

April 4, 2005

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2018

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide an appropriation for defraying the expenses of the department of commerce; to provide exemptions; to provide appropriations to various agencies; to authorize the office of management and budget to borrow funds from the Bank of North Dakota; to provide a statement of legislative intent; to create and enact two new sections to chapter 54-34.3 and three new sections to chapter 54-60 of the North Dakota Century Code, relating to a division of economic development and finance international business and trade office, a division of economic development and finance local economic developer certification program, department of commerce target industry requirements, a department of commerce state employee image training program, and a department of commerce business hotline program; to amend and reenact sections 4-41.1-10 and 54-34.3-03, subsection 1 of section 54-34.3-06, and section 57-51.1-07.2 of the North Dakota Century Code, relating to the ethanol production incentive fund, the structure of the division of economic development and finance, the division of economic development and finance North Dakota American Indian business development office, and the permanent oil tax trust fund; and to provide for state agency studies and reports to the legislative council.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. BASE LEVEL FUNDING INFORMATION. The amounts identified in this section represent the base level funding component appropriated to the department of commerce in section 3 of this Act as follows:

| | |
|------------------------------------|-------------------|
| Salaries and wages | \$6,713,340 |
| Operating expenses | 8,237,247 |
| Grants | 46,585,026 |
| North Dakota development fund | 1,550,000 |
| Agricultural products utilization | 2,983,179 |
| Discretionary grants | 1,447,127 |
| Lewis and Clark bicentennial | <u>3,851,911</u> |
| Total all funds - Base level | \$71,367,830 |
| Less estimated income - Base level | <u>52,353,107</u> |
| Total general fund - Base level | \$19,014,723 |

SECTION 2. FUNDING ADJUSTMENTS OR ENHANCEMENTS INFORMATION. The amounts identified in this section represent the funding adjustments or enhancements to the base funding level for the department of commerce which are included in the appropriation in section 3 of this Act as follows:

| | |
|--|---------------|
| Salaries and wages | \$986,030 |
| Operating expenses | 1,094,721 |
| Capital assets | 25,000 |
| Grants | 3,517,844 |
| North Dakota development fund | (1,550,000) |
| Agricultural products utilization | 3,092,821 |
| Discretionary funds | (7,000) |
| Economic development initiatives | 644,568 |
| Economic development grants | 125,000 |
| Lewis and Clark bicentennial | <u>80,733</u> |
| Total all funds - Adjustments/enhancements | \$8,009,717 |

| | |
|--|------------------|
| Less estimated income - Adjustments/enhancements | <u>7,921,887</u> |
| Total general fund - Adjustments/enhancements | \$87,830 |

SECTION 3. 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 its various divisions for the biennium beginning July 1, 2005, and ending June 30, 2007, as follows:

| | |
|-----------------------------------|-------------------|
| Salaries and wages | \$7,699,370 |
| Operating expenses | 9,331,968 |
| Capital assets | 25,000 |
| Grants | 50,102,870 |
| Agricultural products utilization | 6,076,000 |
| Discretionary funds | 1,440,127 |
| Economic development initiatives | 644,568 |
| Economic development grants | 125,000 |
| Lewis and Clark bicentennial | <u>3,932,644</u> |
| Total all funds | \$79,377,547 |
| Less estimated income | <u>60,274,994</u> |
| Total general fund appropriation | \$19,102,553 |

SECTION 4. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$150,000, or so much of the sum as may be necessary, to the office of management and budget for the purpose of establishing and maintaining procurement information on the internet and for performing the procurement assistance study, for the biennium beginning July 1, 2005, and ending June 30, 2007. The office of management and budget is authorized one full-time equivalent position.

SECTION 5. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$50,000, or so much of the sum as may be necessary, to the state board of higher education for the purpose of performing the technology commercialization study provided for in Senate Bill No. 2032, for the biennium beginning July 1, 2005, and ending June 30, 2007.

SECTION 6. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$360,000, or so much of the sum as may be necessary, to the upper great plains transportation institute for the purpose of performing the transportation study provided for in Senate Bill No. 2032, for the biennium beginning July 1, 2005, and ending June 30, 2007.

SECTION 7. CENTERS OF EXCELLENCE - OFFICE OF MANAGEMENT AND BUDGET - BORROWING AUTHORITY - APPROPRIATION - REPAYMENT FROM PERMANENT OIL TAX TRUST FUND. As requested by the centers of excellence commission, the office of management and budget shall borrow the sum of \$15,000,000, or so much of the sum as may be necessary, from the Bank of North Dakota, which is appropriated for the purpose of providing funding to centers of excellence as directed by the centers of excellence commission, for the biennium beginning July 1, 2005, and ending June 30, 2007. By June 30, 2007, the office of management and budget shall repay any loan obtained pursuant to provisions of this section, including accrued interest, from funds available in the permanent oil tax trust fund. Repayment may be made from transfers into the permanent oil tax trust fund after a total of \$77,000,000 of oil tax revenues has been received by the general fund during the 2005-07 biennium, including the \$71,000,000 deposited in the general fund in accordance with section 57-51.1-07.2.

