

SENATE BILL NO.

Introduced by

Senator Grindberg

1 A BILL for an Act to amend and reenact section 15-10-41 of the North Dakota Century Code,
2 relating to the centers of excellence program; to repeal section 15-10-41 of the North Dakota
3 Century Code, relating to the centers of excellence program; to provide for a report to the
4 legislative council; and to provide an effective date.

5 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

6 **SECTION 1. AMENDMENT.** Section 15-10-41 of the North Dakota Century Code is
7 amended and reenacted as follows:

8 **15-10-41. Centers of excellence - Centers of excellence commission - Budget**
9 **section approval.**

- 10 1. The state board of higher education shall establish a centers of excellence
11 program relating to economic development ~~consistent with the purpose under~~
12 subsection 2 through which the centers of excellence commission awards funds to
13 research universities, university-related foundations, and public institutions that are
14 located in the state.
- 15 2. In this section, unless the context otherwise requires:
- 16 a. "Center" means a center of excellence relating to economic development.
17 b. "Commission" means the centers of excellence commission.
18 c. "Foundation" means the North Dakota economic development foundation.
19 d. "Industry cluster" means one of the following industries:
- 20 (1) Advanced manufacturing;
21 (2) Aerospace;
22 (3) Energy;

- 1 (4) Information and technology;
- 2 (5) Tourism;
- 3 (6) Value-added agriculture; or
- 4 (7) An industry specifically identified by the department of commerce as an
- 5 industry that will contribute to the gross state product.

6 3. The centers of excellence commission consists of seven members. The
7 foundation shall appoint two members of the commission, the board shall appoint
8 two members of the commission, and the legislative council shall appoint three
9 members of the legislative assembly as nonvoting members of the commission.
10 The commission members shall designate a chairman and a vice chairman of the
11 commission. Each member of the commission shall serve for a term of two years,
12 beginning July first of each odd-numbered year; may be reappointed for additional
13 terms; and serves at the pleasure of the appointing entity. A member of the
14 commission who is appointed by the legislative council is entitled to receive
15 compensation per day for each day spent in attendance at commission meetings in
16 the same amount as provided for members of the legislative council and
17 reimbursement for travel and other necessary expenses incurred in the
18 performance of official duties in the amounts provided by law for other state
19 officers. A commission member appointed by the board or foundation may receive
20 compensation and travel and expense reimbursement from the appointing entity.
21 The commission shall meet as necessary to review applications, make designation
22 determinations, and make awards of funds. The board shall provide the
23 commission with appropriate staff services as may be requested by the
24 commission.

25 4. The board shall establish application forms, accept applications, review
26 applications for completeness, and forward complete applications to the
27 commission. ~~The board shall commission and the legislative assembly each may~~
28 designate ~~centers of excellence~~ a center. ~~A designation by the board of a center~~
29 ~~of excellence within the economic development category does not preclude the~~
30 ~~board or a higher education institution from designating a center of excellence in~~
31 ~~an academic or service area.~~ Centers of excellence relating to economic

1 development include the North Dakota state university center for technology
2 enterprise and the university of North Dakota center for innovation.

3 ~~Before January 1, 2004, the board, in consultation with the North Dakota~~
4 ~~economic development foundation and with private sector input, shall establish~~
5 ~~definitions and eligibility criteria for centers of excellence relating to economic~~
6 ~~development. The board shall present the definitions and eligibility criteria for the~~
7 ~~centers of excellence relating to economic development to an interim committee~~
8 ~~designated by the legislative council. The North Dakota economic development~~
9 ~~foundation may identify and recommend high priority centers of excellence relating~~
10 ~~to economic development for consideration by the state board of higher education~~
11 ~~for future budget requests.~~

12 2. ~~The purpose of the program is to develop~~

13 5. Before the commission may consider an application for designation as a center,
14 the applicant shall establish in the application how the proposed center will:

15 a. Develop and engage strategies for science and technology research and
16 development, commercialization, entrepreneurship, infrastructure, ~~growth and~~
17 ~~expansion~~ utilization to assist the growth and expansion of knowledge-based
18 industries, and other activities in the state to develop innovative approaches
19 that expand the gross state product; ~~to assist.~~

20 b. Create employment opportunities for residents of this state.

