the help of ND PTAC, Greenstone Construction was able to secure contract awards. Aside from just using our bid match services, Greenstone has received ND PTAC assistance and helped them through their SAM registration, researching government markets, navigating through regulations, and they have opened doors to other procurement and contract officers.

MonDak Portables

Rick Rogers, Owner

MonDak Portables provides portable restroom rentals for a variety of different occasions like worksites, public and community gatherings, sporting events, and parties. Aside from just portable restroom rentals, they also provide portable handwashing stations and heated trailers.

Since becoming a client in 2017, Dave Kleppe, ND PTAC program manager, has been able to help MonDak Portables receive close to $1.5 million in Federal awards. These awards have allowed them to retain twenty jobs and generate an additional three. Rick Rogers, the owner of MonDak Portables, described his experience with ND PTAC as,

"We were looking to get into government bidding and had done our research and were still very confused on where to start. A business associate of ours told us about the ND PTAC office, so we researched them out and ran into Dave Kleppe in the Bismarck office. He helped us get registered in SAM and showed us bid match and we started looking for opportunities that matched our business. From there we found the opportunity we needed to bid on the WAFB contract and were awarded the 2-year contract."

Client Testimonial

Timothy L. Kreft, Chief Appraiser
AgCountry Farm Credit Services

The ND PTAC team walked me through the SAM registration, and it was **extremely beneficial** to learn the necessary steps as it saved me a great deal of time and effort. I **greatly** appreciate the assistance from the ND PTAC staff.

ND Procurement Technical Assistance Center
1200 Memorial Highway
Bismarck, ND 58504

ndptac@UND.edu
Bismarck: 701.328.5857
Fargo: 701.261.0737
www.ndptac.org

2021 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division
Prairie Room, State Capitol

SB 2018
3/23/2021
House Appropriations Committee - Education and Environment

A BILL for an Act to provide an appropriation for defraying the expenses of the department of commerce; and to provide for a transfer.

Chairman David Monson called the meeting to order at 2:44 p.m.

Representative	Present	Absent
Chairman Monson	P	
Vice Chairman Schmidt	P	
Representative Martinson	P	
Representative Nathe	P	
Representative Sanford	P	
Representative Schatz	P	
Representative Boe	P	

Discussion Topics:

- ND Tourism
- Base level funding changes
- Allowing Commerce the authority to charge amounts to obtain a profit
- Covid funding vs. general funding
- Homeless grants
- HB 1142
- Healthcare grants
- Tribal colleges
- UAS and Grand Sky
- Nursing programs
- Small Business Development Centers (SBDC)

Sara Otte Coleman (2:45 p.m.) testified in favor.

James Leiman (2:53 p.m.) testified in favor.

Katie Ralston (3:52 p.m.) testified neutrally.

Chairman David Monson adjourned the meeting at 4:12 p.m.

Klarissa Pudwill, Committee Clerk

2021 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division
Prairie Room, State Capitol

SB 2018
3/29/2021
House Appropriations Committee - Education and Environment

A BILL for an Act to provide an appropriation for defraying the expenses of the department of commerce; and to provide for a transfer.

Chairman David Monson called the meeting to order at 10:53 a.m.

Representative	Present	Absent
Chairman Monson	P	
Vice Chairman Schmidt	P	
Representative Martinson	P	
Representative Nathe	P	
Representative Sanford	P	
Representative Schatz	P	
Representative Boe	P	

Discussion Topics:

- Committee work

Chairman David Monson (10:53 a.m.) explained that some possible covid funding needed to be figured out before they could vote on this bill.

Chairman David Monson adjourned the meeting at 10:57 a.m.

Klarissa Pudwill, Committee Clerk

2021 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division
Prairie Room, State Capitol

SB 2018
4/5/2021
House Appropriations Committee - Education and Environment

A BILL for an Act to provide an appropriation for defraying the expenses of the department of commerce; and to provide for a transfer.

Chairman David Monson called the meeting to order at 10:58 a.m.

Representative	Present	Absent
Chairman Monson	P	
Vice Chairman Schmidt	P	
Representative Martinson	P	
Representative Nathe	P	
Representative Sanford	P	
Representative Schatz	P	
Representative Boe	P	

Discussion Topics:

- Base level funding changes
- Turn back Covid money

Levi Kinnischtzke (10:58 a.m.) explained the base level funding changes. Testimony #11365

James Leiman (11:15 a.m.) testified neutrally.

Chairman David Monson adjourned the meeting at 11:35 a.m.

Klarissa Pudwill, Committee Clerk

#11365

Department of Commerce - Budget No. 601
Senate Bill No. 2018
Base Level Funding Changes

Prepared for: 4/5/2021

	Senate Version				House Version				House Changes to Senate Version Increase (Decrease) - Senate Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2021-23 Biennium Base Level	61.80	$32,866,721	$54,123,293	$86,990,014	61.80	$32,866,721	$54,123,293	$86,990,014	0.00	$0	$0	$0
2021-23 Ongoing Funding Changes												
Base payroll changes		($49,007)	$16,577	($32,430)		($49,007)	$16,577	($32,430)				$0
Salary increase		266,126	56,512	322,638		245,150	52,824	297,974		($20,976)	($3,688)	(24,664)
Health insurance increase		2,341	531	2,872		2,390	531	2,921		49		49
Underfunds salaries		(140,000)		(140,000)		(140,000)		(140,000)				0
Transfers 1 FTE IT position to ITD for IT unification	(1.00)	3,525		3,525	0.00	0		0	1.00	(3,525)		(3,525)
Transfers the HOME program to the Housing Finance Agency	(2.00)		(8,343,371)	(8,343,371)	(2.00)		(8,343,371)	(8,343,371)				0
Adds funding for Microsoft Office 365 license expenses		5,486	1,013	6,499		5,486	1,013	6,499				0
Adjusts funding for the Community Services Division		(216,576)	329,488	112,912		(216,576)	329,488	112,912				0
Reduces funding for the Workforce Development Division		(199,664)		(199,664)		(199,664)		(199,664)				0
Reduces funding for the Economic Development and Finance Division		(195,000)		(195,000)		(195,000)		(195,000)				0
Reduces funding for the administration division		(396,990)	(3,283)	(400,273)		(396,990)	(3,283)	(400,273)				0
Reduces funding for the Operation Intern program		(100,000)		(100,000)		(100,000)		(100,000)				0
Adds funding for the UAS program		3,000,000	7,020,150	10,020,150		3,000,000	7,020,150	10,020,150				0
Transfers $505,000 for contractual fees from grants to operating expenses				0				0				0
Transfers $151,284 for the early childhood education program from operating to grants				0				0				0
Transfers $1.5 million for the early childhood education program to DHS				0		(1,500,000)		(1,500,000)		(1,500,000)		(1,500,000)
Removes funding for the biotechnology grant program		(300,000)		(300,000)		(300,000)		(300,000)				0
Reduces funding for homeless shelter grants		(169,788)		(169,788)		(169,788)		(169,788)				0
Adds funding for rural health care grants		200,000		200,000		250,000		250,000		50,000		50,000
Adds funding for a state apprenticeship expansion program			347,157	347,157			347,157	347,157				0
Adjusts funding for discretionary funds		(600,000)		(600,000)		0		0		600,000		600,000
Transfers funding for the North Dakota Trade Office to the Agriculture Commissioner		(1,600,000)		(1,600,000)		(1,600,000)		(1,600,000)				0
Total ongoing funding changes	(3.00)	($489,547)	($575,226)	($1,064,773)	(2.00)	($1,363,999)	($578,914)	($1,942,913)	1.00	($874,452)	($3,688)	($878,140)
One-time funding items												
Adds funding for tourism marketing		$7,000,000		$7,000,000		$6,900,000		$6,900,000		($100,000)		($100,000)
Adds funding for UAS program grants			$1,000,000	1,000,000			$1,000,000	1,000,000				0
Adds funding for the beyond visual line of sight UAS program		1,000,000	19,000,000	20,000,000		$1,000,000	19,000,000	20,000,000				0
Adds funding for enhanced use lease grants			7,000,000	7,000,000			7,000,000	7,000,000				0
Adds funding for technical skills training grants		1,000,000		1,000,000		1,000,000		1,000,000				0
Adds funding for workforce grants to tribally controlled community colleges		500,000		500,000		500,000		500,000				0
Adds funding for a film and theater production grant				0		100,000		100,000		100,000		100,000
Adds funding for a job development and economic growth grant				0			1,500,000	1,500,000			$1,500,000	1,500,000
Adds funding for a workforce safety grant				0			1,500,000	1,500,000			1,500,000	1,500,000
Total one-time funding changes	0.00	$9,500,000	$27,000,000	$36,500,000	0.00	$9,500,000	$30,000,000	$39,500,000	0.00	$0	$3,000,000	$3,000,000
Total Changes to Base Level Funding	(3.00)	$9,010,453	$26,424,774	$35,435,227	(2.00)	$8,136,001	$29,421,086	$37,557,087	1.00	($874,452)	$2,996,312	$2,121,860
2021-23 Total Funding	58.80	$41,877,174	$80,548,067	$122,425,241	59.80	$41,002,722	$83,544,379	$124,547,101	1.00	($874,452)	$2,996,312	$2,121,860
Total ongoing changes as a percentage of base level	*(4.9%)*	*(1.5%)*	*(1.1%)*	*(1.2%)*	*(3.2%)*	*(4.2%)*	*(1.1%)*	*(2.2%)*				
Total changes as a percentage of base level	*(4.9%)*	*27.4%*	*48.8%*	*40.7%*	*(3.2%)*	*24.8%*	*54.4%*	*43.2%*				

Other Sections in Department of Commerce - Budget No. 601

	Senate Version	House Version
Appropriation - Department of Transportation - Beyond visual line of sight unmanned aircraft system program - One-time funding	Section 3 appropriates $28 million to the Department of Transportation from grant funds received from the Department of Commerce pursuant to Section 11 for the purpose of defraying tower infrastructure construction expenses of the beyond visual line of sight UAS program during the 2021-23 biennium. The Department of Transportation may bid, award, and administer any contracts necessary to complete the construction of the tower infrastructure. This funding is considered a one-time funding item.	Section 3 appropriates $5 million to the Department of Transportation from grant funds received from the Department of Commerce pursuant to Section 13 for the purpose of defraying infrastructure construction expenses of the beyond visual line of sight UAS program during the 2021-23 biennium. The Department of Transportation may bid, award, and administer any contracts necessary to complete the construction of the infrastructure. This funding is considered a one-time funding item.
Internship fund transfer	Section 4 transfers $755,000 from the general fund to the internship fund in the operating expenses line item for the Operation Intern program.	Section 4 transfers $755,000 from the general fund to the internship fund in the operating expenses line item for the Operation Intern program.
Entrepreneurship grants and vouchers program	Section 5 identifies $948,467 included in Section 1, of which $740,956 is from the general fund and $207,511 is from the economic development fund for the entrepreneurship grants and vouchers program, also known as Innovate ND, for the 2021-23 biennium.	Section 5 identifies $948,467 included in Section 1, of which $740,956 is from the general fund and $207,511 is from the economic development fund for the entrepreneurship grants and vouchers program, also known as Innovate ND, for the 2021-23 biennium.
Rural health care grant program		Section 6 identifies $250,000 from the general fund in Section 1 is provided for the purpose of providing matching funds to an organization assisting in the recruitment, distribution, and supply, and enhancing the quality and efficiency of personnel providing health services in rural areas of the state during the 2021-23 biennium.
Estimated income - Strategic investment and improvements fund - Beyond visual line of sight UAS program - Enhanced use lease grants program - Job development and economic growth grant - Workforce safety grant	Section 6 identifies $26 million from the strategic investment and improvements fund in Section 1, of which $19 million is for providing beyond visual light of sight UAS grants and $7 million is for providing enhanced use lease grants during the 2021-23 biennium. This funding is considered a one-time funding item.	Section 7 identifies $29 million from the strategic investment and improvements fund in Section 1, of which $19 million is for providing beyond visual light of sight UAS grants, $7 million is for providing enhanced use lease grants, $1.5 million is for providing a job development grant to an organization dedicated to promoting job development and economic growth, and $1.5 million is for providing a workforce safety grant to an organization that provides workforce safety during the 2021-23 biennium. This funding is considered a one-time funding item.
Beyond visual line of sight UAS program - Matching fund requirement - One-time funding	Section 7 identifies $1 million from the general fund in Section 1 is for providing grants to an organization dedicated to expanding workforce opportunities, training, and education related to the beyond visual line of sight UAS industry, which the Department of Commerce may provide only to the extent the organization provides $1 of matching funds from private or other public sources for each $1 provided by the department during the 2021-23 biennium. This funding is considered a one-time funding item.	Section 8 identifies $1 million from the general fund in Section 1 is for providing grants to an organization dedicated to expanding workforce opportunities, training, and education related to the beyond visual line of sight UAS industry, which the Department of Commerce may provide only to the extent the organization provides $1 of matching funds from private or other public sources for each $1 provided by the department during the 2021-23 biennium. This funding is considered a one-time funding item.
North Dakota Trade Office - Advisory board - Continuing appropriation	Section 8 creates a new section to Chapter 4.1-01 to transfer the international business and trade office, also known as the North Dakota Trade Office, from the Department of Commerce to the Agriculture Commissioner.	Section 9 creates a new section to Chapter 4.1-01 to transfer the international business and trade office, also known as the North Dakota Trade Office, from the Department of Commerce to the Agriculture Commissioner.

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UAS-related programs continuing appropriation	Section 9 amends Section 54-60-29 to expand the continuing appropriation provided to the Department of Commerce from the UAS fund for expenses of the UAS program to also include expenses of the beyond visual line of sight UAS program and the enhanced use lease grant program.	Section 11 amends Section 54-60-29 to expand the continuing appropriation provided to the Department of Commerce from the UAS fund for expenses of the UAS program to also include expenses of the beyond visual line of sight UAS program and the enhanced use lease grant program.
North Dakota Trade Office - Repeal	Section 10 repeals Section 54-60-16 related to the international business and trade office, also known as the North Dakota Trade Office, as part of the transfer of the program from the Department of Commerce to the Agriculture Commissioner.	Section 12 repeals Section 54-60-16 related to the international business and trade office, also known as the North Dakota Trade Office, as part of the transfer of the program from the Department of Commerce to the Agriculture Commissioner.
Exemption - Beyond visual line of sight UAS program	Section 11 provides an exemption for unexpended 2017-19 biennium funds continued into the 2019-21 biennium for the beyond visual line of sight UAS program to continue into the 2021-23 biennium. The 2019 Legislative Assembly provided a $28 million supplemental appropriation from the general fund for this purpose for the 2017-19 biennium. The Department of Commerce may provide grants of up to $28 million to the Department of Transportation, pursuant to the appropriation in Section 3, for the purpose of defraying tower infrastructure construction expenses of the beyond visual line of sight UAS program during the 2021-23 biennium.	Section 13 provides an exemption for unexpended 2017-19 biennium funds continued into the 2019-21 biennium for the beyond visual line of sight UAS program to continue into the 2021-23 biennium. The 2019 Legislative Assembly provided a $28 million supplemental appropriation from the general fund for this purpose for the 2017-19 biennium. The Department of Commerce may provide grants of up to $5 million to the Department of Transportation, pursuant to the appropriation in Section 3, for the purpose of defraying infrastructure construction expenses of the beyond visual line of sight UAS program during the 2021-23 biennium.
Exemption - UAS program	Section 12 provides an exemption for the UAS program to continue any unexpended 2019-21 biennium funds for the operating expenses of this program into the 2021-23 biennium. A total of $2.25 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.	Section 14 provides an exemption for the UAS program to continue any unexpended 2019-21 biennium funds for the operating expenses of this program into the 2021-23 biennium. A total of $2.25 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.
Exemption - Enhanced use lease grant program	Section 13 provides an exemption for the enhanced use lease grant program to continue any unexpended 2019-21 biennium funds for the program into the 2021-23 biennium. A total of $3 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.	Section 15 provides an exemption for the enhanced use lease grant program to continue any unexpended 2019-21 biennium funds for the program into the 2021-23 biennium. A total of $3 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.
Exemption - Early childhood education program	Section 14 provides an exemption to continue unexpended 2019-21 biennium funds for the early childhood education program into the 2021-23 biennium. A total of $1.5 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.	
Exemption - Nonresident nurse employment recruitment program	Section 15 provides an exemption to continue $320,000 of the $500,000 appropriated from the general fund for the nonresident nurse employment recruitment program for the 2019-21 biennium into the 2021-23 biennium. In addition to the program eligibility guidelines established for the 2019-21 biennium, the Department of Commerce is required to provide funding for the program to eligible nursing students in the state who have not been employed by a health care provider on a full-time basis in the year preceding the grant award.	Section 16 provides an exemption to continue $320,000 of the $500,000 appropriated from the general fund for the nonresident nurse employment recruitment program for the 2019-21 biennium into the 2021-23 biennium. In addition to the program eligibility guidelines established for the 2019-21 biennium, the Department of Commerce is required to provide funding for the program to eligible nursing students in the state who have not been employed by a health care provider on a full-time basis in the year preceding the grant award.

Other Sections in Department of Commerce - Budget No. 601

	Senate Version	House Version
Exemption - Discretionary funds	Section 16 provides an exemption for discretionary funds to continue any unexpended 2019-21 biennium funds in the discretionary funds line item into the 2021-23 biennium. A total of $2.15 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.	Section 17 provides an exemption for discretionary funds to continue any unexpended 2019-21 biennium funds in the discretionary funds line item into the 2021-23 biennium. A total of $2.15 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.
Legislative Management study - Data storage		Section 18 provides for the Legislative Management to consider studying data storage by state entities. The study must include input from the Information Technology Department, North Dakota University System, and K-12 Education Coordinating Council. The study must consider data security, geographical locations of storage, geographical location of corporate contractors, state and federal laws that may affect North Dakota data, ownership and control of data storage, and current and estimated data storage costs related to cloud-based, out-of-state data storage of North Dakota state and local government data.
Legislative Management study - Hydrogen energy		Section 19 provides for the Legislative Management to consider studying the feasibility and desirability of developing a roadmap for the implementation of hydrogen energy. The study must include a critical examination of the existing resource base, from production through end-use. The study must include the estimated cost and timeline of building out the necessary additional infrastructure, as well as potential public-private partnerships that could accelerate the build out.
Emergency		Section 20 declares this Act to be an emergency.

2021 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division
Prairie Room, State Capitol

SB 2018
4/7/2021
House Appropriations Committee - Education and Environment

A BILL for an Act to provide an appropriation for defraying the expenses of the department of commerce; and to provide for a transfer.

Chairman David Monson called the meeting to order at 10:47 a.m.

Representative	Present	Absent
Chairman Monson	P	
Vice Chairman Schmidt	P	
Representative Martinson	P	
Representative Nathe	P	
Representative Sanford	P	
Representative Schatz	P	
Representative Boe	P	

Discussion Topics:

- Economic Development, Growth, and Diversification Grant Program

Representative Mike Nathe (10:48 a.m.) explained a proposed amendment. Testimony #11428

Dr. Dean Bresciani (11:07 a.m.) testified neutrally.

Shawn Kessel (11:11 a.m.) testified neutrally.

John Mihelich (11:15 a.m.) testified neutrally.

Chairman David Monson adjourned the meeting at 11:33 a.m.

Klarissa Pudwill, Committee Clerk

21.0300.03003
Title.

Prepared by the Legislative Council staff for
Senator Wanzek and Representative
Headland

April 6, 2021

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2018

Page 3, after line 8, insert:

"**SECTION 4. APPROPRIATION - ECONOMIC DEVELOPMENT, GROWTH, AND DIVERSIFICATION GRANT PROGRAM - MATCHING REQUIREMENT - ONE-TIME FUNDING.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $5,000,000, or so much of the sum as may be necessary, to the department of commerce for the purpose of providing a grant to an organization dedicated to expanding economic development, growth, and diversification for the biennium beginning July 1, 2021, and ending June 30, 2023. This funding is considered a one-time funding item. To qualify for a grant under this program, an organization must have:

1. Secured a loan under the legacy infrastructure loan fund program established in House Bill No. 1425 as approved by the sixty-seventh legislative assembly for construction of an event and entertainment venue focused on highlighting North Dakota history and attractions;

2. Obtained matching funds from nonstate sources on a dollar-for-dollar basis; and

3. Entered a lease with the state of North Dakota for use of land for the event and entertainment venue.

Grant funds awarded may be used only for the operating costs of an event and entertainment venue used to promote the expansion of tourism and economic development and growth in the state."

Renumber accordingly

2021 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division
Prairie Room, State Capitol

SB 2018
4/9/2021
House Appropriations Committee - Education and Environment

A BILL for an Act to provide an appropriation for defraying the expenses of the department of commerce; and to provide for a transfer.

Chairman David Monson called the meeting to order at 10:22 a.m.

Representative	Present	Absent
Chairman Monson	P	
Vice Chairman Schmidt	P	
Representative Martinson	P	
Representative Nathe	P	
Representative Sanford	P	
Representative Schatz	P	
Representative Boe	P	

Discussion Topics:

- Base level funding changes

Levi Kinnischtzke (10:23 a.m.) explained the base level funding changes.

Representative Mike Nathe made a motion to verbally amend to adopt the long sheet including the emergency clause.

Representative Bob Martinson seconded

Voice Vote taken: Motion Carried

Chairman David Monson adjourned the meeting at 10:38 a.m.

Klarissa Pudwill, Committee Clerk

Department of Commerce - Budget No. 601
Senate Bill No. 2018
Base Level Funding Changes

Prepared for: 4/5/2021

	Senate Version				House Version				House Changes to Senate Version Increase (Decrease) - Senate Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2021-23 Biennium Base Level	61.80	$32,866,721	$54,123,293	$86,990,014	61.80	$32,866,721	$54,123,293	$86,990,014	0.00	$0	$0	$0
2021-23 Ongoing Funding Changes												
Base payroll changes		($49,007)	$16,577	($32,430)		($49,007)	$16,577	($32,430)				$0
Salary increase		266,126	56,512	322,638		245,150	52,824	297,974		($20,976)	($3,688)	(24,664)
Health insurance increase		2,341	531	2,872		2,390	531	2,921		49		49
Underfunds salaries		(140,000)		(140,000)		(140,000)		(140,000)				0
Transfers 1 FTE IT position to ITD for IT unification	(1.00)	3,525		3,525	0.00	0		0	1.00	(3,525)		(3,525)
Transfers the HOME program to the Housing Finance Agency	(2.00)		(8,343,371)	(8,343,371)	(2.00)		(8,343,371)	(8,343,371)				0
Adds funding for Microsoft Office 365 license expenses		5,486	1,013	6,499		5,486	1,013	6,499				0
Adjusts funding for the Community Services Division		(216,576)	329,488	112,912		(216,576)	329,488	112,912				0
Reduces funding for the Workforce Development Division		(199,664)		(199,664)		(199,664)		(199,664)				0
Reduces funding for the Economic Development and Finance Division		(195,000)		(195,000)		(195,000)		(195,000)				0
Reduces funding for the administration division		(396,990)	(3,283)	(400,273)		(396,990)	(3,283)	(400,273)				0
Reduces funding for the Operation Intern program		(100,000)		(100,000)		(100,000)		(100,000)				0
Adds funding for the UAS program		3,000,000	7,020,150	10,020,150		3,000,000	7,020,150	10,020,150				0
Transfers $505,000 for contractual fees from grants to operating expenses				0				0				0
Transfers $151,284 for the early childhood education program from operating to grants				0				0				0
Transfers $1.5 million for the early childhood education program to DHS				0		(1,500,000)		(1,500,000)		(1,500,000)		(1,500,000)
Removes funding for the biotechnology grant program		(300,000)		(300,000)		(300,000)		(300,000)				0
Reduces funding for homeless shelter grants		(169,788)		(169,788)		(169,788)		(169,788)				0
Adds funding for rural health care grants		200,000		200,000		250,000		250,000		50,000		50,000
Adds funding for a state apprenticeship expansion program			347,157	347,157			347,157	347,157				0
Adjusts funding for discretionary funds		(600,000)		(600,000)		0		0		600,000		600,000
Transfers funding for the North Dakota Trade Office to the Agriculture Commissioner		(1,600,000)		(1,600,000)		(1,600,000)		(1,600,000)				0
Total ongoing funding changes	(3.00)	($489,547)	($575,226)	($1,064,773)	(2.00)	($1,363,999)	($578,914)	($1,942,913)	1.00	($874,452)	($3,688)	($878,140)
One-time funding items												
Adds funding for tourism marketing		$7,000,000		$7,000,000		$6,900,000		$6,900,000		($100,000)		($100,000)
Adds funding for UAS program grants			$1,000,000	1,000,000			$1,000,000	1,000,000				0
Adds funding for the beyond visual line of sight UAS program		1,000,000	19,000,000	20,000,000		$1,000,000	19,000,000	20,000,000				0
Adds funding for enhanced use lease grants			7,000,000	7,000,000			7,000,000	7,000,000				0
Adds funding for technical skills training grants		1,000,000		1,000,000		1,000,000		1,000,000				0
Adds funding for workforce grants to tribally controlled community colleges		500,000		500,000		500,000		500,000				0
Adds funding for a film and theater production grant				0		100,000		100,000		100,000		100,000
Adds funding for a job development and economic growth grant				0			1,500,000	1,500,000			$1,500,000	1,500,000
Adds funding for a workforce safety grant				0			1,500,000	1,500,000			1,500,000	1,500,000
Total one-time funding changes	0.00	$9,500,000	$27,000,000	$36,500,000	0.00	$9,500,000	$30,000,000	$39,500,000	0.00	$0	$3,000,000	$3,000,000
Total Changes to Base Level Funding	(3.00)	$9,010,453	$26,424,774	$35,435,227	(2.00)	$8,136,001	$29,421,086	$37,557,087	1.00	($874,452)	$2,996,312	$2,121,860
2021-23 Total Funding	58.80	$41,877,174	$80,548,067	$122,425,241	59.80	$41,002,722	$83,544,379	$124,547,101	1.00	($874,452)	$2,996,312	$2,121,860
Total ongoing changes as a percentage of base level	*(4.9%)*	*(1.5%)*	*(1.1%)*	*(1.2%)*	*(3.2%)*	*(4.2%)*	*(1.1%)*	*(2.2%)*				
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Exemption - Early childhood education program	Section 14 provides an exemption to continue unexpended 2019-21 biennium funds for the early childhood education program into the 2021-23 biennium. A total of $1.5 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.	
Exemption - Nonresident nurse employment recruitment program	Section 15 provides an exemption to continue $320,000 of the $500,000 appropriated from the general fund for the nonresident nurse employment recruitment program for the 2019-21 biennium into the 2021-23 biennium. In addition to the program eligibility guidelines established for the 2019-21 biennium, the Department of Commerce is required to provide funding for the program to eligible nursing students in the state who have not been employed by a health care provider on a full-time basis in the year preceding the grant award.	Section 16 provides an exemption to continue $320,000 of the $500,000 appropriated from the general fund for the nonresident nurse employment recruitment program for the 2019-21 biennium into the 2021-23 biennium. In addition to the program eligibility guidelines established for the 2019-21 biennium, the Department of Commerce is required to provide funding for the program to eligible nursing students in the state who have not been employed by a health care provider on a full-time basis in the year preceding the grant award.

Other Sections in Department of Commerce - Budget No. 601

	Senate Version	House Version
Exemption - Discretionary funds	Section 16 provides an exemption for discretionary funds to continue any unexpended 2019-21 biennium funds in the discretionary funds line item into the 2021-23 biennium. A total of $2.15 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.	Section 17 provides an exemption for discretionary funds to continue any unexpended 2019-21 biennium funds in the discretionary funds line item into the 2021-23 biennium. A total of $2.15 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.
Legislative Management study - Data storage		Section 18 provides for the Legislative Management to consider studying data storage by state entities. The study must include input from the Information Technology Department, North Dakota University System, and K-12 Education Coordinating Council. The study must consider data security, geographical locations of storage, geographical location of corporate contractors, state and federal laws that may affect North Dakota data, ownership and control of data storage, and current and estimated data storage costs related to cloud-based, out-of-state data storage of North Dakota state and local government data.
Legislative Management study - Hydrogen energy		Section 19 provides for the Legislative Management to consider studying the feasibility and desirability of developing a roadmap for the implementation of hydrogen energy. The study must include a critical examination of the existing resource base, from production through end-use. The study must include the estimated cost and timeline of building out the necessary additional infrastructure, as well as potential public-private partnerships that could accelerate the build out.
Emergency		Section 20 declares this Act to be an emergency.

2021 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division
Prairie Room, State Capitol

SB 2018
4/12/2021
House Appropriations Committee - Education and Environment

A BILL for an Act to provide an appropriation for defraying the expenses of the department of commerce; and to provide for a transfer.

Chairman David Monson called the meeting to order at 11:08 a.m.

Representative	Present	Absent
Chairman Monson	P	
Vice Chairman Schmidt	P	
Representative Martinson	P	
Representative Nathe	P	
Representative Sanford	P	
Representative Schatz	P	
Representative Boe		A

Discussion Topics:

- Base level funding changes
- Proposed amendments

Levi Kinnischtzke (11:10 a.m.) explained the proposed amendments. Testimony #11494

Representative Mike Nathe (11:24 a.m.) explained a proposed amendment. Testimony #11495

Representative Mike Nathe made a motion to further amend to include his proposed amendment 21.0300.03004

Representative Bob Martinson seconded

Roll Call Vote taken:

Representative	Yea	Nay	Absent
Chairman Monson	X		
Vice Chairman Schmidt		X	
Representative Martinson	X		
Representative Nathe	X		
Representative Sanford	X		
Representative Schatz		X	
Representative Boe			A

Motion Carried: 4-2-1

Representative Mike Nathe made a motion for Do Pass as amended. Amendment 21.0300.03005.

Representative Bob Martinson seconded

Roll Call Vote taken:

Representative	Yea	Nay	Absent
Chairman Monson	X		
Vice Chairman Schmidt	X		
Representative Martinson	X		
Representative Nathe	X		
Representative Sanford	X		
Representative Schatz		X	
Representative Boe			A

Motion Carried: 5-1-1

Representative Mike Nathe will carry the bill.

Chairman David Monson adjourned the meeting at 11:30 a.m.

Klarissa Pudwill, Committee Clerk

Prepared by the Legislative Council staff for
Representative Nathe
April 9, 2021

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2018

Page 3, after line 8, insert:

"**SECTION 4. APPROPRIATION - ECONOMIC DEVELOPMENT, GROWTH, AND DIVERSIFICATION GRANT PROGRAM - MATCHING REQUIREMENT - ONE-TIME FUNDING.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $5,000,000, or so much of the sum as may be necessary, to the department of commerce for the purpose of providing a grant to an organization dedicated to expanding economic development, growth, and diversification for the biennium beginning July 1, 2021, and ending June 30, 2023. This funding is considered a one-time funding item. To qualify for a grant under this program, an organization must have:

1. Secured a loan under the legacy infrastructure loan fund program established in House Bill No. 1425 as approved by the sixty-seventh legislative assembly for construction of an event and entertainment venue focused on highlighting North Dakota history and attractions;

2. Obtained $5,000,000 of matching funds from nonstate sources; and

3. Entered a lease with the state of North Dakota for use of land for the event and entertainment venue.

Grant funds awarded may be used only for the operating costs of an event and entertainment venue used to promote the expansion of tourism and economic development and growth in the state."

Renumber accordingly

Prepared by the Legislative Council staff for
the House Appropriations - Education and
Environment Division Committee
April 12, 2021

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2018

Page 1, line 5, replace "section" with "sections 54-34.3-13 and"

Page 1, line 6, after the first "to" insert "the rural growth incentive program and"

Page 1, line 8, remove "and"

Page 1, line 9, after "exemption" insert "; to provide a statement of legislative intent; to provide for a legislative management study; and to declare an emergency"

Page 1, line 15, replace "biennium" with "period"

Page 1, line 15, replace "July 1, 2021," with "with the effective date of this Act"

Page 1, remove lines 18 through 24

Page 2, replace lines 1 through 4 with:

"Salaries and wages	$13,217,286	($227,956)	$12,989,330
Operating expenses	14,873,203	9,191,240	24,064,443
Grants	52,638,527	35,193,803	87,832,330
Discretionary funds	2,150,000	0	2,150,000
North Dakota trade office	1,600,000	(1,600,000)	0
Partner programs	1,562,531	0	1,562,531
Entrepreneurship grants and vouchers	948,467	0	948,467
Total all funds	$86,990,014	$42,557,087	$129,547,101
Less estimated income	54,123,293	29,421,086	83,544,379
Total general fund	$32,866,721	$13,136,001	$46,002,722
Full-time equivalent positions	61.80	(2.00)	59.80"

Page 2, replace lines 15 through 25 with:

"Workforce safety grant	1,000,000	1,500,000
Entrepreneurship grants and vouchers	2,000,000	0
Sculpture maintenance grants	75,000	0
Nonresident nurse employment recruitment	500,000	0
Intermodal container transportation shipping fees	1,300,000	0
Economic development, growth, and diversification grant	0	5,000,000
Job development and economic growth grant	25,000	1,500,000
Tourism marketing	0	6,900,000
Technical skills training grants	0	1,000,000
Motion picture production and recruitment grant	0	100,000
Total all funds	$11,625,000	$44,500,000
Less estimated income	4,300,000	30,000,000
Total general fund	$7,325,000	$14,500,000"

Page 2, line 29, replace "biennium" with "period"

Page 2, line 29, replace "July 1, 2021," with "with the effective date of this Act"

Page 3, line 2, replace "11" with "14"

Page 3, line 3, replace "$28,000,000" with "$5,000,000"

Page 3, line 4, remove "tower"

Page 3, line 5, replace "biennium" with "period"

Page 3, line 6, replace "July 1, 2021," with "with the effective date of this Act"

Page 3, line 7, remove "tower"

Page 3, line 12, replace "biennium" with "period"

Page 3, line 12, replace "July 1, 2021," with "with the effective date of this Act"

Page 3, after line 20, insert:

"**SECTION 6. RURAL HEALTH CARE GRANT PROGRAM - MATCHING FUNDS REQUIREMENT.** The grants line item in section 1 of this Act includes $250,000 from the general fund for providing matching funds to an organization assisting in the recruitment, distribution, and supply, and enhancing the quality and efficiency of personnel providing health services in rural areas of the state. The department of commerce may spend the funds appropriated in this section only to the extent the organization has secured matching funds from nonstate sources on a dollar-for-dollar basis.

SECTION 7. ECONOMIC DEVELOPMENT, GROWTH, AND DIVERSIFICATION GRANT PROGRAM - MATCHING REQUIREMENT - ONE-TIME FUNDING. The grants line item in section 1 of this Act includes $5,000,000 from the general fund for the purpose of providing a grant to an organization dedicated to expanding economic development, growth, and diversification. This funding is considered a one-time funding item. To qualify for a grant under this program, an organization must have:

1. Secured a loan under the legacy infrastructure loan fund program established in House Bill No. 1425 as approved by the sixty-seventh legislative assembly for construction of an event and entertainment venue focused on highlighting North Dakota history and attractions;

2. Obtained $5,000,000 of matching funds from nonstate sources; and

3. Entered a lease with the state of North Dakota for use of land for the event and entertainment venue.

Grant funds awarded may be used only for the operating costs of an event and entertainment venue used to promote the expansion of tourism and economic development and growth in the state."

Page 3, line 24, replace "and" with a comma

Page 3, line 25, after "grants" insert ", $1,500,000 is for a job development grant to an organization dedicated to promoting job development and economic growth, and $1,500,000 is for a workforce safety grant to an organization that provides workforce safety"

Page 5, after line 6, insert:

"**SECTION 11. AMENDMENT.** Section 54-34.3-13 of the North Dakota Century Code is amended and reenacted as follows:

54-34.3-13. Rural growth incentive program.

1. The department shall manage and administer the rural growth incentive program. A city with a population of less than two thousand five hundred may apply to the department to be designated as a rural growth incentive city. A rural growth incentive city may be eligible for a loan, grant, or both under this section.

2. The department shall designate an applicant city as a rural growth incentive city eligible for a loan if the city raises funds in the amount of a dollar-for-dollar match for the amount requested in the loan and meets any additional program requirements provided by rule. The source of city funds used for loan matching funds may be any combination of public and private funds. If the department designates a city as a rural growth incentive city eligible for a loan under this section, subject to the availability of funds, the state shall make a loan to the city in an amount not less than twenty-five thousand dollars and not more than seventy-five thousand dollars. The department shall establish the amount of the interest rate for loans provided to a city under this subsection. The funding source of the state loan is the North Dakota development fund. The city shall distribute the city and state funds to qualifying new or expanded ~~primary sector~~ businesses in the city. A qualifying business in the city includes a business that provides essential services to the city. For purposes of this subsection, a business that provides essential services does not include a public utility. The governing body of the city determines whether a new or expanded ~~primary sector~~ business qualifies for funding, and the director of the department determines whether a business that provides essential services to the city qualifies for funding. The state shall distribute a loan to a rural growth incentive city once the city establishes the city has chosen a specified qualified business to receive funding.

3. The department shall designate an applicant city as a rural growth incentive city eligible for a grant if the city raises funds in the amount of a dollar-for-dollar match for the amount requested in the grant application and meets any additional program requirements provided by rule. The source of city funds used for grant matching funds may be any combination of public and private funds. If the department designates a city as a rural growth incentive city eligible for a grant under this section, subject to availability of funds, the state shall make a grant to the city in an amount not to exceed ten thousand dollars. The recipient rural growth incentive city shall use the grant money received to conduct a feasibility study for the location of a new business, including an expansion of a business with the primary place of business outside the rural growth incentive city. ~~The business under this subsection is not limited to primary sector businesses.~~ The funding source of the state grant is the North Dakota development fund. Total grants awarded by the department under this subsection may not exceed one hundred thousand dollars per biennium.

4. The city may not use city or state funds raised or provided under this section for costs associated with administering the rural growth incentive city. The department shall provide the rural growth incentive city with training to assist the city in expanding ~~primary sector~~ businesses, locating

new businesses, and working with state economic development programs."

