ECONOMIC IMPACT COMMITTEE

The Economic Impact Committee was assigned three studies:

- Section 25 of 2015 House Bill No. 1018 directed a study of North Dakota's development of a civilian ground center, including studying deployable pilots, sensor operators, and a central location for processing first responder data generated from the deployment of unmanned aircraft and unmanned systems by first responders during federal, state, and local government responses to emergencies; and data management, data analysis, data interpretation, and information routing approximating a real-time basis.
- Section 1 of 2015 Senate Bill No. 2167 directed a study of the one-call excavation notice system, including the financial and operational impact on the underground facilities owners from the tremendous increase in the number of locates, a review of who should be responsible for the expenses associated with locating underground facilities in certain situations, the appropriateness of penalties for one-call excavation notice system violators, and the enforcement of penalties by the appropriate state agencies.
- Section 1 of 2015 Senate Bill No. 2276 directed a study of providing natural gas service to underserved communities in North Dakota from available natural gas not otherwise committed in main gas transmission lines near those underserved communities.

The Legislative Management delegated to the committee the responsibility to receive the following reports:

- A report from the Department of Commerce semiannually regarding the status of the program to establish and administer an unmanned aircraft systems (UAS) test site in cooperation with the University of North Dakota (UND), the Aeronautics Commission, the Adjutant General, and private parties appointed by the Governor (North Dakota Century Code Section 54-60-28).
- A report from the Emergency Services Communications Coordinating Committee by November 1 of each even-numbered year regarding the use of the assessed communications services fee revenue; and receive recommendation regarding changes to the operating standards for emergency services communications, including training or certification standards for dispatchers (Section 57-40.6-12).

Committee members were Senators Connie Triplett (Chairman), Randall A. Burckhard, Tom Campbell, Jonathan Casper, Lonnie J. Laffen, Mac Schneider, and Terry M. Wanzek and Representatives Thomas Beadle, Rich S. Becker, Joshua A. Boschee, Ron Guggisberg, Matthew M. Klein, Ben Koppelman, Cynthia Schreiber Beck, and Gary R. Sukut.

CIVILIAN GROUND CENTER

Background

The Federal Aviation Administration (FAA) governs all airspace access in the United States. In November 2013 the FAA released its first annual integration of civil UAS in the National Airspace System Roadmap outlining efforts needed to safely integrate UAS into the nation's airspace. On December 30, 2013, the FAA chose six UAS test sites. These six test sites have geographic and climatic diversity and help the FAA meet its UAS research needs. North Dakota was one of the six states to be awarded a test site to develop solutions to integrate UAS into the national airspace. The test sites are intended to provide controlled environments in which limited integration of UAS into the national airspace system may occur and offer airspace and support services for industry to research, develop, test, and certify UAS and related technologies. Unmanned aircraft systems are one of the most promising technologies to address disaster response and relief operations. The unmanned aircraft systems industry is a data-driven operation that creates a massive amount of data. A civilian ground center is a tool for being a common data repository for smart data analytics and an evaluation site for processing first responder data. A civilian ground center is a physical place where a large variety of data streams from UAS may be collected, analyzed, managed, and redistributed.

Section 2 of 2015 House Bill No. 1018 granted $2,718,620 from the general fund for operations of the UAS test site. Of the amount appropriated, $1,200,000 was to be used as matching funds to incentivize private sector business development related to the test site.

North Dakota Law

House Bill No. 1328 (2015), relating to the use of unmanned aerial vehicles, was passed by the Legislative Assembly, and codified as Chapter 29-29.4.

Section 29-29.4-01 defines an unmanned aerial vehicle system as "an unmanned aerial vehicle and associated elements, including communication links and the components that control the unmanned aerial vehicle, which are required for the pilot in command to operate safely and efficiently in state airspace."

Section 29-29.4-02 limits the admissibility in criminal proceedings of information received from an unmanned aerial vehicle unless the information was obtained pursuant to a warrant or in accordance with an exception to the warrant requirement.

