

**Department of Commerce
Budget 601
House Bill No. 1019, Senate Bill No. 2337**

	FTE Positions	General Fund	Other Funds	Total
2003-05 legislative appropriation	57.00	\$19,014,723	\$52,353,107	\$71,367,830
2001-03 legislative appropriation	<u>57.00</u>	<u>17,880,287</u>	<u>43,653,725</u>	<u>61,534,012</u>
2003-05 appropriation increase (decrease) to 2001-03 appropriation	0.00	\$1,134,436	\$8,699,382	\$9,833,818

Item Description

Lewis and Clark marketing - The Legislative Assembly appropriated \$3,851,911 from the general fund for Lewis and Clark Bicentennial-related marketing and activities. Of the amount appropriated, \$150,000 is for providing a grant to the Lewis and Clark Interpretive Center in Washburn and \$150,000 is for providing a grant to the Fort Abraham Lincoln Foundation. Senate Bill No. 2337 provided for an additional 1 percent lodging tax through June 2007. The additional tax is estimated to generate \$2.9 million for the 2003-05 biennium. If actual collections are less than the \$2.9 million estimate, the Department of Commerce's appropriation for Lewis and Clark marketing will be reduced by the amount that the actual collections are less than the \$2.9 million projection.

Development fund grants to centers of excellence - Section 19 of House Bill No. 1019 requires the Department of Commerce to provide a \$1,250,000 grant to the North Dakota State University (NDSU) Center for Technology Enterprise and an \$800,000 grant to the University of North Dakota (UND) Center for Innovation from the Development Fund on October 1, 2003.

Trade promotion authority - Sections 21 and 22 of House Bill No. 1019 require the department to establish a trade promotion authority for promoting North Dakota products and improving international trade for North Dakota products for the 2003-05 biennium. The department was directed to use \$75,000 from the general fund appropriated in its operating expenses line item for operating costs of the authority for the 2003-05 biennium.

Ethanol incentive payments - Senate Bill No. 2222 creates an ethanol production incentive fund into which is deposited 40 percent of all registration fee collections on farm vehicles and the one cent withheld on agricultural gasoline tax refunds. The bill establishes a formula for distributing ethanol incentive payments to new ethanol plants based on the price of gasoline and the price of corn. The bill provides a continuing appropriation to the Department of Commerce for making the ethanol incentive payments. For the 2003-05 biennium, the Alchem plant in Grafton is eligible to receive up to \$600,000 per

Status/Result

The department has provided two \$150,000 grants--one to the Lewis and Clark Interpretive Center and one to the Fort Abraham Lincoln Foundation. The department has scheduled its 2004 Lewis and Clark marketing campaign. Through April 2004, the additional 1 percent lodging tax approved by the 2003 Legislative Assembly has generated \$863,000. The Tax Department continues to project collections of \$2.9 million for the biennium.

The department provided the centers of excellence grants to NDSU and UND on October 1, 2003, as directed in House Bill No. 1019.

The department has contracted with an organization to improve international trade for North Dakota products. The department will spend \$75,000 on these activities during the 2003-05 biennium.

The Alchem plant received a \$600,000 incentive payment in September 2003. The ADM plant has submitted a claim for a \$300,000 incentive payment. The department anticipates making the payment to the ADM plant at the end of the 2004 fiscal year when funds are transferred into the ethanol production incentive fund from farm vehicle registration fee collections. There were no other ethanol plants operating in the state during the first year of the biennium.

year in ethanol incentives and the ADM plant in Walhalla is eligible to receive up to \$300,000 per year in incentives.

Partnerships with Indian tribes - Section 13 of House Bill No. 1019 provides legislative intent that the department assist in the creation of business partnerships with North Dakota Indian tribes in order to increase primary sector business growth on the Indian reservations and other areas in the state.

Tourism learning vacations - Section 14 of House Bill No. 1019 provides legislative intent that the Tourism Division establish, coordinate, and promote North Dakota learning vacations.

Visitor rescue grants - Section 16 of House Bill No. 1019 provides that the department use up to \$25,000 of the general fund appropriation provided for discretionary grants to reimburse political subdivisions for extraordinary costs incurred in rescues of visitors to North Dakota tourist attractions.

Red River Valley research corridor marketing - Section 17 of House Bill No. 1019 provides that the department use \$200,000 of the general fund appropriation provided for discretionary grants to contract with a private organization for conducting a marketing and image-building campaign for the Red River Valley research corridor during the second year of the 2003-05 biennium.

Internships - Section 20 of House Bill No. 1019 provides legislative intent that the Workforce Development Division develop an internship program involving its Internet web site and in conjunction with North Dakota University System programs.

The department is currently partnering with the Indian tribes on two potential business projects. In addition, the department is working with the Indian Affairs Commission on a possible marketing partnership grant with an Indian tribe.

The department has begun to investigate ways to promote learning vacations in North Dakota.

The department has established the rules and regulations for distributing the visitor rescue grants, but as of March 2004 no reimbursement requests have been received from any political subdivisions.

Department personnel have held meetings with other entities interested in this marketing campaign and the department anticipates the marketing and image-building campaign to begin in the second year of the biennium.

The Workforce Development Division is coordinating the department's activities with the Governor's office, the University System, and Job Service North Dakota to promote and to expand internship opportunities in the state. The *NorthDakotaHasJobs.com* web site of the department has been linked to career offices of North Dakota higher education institutions and to the *NDInterns.com* and the *jobsnd.com* web sites.