Page 5, line 23, replace "The amount of" with "Of the"

Page 5, line 25, replace the first "and" with ", up to $5,000,000 of unexpended funds may be continued and"

Page 5, line 27, replace "$28,000,000" with "$5,000,000"

Page 5, line 28, remove "tower"

Page 5, line 30, replace "2021-23 biennium" with "period beginning with the effective date of this Act and ending June 30, 2023"

Page 6, remove lines 11 through 15

Page 6, after line 28, insert:

"**SECTION 19. LEGISLATIVE INTENT - NORTHERN PLAINS UNMANNED AIRCRAFT SYSTEM TEST SITE.** It is the intent of the sixty-seventh legislative assembly that the northern plains unmanned aircraft system test site maximize earned revenue to the extent possible while operating and conducting business of the test site.

SECTION 20. LEGISLATIVE MANAGEMENT STUDY - DATA STORAGE. During the 2021-22 interim, the legislative management shall consider studying data storage by state entities. The study must include input from the information technology department, North Dakota university system, and kindergarten through grade twelve education coordination council. The study must consider data security, geographical locations of storage, geographical location of corporate contractors, state and federal laws that may affect North Dakota data, ownership and control of data storage, and current and estimated data storage costs related to cloud-based, out-of-state data storage of North Dakota state and local government data. The legislative management shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to the sixty-eighth legislative assembly.

SECTION 21. EMERGENCY. This Act is declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2018 - Summary of House Action

	Base Budget	Senate Version	House Changes	House Version
Department of Commerce				
Total all funds	$86,990,014	$122,425,241	$7,121,860	$129,547,101
Less estimated income	54,123,293	80,548,067	2,996,312	83,544,379
General fund	$32,866,721	$41,877,174	$4,125,548	$46,002,722
FTE	61.80	58.80	1.00	59.80
Department of Transportation				
Total all funds	$0	$28,000,000	($23,000,000)	$5,000,000
Less estimated income	0	28,000,000	(23,000,000)	5,000,000
General fund	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00
Bill total				

Total all funds	$86,990,014	$150,425,241	($15,878,140)	$134,547,101
Less estimated income	54,123,293	108,548,067	(20,003,688)	88,544,379
General fund	$32,866,721	$41,877,174	$4,125,548	$46,002,722
FTE	61.80	58.80	1.00	59.80

Senate Bill No. 2018 - Department of Commerce - House Action

	Base Budget	Senate Version	House Changes	House Version
Salaries and wages	$13,217,286	$12,864,153	$125,177	$12,989,330
Operating expenses	14,873,203	24,317,760	(253,317)	24,064,443
Grants	52,638,527	81,182,330	6,650,000	87,832,330
Discretionary funds	2,150,000	1,550,000	600,000	2,150,000
North Dakota Trade Office	1,600,000			
Entrepreneurship grants and vouchers	948,467	948,467		948,467
Partner programs	1,562,531	1,562,531		1,562,531
Total all funds	$86,990,014	$122,425,241	$7,121,860	$129,547,101
Less estimated income	54,123,293	80,548,067	2,996,312	83,544,379
General fund	$32,866,721	$41,877,174	$4,125,548	$46,002,722
FTE	61.80	58.80	1.00	59.80

Department 601 - Department of Commerce - Detail of House Changes

	Adjusts Funding for Salary and Benefit Increases[1]	Restores IT Position[2]	Transfers Early Childhood Education Program to DHS[3]	Adds Funding for Rural Health Care Grants[4]	Restores Funding for Discretionary Funds[5]	Reduces One-Time Funding for Tourism Marketing[6]
Salaries and wages	($24,615)	$149,792				
Operating expenses		(153,317)				($100,000)
Grants			($1,500,000)	$50,000		
Discretionary funds					$600,000	
North Dakota Trade Office						
Entrepreneurship grants and vouchers						
Partner programs						
Total all funds	($24,615)	($3,525)	($1,500,000)	$50,000	$600,000	($100,000)
Less estimated income	(3,688)	0	0	0	0	0
General fund	($20,927)	($3,525)	($1,500,000)	$50,000	$600,000	($100,000)
FTE	0.00	1.00	0.00	0.00	0.00	0.00

	Adds One-Time Funding for Film and Theater Production Grant[7]	Adds One-Time Funding for Economic Development and Growth Grant[8]	Adds One-Time Funding for Job Development Grant[9]	Adds One-Time Funding for Workforce Safety Grant[10]	Total House Changes
Salaries and wages					$125,177
Operating expenses					(253,317)
Grants	$100,000	$5,000,000	$1,500,000	$1,500,000	6,650,000
Discretionary funds					600,000
North Dakota Trade Office					
Entrepreneurship grants and vouchers					
Partner programs					
Total all funds	$100,000	$5,000,000	$1,500,000	$1,500,000	$7,121,860
Less estimated income	0	0	1,500,000	1,500,000	2,996,312
General fund	$100,000	$5,000,000	$0	$0	$4,125,548
FTE	0.00	0.00	0.00	0.00	1.00

[1] Salaries and wages funding is adjusted for salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of $100 and 2 percent on July 1, 2022. The Senate provided salary adjustments of 2 percent with a minimum monthly increase of $80 and a maximum monthly increase of $300 on July 1, 2021, and 2 percent on July 1, 2022.

[2] One FTE information technology position and related funding is restored. The Senate transferred 1 FTE information technology position to the Information Technology Department (ITD) for the information technology unification initiative. The House amendments do not transfer the FTE position to ITD.

[3] Funding of $1.5 million from the general fund for the early childhood education program is removed in the Department of Commerce budget. The House and Senate have added $1.5 million for this program in the Department of Human Services budget relating to the changes in House Bill No. 1466.

[4] Funding of $50,000 is added from the general fund for rural health care grants to provide a total of $250,000 from the general fund. The Senate provided $200,000 from the general fund. A separate section is added to the bill requiring a dollar-for-dollar match.

[5] Funding of $600,000 from the general fund, removed by the Senate, is restored to provide a total of $2.15 million from the general fund in the discretionary funds line item, the same as the base level. The Senate provided a total of $1.55 million.

[6] One-time funding of $100,000 from the general fund for tourism marketing and branding operating expenses is removed to provide a total of $6.9 million for tourism marketing and branding. The Senate authorized a total of $7 million.

[7] One-time funding of $100,000 is added from the general fund to provide a film and theater production grant directly to an organization dedicated to the preservation and honor of North Dakota land, history, and citizens.

[8] One-time funding of $5 million is added from the general fund for providing a grant to an organization dedicated to expanding economic development, growth, and diversification for the 2021-23 biennium. A separate section of the bill is added to provide the organization receiving the grant funding must have:

- Secured a loan under the legacy infrastructure loan fund program established in House Bill No. 1425 as approved by the 67th Legislative Assembly for construction of an event and entertainment venue focused on highlighting North Dakota history and attractions;
- Obtained $5 million of matching funds from nonstate sources; and
- Entered a lease with the State of North Dakota for use of land for the event and entertainment venue.

Grant funds awarded may be used only for the operating costs of an event and entertainment venue used to promote the expansion of tourism and economic development and growth in the state.

[9] One-time funding of $1.5 million is added from the strategic investment and improvements fund to provide a job development and economic growth grant directly to an organization dedicated to promoting job development and economic growth in the state.

[10] One-time funding of $1.5 million is added from the strategic investment and improvements fund to provide a workforce safety grant directly to an organization that provides workforce safety.

This amendment also:

- Amends a section that provides an exemption for the $28 million 2017-19 biennium supplemental appropriation for the beyond visual line of sight unmanned aircraft system (UAS) program that was continued into the 2019-21 biennium to continue into the 2021-23 biennium. The Department of Commerce may provide grants of up to $5 million from this funding to the Department of Transportation for infrastructure construction of the beyond visual line of sight UAS program during the 2021-23 biennium. The Senate authorized the Department of Commerce to provide a grant of up to $28 million to the Department of Transportation.
- Amends a section identifying the amount of funding appropriated to the Department of Commerce from the strategic investment and improvements fund.
- Adds a section to amend North Dakota Century Code Section 54-34.3-13 to remove the requirement that businesses be "primary sector" businesses to qualify for the rural growth incentive program, which is administered by the North Dakota Development Fund in the rural growth incentive fund.
- Removes a section added by the Senate that provided an exemption to the Department of Commerce to continue 2019-21 biennium funding for the early childhood education program into the 2021-23 biennium.
- Adds a section of legislative intent that the Northern Plains UAS Test Site maximize earned revenue when possible.
- Adds a section providing for a Legislative Management study of data storage by state entities.
- Adds a section to declare the bill an emergency measure.

Senate Bill No. 2018 - Department of Transportation - House Action

	Base Budget	Senate Version	House Changes	House Version
Grants		$28,000,000	($23,000,000)	$5,000,000
Total all funds	$0	$28,000,000	($23,000,000)	$5,000,000
Less estimated income	0	28,000,000	(23,000,000)	5,000,000
General fund	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00

Department 801 - Department of Transportation - Detail of House Changes

	Reduces One-Time Funding for UAS[1]	Total House Changes
Grants	($23,000,000)	($23,000,000)
Total all funds	($23,000,000)	($23,000,000)
Less estimated income	(23,000,000)	(23,000,000)
General fund	$0	$0
FTE	0.00	0.00

[1] A separate section of the bill is amended to provide one-time funding of $5 million to the Department of Transportation from grant funds received from the Department of Commerce pursuant to an exemption provided in the bill for infrastructure construction expenses of the beyond visual line of sight UAS program during the 2021-23 biennium. The Senate provided one-time funding of $28 million. The House reduced this amount by $23 million to reflect the most recent estimate of unspent funding the Department of Commerce will have available at the end of the 2019-21 biennium.

21.0300.03002
Title.

Fiscal No. 2

Prepared by the Legislative Council staff for
the House Appropriations - Education and
Environment Division Committee
April 9, 2021

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2018

Page 1, line 5, replace "section" with "sections 54-34.3-13 and"

Page 1, line 6, after the first "to" insert "the rural growth incentive program and"

Page 1, line 8, remove "and"

Page 1, line 9, after "exemption" insert "; to provide a statement of legislative intent; to provide for a legislative management study; and to declare an emergency"

Page 1, line 15, replace "biennium" with "period"

Page 1, line 15, replace "July 1, 2021," with "with the effective date of this Act"

Page 1, remove lines 18 through 24

Page 2, replace lines 1 through 4 with:

"Salaries and wages	$13,217,286	($227,956)	$12,989,330
Operating expenses	14,873,203	9,191,240	24,064,443
Grants	52,638,527	30,193,803	82,832,330
Discretionary funds	2,150,000	0	2,150,000
North Dakota trade office	1,600,000	(1,600,000)	0
Partner programs	1,562,531	0	1,562,531
Entrepreneurship grants and vouchers	948,467	0	948,467
Total all funds	$86,990,014	$37,557,087	$124,547,101
Less estimated income	54,123,293	29,421,086	83,544,379
Total general fund	$32,866,721	$8,136,001	$41,002,722
Full-time equivalent positions	61.80	(2.00)	59.80"

Page 2, replace lines 15 through 25 with:

"Workforce safety grant	1,000,000	1,500,000
Entrepreneurship grants and vouchers	2,000,000	0
Sculpture maintenance grants	75,000	0
Nonresident nurse employment recruitment	500,000	0
Intermodal container transportation shipping fees	1,300,000	0
Job development and economic growth grant	25,000	1,500,000
Tourism marketing	0	6,900,000
Technical skills training grants	0	1,000,000
Motion picture production and recruitment grant	0	100,000
Total all funds	$11,625,000	$39,500,000
Less estimated income	4,300,000	30,000,000
Total general fund	$7,325,000	$9,500,000"

Page 2, line 29, replace "biennium" with "period"

Page 2, line 29, replace "July 1, 2021," with "with the effective date of this Act"

Page 3, line 2, replace "11" with "13"

Page 3, line 3, replace "$28,000,000" with "$5,000,000"

Page 3, line 4, remove "tower"

Page 3, line 5, replace "biennium" with "period"

Page 3, line 6, replace "July 1, 2021," with "with the effective date of this Act"

Page 3, line 7, remove "tower"

Page 3, line 12, replace "biennium" with "period"

Page 3, line 12, replace "July 1, 2021," with "with the effective date of this Act"

Page 3, after line 20, insert:

"**SECTION 6. RURAL HEALTH CARE GRANT PROGRAM - MATCHING FUNDS REQUIREMENT.** The grants line item in section 1 of this Act includes $250,000 from the general fund for providing matching funds to an organization assisting in the recruitment, distribution, and supply, and enhancing the quality and efficiency of personnel providing health services in rural areas of the state. The department of commerce may spend the funds appropriated in this section only to the extent the organization has secured matching funds from nonstate sources on a dollar-for-dollar basis."

Page 3, line 24, replace "and" with a comma

Page 3, line 25, after "grants" insert ", $1,500,000 is for a job development grant to an organization dedicated to promoting job development and economic growth, and $1,500,000 is for a workforce safety grant to an organization that provides workforce safety"

Page 5, after line 6, insert:

"**SECTION 10. AMENDMENT.** Section 54-34.3-13 of the North Dakota Century Code is amended and reenacted as follows:

54-34.3-13. Rural growth incentive program.

1. The department shall manage and administer the rural growth incentive program. A city with a population of less than two thousand five hundred may apply to the department to be designated as a rural growth incentive city. A rural growth incentive city may be eligible for a loan, grant, or both under this section.

2. The department shall designate an applicant city as a rural growth incentive city eligible for a loan if the city raises funds in the amount of a dollar-for-dollar match for the amount requested in the loan and meets any additional program requirements provided by rule. The source of city funds used for loan matching funds may be any combination of public and private funds. If the department designates a city as a rural growth incentive city eligible for a loan under this section, subject to the availability of funds, the state shall make a loan to the city in an amount not less than twenty-five thousand dollars and not more than seventy-five thousand dollars. The department shall establish the amount of the interest rate for loans provided to a city under this subsection. The funding source of the state loan is the North Dakota development fund. The city shall distribute the city and state funds to qualifying new or expanded ~~primary sector~~ businesses in the city. A qualifying business in the city includes a business that

provides essential services to the city. For purposes of this subsection, a business that provides essential services does not include a public utility. The governing body of the city determines whether a new or expanded ~~primary sector~~ business qualifies for funding, and the director of the department determines whether a business that provides essential services to the city qualifies for funding. The state shall distribute a loan to a rural growth incentive city once the city establishes the city has chosen a specified qualified business to receive funding.

3. The department shall designate an applicant city as a rural growth incentive city eligible for a grant if the city raises funds in the amount of a dollar-for-dollar match for the amount requested in the grant application and meets any additional program requirements provided by rule. The source of city funds used for grant matching funds may be any combination of public and private funds. If the department designates a city as a rural growth incentive city eligible for a grant under this section, subject to availability of funds, the state shall make a grant to the city in an amount not to exceed ten thousand dollars. The recipient rural growth incentive city shall use the grant money received to conduct a feasibility study for the location of a new business, including an expansion of a business with the primary place of business outside the rural growth incentive city. ~~The business under this subsection is not limited to primary sector businesses.~~ The funding source of the state grant is the North Dakota development fund. Total grants awarded by the department under this subsection may not exceed one hundred thousand dollars per biennium.

4. The city may not use city or state funds raised or provided under this section for costs associated with administering the rural growth incentive city. The department shall provide the rural growth incentive city with training to assist the city in expanding ~~primary sector~~ businesses, locating new businesses, and working with state economic development programs."

Page 5, line 23, replace "The amount of" with "Of the"

Page 5, line 25, replace "and" with ", up to $5,000,000 of unexpended funds may be continued and"

Page 5, line 27, replace "$28,000,000" with "$5,000,000"

Page 5, line 28, remove "tower"

Page 5, line 30, replace "2021-23 biennium" with "period beginning with the effective date of this Act and ending June 30, 2023"

Page 6, remove lines 11 through 15

Page 6, after line 28, insert:

"SECTION 18. LEGISLATIVE INTENT - NORTHERN PLAINS UNMANNED AIRCRAFT SYSTEM TEST SITE. It is the intent of the sixty-seventh legislative assembly that the northern plains unmanned aircraft system test site maximize earned revenue to the extent possible while operating and conducting business of the test site.

SECTION 19. LEGISLATIVE MANAGEMENT STUDY - DATA STORAGE. During the 2021-22 interim, the legislative management shall consider studying data storage by state entities. The study must include input from the information technology department, North Dakota university system, and kindergarten through grade twelve education coordination council. The study must consider data security, geographical locations of storage, geographical location of corporate contractors, state and federal laws that may affect North Dakota data, ownership and control of data storage, and current and estimated data storage costs related to cloud-based, out-of-state data storage of North Dakota state and local government data. The legislative management shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to the sixty-eighth legislative assembly.

SECTION 20. EMERGENCY. This Act is declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2018 - Summary of House Action

	Base Budget	Senate Version	House Changes	House Version
Department of Commerce				
Total all funds	$86,990,014	$122,425,241	$2,121,860	$124,547,101
Less estimated income	54,123,293	80,548,067	2,996,312	83,544,379
General fund	$32,866,721	$41,877,174	($874,452)	$41,002,722
FTE	61.80	58.80	1.00	59.80
Department of Transportation				
Total all funds	$0	$28,000,000	($23,000,000)	$5,000,000
Less estimated income	0	28,000,000	(23,000,000)	5,000,000
General fund	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00
Bill total				
Total all funds	$86,990,014	$150,425,241	($20,878,140)	$129,547,101
Less estimated income	54,123,293	108,548,067	(20,003,688)	88,544,379
General fund	$32,866,721	$41,877,174	($874,452)	$41,002,722
FTE	61.80	58.80	1.00	59.80

Senate Bill No. 2018 - Department of Commerce - House Action

	Base Budget	Senate Version	House Changes	House Version
Salaries and wages	$13,217,286	$12,864,153	$125,177	$12,989,330
Operating expenses	14,873,203	24,317,760	(253,317)	24,064,443
Grants	52,638,527	81,182,330	1,650,000	82,832,330
Discretionary funds	2,150,000	1,550,000	600,000	2,150,000
North Dakota Trade Office	1,600,000			
Entrepreneurship grants and vouchers	948,467	948,467		948,467
Partner programs	1,562,531	1,562,531		1,562,531
Total all funds	$86,990,014	$122,425,241	$2,121,860	$124,547,101
Less estimated income	54,123,293	80,548,067	2,996,312	83,544,379
General fund	$32,866,721	$41,877,174	($874,452)	$41,002,722
FTE	61.80	58.80	1.00	59.80

Department 601 - Department of Commerce - Detail of House Changes

	Adjusts Funding for Salary and Benefit Increases[1]	Restores IT Position[2]	Transfers Early Childhood Education Program to DHS[3]	Adds Funding for Rural Health Care Grants[4]	Restores Funding for Discretionary Funds[5]	Reduces One-Time Funding for Tourism Marketing[6]
Salaries and wages	($24,615)	$149,792				
Operating expenses		(153,317)				($100,000)
Grants			($1,500,000)	$50,000		
Discretionary funds					$600,000	
North Dakota Trade Office						
Entrepreneurship grants and vouchers						
Partner programs						
Total all funds	($24,615)	($3,525)	($1,500,000)	$50,000	$600,000	($100,000)
Less estimated income	(3,688)	0	0	0	0	0
General fund	($20,927)	($3,525)	($1,500,000)	$50,000	$600,000	($100,000)
FTE	0.00	1.00	0.00	0.00	0.00	0.00

	Adds One-Time Funding for Film and Theater Production Grant[7]	Adds One-Time Funding for Job Development Grant[8]	Adds One-Time Funding for Workforce Safety Grant[9]	Total House Changes
Salaries and wages				$125,177
Operating expenses				(253,317)
Grants	$100,000	$1,500,000	$1,500,000	1,650,000
Discretionary funds				600,000
North Dakota Trade Office				
Entrepreneurship grants and vouchers				
Partner programs				
Total all funds	$100,000	$1,500,000	$1,500,000	$2,121,860
Less estimated income	0	1,500,000	1,500,000	2,996,312
General fund	$100,000	$0	$0	($874,452)
FTE	0.00	0.00	0.00	1.00

[1] Salaries and wages funding is adjusted for salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of $100 and 2 percent on July 1, 2022. The Senate provided salary adjustments of 2 percent with a minimum monthly increase of $80 and a maximum monthly increase of $300 on July 1, 2021, and 2 percent on July 1, 2022.

[2] One FTE information technology position and related funding is restored. The Senate transferred 1 FTE information technology position to the Information Technology Department (ITD) for the information technology unification initiative. The House amendments do not transfer the FTE position to ITD.

[3] Funding of $1.5 million from the general fund for the early childhood education program is removed in the Department of Commerce budget. The House and Senate have added $1.5 million for this program in the Department of Human Services budget relating to the changes in House Bill No. 1466.

[4] Funding of $50,000 is added from the general fund for rural health care grants to provide a total of $250,000 from the general fund. The Senate provided $200,000 from the general fund. A separate section is added to the bill requiring a dollar-for-dollar match.

[5] Funding of $600,000 from the general fund, removed by the Senate, is restored to provide a total of $2.15 million from the general fund in the discretionary funds line item, the same as the base level. The Senate provided a total of $1.55 million.

[6] One-time funding of $100,000 from the general fund for tourism marketing and branding operating expenses is removed to provide a total of $6.9 million for tourism marketing and branding. The Senate authorized a total of $7 million.

[7] One-time funding of $100,000 is added from the general fund to provide a film and theater production grant directly to an organization dedicated to the preservation and honor of North Dakota land, history, and citizens.

[8] One-time funding of $1.5 million is added from the strategic investment and improvements fund to provide a job development and economic growth grant directly to an organization dedicated to promoting job development and economic growth in the state.

[9] One-time funding of $1.5 million is added from the strategic investment and improvements fund to provide a workforce safety grant directly to an organization that provides workforce safety.

This amendment also:

- Amends a section that provides an exemption for the $28 million 2017-19 biennium supplemental appropriation for the beyond visual line of sight unmanned aircraft system (UAS) program that was continued into the 2019-21 biennium to continue into the 2021-23 biennium. The Department of Commerce may provide grants of up to $5 million from this funding to the Department of Transportation for infrastructure construction of the beyond visual line of sight UAS program during the 2021-23 biennium. The Senate authorized the Department of Commerce to provide a grant of up to $28 million to the Department of Transportation.
- Amends a section identifying the amount of funding appropriated to the Department of Commerce from the strategic investment and improvements fund.
- Adds a section to amend North Dakota Century Code Section 54-34.3-13 to remove the requirement that businesses be "primary sector" businesses to qualify for the rural growth incentive program, which is administered by the North Dakota Development Fund in the rural growth incentive fund.
- Removes a section added by the Senate that provided an exemption to the Department of Commerce to continue 2019-21 biennium funding for the early childhood education program into the 2021-23 biennium.
- Adds a section of legislative intent that the Northern Plains UAS Test Site maximize earned revenue when possible.
- Adds a section providing for a Legislative Management study of data storage by state entities.
- Adds a section to declare the bill an emergency measure.

Senate Bill No. 2018 - Department of Transportation - House Action

	Base Budget	Senate Version	House Changes	House Version
Grants		$28,000,000	($23,000,000)	$5,000,000
Total all funds	$0	$28,000,000	($23,000,000)	$5,000,000
Less estimated income	0	28,000,000	(23,000,000)	5,000,000
General fund	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00

Department 801 - Department of Transportation - Detail of House Changes

	Reduces One-Time Funding for UAS[1]	Total House Changes
Grants	($23,000,000)	($23,000,000)
Total all funds	($23,000,000)	($23,000,000)
Less estimated income	(23,000,000)	(23,000,000)
General fund	$0	$0
FTE	0.00	0.00

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[1] A separate section of the bill is amended to provide one-time funding of $5 million to the Department of Transportation from grant funds received from the Department of Commerce pursuant to an exemption provided in the bill for infrastructure construction expenses of the beyond visual line of sight UAS program during the 2021-23 biennium. The Senate provided one-time funding of $28 million. The House reduced this amount by $23 million to reflect the most recent estimate of unspent funding the Department of Commerce will have available at the end of the 2019-21 biennium.

Department of Commerce - Budget No. 601
Senate Bill No. 2018
Base Level Funding Changes

Prepared for: **4/12/2021**

	Senate Version				House Version				House Changes to Senate Version			
									Increase (Decrease) - Senate Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2021-23 Biennium Base Level	61.80	$32,866,721	$54,123,293	$86,990,014	61.80	$32,866,721	$54,123,293	$86,990,014	0.00	$0	$0	$0
2021-23 Ongoing Funding Changes												
Base payroll changes		($49,007)	$16,577	($32,430)		($49,007)	$16,577	($32,430)				$0
Salary increase		266,126	56,512	322,638		245,150	52,824	297,974		($20,976)	($3,688)	(24,664)
Health insurance increase		2,341	531	2,872		2,390	531	2,921		49		49
Underfunds salaries		(140,000)		(140,000)		(140,000)		(140,000)				0
Transfers 1 FTE IT position to ITD for IT unification	(1.00)	3,525		3,525	0.00	0		0	1.00	(3,525)		(3,525)
Transfers the HOME program to the Housing Finance Agency	(2.00)		(8,343,371)	(8,343,371)	(2.00)		(8,343,371)	(8,343,371)				0
Adds funding for Microsoft Office 365 license expenses		5,486	1,013	6,499		5,486	1,013	6,499				0
Adjusts funding for the Community Services Division		(216,576)	329,488	112,912		(216,576)	329,488	112,912				0
Reduces funding for the Workforce Development Division		(199,664)		(199,664)		(199,664)		(199,664)				0
Reduces funding for the Economic Development and Finance Division		(195,000)		(195,000)		(195,000)		(195,000)				0
Reduces funding for the administration division		(396,990)	(3,283)	(400,273)		(396,990)	(3,283)	(400,273)				0
Reduces funding for the Operation Intern program		(100,000)		(100,000)		(100,000)		(100,000)				0
Adds funding for the UAS program		3,000,000	7,020,150	10,020,150		3,000,000	7,020,150	10,020,150				0
Transfers $505,000 for contractual fees from grants to operating expenses				0				0				0
Transfers $151,284 for the early childhood education program from operating to grants				0				0				0
Transfers $1.5 million for the early childhood education program to DHS				0		(1,500,000)		(1,500,000)		(1,500,000)		(1,500,000)
Removes funding for the biotechnology grant program		(300,000)		(300,000)		(300,000)		(300,000)				0
Reduces funding for homeless shelter grants		(169,788)		(169,788)		(169,788)		(169,788)				0
Adds funding for rural health care grants		200,000		200,000		250,000		250,000		50,000		50,000
Adds funding for a state apprenticeship expansion program			347,157	347,157			347,157	347,157				0
Adjusts funding for discretionary funds		(600,000)		(600,000)		0		0		600,000		600,000
Transfers funding for the North Dakota Trade Office to the Agriculture Commissioner		(1,600,000)		(1,600,000)		(1,600,000)		(1,600,000)				0
Total ongoing funding changes	(3.00)	($489,547)	($575,226)	($1,064,773)	(2.00)	($1,363,999)	($578,914)	($1,942,913)	1.00	($874,452)	($3,688)	($878,140)
One-time funding items												
Adds funding for tourism marketing		$7,000,000		$7,000,000		$6,900,000		$6,900,000		($100,000)		($100,000)
Adds funding for UAS program grants			$1,000,000	1,000,000			$1,000,000	1,000,000				0
Adds funding for the beyond visual line of sight UAS program		1,000,000	19,000,000	20,000,000		$1,000,000	19,000,000	20,000,000				0
Adds funding for enhanced use lease grants			7,000,000	7,000,000			7,000,000	7,000,000				0
Adds funding for technical skills training grants		1,000,000		1,000,000		1,000,000		1,000,000				0
Adds funding for workforce grants to tribally controlled community colleges		500,000		500,000		500,000		500,000				0
Adds funding for a film and theater production grant				0		100,000		100,000		100,000		100,000
Adds funding for a job development and economic growth grant				0			1,500,000	1,500,000			$1,500,000	1,500,000
Adds funding for a workforce safety grant				0			1,500,000	1,500,000			1,500,000	1,500,000
Total one-time funding changes	0.00	$9,500,000	$27,000,000	$36,500,000	0.00	$9,500,000	$30,000,000	$39,500,000	0.00	$0	$3,000,000	$3,000,000
Total Changes to Base Level Funding	(3.00)	$9,010,453	$26,424,774	$35,435,227	(2.00)	$8,136,001	$29,421,086	$37,557,087	1.00	($874,452)	$2,996,312	$2,121,860
2021-23 Total Funding	58.80	$41,877,174	$80,548,067	$122,425,241	59.80	$41,002,722	$83,544,379	$124,547,101	1.00	($874,452)	$2,996,312	$2,121,860
Total ongoing changes as a percentage of base level	*(4.9%)*	*(1.5%)*	*(1.1%)*	*(1.2%)*	*(3.2%)*	*(4.2%)*	*(1.1%)*	*(2.2%)*				
Total changes as a percentage of base level	*(4.9%)*	*27.4%*	*48.8%*	*40.7%*	*(3.2%)*	*24.8%*	*54.4%*	*43.2%*				

Other Sections in Department of Commerce - Budget No. 601

	Senate Version	House Version
Appropriation - Department of Transportation - Beyond visual line of sight unmanned aircraft system program - One-time funding	Section 3 appropriates $28 million to the Department of Transportation from grant funds received from the Department of Commerce pursuant to Section 11 for the purpose of defraying tower infrastructure construction expenses of the beyond visual line of sight UAS program during the 2021-23 biennium. The Department of Transportation may bid, award, and administer any contracts necessary to complete the construction of the tower infrastructure. This funding is considered a one-time funding item.	Section 3 appropriates $5 million to the Department of Transportation from grant funds received from the Department of Commerce pursuant to Section 13 for the purpose of defraying infrastructure construction expenses of the beyond visual line of sight UAS program during the 2021-23 biennium. The Department of Transportation may bid, award, and administer any contracts necessary to complete the construction of the infrastructure. This funding is considered a one-time funding item.
Internship fund transfer	Section 4 transfers $755,000 from the general fund to the internship fund in the operating expenses line item for the Operation Intern program.	Section 4 transfers $755,000 from the general fund to the internship fund in the operating expenses line item for the Operation Intern program.
Entrepreneurship grants and vouchers program	Section 5 identifies $948,467 included in Section 1, of which $740,956 is from the general fund and $207,511 is from the economic development fund for the entrepreneurship grants and vouchers program, also known as Innovate ND, for the 2021-23 biennium.	Section 5 identifies $948,467 included in Section 1, of which $740,956 is from the general fund and $207,511 is from the economic development fund for the entrepreneurship grants and vouchers program, also known as Innovate ND, for the 2021-23 biennium.
Rural health care grant program		Section 6 identifies $250,000 from the general fund in Section 1 is provided for the purpose of providing matching funds to an organization assisting in the recruitment, distribution, and supply, and enhancing the quality and efficiency of personnel providing health services in rural areas of the state during the 2021-23 biennium.
Estimated income - Strategic investment and improvements fund - Beyond visual line of sight UAS program - Enhanced use lease grants program - Job development and economic growth grant - Workforce safety grant	Section 6 identifies $26 million from the strategic investment and improvements fund in Section 1, of which $19 million is for providing beyond visual light of sight UAS grants and $7 million is for providing enhanced use lease grants during the 2021-23 biennium. This funding is considered a one-time funding item.	Section 7 identifies $29 million from the strategic investment and improvements fund in Section 1, of which $19 million is for providing beyond visual light of sight UAS grants, $7 million is for providing enhanced use lease grants, $1.5 million is for providing a job development grant to an organization dedicated to promoting job development and economic growth, and $1.5 million is for providing a workforce safety grant to an organization that provides workforce safety during the 2021-23 biennium. This funding is considered a one-time funding item.
Beyond visual line of sight UAS program - Matching fund requirement - One-time funding	Section 7 identifies $1 million from the general fund in Section 1 is for providing grants to an organization dedicated to expanding workforce opportunities, training, and education related to the beyond visual line of sight UAS industry, which the Department of Commerce may provide only to the extent the organization provides $1 of matching funds from private or other public sources for each $1 provided by the department during the 2021-23 biennium. This funding is considered a one-time funding item.	Section 8 identifies $1 million from the general fund in Section 1 is for providing grants to an organization dedicated to expanding workforce opportunities, training, and education related to the beyond visual line of sight UAS industry, which the Department of Commerce may provide only to the extent the organization provides $1 of matching funds from private or other public sources for each $1 provided by the department during the 2021-23 biennium. This funding is considered a one-time funding item.
North Dakota Trade Office - Advisory board - Continuing appropriation	Section 8 creates a new section to Chapter 4.1-01 to transfer the international business and trade office, also known as the North Dakota Trade Office, from the Department of Commerce to the Agriculture Commissioner.	Section 9 creates a new section to Chapter 4.1-01 to transfer the international business and trade office, also known as the North Dakota Trade Office, from the Department of Commerce to the Agriculture Commissioner.

Other Sections in Department of Commerce - Budget No. 601

	Senate Version	House Version
Rural growth incentive program - North Dakota Development Fund		Section 10 amends Section 54-34.3-13 to remove the requirement that businesses be "primary sector" businesses to qualify for the rural growth incentive program, which is administered by the North Dakota Development Fund in the rural growth incentive fund.
UAS-related programs continuing appropriation	Section 9 amends Section 54-60-29 to expand the continuing appropriation provided to the Department of Commerce from the UAS fund for expenses of the UAS program to also include expenses of the beyond visual line of sight UAS program and the enhanced use lease grant program.	Section 11 amends Section 54-60-29 to expand the continuing appropriation provided to the Department of Commerce from the UAS fund for expenses of the UAS program to also include expenses of the beyond visual line of sight UAS program and the enhanced use lease grant program.
North Dakota Trade Office - Repeal	Section 10 repeals Section 54-60-16 related to the international business and trade office, also known as the North Dakota Trade Office, as part of the transfer of the program from the Department of Commerce to the Agriculture Commissioner.	Section 12 repeals Section 54-60-16 related to the international business and trade office, also known as the North Dakota Trade Office, as part of the transfer of the program from the Department of Commerce to the Agriculture Commissioner.
Exemption - Beyond visual line of sight UAS program	Section 11 provides an exemption for unexpended 2017-19 biennium funds continued into the 2019-21 biennium for the beyond visual line of sight UAS program to continue into the 2021-23 biennium. The 2019 Legislative Assembly provided a $28 million supplemental appropriation from the general fund for this purpose for the 2017-19 biennium. The Department of Commerce may provide grants of up to $28 million to the Department of Transportation, pursuant to the appropriation in Section 3, for the purpose of defraying tower infrastructure construction expenses of the beyond visual line of sight UAS program during the 2021-23 biennium.	Section 13 provides an exemption for unexpended 2017-19 biennium funds continued into the 2019-21 biennium for the beyond visual line of sight UAS program to continue into the 2021-23 biennium. The 2019 Legislative Assembly provided a $28 million supplemental appropriation from the general fund for this purpose for the 2017-19 biennium. The Department of Commerce may provide grants of up to $5 million to the Department of Transportation, pursuant to the appropriation in Section 3, for the purpose of defraying infrastructure construction expenses of the beyond visual line of sight UAS program during the 2021-23 biennium.
Exemption - UAS program	Section 12 provides an exemption for the UAS program to continue any unexpended 2019-21 biennium funds for the operating expenses of this program into the 2021-23 biennium. A total of $2.25 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.	Section 14 provides an exemption for the UAS program to continue any unexpended 2019-21 biennium funds for the operating expenses of this program into the 2021-23 biennium. A total of $2.25 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.
Exemption - Enhanced use lease grant program	Section 13 provides an exemption for the enhanced use lease grant program to continue any unexpended 2019-21 biennium funds for the program into the 2021-23 biennium. A total of $3 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.	Section 15 provides an exemption for the enhanced use lease grant program to continue any unexpended 2019-21 biennium funds for the program into the 2021-23 biennium. A total of $3 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.
Exemption - Early childhood education program	Section 14 provides an exemption to continue unexpended 2019-21 biennium funds for the early childhood education program into the 2021-23 biennium. A total of $1.5 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.	
Exemption - Nonresident nurse employment recruitment program	Section 15 provides an exemption to continue $320,000 of the $500,000 appropriated from the general fund for the nonresident nurse employment recruitment program for the 2019-21 biennium into the 2021-23 biennium. In addition to the program eligibility guidelines established for the 2019-21 biennium, the Department of Commerce is required to provide funding for the program to eligible nursing students in the state who have not been employed by a health care provider on a full-time basis in the year preceding the grant award.	Section 16 provides an exemption to continue $320,000 of the $500,000 appropriated from the general fund for the nonresident nurse employment recruitment program for the 2019-21 biennium into the 2021-23 biennium. In addition to the program eligibility guidelines established for the 2019-21 biennium, the Department of Commerce is required to provide funding for the program to eligible nursing students in the state who have not been employed by a health care provider on a full-time basis in the year preceding the grant award.

Other Sections in Department of Commerce - Budget No. 601

	Senate Version	House Version
Exemption - Discretionary funds	Section 16 provides an exemption for discretionary funds to continue any unexpended 2019-21 biennium funds in the discretionary funds line item into the 2021-23 biennium. A total of $2.15 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.	Section 17 provides an exemption for discretionary funds to continue any unexpended 2019-21 biennium funds in the discretionary funds line item into the 2021-23 biennium. A total of $2.15 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.
Legislative intent - Northern Plains UAS Test Site		Section 18 provides legislative intent that the Northern Plains UAS Test Site maximize earned revenue when possible.
Legislative Management study - Data storage		Section 19 provides for the Legislative Management to consider studying data storage by state entities. The study must include input from the Information Technology Department, North Dakota University System, and K-12 Education Coordinating Council. The study must consider data security, geographical locations of storage, geographical location of corporate contractors, state and federal laws that may affect North Dakota data, ownership and control of data storage, and current and estimated data storage costs related to cloud-based, out-of-state data storage of North Dakota state and local government data.
Emergency		Section 20 declares this Act to be an emergency.

21.0300.03004
Title.

Prepared by the Legislative Council staff for
Representative Nathe
April 9, 2021

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2018

Page 3, after line 8, insert:

"**SECTION 4. APPROPRIATION - ECONOMIC DEVELOPMENT, GROWTH, AND DIVERSIFICATION GRANT PROGRAM - MATCHING REQUIREMENT - ONE-TIME FUNDING.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $5,000,000, or so much of the sum as may be necessary, to the department of commerce for the purpose of providing a grant to an organization dedicated to expanding economic development, growth, and diversification for the biennium beginning July 1, 2021, and ending June 30, 2023. This funding is considered a one-time funding item. To qualify for a grant under this program, an organization must have:

1. Secured a loan under the legacy infrastructure loan fund program established in House Bill No. 1425 as approved by the sixty-seventh legislative assembly for construction of an event and entertainment venue focused on highlighting North Dakota history and attractions;

2. Obtained $5,000,000 of matching funds from nonstate sources; and

3. Entered a lease with the state of North Dakota for use of land for the event and entertainment venue.

Grant funds awarded may be used only for the operating costs of an event and entertainment venue used to promote the expansion of tourism and economic development and growth in the state."

