

2009 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1202

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. **HB 1202**

House Industry, Business and Labor Committee

☐ Check here for Conference Committee

Hearing Date: **January 28, 2009**

Recorder Job Number: 8011

Committee Clerk Signature



Minutes:

Chairman Keiser opened discussion of HB 1202. As a sponsor, he introduced the bill. I believe strongly in the concept being presented to you. This is a spending bill and it could be significant in terms of spending. I strongly support it and recommend that the Committee support it. If that is done, I would be happy to champion it in front of the Appropriations

Committee without reservation. Obviously big box stores have a lot of wonderful things they bring to the community. They bring a lot of shopping opportunities, a lot of jobs and they do bring a lot of outside traffic that comes in to that town to shop. But throughout the rest of the State of ND, we may lose some jobs as a result of this. Even in the same communities in which they locate, we may lose some small businesses that were able to successfully operate prior to that. What's the solution? Let me take you back 10 years ago. I was involved in economic development in Bismarck for a very long time. Economic development ten years ago was very different than it is today. We didn't have jobs for the people we had. As communities we were trying to attract businesses to move to our communities so that we could provide jobs for the people we had here. Today we are doing a little bit of that but we have a very different situation. We have a lot of jobs without the people to fill them. We heard a report yesterday from Job Service ND that there are somewhere between 10,000 and 12,000

current listings on their web site for jobs. So we've got jobs, but no people. What are the options? We can go out attract people and get them to move into the State of ND. The Department of Commerce is doing that. It is meeting with some success. But, long term—where are we going? One of my concerns with the big box stores is that money is spent in our community and in our chain restaurants that money is spent in our communities. It does not stay in our communities very long. Wal-Mart I believe transfers money 3 to 4 times a day. The money is spent and it's gone. What are the options? My belief is that ND has been a responsible state and said we will take care of ourselves. We'll do it ourselves. We are a "can do" state and we'll just find a way to do it. This bill provides an opportunity to do that. One of the weaknesses in our current system is how do we start companies in ND and get them to grow and prosper and provide jobs. Then those companies will purchase the services that we want purchased in our states: legal service, accounting service, advertising services and all the professional services that go with a company are pretty much as their corporate headquarters. I don't know of any lawyer, advertising firm, or accounting firm that is doing Wal-Mart's stuff. We collectively want higher paying jobs. Congress wants higher paying jobs. Bismarck Economic Development wants higher paying jobs. Who doesn't? Where are we going to get them? I believe that we are going to get them by growing ourselves. We all like to point at Melroe and say what a wonderful, wonderful story. Two brothers who had an idea and created something that today, unfortunately, has been sold so many times. When we owned and had it here, I felt more comfortable than I do today. Regardless, think of the wealth that Melroe has created. How do we from a state policy position help the entrepreneur? I get a little frustrated with my Bismarck Economic Development when they ask how we can help the young people. They ain't that young when they develop their concepts. When I think of entrepreneurs I think of someone who may be 8 years old, or 6, or 80. We have them

in our midst and we need to recognize that we have them, find them, and help them to get a business and launch it. Launching a business is not so easy especially when you have a new product. HB 1202 creates two things: 1. Creates entrepreneurial centers. It sets up the framework wherein a center can be created. 2. Creates entrepreneurial awards for businesses that are in the start up phase to move forward and be launched. The funding for this has already been appropriated for this. It's out there in the ND Development Fund. Its purpose is exactly this among other things. We'll use those monies for this program. This has no appropriation on it—we've already got the money in place and ready for use. The Centers will provide incubator services and the help necessary to do a business plan to test their concept. The Centers themselves may receive up to \$50,000 a year for a limit of five years. This isn't a government center. This is a center that business wants. If the state gives \$20,000 the Center has to come up with a dollar for dollar match. They have to have an offset. We are not going to double fund. We will have cooperative agreements with the business community, the city in which they are going to be located, and the state. Funds must be paid back— isn't that a different concept. If they are successful they are going to launch businesses and take an equity position in those businesses and make money themselves. They are going to need to that to continue because after 5 years the state is not going to be there to fund them. Eventually, when they start making some money, they are going to pay this fund back. It is a business driven, not a government driven program. This requires two levels of approval. It requires the award at the Center to approve the project and it also requires the Department of Commerce through the ND Development Fund to approve the process. It's also going to require a cash payback. We are not here to give away money. We are here to facilitate their starting their business and, if successful, reinvesting in the State of ND by repaying that loan. These awards require a dollar for dollar match. If you want