Section 29-29.4-04 allows the use of unmanned aerial vehicles for surveillance during the course of the patrol of national borders; by law enforcement to prevent an imminent danger to life or bodily harm; in an environmental- or weather-related catastrophe to preserve public safety, protect property, survey environmental damage to determine if a state of emergency should be declared or conduct surveillance for the assessment and evaluation of environmental- or weather-related damage, erosion, flood, or contamination; and for research, education, training, testing, or development efforts undertaken by or in conjunction with a school or institution of higher education within the state and its political subdivisions, or public and private collaborators engaged in mutually supported efforts involving research, education, training, testing, or development related to unmanned aerial vehicle systems or unmanned aerial vehicle system technologies and potential applications.

Testimony and Committee Considerations

In conducting its study on the development of a civilian ground center, the committee focused its deliberations on three areas:

1. Privacy issues concerning UAS use and the collection of data;
2. Cybersecurity and high-performance computing associated with a significant increase in data gathering, storage, and analysis; and
3. Recent developments in UAS applications, technology, and regulation.

Privacy

The committee received testimony from a representative of the American Civil Liberties Union of North Dakota regarding privacy considerations in the creation and use of a civilian ground center to process and analyze data received from UAS. According to the testimony, the FAA Modernization and Reform Act of 2012 required the FAA to integrate drones into the national airspace by the end of 2015. Although the primary focus of the FAA has been on the mechanics of integrating drones safely into the airspace, the FAA has acknowledged privacy must be part of that process. The FAA has created the following privacy requirements for each drone test site operator:

- Maintain and update a publicly available privacy policy that governs all drone operators;
- Create a mechanism to receive public comment on its policy;
- Conduct an annual audit of test site operations and assure all operators are compliant;
- Comply with all applicable privacy law; and
- Require all drone operators to have a written plan for retention and use of data collected.

The representative of the American Civil Liberties Union of North Dakota contended the proposed civilian ground center concept raises some serious privacy concerns. Three primary privacy considerations were identified for North Dakota to implement regarding developing a civilian ground center:

1. Strengthen the state's existing UAS laws by prohibiting the use of drones for mass surveillance policing and by prohibiting data sharing from government agencies to law enforcement and from private entities to government agencies, for judicial, administrative, or other governmental purposes;
2. Enact a state electronic communications privacy act; and
3. Require specific civilian ground center regulation, including data security measures to prevent cyber hacks and unauthorized access, public accountability and transparency provisions, and sanctions for mishandling of data, and the creation of an independent oversight board.

A representative of UND provided testimony indicating a central repository of large amounts of sensitive data, such as a civilian ground center, is an attractive target for hacking and other forms of unauthorized access. However, testimony from a representative of the Governor's task force on cybersecurity indicated privacy concerns of UAS were not included in the task force's objectives.

Cybersecurity and High-Performance Computing

The committee received testimony from a representative of the North Dakota University System which indicated the management of data from UAS requires the creation of technology and patents, the control of the technology and cybersecurity, and the creation of policy and law. NexusND is an attempt to create a distributed network of the 11 North

Dakota universities to compete with larger universities. NexusND also is intended to ensure the technological capabilities and workforce of the state are equipped to deal with UAS, cybersecurity, and big data issues.

Testimony from a representative of the Governor's task force on cybersecurity indicated because most state data is stored on computers located in a computer center, a process exists for protecting the data. Among the different types of cybersecurity breaches, hacking is the most prevalent type of breach. Hacking incidents can be diminished by increasing and maintaining a high level of individual awareness. Sending data to the cloud for management and storage also may be an efficient way of preventing or minimizing cybersecurity breaches and protecting data received from UAS.

Testimony from a representative of UND indicated high-performance computing enhances the research activity of North Dakota universities. Establishing enhanced high-performance computing resources for the state has involved:

1. The establishment of the Northern Tier Network-North Dakota, a joint network effort between the Information Technology Department, North Dakota State University (NDSU), and UND to connect North Dakota to the nation's research and education network in 2007;
2. The consolidation of North Dakota University System information technology facilities through the appropriation of $12.5 million and a reallocation of an additional $4.5 million in 2011; and
3. The deployment of a TOP500 supercomputer.

A representative of NDSU provided the committee with information regarding uses of high-performance computing. Among the uses is the storage, analysis, and processing of data from UAS in a variety of contexts, including emergency search and rescue. Because some UAS have the capability to capture and send up to 500,000 images per day, high-performance computing data centers are necessary to handle that amount of data. Although the high-performance computing capabilities at NDSU may be able to accommodate the technological data requirements of first responders, additional system and technological hardware development would be necessary to fully satisfy the scope of such a project.