SECTION 8. APPROPRIATION - OFFICE OF MANAGEMENT AND BUDGET - PERMANENT OIL TAX TRUST FUND - LOAN REPAYMENT. There is appropriated out of any moneys in the permanent oil tax trust fund in the state treasury, not otherwise appropriated, the sum of \$16,000,000, or so much of the sum as may be necessary, to the office of management and budget for the purpose of repaying the Bank of North Dakota for loans and accrued interest relating to funds borrowed for centers of excellence, for the biennium beginning July 1, 2005, and ending June 30, 2007. The appropriation made under this section is limited to 50 percent or \$16,000,000, whichever is less, of the revenues deposited in the permanent oil tax trust fund that exceed \$6,000,000 for the 2005-07 biennium.

SECTION 9. LEGISLATIVE INTENT - FUTURE FUNDING FOR CENTERS OF EXCELLENCE. It is the intent of the fifty-ninth legislative assembly that the centers of excellence program be a continuing program for economic development in North Dakota and that the legislative assembly intends to make available an additional \$35,000,000 for centers of excellence in future bienniums using similar funding mechanisms which will provide a total of \$50,000,000 for centers of excellence.

SECTION 10. AGRICULTURE FUEL TAX REFUNDS. The less estimated income line item in section 3 of this Act includes \$575,000 from refunds of tax for fuel used for agricultural purposes, to be used by the agricultural products utilization commission, for the biennium beginning July 1, 2005, and ending June 30, 2007.

SECTION 11. ESTIMATED INCOME - ETHANOL PRODUCTION INCENTIVE FUND. The less estimated income line item in section 3 of this Act includes \$3,285,000 from the ethanol production incentive fund.

SECTION 12. EXEMPTION. The funds appropriated in the agricultural products utilization line item in section 3 of this Act are not subject to section 54-44.1-11 and any unexpended funds from this line item for grants are available for grants during the biennium beginning July 1, 2007, and ending June 30, 2009.

SECTION 13. EXEMPTION. The funds appropriated in the discretionary funds line item in section 3 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, 2007, and ending June 30, 2009.

SECTION 14. ECONOMIC DEVELOPMENT INITIATIVES. The economic development initiatives line item in section 3 of this Act includes \$394,568 from the general fund and \$250,000 of special funds raised by the department of commerce for the following economic development initiatives recommended by the primary sector business congress for the biennium beginning July 1, 2005, and ending June 30, 2007:

- Target industry identification and report
- Image information program
- Business hotline program
- Local economic developer certification and training program
- Dakota manufacturing initiative
- Intellectual property rights study and report
- Economic development incentives study and report
- Business climate initiative study

SECTION 15. LIFE SCIENCES SECTOR DEVELOPMENT GRANT. The department of commerce shall provide a \$100,000 grant from funds appropriated in the economic development grants line item in section 3 of this Act to an economic development corporation in the Red River valley research corridor by June 30, 2006, to increase opportunities in the state for expanded research and business development in the life sciences sector for the biennium beginning July 1, 2005, and ending June 30, 2007.

SECTION 16. WIND TO HYDROGEN DEMONSTRATION PROJECT GRANT.

The department of commerce shall provide a \$25,000 grant from funds appropriated in the economic development grants line item in section 3 of this Act to a North Dakota city with a population exceeding 75,000 for a wind to hydrogen demonstration project for the biennium beginning July 1, 2005, and ending June 30, 2007.

SECTION 17. LEWIS AND CLARK BICENTENNIAL - ADDITIONAL SALES TAX ON LODGING. The Lewis and Clark bicentennial line item in section 3 of this Act includes \$3,041,511, or such lesser amount as is generated from the separate and additional tax imposed under section 57-39.2-03.8 of the North Dakota Century Code.

SECTION 18. STATE TAX COMMISSIONER - AUDIT OF ETHANOL PRODUCTION INCENTIVE PROGRAM. The state tax commissioner shall conduct an audit of the ethanol production incentive program during the biennium beginning July 1, 2005, and ending June 30, 2007.

SECTION 19. RED RIVER VALLEY RESEARCH CORRIDOR MARKETING - BUDGET SECTION REPORT. An amount up to \$400,000 from the general fund in section 3 of this Act must be made available through a grant to the Red River valley research corridor for the purpose of matching federal funds. The funds are available for the period beginning July 1, 2005, and ending June 30, 2007. The department of commerce shall report to the budget section after July 1, 2006, on the use of this funding.

