

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1019

Page 1, line 2, replace "for a report to the budget" with "an exemption"

Page 1, line 3, remove "section"

Page 1, line 4, replace "to designate the department of commerce as the state's fiscal" with "to create and enact two new sections to chapter 54-60 of the North Dakota Century Code, relating to a continuing appropriation and centers of excellence"

Page 1, line 5, remove "agent for workforce development programs"

Page 1, line 15, replace "6,718,913" with "6,713,340"

Page 1, line 16, replace "8,442,124" with "8,442,223"

Page 1, line 17, replace "73,864,584" with "46,585,026"

Page 1, after line 17, insert:

"Discretionary grants	1,697,127
North Dakota development fund	2,000,000"

Page 1, line 18, replace "5,483,385" with "2,983,179"

Page 1, line 19, replace "852,014" with "851,911"

Page 1, line 20, replace "95,361,020" with "69,272,806"

Page 1, line 21, replace "77,534,217" with "51,954,482"

Page 1, line 22, replace "17,826,803" with "17,318,324"

Page 2, replace lines 3 through 6 with:

"SECTION 3. EXEMPTION. The funds appropriated in the discretionary grants line item in section 1 of this Act are not subject to section 54-44.1-11 and any unexpended funds from this line item may be spent during the biennium beginning July 1, 2005, and ending June 30, 2007."

Page 2, remove lines 16 through 18

Page 3, remove lines 1 through 17

Page 3, line 27, after "The" insert "discretionary"

Page 4, replace lines 1 through 8 with:

"SECTION 11. RED RIVER VALLEY RESEARCH CORRIDOR MARKETING.

The discretionary grants line item in section 1 of this Act includes \$200,000 from the general fund for the purpose of contracting 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 biennium beginning July 1, 2003, and ending June 30, 2005.

SECTION 12. FORT ABRAHAM LINCOLN GRANT.

The discretionary grants line item in section 1 of this Act includes \$100,000 from the general fund for the tourism division for the purpose of providing a grant to the Fort Abraham Lincoln foundation for costs associated with the national guard reconstruction of the seventh cavalry stable, interpretation of the stable, and maintenance and repairs of other fort buildings, for the biennium beginning July 1, 2003, and ending June 30, 2005.

SECTION 13. DEVELOPMENT FUND - CENTERS OF EXCELLENCE

GRANTS. Notwithstanding chapter 10-30.5, the department of commerce shall provide a grant from the development fund of \$1,500,000 to the North Dakota state university center for technology enterprise and of \$1,000,000 to the university of North Dakota center for innovation. The department shall provide the grant on October 1, 2003.

SECTION 14. LEGISLATIVE INTENT - INTERNSHIP PROGRAM.

It is the intent of the legislative assembly that the department of commerce workforce development division develop an internship program involving its internet web site and in conjunction with North Dakota university system programs.

SECTION 15. Two new sections to chapter 54-60 of the North Dakota Century Code are created and enacted as follows:

Internet web site fee collections - Continuing appropriation.

Notwithstanding any other section of law, any moneys received by the department of commerce as subscriptions, commissions, fees, or other revenue from its career guidance and job opportunity services internet web site and deposited in its operating fund are hereby appropriated to the department on a continuing basis for payment of expenses related to administration of the web site.

Centers of excellence.

1. The department shall establish and administer a centers of excellence program. The centers of excellence include the North Dakota state university center for beef systems, the North Dakota state university center for nanoscale science and engineering, the North Dakota state university center for technology enterprise, the North Dakota state university center for high performance computing, the university of North Dakota center for innovation, and the university of North Dakota center for aerospace sciences. Before January 1, 2004, the foundation, in consultation with the state board of higher education, shall establish and shall provide the department with centers of excellence eligibility criteria. The department may designate additional centers of excellence based on the established eligibility criteria.
2. The purpose of the program is to develop and engage strategies for science and technology research and development, commercialization, entrepreneurship, infrastructure, and activities in the state to develop innovative approaches that expand the gross state product; to assist efforts to attract private and federal assistance for science and technology research and development and for commercialization in growth clusters most likely to increase the gross state product; to increase collaboration among state, federal, and private research and development and technology commercialization organizations in the state; to strengthen the leadership and support of the national science foundation experimental program to stimulate competitive research programs and to encourage

partnerships with other state institutions for expanded efforts to stimulate economic growth in identified industry clusters; to provide leadership in science and technology policy at a regional, a national, and an international level; and to create employment opportunities for North Dakota university system graduates. Identified industry clusters include advanced manufacturing, aerospace, energy, information and technology, tourism, and value-added agriculture.