A representative of Amazon Web Services contended cloud computing, the on-demand delivery of information technology resources over public or private networks, will enable organizations to more easily build technology applications, pave the way for disruptive innovation, and drive an innovative ecosystem.

Recent Developments in UAS

The committee received testimony regarding recent developments in UAS applications, technology, and regulation. The committee was informed rules were being developed to govern small flown at altitudes of under 400 feet. After implementation of the rules for small UAS, the next milestone will be rules governing operation of beyond visual line-of-sight UAS. Generally, federal law preempts state regulation, with the exception of privacy and property regulation. Because the state has small, medium, and large UAS development and agricultural research, beyond visual line-of-sight research, pipeline research, and a great amount of end use opportunity, the state could be a destination for the UAS industry. The FAA is working to develop a regulatory framework before a large amount of state legislation is enacted which could impede efforts at the federal level.

Testimony in support of the development of a civilian ground center from a representative of Grand Sky Development Company indicated the state is leading the nation in UAS, but needs a ground center to process the data. Although a civilian ground center is likely to create jobs, there are issues to be resolved, including development of rules and regulations that are flexible, adjustable, and clear with defined consequences and which provide for third-party independent oversight. The testimony indicated UAS can provide an efficient, cost-effective, and safe method of collecting information in an emergency and the availability of knowledge, information, or data that can be accessed to create actionable intelligence can make a difference in the timeliness and effectiveness of a response.

Testimony in support of the development of a civilian ground center from representatives of the Department of Emergency Services and the State Department of Health indicated UAS may be used for surveillance of hazards that are difficult or dangerous to observe directly by personnel, such as breaching dikes and dams, fire- or wind-damaged medical facilities, triage staging areas in which mass disaster casualty victims are categorized for treatment and transport, large response vehicle and medical equipment staging areas, explosive environments, and leaking pipelines. The use of UAS is more cost-effective and efficient than mounting video surveillance cameras on incident command trucks and the UAS has the added benefit of being mobile.

Committee members generally agreed the state is well positioned with infrastructure and support capabilities to host a center to support emergency management situations and recognized the state has been a leader in development of UAS and in the collection, analysis, and storage of public and private data in a safe and secure manner.

Conclusion

The committee makes no recommendation regarding the development of a civilian ground center in the state.

ONE-CALL EXCAVATION NOTICE SYSTEM

Background

Senate Bill No. 2167 (2015), as introduced, provided an appropriation of $2 million to the Public Service Commission (PSC) to reimburse the cost of one-call locates as a result of oil and gas development, but was amended in the Senate to provide for a study of the one-call excavation notice system. Testimony from the standing committees indicated the appropriation was proposed due to the increased numbers of underground facility location requests as a result of the increased construction in this state, especially in the western portion of the state. The testimony indicated there were significant increases in initial locate requests and relocate requests. Relocate requests occur often when an excavator requests a large locate and asks for the same locate after the excavation is not completed in 21 days, the time limit for excavation at a particular location.

In the 2007-08 interim, the Legislative Management's interim Natural Resources Committee studied the feasibility and desirability of establishing legislation for the enforcement and assessment of civil penalties for violation of the one-call excavation notice system. The committee considered, but did not recommend a bill draft.

North Dakota Law

The North Dakota one-call excavation notice system is governed by Chapter 49-23. The one-call excavation notice system was established in 1995. The notification center is governed by a nonprofit corporation, which is operated by the North Dakota One Call Board. Although the corporation and board are not part of any state agency, the PSC is given authority over civil penalties for violations of one-call laws.

Chapter 49-23 defines an excavator as "a person who conducts excavation" and an operator as "a person who owns or operates an underground facility, including a master meter operator with underground facilities, or a state or local governmental entity." An underground facility is defined as "an underground line, facility, system, and its appurtenances used to produce, store, convey, transmit, or distribute communications, data, electricity, power, television signals, heat, gas, oil, petroleum products, water, steam, sewage, hazardous liquids, and other similar substances."