21 c. Assist efforts to attract private and federal assistance for science and
22 technology research and development ~~and for commercialization in growth.~~

23 d. Assist efforts to commercialize industry clusters ~~most likely to increase the~~
24 ~~gross state product; to increase.~~

25 e. Increase collaboration among state, federal, and private science and
26 technology research and development ~~and technology commercialization~~
27 organizations in the state; ~~to strengthen.~~

28 6. In designating a center, the commission shall:

29 a. Make a determination that the requirements of subsection 5 have been
30 established by the applicant.

31 b. Consider whether the proposed center will:

- 1 1. Strengthen the leadership and support of the national science
2 foundation experimental program to stimulate competitive research
3 programs and to encourage partnerships with other state institutions for
4 expanded efforts to stimulate economic growth in ~~identified~~ industry
5 clusters; ~~to provide.~~
- 6 2. Provide leadership in science and technology policy at a regional, a
7 national, and an international level; ~~and to create.~~
- 8 3. Create employment opportunities for North Dakota university system
9 graduates. ~~Identified industry clusters include advanced~~
10 ~~manufacturing, aerospace, energy, information and technology,~~
11 ~~tourism, and value added agriculture.~~
- 12 c. In partnership with the board and the foundation, present the details of a
13 proposed designated center to the budget section for approval. An approved
14 award determination must include details regarding the terms under which the
15 board will distribute allocated funds.
- 16 3. 7. ~~The state~~ In accordance with commission award determinations approved by the
17 budget section, the board of higher education shall allocate funds from
18 appropriations for undesignated centers of excellence relating to economic
19 development based on the criteria established and for the purpose of funding
20 centers. The board, in partnership with the commission and foundation, shall
21 report to the budget section on the status of such allocations, in partnership with
22 the North Dakota economic development foundation, to the budget section and
23 actual fund distributions.
- 24 8. A recipient of funds awarded under this section shall use the funds to enhance
25 capacity; enhance infrastructure; and leverage state, federal, and private sources
26 of funding. ~~Funds~~ A recipient of funds awarded under this section may not be
27 ~~used~~ use the funds to supplant funding for current operations or academic
28 instruction or to pay indirect costs. ~~The board may award funds under this section~~
29 ~~to research universities, university related foundations, and public institutions that~~
30 ~~are located in the state which demonstrate the potential to deliver expertise and~~

- 1 ~~service to industry clusters that will contribute to the gross state product. A~~
2 ~~recipient of funds under this section which is~~
- 3 9. Before funds awarded under this section are distributed to an institution of higher
4 education under the control of the board of higher education or which is to a
5 nonprofit university-related foundation, the recipient shall:
- 6 a. ~~Provide~~ provide the board of higher education with detailed documentation of
7 the availability of two dollars of matching funds for each dollar of funds
8 awarded under this section ~~as a condition of eligibility for receipt of funds~~
9 ~~under this section; and.~~
- 10 b. ~~Provide~~ An institution of higher education under the control of the board or a
11 nonprofit university-related foundation that receives funds under this section
12 shall provide the board of higher education, governor, and ~~North Dakota~~
13 ~~economic development~~ foundation with annual reports for four fiscal years
14 following receipt of the funds.

15 **SECTION 2. REPEAL.** Section 15-10-41 of the North Dakota Century Code is
16 repealed.

17 **SECTION 3. REPORT TO LEGISLATIVE COUNCIL.** During the 2005-06 interim, the
18 state board of higher education and the centers of excellence commission shall report to the
19 legislative council on the status of the centers of excellence program. The report must include
20 information regarding funding, private sector participation, and accomplishments of each center
21 of excellence and whether there are potential changes that could be made to improve the
22 centers of excellence program.

23 **SECTION 4. EFFECTIVE DATE.** Section 2 of this Act becomes effective July 1, 2009.