SECTION 20. CENTER FOR TECHNOLOGY - BUDGET SECTION REPORT. An amount up to \$50,000 from the general fund in section 3 of this Act must be made available through a grant to the North Dakota center for technology program. The department of commerce shall report to the budget section after July 1, 2006, on the use of this funding.

SECTION 21. PARTNERS IN MARKETING - BUDGET SECTION REPORT. An amount up to \$250,000 from the general fund in section 3 of this Act must be made available for grants in the partners in marketing grant program. The department of commerce shall report to the budget section after July 1, 2006, on the use of this funding.

SECTION 22. NORTH DAKOTA DEVELOPMENT FUND - INTERNATIONAL BUSINESS AND TRADE OFFICE. Notwithstanding chapter 10-30.5, during the 2005-07 biennium the North Dakota development fund shall provide the division of economic development and finance with grant funds of up to \$500,000 for the purpose of funding the international business and trade office. The North Dakota development fund shall distribute funds to the division of economic development and finance upon proof of the division securing one dollar of matching funds from other public or private sources for every two dollars from the development fund.

SECTION 23. AMENDMENT. Section 4-14.1-10 of the North Dakota Century Code is amended and reenacted as follows:

4-14.1-10. Ethanol production incentive fund –~~Continuing appropriation.~~ There is created in the state treasury a special fund known as the ethanol production incentive fund. The fund consists of transfers made in accordance with section 39-04-39 and deposits made in accordance with section 57-43.1-03.1. All moneys in the fund are ~~appropriated on a continuing basis~~ available to the agricultural products utilization commission for use in paying ethanol production incentives under sections 4-14.1-07, 4-14.1-08, and 4-14.1-09 and may be spent pursuant to legislative appropriations.

SECTION 24. AMENDMENT. Section 54-34.3-03 of the North Dakota Century Code is amended and reenacted as follows:

54-34.3-03. Division structure. The division consists of:

1. A finance office;
2. An international business and trade office; ~~and~~
3. ~~Other offices that~~ Offices established by statute; and
4. Offices the director organizes and establishes as necessary to carry out most efficiently and effectively the mission and duties of the division.

SECTION 25. AMENDMENT. Subsection 1 of section 54-34.3-06 of the North Dakota Century Code is amended and reenacted as follows:

1. A North Dakota American Indian business development office to assist North Dakota American Indian tribal and individual economic development representatives, businesses, and ~~North Dakota American Indian~~ entrepreneurs with access to state and federal programs designed to assist ~~them~~ these business interests. The office shall provide services to assist in the formation of partnerships between American Indian and non-American Indian businesses.

SECTION 26. A new section to chapter 54-34.3 of the North Dakota Century Code is created and enacted as follows:

International business and trade office - Advisory board.

1. The director shall administer the international business and trade office. The purpose of the office is to assist North Dakota businesses 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 director may contract with a third party for the provision of services for the international business and trade office. If the director contracts with a third party under this subsection, all data and data bases 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 division 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 office of international business and trade.
4. The director may establish an international business and trade office advisory board with which the director may consult in administering the international business and trade office. 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 27. A new section to chapter 54-34.3 of the North Dakota Century Code is created and enacted as follows:

Local economic developer certification program. The director shall implement a certification program through which the division provides training to assist local economic developers in meeting the needs of businesses. The director may contract with a third-party service provider to assist in implementing the program. The director may set and charge a fee for the receipt of services under this program.

SECTION 28. A new section to chapter 54-60 of the North Dakota Century Code is created and enacted as follows:

Target industries - Report to legislative council. The commissioner shall identify target industries on which the commissioner shall focus economic development efforts. The commissioner shall designate one of these target industries as a special focus target industry. In identifying and updating target industries, the commissioner shall solicit the advice of the foundation and the North Dakota university system. The commissioner may contract for the services of a third party in identifying target industries. The commissioner shall report biennially to the legislative council. This report must include information regarding the process used and factors considered in identifying and updating the target industries, the specific tactics the department has used to specifically address the needs of the target industries, the unique tactics and the specific incentives the department has used to support the growth of the special focus target industry, and any recommended legislative changes necessary to better focus economic development services on these industries.

SECTION 29. A new section to chapter 54-60 of the North Dakota Century Code is created and enacted as follows:

North Dakota image information program. The commissioner shall implement a program for use by state agencies to assist state agencies and state agencies' employees to present to the public a positive image of the state. The commissioner may expand the program to include use of the program by the private sector.