Renumber accordingly

2021 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee
Brynhild Haugland Room, State Capitol

SB 2018
4/13/2021

BILL for an Act to provide an appropriation for defraying the expenses of the department of commerce;

3:15 Chairman Delzer- Opened the meeting for SB 2018

Attendance	P/A
Representative Jeff Delzer	P
Representative Keith Kempenich	P
Representative Bert Anderson	P
Representative Larry Bellew	P
Representative Tracy Boe	P
Representative Mike Brandenburg	P
Representative Michael Howe	P
Representative Gary Kreidt	P
Representative Bob Martinson	P
Representative Lisa Meier	P
Representative Alisa Mitskog	P
Representative Corey Mock	P
Representative David Monson	P
Representative Mike Nathe	P
Representative Jon O. Nelson	P
Representative Mark Sanford	P
Representative Mike Schatz	P
Representative Jim Schmidt	A
Representative Randy A. Schobinger	P
Representative Michelle Strinden	P
Representative Don Vigesaa	P

Discussion Topics:

- Budget changes
- Amendment

Representative Nathe – Introduces the budget and amendment 21.03000.03005

3:33 Representative Nathe - Makes a motion to adopt the amendment

Representative Monson Second

Further discussion

3:35 Voice Vote- Motion Carries

3:35 Representative Nathe Makes a motion for a Do Pass as Amended

Representative Monson Second

Further discussion

3:36 Roll Call Vote was Taken;

Representatives	Vote
Representative Jeff Delzer	N
Representative Keith Kempenich	Y
Representative Bert Anderson	Y
Representative Larry Bellew	N
Representative Tracy Boe	Y
Representative Mike Brandenburg	Y
Representative Michael Howe	Y
Representative Gary Kreidt	Y
Representative Bob Martinson	Y
Representative Lisa Meier	N
Representative Alisa Mitskog	Y
Representative Corey Mock	Y
Representative David Monson	Y
Representative Mike Nathe	Y
Representative Jon O. Nelson	Y
Representative Mark Sanford	Y
Representative Mike Schatz	N
Representative Jim Schmidt	A
Representative Randy A. Schobinger	Y
Representative Michelle Strinden	Y
Representative Don Vigesaa	Y

Motion Carries 16-4-1 Representative Nathe will carry the bill

Additional written testimony: No Additional Testimony

3:38 Chairman Delzer- Closes the meeting for SB 2018

Risa Berube,

House Appropriations Committee Clerk

Prepared by the Legislative Council staff for
the House Appropriations - Education and
Environment Division Committee
April 12, 2021

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1 of 7

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2018

Page 1, line 5, replace "section" with "sections 54-34.3-13 and"

Page 1, line 6, after the first "to" insert "the rural growth incentive program and"

Page 1, line 8, remove "and"

Page 1, line 9, after "exemption" insert "; to provide a statement of legislative intent; to provide for a legislative management study; and to declare an emergency"

Page 1, line 15, replace "biennium" with "period"

Page 1, line 15, replace "July 1, 2021," with "with the effective date of this Act"

Page 1, remove lines 18 through 24

Page 2, replace lines 1 through 4 with:

"Salaries and wages	$13,217,286	($227,956)	$12,989,330
Operating expenses	14,873,203	9,191,240	24,064,443
Grants	52,638,527	35,193,803	87,832,330
Discretionary funds	2,150,000	0	2,150,000
North Dakota trade office	1,600,000	(1,600,000)	0
Partner programs	1,562,531	0	1,562,531
Entrepreneurship grants and vouchers	948,467	0	948,467
Total all funds	$86,990,014	$42,557,087	$129,547,101
Less estimated income	54,123,293	29,421,086	83,544,379
Total general fund	$32,866,721	$13,136,001	$46,002,722
Full-time equivalent positions	61.80	(2.00)	59.80"

Page 2, replace lines 15 through 25 with:

"Workforce safety grant	1,000,000	1,500,000
Entrepreneurship grants and vouchers	2,000,000	0
Sculpture maintenance grants	75,000	0
Nonresident nurse employment recruitment	500,000	0
Intermodal container transportation shipping fees	1,300,000	0
Economic development, growth, and diversification grant	0	5,000,000
Job development and economic growth grant	25,000	1,500,000
Tourism marketing	0	6,900,000
Technical skills training grants	0	1,000,000
Motion picture production and recruitment grant	0	100,000
Total all funds	$11,625,000	$44,500,000
Less estimated income	4,300,000	30,000,000
Total general fund	$7,325,000	$14,500,000"

Page 2, line 29, replace "biennium" with "period"

Page 2, line 29, replace "July 1, 2021," with "with the effective date of this Act"

Page 3, line 2, replace "11" with "14"

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Page 3, line 3, replace "$28,000,000" with "$5,000,000"

Page 3, line 4, remove "tower"

Page 3, line 5, replace "biennium" with "period"

Page 3, line 6, replace "July 1, 2021," with "with the effective date of this Act"

Page 3, line 7, remove "tower"

Page 3, line 12, replace "biennium" with "period"

Page 3, line 12, replace "July 1, 2021," with "with the effective date of this Act"

Page 3, after line 20, insert:

"**SECTION 6. RURAL HEALTH CARE GRANT PROGRAM - MATCHING FUNDS REQUIREMENT.** The grants line item in section 1 of this Act includes $250,000 from the general fund for providing matching funds to an organization assisting in the recruitment, distribution, and supply, and enhancing the quality and efficiency of personnel providing health services in rural areas of the state. The department of commerce may spend the funds appropriated in this section only to the extent the organization has secured matching funds from nonstate sources on a dollar-for-dollar basis.

SECTION 7. ECONOMIC DEVELOPMENT, GROWTH, AND DIVERSIFICATION GRANT PROGRAM - MATCHING REQUIREMENT - ONE-TIME FUNDING. The grants line item in section 1 of this Act includes $5,000,000 from the general fund for the purpose of providing a grant to an organization dedicated to expanding economic development, growth, and diversification. This funding is considered a one-time funding item. To qualify for a grant under this program, an organization must have:

1. Secured a loan under the legacy infrastructure loan fund program established in House Bill No. 1425 as approved by the sixty-seventh legislative assembly for construction of an event and entertainment venue focused on highlighting North Dakota history and attractions;

2. Obtained $5,000,000 of matching funds from nonstate sources; and

3. Entered a lease with the state of North Dakota for use of land for the event and entertainment venue.

Grant funds awarded may be used only for the operating costs of an event and entertainment venue used to promote the expansion of tourism and economic development and growth in the state."

Page 3, line 23, replace "$26,000,000" with "$29,000,000"

Page 3, line 24, replace "and" with a comma

Page 3, line 25, after "grants" insert ", $1,500,000 is for a job development grant to an organization dedicated to promoting job development and economic growth, and $1,500,000 is for a workforce safety grant to an organization that provides workforce safety"

Page 5, after line 6, insert:

"**SECTION 11. AMENDMENT.** Section 54-34.3-13 of the North Dakota Century Code is amended and reenacted as follows:

54-34.3-13. Rural growth incentive program.

1. The department shall manage and administer the rural growth incentive program. A city with a population of less than two thousand five hundred may apply to the department to be designated as a rural growth incentive city. A rural growth incentive city may be eligible for a loan, grant, or both under this section.

2. The department shall designate an applicant city as a rural growth incentive city eligible for a loan if the city raises funds in the amount of a dollar-for-dollar match for the amount requested in the loan and meets any additional program requirements provided by rule. The source of city funds used for loan matching funds may be any combination of public and private funds. If the department designates a city as a rural growth incentive city eligible for a loan under this section, subject to the availability of funds, the state shall make a loan to the city in an amount not less than twenty-five thousand dollars and not more than seventy-five thousand dollars. The department shall establish the amount of the interest rate for loans provided to a city under this subsection. The funding source of the state loan is the North Dakota development fund. The city shall distribute the city and state funds to qualifying new or expanded ~~primary sector~~ businesses in the city. A qualifying business in the city includes a business that provides essential services to the city. For purposes of this subsection, a business that provides essential services does not include a public utility. The governing body of the city determines whether a new or expanded ~~primary sector~~ business qualifies for funding, and the director of the department determines whether a business that provides essential services to the city qualifies for funding. The state shall distribute a loan to a rural growth incentive city once the city establishes the city has chosen a specified qualified business to receive funding.

3. The department shall designate an applicant city as a rural growth incentive city eligible for a grant if the city raises funds in the amount of a dollar-for-dollar match for the amount requested in the grant application and meets any additional program requirements provided by rule. The source of city funds used for grant matching funds may be any combination of public and private funds. If the department designates a city as a rural growth incentive city eligible for a grant under this section, subject to availability of funds, the state shall make a grant to the city in an amount not to exceed ten thousand dollars. The recipient rural growth incentive city shall use the grant money received to conduct a feasibility study for the location of a new business, including an expansion of a business with the primary place of business outside the rural growth incentive city. ~~The business under this subsection is not limited to primary sector businesses.~~ The funding source of the state grant is the North Dakota development fund. Total grants awarded by the department under this subsection may not exceed one hundred thousand dollars per biennium.

4. The city may not use city or state funds raised or provided under this section for costs associated with administering the rural growth incentive

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city. The department shall provide the rural growth incentive city with training to assist the city in expanding ~~primary sector~~ businesses, locating new businesses, and working with state economic development programs."

Page 5, line 23, replace "The amount of" with "Of the"

Page 5, line 25, replace "and" with ", up to $5,000,000 of unexpended funds may be continued and"

Page 5, line 27, replace "$28,000,000" with "$5,000,000"

Page 5, line 28, remove "tower"

Page 5, line 30, replace "2021-23 biennium" with "period beginning with the effective date of this Act and ending June 30, 2023"

Page 6, remove lines 11 through 15

Page 6, after line 28, insert:

"**SECTION 19. LEGISLATIVE INTENT - NORTHERN PLAINS UNMANNED AIRCRAFT SYSTEM TEST SITE.** It is the intent of the sixty-seventh legislative assembly that the northern plains unmanned aircraft system test site maximize earned revenue to the extent possible while operating and conducting business of the test site.

SECTION 20. LEGISLATIVE MANAGEMENT STUDY - DATA STORAGE. During the 2021-22 interim, the legislative management shall consider studying data storage by state entities. The study must include input from the information technology department, North Dakota university system, and kindergarten through grade twelve education coordination council. The study must consider data security, geographical locations of storage, geographical locations of corporate contractors, state and federal laws that may affect North Dakota data, ownership and control of data storage, and current and estimated data storage costs related to cloud-based, out-of-state data storage of North Dakota state and local government data. The legislative management shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to the sixty-eighth legislative assembly.

SECTION 21. EMERGENCY. This Act is declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2018 - Summary of House Action

	Base Budget	Senate Version	House Changes	House Version
Department of Commerce				
Total all funds	$86,990,014	$122,425,241	$7,121,860	$129,547,101
Less estimated income	54,123,293	80,548,067	2,996,312	83,544,379
General fund	$32,866,721	$41,877,174	$4,125,548	$46,002,722
FTE	61.80	58.80	1.00	59.80
Department of Transportation				
Total all funds	$0	$28,000,000	($23,000,000)	$5,000,000
Less estimated income	0	28,000,000	(23,000,000)	5,000,000
General fund	$0	$0	$0	$0

FTE	0.00	0.00	0.00	0.00
Bill total				
Total all funds	$86,990,014	$150,425,241	($15,878,140)	$134,547,101
Less estimated income	54,123,293	108,548,067	(20,003,688)	88,544,379
General fund	$32,866,721	$41,877,174	$4,125,548	$46,002,722
FTE	61.80	58.80	1.00	59.80

Senate Bill No. 2018 - Department of Commerce - House Action

	Base Budget	Senate Version	House Changes	House Version
Salaries and wages	$13,217,286	$12,864,153	$125,177	$12,989,330
Operating expenses	14,873,203	24,317,760	(253,317)	24,064,443
Grants	52,638,527	81,182,330	6,650,000	87,832,330
Discretionary funds	2,150,000	1,550,000	600,000	2,150,000
North Dakota Trade Office	1,600,000			
Entrepreneurship grants and vouchers	948,467	948,467		948,467
Partner programs	1,562,531	1,562,531		1,562,531
Total all funds	$86,990,014	$122,425,241	$7,121,860	$129,547,101
Less estimated income	54,123,293	80,548,067	2,996,312	83,544,379
General fund	$32,866,721	$41,877,174	$4,125,548	$46,002,722
FTE	61.80	58.80	1.00	59.80

Department 601 - Department of Commerce - Detail of House Changes

	Adjusts Funding for Salary and Benefit Increases[1]	Restores IT Position[2]	Transfers Early Childhood Education Program to DHS[3]	Adds Funding for Rural Health Care Grants[4]	Restores Funding for Discretionary Funds[5]	Reduces One-Time Funding for Tourism Marketing[6]
Salaries and wages	($24,615)	$149,792				
Operating expenses		(153,317)				($100,000)
Grants			($1,500,000)	$50,000		
Discretionary funds					$600,000	
North Dakota Trade Office						
Entrepreneurship grants and vouchers						
Partner programs						
Total all funds	($24,615)	($3,525)	($1,500,000)	$50,000	$600,000	($100,000)
Less estimated income	(3,688)	0	0	0	0	0
General fund	($20,927)	($3,525)	($1,500,000)	$50,000	$600,000	($100,000)
FTE	0.00	1.00	0.00	0.00	0.00	0.00

	Adds One-Time Funding for Film and Theater Production Grant[7]	Adds One-Time Funding for Economic Development and Growth Grant[8]	Adds One-Time Funding for Job Development Grant[9]	Adds One-Time Funding for Workforce Safety Grant[10]	Total House Changes
Salaries and wages					$125,177
Operating expenses					(253,317)
Grants	$100,000	$5,000,000	$1,500,000	$1,500,000	6,650,000
Discretionary funds					600,000
North Dakota Trade Office					
Entrepreneurship grants and vouchers					
Partner programs					
Total all funds	$100,000	$5,000,000	$1,500,000	$1,500,000	$7,121,860
Less estimated income	0	0	1,500,000	1,500,000	2,996,312
General fund	$100,000	$5,000,000	$0	$0	$4,125,548
FTE	0.00	0.00	0.00	0.00	1.00

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[1] Salaries and wages funding is adjusted for salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of $100 and 2 percent on July 1, 2022. The Senate provided salary adjustments of 2 percent with a minimum monthly increase of $80 and a maximum monthly increase of $300 on July 1, 2021, and 2 percent on July 1, 2022.

[2] One FTE information technology position and related funding is restored. The Senate transferred 1 FTE information technology position to the Information Technology Department (ITD) for the information technology unification initiative. The House amendments do not transfer the FTE position to ITD.

[3] Funding of $1.5 million from the general fund for the early childhood education program is removed in the Department of Commerce budget. The House and Senate have added $1.5 million for this program in the Department of Human Services budget relating to the changes in House Bill No. 1466.

[4] Funding of $50,000 is added from the general fund for rural health care grants to provide a total of $250,000 from the general fund. The Senate provided $200,000 from the general fund. A separate section is added to the bill requiring a dollar-for-dollar match.

[5] Funding of $600,000 from the general fund, removed by the Senate, is restored to provide a total of $2.15 million from the general fund in the discretionary funds line item, the same as the base level. The Senate provided a total of $1.55 million.

[6] One-time funding of $100,000 from the general fund for tourism marketing and branding operating expenses is removed to provide a total of $6.9 million for tourism marketing and branding. The Senate authorized a total of $7 million.

[7] One-time funding of $100,000 is added from the general fund to provide a film and theater production grant directly to an organization dedicated to the preservation and honor of North Dakota land, history, and citizens.

[8] One-time funding of $5 million is added from the general fund for providing a grant to an organization dedicated to expanding economic development, growth, and diversification for the 2021-23 biennium. A separate section of the bill is added to provide the organization receiving the grant funding must have:

- Secured a loan under the legacy infrastructure loan fund program established in House Bill No. 1425 as approved by the 67th Legislative Assembly for construction of an event and entertainment venue focused on highlighting North Dakota history and attractions;
- Obtained $5 million of matching funds from nonstate sources; and
- Entered a lease with the State of North Dakota for use of land for the event and entertainment venue.

Grant funds awarded may be used only for the operating costs of an event and entertainment venue used to promote the expansion of tourism and economic development and growth in the state.

[9] One-time funding of $1.5 million is added from the strategic investment and improvements fund to provide a job development and economic growth grant directly to an organization dedicated to promoting job development and economic growth in the state.

[10] One-time funding of $1.5 million is added from the strategic investment and improvements fund to provide a workforce safety grant directly to an organization that provides workforce safety.

This amendment also:

- Amends a section that provides an exemption for the $28 million 2017-19 biennium supplemental appropriation for the beyond visual line of sight unmanned aircraft system (UAS) program that was continued into the 2019-21 biennium to continue into the 2021-23 biennium. The Department of Commerce may provide grants of up to $5 million from this funding to the Department of Transportation for infrastructure construction of the beyond visual line of sight UAS program during the 2021-23 biennium. The Senate authorized the Department of Commerce to provide a grant of up to $28 million to the Department of Transportation.
- Amends a section identifying the amount of funding appropriated to the Department of Commerce from the strategic investment and improvements fund.
- Adds a section to amend North Dakota Century Code Section 54-34.3-13 to remove the requirement that businesses be "primary sector" businesses to qualify for the rural growth incentive program, which is administered by the North Dakota Development Fund in the rural growth incentive fund.
- Removes a section added by the Senate that provided an exemption to the Department of Commerce to continue 2019-21 biennium funding for the early childhood education program into the 2021-23 biennium.
- Adds a section of legislative intent that the Northern Plains UAS Test Site maximize earned revenue when

possible.

- Adds a section providing for a Legislative Management study of data storage by state entities.
- Adds a section to declare the bill an emergency measure.

Senate Bill No. 2018 - Department of Transportation - House Action

	Base Budget	Senate Version	House Changes	House Version
Grants		$28,000,000	($23,000,000)	$5,000,000
Total all funds	$0	$28,000,000	($23,000,000)	$5,000,000
Less estimated income	0	28,000,000	(23,000,000)	5,000,000
General fund	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00

Department 801 - Department of Transportation - Detail of House Changes

	Reduces One-Time Funding for UAS[1]	Total House Changes
Grants	($23,000,000)	($23,000,000)
Total all funds	($23,000,000)	($23,000,000)
Less estimated income	(23,000,000)	(23,000,000)
General fund	$0	$0
FTE	0.00	0.00

[1] A separate section of the bill is amended to provide one-time funding of $5 million to the Department of Transportation from grant funds received from the Department of Commerce pursuant to an exemption provided in the bill for infrastructure construction expenses of the beyond visual line of sight UAS program during the 2021-23 biennium. The Senate provided one-time funding of $28 million. The House reduced this amount by $23 million to reflect the most recent estimate of unspent funding the Department of Commerce will have available at the end of the 2019-21 biennium.

REPORT OF STANDING COMMITTEE

SB 2018, as engrossed: Appropriations Committee (Rep. Delzer, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (16 YEAS, 4 NAYS, 1 ABSENT AND NOT VOTING). Engrossed SB 2018 was placed on the Sixth order on the calendar.

Page 1, line 5, replace "section" with "sections 54-34.3-13 and"

Page 1, line 6, after the first "to" insert "the rural growth incentive program and"

Page 1, line 8, remove "and"

Page 1, line 9, after "exemption" insert "; to provide a statement of legislative intent; to provide for a legislative management study; and to declare an emergency"

Page 1, line 15, replace "biennium" with "period"

Page 1, line 15, replace "July 1, 2021," with "with the effective date of this Act"

Page 1, remove lines 18 through 24

Page 2, replace lines 1 through 4 with:

"Salaries and wages	$13,217,286	($227,956)	$12,989,330
Operating expenses	14,873,203	9,191,240	24,064,443
Grants	52,638,527	35,193,803	87,832,330
Discretionary funds	2,150,000	0	2,150,000
North Dakota trade office	1,600,000	(1,600,000)	0
Partner programs	1,562,531	0	1,562,531
Entrepreneurship grants and vouchers	948,467	0	948,467
Total all funds	$86,990,014	$42,557,087	$129,547,101
Less estimated income	54,123,293	29,421,086	83,544,379
Total general fund	$32,866,721	$13,136,001	$46,002,722
Full-time equivalent positions	61.80	(2.00)	59.80"

Page 2, replace lines 15 through 25 with:

"Workforce safety grant	1,000,000	1,500,000
Entrepreneurship grants and vouchers	2,000,000	0
Sculpture maintenance grants	75,000	0
Nonresident nurse employment recruitment	500,000	0
Intermodal container transportation shipping fees	1,300,000	0
Economic development, growth, and diversification grant	0	5,000,000
Job development and economic growth grant	25,000	1,500,000
Tourism marketing	0	6,900,000
Technical skills training grants	0	1,000,000
Motion picture production and recruitment grant	0	100,000
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Total general fund	$7,325,000	$14,500,000"

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Page 2, line 29, replace "July 1, 2021," with "with the effective date of this Act"

Page 3, line 2, replace "11" with "14"

Page 3, line 3, replace "$28,000,000" with "$5,000,000"

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Page 3, line 12, replace "biennium" with "period"

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Page 3, after line 20, insert:

"**SECTION 6. RURAL HEALTH CARE GRANT PROGRAM - MATCHING FUNDS REQUIREMENT.** The grants line item in section 1 of this Act includes $250,000 from the general fund for providing matching funds to an organization assisting in the recruitment, distribution, and supply, and enhancing the quality and efficiency of personnel providing health services in rural areas of the state. The department of commerce may spend the funds appropriated in this section only to the extent the organization has secured matching funds from nonstate sources on a dollar-for-dollar basis.

SECTION 7. ECONOMIC DEVELOPMENT, GROWTH, AND DIVERSIFICATION GRANT PROGRAM - MATCHING REQUIREMENT - ONE-TIME FUNDING. The grants line item in section 1 of this Act includes $5,000,000 from the general fund for the purpose of providing a grant to an organization dedicated to expanding economic development, growth, and diversification. This funding is considered a one-time funding item. To qualify for a grant under this program, an organization must have:

1. Secured a loan under the legacy infrastructure loan fund program established in House Bill No. 1425 as approved by the sixty-seventh legislative assembly for construction of an event and entertainment venue focused on highlighting North Dakota history and attractions;

2. Obtained $5,000,000 of matching funds from nonstate sources; and

3. Entered a lease with the state of North Dakota for use of land for the event and entertainment venue.

Grant funds awarded may be used only for the operating costs of an event and entertainment venue used to promote the expansion of tourism and economic development and growth in the state."

Page 3, line 23, replace "$26,000,000" with "$29,000,000"

Page 3, line 24, replace "and" with a comma

Page 3, line 25, after "grants" insert ", $1,500,000 is for a job development grant to an organization dedicated to promoting job development and economic growth, and $1,500,000 is for a workforce safety grant to an organization that provides workforce safety"

Page 5, after line 6, insert:

"**SECTION 11. AMENDMENT.** Section 54-34.3-13 of the North Dakota Century Code is amended and reenacted as follows:

54-34.3-13. Rural growth incentive program.

1. The department shall manage and administer the rural growth incentive program. A city with a population of less than two thousand five hundred

may apply to the department to be designated as a rural growth incentive city. A rural growth incentive city may be eligible for a loan, grant, or both under this section.

2. The department shall designate an applicant city as a rural growth incentive city eligible for a loan if the city raises funds in the amount of a dollar-for-dollar match for the amount requested in the loan and meets any additional program requirements provided by rule. The source of city funds used for loan matching funds may be any combination of public and private funds. If the department designates a city as a rural growth incentive city eligible for a loan under this section, subject to the availability of funds, the state shall make a loan to the city in an amount not less than twenty-five thousand dollars and not more than seventy-five thousand dollars. The department shall establish the amount of the interest rate for loans provided to a city under this subsection. The funding source of the state loan is the North Dakota development fund. The city shall distribute the city and state funds to qualifying new or expanded ~~primary sector~~ businesses in the city. A qualifying business in the city includes a business that provides essential services to the city. For purposes of this subsection, a business that provides essential services does not include a public utility. The governing body of the city determines whether a new or expanded ~~primary sector~~ business qualifies for funding, and the director of the department determines whether a business that provides essential services to the city qualifies for funding. The state shall distribute a loan to a rural growth incentive city once the city establishes the city has chosen a specified qualified business to receive funding.

3. The department shall designate an applicant city as a rural growth incentive city eligible for a grant if the city raises funds in the amount of a dollar-for-dollar match for the amount requested in the grant application and meets any additional program requirements provided by rule. The source of city funds used for grant matching funds may be any combination of public and private funds. If the department designates a city as a rural growth incentive city eligible for a grant under this section, subject to availability of funds, the state shall make a grant to the city in an amount not to exceed ten thousand dollars. The recipient rural growth incentive city shall use the grant money received to conduct a feasibility study for the location of a new business, including an expansion of a business with the primary place of business outside the rural growth incentive city. ~~The business under this subsection is not limited to primary sector businesses.~~ The funding source of the state grant is the North Dakota development fund. Total grants awarded by the department under this subsection may not exceed one hundred thousand dollars per biennium.

4. The city may not use city or state funds raised or provided under this section for costs associated with administering the rural growth incentive city. The department shall provide the rural growth incentive city with training to assist the city in expanding ~~primary sector~~ businesses, locating new businesses, and working with state economic development programs."

Page 5, line 23, replace "The amount of" with "Of the"

Page 5, line 25, replace "and" with ", up to $5,000,000 of unexpended funds may be continued and"

Page 5, line 27, replace "$28,000,000" with "$5,000,000"

Page 5, line 28, remove "tower"

Page 5, line 30, replace "2021-23 biennium" with "period beginning with the effective date of this Act and ending June 30, 2023"

Page 6, remove lines 11 through 15

Page 6, after line 28, insert:

"**SECTION 19. LEGISLATIVE INTENT - NORTHERN PLAINS UNMANNED AIRCRAFT SYSTEM TEST SITE.** It is the intent of the sixty-seventh legislative assembly that the northern plains unmanned aircraft system test site maximize earned revenue to the extent possible while operating and conducting business of the test site.

SECTION 20. LEGISLATIVE MANAGEMENT STUDY - DATA STORAGE. During the 2021-22 interim, the legislative management shall consider studying data storage by state entities. The study must include input from the information technology department, North Dakota university system, and kindergarten through grade twelve education coordination council. The study must consider data security, geographical locations of storage, geographical locations of corporate contractors, state and federal laws that may affect North Dakota data, ownership and control of data storage, and current and estimated data storage costs related to cloud-based, out-of-state data storage of North Dakota state and local government data. The legislative management shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to the sixty-eighth legislative assembly.

SECTION 21. EMERGENCY. This Act is declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2018 - Summary of House Action

	Base Budget	Senate Version	House Changes	House Version
Department of Commerce				
Total all funds	$86,990,014	$122,425,241	$7,121,860	$129,547,101
Less estimated income	54,123,293	80,548,067	2,996,312	83,544,379
General fund	$32,866,721	$41,877,174	$4,125,548	$46,002,722
FTE	61.80	58.80	1.00	59.80
Department of Transportation				
Total all funds	$0	$28,000,000	($23,000,000)	$5,000,000
Less estimated income	0	28,000,000	(23,000,000)	5,000,000
General fund	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00
Bill total				
Total all funds	$86,990,014	$150,425,241	($15,878,140)	$134,547,101
Less estimated income	54,123,293	108,548,067	(20,003,688)	88,544,379
General fund	$32,866,721	$41,877,174	$4,125,548	$46,002,722
FTE	61.80	58.80	1.00	59.80

Senate Bill No. 2018 - Department of Commerce - House Action

	Base Budget	Senate Version	House Changes	House Version
Salaries and wages	$13,217,286	$12,864,153	$125,177	$12,989,330
Operating expenses	14,873,203	24,317,760	(253,317)	24,064,443
Grants	52,638,527	81,182,330	6,650,000	87,832,330
Discretionary funds	2,150,000	1,550,000	600,000	2,150,000
North Dakota Trade Office	1,600,000			
Entrepreneurship grants and vouchers	948,467	948,467		948,467
Partner programs	1,562,531	1,562,531		1,562,531
Total all funds	$86,990,014	$122,425,241	$7,121,860	$129,547,101
Less estimated income	54,123,293	80,548,067	2,996,312	83,544,379
General fund	$32,866,721	$41,877,174	$4,125,548	$46,002,722
FTE	61.80	58.80	1.00	59.80

Department 601 - Department of Commerce - Detail of House Changes

	Adjusts Funding for Salary and Benefit Increases[1]	Restores IT Position[2]	Transfers Early Childhood Education Program to DHS[3]	Adds Funding for Rural Health Care Grants[4]	Restores Funding for Discretionary Funds[5]	Reduces One-Time Funding for Tourism Marketing[6]
Salaries and wages	($24,615)	$149,792				
Operating expenses		(153,317)				($100,000)
Grants			($1,500,000)	$50,000		
Discretionary funds					$600,000	
North Dakota Trade Office						
Entrepreneurship grants and vouchers						
Partner programs						
Total all funds	($24,615)	($3,525)	($1,500,000)	$50,000	$600,000	($100,000)
Less estimated income	(3,688)	0	0	0	0	0
General fund	($20,927)	($3,525)	($1,500,000)	$50,000	$600,000	($100,000)
FTE	0.00	1.00	0.00	0.00	0.00	0.00

	Adds One-Time Funding for Film and Theater Production Grant[7]	Adds One-Time Funding for Economic Development and Growth Grant[8]	Adds One-Time Funding for Job Development Grant[9]	Adds One-Time Funding for Workforce Safety Grant[10]	Total House Changes
Salaries and wages					$125,177
Operating expenses					(253,317)
Grants	$100,000	$5,000,000	$1,500,000	$1,500,000	6,650,000
Discretionary funds					600,000
North Dakota Trade Office					
Entrepreneurship grants and vouchers					
Partner programs					
Total all funds	$100,000	$5,000,000	$1,500,000	$1,500,000	$7,121,860
Less estimated income	0	0	1,500,000	1,500,000	2,996,312
General fund	$100,000	$5,000,000	$0	$0	$4,125,548
FTE	0.00	0.00	0.00	0.00	1.00

[1] Salaries and wages funding is adjusted for salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of $100 and 2 percent on July 1, 2022. The Senate provided salary adjustments of 2 percent with a minimum monthly increase of $80 and a maximum monthly increase of $300 on July 1, 2021, and 2 percent on July 1, 2022.

[2] One FTE information technology position and related funding is restored. The Senate transferred 1 FTE information technology position to the Information Technology Department (ITD) for the information technology unification initiative. The House amendments do not transfer the FTE position to ITD.

[3] Funding of $1.5 million from the general fund for the early childhood education program is removed in the Department of Commerce budget. The House and Senate have added $1.5 million for this program in the Department of Human Services budget relating to the changes in House Bill No. 1466.

[4] Funding of $50,000 is added from the general fund for rural health care grants to provide a total of $250,000 from the general fund. The Senate provided $200,000 from the general fund. A separate section is added to the bill requiring a dollar-for-dollar match.

[5] Funding of $600,000 from the general fund, removed by the Senate, is restored to provide a total of $2.15 million from the general fund in the discretionary funds line item, the same as the base level. The Senate provided a total of $1.55 million.

[6] One-time funding of $100,000 from the general fund for tourism marketing and branding operating expenses is removed to provide a total of $6.9 million for tourism marketing and branding. The Senate authorized a total of $7 million.

[7] One-time funding of $100,000 is added from the general fund to provide a film and theater production grant directly to an organization dedicated to the preservation and honor of North Dakota land, history, and citizens.

[8] One-time funding of $5 million is added from the general fund for providing a grant to an organization dedicated to expanding economic development, growth, and diversification for the 2021-23 biennium. A separate section of the bill is added to provide the organization receiving the grant funding must have:

- Secured a loan under the legacy infrastructure loan fund program established in House Bill No. 1425 as approved by the 67th Legislative Assembly for construction of an event and entertainment venue focused on highlighting North Dakota history and attractions;
- Obtained $5 million of matching funds from nonstate sources; and
- Entered a lease with the State of North Dakota for use of land for the event and entertainment venue.

Grant funds awarded may be used only for the operating costs of an event and entertainment venue used to promote the expansion of tourism and economic development and growth in the state.

[9] One-time funding of $1.5 million is added from the strategic investment and improvements fund to provide a job development and economic growth grant directly to an organization dedicated to promoting job development and economic growth in the state.

[10] One-time funding of $1.5 million is added from the strategic investment and improvements fund to provide a workforce safety grant directly to an organization that provides workforce safety.

This amendment also:

- Amends a section that provides an exemption for the $28 million 2017-19 biennium supplemental appropriation for the beyond visual line of sight unmanned aircraft system (UAS) program that was continued into the 2019-21 biennium to continue into the 2021-23 biennium. The Department of Commerce may provide grants of up to $5 million from this funding to the Department of Transportation for infrastructure construction of the beyond visual line of sight UAS program during the 2021-23 biennium. The Senate authorized the Department of Commerce to provide a grant of up to $28 million to the Department of Transportation.
- Amends a section identifying the amount of funding appropriated to the Department of Commerce from the strategic investment and improvements fund.
- Adds a section to amend North Dakota Century Code Section 54-34.3-13 to remove the requirement that businesses be "primary sector" businesses to qualify for the

rural growth incentive program, which is administered by the North Dakota Development Fund in the rural growth incentive fund.

- Removes a section added by the Senate that provided an exemption to the Department of Commerce to continue 2019-21 biennium funding for the early childhood education program into the 2021-23 biennium.
- Adds a section of legislative intent that the Northern Plains UAS Test Site maximize earned revenue when possible.
- Adds a section providing for a Legislative Management study of data storage by state entities.
- Adds a section to declare the bill an emergency measure.

Senate Bill No. 2018 - Department of Transportation - House Action

	Base Budget	Senate Version	House Changes	House Version
Grants		$28,000,000	($23,000,000)	$5,000,000
Total all funds	$0	$28,000,000	($23,000,000)	$5,000,000
Less estimated income	0	28,000,000	(23,000,000)	5,000,000
General fund	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00

Department 801 - Department of Transportation - Detail of House Changes

	Reduces One-Time Funding for UAS[1]	Total House Changes
Grants	($23,000,000)	($23,000,000)
Total all funds	($23,000,000)	($23,000,000)
Less estimated income	(23,000,000)	(23,000,000)
General fund	$0	$0
FTE	0.00	0.00

[1] A separate section of the bill is amended to provide one-time funding of $5 million to the Department of Transportation from grant funds received from the Department of Commerce pursuant to an exemption provided in the bill for infrastructure construction expenses of the beyond visual line of sight UAS program during the 2021-23 biennium. The Senate provided one-time funding of $28 million. The House reduced this amount by $23 million to reflect the most recent estimate of unspent funding the Department of Commerce will have available at the end of the 2019-21 biennium.

2021 CONFERENCE COMMITTEE

SB 2018

2021 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Roughrider Room, State Capitol

SB 2018
4/26/2021
Senate Appropriations Committee

A BILL for an Act to provide an appropriation for defraying the expenses of the department of commerce.

Senator Bekkedahl opened the hearing at 11:05 AM.

Senators present: **Bekkedahl, Holmberg, Heckaman**.
Representatives present: **Nathe, Martinson, Boe.**

Discussion Topics:

- House changes to the bill

Levi Kinnischtzke, Legislative Council, went over the changes between the House and Senate versions of the bill, submits testimony #11734.

Conference committee members will bring amendments to the next meeting.