3. An application for funds under the centers for excellence program must be received by the department before July first of the biennium during which the funds are awarded. A recipient of funds under this section shall use the funds to enhance capacity, enhance infrastructure, and leverage state, federal, and private sources of funding. Funds awarded under this section may not be used for operations or for academic instruction. The department may award funds under this section to research universities, university-related foundations, and public institutions that are located in the state which demonstrate the potential to deliver expertise and service to industry clusters that will contribute to the gross state product. A recipient of funds under this section which is an institution of higher education under the control of the board of higher education or which is a nonprofit university-related foundation shall provide the department with documentation of availability of two dollars of matching funds for each dollar of funds awarded under this section as a condition of eligibility for receipt of funds under this section; shall provide the department with annual reports for the four years following receipt of the funds; and may not use funds awarded under this section for indirect cost recovery."

Page 4, line 17, after the second "than" insert "two hundred", remove the overstrike over "~~thirty~~", and remove "one"

Page 4, line 18, remove "hundred"

Page 5, overstrike lines 5 and 6

Page 5, line 7, overstrike "7." and insert immediately thereafter "6."

Page 5, line 11, overstrike "8." and insert immediately thereafter "7."

Page 5, line 17, overstrike "9." and insert immediately thereafter "8."

Page 5, line 26, replace "2003" with "2002"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1019 - Department of Commerce - Senate Action

	EXECUTIVE BUDGET	HOUSE VERSION	SENATE CHANGES	SENATE VERSION
Salaries and wages	\$6,791,269	\$6,718,913	(\$5,573)	\$6,713,340
Operating expenses	8,842,124	8,442,124	99	8,442,223
Grants	48,032,153	73,864,584	(27,279,558)	46,585,026
Agricultural products utilization	6,770,557	5,483,385	(2,500,206)	2,983,179
Lewis and Clark bicentennial	853,147	852,014	(103)	851,911
Discretionary grants			1,697,127	1,697,127
North Dakota development fund			2,000,000	2,000,000
Total all funds	\$71,289,250	\$95,361,020	(\$26,088,214)	\$69,272,806

Less estimated income	<u>55,759,805</u>	<u>77,534,217</u>	<u>(25,579,735)</u>	<u>51,954,482</u>
General fund	\$15,529,445	\$17,826,803	(\$508,479)	\$17,318,324
FTE	57.00	57.00	0.00	57.00

Dept. 601 - Department of Commerce - Detail of Senate Changes

	REDUCES RECOMMENDED FUNDING FOR HEALTH INSURANCE ¹	REDUCES FUNDING FOR INFORMATION TECHNOLOGY COSTS ²	RESTORES OPERATING FUNDS ³	CHANGES DEVELOPMENT FUND ADMINISTRATIVE COSTS ⁴	REMOVES CONSOLIDATION OF WORKFORCE PROGRAMS ⁵	REMOVES FUNDING FOR INTERNSHIP PROGRAMS ⁶
Salaries and wages	(\$5,573)					
Operating expenses		(\$19,901)	\$20,000			
Grants					(\$25,032,431)	(\$1,000,000)
Agricultural products utilization	(206)					
Lewis and Clark bicentennial	(103)					
Discretionary grants North Dakota development fund						
Total all funds	(\$5,882)	(\$19,901)	\$20,000	\$0	(\$25,032,431)	(\$1,000,000)
Less estimated income	<u>(1,540)</u>			<u>(398,625)</u>	<u>(22,679,570)</u>	
General fund	(\$4,342)	(\$19,901)	\$20,000	\$398,625	(\$2,352,861)	(\$1,000,000)
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	REMOVES FUNDING FOR ETHANOL INCENTIVES ⁷	CREATES A SEPARATE LINE ITEM FOR DISCRETIONARY GRANTS ⁸	ADDS FUNDING FOR DISCRETIONARY GRANTS ⁹	ADDS FUNDING FOR FEASIBILITY STUDY ¹⁰	ADDS FUNDING FOR MARKETING ¹¹	ADDS FUNDING FOR HOCKEY MARKETING INITIATIVE ¹²
Salaries and wages						
Operating expenses						
Grants		(\$1,247,127)				
Agricultural products utilization	(\$2,500,000)					
Lewis and Clark bicentennial						
Discretionary grants North Dakota development fund		1,247,127	\$150,000	\$50,000	\$200,000	\$50,000
Total all funds	(\$2,500,000)	\$0	\$150,000	\$50,000	\$200,000	\$50,000
Less estimated income	<u>(2,500,000)</u>					
General fund	\$0	\$0	\$150,000	\$50,000	\$200,000	\$50,000
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	ADDS FUNDING FOR DEVELOPMENT FUND ¹³	TOTAL SENATE CHANGES
Salaries and wages		(\$5,573)
Operating expenses		99
Grants		(27,279,558)
Agricultural products utilization		(2,500,206)
Lewis and Clark bicentennial		(103)
Discretionary grants North Dakota development fund	\$2,000,000	1,697,127 2,000,000
Total all funds	\$2,000,000	(\$26,088,214)
Less estimated income		<u>(25,579,735)</u>
General fund	\$2,000,000	(\$508,479)
FTE	0.00	0.00

¹ Funding for state employee health insurance premiums is reduced from \$493 to \$488.70 per month.