SECTION 30. A new section to chapter 54-60 of the North Dakota Century Code is created and enacted as follows:

Business hotline. The commissioner shall create and implement a business hotline program. The program must provide for a telephone number through which the department shall provide, during regular business hours, in-state and out-of-state callers with information regarding how to do business in the state, the services and assistance available to businesses, the advantages of doing business in the state, and information on state and other resources that provide assistance to businesses in the state. In addition to directly providing information, the department may use the business hotline as a clearinghouse through which to refer callers to other federal, state, local, or private sector economic developers. The program must include an in-state and out-of-state marketing campaign in support of the program. The commissioner shall follow up on business leads gained through the program and shall gather data on the results of calls, including business expansion, location, and startup.

SECTION 31. AMENDMENT. Section 57-51.1-07.2 of the North Dakota Century Code is amended and reenacted as follows:

57-51.1-07.2. Permanent oil tax trust fund - Deposits - Interest - Adjustment of distribution formula. ~~At the end of any biennium beginning after June 30, 1997, all~~ All revenue deposited in the general fund during ~~that a~~ biennium and derived from taxes imposed on oil and gas under chapters 57-51 and 57-51.1 which exceeds seventy-one million dollars must be transferred by the state treasurer to a special fund in the state treasury known as the permanent oil tax trust fund. The state treasurer shall transfer interest earnings of the permanent oil tax trust fund to the general fund at the end of each fiscal year. The principal of the permanent oil tax trust fund may not be expended except upon a two-thirds vote of the members elected to each house of the legislative assembly.

If the distribution formulas under chapter 57-51 or 57-51.1 are amended effective after June 30, 1997, the director of the budget shall adjust the seventy-one million dollar amount in this section by the same percentage increase or decrease in the amount of revenue allocable to the general fund after the change in the allocation formula, and transfers to the permanent oil tax trust fund shall thereafter be made using that adjusted figure so that the dollar amount of the transfers to the permanent oil tax trust fund is not increased or decreased merely because of changes in the distribution formulas.

~~Notwithstanding section 54-27.2-02, the state treasurer shall make the transfers required by this section before calculating any general fund revenue balance available for transfer to the budget stabilization fund under chapter 54-27.2. In this section, "at the end of any biennium" has the same meaning as in section 54-27.2-02.~~

SECTION 32. DAKOTA MANUFACTURING INITIATIVE. The department of commerce shall seek to contract with the Dakota manufacturing extension partnership, incorporated, to implement the Dakota manufacturing initiative. The initiative includes building a membership association of manufacturers in North Dakota and South Dakota, complementing existing national, regional, and local manufacturing entities; providing nonduplicative services to the association's manufacturing members which address critical needs, including identifying and developing private procurement opportunities; and developing a consortium of major manufacturers in North Dakota and South Dakota to design and support overall supply chain development and supplier development. Under the initiative, state funds must be leveraged with additional public and private funds, which may include federal funding sources, South Dakota state funding, and funding from manufacturers.

SECTION 33. NORTH DAKOTA AMERICAN INDIAN BUSINESS DEVELOPMENT OFFICE AND INTERNATIONAL BUSINESS AND TRADE OFFICE - REPORT TO LEGISLATIVE COUNCIL. During the 2005-06 interim, the commissioner of commerce shall report to the legislative council on the status of the North Dakota American Indian business development office and the status of the international business and trade office; whether the North Dakota American Indian business development office and international business and trade office should continue; whether the division of economic development and finance should continue to contract with a third party for international business and trade office services; and whether there are potential changes that could be made to enhance the support of American Indian businesses and to enhance the support of international trade by North Dakota businesses.

SECTION 34. LOCAL ECONOMIC DEVELOPERS CERTIFICATION PROGRAM - REPORT TO LEGISLATIVE COUNCIL. During the 2005-06 interim, the commissioner of commerce shall report to the legislative council on the status of the certification program through which the division of economic development and finance provides training services to local economic developers. The report must include information regarding what services have been provided under the program to assist local economic developers, to whom the services were provided, local economic developer level of satisfaction with the program, whether the program should continue,

and whether there are changes that could be made to better assist local economic developers.

SECTION 35. IMAGE INFORMATION PROGRAM - REPORT TO LEGISLATIVE COUNCIL. During the 2005-06 interim, the commissioner of commerce shall report to the legislative council on the status of the image information program. The report must include information regarding what information the program provides to state agencies and state agencies' employees, the manner in which the information is provided, the state agencies reached through the program, whether the program has been expanded to provide information to the private sector, whether the program should continue, and whether there are potential changes that could be made to better enhance the state's and private sector's ability to present a positive image of the state.

SECTION 36. BUSINESS HOTLINE PROGRAM - REPORT TO LEGISLATIVE COUNCIL. During the 2005-06 interim, the commissioner of commerce shall report to the legislative council on the status of the business hotline program. This report must include information regarding what information the program provides to callers; the number of calls made to the business hotline number; the manner in which the information is provided to callers; followup data; how the program is marketed; whether the program should continue; and whether there are potential changes that could be made to improve the dissemination of business information to businesses in the state, to persons planning on starting a business in the state, and to businesses wishing to do business in the state.