Senator Bekkedahl closed the hearing at 11:26 AM

Rose Laning, Committee Clerk

#11734

Department of Commerce - Budget No. 601
Senate Bill No. 2018
Base Level Funding Changes

4/26/21

	Senate Version				House Version				House Changes to Senate Version			
									Increase (Decrease) - Senate Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2021-23 Biennium Base Level	61.80	$32,866,721	$54,123,293	$86,990,014	61.80	$32,866,721	$54,123,293	$86,990,014	0.00	$0	$0	$0
2021-23 Ongoing Funding Changes												
Base payroll changes		($49,007)	$16,577	($32,430)		($49,007)	$16,577	($32,430)				$0
Salary increase		266,126	56,512	322,638		245,150	52,824	297,974		($20,976)	($3,688)	(24,664)
Health insurance increase		2,341	531	2,872		2,390	531	2,921		49		49
Underfunds salaries		(140,000)		(140,000)		(140,000)		(140,000)				0
Transfers 1 FTE IT position to ITD for IT unification	(1.00)	3,525		3,525	0.00	0		0	1.00	(3,525)		(3,525)
Transfers the HOME program to the Housing Finance Agency	(2.00)		(8,343,371)	(8,343,371)	(2.00)		(8,343,371)	(8,343,371)				0
Adds funding for Microsoft Office 365 license expenses		5,486	1,013	6,499		5,486	1,013	6,499				0
Adjusts funding for the Community Services Division		(216,576)	329,488	112,912		(216,576)	329,488	112,912				0
Reduces funding for the Workforce Development Division		(199,664)		(199,664)		(199,664)		(199,664)				0
Reduces funding for the Economic Development and Finance Division		(195,000)		(195,000)		(195,000)		(195,000)				0
Reduces funding for the administration division		(396,990)	(3,283)	(400,273)		(396,990)	(3,283)	(400,273)				0
Reduces funding for the Operation Intern program		(100,000)		(100,000)		(100,000)		(100,000)				0
Adds funding for the UAS program		3,000,000	7,020,150	10,020,150		3,000,000	7,020,150	10,020,150				0
Transfers $505,000 for contractual fees from grants to operating expenses				0				0				0
Transfers $151,284 for the early childhood education program from operating to grants				0				0				0
Transfers $1.5 million for the early childhood education program to DHS				0		(1,500,000)		(1,500,000)		(1,500,000)		(1,500,000)
Removes funding for the biotechnology grant program		(300,000)		(300,000)		(300,000)		(300,000)				0
Reduces funding for homeless shelter grants		(169,788)		(169,788)		(169,788)		(169,788)				0
Adds funding for rural health care grants		200,000		200,000		250,000		250,000		50,000		50,000
Adds funding for a state apprenticeship expansion program			347,157	347,157			347,157	347,157				0
Adjusts funding for discretionary funds		(600,000)		(600,000)		0		0		600,000		600,000
Transfers funding for the North Dakota Trade Office to the Agriculture Commissioner		(1,600,000)		(1,600,000)		(1,600,000)		(1,600,000)				0
Total ongoing funding changes	(3.00)	($489,547)	($575,226)	($1,064,773)	(2.00)	($1,363,999)	($578,914)	($1,942,913)	1.00	($874,452)	($3,688)	($878,140)
One-time funding items												
Adds funding for tourism marketing		$7,000,000		$7,000,000		$6,900,000		$6,900,000		($100,000)		($100,000)
Adds funding for UAS program grants			$1,000,000	1,000,000			$1,000,000	1,000,000				0
Adds funding for the beyond visual line of sight UAS program		1,000,000	19,000,000	20,000,000		$1,000,000	19,000,000	20,000,000				0
Adds funding for enhanced use lease grants			7,000,000	7,000,000			7,000,000	7,000,000				0
Adds funding for technical skills training grants		1,000,000		1,000,000		1,000,000		1,000,000				0
Adds funding for workforce grants to tribally controlled community colleges		500,000		500,000		500,000		500,000				0
Adds funding for a film and theater production grant				0		100,000		100,000		100,000		100,000
Adds funding for an economic development, growth, and diversification grant program				0		5,000,000		5,000,000		5,000,000		5,000,000
Adds funding for a job development and economic growth grant				0			1,500,000	1,500,000			$1,500,000	1,500,000
Adds funding for a workforce safety grant				0			1,500,000	1,500,000			1,500,000	1,500,000
Total one-time funding changes	0.00	$9,500,000	$27,000,000	$36,500,000	0.00	$14,500,000	$30,000,000	$44,500,000	0.00	$5,000,000	$3,000,000	$8,000,000
Total Changes to Base Level Funding	(3.00)	$9,010,453	$26,424,774	$35,435,227	(2.00)	$13,136,001	$29,421,086	$42,557,087	1.00	$4,125,548	$2,996,312	$7,121,860
2021-23 Total Funding	58.80	$41,877,174	$80,548,067	$122,425,241	59.80	$46,002,722	$83,544,379	$129,547,101	1.00	$4,125,548	$2,996,312	$7,121,860
Total ongoing changes as a percentage of base level	*(4.9%)*	*(1.5%)*	*(1.1%)*	*(1.2%)*	*(3.2%)*	*(4.2%)*	*(1.1%)*	*(2.2%)*				
Total changes as a percentage of base level	*(4.9%)*	*27.4%*	*48.8%*	*40.7%*	*(3.2%)*	*40.0%*	*54.4%*	*48.9%*				

Other Sections in Department of Commerce - Budget No. 601

	Senate Version	House Version
Appropriation - Department of Transportation - Beyond visual line of sight unmanned aircraft system program - One-time funding	Section 3 appropriates $28 million to the Department of Transportation from grant funds received from the Department of Commerce pursuant to Section 11 for the purpose of defraying tower infrastructure construction expenses of the beyond visual line of sight UAS program during the 2021-23 biennium. The Department of Transportation may bid, award, and administer any contracts necessary to complete the construction of the tower infrastructure. This funding is considered a one-time funding item.	Section 3 appropriates $5 million to the Department of Transportation from grant funds received from the Department of Commerce pursuant to Section 14 for the purpose of defraying infrastructure construction expenses of the beyond visual line of sight UAS program during the 2021-23 biennium. The Department of Transportation may bid, award, and administer any contracts necessary to complete the construction of the infrastructure. This funding is considered a one-time funding item.
Internship fund transfer	Section 4 transfers $755,000 from the general fund to the internship fund in the operating expenses line item for the Operation Intern program.	Section 4 transfers $755,000 from the general fund to the internship fund in the operating expenses line item for the Operation Intern program.
Entrepreneurship grants and vouchers program	Section 5 identifies $948,467 included in Section 1, of which $740,956 is from the general fund and $207,511 is from the economic development fund for the entrepreneurship grants and vouchers program, also known as Innovate ND, for the 2021-23 biennium.	Section 5 identifies $948,467 included in Section 1, of which $740,956 is from the general fund and $207,511 is from the economic development fund for the entrepreneurship grants and vouchers program, also known as Innovate ND, for the 2021-23 biennium.
Rural health care grant program		Section 6 identifies $250,000 from the general fund in Section 1 is provided for the purpose of providing matching funds to an organization assisting in the recruitment, distribution, and supply, and enhancing the quality and efficiency of personnel providing health services in rural areas of the state during the 2021-23 biennium.
Economic development, growth, and diversification grant program - Matching Requirement - One-time funding		Section 7 identifies $5 million from the general fund in Section 1 is provided for the purpose of providing matching funds to an organization dedicated to expanding economic development, growth, and diversification during the 2021-23 biennium. This funding is considered a one-time funding item.
Estimated income - Strategic investment and improvements fund - Beyond visual line of sight UAS program - Enhanced use lease grants program - Job development and economic growth grant - Workforce safety grant	Section 6 identifies $26 million from the strategic investment and improvements fund in Section 1, of which $19 million is for providing beyond visual light of sight UAS grants and $7 million is for providing enhanced use lease grants during the 2021-23 biennium. This funding is considered a one-time funding item.	Section 8 identifies $29 million from the strategic investment and improvements fund in Section 1, of which $19 million is for providing beyond visual light of sight UAS grants, $7 million is for providing enhanced use lease grants, $1.5 million is for providing a job development grant to an organization dedicated to promoting job development and economic growth, and $1.5 million is for providing a workforce safety grant to an organization that provides workforce safety during the 2021-23 biennium. This funding is considered a one-time funding item.
Beyond visual line of sight UAS program - Matching fund requirement - One-time funding	Section 7 identifies $1 million from the general fund in Section 1 is for providing grants to an organization dedicated to expanding workforce opportunities, training, and education related to the beyond visual line of sight UAS industry, which the Department of Commerce may provide only to the extent the organization provides $1 of matching funds from private or other public sources for each $1 provided by the department during the 2021-23 biennium. This funding is considered a one-time funding item.	Section 9 identifies $1 million from the general fund in Section 1 is for providing grants to an organization dedicated to expanding workforce opportunities, training, and education related to the beyond visual line of sight UAS industry, which the Department of Commerce may provide only to the extent the organization provides $1 of matching funds from private or other public sources for each $1 provided by the department during the 2021-23 biennium. This funding is considered a one-time funding item.

Other Sections in Department of Commerce - Budget No. 601

	Senate Version	House Version
North Dakota Trade Office - Advisory board - Continuing appropriation	Section 8 creates a new section to Chapter 4.1-01 to transfer the international business and trade office, also known as the North Dakota Trade Office, from the Department of Commerce to the Agriculture Commissioner.	Section 10 creates a new section to Chapter 4.1-01 to transfer the international business and trade office, also known as the North Dakota Trade Office, from the Department of Commerce to the Agriculture Commissioner.
Rural growth incentive program - North Dakota Development Fund		Section 11 amends Section 54-34.3-13 to remove the requirement that businesses be "primary sector" businesses to qualify for the rural growth incentive program, which is administered by the North Dakota Development Fund in the rural growth incentive fund.
UAS-related programs continuing appropriation	Section 9 amends Section 54-60-29 to expand the continuing appropriation provided to the Department of Commerce from the UAS fund for expenses of the UAS program to also include expenses of the beyond visual line of sight UAS program and the enhanced use lease grant program.	Section 12 amends Section 54-60-29 to expand the continuing appropriation provided to the Department of Commerce from the UAS fund for expenses of the UAS program to also include expenses of the beyond visual line of sight UAS program and the enhanced use lease grant program.
North Dakota Trade Office - Repeal	Section 10 repeals Section 54-60-16 related to the international business and trade office, also known as the North Dakota Trade Office, as part of the transfer of the program from the Department of Commerce to the Agriculture Commissioner.	Section 13 repeals Section 54-60-16 related to the international business and trade office, also known as the North Dakota Trade Office, as part of the transfer of the program from the Department of Commerce to the Agriculture Commissioner.
Exemption - Beyond visual line of sight UAS program	Section 11 provides an exemption for unexpended 2017-19 biennium funds continued into the 2019-21 biennium for the beyond visual line of sight UAS program to continue into the 2021-23 biennium. The 2019 Legislative Assembly provided a $28 million supplemental appropriation from the general fund for this purpose for the 2017-19 biennium. The Department of Commerce may provide grants of up to $28 million to the Department of Transportation, pursuant to the appropriation in Section 3, for the purpose of defraying tower infrastructure construction expenses of the beyond visual line of sight UAS program during the 2021-23 biennium.	Section 14 provides an exemption for unexpended 2017-19 biennium funds continued into the 2019-21 biennium for the beyond visual line of sight UAS program to continue into the 2021-23 biennium. The 2019 Legislative Assembly provided a $28 million supplemental appropriation from the general fund for this purpose for the 2017-19 biennium. The Department of Commerce may provide grants of up to $5 million to the Department of Transportation, pursuant to the appropriation in Section 3, for the purpose of defraying infrastructure construction expenses of the beyond visual line of sight UAS program during the 2021-23 biennium.
Exemption - UAS program	Section 12 provides an exemption for the UAS program to continue any unexpended 2019-21 biennium funds for the operating expenses of this program into the 2021-23 biennium. A total of $2.25 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.	Section 15 provides an exemption for the UAS program to continue any unexpended 2019-21 biennium funds for the operating expenses of this program into the 2021-23 biennium. A total of $2.25 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.
Exemption - Enhanced use lease grant program	Section 13 provides an exemption for the enhanced use lease grant program to continue any unexpended 2019-21 biennium funds for the program into the 2021-23 biennium. A total of $3 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.	Section 16 provides an exemption for the enhanced use lease grant program to continue any unexpended 2019-21 biennium funds for the program into the 2021-23 biennium. A total of $3 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.
Exemption - Early childhood education program	Section 14 provides an exemption to continue unexpended 2019-21 biennium funds for the early childhood education program into the 2021-23 biennium. A total of $1.5 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.	

Other Sections in Department of Commerce - Budget No. 601

	Senate Version	House Version
Exemption - Nonresident nurse employment recruitment program	Section 15 provides an exemption to continue $320,000 of the $500,000 appropriated from the general fund for the nonresident nurse employment recruitment program for the 2019-21 biennium into the 2021-23 biennium. In addition to the program eligibility guidelines established for the 2019-21 biennium, the Department of Commerce is required to provide funding for the program to eligible nursing students in the state who have not been employed by a health care provider on a full-time basis in the year preceding the grant award.	Section 17 provides an exemption to continue $320,000 of the $500,000 appropriated from the general fund for the nonresident nurse employment recruitment program for the 2019-21 biennium into the 2021-23 biennium. In addition to the program eligibility guidelines established for the 2019-21 biennium, the Department of Commerce is required to provide funding for the program to eligible nursing students in the state who have not been employed by a health care provider on a full-time basis in the year preceding the grant award.
Exemption - Discretionary funds	Section 16 provides an exemption for discretionary funds to continue any unexpended 2019-21 biennium funds in the discretionary funds line item into the 2021-23 biennium. A total of $2.15 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.	Section 18 provides an exemption for discretionary funds to continue any unexpended 2019-21 biennium funds in the discretionary funds line item into the 2021-23 biennium. A total of $2.15 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.
Legislative intent - Northern Plains UAS Test Site		Section 19 provides legislative intent that the Northern Plains UAS Test Site maximize earned revenue when possible.
Legislative Management study - Data storage		Section 20 provides for the Legislative Management to consider studying data storage by state entities. The study must include input from the Information Technology Department, North Dakota University System, and K-12 Education Coordinating Council. The study must consider data security, geographical locations of storage, geographical location of corporate contractors, state and federal laws that may affect North Dakota data, ownership and control of data storage, and current and estimated data storage costs related to cloud-based, out-of-state data storage of North Dakota state and local government data.
Emergency		Section 21 declares this Act to be an emergency.

2021 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Roughrider Room, State Capitol

SB 2018
4/26/2021
4:30 PM
Senate Appropriations Committee

A BILL for an Act to provide an appropriation for defraying the expenses of the department of commerce.

Senator Bekkedahl opened the hearing at 4:33 PM.

Senators present: **Bekkedahl, Holmberg, Heckaman**.
Representatives present: **Nathe, Martinson, Boe.**

Discussion Topics:

- One IT position for Unification
- Discretionary funding

Senator Holmberg moved to remove the section dealing with the Bufflao ranch
Senator Heckaman second.

Senator Bekkedahl – Y	**Representative Nathe – N**
Senator Holmberg – Y	**Representative Martinson – N**
Senator Heckaman – Y	**Representative Boe – N**

Roll Call 3-3-0 Motion fails.

Senator Holmberg presented amendment [LC 21.0300.03015] (#11653) and to further amend with money to the Theodore Roosevelt Foundation
Representative Martinson second.

Senator Bekkedahl – Y	**Representative Nathe – Y**
Senator Holmberg – Y	**Representative Martinson – Y**
Senator Heckaman – Y	**Representative Boe – Y**

Roll Call 6-0-0 Motion passed.

Senator Holmberg moved the loan program.
Senator Heckaman second.

Senator Bekkedahl – Y	**Representative Nathe – Y**
Senator Holmberg – Y	**Representative Martinson – Y**
Senator Heckaman – Y	**Representative Boe – Y**

Roll Call 6-0-0 Motion passed.

Senator Bekkedahl closed the hearing at 5:20 PM.

Rose Laning, Committee Clerk

Prepared by the Legislative Council staff for
Senator Holmberg
April 26, 2021

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2018

That the House recede from its amendments as printed on pages 1581-1587of the Senate Journal and pages 1827-1833 of the House Journal and that Engrossed Senate Bill No. 2018 be amended as follows:

Page 1, line 9, after "exemption" insert "; and to declare an emergency"

Page 2, after line 29, insert:

"**SECTION 3. APPROPRIATION - FEDERAL CORONAVIRUS RELIEF FUND - ONE-TIME FUNDING.** There is appropriated from federal funds derived from the federal coronavirus relief fund, not otherwise appropriated, the sum of $12,000,000, or so much of the sum as may be necessary, to the department of commerce for the following purposes for the period beginning with the effective date of this Act and ending June 30, 2023:

1. $7,000,000 for tourism marketing and branding operating expenses.
2. $1,000,000 for technical skills training grants.
3. $2,000,000 for travel agent and tour operator emergency resiliency grants. Grants may be awarded only to travel agents that book commission-based travel for private individuals or companies, tour companies that schedule tour details and itineraries in North Dakota, or transportation companies providing transportation services to tour planners for tours originating in North Dakota or operators bringing tours into North Dakota. The department of commerce shall establish additional eligibility requirements for the program. The following organizations are ineligible for a grant under this subsection:
   a. National companies that provide travel services to individuals in North Dakota but do not employ at least one individual in the state;
   b. Corporations with staff dedicated to purchasing and arranging travel for employees;
   c. Military-based travel agents or other individuals employed by government entities; and
   d. Organizations that offer guided services and tours.
4. $2,000,000 for event center emergency resiliency grants."

Page 6, after line 28, insert:

"**SECTION 18. EMERGENCY.** Section 3 of this Act is declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Date: 4/26/2021
Roll Call Vote #: 1

2021 SENATE CONFERENCE COMMITTEE
ROLL CALL VOTES

BILL/RESOLUTION NO. SB 2018 as (re) engrossed

Senate Appropriations Committee

Action Taken
- ☐ **SENATE accede to House Amendments**
- ☐ **SENATE accede to House Amendments and further amend**
- ☐ **HOUSE recede from House amendments**
- ☐ **HOUSE recede from House amendments and amend as follows**

☐ **Unable to agree**, recommends that the committee be discharged and a new committee be appointed

Motion Made by: Holmberg Seconded by: Heckaman

Senators				Yes	No		Representatives				Yes	No
Bekkedahl				X			Nathe					X
Holmberg				X			Martinson					X
Heckaman				X			Boe					X
Total Senate Vote				3	0		Total Rep. Vote				0	3

Vote Count Yes: 3 No: 3 Absent: 0

Senate Carrier _____ House Carrier _____

LC Number _____ . _____ of amendment

LC Number _____ . _____ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

Buffalo Park

Date: 4/26/2021
Roll Call Vote #: 2

2021 SENATE CONFERENCE COMMITTEE
ROLL CALL VOTES

BILL/RESOLUTION NO. SB 2018 as (re) engrossed

Senate Appropriations Committee

Action Taken
- ☐ **SENATE accede to House Amendments**
- ☐ **SENATE accede to House Amendments and further amend**
- ☐ **HOUSE recede from House amendments**
- ☐ **HOUSE recede from House amendments and amend as follows**

☐ **Unable to agree**, recommends that the committee be discharged and a new committee be appointed

Motion Made by: Holmberg Seconded by: Martinson

Senators				Yes	No		Representatives				Yes	No
Bekkedahl				X			Nathe				X	
Holmberg				X			Martinson				X	
Heckaman				X			Boe				X	
Total Senate Vote				3	0		Total Rep. Vote				3	0

Vote Count Yes: 6 No: 0 Absent: 0

Senate Carrier _____ House Carrier _____

LC Number 21.0300 . 03015 of amendment

LC Number _____ . _____ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

Date: 4/26/2021
Roll Call Vote #: 3

2021 SENATE CONFERENCE COMMITTEE
ROLL CALL VOTES

BILL/RESOLUTION NO. SB 2018 as (re) engrossed

Senate Appropriations Committee

Action Taken
- ☐ **SENATE accede to House Amendments**
- ☐ **SENATE accede to House Amendments and further amend**
- ☐ **HOUSE recede from House amendments**
- ☐ **HOUSE recede from House amendments and amend as follows**

☐ **Unable to agree**, recommends that the committee be discharged and a new committee be appointed

Motion Made by: Holmberg Seconded by: Heckaman

Senators				Yes	No		Representatives				Yes	No
Bekkedahl				X			Nathe				X	
Holmberg				X			Martinson				X	
Heckaman				X			Boe				X	
Total Senate Vote				3	0		Total Rep. Vote				3	0

Vote Count Yes: 6 No: 0 Absent: 0

Senate Carrier _____ House Carrier _____

LC Number _____ . _____ of amendment

LC Number _____ . _____ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

Loan Program

21.0300.03015
Title.

Prepared by the Legislative Council staff for
Senator Holmberg
April 26, 2021

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2018

That the House recede from its amendments as printed on pages 1581-1587of the Senate Journal and pages 1827-1833 of the House Journal and that Engrossed Senate Bill No. 2018 be amended as follows:

Page 1, line 9, after "exemption" insert "; and to declare an emergency"

Page 2, after line 29, insert:

"**SECTION 3. APPROPRIATION - FEDERAL CORONAVIRUS RELIEF FUND - ONE-TIME FUNDING.** There is appropriated from federal funds derived from the federal coronavirus relief fund, not otherwise appropriated, the sum of $12,000,000, or so much of the sum as may be necessary, to the department of commerce for the following purposes for the period beginning with the effective date of this Act and ending June 30, 2023:

1. $7,000,000 for tourism marketing and branding operating expenses.
2. $1,000,000 for technical skills training grants.
3. $2,000,000 for travel agent and tour operator emergency resiliency grants. Grants may be awarded only to travel agents that book commission-based travel for private individuals or companies, tour companies that schedule tour details and itineraries in North Dakota, or transportation companies providing transportation services to tour planners for tours originating in North Dakota or operators bringing tours into North Dakota. The department of commerce shall establish additional eligibility requirements for the program. The following organizations are ineligible for a grant under this subsection:
   a. National companies that provide travel services to individuals in North Dakota but do not employ at least one individual in the state;
   b. Corporations with staff dedicated to purchasing and arranging travel for employees;
   c. Military-based travel agents or other individuals employed by government entities; and
   d. Organizations that offer guided services and tours.
4. $2,000,000 for event center emergency resiliency grants."

Page 6, after line 28, insert:

"**SECTION 18. EMERGENCY.** Section 3 of this Act is declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

2021 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Roughrider Room, State Capitol

SB 2018
4/27/2021
9:30 AM
Senate Appropriations Committee

A BILL for an Act to provide an appropriation for defraying the expenses of the department of commerce.

Senator Bekkedahl opened the hearing at 9:31 a.m.

Senators present: **Bekkedahl, Holmberg, Heckaman**.
Representatives present: **Nathe, Martinson, Boe.**

Discussion Topics:
- Amendments

Senator Bekkedahl proposed amendment LC 21.0300.03012; testimony #11656.

Representative Nathe moved to adopt amendment LC 21.0300.03012 and add an 'Emergency Clause'
Senator Holmberg seconded the motion

Motion Passed 6-0-0

Representative Nathe talked about a new amendment regarding lobbying in Washington D.C. for the cities of Bismarck and Grand Forks

Representative Nathe moved that House Recede from the House Amendments and Further Amend; LC 21.0300.03016
Representative Boe seconded the motion

Motion Passed 6-0-0

Senator Bekkedahl closed the hearing at 9:55 a.m.

Additional written testimony:

Levi Kinnischtzke - testimony #11736

Skyler Strand, Committee Clerk

Prepared by the Legislative Council staff for
Conference Committee
April 27, 2021

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2018

That the House recede from its amendments as printed on pages 1581-1587of the Senate Journal and pages 1827-1833 of the House Journal and that Engrossed Senate Bill No. 2018 be amended as follows:

Page 1, line 5, replace "section" with "sections 54-34.3-13 and"

Page 1, line 6, after the first "to" insert "the rural growth incentive program and"

Page 1, line 8, remove "and"

Page 1, line 9, after "exemption" insert "; to provide a statement of legislative intent; to provide for a legislative management study; and to declare an emergency"

Page 1, remove lines 18 through 24

Page 2, replace lines 1 through 4 with:

"Salaries and wages	$13,217,286	($381,855)	$12,835,431
Operating expenses	14,873,203	9,009,989	23,883,192
Grants	52,638,527	40,193,803	92,832,330
Discretionary funds	2,150,000	0	2,150,000
North Dakota trade office	1,600,000	(1,600,000)	0
Partner programs	1,562,531	0	1,562,531
Entrepreneurship grants and vouchers	948,467	0	948,467
Total all funds	$86,990,014	$47,221,937	$134,211,951
Less estimated income	54,123,293	46,421,086	100,544,379
Total general fund	$32,866,721	$800,851	$33,667,572
Full-time equivalent positions	61.80	(3.00)	58.80"

Page 2, replace lines 15 through 25 with:

"Workforce safety grant	1,000,000	1,500,000
Entrepreneurship grants and vouchers	2,000,000	0
Sculpture maintenance grants	75,000	0
Nonresident nurse employment recruitment	500,000	0
Intermodal container transportation shipping fees	1,300,000	0
Economic development, growth, and diversification grant	0	5,000,000
Job development and economic growth grant	25,000	1,500,000
Tourism marketing	0	7,000,000
Technical skills training grants	0	1,000,000
Motion picture production and recruitment grant	0	100,000
Travel agent and tour operator emergency resiliency grants	0	2,000,000
Event center emergency resiliency grants	0	2,000,000
Tourism transportation improvement grant	0	565,432
Total all funds	$11,625,000	$49,165,432
Less estimated income	4,300,000	47,000,000
Total general fund	$7,325,000	$2,165,432"

Page 3, line 2, replace "11" with "15"

Page 3, line 3, replace "$28,000,000" with "$5,000,000"

Page 3, line 4, remove "tower"

Page 3, line 7, remove "tower"

Page 3, after line 20, insert:

"**SECTION 6. RURAL HEALTH CARE GRANT PROGRAM - MATCHING FUNDS REQUIREMENT.** The grants line item in section 1 of this Act includes $250,000 from the general fund for providing matching funds to an organization assisting in the recruitment, distribution, and supply, and enhancing the quality and efficiency of personnel providing health services in rural areas of the state. The department of commerce may spend the funds appropriated in this section only to the extent the organization has secured matching funds from nonstate sources on a dollar-for-dollar basis.

SECTION 7. LOAN AUTHORIZATION - ECONOMIC DEVELOPMENT, GROWTH, AND DIVERSIFICATION GRANT PROGRAM - MATCHING REQUIREMENT - ONE-TIME FUNDING. The department of commerce may borrow from the Bank of North Dakota, the sum of $5,000,000, or so much of the sum as may be necessary, which is appropriated to the department of commerce in the grants line item in section 1 of this Act for the purpose of providing a grant to an organization dedicated to expanding economic development, growth, and diversification. This funding is considered a one-time funding item. The department of commerce shall request an appropriation from the sixty-eighth legislative assembly to repay any outstanding loan authorized in this section. To qualify for a grant under this program, an organization must have:

1. Secured a loan or investment under the legacy infrastructure loan fund program established in House Bill No. 1425 as approved by the sixty-seventh legislative assembly for construction of an event and entertainment venue focused on highlighting North Dakota history and attractions;

2. Obtained $5,000,000 of matching funds from nonstate sources; and

3. Entered a lease with the state of North Dakota for use of land for the event and entertainment venue.

Grant funds awarded may be used only for the operating costs of an event and entertainment venue used to promote the expansion of tourism and economic development and growth in the state."

Page 3, line 23, replace "$26,000,000" with "$29,000,000"

Page 3, line 24, replace "and" with a comma

Page 3, line 25, after "grants" insert ", $1,500,000 is for a job development grant to an organization dedicated to promoting job development and economic growth, and $1,500,000 is for a workforce safety grant to an organization that provides workforce safety"

Page 3, after line 25, insert:

"**SECTION 9. ESTIMATED INCOME - FEDERAL CORONAVIRUS RELIEF FUND - ONE-TIME FUNDING.** The estimated income line item in section 1 of this Act includes the sum of $12,000,000 from the federal coronavirus relief fund, which is

provided for the purposes identified in this section. The department of commerce shall establish guidelines for awarding funding under this section. This funding is considered a one-time funding item and is available for the following:

1. $7,000,000 for tourism marketing and branding initiatives, of which $6,565,432 is for tourism marketing and branding operating expenses and $434,568 is for the tourism transportation improvement grant program for a grant to be provided to an organization dedicated to preserving and promoting a historic, tourism destination North Dakota city.

2. $1,000,000 for technical skills training grants.

3. $2,000,000 for travel agent and tour operator emergency resiliency grants. Grants may be awarded only to travel agents that book commission-based travel for private individuals or companies, tour companies that schedule tour details and itineraries in North Dakota, or transportation companies providing transportation services to tour planners for tours originating in North Dakota or operators bringing tours into North Dakota. The department of commerce shall establish additional eligibility requirements for the program. The following organizations are ineligible for a grant under this subsection:

   a. National companies that provide travel services to individuals in North Dakota but do not employ at least one individual in the state;

   b. Corporations with staff dedicated to purchasing and arranging travel for employees;

   c. Military-based travel agents or other individuals employed by government entities; and

   d. Organizations that offer guided services and tours.

4. $2,000,000 for event center emergency resiliency grants."

Page 5, after line 6, insert:

"**SECTION 12. AMENDMENT.** Section 54-34.3-13 of the North Dakota Century Code is amended and reenacted as follows:

54-34.3-13. Rural growth incentive program.

1. The department shall manage and administer the rural growth incentive program. A city with a population of less than two thousand five hundred may apply to the department to be designated as a rural growth incentive city. A rural growth incentive city may be eligible for a loan, grant, or both under this section.

2. The department shall designate an applicant city as a rural growth incentive city eligible for a loan if the city raises funds in the amount of a dollar-for-dollar match for the amount requested in the loan and meets any additional program requirements provided by rule. The source of city funds used for loan matching funds may be any combination of public and private funds. If the department designates a city as a rural growth incentive city eligible for a loan under this section, subject to the availability of funds, the state shall make a loan to the city in an amount not less than twenty-five

thousand dollars and not more than seventy-five thousand dollars. The department shall establish the amount of the interest rate for loans provided to a city under this subsection. The funding source of the state loan is the North Dakota development fund. The city shall distribute the city and state funds to qualifying new or expanded ~~primary sector~~ businesses in the city. A qualifying business in the city includes a business that provides essential services to the city. For purposes of this subsection, a business that provides essential services does not include a public utility. The governing body of the city determines whether a new or expanded ~~primary sector~~ business qualifies for funding, and the director of the department determines whether a business that provides essential services to the city qualifies for funding. The state shall distribute a loan to a rural growth incentive city once the city establishes the city has chosen a specified qualified business to receive funding.

3. The department shall designate an applicant city as a rural growth incentive city eligible for a grant if the city raises funds in the amount of a dollar-for-dollar match for the amount requested in the grant application and meets any additional program requirements provided by rule. The source of city funds used for grant matching funds may be any combination of public and private funds. If the department designates a city as a rural growth incentive city eligible for a grant under this section, subject to availability of funds, the state shall make a grant to the city in an amount not to exceed ten thousand dollars. The recipient rural growth incentive city shall use the grant money received to conduct a feasibility study for the location of a new business, including an expansion of a business with the primary place of business outside the rural growth incentive city. ~~The business under this subsection is not limited to primary sector businesses.~~ The funding source of the state grant is the North Dakota development fund. Total grants awarded by the department under this subsection may not exceed one hundred thousand dollars per biennium.

4. The city may not use city or state funds raised or provided under this section for costs associated with administering the rural growth incentive city. The department shall provide the rural growth incentive city with training to assist the city in expanding ~~primary sector~~ businesses, locating new businesses, and working with state economic development programs."

Page 5, line 23, replace "The amount of" with "Of the"

Page 5, line 25, replace the first "and" with ", up to $5,000,000 of unexpended funds may be continued and"

Page 5, line 27, replace "$28,000,000" with "$5,000,000"

Page 5, line 28, remove "tower"

Page 6, remove lines 11 through 15

Page 6, line 28, after the period insert "Of this amount, up $200,000 must be used to retrain up to ten displaced energy industry workers to enhance programmer development and engineering skills.

SECTION 20. LEGISLATIVE INTENT - NORTHERN PLAINS UNMANNED AIRCRAFT SYSTEM TEST SITE. It is the intent of the sixty-seventh legislative assembly that the northern plains unmanned aircraft system test site maximize earned revenue to the extent possible while operating and conducting business of the test site.

SECTION 21. LEGISLATIVE MANAGEMENT STUDY - DATA STORAGE. During the 2021-22 interim, the legislative management shall consider studying data storage by state entities. The study must include input from the information technology department, North Dakota university system, and kindergarten through grade twelve education coordination council. The study must consider data security, geographical locations of storage, geographical locations of corporate contractors, state and federal laws that may affect North Dakota data, ownership and control of data storage, and current and estimated data storage costs related to cloud-based, out-of-state data storage of North Dakota state and local government data. The legislative management shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to the sixty-eighth legislative assembly.

SECTION 22. EMERGENCY. Funding appropriated from the federal coronavirus relief fund in section 1 and identified in sections 2 and 9 of this Act is declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2018 - Summary of Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Department of Commerce						
Total all funds	$86,990,014	$122,425,241	$11,786,710	$134,211,951	$129,547,101	$4,664,850
Less estimated income	54,123,293	80,548,067	19,996,312	100,544,379	83,544,379	17,000,000
General fund	$32,866,721	$41,877,174	($8,209,602)	$33,667,572	$46,002,722	($12,335,150)
FTE	61.80	58.80	0.00	58.80	59.80	(1.00)
Department of Transportation						
Total all funds	$0	$28,000,000	($23,000,000)	$5,000,000	$5,000,000	$0
Less estimated income	0	28,000,000	(23,000,000)	5,000,000	5,000,000	0
General fund	$0	$0	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00
Bill total						
Total all funds	$86,990,014	$150,425,241	($11,213,290)	$139,211,951	$134,547,101	$4,664,850
Less estimated income	54,123,293	108,548,067	(3,003,688)	105,544,379	88,544,379	17,000,000
General fund	$32,866,721	$41,877,174	($8,209,602)	$33,667,572	$46,002,722	($12,335,150)
FTE	61.80	58.80	0.00	58.80	59.80	(1.00)

Senate Bill No. 2018 - Department of Commerce - Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Salaries and wages	$13,217,286	$12,864,153	($28,722)	$12,835,431	$12,989,330	($153,899)
Operating expenses	14,873,203	24,317,760	(434,568)	23,883,192	24,064,443	(181,251)
Grants	52,638,527	81,182,330	11,650,000	92,832,330	87,832,330	5,000,000
Discretionary funds	2,150,000	1,550,000	600,000	2,150,000	2,150,000	
North Dakota Trade Office	1,600,000					
Entrepreneurship grants and vouchers	948,467	948,467		948,467	948,467	
Partner programs	1,562,531	1,562,531		1,562,531	1,562,531	
Total all funds	$86,990,014	$122,425,241	$11,786,710	$134,211,951	$129,547,101	$4,664,850
Less estimated income	54,123,293	80,548,067	19,996,312	100,544,379	83,544,379	17,000,000
General fund	$32,866,721	$41,877,174	($8,209,602)	$33,667,572	$46,002,722	($12,335,150)
FTE	61.80	58.80	0.00	58.80	59.80	(1.00)

Department 601 - Department of Commerce - Detail of Conference Committee Changes

	Adjusts Funding for Salary and Benefit Increases[1]	Transfers Early Childhood Education Program to DHS[2]	Adds Funding for Rural Health Care Grants[3]	Restores Funding for Discretionary Funds[4]	Adds One-Time Funding for Film and Theater Production Grant[5]	Adds One-Time Funding for Economic Development and Growth Grant[6]
Salaries and wages	($28,722)					
Operating expenses						
Grants		($1,500,000)	$50,000		$100,000	$5,000,000
Discretionary funds				$600,000		
North Dakota Trade Office						
Entrepreneurship grants and vouchers						
Partner programs						
Total all funds	($28,722)	($1,500,000)	$50,000	$600,000	$100,000	$5,000,000
Less estimated income	(3,688)	0	0	0	0	5,000,000
General fund	($25,034)	($1,500,000)	$50,000	$600,000	$100,000	$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Adds One-Time Funding for Job Development Grant[7]	Adds One-Time Funding for Workforce Safety Grant[8]	Adjusts One-Time Funding to the Coronavirus Relief Fund[9]	Adds One-Time Funding from the Coronavirus Relief Fund[10]	Adds One-Time Funding for Tourism Transportation Improvement Grant[11]	Total Conference Committee Changes
Salaries and wages						($28,722)
Operating expenses			($434,568)			(434,568)
Grants	$1,500,000	$1,500,000	434,568	$4,000,000	$565,432	11,650,000
Discretionary funds						600,000
North Dakota Trade Office						
Entrepreneurship grants and vouchers						
Partner programs						
Total all funds	$1,500,000	$1,500,000	$0	$4,000,000	$565,432	$11,786,710
Less estimated income	1,500,000	1,500,000	8,000,000	4,000,000	0	19,996,312
General fund	$0	$0	($8,000,000)	$0	$565,432	($8,209,602)
FTE	0.00	0.00	0.00	0.00	0.00	0.00

[1] Salaries and wages funding is adjusted for salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of $100 and 2 percent on July 1, 2022, the same as the House. The Senate provided salary adjustments of 2 percent with a minimum monthly increase of $80 and a maximum monthly increase of $300 on July 1, 2021, and 2 percent on July 1, 2022.

[2] Funding of $1.5 million from the general fund for the early childhood education program is removed in the

Department of Commerce budget. The House and Senate have added $1.5 million for this program in the Department of Human Services budget relating to the changes in House Bill No. 1466.

[3] Funding of $50,000 is added from the general fund for rural health care grants to provide a total of $250,000 from the general fund, the same as the House. The Senate provided $200,000 from the general fund. A separate section is added to the bill requiring a dollar-for-dollar match.

[4] Funding of $600,000 from the general fund, removed by the Senate, is restored to provide a total of $2.15 million from the general fund in the discretionary funds line item, the same as the base level and as provided by the House. The Senate provided a total of $1.55 million.

[5] One-time funding of $100,000 is added from the general fund to provide a film and theater production grant directly to Canticle Productions, which is an organization dedicated to the preservation and honor of North Dakota land, history, and citizens, the same as provided by the House.

[6] One-time funding of $5 million is added from Bank of North Dakota loan proceeds for providing a grant to an organization dedicated to expanding economic development, growth, and diversification for the 2021-23 biennium. A separate section of the bill is added to provide the organization receiving the grant funding must have:

- Secured a loan or investment under the legacy infrastructure loan fund program established in House Bill No. 1425 as approved by the 67th Legislative Assembly for construction of an event and entertainment venue focused on highlighting North Dakota history and attractions;
- Obtained $5 million of matching funds from nonstate sources; and
- Entered a lease with the State of North Dakota for use of land for the event and entertainment venue.

Grant funds awarded may be used only for the operating costs of an event and entertainment venue used to promote the expansion of tourism and economic development and growth in the state. The department is required to request a deficiency appropriation from the 68th Legislative Assembly to repay any outstanding loan related to this program.

The House provided a general fund appropriation for this item. The Senate did not provide funding for this item.

[7] One-time funding of $1.5 million is added from the strategic investment and improvements fund to provide a job development and economic growth grant directly to the Cavalier County Job Development Authority, which is an organization dedicated to promoting job development and economic growth in the state, the same as provided by the House.

[8] One-time funding of $1.5 million is added from the strategic investment and improvements fund to provide a workforce safety grant directly to the North Dakota Safety Council, which is an organization that provides workforce safety, the same as provided by the House.

[9] One-time funding of $8 million, of which $7 million is for tourism marketing and branding initiatives and $1 million is for technical skills training grants, is removed from the general fund and added from the federal Coronavirus Relief Fund. Of the $7 million for tourism marketing and branding initiatives, $434,568 is for the tourism transportation improvement grant program and $6,565,432 is for tourism marketing and branding initiative operating expenses. The $434,568 for the tourism transportation improvement grant program is to be provided directly to the Theodore Roosevelt Medora Foundation, which is an organization dedicated to preserving and promoting a historic, tourism destination North Dakota city.

The House approved $6.9 million for tourism marketing and branding operating expenses and $1 million for technical skills training grants from the general fund. The Senate approved $7 million for tourism marketing and branding operating expenses and $1 million for technical skills training grants from the general fund.

[10] One-time funding of $4 million is added from the federal Coronavirus Relief Fund, of which $2 million is for travel agent and tour operator emergency resiliency grants and $2 million is for event center emergency resiliency grants. A separate section of the bill is added to identify all funding from the federal Coronavirus Relief Fund. Funding from the federal Coronavirus Relief Fund is declared an emergency measure.