Section 49-23-04 provides "except in an emergency, an excavator must contact the notification center and provide an excavation or location notice at least 48 hours before beginning any excavation, excluding Saturdays, Sundays, and holidays, unless otherwise agreed to between the excavator and operator." The notification center does not know the location of underground facilities, but knows the underground facility operators in the area and notifies these operators of a locate request by an excavator. All the information provided by the excavator is sent to each of the operators that have facilities in the dig area as a "ticket." It is the operator's responsibility to locate the lines through staff or through contract locators. The notification center is funded by a $1.10 fee charged to the excavator, unless the excavator is a homeowner or a farmer in which case there is no fee. For the first two locates in a location, the location cost is the responsibility of the operator.

Section 49-23-06 contains provisions that apply upon the damage to facilities. This section provides if any damage occurs to an underground facility or its protective covering, the excavator shall notify the operator as soon as reasonably possible. In addition, an excavator who knowingly damages an underground facility and who does not notify the operator as soon as reasonably possible or who backfills in violation of that section is guilty of a Class A misdemeanor. If an excavator fails to comply with Chapter 49-23 or damages an underground facility, the excavator is liable for all damages caused by the failure to comply with the chapter and for all damages to the facilities and must reimburse the operator for the cost of repair and restoration, loss of product, and interruption of service occurring because of the damage or injury to the facilities, together with reasonable costs and expenses of suit, including reasonable attorney's fees.

Section 49-07-01.1 authorizes the PSC to impose a civil penalty, not to exceed $25,000, for a violation of Chapter 49-23. Section 49-23-03 requires the North Dakota One Call Board to aid state's attorneys in enforcement and prosecutions of violations of Chapter 49-23. In addition, the board may institute a civil action for an injunction to enjoin violations of Chapter 49-23 without proof of actual damages.

The one-call laws have been amended to address issues such as markings, penalties, and locate requests during recent legislative sessions.

Senate Bill No. 2347 (2015) required tangible marking materials to be removed by an excavator after completion of an excavation and defined tangible marking materials to include any material perceptible by touch used to mark the location of an underground facility. The term does not include paint, chalk, or liquid ink.

In 2013, House Bill No. 1359:

- Increased the civil penalty imposed by the PSC from up to $5,000 to up to $25,000 for a violation of the one-call excavation notice system.
- Allowed an excavator to notify the notification center of the location by an identifiable roadway or roadway intersection and, if the location is large or complex, the excavator was required to provide information by white marking, project staking, geographic information system shape file, detailed drawing, map, or other appropriate means.
- Changed the limitation to 21 days for the area to be excavated in the location request and the time after which facilities are required be relocated, unless other arrangements have been made with the underground facility owner.
- Provided the excavator is responsible for locate costs after two locates in the same area.
- Required an underground facility owner to make all new facilities locatable.
- Required the excavator to use reasonable efforts to maintain markings during excavation.

In 2011, House Bill No. 1382 changed the definition of "locate" as used when an operator must locate markings of an underground facility to include showing the approximate horizontal location, including all lines, line direction, intersections, tees, and lateral facilities.

Testimony and Committee Considerations

The committee received testimony from representatives of the North Dakota One Call Board and North Dakota One Call regarding the operation of the one-call excavation notice system. The board, which is responsible for the operation of the notification system, contracts with One-Call Concepts, a leader in the industry which has a call center for North Dakota in Davenport, Iowa. One-Call Concepts has multiple centers that can back up each other. The testimony indicated North Dakota leads in the increase in call volume among the states that contract with One-Call Concepts. The board consists of up to eight members, seven utility representatives, and one excavator representative. The board promotes awareness of the one-call excavation notice system. The contract for one-call services is reviewed every 3 years.

Testimony from a representative of North Dakota One Call indicated there is an exclusion from using the one-call excavation notice system for normal farming practices to the depth of 18 inches. The agricultural exemption is for a farmer or landowner, not a commercial agricultural business like a soil sampler. Drain tiling or deep tilling requires a ticket.

The committee received testimony from representatives of North Dakota One Call and the North Dakota Association of Telecommunications Cooperatives regarding expenses associated with locating underground facilities. According to the information received, under certain circumstances upon the third locate, the excavator is responsible for the reasonable costs of locating the underground facilities. Reasonable costs include time and mileage. If the excavator is performing excavation, the excavator may call as many times as necessary to refresh the lines without cost.