SECTION 37. DAKOTA MANUFACTURING INITIATIVE - REPORT TO LEGISLATIVE COUNCIL. During the 2005-06 interim, the commissioner of commerce shall report to the legislative council on the status of the Dakota manufacturing initiative. This report must include information regarding how the initiative has been established and regarding the activities of the Dakota manufacturing extension partnership, incorporated. The commissioner shall include in the report whether the state should continue this initiative or whether the goal of assisting manufacturers would be better served by alternative means. The commissioner shall report whether there are potential changes that could be made to improve the networking of manufacturing businesses and other suppliers in this state.

SECTION 38. INTELLECTUAL PROPERTY RIGHTS STUDY - REPORT TO LEGISLATIVE COUNCIL. During the 2005-06 interim, the department of commerce, in consultation with the state board of higher education, shall conduct a study of the state's intellectual property laws as they relate to the protection of intellectual property rights. The study must include a review of the state's intellectual property laws, including barriers that may inhibit research and development in the state, and must include consideration of successful actions taken by other states to improve the protection of intellectual property rights. The department shall contract with a third party in performing this study. Before July 1, 2006, the commissioner of commerce shall report to the legislative council the outcome of the study and identify proposed legislative changes necessary to implement any recommendations to improve the protection of intellectual property rights.

SECTION 39. ECONOMIC DEVELOPMENT INCENTIVES STUDY - REPORT TO LEGISLATIVE COUNCIL. During the 2005-06 interim, the department of commerce shall conduct a study of the state's economic development incentives. The study must include an inventory of all of the state's economic development incentives, a review of the nature of each incentive, an indication of the targeted class of recipients of each incentive, an indication of the stage of business targeted by each incentive, an analysis of possible barriers to using the incentives, an analysis of possible gaps and overlaps in the state's economic development incentive system, a review of the effectiveness of each incentive and how to gauge the effectiveness of each incentive, and a review of economic development incentive best practices and how the state's incentives compare to best practices. The department of commerce may contract with a third party in performing this study. Before July 1, 2006, the commissioner of

commerce shall report to the legislative council the outcome of the study and identify proposed legislative changes necessary to implement any recommended changes to the state's economic development incentive system to make the state's business environment more effective, efficient, and competitive.

SECTION 40. ACCOUNTABILITY MEASURES - REPORTING. The commissioner of the department of commerce shall monitor and report annually during the 2005-06 interim to either the budget section or an interim committee designated by the legislative council regarding the following North Dakota economic goals and associated benchmarks:

1. Develop unified efforts for economic development based on collaboration and accountability:
 - a. Site selection ranking of the North Dakota department of commerce.
 - b. Share of local economic development organizations participating in statewide marketing strategy.
2. Strengthen cooperation between the university system, economic development organizations, and private businesses:
 - a. Academic research and development expenditures as percentage of gross state product.
 - b. Industry research and development expenditures as percentage of gross state product.
3. Create quality jobs that retain North Dakota's workforce and attract new high-skilled labor:
 - a. Net job growth.
 - b. New private sector businesses per one hundred thousand residents.
 - c. Average annual wage.
 - d. Net migration.
4. Create a strong marketing image that builds on the state's numerous strengths, including workforce, education, and quality of life:
 - a. Positive national and out-of-state media exposure (favorable mentions).
 - b. Number of North Dakota department of commerce web site hits per months.
 - c. Number of leads generated by the North Dakota department of commerce.
5. Accelerate job growth in sustainable, diversified industry clusters to provide opportunities for the state's economy:
 - a. Net job growth in manufacturing.
 - b. Net job growth in business services.
 - c. New private sector businesses in manufacturing.

- d. New private sector businesses in business services.
 - e. Number of utility patents per one hundred thousand residents.
6. Strengthen North Dakota's business climate to increase international competitiveness:
- a. Gross state product (annual growth rate).
 - b. Venture capital investments (thousands).
 - c. Merchandise export value (per capita).

The department, in cooperation with job service North Dakota, the department of human services, and the university system, shall include in its report the number of individuals trained and the number who became employed as a result of each department's workforce development and training programs, including the state's investment, the areas of occupational training, the average annual salary of those employed, and the average increase in earnings twelve months after completion of training."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2018 - Summary of House Action