[11] One-time funding of $565,432 is added from the general fund for a tourism transportation improvement grant to be provided directly to the Theodore Roosevelt Medora Foundation, which is an organization dedicated to preserving and promoting a historic, tourism destination North Dakota city, to provide a total of $1,000,000 for the tourism transportation improvement grant program, including $434,568 from the federal Coronavirus Relief Fund.

The Conference Committee version includes the transfer of 1 FTE information technology position and related funding to the Information Technology Department (ITD) for the information technology unification initiative, the same as the Senate. The House amendments did not transfer the FTE position to ITD.

This amendment also:

- Amends a section that provides an exemption for the $28 million 2017-19 biennium supplemental appropriation for the beyond visual line of sight unmanned aircraft system (UAS) program that was continued into the 2019-21 biennium to continue into the 2021-23 biennium. The Department of Commerce may provide grants of up to $5 million from this funding to the Department of Transportation for infrastructure construction of the beyond visual line of sight UAS program during the 2021-23 biennium. This section was included by the House. The Senate authorized the Department of Commerce to provide a grant of up to $28 million to the Department of Transportation.
- Amends a section identifying $29 million provided from the strategic investment and improvements fund in Section 1, the same as provided by the House. The Senate provided a total of $26 million.
- Adds a section to amend North Dakota Century Code Section 54-34.3-13 to remove the requirement that businesses be "primary sector" businesses to qualify for the rural growth incentive program, which is administered by the North Dakota Development Fund in the rural growth incentive fund. The House included this section.
- Removes a section added by the Senate that provided an exemption to the Department of Commerce to continue 2019-21 biennium funding for the early childhood education program into the 2021-23 biennium. The House also removed this section. The Department of Commerce anticipates $565,432 related to the early childhood education grant program will not be used and will be canceled at the end of the 2019-21 biennium. This amount is included in the 2021-23 biennium general fund beginning balance.
- Amends a section to require of the 2019-21 biennium funding in the discretionary funds line item the Department of Commerce is authorized to continue into the 2021-23 biennium, $200,000 must be used retrain up to 10 displaced energy industry workers to enhance programmer development and engineering skills. The Senate and House authorized the exemption for the discretionary funds line time but did not previously provide a designation for the $200,000.
- Adds a section of legislative intent that the Northern Plains UAS Test Site maximize earned revenue when possible. The House included this section.
- Adds a section providing for a Legislative Management study of data storage by state entities. The House included this section.

Senate Bill No. 2018 - Department of Transportation - Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Grants		$28,000,000	($23,000,000)	$5,000,000	$5,000,000	
Total all funds	$0	$28,000,000	($23,000,000)	$5,000,000	$5,000,000	$0
Less estimated income	0	28,000,000	(23,000,000)	5,000,000	5,000,000	0
General fund	$0	$0	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

Department 801 - Department of Transportation - Detail of Conference Committee Changes

	Reduces One-Time Funding for UAS[1]	Total Conference Committee Changes
Grants	($23,000,000)	($23,000,000)
Total all funds	($23,000,000)	($23,000,000)
Less estimated income	(23,000,000)	(23,000,000)
General fund	$0	$0
FTE	0.00	0.00

[1] A separate section of the bill is amended to provide one-time funding of $5 million to the Department of Transportation from grant funds received from the Department of Commerce pursuant to an exemption provided in the bill for infrastructure construction expenses of the beyond visual line of sight UAS program during the 2021-23 biennium. The Senate provided one-time funding of $28 million. The Conference Committee reduced this amount by $23 million to reflect the most recent estimate of unspent funding the Department of Commerce will have available at the end of the 2019-21 biennium, the same as provided by the House.

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Title.05000
Fiscal No. 3

Prepared by the Legislative Council staff for
Conference Committee
April 27, 2021

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2018

That the House recede from its amendments as printed on pages 1581-1587 of the Senate Journal and pages 1827-1833 of the House Journal and that Engrossed Senate Bill No. 2018 be amended as follows:

Page 1, line 5, replace "section" with "sections 54-34.3-13 and"

Page 1, line 6, after the first "to" insert "the rural growth incentive program and"

Page 1, line 8, remove "and"

Page 1, line 9, after "exemption" insert "; to provide a statement of legislative intent; to provide for a legislative management study; and to declare an emergency"

Page 1, remove lines 18 through 24

Page 2, replace lines 1 through 4 with:

"Salaries and wages	$13,217,286	($381,855)	$12,835,431
Operating expenses	14,873,203	9,009,989	23,883,192
Grants	52,638,527	40,193,803	92,832,330
Discretionary funds	2,150,000	0	2,150,000
North Dakota trade office	1,600,000	(1,600,000)	0
Partner programs	1,562,531	0	1,562,531
Entrepreneurship grants and vouchers	948,467	0	948,467
Total all funds	$86,990,014	$47,221,937	$134,211,951
Less estimated income	54,123,293	46,421,086	100,544,379
Total general fund	$32,866,721	$800,851	$33,667,572
Full-time equivalent positions	61.80	(3.00)	58.80"

Page 2, replace lines 15 through 25 with:

"Workforce safety grant	1,000,000	1,500,000
Entrepreneurship grants and vouchers	2,000,000	0
Sculpture maintenance grants	75,000	0
Nonresident nurse employment recruitment	500,000	0
Intermodal container transportation shipping fees	1,300,000	0
Economic development, growth, and diversification grant	0	5,000,000
Job development and economic growth grant	25,000	1,500,000
Tourism marketing	0	7,000,000
Technical skills training grants	0	1,000,000
Motion picture production and recruitment grant	0	100,000
Travel agent and tour operator emergency resiliency grants	0	2,000,000
Event center emergency resiliency grants	0	2,000,000
Tourism transportation improvement grant	0	565,432
Total all funds	$11,625,000	$49,165,432
Less estimated income	4,300,000	47,000,000
Total general fund	$7,325,000	$2,165,432"

Page 3, line 2, replace "11" with "15"

Page 3, line 3, replace "$28,000,000" with "$5,000,000"

Page 3, line 4, remove "tower"

Page 3, line 7, remove "tower"

Page 3, after line 20, insert:

"**SECTION 6. RURAL HEALTH CARE GRANT PROGRAM - MATCHING FUNDS REQUIREMENT.** The grants line item in section 1 of this Act includes $250,000 from the general fund for providing matching funds to an organization assisting in the recruitment, distribution, and supply, and enhancing the quality and efficiency of personnel providing health services in rural areas of the state. The department of commerce may spend the funds appropriated in this section only to the extent the organization has secured matching funds from nonstate sources on a dollar-for-dollar basis.

SECTION 7. LOAN AUTHORIZATION - ECONOMIC DEVELOPMENT, GROWTH, AND DIVERSIFICATION GRANT PROGRAM - MATCHING REQUIREMENT - ONE-TIME FUNDING. The department of commerce may borrow from the Bank of North Dakota, the sum of $5,000,000, or so much of the sum as may be necessary, which is appropriated to the department of commerce in the grants line item in section 1 of this Act for the purpose of providing a grant to an organization dedicated to expanding economic development, growth, and diversification. This funding is considered a one-time funding item. The department of commerce shall request an appropriation from the sixty-eighth legislative assembly to repay any outstanding loan authorized in this section. To qualify for a grant under this program, an organization must have:

1. Secured a loan or qualified investment from the state investment board through the provisions established in House Bill No. 1425 as approved by the sixty-seventh legislative assembly for construction of an event and entertainment venue focused on highlighting North Dakota history and attractions;

2. Obtained $5,000,000 of matching funds from nonstate sources; and

3. Entered a lease with the state of North Dakota for use of land for the event and entertainment venue.

Grant funds awarded may be used only for the operating costs of an event and entertainment venue used to promote the expansion of tourism and economic development and growth in the state."

Page 3, line 23, replace "$26,000,000" with "$29,000,000"

Page 3, line 24, replace "and" with a comma

Page 3, line 25, after "grants" insert ", $1,500,000 is for a job development grant to an organization dedicated to promoting job development and economic growth, and $1,500,000 is for a workforce safety grant to an organization that provides workforce safety"

Page 3, after line 25, insert:

"**SECTION 9. ESTIMATED INCOME - FEDERAL CORONAVIRUS RELIEF FUND - ONE-TIME FUNDING.** The estimated income line item in section 1 of this Act includes the sum of $12,000,000 from the federal coronavirus relief fund, which is

provided for the purposes identified in this section. The department of commerce shall establish guidelines for awarding funding under this section. This funding is considered a one-time funding item and is available for the following:

1. $7,000,000 for tourism marketing and branding initiatives, of which $6,565,432 is for tourism marketing and branding operating expenses and $434,568 is for the tourism transportation improvement grant program for a grant to be provided to an organization dedicated to preserving and promoting a historic, tourism destination North Dakota city.

2. $1,000,000 for technical skills training grants.

3. $2,000,000 for travel agent and tour operator emergency resiliency grants. Grants may be awarded only to travel agents that book commission-based travel for private individuals or companies, tour companies that schedule tour details and itineraries in North Dakota, or transportation companies providing transportation services to tour planners for tours originating in North Dakota or operators bringing tours into North Dakota. The department of commerce shall establish additional eligibility requirements for the program. The following organizations are ineligible for a grant under this subsection:

   a. National companies that provide travel services to individuals in North Dakota but do not employ at least one individual in the state;

   b. Corporations with staff dedicated to purchasing and arranging travel for employees;

   c. Military-based travel agents or other individuals employed by government entities; and

   d. Organizations that only offer guided services and tours of their attraction.

4. $2,000,000 for event center emergency resiliency grants."

Page 5, after line 6, insert:

"**SECTION 12. AMENDMENT.** Section 54-34.3-13 of the North Dakota Century Code is amended and reenacted as follows:

54-34.3-13. Rural growth incentive program.

1. The department shall manage and administer the rural growth incentive program. A city with a population of less than two thousand five hundred may apply to the department to be designated as a rural growth incentive city. A rural growth incentive city may be eligible for a loan, grant, or both under this section.

2. The department shall designate an applicant city as a rural growth incentive city eligible for a loan if the city raises funds in the amount of a dollar-for-dollar match for the amount requested in the loan and meets any additional program requirements provided by rule. The source of city funds used for loan matching funds may be any combination of public and private funds. If the department designates a city as a rural growth incentive city eligible for a loan under this section, subject to the availability of funds, the

state shall make a loan to the city in an amount not less than twenty-five thousand dollars and not more than seventy-five thousand dollars. The department shall establish the amount of the interest rate for loans provided to a city under this subsection. The funding source of the state loan is the North Dakota development fund. The city shall distribute the city and state funds to qualifying new or expanded ~~primary sector~~ businesses in the city. A qualifying business in the city includes a business that provides essential services to the city. For purposes of this subsection, a business that provides essential services does not include a public utility. The governing body of the city determines whether a new or expanded ~~primary sector~~ business qualifies for funding, and the director of the department determines whether a business that provides essential services to the city qualifies for funding. The state shall distribute a loan to a rural growth incentive city once the city establishes the city has chosen a specified qualified business to receive funding.

3. The department shall designate an applicant city as a rural growth incentive city eligible for a grant if the city raises funds in the amount of a dollar-for-dollar match for the amount requested in the grant application and meets any additional program requirements provided by rule. The source of city funds used for grant matching funds may be any combination of public and private funds. If the department designates a city as a rural growth incentive city eligible for a grant under this section, subject to availability of funds, the state shall make a grant to the city in an amount not to exceed ten thousand dollars. The recipient rural growth incentive city shall use the grant money received to conduct a feasibility study for the location of a new business, including an expansion of a business with the primary place of business outside the rural growth incentive city. ~~The business under this subsection is not limited to primary sector businesses.~~ The funding source of the state grant is the North Dakota development fund. Total grants awarded by the department under this subsection may not exceed one hundred thousand dollars per biennium.

4. The city may not use city or state funds raised or provided under this section for costs associated with administering the rural growth incentive city. The department shall provide the rural growth incentive city with training to assist the city in expanding ~~primary sector~~ businesses, locating new businesses, and working with state economic development programs."

Page 5, line 23, replace "The amount of" with "Of the"

Page 5, line 25, replace "and" with ", up to $5,000,000 of unexpended funds may be continued and"

Page 5, line 27, replace "$28,000,000" with "$5,000,000"

Page 5, line 28, remove "tower"

Page 6, remove lines 11 through 15

Page 6, line 28, after the period insert "Of this amount, up $200,000 must be used to retrain up to ten displaced energy industry workers to enhance programmer development and engineering skills.

SECTION 20. LEGISLATIVE INTENT - NORTHERN PLAINS UNMANNED AIRCRAFT SYSTEM TEST SITE. It is the intent of the sixty-seventh legislative assembly that the northern plains unmanned aircraft system test site maximize earned revenue to the extent possible while operating and conducting business of the test site.

SECTION 21. LEGISLATIVE MANAGEMENT STUDY - DATA STORAGE. During the 2021-22 interim, the legislative management shall consider studying data storage by state entities. The study must include input from the information technology department, North Dakota university system, and kindergarten through grade twelve education coordination council. The study must consider data security, geographical locations of storage, geographical locations of corporate contractors, state and federal laws that may affect North Dakota data, ownership and control of data storage, and current and estimated data storage costs related to cloud-based, out-of-state data storage of North Dakota state and local government data. The legislative management shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to the sixty-eighth legislative assembly.

SECTION 22. EMERGENCY. The $12,000,000 appropriated from the federal coronavirus relief fund, of which $6,565,432 is in the operating expenses line item and $5,434,568 is in the grants line item in section 1 and identified in sections 2 and 9, and the $100,000 appropriated from the general fund for a motion picture production and recruitment grant in the grants line item in section 1 and identified in section 2 of this Act are declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2018 - Summary of Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Department of Commerce						
Total all funds	$86,990,014	$122,425,241	$11,786,710	$134,211,951	$129,547,101	$4,664,850
Less estimated income	54,123,293	80,548,067	19,996,312	100,544,379	83,544,379	17,000,000
General fund	$32,866,721	$41,877,174	($8,209,602)	$33,667,572	$46,002,722	($12,335,150)
FTE	61.80	58.80	0.00	58.80	59.80	(1.00)
Department of Transportation						
Total all funds	$0	$28,000,000	($23,000,000)	$5,000,000	$5,000,000	$0
Less estimated income	0	28,000,000	(23,000,000)	5,000,000	5,000,000	0
General fund	$0	$0	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00
Bill total						
Total all funds	$86,990,014	$150,425,241	($11,213,290)	$139,211,951	$134,547,101	$4,664,850
Less estimated income	54,123,293	108,548,067	(3,003,688)	105,544,379	88,544,379	17,000,000
General fund	$32,866,721	$41,877,174	($8,209,602)	$33,667,572	$46,002,722	($12,335,150)
FTE	61.80	58.80	0.00	58.80	59.80	(1.00)

Senate Bill No. 2018 - Department of Commerce - Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Salaries and wages	$13,217,286	$12,864,153	($28,722)	$12,835,431	$12,989,330	($153,899)
Operating expenses	14,873,203	24,317,760	(434,568)	23,883,192	24,064,443	(181,251)
Grants	52,638,527	81,182,330	11,650,000	92,832,330	87,832,330	5,000,000
Discretionary funds	2,150,000	1,550,000	600,000	2,150,000	2,150,000	
North Dakota Trade Office	1,600,000					
Entrepreneurship grants and vouchers	948,467	948,467		948,467	948,467	
Partner programs	1,562,531	1,562,531		1,562,531	1,562,531	
Total all funds	$86,990,014	$122,425,241	$11,786,710	$134,211,951	$129,547,101	$4,664,850
Less estimated income	54,123,293	80,548,067	19,996,312	100,544,379	83,544,379	17,000,000
General fund	$32,866,721	$41,877,174	($8,209,602)	$33,667,572	$46,002,722	($12,335,150)
FTE	61.80	58.80	0.00	58.80	59.80	(1.00)

Department 601 - Department of Commerce - Detail of Conference Committee Changes

	Adjusts Funding for Salary and Benefit Increases[1]	Transfers Early Childhood Education Program to DHS[2]	Adds Funding for Rural Health Care Grants[3]	Restores Funding for Discretionary Funds[4]	Adds One-Time Funding for Film and Theater Production Grant[5]	Adds One-Time Funding for Economic Development and Growth Grant[6]
Salaries and wages	($28,722)					
Operating expenses						
Grants		($1,500,000)	$50,000		$100,000	$5,000,000
Discretionary funds				$600,000		
North Dakota Trade Office						
Entrepreneurship grants and vouchers						
Partner programs						
Total all funds	($28,722)	($1,500,000)	$50,000	$600,000	$100,000	$5,000,000
Less estimated income	(3,688)	0	0	0	0	5,000,000
General fund	($25,034)	($1,500,000)	$50,000	$600,000	$100,000	$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Adds One-Time Funding for Job Development Grant[7]	Adds One-Time Funding for Workforce Safety Grant[8]	Adjusts One-Time Funding to the Coronavirus Relief Fund[9]	Adds One-Time Funding from the Coronavirus Relief Fund[10]	Adds One-Time Funding for Tourism Transportation Improvement Grant[11]	Total Conference Committee Changes
Salaries and wages						($28,722)
Operating expenses			($434,568)			(434,568)
Grants	$1,500,000	$1,500,000	434,568	$4,000,000	$565,432	11,650,000
Discretionary funds						600,000
North Dakota Trade Office						
Entrepreneurship grants and vouchers						
Partner programs						
Total all funds	$1,500,000	$1,500,000	$0	$4,000,000	$565,432	$11,786,710
Less estimated income	1,500,000	1,500,000	8,000,000	4,000,000	0	19,996,312
General fund	$0	$0	($8,000,000)	$0	$565,432	($8,209,602)
FTE	0.00	0.00	0.00	0.00	0.00	0.00

[1] Salaries and wages funding is adjusted for salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of $100 and 2 percent on July 1, 2022, the same as the House. The Senate provided salary adjustments of 2 percent with a minimum monthly increase of $80 and a maximum monthly increase of $300 on July 1, 2021, and 2 percent on July 1, 2022.

[2] Funding of $1.5 million from the general fund for the early childhood education program is removed in the

Department of Commerce budget. The House and Senate have added $1.5 million for this program in the Department of Human Services budget relating to the changes in House Bill No. 1466.

[3] Funding of $50,000 is added from the general fund for rural health care grants to provide a total of $250,000 from the general fund, the same as the House. The Senate provided $200,000 from the general fund. A separate section is added to the bill requiring a dollar-for-dollar match.

[4] Funding of $600,000 from the general fund, removed by the Senate, is restored to provide a total of $2.15 million from the general fund in the discretionary funds line item, the same as the base level and as provided by the House. The Senate provided a total of $1.55 million.

[5] One-time funding of $100,000 is added from the general fund to provide a film and theater production grant directly to Canticle Productions, which is an organization dedicated to the preservation and honor of North Dakota land, history, and citizens, the same as provided by the House.

[6] One-time funding of $5 million is added from Bank of North Dakota loan proceeds for providing a grant to an organization dedicated to expanding economic development, growth, and diversification for the 2021-23 biennium. A separate section of the bill is added to provide the organization receiving the grant funding must have:

- Secured a loan or qualified investment from the State Investment Board through the provisions established in House Bill No. 1425 as approved by the 67th Legislative Assembly for construction of an event and entertainment venue focused on highlighting North Dakota history and attractions;
- Obtained $5 million of matching funds from nonstate sources; and
- Entered a lease with the State of North Dakota for use of land for the event and entertainment venue.

Grant funds awarded may be used only for the operating costs of an event and entertainment venue used to promote the expansion of tourism and economic development and growth in the state. The department is required to request a deficiency appropriation from the 68th Legislative Assembly to repay any outstanding loan related to this program.

The House provided a general fund appropriation for this item. The Senate did not provide funding for this item.

[7] One-time funding of $1.5 million is added from the strategic investment and improvements fund to provide a job development and economic growth grant directly to the Cavalier County Job Development Authority, which is an organization dedicated to promoting job development and economic growth in the state, the same as provided by the House.

[8] One-time funding of $1.5 million is added from the strategic investment and improvements fund to provide a workforce safety grant directly to the North Dakota Safety Council, which is an organization that provides workforce safety, the same as provided by the House.

[9] One-time funding of $8 million, of which $7 million is for tourism marketing and branding initiatives and $1 million is for technical skills training grants, is removed from the general fund and added from the federal Coronavirus Relief Fund. Of the $7 million for tourism marketing and branding initiatives, $434,568 is for the tourism transportation improvement grant program and $6,565,432 is for tourism marketing and branding initiative operating expenses. The $434,568 for the tourism transportation improvement grant program is to be provided directly to the Theodore Roosevelt Medora Foundation, which is an organization dedicated to preserving and promoting a historic, tourism destination North Dakota city.

The House approved $6.9 million for tourism marketing and branding operating expenses and $1 million for technical skills training grants from the general fund. The Senate approved $7 million for tourism marketing and branding operating expenses and $1 million for technical skills training grants from the general fund.

[10] One-time funding of $4 million is added from the federal Coronavirus Relief Fund, of which $2 million is for travel agent and tour operator emergency resiliency grants and $2 million is for event center emergency resiliency grants. A separate section of the bill is added to identify all funding from the federal Coronavirus Relief Fund. Funding from the federal Coronavirus Relief Fund is declared an emergency measure.

[11] One-time funding of $565,432 is added from the general fund for a tourism transportation improvement grant to be provided directly to the Theodore Roosevelt Medora Foundation, which is an organization dedicated to preserving and promoting a historic, tourism destination North Dakota city, to provide a total of $1,000,000 for the tourism transportation improvement grant program, including $434,568 from the federal Coronavirus Relief Fund.

The Conference Committee version includes the transfer of 1 FTE information technology position and related funding to the Information Technology Department (ITD) for the information technology unification initiative, the same as the Senate. The House amendments did not transfer the FTE position to ITD.

This amendment also:

- Amends a section that provides an exemption for the $28 million 2017-19 biennium supplemental appropriation for the beyond visual line of sight unmanned aircraft system (UAS) program that was continued into the 2019-21 biennium to continue into the 2021-23 biennium. The Department of Commerce may provide grants of up to $5 million from this funding to the Department of Transportation for infrastructure construction of the beyond visual line of sight UAS program during the 2021-23 biennium. This section was included by the House. The Senate authorized the Department of Commerce to provide a grant of up to $28 million to the Department of Transportation.
- Amends a section identifying $29 million provided from the strategic investment and improvements fund in Section 1, the same as provided by the House. The Senate provided a total of $26 million.
- Adds a section to amend North Dakota Century Code Section 54-34.3-13 to remove the requirement that businesses be "primary sector" businesses to qualify for the rural growth incentive program, which is administered by the North Dakota Development Fund in the rural growth incentive fund. The House included this section.
- Removes a section added by the Senate that provided an exemption to the Department of Commerce to continue 2019-21 biennium funding for the early childhood education program into the 2021-23 biennium. The House also removed this section. The Department of Commerce anticipates $565,432 related to the early childhood education grant program will not be used and will be canceled at the end of the 2019-21 biennium. This amount is included in the 2021-23 biennium general fund beginning balance.
- Amends a section to require of the 2019-21 biennium funding in the discretionary funds line item the Department of Commerce is authorized to continue into the 2021-23 biennium, $200,000 must be used retrain up to 10 displaced energy industry workers to enhance programmer development and engineering skills. The Senate and House authorized the exemption for the discretionary funds line time but did not previously provide a designation for the $200,000.
- Adds a section of legislative intent that the Northern Plains UAS Test Site maximize earned revenue when possible. The House included this section.
- Adds a section providing for a Legislative Management study of data storage by state entities. The House included this section.
- Declares $12 million appropriated from the federal Coronavirus Relief Fund for various programs and $100,000 from the general fund for a motion picture production and recruitment grant to be an emergency measure.

Senate Bill No. 2018 - Department of Transportation - Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Grants		$28,000,000	($23,000,000)	$5,000,000	$5,000,000	
Total all funds	$0	$28,000,000	($23,000,000)	$5,000,000	$5,000,000	$0
Less estimated income	0	28,000,000	(23,000,000)	5,000,000	5,000,000	0
General fund	$0	$0	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

Department 801 - Department of Transportation - Detail of Conference Committee Changes

	Reduces One-Time Funding for UAS[1]	Total Conference Committee Changes
Grants	($23,000,000)	($23,000,000)
Total all funds	($23,000,000)	($23,000,000)
Less estimated income	(23,000,000)	(23,000,000)
General fund	$0	$0
FTE	0.00	0.00

[1] A separate section of the bill is amended to provide one-time funding of $5 million to the Department of Transportation from grant funds received from the Department of Commerce pursuant to an exemption provided in the bill for infrastructure construction expenses of the beyond visual line of sight UAS program during the 2021-23 biennium. The Senate provided one-time funding of $28 million. The Conference Committee reduced this amount by $23 million to reflect the most recent estimate of unspent funding the Department of Commerce will have available at the end of the 2019-21 biennium, the same as provided by the House.

Date: 4/27/2021
Roll Call Vote #: 1

2021 SENATE CONFERENCE COMMITTEE
ROLL CALL VOTES

BILL/RESOLUTION NO. SB 2018 as (re) engrossed

Senate Appropriations Committee

Action Taken
- ☐ **SENATE accede to House Amendments**
- ☐ **SENATE accede to House Amendments and further amend**
- ☐ **HOUSE recede from House amendments**
- ☐ **HOUSE recede from House amendments and amend as follows**

☐ **Unable to agree**, recommends that the committee be discharged and a new committee be appointed

Motion Made by: Representative Nathe Seconded by: Senator Holmberg

Senators				Yes	No		Representatives				Yes	No
Senator Bekkedahl				Y			Representative Nathe				Y	
Senator Holmberg				Y			Representative Martinson				Y	
Senator Heckaman				Y			Representative Boe				Y	
Total Senate Vote				3	0		Total Rep. Vote				3	0

Vote Count Yes: 6 No: 0 Absent: 0

Senate Carrier _____ House Carrier _____

LC Number 21.0300 . 03012 of amendment

LC Number _____ . _____ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

With emergency clause

Date: 4/27/2021
Roll Call Vote #: 2

2021 SENATE CONFERENCE COMMITTEE
ROLL CALL VOTES

BILL/RESOLUTION NO. SB 2018 as (re) engrossed

Senate Appropriations Committee

Action Taken
- ☐ **SENATE accede to House Amendments**
- ☐ **SENATE accede to House Amendments and further amend**
- ☐ **HOUSE recede from House amendments**
- ☒ **HOUSE recede from House amendments and amend as follows**

☐ **Unable to agree**, recommends that the committee be discharged and a new committee be appointed

Motion Made by: Representative Nathe Seconded by: Representative Boe

Senators				Yes	No		Representatives				Yes	No
Senator Bekkedahl				Y			Representative Nathe				Y	
Senator Holmberg				Y			Representative Martinson				Y	
Senator Heckaman				Y			Representative Boe				Y	
Total Senate Vote				3	0		Total Rep. Vote				3	0

Vote Count Yes: 6 No: 0 Absent: 0

Senate Carrier Senator Bekkedahl House Carrier Representative Nathe

LC Number 21.0300 . 03016 of amendment

LC Number 21.0300 . 05000 of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

Insert LC: 21.0300.03016
Senate Carrier: Bekkedahl
House Carrier: Nathe

REPORT OF CONFERENCE COMMITTEE

SB 2018, as engrossed: Your conference committee (Sens. Bekkedahl, Holmberg, Heckaman and Reps. Nathe, Martinson, Boe) recommends that the **HOUSE RECEDE** from the House amendments as printed on SJ pages 1581-1587, adopt amendments as follows, and place SB 2018 on the Seventh order:

That the House recede from its amendments as printed on pages 1581-1587 of the Senate Journal and pages 1827-1833 of the House Journal and that Engrossed Senate Bill No. 2018 be amended as follows:

Page 1, line 5, replace "section" with "sections 54-34.3-13 and"

Page 1, line 6, after the first "to" insert "the rural growth incentive program and"

Page 1, line 8, remove "and"

Page 1, line 9, after "exemption" insert "; to provide a statement of legislative intent; to provide for a legislative management study; and to declare an emergency"

Page 1, remove lines 18 through 24

Page 2, replace lines 1 through 4 with:

"Salaries and wages	$13,217,286	($381,855)	$12,835,431
Operating expenses	14,873,203	9,009,989	23,883,192
Grants	52,638,527	40,193,803	92,832,330
Discretionary funds	2,150,000	0	2,150,000
North Dakota trade office	1,600,000	(1,600,000)	0
Partner programs	1,562,531	0	1,562,531
Entrepreneurship grants and vouchers	948,467	0	948,467
Total all funds	$86,990,014	$47,221,937	$134,211,951
Less estimated income	54,123,293	46,421,086	100,544,379
Total general fund	$32,866,721	$800,851	$33,667,572
Full-time equivalent positions	61.80	(3.00)	58.80"

Page 2, replace lines 15 through 25 with:

"Workforce safety grant	1,000,000	1,500,000
Entrepreneurship grants and vouchers	2,000,000	0
Sculpture maintenance grants	75,000	0
Nonresident nurse employment recruitment	500,000	0
Intermodal container transportation shipping fees	1,300,000	0
Economic development, growth, and diversification grant	0	5,000,000
Job development and economic growth grant	25,000	1,500,000
Tourism marketing	0	7,000,000
Technical skills training grants	0	1,000,000
Motion picture production and recruitment grant	0	100,000
Travel agent and tour operator emergency resiliency grants	0	2,000,000
Event center emergency resiliency grants	0	2,000,000
Tourism transportation improvement grant	0	565,432
Total all funds	$11,625,000	$49,165,432
Less estimated income	4,300,000	47,000,000
Total general fund	$7,325,000	$2,165,432"

Page 3, line 2, replace "11" with "15"

Page 3, line 3, replace "$28,000,000" with "$5,000,000"

Page 3, line 4, remove "tower"

Page 3, line 7, remove "tower"

Page 3, after line 20, insert:

"**SECTION 6. RURAL HEALTH CARE GRANT PROGRAM - MATCHING FUNDS REQUIREMENT.** The grants line item in section 1 of this Act includes $250,000 from the general fund for providing matching funds to an organization assisting in the recruitment, distribution, and supply, and enhancing the quality and efficiency of personnel providing health services in rural areas of the state. The department of commerce may spend the funds appropriated in this section only to the extent the organization has secured matching funds from nonstate sources on a dollar-for-dollar basis.

SECTION 7. LOAN AUTHORIZATION - ECONOMIC DEVELOPMENT, GROWTH, AND DIVERSIFICATION GRANT PROGRAM - MATCHING REQUIREMENT - ONE-TIME FUNDING. The department of commerce may borrow from the Bank of North Dakota, the sum of $5,000,000, or so much of the sum as may be necessary, which is appropriated to the department of commerce in the grants line item in section 1 of this Act for the purpose of providing a grant to an organization dedicated to expanding economic development, growth, and diversification. This funding is considered a one-time funding item. The department of commerce shall request an appropriation from the sixty-eighth legislative assembly to repay any outstanding loan authorized in this section. To qualify for a grant under this program, an organization must have:

1. Secured a loan or qualified investment from the state investment board through the provisions established in House Bill No. 1425 as approved by the sixty-seventh legislative assembly for construction of an event and entertainment venue focused on highlighting North Dakota history and attractions;

2. Obtained $5,000,000 of matching funds from nonstate sources; and

3. Entered a lease with the state of North Dakota for use of land for the event and entertainment venue.

Grant funds awarded may be used only for the operating costs of an event and entertainment venue used to promote the expansion of tourism and economic development and growth in the state."

Page 3, line 23, replace "$26,000,000" with "$29,000,000"

Page 3, line 24, replace "and" with a comma

Page 3, line 25, after "grants" insert ", $1,500,000 is for a job development grant to an organization dedicated to promoting job development and economic growth, and $1,500,000 is for a workforce safety grant to an organization that provides workforce safety"

Page 3, after line 25, insert:

"**SECTION 9. ESTIMATED INCOME - FEDERAL CORONAVIRUS RELIEF FUND - ONE-TIME FUNDING.** The estimated income line item in section 1 of this Act includes the sum of $12,000,000 from the federal coronavirus relief fund, which is provided for the purposes identified in this section. The department of commerce shall establish guidelines for awarding funding under this section. This funding is considered a one-time funding item and is available for the following:

1. $7,000,000 for tourism marketing and branding initiatives, of which $6,565,432 is for tourism marketing and branding operating expenses and $434,568 is for the tourism transportation improvement grant program for a grant to be provided to an organization dedicated to preserving and promoting a historic, tourism destination North Dakota city.

2. $1,000,000 for technical skills training grants.

3. $2,000,000 for travel agent and tour operator emergency resiliency grants. Grants may be awarded only to travel agents that book commission-based travel for private individuals or companies, tour companies that schedule tour details and itineraries in North Dakota, or transportation companies providing transportation services to tour planners for tours originating in North Dakota or operators bringing tours into North Dakota. The department of commerce shall establish additional eligibility requirements for the program. The following organizations are ineligible for a grant under this subsection:

   a. National companies that provide travel services to individuals in North Dakota but do not employ at least one individual in the state;

   b. Corporations with staff dedicated to purchasing and arranging travel for employees;

   c. Military-based travel agents or other individuals employed by government entities; and

   d. Organizations that only offer guided services and tours of their attraction.

4. $2,000,000 for event center emergency resiliency grants."

Page 5, after line 6, insert:

"**SECTION 12. AMENDMENT.** Section 54-34.3-13 of the North Dakota Century Code is amended and reenacted as follows:

54-34.3-13. Rural growth incentive program.

1. The department shall manage and administer the rural growth incentive program. A city with a population of less than two thousand five hundred may apply to the department to be designated as a rural growth incentive city. A rural growth incentive city may be eligible for a loan, grant, or both under this section.

2. The department shall designate an applicant city as a rural growth incentive city eligible for a loan if the city raises funds in the amount of a dollar-for-dollar match for the amount requested in the loan and meets any additional program requirements provided by rule. The source of city funds used for loan matching funds may be any combination of public and private funds. If the department designates a city as a rural growth incentive city eligible for a loan under this section, subject to the availability of funds, the state shall make a loan to the city in an amount not less than twenty-five thousand dollars and not more than seventy-five thousand dollars. The department shall establish the amount of the interest rate for loans provided to a city under this subsection. The funding source of the state loan is the North Dakota development fund. The city shall distribute the city and state funds to qualifying new or

expanded ~~primary sector~~ businesses in the city. A qualifying business in the city includes a business that provides essential services to the city. For purposes of this subsection, a business that provides essential services does not include a public utility. The governing body of the city determines whether a new or expanded ~~primary sector~~ business qualifies for funding, and the director of the department determines whether a business that provides essential services to the city qualifies for funding. The state shall distribute a loan to a rural growth incentive city once the city establishes the city has chosen a specified qualified business to receive funding.

3. The department shall designate an applicant city as a rural growth incentive city eligible for a grant if the city raises funds in the amount of a dollar-for-dollar match for the amount requested in the grant application and meets any additional program requirements provided by rule. The source of city funds used for grant matching funds may be any combination of public and private funds. If the department designates a city as a rural growth incentive city eligible for a grant under this section, subject to availability of funds, the state shall make a grant to the city in an amount not to exceed ten thousand dollars. The recipient rural growth incentive city shall use the grant money received to conduct a feasibility study for the location of a new business, including an expansion of a business with the primary place of business outside the rural growth incentive city. ~~The business under this subsection is not limited to primary sector businesses.~~ The funding source of the state grant is the North Dakota development fund. Total grants awarded by the department under this subsection may not exceed one hundred thousand dollars per biennium.

4. The city may not use city or state funds raised or provided under this section for costs associated with administering the rural growth incentive city. The department shall provide the rural growth incentive city with training to assist the city in expanding ~~primary sector~~ businesses, locating new businesses, and working with state economic development programs."

Page 5, line 23, replace "The amount of" with "Of the"

Page 5, line 25, replace "and" with ", up to $5,000,000 of unexpended funds may be continued and"

Page 5, line 27, replace "$28,000,000" with "$5,000,000"

Page 5, line 28, remove "tower"

Page 6, remove lines 11 through 15

Page 6, line 28, after the period insert "Of this amount, up $200,000 must be used to retrain up to ten displaced energy industry workers to enhance programmer development and engineering skills.

SECTION 20. LEGISLATIVE INTENT - NORTHERN PLAINS UNMANNED AIRCRAFT SYSTEM TEST SITE. It is the intent of the sixty-seventh legislative assembly that the northern plains unmanned aircraft system test site maximize earned revenue to the extent possible while operating and conducting business of the test site.

SECTION 21. LEGISLATIVE MANAGEMENT STUDY - DATA STORAGE. During the 2021-22 interim, the legislative management shall consider studying data

storage by state entities. The study must include input from the information technology department, North Dakota university system, and kindergarten through grade twelve education coordination council. The study must consider data security, geographical locations of storage, geographical locations of corporate contractors, state and federal laws that may affect North Dakota data, ownership and control of data storage, and current and estimated data storage costs related to cloud-based, out-of-state data storage of North Dakota state and local government data. The legislative management shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to the sixty-eighth legislative assembly.