² This amendment reduces funding for information technology by \$19,901 from the general fund, which represents a reduction in information technology funding from the general fund of approximately 4 percent.

³ The operating expenses line item is increased to restore \$20,000 of the \$200,000 general fund reduction made by the House for operating costs of the research, business development, and marketing programs of the Division of Economic Development and Finance.

4 The funding source for the administrative costs of the development fund is changed to the general fund, the same as the executive budget. The House provided that development fund administrative costs be paid from the development fund.

5 The section added by the House designating the Department of Commerce as the state's fiscal agent and administrator of all workforce development and workforce training funds is removed. As a result, funding added by the House for the following programs is removed:

AGENCY/ PROGRAM	GENERAL FUND	FEDERAL FUNDS	SPECIAL FUNDS	TOTAL
Department of Human Services - Job opportunities and basic skills (JOBS)		(\$8,225,614)		(\$8,225,614)
Department of Human Services - Basic employment skills training (BEST)		(391,198)	(\$7,500)	(398,698)
Job Service - Workforce 2000	(\$1,002,861)			(1,002,861)
Job Service - Senior community service employment		(1,070,352)		(1,070,352)
Job Service - Trade adjustment assistance		(99,800)		(99,800)
Job Service - Workforce Investment Act		(12,735,106)		(12,735,106)
Job Service - New jobs training program			(150,000)	(150,000)
Board for Vocational and Technical Education - Workforce training contracts	(1,350,000)			(1,350,000)
Total	(\$2,352,861)	(\$22,522,070)	(\$157,500)	(\$25,032,431)

6 Removes funding added by the House for grants for direct support of internships for students entering growth industries that have critical shortages of available employees. A section of legislative intent is added providing that the workforce development division develop a streamlined internship program involving its web site and in conjunction with university system efforts.

7 Funding of \$2.5 million from the highway tax distribution fund for ethanol incentive payments is removed in accordance with provisions of Senate Bill No. 2222 which includes a continuing appropriation for the Agricultural Products Utilization Commission to make ethanol incentive payments.

8 Funding for the director's discretionary grants is removed from the grants line item and established as a separate line item in the bill. A section is added allowing the department to continue the appropriation authority included in this line item beyond the 2003-05 biennium.

9 The discretionary grants line item is increased by \$150,000 from the general fund. The department is expected to have unspent general fund appropriation authority of at least \$200,000 for the 2001-03 biennium, \$150,000 of which has not been included in the March revised general fund turnback estimate for the 2001-03 biennium.

10 Adds funding for preparing a North Dakota proposal to attract a high-tech manufacturing facility to the state.

11 The discretionary grants line item is increased by \$200,000 from the general fund. A section of legislative intent is added providing that this funding be used for a marketing and image-building campaign for the Red River Valley research corridor beginning in the second year of the biennium.

12 The discretionary grants line item is increased by \$50,000 from the general fund for a Canadian marketing initiative relating to the 2005 World Junior Hockey Tournament in Grand Forks.

13 Funding is added for the development fund.

The section added by the House designating \$25,000 of the director's discretionary grants for use in rescues of visitors to North Dakota tourist attractions is removed.

A section is added providing that the department use \$100,000 of the discretionary grants line item to provide a grant to the Fort Abraham Lincoln Foundation for reconstruction and interpretation of the Seventh Cavalry stable at the fort and for maintenance and repairs of other fort buildings.

The section added by the House precluding the department from spending funding to support the New Economy Initiative is removed.

The section added by the House providing for annual reports to the Budget Section on select activities and outcomes of the department is removed.

A section is added providing a continuing appropriation for moneys collected from the NDhasjobs.com internet web site.

The maximum seed capital investment that is eligible for an individual income tax credit is increased from the House version of \$100,000 to \$250,000, provisions limiting investments in one qualified business to no more than \$250,000 is removed, and the effective date is changed from taxable years beginning after December 31, 2003, to taxable years beginning after December 31, 2002.

Sections are added creating a Centers of Excellence program and identifying the following entities as Centers of Excellence for the 2003-05 biennium:

- NDSU Center for Beef Systems

- NDSU Center for Nanoscale Science and Engineering
- UND Center for Innovation
- NDSU Center for Technology Enterprise
- UND Center for Aerospace Sciences
- NDSU Center for High Performance Computing

A section is added providing that as of October 1, 2003, the development fund provide \$1.5 million to the NDSU Technology Enterprise and \$1 million to the UND Center for Innovation.