An underground facility is made locatable by using tracer wire, using a tracer ball, or by global positioning system and geographic information system mapping. The testimony indicated locating facilities is expensive, and a portion of the cost is passed on to ratepayers and customers of that utility. Members of the Association of Telephone Cooperatives expressed concern because the utilities have experienced a number of excavators repeatedly making relocate requests.

The committee received testimony from representatives of PSC regarding penalties for excavators violating the laws relating to the one-call excavation notice system. According to the testimony, the $25,000 maximum for civil penalties is sufficient. However, there are problems with collecting penalties. A representative of PSC indicated the imposition and collection of penalties takes valuable staff time and the commission determines the amount of the civil penalty based on the circumstances of each case. The $25,000 penalty is determined appropriate when someone has died as a result of a violation.

The committee discussed the culpability standards applicable to excavators who damage underground facilities and who do not report the damage. Committee members discussed whether there should be a focus on an excavator's state of mind when damaged was caused or if a penalty should attach only if an excavator knew or should have known damaged occurred and failed to report the damage. The committee members also considered whether the purpose of the penalty provisions should be to incentivize excavators to report damage so that repairs may be done rather than punish the excavator for causing the damage.

The committee received testimony supporting three improvements to the one-call excavation notice system:

1. Requiring a minimum fine for damage to an underground facility which is high enough to deter violations and establishing a clear method and schedule of how to progressively assess higher fines for repeated violations.
2. Clarifying the penalties for violating provisions of one-call laws, such as failing to maintain markings.
3. Amending the law to cut down on unreasonably large locate requests and an unreasonable amount of relocate requests.

The committee considered a bill draft that would:

- Revise the reference to midnight in the definition of "locate period" to read "12:01 a.m. of the day after the location request is made" to avoid any confusion about whether midnight is the beginning or end of a day;
- Clarify that a homeowner requesting a locate would not be charged for locate costs;
- Increase the membership of the North Dakota One Call Board from eight to nine members with the addition of a member representing oil or gas transmission or gathering line operators;
- Limit the size of a locate to an area not exceeding three city blocks in diameter within an urban area or an area of 160 contiguous acres or 5 linear miles in a rural area;
- Provide if an excavator is unable to locate a facility within 2 feet on either side of the operator's facility location markings and requests assistance from the operator to locate the facility, but the operator fails to provide the requested assistance within a reasonable time, the operator is responsible for the excavator's reasonable costs incurred to locate the facility; and
- Remove the reference relating to the excavator's state of mind when the damage was caused.

Recommendation

The committee recommends a bill draft to clarify the definition of "locate period," increase membership of the North Dakota One Call Board from eight to nine members, identify the size of a locate area, address the assignment of costs of locating underground facilities, and clarify liability provisions relating to damage of underground facilities.

NATURAL GAS SERVICE

Background

North Dakota has nearly 370 communities without natural gas service, including 11 with a population of more than 1,500 people. Natural gas is a resource typically required to attract any significant manufacturing opportunity.

Senate Bill No. 2276 (2015), which directed this study, originally provided incentives to encourage the expansion of natural gas services to communities in the state. The bill would have provided:

- A property tax exemption for infrastructure used to deliver natural gas to unserved communities;
- An income tax credit for conversion to a natural gas heating source;
- A sales and use tax exemption for construction or expansion of a natural gas heating source; and
- A sales and use tax exemption for construction or expansion of a natural gas transmission or distribution system.

According to the testimony on the bill, the purpose of this study was to determine whether it is possible to bridge the gap to bring natural gas to communities not served and to study where the uncommitted gas would be in those transmission lines that are near those underserved communities. Expanding natural gas to communities poses an economic challenge because those communities generally are a distance from the lines.

Pipeline safety is governed by Section 49-02-01.2 which grants authority to PSC to establish and enforce minimum safety standards for the design, construction, and operation of gas distribution facilities and intrastate pipeline facilities used for the distribution and intrastate transportation of gas, liquefied natural gas, or hazardous liquids. The United States Department of Transportation regulates interstate pipelines through its sub agency, the Pipeline and Hazardous Materials Safety Administration.