SECTION 22. EMERGENCY. The $12,000,000 appropriated from the federal coronavirus relief fund, of which $6,565,432 is in the operating expenses line item and $5,434,568 is in the grants line item in section 1 and identified in sections 2 and 9, and the $100,000 appropriated from the general fund for a motion picture production and recruitment grant in the grants line item in section 1 and identified in section 2 of this Act are declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2018 - Summary of Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Department of Commerce						
Total all funds	$86,990,014	$122,425,241	$11,786,710	$134,211,951	$129,547,101	$4,664,850
Less estimated income	54,123,293	80,548,067	19,996,312	100,544,379	83,544,379	17,000,000
General fund	$32,866,721	$41,877,174	($8,209,602)	$33,667,572	$46,002,722	($12,335,150)
FTE	61.80	58.80	0.00	58.80	59.80	(1.00)
Department of Transportation						
Total all funds	$0	$28,000,000	($23,000,000)	$5,000,000	$5,000,000	$0
Less estimated income	0	28,000,000	(23,000,000)	5,000,000	5,000,000	0
General fund	$0	$0	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00
Bill total						
Total all funds	$86,990,014	$150,425,241	($11,213,290)	$139,211,951	$134,547,101	$4,664,850
Less estimated income	54,123,293	108,548,067	(3,003,688)	105,544,379	88,544,379	17,000,000
General fund	$32,866,721	$41,877,174	($8,209,602)	$33,667,572	$46,002,722	($12,335,150)
FTE	61.80	58.80	0.00	58.80	59.80	(1.00)

Senate Bill No. 2018 - Department of Commerce - Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Salaries and wages	$13,217,286	$12,864,153	($28,722)	$12,835,431	$12,989,330	($153,899)
Operating expenses	14,873,203	24,317,760	(434,568)	23,883,192	24,064,443	(181,251)
Grants	52,638,527	81,182,330	11,650,000	92,832,330	87,832,330	5,000,000
Discretionary funds	2,150,000	1,550,000	600,000	2,150,000	2,150,000	
North Dakota Trade Office	1,600,000					
Entrepreneurship grants and vouchers	948,467	948,467		948,467	948,467	
Partner programs	1,562,531	1,562,531		1,562,531	1,562,531	
Total all funds	$86,990,014	$122,425,241	$11,786,710	$134,211,951	$129,547,101	$4,664,850
Less estimated income	54,123,293	80,548,067	19,996,312	100,544,379	83,544,379	17,000,000
General fund	$32,866,721	$41,877,174	($8,209,602)	$33,667,572	$46,002,722	($12,335,150)
FTE	61.80	58.80	0.00	58.80	59.80	(1.00)

Department 601 - Department of Commerce - Detail of Conference Committee Changes

	Adjusts Funding for Salary and Benefit Increases[1]	Transfers Early Childhood Education Program to DHS[2]	Adds Funding for Rural Health Care Grants[3]	Restores Funding for Discretionary Funds[4]	Adds One-Time Funding for Film and Theater Production Grant[5]	Adds One-Time Funding for Economic Development and Growth Grant[6]
Salaries and wages	($28,722)					
Operating expenses						
Grants		($1,500,000)	$50,000		$100,000	$5,000,000
Discretionary funds				$600,000		
North Dakota Trade Office						
Entrepreneurship grants and vouchers						
Partner programs						
Total all funds	($28,722)	($1,500,000)	$50,000	$600,000	$100,000	$5,000,000
Less estimated income	(3,688)	0	0	0	0	5,000,000
General fund	($25,034)	($1,500,000)	$50,000	$600,000	$100,000	$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Adds One-Time Funding for Job Development Grant[7]	Adds One-Time Funding for Workforce Safety Grant[8]	Adjusts One-Time Funding to the Coronavirus Relief Fund[9]	Adds One-Time Funding from the Coronavirus Relief Fund[10]	Adds One-Time Funding for Tourism Transportation Improvement Grant[11]	Total Conference Committee Changes
Salaries and wages						($28,722)
Operating expenses			($434,568)			(434,568)
Grants	$1,500,000	$1,500,000	434,568	$4,000,000	$565,432	11,650,000
Discretionary funds						600,000
North Dakota Trade Office						
Entrepreneurship grants and vouchers						
Partner programs						
Total all funds	$1,500,000	$1,500,000	$0	$4,000,000	$565,432	$11,786,710
Less estimated income	1,500,000	1,500,000	8,000,000	4,000,000	0	19,996,312
General fund	$0	$0	($8,000,000)	$0	$565,432	($8,209,602)
FTE	0.00	0.00	0.00	0.00	0.00	0.00

[1] Salaries and wages funding is adjusted for salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of $100 and 2 percent on July 1, 2022, the same as the House. The Senate provided salary adjustments of 2 percent with a minimum monthly increase of $80 and a maximum monthly increase of $300 on July 1, 2021, and 2 percent on July 1, 2022.

[2] Funding of $1.5 million from the general fund for the early childhood education program is removed in the Department of Commerce budget. The House and Senate have added $1.5 million for this program in the Department of Human Services budget relating to the changes in House Bill No. 1466.

[3] Funding of $50,000 is added from the general fund for rural health care grants to provide a total of $250,000 from the general fund, the same as the House. The Senate provided $200,000 from the general fund. A separate section is added to the bill requiring a dollar-for-dollar match.

[4] Funding of $600,000 from the general fund, removed by the Senate, is restored to provide a total of $2.15 million from the general fund in the discretionary funds line item, the same as the base level and as provided by the House. The Senate provided a total of $1.55 million.

[5] One-time funding of $100,000 is added from the general fund to provide a film and theater production grant directly to Canticle Productions, which is an organization dedicated to the

preservation and honor of North Dakota land, history, and citizens, the same as provided by the House.

[6] One-time funding of $5 million is added from Bank of North Dakota loan proceeds for providing a grant to an organization dedicated to expanding economic development, growth, and diversification for the 2021-23 biennium. A separate section of the bill is added to provide the organization receiving the grant funding must have:

- Secured a loan or qualified investment from the State Investment Board through the provisions established in House Bill No. 1425 as approved by the 67th Legislative Assembly for construction of an event and entertainment venue focused on highlighting North Dakota history and attractions;
- Obtained $5 million of matching funds from nonstate sources; and
- Entered a lease with the State of North Dakota for use of land for the event and entertainment venue.

Grant funds awarded may be used only for the operating costs of an event and entertainment venue used to promote the expansion of tourism and economic development and growth in the state. The department is required to request a deficiency appropriation from the 68th Legislative Assembly to repay any outstanding loan related to this program.

The House provided a general fund appropriation for this item. The Senate did not provide funding for this item.

[7] One-time funding of $1.5 million is added from the strategic investment and improvements fund to provide a job development and economic growth grant directly to the Cavalier County Job Development Authority, which is an organization dedicated to promoting job development and economic growth in the state, the same as provided by the House.

[8] One-time funding of $1.5 million is added from the strategic investment and improvements fund to provide a workforce safety grant directly to the North Dakota Safety Council, which is an organization that provides workforce safety, the same as provided by the House.

[9] One-time funding of $8 million, of which $7 million is for tourism marketing and branding initiatives and $1 million is for technical skills training grants, is removed from the general fund and added from the federal Coronavirus Relief Fund. Of the $7 million for tourism marketing and branding initiatives, $434,568 is for the tourism transportation improvement grant program and $6,565,432 is for tourism marketing and branding initiative operating expenses. The $434,568 for the tourism transportation improvement grant program is to be provided directly to the Theodore Roosevelt Medora Foundation, which is an organization dedicated to preserving and promoting a historic, tourism destination North Dakota city.

The House approved $6.9 million for tourism marketing and branding operating expenses and $1 million for technical skills training grants from the general fund. The Senate approved $7 million for tourism marketing and branding operating expenses and $1 million for technical skills training grants from the general fund.

[10] One-time funding of $4 million is added from the federal Coronavirus Relief Fund, of which $2 million is for travel agent and tour operator emergency resiliency grants and $2 million is for event center emergency resiliency grants. A separate section of the bill is added to identify all funding from the federal Coronavirus Relief Fund. Funding from the federal Coronavirus Relief Fund is declared an emergency measure.

[11] One-time funding of $565,432 is added from the general fund for a tourism transportation improvement grant to be provided directly to the Theodore Roosevelt Medora Foundation, which is an organization dedicated to preserving and promoting a historic, tourism destination North Dakota city, to provide a total of $1,000,000 for the tourism transportation improvement grant program, including $434,568 from the federal Coronavirus Relief Fund.

The Conference Committee version includes the transfer of 1 FTE information technology position and related funding to the Information Technology Department (ITD) for the information technology unification initiative, the same as the Senate. The House amendments did not transfer the FTE position to ITD.

This amendment also:

- Amends a section that provides an exemption for the $28 million 2017-19 biennium supplemental appropriation for the beyond visual line of sight unmanned aircraft system (UAS) program that was continued into the 2019-21 biennium to continue into the 2021-23 biennium. The Department of Commerce may provide grants of up to $5 million from this funding to the Department of Transportation for infrastructure construction of the beyond visual line of sight UAS program during the 2021-23 biennium. This section was included by the House. The Senate authorized the Department of Commerce to provide a grant of up to $28 million to the Department of Transportation.
- Amends a section identifying $29 million provided from the strategic investment and improvements fund in Section 1, the same as provided by the House. The Senate provided a total of $26 million.
- Adds a section to amend North Dakota Century Code Section 54-34.3-13 to remove the requirement that businesses be "primary sector" businesses to qualify for the rural growth incentive program, which is administered by the North Dakota Development Fund in the rural growth incentive fund. The House included this section.
- Removes a section added by the Senate that provided an exemption to the Department of Commerce to continue 2019-21 biennium funding for the early childhood education program into the 2021-23 biennium. The House also removed this section. The Department of Commerce anticipates $565,432 related to the early childhood education grant program will not be used and will be canceled at the end of the 2019-21 biennium. This amount is included in the 2021-23 biennium general fund beginning balance.
- Amends a section to require of the 2019-21 biennium funding in the discretionary funds line item the Department of Commerce is authorized to continue into the 2021-23 biennium, $200,000 must be used retrain up to 10 displaced energy industry workers to enhance programmer development and engineering skills. The Senate and House authorized the exemption for the discretionary funds line time but did not previously provide a designation for the $200,000.
- Adds a section of legislative intent that the Northern Plains UAS Test Site maximize earned revenue when possible. The House included this section.
- Adds a section providing for a Legislative Management study of data storage by state entities. The House included this section.
- Declares $12 million appropriated from the federal Coronavirus Relief Fund for various programs and $100,000 from the general fund for a motion picture production and recruitment grant to be an emergency measure.

Senate Bill No. 2018 - Department of Transportation - Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Grants		$28,000,000	($23,000,000)	$5,000,000	$5,000,000	
Total all funds	$0	$28,000,000	($23,000,000)	$5,000,000	$5,000,000	$0
Less estimated income	0	28,000,000	(23,000,000)	5,000,000	5,000,000	0
General fund	$0	$0	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

Department 801 - Department of Transportation - Detail of Conference Committee Changes

	Reduces One-Time Funding for UAS[1]	Total Conference Committee Changes
Grants	($23,000,000)	($23,000,000)
Total all funds	($23,000,000)	($23,000,000)
Less estimated income	(23,000,000)	(23,000,000)
General fund	$0	$0
FTE	0.00	0.00

[1] A separate section of the bill is amended to provide one-time funding of $5 million to the Department of Transportation from grant funds received from the Department of Commerce pursuant to an exemption provided in the bill for infrastructure construction expenses of the beyond visual line of sight UAS program during the 2021-23 biennium. The Senate provided one-time funding of $28 million. The Conference Committee reduced this amount by $23 million to reflect the most recent estimate of unspent funding the Department of Commerce will have available at the end of the 2019-21 biennium, the same as provided by the House.

Engrossed SB 2018 was placed on the Seventh order of business on the calendar.

21.0300.03012
Title.
Fiscal No. 1

Prepared by the Legislative Council staff for
Conference Committee
April 27, 2021

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2018

That the House recede from its amendments as printed on pages 1581-1587of the Senate Journal and pages 1827-1833 of the House Journal and that Engrossed Senate Bill No. 2018 be amended as follows:

Page 1, line 5, replace "section" with "sections 54-34.3-13 and"

Page 1, line 6, after the first "to" insert "the rural growth incentive program and"

Page 1, line 8, remove "and"

Page 1, line 9, after "exemption" insert "; to provide a statement of legislative intent; to provide for a legislative management study; and to declare an emergency"

Page 1, remove lines 18 through 24

Page 2, replace lines 1 through 4 with:

"Salaries and wages	$13,217,286	($381,855)	$12,835,431
Operating expenses	14,873,203	9,009,989	23,883,192
Grants	52,638,527	40,193,803	92,832,330
Discretionary funds	2,150,000	0	2,150,000
North Dakota trade office	1,600,000	(1,600,000)	0
Partner programs	1,562,531	0	1,562,531
Entrepreneurship grants and vouchers	948,467	0	948,467
Total all funds	$86,990,014	$47,221,937	$134,211,951
Less estimated income	54,123,293	46,421,086	100,544,379
Total general fund	$32,866,721	$800,851	$33,667,572
Full-time equivalent positions	61.80	(3.00)	58.80"

Page 2, replace lines 15 through 25 with:

"Workforce safety grant	1,000,000	1,500,000
Entrepreneurship grants and vouchers	2,000,000	0
Sculpture maintenance grants	75,000	0
Nonresident nurse employment recruitment	500,000	0
Intermodal container transportation shipping fees	1,300,000	0
Economic development, growth, and diversification grant	0	5,000,000
Job development and economic growth grant	25,000	1,500,000
Tourism marketing	0	7,000,000
Technical skills training grants	0	1,000,000
Motion picture production and recruitment grant	0	100,000
Travel agent and tour operator emergency resiliency grants	0	2,000,000
Event center emergency resiliency grants	0	2,000,000
Tourism transportation improvement grant	0	565,432
Total all funds	$11,625,000	$49,165,432
Less estimated income	4,300,000	47,000,000
Total general fund	$7,325,000	$2,165,432"

Page 3, line 2, replace "11" with "15"

Page 3, line 3, replace "$28,000,000" with "$5,000,000"

Page 3, line 4, remove "tower"

Page 3, line 7, remove "tower"

Page 3, after line 20, insert:

"**SECTION 6. RURAL HEALTH CARE GRANT PROGRAM - MATCHING FUNDS REQUIREMENT.** The grants line item in section 1 of this Act includes $250,000 from the general fund for providing matching funds to an organization assisting in the recruitment, distribution, and supply, and enhancing the quality and efficiency of personnel providing health services in rural areas of the state. The department of commerce may spend the funds appropriated in this section only to the extent the organization has secured matching funds from nonstate sources on a dollar-for-dollar basis.

SECTION 7. LOAN AUTHORIZATION - ECONOMIC DEVELOPMENT, GROWTH, AND DIVERSIFICATION GRANT PROGRAM - MATCHING REQUIREMENT - ONE-TIME FUNDING. The department of commerce may borrow from the Bank of North Dakota, the sum of $5,000,000, or so much of the sum as may be necessary, which is appropriated to the department of commerce in the grants line item in section 1 of this Act for the purpose of providing a grant to an organization dedicated to expanding economic development, growth, and diversification. This funding is considered a one-time funding item. The department of commerce shall request an appropriation from the sixty-eighth legislative assembly to repay any outstanding loan authorized in this section. To qualify for a grant under this program, an organization must have:

1. Secured a loan or investment under the legacy infrastructure loan fund program established in House Bill No. 1425 as approved by the sixty-seventh legislative assembly for construction of an event and entertainment venue focused on highlighting North Dakota history and attractions;

2. Obtained $5,000,000 of matching funds from nonstate sources; and

3. Entered a lease with the state of North Dakota for use of land for the event and entertainment venue.

Grant funds awarded may be used only for the operating costs of an event and entertainment venue used to promote the expansion of tourism and economic development and growth in the state."

Page 3, line 23, replace "$26,000,000" with "$29,000,000"

Page 3, line 24, replace "and" with a comma

Page 3, line 25, after "grants" insert ", $1,500,000 is for a job development grant to an organization dedicated to promoting job development and economic growth, and $1,500,000 is for a workforce safety grant to an organization that provides workforce safety"

Page 3, after line 25, insert:

"**SECTION 9. ESTIMATED INCOME - FEDERAL CORONAVIRUS RELIEF FUND - ONE-TIME FUNDING.** The estimated income line item in section 1 of this Act includes the sum of $12,000,000 from the federal coronavirus relief fund, which is

provided for the purposes identified in this section. The department of commerce shall establish guidelines for awarding funding under this section. This funding is considered a one-time funding item and is available for the following:

1. $7,000,000 for tourism marketing and branding initiatives, of which $6,565,432 is for tourism marketing and branding operating expenses and $434,568 is for the tourism transportation improvement grant program for a grant to be provided to an organization dedicated to preserving and promoting a historic, tourism destination North Dakota city.

2. $1,000,000 for technical skills training grants.

3. $2,000,000 for travel agent and tour operator emergency resiliency grants. Grants may be awarded only to travel agents that book commission-based travel for private individuals or companies, tour companies that schedule tour details and itineraries in North Dakota, or transportation companies providing transportation services to tour planners for tours originating in North Dakota or operators bringing tours into North Dakota. The department of commerce shall establish additional eligibility requirements for the program. The following organizations are ineligible for a grant under this subsection:

   a. National companies that provide travel services to individuals in North Dakota but do not employ at least one individual in the state;

   b. Corporations with staff dedicated to purchasing and arranging travel for employees;

   c. Military-based travel agents or other individuals employed by government entities; and

   d. Organizations that offer guided services and tours.

4. $2,000,000 for event center emergency resiliency grants."

Page 5, after line 6, insert:

"**SECTION 12. AMENDMENT.** Section 54-34.3-13 of the North Dakota Century Code is amended and reenacted as follows:

54-34.3-13. Rural growth incentive program.

1. The department shall manage and administer the rural growth incentive program. A city with a population of less than two thousand five hundred may apply to the department to be designated as a rural growth incentive city. A rural growth incentive city may be eligible for a loan, grant, or both under this section.

2. The department shall designate an applicant city as a rural growth incentive city eligible for a loan if the city raises funds in the amount of a dollar-for-dollar match for the amount requested in the loan and meets any additional program requirements provided by rule. The source of city funds used for loan matching funds may be any combination of public and private funds. If the department designates a city as a rural growth incentive city eligible for a loan under this section, subject to the availability of funds, the state shall make a loan to the city in an amount not less than twenty-five

thousand dollars and not more than seventy-five thousand dollars. The department shall establish the amount of the interest rate for loans provided to a city under this subsection. The funding source of the state loan is the North Dakota development fund. The city shall distribute the city and state funds to qualifying new or expanded ~~primary sector~~ businesses in the city. A qualifying business in the city includes a business that provides essential services to the city. For purposes of this subsection, a business that provides essential services does not include a public utility. The governing body of the city determines whether a new or expanded ~~primary sector~~ business qualifies for funding, and the director of the department determines whether a business that provides essential services to the city qualifies for funding. The state shall distribute a loan to a rural growth incentive city once the city establishes the city has chosen a specified qualified business to receive funding.

3. The department shall designate an applicant city as a rural growth incentive city eligible for a grant if the city raises funds in the amount of a dollar-for-dollar match for the amount requested in the grant application and meets any additional program requirements provided by rule. The source of city funds used for grant matching funds may be any combination of public and private funds. If the department designates a city as a rural growth incentive city eligible for a grant under this section, subject to availability of funds, the state shall make a grant to the city in an amount not to exceed ten thousand dollars. The recipient rural growth incentive city shall use the grant money received to conduct a feasibility study for the location of a new business, including an expansion of a business with the primary place of business outside the rural growth incentive city. ~~The business under this subsection is not limited to primary sector businesses.~~ The funding source of the state grant is the North Dakota development fund. Total grants awarded by the department under this subsection may not exceed one hundred thousand dollars per biennium.

4. The city may not use city or state funds raised or provided under this section for costs associated with administering the rural growth incentive city. The department shall provide the rural growth incentive city with training to assist the city in expanding ~~primary sector~~ businesses, locating new businesses, and working with state economic development programs."

Page 5, line 23, replace "The amount of" with "Of the"

Page 5, line 25, replace the first "and" with ", up to $5,000,000 of unexpended funds may be continued and"

Page 5, line 27, replace "$28,000,000" with "$5,000,000"

Page 5, line 28, remove "tower"

Page 6, remove lines 11 through 15

Page 6, line 28, after the period insert "Of this amount, up $200,000 must be used to retrain up to ten displaced energy industry workers to enhance programmer development and engineering skills.

SECTION 20. LEGISLATIVE INTENT - NORTHERN PLAINS UNMANNED AIRCRAFT SYSTEM TEST SITE. It is the intent of the sixty-seventh legislative assembly that the northern plains unmanned aircraft system test site maximize earned revenue to the extent possible while operating and conducting business of the test site.

SECTION 21. LEGISLATIVE MANAGEMENT STUDY - DATA STORAGE. During the 2021-22 interim, the legislative management shall consider studying data storage by state entities. The study must include input from the information technology department, North Dakota university system, and kindergarten through grade twelve education coordination council. The study must consider data security, geographical locations of storage, geographical locations of corporate contractors, state and federal laws that may affect North Dakota data, ownership and control of data storage, and current and estimated data storage costs related to cloud-based, out-of-state data storage of North Dakota state and local government data. The legislative management shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to the sixty-eighth legislative assembly.

SECTION 22. EMERGENCY. Funding appropriated from the federal coronavirus relief fund in section 1 and identified in sections 2 and 9 of this Act is declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2018 - Summary of Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Department of Commerce						
Total all funds	$86,990,014	$122,425,241	$11,786,710	$134,211,951	$129,547,101	$4,664,850
Less estimated income	54,123,293	80,548,067	19,996,312	100,544,379	83,544,379	17,000,000
General fund	$32,866,721	$41,877,174	($8,209,602)	$33,667,572	$46,002,722	($12,335,150)
FTE	61.80	58.80	0.00	58.80	59.80	(1.00)
Department of Transportation						
Total all funds	$0	$28,000,000	($23,000,000)	$5,000,000	$5,000,000	$0
Less estimated income	0	28,000,000	(23,000,000)	5,000,000	5,000,000	0
General fund	$0	$0	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00
Bill total						
Total all funds	$86,990,014	$150,425,241	($11,213,290)	$139,211,951	$134,547,101	$4,664,850
Less estimated income	54,123,293	108,548,067	(3,003,688)	105,544,379	88,544,379	17,000,000
General fund	$32,866,721	$41,877,174	($8,209,602)	$33,667,572	$46,002,722	($12,335,150)
FTE	61.80	58.80	0.00	58.80	59.80	(1.00)

Senate Bill No. 2018 - Department of Commerce - Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Salaries and wages	$13,217,286	$12,864,153	($28,722)	$12,835,431	$12,989,330	($153,899)
Operating expenses	14,873,203	24,317,760	(434,568)	23,883,192	24,064,443	(181,251)
Grants	52,638,527	81,182,330	11,650,000	92,832,330	87,832,330	5,000,000
Discretionary funds	2,150,000	1,550,000	600,000	2,150,000	2,150,000	
North Dakota Trade Office	1,600,000					
Entrepreneurship grants and vouchers	948,467	948,467		948,467	948,467	
Partner programs	1,562,531	1,562,531		1,562,531	1,562,531	
Total all funds	$86,990,014	$122,425,241	$11,786,710	$134,211,951	$129,547,101	$4,664,850
Less estimated income	54,123,293	80,548,067	19,996,312	100,544,379	83,544,379	17,000,000
General fund	$32,866,721	$41,877,174	($8,209,602)	$33,667,572	$46,002,722	($12,335,150)
FTE	61.80	58.80	0.00	58.80	59.80	(1.00)

Department 601 - Department of Commerce - Detail of Conference Committee Changes

	Adjusts Funding for Salary and Benefit Increases[1]	Transfers Early Childhood Education Program to DHS[2]	Adds Funding for Rural Health Care Grants[3]	Restores Funding for Discretionary Funds[4]	Adds One-Time Funding for Film and Theater Production Grant[5]	Adds One-Time Funding for Economic Development and Growth Grant[6]
Salaries and wages	($28,722)					
Operating expenses						
Grants		($1,500,000)	$50,000		$100,000	$5,000,000
Discretionary funds				$600,000		
North Dakota Trade Office						
Entrepreneurship grants and vouchers						
Partner programs						
Total all funds	($28,722)	($1,500,000)	$50,000	$600,000	$100,000	$5,000,000
Less estimated income	(3,688)	0	0	0	0	5,000,000
General fund	($25,034)	($1,500,000)	$50,000	$600,000	$100,000	$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Adds One-Time Funding for Job Development Grant[7]	Adds One-Time Funding for Workforce Safety Grant[8]	Adjusts One-Time Funding to the Coronavirus Relief Fund[9]	Adds One-Time Funding from the Coronavirus Relief Fund[10]	Adds One-Time Funding for Tourism Transportation Improvement Grant[11]	Total Conference Committee Changes
Salaries and wages						($28,722)
Operating expenses			($434,568)			(434,568)
Grants	$1,500,000	$1,500,000	434,568	$4,000,000	$565,432	11,650,000
Discretionary funds						600,000
North Dakota Trade Office						
Entrepreneurship grants and vouchers						
Partner programs						
Total all funds	$1,500,000	$1,500,000	$0	$4,000,000	$565,432	$11,786,710
Less estimated income	1,500,000	1,500,000	8,000,000	4,000,000	0	19,996,312
General fund	$0	$0	($8,000,000)	$0	$565,432	($8,209,602)
FTE	0.00	0.00	0.00	0.00	0.00	0.00

[1] Salaries and wages funding is adjusted for salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of $100 and 2 percent on July 1, 2022, the same as the House. The Senate provided salary adjustments of 2 percent with a minimum monthly increase of $80 and a maximum monthly increase of $300 on July 1, 2021, and 2 percent on July 1, 2022.

[2] Funding of $1.5 million from the general fund for the early childhood education program is removed in the

Department of Commerce budget. The House and Senate have added $1.5 million for this program in the Department of Human Services budget relating to the changes in House Bill No. 1466.

[3] Funding of $50,000 is added from the general fund for rural health care grants to provide a total of $250,000 from the general fund, the same as the House. The Senate provided $200,000 from the general fund. A separate section is added to the bill requiring a dollar-for-dollar match.

[4] Funding of $600,000 from the general fund, removed by the Senate, is restored to provide a total of $2.15 million from the general fund in the discretionary funds line item, the same as the base level and as provided by the House. The Senate provided a total of $1.55 million.

[5] One-time funding of $100,000 is added from the general fund to provide a film and theater production grant directly to Canticle Productions, which is an organization dedicated to the preservation and honor of North Dakota land, history, and citizens, the same as provided by the House.

[6] One-time funding of $5 million is added from Bank of North Dakota loan proceeds for providing a grant to an organization dedicated to expanding economic development, growth, and diversification for the 2021-23 biennium. A separate section of the bill is added to provide the organization receiving the grant funding must have:

- Secured a loan or investment under the legacy infrastructure loan fund program established in House Bill No. 1425 as approved by the 67th Legislative Assembly for construction of an event and entertainment venue focused on highlighting North Dakota history and attractions;
- Obtained $5 million of matching funds from nonstate sources; and
- Entered a lease with the State of North Dakota for use of land for the event and entertainment venue.

Grant funds awarded may be used only for the operating costs of an event and entertainment venue used to promote the expansion of tourism and economic development and growth in the state. The department is required to request a deficiency appropriation from the 68th Legislative Assembly to repay any outstanding loan related to this program.

The House provided a general fund appropriation for this item. The Senate did not provide funding for this item.

[7] One-time funding of $1.5 million is added from the strategic investment and improvements fund to provide a job development and economic growth grant directly to the Cavalier County Job Development Authority, which is an organization dedicated to promoting job development and economic growth in the state, the same as provided by the House.

[8] One-time funding of $1.5 million is added from the strategic investment and improvements fund to provide a workforce safety grant directly to the North Dakota Safety Council, which is an organization that provides workforce safety, the same as provided by the House.

[9] One-time funding of $8 million, of which $7 million is for tourism marketing and branding initiatives and $1 million is for technical skills training grants, is removed from the general fund and added from the federal Coronavirus Relief Fund. Of the $7 million for tourism marketing and branding initiatives, $434,568 is for the tourism transportation improvement grant program and $6,565,432 is for tourism marketing and branding initiative operating expenses. The $434,568 for the tourism transportation improvement grant program is to be provided directly to the Theodore Roosevelt Medora Foundation, which is an organization dedicated to preserving and promoting a historic, tourism destination North Dakota city.

The House approved $6.9 million for tourism marketing and branding operating expenses and $1 million for technical skills training grants from the general fund. The Senate approved $7 million for tourism marketing and branding operating expenses and $1 million for technical skills training grants from the general fund.

[10] One-time funding of $4 million is added from the federal Coronavirus Relief Fund, of which $2 million is for travel agent and tour operator emergency resiliency grants and $2 million is for event center emergency resiliency grants. A separate section of the bill is added to identify all funding from the federal Coronavirus Relief Fund. Funding from the federal Coronavirus Relief Fund is declared an emergency measure.

[11] One-time funding of $565,432 is added from the general fund for a tourism transportation improvement grant to be provided directly to the Theodore Roosevelt Medora Foundation, which is an organization dedicated to preserving and promoting a historic, tourism destination North Dakota city, to provide a total of $1,000,000 for the tourism transportation improvement grant program, including $434,568 from the federal Coronavirus Relief Fund.

The Conference Committee version includes the transfer of 1 FTE information technology position and related funding to the Information Technology Department (ITD) for the information technology unification initiative, the same as the Senate. The House amendments did not transfer the FTE position to ITD.

This amendment also:

- Amends a section that provides an exemption for the $28 million 2017-19 biennium supplemental appropriation for the beyond visual line of sight unmanned aircraft system (UAS) program that was continued into the 2019-21 biennium to continue into the 2021-23 biennium. The Department of Commerce may provide grants of up to $5 million from this funding to the Department of Transportation for infrastructure construction of the beyond visual line of sight UAS program during the 2021-23 biennium. This section was included by the House. The Senate authorized the Department of Commerce to provide a grant of up to $28 million to the Department of Transportation.
- Amends a section identifying $29 million provided from the strategic investment and improvements fund in Section 1, the same as provided by the House. The Senate provided a total of $26 million.
- Adds a section to amend North Dakota Century Code Section 54-34.3-13 to remove the requirement that businesses be "primary sector" businesses to qualify for the rural growth incentive program, which is administered by the North Dakota Development Fund in the rural growth incentive fund. The House included this section.
- Removes a section added by the Senate that provided an exemption to the Department of Commerce to continue 2019-21 biennium funding for the early childhood education program into the 2021-23 biennium. The House also removed this section. The Department of Commerce anticipates $565,432 related to the early childhood education grant program will not be used and will be canceled at the end of the 2019-21 biennium. This amount is included in the 2021-23 biennium general fund beginning balance.
- Amends a section to require of the 2019-21 biennium funding in the discretionary funds line item the Department of Commerce is authorized to continue into the 2021-23 biennium, $200,000 must be used retrain up to 10 displaced energy industry workers to enhance programmer development and engineering skills. The Senate and House authorized the exemption for the discretionary funds line time but did not previously provide a designation for the $200,000.
- Adds a section of legislative intent that the Northern Plains UAS Test Site maximize earned revenue when possible. The House included this section.
- Adds a section providing for a Legislative Management study of data storage by state entities. The House included this section.

Senate Bill No. 2018 - Department of Transportation - Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Grants		$28,000,000	($23,000,000)	$5,000,000	$5,000,000	
Total all funds	$0	$28,000,000	($23,000,000)	$5,000,000	$5,000,000	$0
Less estimated income	0	28,000,000	(23,000,000)	5,000,000	5,000,000	0
General fund	$0	$0	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

Department 801 - Department of Transportation - Detail of Conference Committee Changes

	Reduces One-Time Funding for UAS[1]	Total Conference Committee Changes
Grants	($23,000,000)	($23,000,000)
Total all funds	($23,000,000)	($23,000,000)
Less estimated income	(23,000,000)	(23,000,000)
General fund	$0	$0
FTE	0.00	0.00

[1] A separate section of the bill is amended to provide one-time funding of $5 million to the Department of Transportation from grant funds received from the Department of Commerce pursuant to an exemption provided in the bill for infrastructure construction expenses of the beyond visual line of sight UAS program during the 2021-23 biennium. The Senate provided one-time funding of $28 million. The Conference Committee reduced this amount by $23 million to reflect the most recent estimate of unspent funding the Department of Commerce will have available at the end of the 2019-21 biennium, the same as provided by the House.

#11736

4/27/21

Department of Commerce - Budget No. 601
Senate Bill No. 2018
Base Level Funding Changes

	Senate Version				House Version				Conference Committee Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2021-23 Biennium Base Level	61.80	$32,866,721	$54,123,293	$86,990,014	61.80	$32,866,721	$54,123,293	$86,990,014	61.80	$32,866,721	$54,123,293	$86,990,014
2021-23 Ongoing Funding Changes												
Base payroll changes		($49,007)	$16,577	($32,430)		($49,007)	$16,577	($32,430)		($49,007)	$16,577	($32,430)
Salary increase		266,126	56,512	322,638		245,150	52,824	297,974		241,092	52,824	293,916
Health insurance increase		2,341	531	2,872		2,390	531	2,921		2,341	531	2,872
Underfunds salaries		(140,000)		(140,000)		(140,000)		(140,000)		(140,000)		(140,000)
Transfers 1 FTE IT position to ITD for IT unification	(1.00)	3,525		3,525	0.00	0		0	(1.00)	3,525		3,525
Transfers the HOME program to the Housing Finance Agency	(2.00)		(8,343,371)	(8,343,371)	(2.00)		(8,343,371)	(8,343,371)	(2.00)		(8,343,371)	(8,343,371)
Adds funding for Microsoft Office 365 license expenses		5,486	1,013	6,499		5,486	1,013	6,499		5,486	1,013	6,499
Adjusts funding for the Community Services Division		(216,576)	329,488	112,912		(216,576)	329,488	112,912		(216,576)	329,488	112,912
Reduces funding for the Workforce Development Division		(199,664)		(199,664)		(199,664)		(199,664)		(199,664)		(199,664)
Reduces funding for the Economic Development and Finance Division		(195,000)		(195,000)		(195,000)		(195,000)		(195,000)		(195,000)
Reduces funding for the administration division		(396,990)	(3,283)	(400,273)		(396,990)	(3,283)	(400,273)		(396,990)	(3,283)	(400,273)
Reduces funding for the Operation Intern program		(100,000)		(100,000)		(100,000)		(100,000)		(100,000)		(100,000)
Adds funding for the UAS program		3,000,000	7,020,150	10,020,150		3,000,000	7,020,150	10,020,150		3,000,000	7,020,150	10,020,150
Transfers $505,000 for contractual fees from grants to operating expenses				0				0				0
Transfers $151,284 for the early childhood education program from operating to grants				0				0				0
Transfers $1.5 million for the early childhood education program to DHS				0		(1,500,000)		(1,500,000)		(1,500,000)		(1,500,000)
Removes funding for the biotechnology grant program		(300,000)		(300,000)		(300,000)		(300,000)		(300,000)		(300,000)
Reduces funding for homeless shelter grants		(169,788)		(169,788)		(169,788)		(169,788)		(169,788)		(169,788)
Adds funding for rural health care grants		200,000		200,000		250,000		250,000		250,000		250,000
Adds funding for a state apprenticeship expansion program			347,157	347,157			347,157	347,157			347,157	347,157
Adjusts funding for discretionary funds		(600,000)		(600,000)		0		0		0		0
Transfers funding for the North Dakota Trade Office to the Agriculture Commissioner		(1,600,000)		(1,600,000)		(1,600,000)		(1,600,000)		(1,600,000)		(1,600,000)
Total ongoing funding changes	(3.00)	($489,547)	($575,226)	($1,064,773)	(2.00)	($1,363,999)	($578,914)	($1,942,913)	(3.00)	($1,364,581)	($578,914)	($1,943,495)
One-time funding items												
Adds funding for tourism marketing		$7,000,000		$7,000,000		$6,900,000		$6,900,000		$0	$7,000,000	$7,000,000
Adds funding for UAS program grants			$1,000,000	1,000,000			$1,000,000	1,000,000			1,000,000	1,000,000
Adds funding for the beyond visual line of sight UAS program		1,000,000	19,000,000	20,000,000		$1,000,000	19,000,000	20,000,000		1,000,000	19,000,000	20,000,000
Adds funding for enhanced use lease grants			7,000,000	7,000,000			7,000,000	7,000,000			7,000,000	7,000,000
Adds funding for technical skills training grants		1,000,000		1,000,000		1,000,000		1,000,000		0	1,000,000	1,000,000
Adds funding for workforce grants to tribally controlled community colleges		500,000		500,000		500,000		500,000		500,000		500,000
Adds funding for a film and theater production grant				0		100,000		100,000		100,000		100,000
Adds funding for an economic development, growth, and diversification grant program				0		5,000,000		5,000,000			5,000,000	5,000,000
Adds funding for a job development and economic growth grant				0			1,500,000	1,500,000			1,500,000	1,500,000
Adds funding for a workforce safety grant				0			1,500,000	1,500,000			1,500,000	1,500,000
Adds funding for travel agent and tour operator emergency resiliency grants				0				0			2,000,000	2,000,000
Adds funding for event center emergency resiliency grants				0				0			2,000,000	2,000,000
Adds funding for a tourism transportation improvement grant				0				0		565,432		565,432
Total one-time funding changes	0.00	$9,500,000	$27,000,000	$36,500,000	0.00	$14,500,000	$30,000,000	$44,500,000	0.00	$2,165,432	$47,000,000	$49,165,432
Total Changes to Base Level Funding	(3.00)	$9,010,453	$26,424,774	$35,435,227	(2.00)	$13,136,001	$29,421,086	$42,557,087	(3.00)	$800,851	$46,421,086	$47,221,937
2021-23 Total Funding	58.80	$41,877,174	$80,548,067	$122,425,241	59.80	$46,002,722	$83,544,379	$129,547,101	58.80	$33,667,572	$100,544,379	$134,211,951
Total ongoing changes as a percentage of base level	*(4.9%)*	*(1.5%)*	*(1.1%)*	*(1.2%)*	*(3.2%)*	*(4.2%)*	*(1.1%)*	*(2.2%)*	*(4.9%)*	*(4.2%)*	*(1.1%)*	*(2.2%)*
Total changes as a percentage of base level	*(4.9%)*	*27.4%*	*48.8%*	*40.7%*	*(3.2%)*	*40.0%*	*54.4%*	*48.9%*	*(4.9%)*	*2.4%*	*85.8%*	*54.3%*

Other Sections in Department of Commerce - Budget No. 601

	Senate Version	House Version	Conference Committee Version
Appropriation - Department of Transportation - Beyond visual line of sight unmanned aircraft system program - One-time funding	Section 3 appropriates $28 million to the Department of Transportation from grant funds received from the Department of Commerce pursuant to Section 11 for the purpose of defraying tower infrastructure construction expenses of the beyond visual line of sight UAS program during the 2021-23 biennium. The Department of Transportation may bid, award, and administer any contracts necessary to complete the construction of the tower infrastructure. This funding is considered a one-time funding item.	Section 3 appropriates $5 million to the Department of Transportation from grant funds received from the Department of Commerce pursuant to Section 14 for the purpose of defraying infrastructure construction expenses of the beyond visual line of sight UAS program during the 2021-23 biennium. The Department of Transportation may bid, award, and administer any contracts necessary to complete the construction of the infrastructure. This funding is considered a one-time funding item.	Section 3 appropriates $5 million to the Department of Transportation from grant funds received from the Department of Commerce pursuant to Section 15 for the purpose of defraying infrastructure construction expenses of the beyond visual line of sight UAS program during the 2021-23 biennium. The Department of Transportation may bid, award, and administer any contracts necessary to complete the construction of the infrastructure. This funding is considered a one-time funding item.
Internship fund transfer	Section 4 transfers $755,000 from the general fund to the internship fund in the operating expenses line item for the Operation Intern program.	Section 4 transfers $755,000 from the general fund to the internship fund in the operating expenses line item for the Operation Intern program.	Section 4 transfers $755,000 from the general fund to the internship fund in the operating expenses line item for the Operation Intern program.
Entrepreneurship grants and vouchers program	Section 5 identifies $948,467 included in Section 1, of which $740,956 is from the general fund and $207,511 is from the economic development fund for the entrepreneurship grants and vouchers program, also known as Innovate ND, for the 2021-23 biennium.	Section 5 identifies $948,467 included in Section 1, of which $740,956 is from the general fund and $207,511 is from the economic development fund for the entrepreneurship grants and vouchers program, also known as Innovate ND, for the 2021-23 biennium.	Section 5 identifies $948,467 included in Section 1, of which $740,956 is from the general fund and $207,511 is from the economic development fund for the entrepreneurship grants and vouchers program, also known as Innovate ND, for the 2021-23 biennium.
Rural health care grant program		Section 6 identifies $250,000 from the general fund in Section 1 is provided for the purpose of providing matching funds to an organization assisting in the recruitment, distribution, and supply, and enhancing the quality and efficiency of personnel providing health services in rural areas of the state during the 2021-23 biennium.	Section 6 identifies $250,000 from the general fund in Section 1 is provided for the purpose of providing matching funds to an organization assisting in the recruitment, distribution, and supply, and enhancing the quality and efficiency of personnel providing health services in rural areas of the state during the 2021-23 biennium.
Economic development, growth, and diversification grant program - Matching Requirement - One-time funding		Section 7 identifies $5 million from the general fund in Section 1 is provided for the purpose of providing matching funds to an organization dedicated to expanding economic development, growth, and diversification during the 2021-23 biennium. This funding is considered a one-time funding item.	Section 7 identifies $5 million in Section 1 is from a Bank of North Dakota loan provided to the Department of Commerce for the purpose of providing matching grant funds to an organization dedicated to expanding economic development, growth, and diversification during the 2021-23 biennium. This funding is considered a one-time funding item. The department is required to request a deficiency appropriation from the 68th Legislative Assembly to repay any outstanding loan related to this program.
Estimated income - Strategic investment and improvements fund - Beyond visual line of sight UAS program - Enhanced use lease grants program - Job development and economic growth grant - Workforce safety grant	Section 6 identifies $26 million from the strategic investment and improvements fund in Section 1, of which $19 million is for providing beyond visual light of sight UAS grants and $7 million is for providing enhanced use lease grants during the 2021-23 biennium. This funding is considered a one-time funding item.	Section 8 identifies $29 million from the strategic investment and improvements fund in Section 1, of which $19 million is for providing beyond visual light of sight UAS grants, $7 million is for providing enhanced use lease grants, $1.5 million is for providing a job development grant to an organization dedicated to promoting job development and economic growth, and $1.5 million is for providing a workforce safety grant to an organization that provides workforce safety during the 2021-23 biennium. This funding is considered a one-time funding item.	Section 8 identifies $29 million from the strategic investment and improvements fund in Section 1, of which $19 million is for providing beyond visual light of sight UAS grants, $7 million is for providing enhanced use lease grants, $1.5 million is for providing a job development grant to an organization dedicated to promoting job development and economic growth, and $1.5 million is for providing a workforce safety grant to an organization that provides workforce safety during the 2021-23 biennium. This funding is considered a one-time funding item.
Federal Coronavirus Relief Fund			Section 9 identifies $12 million of one-time funding from the federal Coronavirus Relief Fund, of which $7 million is for tourism marketing and branding initiatives, $1 million is for technical skills training grants, $2 million is for travel agent and tour operator emergency resiliency grants, and $2 million is for event center emergency resiliency grants. Of the $7 million for tourism marketing and branding initiatives, $434,568 is for the tourism transportation improvement grant program. This section is declared an emergency measure.