| | EXECUTIVE BUDGET | SENATE VERSION | HOUSE CHANGES | HOUSE VERSION |
|---------------------------------|---------------------|---------------------|----------------------|---------------------|
| Office of Management and Budget | | | | |
| Total all funds | \$0 | \$50,000 | \$31,100,000 | \$31,150,000 |
| Less estimated income | | | <u>31,000,000</u> | <u>31,000,000</u> |
| General fund | <u>\$0</u> | <u>\$50,000</u> | <u>\$100,000</u> | <u>\$150,000</u> |
| University System office | | | | |
| Total all funds | \$0 | \$0 | \$50,000 | \$50,000 |
| Less estimated income | | | | |
| General fund | <u>\$0</u> | <u>\$0</u> | <u>\$50,000</u> | <u>\$50,000</u> |
| Department of Commerce | | | | |
| Total all funds | \$128,561,660 | \$76,491,020 | \$2,886,527 | \$79,377,547 |
| Less estimated income | 105,432,496 | 55,423,044 | 4,851,950 | 60,274,994 |
| General fund | <u>\$23,129,164</u> | <u>\$21,067,976</u> | <u>(\$1,965,423)</u> | <u>\$19,102,553</u> |
| Transportation Institute | | | | |
| Total all funds | \$0 | \$0 | \$360,000 | \$360,000 |
| Less estimated income | | | | |
| General fund | <u>\$0</u> | <u>\$0</u> | <u>\$360,000</u> | <u>\$360,000</u> |
| Bill Total | | | | |
| Total all funds | \$128,561,660 | \$76,541,020 | \$34,396,527 | \$110,937,547 |
| Less estimated income | 105,432,496 | 55,423,044 | 35,851,950 | 91,274,994 |
| General fund | <u>\$23,129,164</u> | <u>\$21,117,976</u> | <u>(\$1,455,423)</u> | <u>\$19,662,553</u> |

Senate Bill No. 2018 - Office of Management and Budget - House Action

| | EXECUTIVE BUDGET | SENATE VERSION | HOUSE CHANGES | HOUSE VERSION |
|-----------------------|------------------|----------------|-------------------|-------------------|
| Operating expenses | | \$50,000 | \$100,000 | \$150,000 |
| Centers of excellence | | | 15,000,000 | 15,000,000 |
| Loan repayments | | | <u>16,000,000</u> | <u>16,000,000</u> |
| Total all funds | \$0 | \$50,000 | \$31,100,000 | \$31,150,000 |
| Less estimated income | | | <u>31,000,000</u> | <u>31,000,000</u> |
| General fund | \$0 | \$50,000 | \$100,000 | \$150,000 |
| FTE | 0.00 | 0.00 | 1.00 | 1.00 |

Dept. 110 - Office of Management and Budget - Detail of House Changes

| | ADDS FUNDING FOR PROCUREMENT WEB SITE ¹ | ADDS CENTERS OF EXCELLENCE FUNDING ² | TOTAL HOUSE CHANGES |
|-----------------------|---|--|---------------------------|
| Operating expenses | \$100,000 | | \$100,000 |
| Centers of excellence | | 15,000,000 | 15,000,000 |
| Loan repayments | | <u>16,000,000</u> | <u>16,000,000</u> |
| Total all funds | \$100,000 | \$31,000,000 | \$31,100,000 |
| Less estimated income | | <u>31,000,000</u> | <u>31,000,000</u> |
| General fund | \$100,000 | \$0 | \$100,000 |
| FTE | 1.00 | 0.00 | 1.00 |

¹ Funding is increased by \$100,000 from the general fund to provide a total of \$150,000 for the Office of Management and Budget to establish and maintain a state procurement web site. Statutory changes added by the Senate relating to state procurement are removed.

² Sections are added providing funding for the centers of excellence program. The Office of Management and Budget is authorized to borrow up to \$15,000,000 from the Bank of North Dakota and to distribute the funds to centers of excellence as directed by the Centers of Excellence Commission. The loans and accrued interest are to be repaid from funds transferred to the permanent oil tax trust fund during the 2005-07 biennium. Repayments may not begin until a total of \$77,000,000 of oil tax revenues has been received by the general fund, of which \$71,000,000 will be retained in the general fund and \$6,000,000 transferred to the permanent oil tax trust fund. As additional amounts in excess of the \$6,000,000 are transferred into the fund, the Office of Management and Budget may use 50 percent of any additional transfers for repaying the Bank loans and interest, the total of which may not exceed \$16,000,000. A section is added providing that transfers from the general fund to the permanent oil tax trust fund may occur before the end of each biennium.

A section of legislative intent is added providing that the Legislative Assembly intends to provide a total of \$50,000,000 for centers of excellence during the 2005-07 and future bienniums.