Testimony and Committee Considerations

The committee received testimony from a representative of the Economic Development Association of North Dakota which indicated natural gas is needed for significant manufacturing, and other states have programs to expand natural gas to unserved and underserved communities. Testimony from representatives of local economic development organizations indicated Jamestown, Hillsboro, and Wahpeton are underserved communities and Wahpeton has lost

several economic development projects because of insufficient natural gas service. The testimony indicated Wahpeton cannot compete with cities in neighboring states for manufacturing businesses because of the lack of natural gas, and many small communities throughout the state have been unable to attract businesses due to the lack of availability of natural gas. However, testimony from a representative from the Economic Development Association of North Dakota indicated the number of potential users in rural communities is not adequate to support the cost of pipeline expansion to obtain service.

The committee was informed there are three major natural gas pipeline systems in the state:

1. The Northern Border Pipeline, which includes the Bison Pipeline. The Northern Border Pipeline is a 40-inch pipeline that runs diagonally from the northwest to southeast portion of the state. The majority of gas produced in North Dakota goes into the Northern Border Pipeline;
2. The Alliance Pipeline, a liquids-rich gas pipeline that carries unrefined gas, meets the specifications for end users. The pipe has a 36-inch diameter.
3. The Williston Basin Interstate Pipeline, an old pipeline that was part of the Montana Dakota Utilities Co. distribution system. The pipeline was turned into a common carrier and interstate pipeline. The pipeline varies in size from a 16-inch diameter at the largest to 8 inches from Bismarck to Jamestown, 6 inches from Jamestown to Valley City, and north by Cavalier from 4 to 6 inches. More customers cannot be added because of the lack of capacity.

The United States produces 73 billion cubic feet (BCF) of natural gas and burns approximately 70 BCF. The committee was informed it would cost approximately $3 million to tap the Alliance Pipeline and $300,000 to $400,000 to access the Williston Basin Interstate Pipeline. The cost of pipe is $1 million per mile for steel and $400,000 per mile for plastic. In addition, there are costs associated with the downsizing of pipe and for a city connection converting businesses and homes from propane to natural gas. The cost of converting from a propane furnace to a natural gas furnace is approximately $4,000 and the cost of converting other appliances in a home may be approximately $1,000.

Representatives of the propane industry expressed concern with the state providing assistance to expand natural gas service to unserved communities because of the millions of dollars in infrastructure already in these communities to provide propane that would be displaced. Propane industry representatives emphasized that propane is provided without state incentives and the decision to expand natural gas service should be done without government involvement.

The committee received information relating to efforts across the country to expand natural gas service areas. Minnesota recently enacted legislation to allow utilities to recover 30 percent of costs of expansion from the customer base, but legislation also has been filed to repeal that provision. The committee was informed there have been proposals in about 30 states to encourage natural gas service expansion. In addition to a variety of funding mechanisms, including loan programs, states have focused efforts on regulatory matters and enabling legislation.

Although large amounts of gas are coming from shale production, there are problems associated with the cost of extending pipelines and infrastructure. Representatives of the National Propane Gas Association encouraged free-market competition with electric, fuel oil, and natural gas. They contended subsidizing natural gas service is economically inefficient because it underprices the service, results in a misallocation of resources, and creates an artificial demand for the service.

Testimony from a representative of the Bank of North Dakota indicated the Bank had not been requested to consider assistance for a project for gas service extension. However, any existing Bank loan program would be available only to political subdivisions for critical infrastructure projects and not to private businesses.

A representative from the Department of Commerce indicated the economic development programs in the state are focused primarily on economic development projects and may not be a good fit for expanding natural gas service. However, it was suggested the North Dakota Pipeline Authority may be leveraged to expand natural gas across the state. The Legislative Assembly established the Pipeline Authority in 2007 to facilitate development of pipeline facilities to "support the production, transportation, and utilization of North Dakota energy-related commodities." The Pipeline Authority has broad ability to participate in pipelines, but not necessarily funding to do so. Although the Pipeline Authority may not have resources to assist in financing, it may collaborate in bringing parties together for a project.

A representative of the Economic Development Association of North Dakota indicated it may not be the right time to request tax incentives because of the budget environment. However, additional tools may be needed to help communities meet the financing gap in the future.

Conclusion

The committee makes no recommendation regarding its study of providing natural gas service to underserved communities.