Other Sections in Department of Commerce - Budget No. 601

	Senate Version	House Version	Conference Committee Version
Beyond visual line of sight UAS program - Matching fund requirement - One-time funding	Section 7 identifies $1 million from the general fund in Section 1 is for providing grants to an organization dedicated to expanding workforce opportunities, training, and education related to the beyond visual line of sight UAS industry, which the Department of Commerce may provide only to the extent the organization provides $1 of matching funds from private or other public sources for each $1 provided by the department during the 2021-23 biennium. This funding is considered a one-time funding item.	Section 9 identifies $1 million from the general fund in Section 1 is for providing grants to an organization dedicated to expanding workforce opportunities, training, and education related to the beyond visual line of sight UAS industry, which the Department of Commerce may provide only to the extent the organization provides $1 of matching funds from private or other public sources for each $1 provided by the department during the 2021-23 biennium. This funding is considered a one-time funding item.	Section 10 identifies $1 million from the general fund in Section 1 is for providing grants to an organization dedicated to expanding workforce opportunities, training, and education related to the beyond visual line of sight UAS industry, which the Department of Commerce may provide only to the extent the organization provides $1 of matching funds from private or other public sources for each $1 provided by the department during the 2021-23 biennium. This funding is considered a one-time funding item.
North Dakota Trade Office - Advisory board - Continuing appropriation	Section 8 creates a new section to Chapter 4.1-01 to transfer the international business and trade office, also known as the North Dakota Trade Office, from the Department of Commerce to the Agriculture Commissioner.	Section 10 creates a new section to Chapter 4.1-01 to transfer the international business and trade office, also known as the North Dakota Trade Office, from the Department of Commerce to the Agriculture Commissioner.	Section 11 creates a new section to Chapter 4.1-01 to transfer the international business and trade office, also known as the North Dakota Trade Office, from the Department of Commerce to the Agriculture Commissioner.
Rural growth incentive program - North Dakota Development Fund		Section 11 amends Section 54-34.3-13 to remove the requirement that businesses be "primary sector" businesses to qualify for the rural growth incentive program, which is administered by the North Dakota Development Fund in the rural growth incentive fund.	Section 12 amends Section 54-34.3-13 to remove the requirement that businesses be "primary sector" businesses to qualify for the rural growth incentive program, which is administered by the North Dakota Development Fund in the rural growth incentive fund.
UAS-related programs continuing appropriation	Section 9 amends Section 54-60-29 to expand the continuing appropriation provided to the Department of Commerce from the UAS fund for expenses of the UAS program to also include expenses of the beyond visual line of sight UAS program and the enhanced use lease grant program.	Section 12 amends Section 54-60-29 to expand the continuing appropriation provided to the Department of Commerce from the UAS fund for expenses of the UAS program to also include expenses of the beyond visual line of sight UAS program and the enhanced use lease grant program.	Section 13 amends Section 54-60-29 to expand the continuing appropriation provided to the Department of Commerce from the UAS fund for expenses of the UAS program to also include expenses of the beyond visual line of sight UAS program and the enhanced use lease grant program.
North Dakota Trade Office - Repeal	Section 10 repeals Section 54-60-16 related to the international business and trade office, also known as the North Dakota Trade Office, as part of the transfer of the program from the Department of Commerce to the Agriculture Commissioner.	Section 13 repeals Section 54-60-16 related to the international business and trade office, also known as the North Dakota Trade Office, as part of the transfer of the program from the Department of Commerce to the Agriculture Commissioner.	Section 14 repeals Section 54-60-16 related to the international business and trade office, also known as the North Dakota Trade Office, as part of the transfer of the program from the Department of Commerce to the Agriculture Commissioner.
Exemption - Beyond visual line of sight UAS program	Section 11 provides an exemption for unexpended 2017-19 biennium funds continued into the 2019-21 biennium for the beyond visual line of sight UAS program to continue into the 2021-23 biennium. The 2019 Legislative Assembly provided a $28 million supplemental appropriation from the general fund for this purpose for the 2017-19 biennium. The Department of Commerce may provide grants of up to $28 million to the Department of Transportation, pursuant to the appropriation in Section 3, for the purpose of defraying tower infrastructure construction expenses of the beyond visual line of sight UAS program during the 2021-23 biennium.	Section 14 provides an exemption for unexpended 2017-19 biennium funds continued into the 2019-21 biennium for the beyond visual line of sight UAS program to continue into the 2021-23 biennium. The 2019 Legislative Assembly provided a $28 million supplemental appropriation from the general fund for this purpose for the 2017-19 biennium. The Department of Commerce may provide grants of up to $5 million to the Department of Transportation, pursuant to the appropriation in Section 3, for the purpose of defraying infrastructure construction expenses of the beyond visual line of sight UAS program during the 2021-23 biennium.	Section 15 provides an exemption for unexpended 2017-19 biennium funds continued into the 2019-21 biennium for the beyond visual line of sight UAS program to continue into the 2021-23 biennium. The 2019 Legislative Assembly provided a $28 million supplemental appropriation from the general fund for this purpose for the 2017-19 biennium. The Department of Commerce may provide grants of up to $5 million to the Department of Transportation, pursuant to the appropriation in Section 3, for the purpose of defraying infrastructure construction expenses of the beyond visual line of sight UAS program during the 2021-23 biennium.
Exemption - UAS program	Section 12 provides an exemption for the UAS program to continue any unexpended 2019-21 biennium funds for the operating expenses of this program into the 2021-23 biennium. A total of $2.25 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.	Section 15 provides an exemption for the UAS program to continue any unexpended 2019-21 biennium funds for the operating expenses of this program into the 2021-23 biennium. A total of $2.25 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.	Section 16 provides an exemption for the UAS program to continue any unexpended 2019-21 biennium funds for the operating expenses of this program into the 2021-23 biennium. A total of $2.25 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.
Exemption - Enhanced use lease grant program	Section 13 provides an exemption for the enhanced use lease grant program to continue any unexpended 2019-21 biennium funds for the program into the 2021-23 biennium. A total of $3 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.	Section 16 provides an exemption for the enhanced use lease grant program to continue any unexpended 2019-21 biennium funds for the program into the 2021-23 biennium. A total of $3 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.	Section 17 provides an exemption for the enhanced use lease grant program to continue any unexpended 2019-21 biennium funds for the program into the 2021-23 biennium. A total of $3 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.

Other Sections in Department of Commerce - Budget No. 601

	Senate Version	House Version	Conference Committee Version
Exemption - Early childhood education program	Section 14 provides an exemption to continue unexpended 2019-21 biennium funds for the early childhood education program into the 2021-23 biennium. A total of $1.5 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.		
Exemption - Nonresident nurse employment recruitment program	Section 15 provides an exemption to continue $320,000 of the $500,000 appropriated from the general fund for the nonresident nurse employment recruitment program for the 2019-21 biennium into the 2021-23 biennium. In addition to the program eligibility guidelines established for the 2019-21 biennium, the Department of Commerce is required to provide funding for the program to eligible nursing students in the state who have not been employed by a health care provider on a full-time basis in the year preceding the grant award.	Section 17 provides an exemption to continue $320,000 of the $500,000 appropriated from the general fund for the nonresident nurse employment recruitment program for the 2019-21 biennium into the 2021-23 biennium. In addition to the program eligibility guidelines established for the 2019-21 biennium, the Department of Commerce is required to provide funding for the program to eligible nursing students in the state who have not been employed by a health care provider on a full-time basis in the year preceding the grant award.	Section 18 provides an exemption to continue $320,000 of the $500,000 appropriated from the general fund for the nonresident nurse employment recruitment program for the 2019-21 biennium into the 2021-23 biennium. In addition to the program eligibility guidelines established for the 2019-21 biennium, the Department of Commerce is required to provide funding for the program to eligible nursing students in the state who have not been employed by a health care provider on a full-time basis in the year preceding the grant award.
Exemption - Discretionary funds	Section 16 provides an exemption for discretionary funds to continue any unexpended 2019-21 biennium funds in the discretionary funds line item into the 2021-23 biennium. A total of $2.15 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.	Section 18 provides an exemption for discretionary funds to continue any unexpended 2019-21 biennium funds in the discretionary funds line item into the 2021-23 biennium. A total of $2.15 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.	Section 19 provides an exemption for discretionary funds to continue any unexpended 2019-21 biennium funds in the discretionary funds line item into the 2021-23 biennium, of which $200,000 must be used to retrain up to 10 displaced energy industry workers to enhance programmer development and engineering skills. A total of $2.15 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.
Legislative intent - Northern Plains UAS Test Site		Section 19 provides legislative intent that the Northern Plains UAS Test Site maximize earned revenue when possible.	Section 20 provides legislative intent that the Northern Plains UAS Test Site maximize earned revenue when possible.
Legislative Management study - Data storage		Section 20 provides for the Legislative Management to consider studying data storage by state entities. The study must include input from the Information Technology Department, North Dakota University System, and K-12 Education Coordinating Council. The study must consider data security, geographical locations of storage, geographical location of corporate contractors, state and federal laws that may affect North Dakota data, ownership and control of data storage, and current and estimated data storage costs related to cloud-based, out-of-state data storage of North Dakota state and local government data.	Section 21 provides for the Legislative Management to consider studying data storage by state entities. The study must include input from the Information Technology Department, North Dakota University System, and K-12 Education Coordinating Council. The study must consider data security, geographical locations of storage, geographical location of corporate contractors, state and federal laws that may affect North Dakota data, ownership and control of data storage, and current and estimated data storage costs related to cloud-based, out-of-state data storage of North Dakota state and local government data.
Emergency		Section 21 declares this Act to be an emergency.	Section 22 declares funding appropriated from the federal Coronavirus Relief Fund in Section 1 and identified in Sections 2 and 9 to be an emergency measure

2021 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Roughrider Room, State Capitol

SB 2018
4/28/2021
Senate Appropriations Committee

A BILL for an Act to provide an appropriation for defraying the expenses of the department of commerce.

Senator Bekkedahl opened the hearing at 11:00 AM.

Senators present: **Bekkedahl, Holmberg, Heckaman**.
Representatives present: **Nathe, Martinson, Boe.**

Discussion Topics:

- Amendments

The conference committee was rejected on the Senate floor and the committee is meeting to reconsider the committee actions.

Representative Martinson moved that the committee reconsider their actions
Representative Boe second.
Voice vote – motion passed.

Senator Heckaman moved to accept their discussed changes.
Senator Holmberg second.

Senator Bekkedahl –Y	**Representative Nathe – Y**
Senator Holmberg – Y	**Representative Martinson – Y**
Senator Heckaman – Y	**Representative Boe – Y**

Roll call vote 6-0-0. Motion passed.

Senator Holmberg moved that the House recede and amend with LC 21.0300.03017
Senator Heckaman second.

Senator Bekkedahl –Y	**Representative Nathe – Y**
Senator Holmberg – Y	**Representative Martinson – Y**
Senator Heckaman – Y	**Representative Boe – Y**

Roll call vote 6-0-0. Motion passed.

Additional written testimony:
Levi Kinnischtzke, #11735

Senator Bekkedahl closed the hearing at 11:07 AM

Rose Laning, Committee Clerk

21.0300.03017
Title.06000
Fiscal No. 4

Prepared by the Legislative Council staff for
Conference Committee
April 28, 2021

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2018

That the House recede from its amendments as printed on pages 1581-1587of the Senate Journal and pages 1827-1833 of the House Journal and that Engrossed Senate Bill No. 2018 be amended as follows:

Page 1, line 5, replace "section" with "sections 54-34.3-13 and"

Page 1, line 6, after the first "to" insert "the rural growth incentive program and"

Page 1, line 8, remove "and"

Page 1, line 9, after "exemption" insert "; to provide a statement of legislative intent; to provide for a legislative management study; and to declare an emergency"

Page 1, remove lines 18 through 24

Page 2, replace lines 1 through 4 with:

"Salaries and wages	$13,217,286	($381,855)	$12,835,431
Operating expenses	14,873,203	9,009,989	23,883,192
Grants	52,638,527	35,193,803	87,832,330
Discretionary funds	2,150,000	0	2,150,000
North Dakota trade office	1,600,000	(1,600,000)	0
Partner programs	1,562,531	0	1,562,531
Entrepreneurship grants and vouchers	948,467	0	948,467
Total all funds	$86,990,014	$42,221,937	$129,211,951
Less estimated income	54,123,293	41,421,086	95,544,379
Total general fund	$32,866,721	$800,851	$33,667,572
Full-time equivalent positions	61.80	(3.00)	58.80"

Page 2, replace lines 15 through 25 with:

"Workforce safety grant	1,000,000	1,500,000
Entrepreneurship grants and vouchers	2,000,000	0
Sculpture maintenance grants	75,000	0
Nonresident nurse employment recruitment	500,000	0
Intermodal container transportation shipping fees	1,300,000	0
Job development and economic growth grant	25,000	1,500,000
Tourism marketing	0	7,000,000
Technical skills training grants	0	1,000,000
Motion picture production and recruitment grant	0	100,000
Travel agent and tour operator emergency resiliency grants	0	2,000,000
Event center emergency resiliency grants	0	2,000,000
Tourism transportation improvement grant	0	565,432
Total all funds	$11,625,000	$44,165,432
Less estimated income	4,300,000	42,000,000
Total general fund	$7,325,000	$2,165,432"

Page 3, line 2, replace "11" with "14"

Page 3, line 3, replace "$28,000,000" with "$5,000,000"

Page 3, line 4, remove "tower"

Page 3, line 7, remove "tower"

Page 3, after line 20, insert:

"**SECTION 6. RURAL HEALTH CARE GRANT PROGRAM - MATCHING FUNDS REQUIREMENT.** The grants line item in section 1 of this Act includes $250,000 from the general fund for providing matching funds to an organization assisting in the recruitment, distribution, and supply, and enhancing the quality and efficiency of personnel providing health services in rural areas of the state. The department of commerce may spend the funds appropriated in this section only to the extent the organization has secured matching funds from nonstate sources on a dollar-for-dollar basis."

Page 3, line 23, replace "$26,000,000" with "$29,000,000"

Page 3, line 24, replace "and" with a comma

Page 3, line 25, after "grants" insert ", $1,500,000 is for a job development grant to an organization dedicated to promoting job development and economic growth, and $1,500,000 is for a workforce safety grant to an organization that provides workforce safety"

Page 3, after line 25, insert:

"**SECTION 8. ESTIMATED INCOME - FEDERAL CORONAVIRUS RELIEF FUND - ONE-TIME FUNDING.** The estimated income line item in section 1 of this Act includes the sum of $12,000,000 from the federal coronavirus relief fund, which is provided for the purposes identified in this section. The department of commerce shall establish guidelines for awarding funding under this section. This funding is considered a one-time funding item and is available for the following:

1. $7,000,000 for tourism marketing and branding initiatives, of which $6,565,432 is for tourism marketing and branding operating expenses and $434,568 is for the tourism transportation improvement grant program for a grant to be provided to an organization dedicated to preserving and promoting a historic, tourism destination North Dakota city.

2. $1,000,000 for technical skills training grants.

3. $2,000,000 for travel agent and tour operator emergency resiliency grants. Grants may be awarded only to travel agents that book commission-based travel for private individuals or companies, tour companies that schedule tour details and itineraries in North Dakota, or transportation companies providing transportation services to tour planners for tours originating in North Dakota or operators bringing tours into North Dakota. The department of commerce shall establish additional eligibility requirements for the program. The following organizations are ineligible for a grant under this subsection:

    a. National companies that provide travel services to individuals in North Dakota but do not employ at least one individual in the state;

    b. Corporations with staff dedicated to purchasing and arranging travel for employees;

c. Military-based travel agents or other individuals employed by government entities; and

d. Organizations that only offer guided services and tours of their attraction.

4. $2,000,000 for event center emergency resiliency grants."

Page 5, after line 6, insert:

"**SECTION 11. AMENDMENT.** Section 54-34.3-13 of the North Dakota Century Code is amended and reenacted as follows:

54-34.3-13. Rural growth incentive program.

1. The department shall manage and administer the rural growth incentive program. A city with a population of less than two thousand five hundred may apply to the department to be designated as a rural growth incentive city. A rural growth incentive city may be eligible for a loan, grant, or both under this section.

2. The department shall designate an applicant city as a rural growth incentive city eligible for a loan if the city raises funds in the amount of a dollar-for-dollar match for the amount requested in the loan and meets any additional program requirements provided by rule. The source of city funds used for loan matching funds may be any combination of public and private funds. If the department designates a city as a rural growth incentive city eligible for a loan under this section, subject to the availability of funds, the state shall make a loan to the city in an amount not less than twenty-five thousand dollars and not more than seventy-five thousand dollars. The department shall establish the amount of the interest rate for loans provided to a city under this subsection. The funding source of the state loan is the North Dakota development fund. The city shall distribute the city and state funds to qualifying new or expanded ~~primary sector~~ businesses in the city. A qualifying business in the city includes a business that provides essential services to the city. For purposes of this subsection, a business that provides essential services does not include a public utility. The governing body of the city determines whether a new or expanded ~~primary sector~~ business qualifies for funding, and the director of the department determines whether a business that provides essential services to the city qualifies for funding. The state shall distribute a loan to a rural growth incentive city once the city establishes the city has chosen a specified qualified business to receive funding.

3. The department shall designate an applicant city as a rural growth incentive city eligible for a grant if the city raises funds in the amount of a dollar-for-dollar match for the amount requested in the grant application and meets any additional program requirements provided by rule. The source of city funds used for grant matching funds may be any combination of public and private funds. If the department designates a city as a rural growth incentive city eligible for a grant under this section, subject to availability of funds, the state shall make a grant to the city in an amount not to exceed ten thousand dollars. The recipient rural growth incentive city shall use the grant money received to conduct a feasibility study for the location of a new business, including an expansion of a

business with the primary place of business outside the rural growth incentive city. ~~The business under this subsection is not limited to primary sector businesses.~~ The funding source of the state grant is the North Dakota development fund. Total grants awarded by the department under this subsection may not exceed one hundred thousand dollars per biennium.

4. The city may not use city or state funds raised or provided under this section for costs associated with administering the rural growth incentive city. The department shall provide the rural growth incentive city with training to assist the city in expanding ~~primary sector~~ businesses, locating new businesses, and working with state economic development programs."

Page 5, line 23, replace "The amount of" with "Of the"

Page 5, line 25, replace "and" with ", up to $5,000,000 of unexpended funds may be continued and"

Page 5, line 27, replace "$28,000,000" with "$5,000,000"

Page 5, line 28, remove "tower"

Page 6, remove lines 11 through 15

Page 6, line 28, after the period insert "Of this amount, up to $200,000 must be used to retrain up to ten displaced energy industry workers to enhance programmer development and engineering skills.

SECTION 19. LEGISLATIVE INTENT - NORTHERN PLAINS UNMANNED AIRCRAFT SYSTEM TEST SITE. It is the intent of the sixty-seventh legislative assembly that the northern plains unmanned aircraft system test site maximize earned revenue to the extent possible while operating and conducting business of the test site.

SECTION 20. LEGISLATIVE MANAGEMENT STUDY - DATA STORAGE. During the 2021-22 interim, the legislative management shall consider studying data storage by state entities. The study must include input from the information technology department, North Dakota university system, and kindergarten through grade twelve education coordination council. The study must consider data security, geographical locations of storage, geographical locations of corporate contractors, state and federal laws that may affect North Dakota data, ownership and control of data storage, and current and estimated data storage costs related to cloud-based, out-of-state data storage of North Dakota state and local government data. The legislative management shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to the sixty-eighth legislative assembly.

SECTION 21. EMERGENCY. The $12,000,000 appropriated from the federal coronavirus relief fund, of which $6,565,432 is in the operating expenses line item and $5,434,568 is in the grants line item in section 1 and identified in sections 2 and 8, and the $100,000 appropriated from the general fund for a motion picture production and recruitment grant in the grants line item in section 1 and identified in section 2 of this Act are declared to be an emergency measure."

Renumber accordingly

S14

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2018 - Summary of Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Department of Commerce						
Total all funds	$86,990,014	$122,425,241	$6,786,710	$129,211,951	$129,547,101	($335,150)
Less estimated income	54,123,293	80,548,067	14,996,312	95,544,379	83,544,379	12,000,000
General fund	$32,866,721	$41,877,174	($8,209,602)	$33,667,572	$46,002,722	($12,335,150)
FTE	61.80	58.80	0.00	58.80	59.80	(1.00)
Department of Transportation						
Total all funds	$0	$28,000,000	($23,000,000)	$5,000,000	$5,000,000	$0
Less estimated income	0	28,000,000	(23,000,000)	5,000,000	5,000,000	0
General fund	$0	$0	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00
Bill total						
Total all funds	$86,990,014	$150,425,241	($16,213,290)	$134,211,951	$134,547,101	($335,150)
Less estimated income	54,123,293	108,548,067	(8,003,688)	100,544,379	88,544,379	12,000,000
General fund	$32,866,721	$41,877,174	($8,209,602)	$33,667,572	$46,002,722	($12,335,150)
FTE	61.80	58.80	0.00	58.80	59.80	(1.00)

Senate Bill No. 2018 - Department of Commerce - Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Salaries and wages	$13,217,286	$12,864,153	($28,722)	$12,835,431	$12,989,330	($153,899)
Operating expenses	14,873,203	24,317,760	(434,568)	23,883,192	24,064,443	(181,251)
Grants	52,638,527	81,182,330	6,650,000	87,832,330	87,832,330	
Discretionary funds	2,150,000	1,550,000	600,000	2,150,000	2,150,000	
North Dakota Trade Office	1,600,000					
Entrepreneurship grants and vouchers	948,467	948,467		948,467	948,467	
Partner programs	1,562,531	1,562,531		1,562,531	1,562,531	
Total all funds	$86,990,014	$122,425,241	$6,786,710	$129,211,951	$129,547,101	($335,150)
Less estimated income	54,123,293	80,548,067	14,996,312	95,544,379	83,544,379	12,000,000
General fund	$32,866,721	$41,877,174	($8,209,602)	$33,667,572	$46,002,722	($12,335,150)
FTE	61.80	58.80	0.00	58.80	59.80	(1.00)

Department 601 - Department of Commerce - Detail of Conference Committee Changes

	Adjusts Funding for Salary and Benefit Increases[1]	Transfers Early Childhood Education Program to DHS[2]	Adds Funding for Rural Health Care Grants[3]	Restores Funding for Discretionary Funds[4]	Adds One-Time Funding for Film and Theater Production Grant[5]	Adds One-Time Funding for Job Development Grant[6]
Salaries and wages	($28,722)					
Operating expenses						
Grants		($1,500,000)	$50,000		$100,000	$1,500,000
Discretionary funds				$600,000		
North Dakota Trade Office						
Entrepreneurship grants and vouchers						
Partner programs						
Total all funds	($28,722)	($1,500,000)	$50,000	$600,000	$100,000	$1,500,000
Less estimated income	(3,688)	0	0	0	0	1,500,000
General fund	($25,034)	($1,500,000)	$50,000	$600,000	$100,000	$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Adds One-Time Funding for Workforce Safety Grant[7]	Adjusts One-Time Funding to the Coronavirus Relief Fund[8]	Adds One-Time Funding from the Coronavirus Relief Fund[9]	Adds One-Time Funding for Tourism Transportation Improvement Grant[10]	Total Conference Committee Changes
Salaries and wages					($28,722)
Operating expenses		($434,568)			(434,568)
Grants	$1,500,000	434,568	$4,000,000	$565,432	6,650,000
Discretionary funds					600,000
North Dakota Trade Office					
Entrepreneurship grants and vouchers					
Partner programs					
Total all funds	$1,500,000	$0	$4,000,000	$565,432	$6,786,710
Less estimated income	1,500,000	8,000,000	4,000,000	0	14,996,312
General fund	$0	($8,000,000)	$0	$565,432	($8,209,602)
FTE	0.00	0.00	0.00	0.00	0.00

[1] Salaries and wages funding is adjusted for salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of $100 and 2 percent on July 1, 2022, the same as the House. The Senate provided salary adjustments of 2 percent with a minimum monthly increase of $80 and a maximum monthly increase of $300 on July 1, 2021, and 2 percent on July 1, 2022.

[2] Funding of $1.5 million from the general fund for the early childhood education program is removed in the Department of Commerce budget. The House and Senate have added $1.5 million for this program in the Department of Human Services budget relating to the changes in House Bill No. 1466.

[3] Funding of $50,000 is added from the general fund for rural health care grants to provide a total of $250,000 from the general fund, the same as the House. The Senate provided $200,000 from the general fund. A separate section is added to the bill requiring a dollar-for-dollar match.

[4] Funding of $600,000 from the general fund, removed by the Senate, is restored to provide a total of $2.15 million from the general fund in the discretionary funds line item, the same as the base level and as provided by the House. The Senate provided a total of $1.55 million.

[5] One-time funding of $100,000 is added from the general fund to provide a film and theater production grant directly to Canticle Productions, which is an organization dedicated to the preservation and honor of North Dakota land, history, and citizens, the same as provided by the House.

[6] One-time funding of $1.5 million is added from the strategic investment and improvements fund to provide a job development and economic growth grant directly to the Cavalier County Job Development Authority, which is an organization dedicated to promoting job development and economic growth in the state, the same as provided by the House.

[7] One-time funding of $1.5 million is added from the strategic investment and improvements fund to provide a workforce safety grant directly to the North Dakota Safety Council, which is an organization that provides workforce safety, the same as provided by the House.

[8] One-time funding of $8 million, of which $7 million is for tourism marketing and branding initiatives and $1 million is for technical skills training grants, is removed from the general fund and added from the federal Coronavirus Relief Fund. Of the $7 million for tourism marketing and branding initiatives, $434,568 is for the tourism transportation improvement grant program and $6,565,432 is for tourism marketing and branding initiative operating expenses. The $434,568 for the tourism transportation improvement grant program is to be provided directly to the Theodore Roosevelt Medora Foundation, which is an organization dedicated to preserving and promoting a historic, tourism destination North Dakota city.

The House approved $6.9 million for tourism marketing and branding operating expenses and $1 million for technical skills training grants from the general fund. The Senate approved $7 million for tourism marketing and branding operating expenses and $1 million for technical skills training grants from the general fund.

[9] One-time funding of $4 million is added from the federal Coronavirus Relief Fund, of which $2 million is for travel agent and tour operator emergency resiliency grants and $2 million is for event center emergency resiliency grants. A separate section of the bill is added to identify all funding from the federal Coronavirus Relief Fund. Funding from the federal Coronavirus Relief Fund is declared an emergency measure.

[10] One-time funding of $565,432 is added from the general fund for a tourism transportation improvement grant to be provided directly to the Theodore Roosevelt Medora Foundation, which is an organization dedicated to preserving and promoting a historic, tourism destination North Dakota city, to provide a total of $1,000,000 for the tourism transportation improvement grant program, including $434,568 from the federal Coronavirus Relief Fund.

The Conference Committee version:

- Includes the transfer of 1 FTE information technology position and related funding to the Information Technology Department (ITD) for the information technology unification initiative, the same as the Senate. The House amendments did not transfer the FTE position to ITD.
- Does not include funding for an economic development, growth, and diversification grant program for providing grants for the operating costs of an event and entertainment venue used to promote the expansion of tourism and economic development and growth in the state. The House added a $5 million general fund appropriation for this program.

This amendment also:

- Amends a section that provides an exemption for the $28 million 2017-19 biennium supplemental appropriation for the beyond visual line of sight unmanned aircraft system (UAS) program that was continued into the 2019-21 biennium to continue into the 2021-23 biennium. The Department of Commerce may provide grants of up to $5 million from this funding to the Department of Transportation for infrastructure construction of the beyond visual line of sight UAS program during the 2021-23 biennium. This section was included by the House. The Senate authorized the Department of Commerce to provide a grant of up to $28 million to the Department of Transportation.
- Amends a section identifying $29 million provided from the strategic investment and improvements fund in Section 1, the same as provided by the House. The Senate provided a total of $26 million.
- Adds a section to amend North Dakota Century Code Section 54-34.3-13 to remove the requirement that businesses be "primary sector" businesses to qualify for the rural growth incentive program, which is administered by the North Dakota Development Fund in the rural growth incentive fund. The House included this section.
- Removes a section added by the Senate that provided an exemption to the Department of Commerce to continue 2019-21 biennium funding for the early childhood education program into the 2021-23 biennium. The House also removed this section. The Department of Commerce anticipates $565,432 related to the early childhood education grant program will not be used and will be canceled at the end of the 2019-21 biennium. This amount is included in the 2021-23 biennium general fund beginning balance.
- Amends a section to require of the 2019-21 biennium funding in the discretionary funds line item the Department of Commerce is authorized to continue into the 2021-23 biennium, $200,000 must be used retrain up to 10 displaced energy industry workers to enhance programmer development and engineering skills. The Senate and House authorized the exemption for the discretionary funds line time but did not previously provide a designation for the $200,000.
- Adds a section of legislative intent that the Northern Plains UAS Test Site maximize earned revenue when possible. The House included this section.
- Adds a section providing for a Legislative Management study of data storage by state entities. The House included this section.
- Declares $12 million appropriated from the federal Coronavirus Relief Fund for various programs and $100,000 from the general fund for a motion picture production and recruitment grant to be an emergency measure.

Senate Bill No. 2018 - Department of Transportation - Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Grants		$28,000,000	($23,000,000)	$5,000,000	$5,000,000	
Total all funds	$0	$28,000,000	($23,000,000)	$5,000,000	$5,000,000	$0
Less estimated income	0	28,000,000	(23,000,000)	5,000,000	5,000,000	0
General fund	$0	$0	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

Department 801 - Department of Transportation - Detail of Conference Committee Changes

	Reduces One-Time Funding for UAS[1]	Total Conference Committee Changes
Grants	($23,000,000)	($23,000,000)
Total all funds	($23,000,000)	($23,000,000)
Less estimated income	(23,000,000)	(23,000,000)
General fund	$0	$0
FTE	0.00	0.00

[1] A separate section of the bill is amended to provide one-time funding of $5 million to the Department of Transportation from grant funds received from the Department of Commerce pursuant to an exemption provided in the bill for infrastructure construction expenses of the beyond visual line of sight UAS program during the 2021-23 biennium. The Senate provided one-time funding of $28 million. The Conference Committee reduced this amount by $23 million to reflect the most recent estimate of unspent funding the Department of Commerce will have available at the end of the 2019-21 biennium, the same as provided by the House.

Date: 4/28/2021
Roll Call Vote #: 1

2021 SENATE CONFERENCE COMMITTEE
ROLL CALL VOTES

BILL/RESOLUTION NO. SB 2018 as (re) engrossed

Senate Appropriations Committee

Action Taken
- ☐ **SENATE accede to House Amendments**
- ☐ **SENATE accede to House Amendments and further amend**
- ☐ **HOUSE recede from House amendments**
- ☐ **HOUSE recede from House amendments and amend as follows**

☐ **Unable to agree**, recommends that the committee be discharged and a new committee be appointed

Motion Made by: Senator Heckaman Seconded by: Senator Holmberg

Senators				Yes	No		Representatives				Yes	No
Senator Bekkedahl				Y			Representative Nathe				Y	
Senator Holmberg				Y			Representative Martinson				Y	
Senator Heckaman				Y			Representative Boe				Y	
Total Senate Vote				3	0		Total Rep. Vote				3	0

Vote Count Yes: 6 No: 0 Absent: 0

Senate Carrier _____ House Carrier _____

LC Number _____ . _____ of amendment

LC Number _____ . _____ of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

To accept the discussed committee changes

Date: 4/28/2021
Roll Call Vote #: 2

2021 SENATE CONFERENCE COMMITTEE
ROLL CALL VOTES

BILL/RESOLUTION NO. SB 2018 as (re) engrossed

Senate Appropriations Committee

Action Taken
- ☐ **SENATE accede to House Amendments**
- ☐ **SENATE accede to House Amendments and further amend**
- ☐ **HOUSE recede from House amendments**
- ☒ **HOUSE recede from House amendments and amend as follows**

☐ **Unable to agree**, recommends that the committee be discharged and a new committee be appointed

Motion Made by: Senator Holmberg Seconded by: Senator Heckaman

Senators				Yes	No		Representatives				Yes	No
Senator Bekkedahl				Y			Representative Nathe				Y	
Senator Holmberg				Y			Representative Martinson				Y	
Senator Heckaman				Y			Representative Boe				Y	
Total Senate Vote				3	0		Total Rep. Vote				3	0

Vote Count Yes: 6 No: 0 Absent: 0

Senate Carrier Senator Bekkedahl House Carrier Representative Nathe

LC Number 21.0300 . 03017 of amendment

LC Number 21.0300 . 06000 of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

Insert LC: 21.0300.03017
Senate Carrier: Bekkedahl
House Carrier: Nathe

REPORT OF CONFERENCE COMMITTEE

SB 2018, as engrossed: Your conference committee (Sens. Bekkedahl, Holmberg, Heckaman and Reps. Nathe, Martinson, Boe) recommends that the **HOUSE RECEDE** from the House amendments as printed on SJ pages 1581-1587, adopt amendments as follows, and place SB 2018 on the Seventh order:

That the House recede from its amendments as printed on pages 1581-1587of the Senate Journal and pages 1827-1833 of the House Journal and that Engrossed Senate Bill No. 2018 be amended as follows:

Page 1, line 5, replace "section" with "sections 54-34.3-13 and"

Page 1, line 6, after the first "to" insert "the rural growth incentive program and"

Page 1, line 8, remove "and"

Page 1, line 9, after "exemption" insert "; to provide a statement of legislative intent; to provide for a legislative management study; and to declare an emergency"

Page 1, remove lines 18 through 24

Page 2, replace lines 1 through 4 with:

"Salaries and wages	$13,217,286	($381,855)	$12,835,431
Operating expenses	14,873,203	9,009,989	23,883,192
Grants	52,638,527	35,193,803	87,832,330
Discretionary funds	2,150,000	0	2,150,000
North Dakota trade office	1,600,000	(1,600,000)	0
Partner programs	1,562,531	0	1,562,531
Entrepreneurship grants and vouchers	948,467	0	948,467
Total all funds	$86,990,014	$42,221,937	$129,211,951
Less estimated income	54,123,293	41,421,086	95,544,379
Total general fund	$32,866,721	$800,851	$33,667,572
Full-time equivalent positions	61.80	(3.00)	58.80"

Page 2, replace lines 15 through 25 with:

"Workforce safety grant	1,000,000	1,500,000
Entrepreneurship grants and vouchers	2,000,000	0
Sculpture maintenance grants	75,000	0
Nonresident nurse employment recruitment	500,000	0
Intermodal container transportation shipping fees	1,300,000	0
Job development and economic growth grant	25,000	1,500,000
Tourism marketing	0	7,000,000
Technical skills training grants	0	1,000,000
Motion picture production and recruitment grant	0	100,000
Travel agent and tour operator emergency resiliency grants	0	2,000,000
Event center emergency resiliency grants	0	2,000,000
Tourism transportation improvement grant	0	565,432
Total all funds	$11,625,000	$44,165,432
Less estimated income	4,300,000	42,000,000
Total general fund	$7,325,000	$2,165,432"

Page 3, line 2, replace "11" with "14"

Page 3, line 3, replace "$28,000,000" with "$5,000,000"

Page 3, line 4, remove "tower"

Page 3, line 7, remove "tower"

Page 3, after line 20, insert:

"**SECTION 6. RURAL HEALTH CARE GRANT PROGRAM - MATCHING FUNDS REQUIREMENT.** The grants line item in section 1 of this Act includes $250,000 from the general fund for providing matching funds to an organization assisting in the recruitment, distribution, and supply, and enhancing the quality and efficiency of personnel providing health services in rural areas of the state. The department of commerce may spend the funds appropriated in this section only to the extent the organization has secured matching funds from nonstate sources on a dollar-for-dollar basis."