Senate Bill No. 2018 - University System Office - House Action

| | EXECUTIVE BUDGET | SENATE VERSION | HOUSE CHANGES | HOUSE VERSION |
|-----------------------|---------------------|-------------------|------------------|------------------|
| Operating expenses | | | <u>\$50,000</u> | <u>\$50,000</u> |
| Total all funds | \$0 | \$0 | \$50,000 | \$50,000 |
| Less estimated income | | | | |
| General fund | \$0 | \$0 | \$50,000 | \$50,000 |
| FTE | 0.00 | 0.00 | 0.00 | 0.00 |

Dept. 215 - University System Office - Detail of House Changes

| | ADDS FUNDING FOR STUDY ¹ | TOTAL HOUSE CHANGES |
|-----------------------|--|------------------------|
| Operating expenses | <u>\$50,000</u> | <u>\$50,000</u> |
| Total all funds | \$50,000 | \$50,000 |
| Less estimated income | | |
| General fund | \$50,000 | \$50,000 |
| FTE | 0.00 | 0.00 |

¹ Funding is provided for conducting a technology commercialization study.

Senate Bill No. 2018 - Department of Commerce - House Action

| | EXECUTIVE BUDGET | SENATE VERSION | HOUSE CHANGES | HOUSE VERSION |
|--------------------------------------|---------------------|-------------------|------------------|-------------------|
| Salaries and wages | \$7,169,321 | \$7,139,998 | \$559,372 | \$7,699,370 |
| Operating expenses | 8,722,128 | 8,722,128 | 609,840 | 9,331,968 |
| Capital assets | 25,000 | 25,000 | | 25,000 |
| Grants | 49,479,748 | 49,479,748 | 623,122 | 50,102,870 |
| Centers of excellence | 5,000,000 | 2,500,000 | (2,500,000) | |
| Agricultural products utilization | 2,792,124 | 2,791,250 | 3,284,750 | 6,076,000 |
| Discretionary funds | 1,440,127 | 1,900,127 | (460,000) | 1,440,127 |
| Lewis and Clark Bicentennial | 3,933,212 | 3,932,769 | (125) | 3,932,644 |
| Centers of excellence - Borrowing | 50,000,000 | | | |
| Economic development grants | | | 125,000 | 125,000 |
| Economic development initiatives | | | 644,568 | 644,568 |
| Total all funds | \$128,561,660 | \$76,491,020 | \$2,886,527 | \$79,377,547 |
| Less estimate income | <u>105,432,496</u> | <u>55,423,044</u> | <u>4,851,950</u> | <u>60,274,994</u> |
| General fund | \$23,129,164 | \$21,067,976 | (\$1,965,423) | \$19,102,553 |

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

| | REDUCES RECOMMENDED FUNDING FOR HEALTH INSURANCE | CHANGES FUNDING FOR ECONOMIC INITIATIVES ¹ | CHANGES FUNDING FOR ECONOMIC GRANTS ² | ADDS FUNDING FOR SALARIES ³ | ADDS FUNDING FOR DEVELOPMENT FUND FTE ⁴ | ADDS FUNDING FOR LEARNING VACATIONS ⁵ |
|--------------------------------------|---|--|--|---|---|---|
| Salaries and wages | (\$6,364) | \$105,432 | | \$120,000 | \$118,994 | \$80,000 |
| Operating expenses | | | | | | 45,000 |
| Capital assets | | | | | | |
| Grants | | | | | | |
| Centers of excellence | | | | | | |
| Agricultural products utilization | (250) | | | | | |
| Discretionary funds | | (460,000) | | | | |
| Lewis and Clark Bicentennial | (125) | | | | | |
| Centers of excellence - Borrowing | | | | | | |
| Economic development grants | | | \$125,000 | | | |
| Economic development initiatives | | <u>644,568</u> | | | | |
| Total all funds | (\$6,739) | \$290,000 | \$125,000 | \$120,000 | \$118,994 | \$125,000 |
| Less estimated income | <u>(2,044)</u> | <u>250,000</u> | | | <u>118,994</u> | |
| General fund | (\$4,695) | \$40,000 | \$125,000 | \$120,000 | \$0 | \$125,000 |
| FTE | 0.00 | 1.00 | 0.00 | 0.00 | 0.00 | 1.00 |
| | ADDS FUNDING FOR INDIAN BUSINESS DEVELOPMENT ⁶ | ADDS FUNDING FOR TRADE OFFICE ⁷ | ADDS FUNDING FOR WORKFORCE DEVELOPMENT ⁸ | REMOVES FUNDING FOR CENTERS OF EXCELLENCE ⁹ | ADDS FUNDING FOR ETHANOL INCENTIVE PAYMENTS ¹⁰ | TOTAL HOUSE CHANGES |
| Salaries and wages | \$105,432 | | \$35,878 | | | \$559,372 |
| Operating expenses | 23,840 | \$500,000 | 41,000 | | | 609,840 |
| Capital assets | | | | | | |
| Grants | | | 623,122 | | | 623,122 |
| Centers of excellence | | | | (\$2,500,000) | | (2,500,000) |
| Agricultural products utilization | | | | | \$3,285,000 | 3,284,750 |
| Discretionary funds | | | | | | (460,000) |
| Lewis and Clark Bicentennial | | | | | | (125) |
| Centers of excellence - Borrowing | | | | | | |
| Economic development grants | | | | | | 125,000 |
| Economic development initiatives | | | | | | <u>644,568</u> |
| Total all funds | \$129,272 | \$500,000 | \$700,000 | (\$2,500,000) | \$3,285,000 | \$2,886,527 |
| Less estimated income | | <u>500,000</u> | <u>700,000</u> | | <u>3,285,000</u> | <u>4,851,950</u> |
| General fund | \$129,272 | \$0 | \$0 | (\$2,500,000) | \$0 | (\$1,965,423) |
| FTE | 1.00 | 0.00 | 0.00 | 0.00 | 0.00 | 3.00 |