REPORTS

Department of Commerce

The committee accepted the report of the Department of Commerce regarding the status of the program to establish and administer a UAS test site in cooperation with UND, the Aeronautics Commission, the Adjutant General, and private parties appointed by the Governor as required by Section 54-60-28. Representatives of the Department of Commerce reported the Northern Plains UAS Test Site continues to be the nation's preeminent UAS test site and helps position the state as a hub for UAS activity. The test site is performing increasingly advanced UAS research, development, and testing activities. Those capabilities, in combination with other assets, such as the Grand Sky Business Park and the state's research universities, are attracting private companies to the state and enabling growth of the private sector cluster of UAS activity in the state.

The report indicated the operating budget for the test site for the 2017-19 biennium is estimated at $3.5 million. With an anticipated carryover of approximately $1 million in unexpended 2015-17 funds, $2.5 million will be required to provide the necessary funds to operate the test site through the next biennium. The resources committed by the state to the test site have been used to maximize the state's impact on the national industrial effort in collaboration with the broader state efforts to develop the commercial UAS industry and to promote economic development in the state.

The committee considered a bill draft regarding the frequency of the Department of Commerce's status report of the UAS program. The bill draft would have changed the reporting frequency from semiannually to annually. Representatives of the Department of Commerce indicated reporting to the committee semiannually as required under Section 54-60-28 was preferred.

Emergency Services Communications Coordinating Committee

The committee accepted the report of the Emergency Services Communications Coordinating Committee regarding the use of the assessed communications services fee revenue as required by Section 57-40.6-12. Of the 54 governing bodies imposing a fee, 37 were levying $1.00 as of June 14, 2016. Voters approved increasing the emergency services communications system fee to $1.50 in 17 counties, an increase of 4 counties from the previous biennium. A factor that has impacted emergency services communications system revenue is an increasing number of wireless subscribers choosing not to renew wireless contracts and using prepaid wireless services as a replacement. Until January 1, 2014, emergency services communications system fees had not been universally collected on prepaid wireless services. However, through legislation enacted as part of the 2013 Legislative Assembly, these fees are now collected at a rate of 2 percent of the gross receipts at the point of sale. In 2015 the prepaid fees approached nearly $1 million. The report indicated a continuation of revenue growth from collection of fees with an 18 percent increase from 2013 to 2015.

The report indicated Next Generation 9-1-1 is a nationwide initiative with the goal of improving access to, and interoperability of, 911 service between the public and public safety answering points. With a new Internet protocol network largely in place, the 911 system is positioned to accept new forms of communication from the public. The first of the new communication types allows text-to-911 service across the state. The integration of the 911 networks between North Dakota and Minnesota has improved all services in the state. In 2015 North Dakota, South Dakota, Minnesota, and Iowa were asked to participate in a program sponsored by the National 911 Program called the NG9-1-1 Interstate Playbook. The purpose of the initiative is to identify the technologies, procedures, and policies required to transfer 911 calls across state boundaries without any loss of data or degradation of service. North Dakota and Minnesota were the first of the four states involved in this project to connect 911 networks, and as of May 2016, public service answering points in the state are able to transfer and receive 911 calls with location information from Minnesota.

The report indicated the land mobile radio systems in the state of North Dakota are at a critical juncture for supporting public safety. The land mobile radios serve as an essential communications tool for over 900 public safety and other public sector agencies comprising 20,000 users and devices across all 53 counties and several state agencies. Many of these systems, primarily anchored on 1970s technology and implemented individually by state, local, and municipal entities over the past 3 decades, will soon reach the end of the functional lifecycle of the systems and, as the vendors begin to sunset old technologies, will no longer be supported by the manufacturers. In response to these issues, the 2015 Legislative Assembly directed the Information Technology Department to determine the feasibility and desirability of implementing of a statewide interoperable radio network. The report of that study provided a number of recommendations and tasks to address the governance of a statewide radio system, the contribution and unified deployment of existing tower and frequency resources for a solid technical solution, and the development of a state and local funding structure for initial and long-term support.

The report of the Emergency Services Communications Coordinating Committee included recommendations to amend statutory provisions to address the transition to Next Generation 9-1-1, align standards for public safety

communicators with federal requirements in related standards, and align billing practices with modern 911 database provisioning practices.

Recommendation

The committee recommends a bill to address the transition to Next Generation 9-1-1, align standards for public safety communicators with federal requirements in related standards, and align billing practices with modern 911 database provisioning practices.