Page 3, line 23, replace "$26,000,000" with "$29,000,000"

Page 3, line 24, replace "and" with a comma

Page 3, line 25, after "grants" insert ", $1,500,000 is for a job development grant to an organization dedicated to promoting job development and economic growth, and $1,500,000 is for a workforce safety grant to an organization that provides workforce safety"

Page 3, after line 25, insert:

"**SECTION 8. ESTIMATED INCOME - FEDERAL CORONAVIRUS RELIEF FUND - ONE-TIME FUNDING.** The estimated income line item in section 1 of this Act includes the sum of $12,000,000 from the federal coronavirus relief fund, which is provided for the purposes identified in this section. The department of commerce shall establish guidelines for awarding funding under this section. This funding is considered a one-time funding item and is available for the following:

1. $7,000,000 for tourism marketing and branding initiatives, of which $6,565,432 is for tourism marketing and branding operating expenses and $434,568 is for the tourism transportation improvement grant program for a grant to be provided to an organization dedicated to preserving and promoting a historic, tourism destination North Dakota city.

2. $1,000,000 for technical skills training grants.

3. $2,000,000 for travel agent and tour operator emergency resiliency grants. Grants may be awarded only to travel agents that book commission-based travel for private individuals or companies, tour companies that schedule tour details and itineraries in North Dakota, or transportation companies providing transportation services to tour planners for tours originating in North Dakota or operators bringing tours into North Dakota. The department of commerce shall establish additional eligibility requirements for the program. The following organizations are ineligible for a grant under this subsection:

    a. National companies that provide travel services to individuals in North Dakota but do not employ at least one individual in the state;

    b. Corporations with staff dedicated to purchasing and arranging travel for employees;

    c. Military-based travel agents or other individuals employed by government entities; and

d. Organizations that only offer guided services and tours of their attraction.

4. $2,000,000 for event center emergency resiliency grants."

Page 5, after line 6, insert:

"**SECTION 11. AMENDMENT.** Section 54-34.3-13 of the North Dakota Century Code is amended and reenacted as follows:

54-34.3-13. Rural growth incentive program.

1. The department shall manage and administer the rural growth incentive program. A city with a population of less than two thousand five hundred may apply to the department to be designated as a rural growth incentive city. A rural growth incentive city may be eligible for a loan, grant, or both under this section.

2. The department shall designate an applicant city as a rural growth incentive city eligible for a loan if the city raises funds in the amount of a dollar-for-dollar match for the amount requested in the loan and meets any additional program requirements provided by rule. The source of city funds used for loan matching funds may be any combination of public and private funds. If the department designates a city as a rural growth incentive city eligible for a loan under this section, subject to the availability of funds, the state shall make a loan to the city in an amount not less than twenty-five thousand dollars and not more than seventy-five thousand dollars. The department shall establish the amount of the interest rate for loans provided to a city under this subsection. The funding source of the state loan is the North Dakota development fund. The city shall distribute the city and state funds to qualifying new or expanded ~~primary sector~~ businesses in the city. A qualifying business in the city includes a business that provides essential services to the city. For purposes of this subsection, a business that provides essential services does not include a public utility. The governing body of the city determines whether a new or expanded ~~primary sector~~ business qualifies for funding, and the director of the department determines whether a business that provides essential services to the city qualifies for funding. The state shall distribute a loan to a rural growth incentive city once the city establishes the city has chosen a specified qualified business to receive funding.

3. The department shall designate an applicant city as a rural growth incentive city eligible for a grant if the city raises funds in the amount of a dollar-for-dollar match for the amount requested in the grant application and meets any additional program requirements provided by rule. The source of city funds used for grant matching funds may be any combination of public and private funds. If the department designates a city as a rural growth incentive city eligible for a grant under this section, subject to availability of funds, the state shall make a grant to the city in an amount not to exceed ten thousand dollars. The recipient rural growth incentive city shall use the grant money received to conduct a feasibility study for the location of a new business, including an expansion of a business with the primary place of business outside the rural growth incentive city. ~~The business under this subsection is not limited to primary sector businesses.~~ The funding source of the state grant is the North Dakota development fund. Total grants awarded by the department under this subsection may not exceed one hundred thousand dollars per biennium.

4. The city may not use city or state funds raised or provided under this section for costs associated with administering the rural growth incentive city. The department shall provide the rural growth incentive city with training to assist the city in expanding ~~primary sector~~ businesses, locating new businesses, and working with state economic development programs."

Page 5, line 23, replace "The amount of" with "Of the"

Page 5, line 25, replace "and" with ", up to $5,000,000 of unexpended funds may be continued and"

Page 5, line 27, replace "$28,000,000" with "$5,000,000"

Page 5, line 28, remove "tower"

Page 6, remove lines 11 through 15

Page 6, line 28, after the period insert "Of this amount, up to $200,000 must be used to retrain up to ten displaced energy industry workers to enhance programmer development and engineering skills.

SECTION 19. LEGISLATIVE INTENT - NORTHERN PLAINS UNMANNED AIRCRAFT SYSTEM TEST SITE. It is the intent of the sixty-seventh legislative assembly that the northern plains unmanned aircraft system test site maximize earned revenue to the extent possible while operating and conducting business of the test site.

SECTION 20. LEGISLATIVE MANAGEMENT STUDY - DATA STORAGE. During the 2021-22 interim, the legislative management shall consider studying data storage by state entities. The study must include input from the information technology department, North Dakota university system, and kindergarten through grade twelve education coordination council. The study must consider data security, geographical locations of storage, geographical locations of corporate contractors, state and federal laws that may affect North Dakota data, ownership and control of data storage, and current and estimated data storage costs related to cloud-based, out-of-state data storage of North Dakota state and local government data. The legislative management shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to the sixty-eighth legislative assembly.

SECTION 21. EMERGENCY. The $12,000,000 appropriated from the federal coronavirus relief fund, of which $6,565,432 is in the operating expenses line item and $5,434,568 is in the grants line item in section 1 and identified in sections 2 and 8, and the $100,000 appropriated from the general fund for a motion picture production and recruitment grant in the grants line item in section 1 and identified in section 2 of this Act are declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2018 - Summary of Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Department of Commerce						
Total all funds	$86,990,014	$122,425,241	$6,786,710	$129,211,951	$129,547,101	($335,150)
Less estimated income	54,123,293	80,548,067	14,996,312	95,544,379	83,544,379	12,000,000
General fund	$32,866,721	$41,877,174	($8,209,602)	$33,667,572	$46,002,722	($12,335,150)

FTE	61.80	58.80	0.00	58.80	59.80	(1.00)
Department of Transportation						
Total all funds	$0	$28,000,000	($23,000,000)	$5,000,000	$5,000,000	$0
Less estimated income	0	28,000,000	(23,000,000)	5,000,000	5,000,000	0
General fund	$0	$0	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00
Bill total						
Total all funds	$86,990,014	$150,425,241	($16,213,290)	$134,211,951	$134,547,101	($335,150)
Less estimated income	54,123,293	108,548,067	(8,003,688)	100,544,379	88,544,379	12,000,000
General fund	$32,866,721	$41,877,174	($8,209,602)	$33,667,572	$46,002,722	($12,335,150)
FTE	61.80	58.80	0.00	58.80	59.80	(1.00)

Senate Bill No. 2018 - Department of Commerce - Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Salaries and wages	$13,217,286	$12,864,153	($28,722)	$12,835,431	$12,989,330	($153,899)
Operating expenses	14,873,203	24,317,760	(434,568)	23,883,192	24,064,443	(181,251)
Grants	52,638,527	81,182,330	6,650,000	87,832,330	87,832,330	
Discretionary funds	2,150,000	1,550,000	600,000	2,150,000	2,150,000	
North Dakota Trade Office	1,600,000					
Entrepreneurship grants and vouchers	948,467	948,467		948,467	948,467	
Partner programs	1,562,531	1,562,531		1,562,531	1,562,531	
Total all funds	$86,990,014	$122,425,241	$6,786,710	$129,211,951	$129,547,101	($335,150)
Less estimated income	54,123,293	80,548,067	14,996,312	95,544,379	83,544,379	12,000,000
General fund	$32,866,721	$41,877,174	($8,209,602)	$33,667,572	$46,002,722	($12,335,150)
FTE	61.80	58.80	0.00	58.80	59.80	(1.00)

Department 601 - Department of Commerce - Detail of Conference Committee Changes

	Adjusts Funding for Salary and Benefit Increases[1]	Transfers Early Childhood Education Program to DHS[2]	Adds Funding for Rural Health Care Grants[3]	Restores Funding for Discretionary Funds[4]	Adds One-Time Funding for Film and Theater Production Grant[5]	Adds One-Time Funding for Job Development Grant[6]
Salaries and wages	($28,722)					
Operating expenses						
Grants		($1,500,000)	$50,000		$100,000	$1,500,000
Discretionary funds				$600,000		
North Dakota Trade Office						
Entrepreneurship grants and vouchers						
Partner programs						
Total all funds	($28,722)	($1,500,000)	$50,000	$600,000	$100,000	$1,500,000
Less estimated income	(3,688)	0	0	0	0	1,500,000
General fund	($25,034)	($1,500,000)	$50,000	$600,000	$100,000	$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Adds One-Time Funding for Workforce Safety Grant[7]	Adjusts One-Time Funding to the Coronavirus Relief Fund[8]	Adds One-Time Funding from the Coronavirus Relief Fund[9]	Adds One-Time Funding for Tourism Transportation Improvement Grant[10]	Total Conference Committee Changes
Salaries and wages					($28,722)
Operating expenses		($434,568)			(434,568)
Grants	$1,500,000	434,568	$4,000,000	$565,432	6,650,000
Discretionary funds					600,000
North Dakota Trade Office					
Entrepreneurship grants and vouchers					
Partner programs					
Total all funds	$1,500,000	$0	$4,000,000	$565,432	$6,786,710
Less estimated income	1,500,000	8,000,000	4,000,000	0	14,996,312
General fund	$0	($8,000,000)	$0	$565,432	($8,209,602)
FTE	0.00	0.00	0.00	0.00	0.00

[1] Salaries and wages funding is adjusted for salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of $100 and 2 percent on July 1, 2022, the same as the House. The Senate provided salary adjustments of 2 percent with a minimum monthly increase of $80 and a maximum monthly increase of $300 on July 1, 2021, and 2 percent on July 1, 2022.

[2] Funding of $1.5 million from the general fund for the early childhood education program is removed in the Department of Commerce budget. The House and Senate have added $1.5 million for this program in the Department of Human Services budget relating to the changes in House Bill No. 1466.

[3] Funding of $50,000 is added from the general fund for rural health care grants to provide a total of $250,000 from the general fund, the same as the House. The Senate provided $200,000 from the general fund. A separate section is added to the bill requiring a dollar-for-dollar match.

[4] Funding of $600,000 from the general fund, removed by the Senate, is restored to provide a total of $2.15 million from the general fund in the discretionary funds line item, the same as the base level and as provided by the House. The Senate provided a total of $1.55 million.

[5] One-time funding of $100,000 is added from the general fund to provide a film and theater production grant directly to Canticle Productions, which is an organization dedicated to the preservation and honor of North Dakota land, history, and citizens, the same as provided by the House.

[6] One-time funding of $1.5 million is added from the strategic investment and improvements fund to provide a job development and economic growth grant directly to the Cavalier County Job Development Authority, which is an organization dedicated to promoting job development and economic growth in the state, the same as provided by the House.

[7] One-time funding of $1.5 million is added from the strategic investment and improvements fund to provide a workforce safety grant directly to the North Dakota Safety Council, which is an organization that provides workforce safety, the same as provided by the House.

[8] One-time funding of $8 million, of which $7 million is for tourism marketing and branding initiatives and $1 million is for technical skills training grants, is removed from the general fund and added from the federal Coronavirus Relief Fund. Of the $7 million for tourism marketing and branding initiatives, $434,568 is for the tourism transportation improvement grant program and $6,565,432 is for tourism marketing and branding initiative operating expenses. The $434,568 for the tourism transportation improvement grant program is to be provided directly to the Theodore Roosevelt Medora Foundation, which is an organization

dedicated to preserving and promoting a historic, tourism destination North Dakota city.

The House approved $6.9 million for tourism marketing and branding operating expenses and $1 million for technical skills training grants from the general fund. The Senate approved $7 million for tourism marketing and branding operating expenses and $1 million for technical skills training grants from the general fund.

[9] One-time funding of $4 million is added from the federal Coronavirus Relief Fund, of which $2 million is for travel agent and tour operator emergency resiliency grants and $2 million is for event center emergency resiliency grants. A separate section of the bill is added to identify all funding from the federal Coronavirus Relief Fund. Funding from the federal Coronavirus Relief Fund is declared an emergency measure.

[10] One-time funding of $565,432 is added from the general fund for a tourism transportation improvement grant to be provided directly to the Theodore Roosevelt Medora Foundation, which is an organization dedicated to preserving and promoting a historic, tourism destination North Dakota city, to provide a total of $1,000,000 for the tourism transportation improvement grant program, including $434,568 from the federal Coronavirus Relief Fund.

The Conference Committee version:

- Includes the transfer of 1 FTE information technology position and related funding to the Information Technology Department (ITD) for the information technology unification initiative, the same as the Senate. The House amendments did not transfer the FTE position to ITD.
- Does not include funding for an economic development, growth, and diversification grant program for providing grants for the operating costs of an event and entertainment venue used to promote the expansion of tourism and economic development and growth in the state. The House added a $5 million general fund appropriation for this program.

This amendment also:

- Amends a section that provides an exemption for the $28 million 2017-19 biennium supplemental appropriation for the beyond visual line of sight unmanned aircraft system (UAS) program that was continued into the 2019-21 biennium to continue into the 2021-23 biennium. The Department of Commerce may provide grants of up to $5 million from this funding to the Department of Transportation for infrastructure construction of the beyond visual line of sight UAS program during the 2021-23 biennium. This section was included by the House. The Senate authorized the Department of Commerce to provide a grant of up to $28 million to the Department of Transportation.
- Amends a section identifying $29 million provided from the strategic investment and improvements fund in Section 1, the same as provided by the House. The Senate provided a total of $26 million.
- Adds a section to amend North Dakota Century Code Section 54-34.3-13 to remove the requirement that businesses be "primary sector" businesses to qualify for the rural growth incentive program, which is administered by the North Dakota Development Fund in the rural growth incentive fund. The House included this section.
- Removes a section added by the Senate that provided an exemption to the Department of Commerce to continue 2019-21 biennium funding for the early childhood education program into the 2021-23 biennium. The House also removed this section. The Department of Commerce anticipates $565,432 related to the early childhood education grant program will not be used and will be canceled at the end of the 2019-21 biennium. This amount is included in the 2021-23 biennium general fund beginning balance.

- Amends a section to require of the 2019-21 biennium funding in the discretionary funds line item the Department of Commerce is authorized to continue into the 2021-23 biennium, $200,000 must be used retrain up to 10 displaced energy industry workers to enhance programmer development and engineering skills. The Senate and House authorized the exemption for the discretionary funds line time but did not previously provide a designation for the $200,000.
- Adds a section of legislative intent that the Northern Plains UAS Test Site maximize earned revenue when possible. The House included this section.
- Adds a section providing for a Legislative Management study of data storage by state entities. The House included this section.
- Declares $12 million appropriated from the federal Coronavirus Relief Fund for various programs and $100,000 from the general fund for a motion picture production and recruitment grant to be an emergency measure.

Senate Bill No. 2018 - Department of Transportation - Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Grants		$28,000,000	($23,000,000)	$5,000,000	$5,000,000	
Total all funds	$0	$28,000,000	($23,000,000)	$5,000,000	$5,000,000	$0
Less estimated income	0	28,000,000	(23,000,000)	5,000,000	5,000,000	0
General fund	$0	$0	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

Department 801 - Department of Transportation - Detail of Conference Committee Changes

	Reduces One-Time Funding for UAS[1]	Total Conference Committee Changes
Grants	($23,000,000)	($23,000,000)
Total all funds	($23,000,000)	($23,000,000)
Less estimated income	(23,000,000)	(23,000,000)
General fund	$0	$0
FTE	0.00	0.00

[1] A separate section of the bill is amended to provide one-time funding of $5 million to the Department of Transportation from grant funds received from the Department of Commerce pursuant to an exemption provided in the bill for infrastructure construction expenses of the beyond visual line of sight UAS program during the 2021-23 biennium. The Senate provided one-time funding of $28 million. The Conference Committee reduced this amount by $23 million to reflect the most recent estimate of unspent funding the Department of Commerce will have available at the end of the 2019-21 biennium, the same as provided by the House.

Engrossed SB 2018 was placed on the Seventh order of business on the calendar.

#11735

4/28/21

Department of Commerce - Budget No. 601
Senate Bill No. 2018
Base Level Funding Changes

	Senate Version				House Version				Conference Committee Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2021-23 Biennium Base Level	61.80	$32,866,721	$54,123,293	$86,990,014	61.80	$32,866,721	$54,123,293	$86,990,014	61.80	$32,866,721	$54,123,293	$86,990,014
2021-23 Ongoing Funding Changes												
Base payroll changes		($49,007)	$16,577	($32,430)		($49,007)	$16,577	($32,430)		($49,007)	$16,577	($32,430)
Salary increase		266,126	56,512	322,638		245,150	52,824	297,974		241,092	52,824	293,916
Health insurance increase		2,341	531	2,872		2,390	531	2,921		2,341	531	2,872
Underfunds salaries		(140,000)		(140,000)		(140,000)		(140,000)		(140,000)		(140,000)
Transfers 1 FTE IT position to ITD for IT unification	(1.00)	3,525		3,525	0.00	0		0	(1.00)	3,525		3,525
Transfers the HOME program to the Housing Finance Agency	(2.00)		(8,343,371)	(8,343,371)	(2.00)		(8,343,371)	(8,343,371)	(2.00)		(8,343,371)	(8,343,371)
Adds funding for Microsoft Office 365 license expenses		5,486	1,013	6,499		5,486	1,013	6,499		5,486	1,013	6,499
Adjusts funding for the Community Services Division		(216,576)	329,488	112,912		(216,576)	329,488	112,912		(216,576)	329,488	112,912
Reduces funding for the Workforce Development Division		(199,664)		(199,664)		(199,664)		(199,664)		(199,664)		(199,664)
Reduces funding for the Economic Development and Finance Division		(195,000)		(195,000)		(195,000)		(195,000)		(195,000)		(195,000)
Reduces funding for the administration division		(396,990)	(3,283)	(400,273)		(396,990)	(3,283)	(400,273)		(396,990)	(3,283)	(400,273)
Reduces funding for the Operation Intern program		(100,000)		(100,000)		(100,000)		(100,000)		(100,000)		(100,000)
Adds funding for the UAS program		3,000,000	7,020,150	10,020,150		3,000,000	7,020,150	10,020,150		3,000,000	7,020,150	10,020,150
Transfers $505,000 for contractual fees from grants to operating expenses				0				0				0
Transfers $151,284 for the early childhood education program from operating to grants				0				0				0
Transfers $1.5 million for the early childhood education program to DHS				0		(1,500,000)		(1,500,000)		(1,500,000)		(1,500,000)
Removes funding for the biotechnology grant program		(300,000)		(300,000)		(300,000)		(300,000)		(300,000)		(300,000)
Reduces funding for homeless shelter grants		(169,788)		(169,788)		(169,788)		(169,788)		(169,788)		(169,788)
Adds funding for rural health care grants		200,000		200,000		250,000		250,000		250,000		250,000
Adds funding for a state apprenticeship expansion program			347,157	347,157			347,157	347,157			347,157	347,157
Adjusts funding for discretionary funds		(600,000)		(600,000)		0		0		0		0
Transfers funding for the North Dakota Trade Office to the Agriculture Commissioner		(1,600,000)		(1,600,000)		(1,600,000)		(1,600,000)		(1,600,000)		(1,600,000)
Total ongoing funding changes	(3.00)	($489,547)	($575,226)	($1,064,773)	(2.00)	($1,363,999)	($578,914)	($1,942,913)	(3.00)	($1,364,581)	($578,914)	($1,943,495)
One-time funding items												
Adds funding for tourism marketing		$7,000,000		$7,000,000		$6,900,000		$6,900,000		$0	$7,000,000	$7,000,000
Adds funding for UAS program grants			$1,000,000	1,000,000			$1,000,000	1,000,000			1,000,000	1,000,000
Adds funding for the beyond visual line of sight UAS program		1,000,000	19,000,000	20,000,000		$1,000,000	19,000,000	20,000,000		1,000,000	19,000,000	20,000,000
Adds funding for enhanced use lease grants			7,000,000	7,000,000			7,000,000	7,000,000			7,000,000	7,000,000
Adds funding for technical skills training grants		1,000,000		1,000,000		1,000,000		1,000,000		0	1,000,000	1,000,000
Adds funding for workforce grants to tribally controlled community colleges		500,000		500,000		500,000		500,000		500,000		500,000
Adds funding for a film and theater production grant				0		100,000		100,000		100,000		100,000
Adds funding for an economic development, growth, and diversification grant program				0		5,000,000		5,000,000				0
Adds funding for a job development and economic growth grant				0			1,500,000	1,500,000			1,500,000	1,500,000
Adds funding for a workforce safety grant				0			1,500,000	1,500,000			1,500,000	1,500,000
Adds funding for travel agent and tour operator emergency resiliency grants				0				0			2,000,000	2,000,000
Adds funding for event center emergency resiliency grants				0				0			2,000,000	2,000,000
Adds funding for a tourism transportation improvement grant				0				0		565,432		565,432
Total one-time funding changes	0.00	$9,500,000	$27,000,000	$36,500,000	0.00	$14,500,000	$30,000,000	$44,500,000	0.00	$2,165,432	$42,000,000	$44,165,432
Total Changes to Base Level Funding	(3.00)	$9,010,453	$26,424,774	$35,435,227	(2.00)	$13,136,001	$29,421,086	$42,557,087	(3.00)	$800,851	$41,421,086	$42,221,937
2021-23 Total Funding	58.80	$41,877,174	$80,548,067	$122,425,241	59.80	$46,002,722	$83,544,379	$129,547,101	58.80	$33,667,572	$95,544,379	$129,211,951
Total ongoing changes as a percentage of base level	*(4.9%)*	*(1.5%)*	*(1.1%)*	*(1.2%)*	*(3.2%)*	*(4.2%)*	*(1.1%)*	*(2.2%)*	*(4.9%)*	*(4.2%)*	*(1.1%)*	*(2.2%)*
Total changes as a percentage of base level	*(4.9%)*	*27.4%*	*48.8%*	*40.7%*	*(3.2%)*	*40.0%*	*54.4%*	*48.9%*	*(4.9%)*	*2.4%*	*76.5%*	*48.5%*

Other Sections in Department of Commerce - Budget No. 601

	Senate Version	House Version	Conference Committee Version
Appropriation - Department of Transportation - Beyond visual line of sight unmanned aircraft system program - One-time funding	Section 3 appropriates $28 million to the Department of Transportation from grant funds received from the Department of Commerce pursuant to Section 11 for the purpose of defraying tower infrastructure construction expenses of the beyond visual line of sight UAS program during the 2021-23 biennium. The Department of Transportation may bid, award, and administer any contracts necessary to complete the construction of the tower infrastructure. This funding is considered a one-time funding item.	Section 3 appropriates $5 million to the Department of Transportation from grant funds received from the Department of Commerce pursuant to Section 14 for the purpose of defraying infrastructure construction expenses of the beyond visual line of sight UAS program during the 2021-23 biennium. The Department of Transportation may bid, award, and administer any contracts necessary to complete the construction of the infrastructure. This funding is considered a one-time funding item.	Section 3 appropriates $5 million to the Department of Transportation from grant funds received from the Department of Commerce pursuant to Section 14 for the purpose of defraying infrastructure construction expenses of the beyond visual line of sight UAS program during the 2021-23 biennium. The Department of Transportation may bid, award, and administer any contracts necessary to complete the construction of the infrastructure. This funding is considered a one-time funding item.
Internship fund transfer	Section 4 transfers $755,000 from the general fund to the internship fund in the operating expenses line item for the Operation Intern program.	Section 4 transfers $755,000 from the general fund to the internship fund in the operating expenses line item for the Operation Intern program.	Section 4 transfers $755,000 from the general fund to the internship fund in the operating expenses line item for the Operation Intern program.
Entrepreneurship grants and vouchers program	Section 5 identifies $948,467 included in Section 1, of which $740,956 is from the general fund and $207,511 is from the economic development fund for the entrepreneurship grants and vouchers program, also known as Innovate ND, for the 2021-23 biennium.	Section 5 identifies $948,467 included in Section 1, of which $740,956 is from the general fund and $207,511 is from the economic development fund for the entrepreneurship grants and vouchers program, also known as Innovate ND, for the 2021-23 biennium.	Section 5 identifies $948,467 included in Section 1, of which $740,956 is from the general fund and $207,511 is from the economic development fund for the entrepreneurship grants and vouchers program, also known as Innovate ND, for the 2021-23 biennium.
Rural health care grant program		Section 6 identifies $250,000 from the general fund in Section 1 is provided for the purpose of providing matching funds to an organization assisting in the recruitment, distribution, and supply, and enhancing the quality and efficiency of personnel providing health services in rural areas of the state during the 2021-23 biennium.	Section 6 identifies $250,000 from the general fund in Section 1 is provided for the purpose of providing matching funds to an organization assisting in the recruitment, distribution, and supply, and enhancing the quality and efficiency of personnel providing health services in rural areas of the state during the 2021-23 biennium.
Estimated income - Strategic investment and improvements fund - Beyond visual line of sight UAS program - Enhanced use lease grants program - Job development and economic growth grant - Workforce safety grant	Section 6 identifies $26 million from the strategic investment and improvements fund in Section 1, of which $19 million is for providing beyond visual light of sight UAS grants and $7 million is for providing enhanced use lease grants during the 2021-23 biennium. This funding is considered a one-time funding item.	Section 8 identifies $29 million from the strategic investment and improvements fund in Section 1, of which $19 million is for providing beyond visual light of sight UAS grants, $7 million is for providing enhanced use lease grants, $1.5 million is for providing a job development grant to an organization dedicated to promoting job development and economic growth, and $1.5 million is for providing a workforce safety grant to an organization that provides workforce safety during the 2021-23 biennium. This funding is considered a one-time funding item.	Section 7 identifies $29 million from the strategic investment and improvements fund in Section 1, of which $19 million is for providing beyond visual light of sight UAS grants, $7 million is for providing enhanced use lease grants, $1.5 million is for providing a job development grant to an organization dedicated to promoting job development and economic growth, and $1.5 million is for providing a workforce safety grant to an organization that provides workforce safety during the 2021-23 biennium. This funding is considered a one-time funding item.
Federal Coronavirus Relief Fund			Section 8 identifies $12 million of one-time funding from the federal Coronavirus Relief Fund, of which $7 million is for tourism marketing and branding initiatives, $1 million is for technical skills training grants, $2 million is for travel agent and tour operator emergency resiliency grants, and $2 million is for event center emergency resiliency grants. Of the $7 million for tourism marketing and branding initiatives, $434,568 is for the tourism transportation improvement grant program. This section is declared an emergency measure.
Beyond visual line of sight UAS program - Matching fund requirement - One-time funding	Section 7 identifies $1 million from the general fund in Section 1 is for providing grants to an organization dedicated to expanding workforce opportunities, training, and education related to the beyond visual line of sight UAS industry, which the Department of Commerce may provide only to the extent the organization provides $1 of matching funds from private or other public sources for each $1 provided by the department during the 2021-23 biennium. This funding is considered a one-time funding item.	Section 9 identifies $1 million from the general fund in Section 1 is for providing grants to an organization dedicated to expanding workforce opportunities, training, and education related to the beyond visual line of sight UAS industry, which the Department of Commerce may provide only to the extent the organization provides $1 of matching funds from private or other public sources for each $1 provided by the department during the 2021-23 biennium. This funding is considered a one-time funding item.	Section 9 identifies $1 million from the general fund in Section 1 is for providing grants to an organization dedicated to expanding workforce opportunities, training, and education related to the beyond visual line of sight UAS industry, which the Department of Commerce may provide only to the extent the organization provides $1 of matching funds from private or other public sources for each $1 provided by the department during the 2021-23 biennium. This funding is considered a one-time funding item.

Other Sections in Department of Commerce - Budget No. 601

	Senate Version	House Version	Conference Committee Version
North Dakota Trade Office - Advisory board - Continuing appropriation	Section 8 creates a new section to Chapter 4.1-01 to transfer the international business and trade office, also known as the North Dakota Trade Office, from the Department of Commerce to the Agriculture Commissioner.	Section 10 creates a new section to Chapter 4.1-01 to transfer the international business and trade office, also known as the North Dakota Trade Office, from the Department of Commerce to the Agriculture Commissioner.	Section 10 creates a new section to Chapter 4.1-01 to transfer the international business and trade office, also known as the North Dakota Trade Office, from the Department of Commerce to the Agriculture Commissioner.
Rural growth incentive program - North Dakota Development Fund		Section 11 amends Section 54-34.3-13 to remove the requirement that businesses be "primary sector" businesses to qualify for the rural growth incentive program, which is administered by the North Dakota Development Fund in the rural growth incentive fund.	Section 11 amends Section 54-34.3-13 to remove the requirement that businesses be "primary sector" businesses to qualify for the rural growth incentive program, which is administered by the North Dakota Development Fund in the rural growth incentive fund.
UAS-related programs continuing appropriation	Section 9 amends Section 54-60-29 to expand the continuing appropriation provided to the Department of Commerce from the UAS fund for expenses of the UAS program to also include expenses of the beyond visual line of sight UAS program and the enhanced use lease grant program.	Section 12 amends Section 54-60-29 to expand the continuing appropriation provided to the Department of Commerce from the UAS fund for expenses of the UAS program to also include expenses of the beyond visual line of sight UAS program and the enhanced use lease grant program.	Section 12 amends Section 54-60-29 to expand the continuing appropriation provided to the Department of Commerce from the UAS fund for expenses of the UAS program to also include expenses of the beyond visual line of sight UAS program and the enhanced use lease grant program.
North Dakota Trade Office - Repeal	Section 10 repeals Section 54-60-16 related to the international business and trade office, also known as the North Dakota Trade Office, as part of the transfer of the program from the Department of Commerce to the Agriculture Commissioner.	Section 13 repeals Section 54-60-16 related to the international business and trade office, also known as the North Dakota Trade Office, as part of the transfer of the program from the Department of Commerce to the Agriculture Commissioner.	Section 13 repeals Section 54-60-16 related to the international business and trade office, also known as the North Dakota Trade Office, as part of the transfer of the program from the Department of Commerce to the Agriculture Commissioner.
Exemption - Beyond visual line of sight UAS program	Section 11 provides an exemption for unexpended 2017-19 biennium funds continued into the 2019-21 biennium for the beyond visual line of sight UAS program to continue into the 2021-23 biennium. The 2019 Legislative Assembly provided a $28 million supplemental appropriation from the general fund for this purpose for the 2017-19 biennium. The Department of Commerce may provide grants of up to $28 million to the Department of Transportation, pursuant to the appropriation in Section 3, for the purpose of defraying tower infrastructure construction expenses of the beyond visual line of sight UAS program during the 2021-23 biennium.	Section 14 provides an exemption for unexpended 2017-19 biennium funds continued into the 2019-21 biennium for the beyond visual line of sight UAS program to continue into the 2021-23 biennium. The 2019 Legislative Assembly provided a $28 million supplemental appropriation from the general fund for this purpose for the 2017-19 biennium. The Department of Commerce may provide grants of up to $5 million to the Department of Transportation, pursuant to the appropriation in Section 3, for the purpose of defraying infrastructure construction expenses of the beyond visual line of sight UAS program during the 2021-23 biennium.	Section 14 provides an exemption for unexpended 2017-19 biennium funds continued into the 2019-21 biennium for the beyond visual line of sight UAS program to continue into the 2021-23 biennium. The 2019 Legislative Assembly provided a $28 million supplemental appropriation from the general fund for this purpose for the 2017-19 biennium. The Department of Commerce may provide grants of up to $5 million to the Department of Transportation, pursuant to the appropriation in Section 3, for the purpose of defraying infrastructure construction expenses of the beyond visual line of sight UAS program during the 2021-23 biennium.
Exemption - UAS program	Section 12 provides an exemption for the UAS program to continue any unexpended 2019-21 biennium funds for the operating expenses of this program into the 2021-23 biennium. A total of $2.25 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.	Section 15 provides an exemption for the UAS program to continue any unexpended 2019-21 biennium funds for the operating expenses of this program into the 2021-23 biennium. A total of $2.25 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.	Section 15 provides an exemption for the UAS program to continue any unexpended 2019-21 biennium funds for the operating expenses of this program into the 2021-23 biennium. A total of $2.25 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.
Exemption - Enhanced use lease grant program	Section 13 provides an exemption for the enhanced use lease grant program to continue any unexpended 2019-21 biennium funds for the program into the 2021-23 biennium. A total of $3 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.	Section 16 provides an exemption for the enhanced use lease grant program to continue any unexpended 2019-21 biennium funds for the program into the 2021-23 biennium. A total of $3 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.	Section 16 provides an exemption for the enhanced use lease grant program to continue any unexpended 2019-21 biennium funds for the program into the 2021-23 biennium. A total of $3 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.
Exemption - Early childhood education program	Section 14 provides an exemption to continue unexpended 2019-21 biennium funds for the early childhood education program into the 2021-23 biennium. A total of $1.5 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.		

Other Sections in Department of Commerce - Budget No. 601

	Senate Version	House Version	Conference Committee Version
Exemption - Nonresident nurse employment recruitment program	Section 15 provides an exemption to continue $320,000 of the $500,000 appropriated from the general fund for the nonresident nurse employment recruitment program for the 2019-21 biennium into the 2021-23 biennium. In addition to the program eligibility guidelines established for the 2019-21 biennium, the Department of Commerce is required to provide funding for the program to eligible nursing students in the state who have not been employed by a health care provider on a full-time basis in the year preceding the grant award.	Section 17 provides an exemption to continue $320,000 of the $500,000 appropriated from the general fund for the nonresident nurse employment recruitment program for the 2019-21 biennium into the 2021-23 biennium. In addition to the program eligibility guidelines established for the 2019-21 biennium, the Department of Commerce is required to provide funding for the program to eligible nursing students in the state who have not been employed by a health care provider on a full-time basis in the year preceding the grant award.	Section 17 provides an exemption to continue $320,000 of the $500,000 appropriated from the general fund for the nonresident nurse employment recruitment program for the 2019-21 biennium into the 2021-23 biennium. In addition to the program eligibility guidelines established for the 2019-21 biennium, the Department of Commerce is required to provide funding for the program to eligible nursing students in the state who have not been employed by a health care provider on a full-time basis in the year preceding the grant award.
Exemption - Discretionary funds	Section 16 provides an exemption for discretionary funds to continue any unexpended 2019-21 biennium funds in the discretionary funds line item into the 2021-23 biennium. A total of $2.15 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.	Section 18 provides an exemption for discretionary funds to continue any unexpended 2019-21 biennium funds in the discretionary funds line item into the 2021-23 biennium. A total of $2.15 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.	Section 18 provides an exemption for discretionary funds to continue any unexpended 2019-21 biennium funds in the discretionary funds line item into the 2021-23 biennium, of which $200,000 must be used to retrain up to 10 displaced energy industry workers to enhance programmer development and engineering skills. A total of $2.15 million was appropriated from the general fund to the department for this purpose for the 2019-21 biennium.
Legislative intent - Northern Plains UAS Test Site		Section 19 provides legislative intent that the Northern Plains UAS Test Site maximize earned revenue when possible.	Section 19 provides legislative intent that the Northern Plains UAS Test Site maximize earned revenue when possible.
Legislative Management study - Data storage		Section 20 provides for the Legislative Management to consider studying data storage by state entities. The study must include input from the Information Technology Department, North Dakota University System, and K-12 Education Coordinating Council. The study must consider data security, geographical locations of storage, geographical location of corporate contractors, state and federal laws that may affect North Dakota data, ownership and control of data storage, and current and estimated data storage costs related to cloud-based, out-of-state data storage of North Dakota state and local government data.	Section 20 provides for the Legislative Management to consider studying data storage by state entities. The study must include input from the Information Technology Department, North Dakota University System, and K-12 Education Coordinating Council. The study must consider data security, geographical locations of storage, geographical location of corporate contractors, state and federal laws that may affect North Dakota data, ownership and control of data storage, and current and estimated data storage costs related to cloud-based, out-of-state data storage of North Dakota state and local government data.
Emergency		Section 21 declares this Act to be an emergency.	Section 21 declares $12 million appropriated from the federal Coronavirus Relief Fund in Section 1 and identified in Sections 2 and 8 for various programs and $100,000 appropriated from the general fund for a motion picture production and recruitment grant in Section 1 and identified in Section 2 to be an emergency measure.