¹ A total of \$750,000, of which \$500,000 is from the general fund and \$250,000 from funds to be raised by the department, is provided for the economic development initiatives listed below which were recommended by the Primary Sector Business Congress. The funding is increased from the \$460,000 provided by the Senate. Funding from the general fund for 1 FTE position is included in the salaries and wages line item and the remainder is included in a separate line item. The Senate had included funding in the discretionary funds line item and specified amounts for each initiative. In this amendment, specific amounts are not identified for each initiative.

- Target industry identification and report.
- Image information program.
- Business hotline program.
- Local economic developer certification and training program.
- Dakota manufacturing initiative.
- Intellectual property rights study and report.
- Economic development incentives study and report.

- Business climate initiative study.

- 2 A separate line item is added providing funding from the general fund for the life sciences sector development grant (\$100,000) and the wind-to-hydrogen demonstration project grant (\$25,000). The Senate had designated funding from the discretionary funds line item for these grants.
- 3 The salaries and wages line item is increased by \$120,000 from the general fund to provide funding for a vacant FTE position.
- 4 Funding is added for the 1 FTE position recommended in the executive budget to be paid for from the Development Fund pursuant to a continuing appropriation. This amendment includes the funding and the FTE position in the Department of Commerce budget.
- 5 This amendment adds \$125,000 from the general fund and 1 FTE position for the Tourism Division to develop, market, and implement learning-based vacations, including development of a learning-based vacation web site which will allow individuals to create individualized learning-based vacations.
- 6 Funding and 1 FTE position are added for operating costs of the American Indian Business Development Office within the Department of Commerce. Sections are added making statutory changes and providing for a report to the Legislative Council relating to the American Indian Business Development Office.
- 7 The operating expenses line item is increased by \$500,000 from the Development Fund for costs associated with the International Business and Trade Office. The funds are not transferred from the Development Fund until 50 percent matching funds are available. Sections are added changing statutory provisions relating to the office, including establishing the purpose of the office and authorizing an advisory board.
- 8 This amendment adds funding available from a federal technical skills training grant for additional workforce training.
- 9 This amendment removes funding and related statutory and reporting provisions relating to centers of excellence.
- 10 The Agricultural Products Utilization Commission line item is increased to appropriate funding from the ethanol production incentive fund for paying ethanol production incentives. A section is added removing the continuing appropriation for making these payments.

A section is added providing for an economic development incentives study and report to the Legislative Council.

Sections added by the Senate relating to the following items are removed:

- Changes to the seed capital investment tax credit - Moved to Senate Bill No. 2032.
- Directing a tax study - Moved to Senate Bill No. 2032.
- Directing a Legislative Council business climate initiative study - Moved to Senate Bill No. 2032.
- Requiring the Agricultural Products Utilization Commission to provide a \$100,000 wheat scab research grant to a private company.

Senate Bill No. 2018 - Transportation Institute - House Action

| | EXECUTIVE BUDGET | SENATE VERSION | HOUSE CHANGES | HOUSE VERSION |
|-----------------------|------------------|----------------|------------------|------------------|
| Operating expenses | _____ | _____ | <u>\$360,000</u> | <u>\$360,000</u> |
| Total all funds | \$0 | \$0 | \$360,000 | \$360,000 |
| Less estimated income | _____ | _____ | _____ | _____ |
| General fund | \$0 | \$0 | \$360,000 | \$360,000 |
| FTE | 0.00 | 0.00 | 0.00 | 0.000 |

Dept. 627 - Transportation Institute - Detail of House Changes

| | ADDS FUNDING FOR TRANSPORTATION STUDY 1 | TOTAL HOUSE CHANGES |
|-----------------------|---|---------------------|
| Operating expenses | <u>\$360,000</u> | <u>\$360,000</u> |
| Total all funds | \$360,000 | \$360,000 |
| Less estimated income | _____ | _____ |
| General fund | \$360,000 | \$360,000 |
| FTE | 0.00 | 0.00 |

1 Funding is added for conducting a transportation study.