\$25,000, you better raise \$25,000 and document that it is being raised. There is an offset for any funds from some other state source. We have in state government and in our universities some good examples of creating entrepreneurial kinds of centers within government. This is a different concept. This is business driven. Long term, this system will position ND for the future. This is the way we will grow ND in a solid, financially sound way. (He told the story of a professor at MIT who visited ND)

Representative Vigesaa: I'm so thrilled you are the author. I'm going to carry this bill and just turn the microphone over to you. I couldn't agree more than the "grow your own" philosophy is wonderful. In Cooperstown, we have in excess of 150 manufacturing jobs in three facilities. Every one of those was a locally started project. They have a worldwide presence. One question—why the extension of 6 years?

Chairman Keiser: That is a sunset. We must give them a reasonable time to demonstrate that this concept is right and also require us to come back and review it and consciously say "this really works." If we have the data that shows it works, we will extend it or not.

Representative Vigesaa: When we get into the awards section and talk about relationships with educational institutions are those just in state?

Chairman Keiser: I don't care who they have a relationship with. If Bill Gates wanted to start Microsoft here but had a relationship with the University of WA we'd tell him no?? Really?

Representative Vigesaa: The \$50,000 that goes to the Center is that for the operation of the Center.

Chairman Keiser: That is. That's an operational fund to help them get up and get going. To be successful this has to be done. If we are going to fund these things, we've got to provide adequate support. \$50,000 doesn't do the job—it's supplementary at best.

Representative Vigesaa: Who determines the payback schedule?

Chairman Keiser: We were careful in crafting that language. It says "if possible" on that.

There will be an equity position taken by the Center and you will have access to all the books, etc. It's based on the ability to pay back. That means there will be times when there won't be a cash receipt thing. We are looking for when we have a very successful program; they don't just get to keep the money. There is an obligation.

Representative Vigesaa: Is there going to be criteria set up to determine who will qualify for the award?

Chairman Keiser: The simple answer is "none." We had a lot of discussion about this. What we are concerned about is creating jobs. What if someone came in and said "I want to put together a business plan to recreate the Lewis and Clark experience for two days." We will look at that plan and ask questions and have business people look at it and say "is that a business that belongs." The Center will make a decision. The money won't be given unless the ND Development Fund also signs off. (He told the story of the Weber kettle.) We define entrepreneurial as anything that creates job and a taxable base for ND.

Representative Ruby: On line 28, what is that?

Chairman Keiser: It is a sense a business incentive. It means it does not have to be included in the business incentive report of a political subdivision because they are not really granting this money—it is the State of ND and this private collection of business communities.

Representative Nottestad: As you look at these centers being established around the state, we have five of them. Four are appearing to make good investments but the fifth one is basically a failure and their judgment is poor, who pulls the plug on that one.

Chairman Keiser: The Department of Commerce is going to monitor.

Representative Boe: Was this modeled after any other legislation? This sounds an awful lot like Northern Manitoba. They have been successfully doing this for about 30 years.

Chairman Keiser: Not that I'm aware of.

Representative Kasper: You talked about the entrepreneurial spirit in Boston how young men and women had that spirit and we don't here in ND. I agree. Have you thought about moving this concept to the schools in ND to begin to teach basic entrepreneurship to our students before they get out of high school? We need to start getting to youth earlier.

Chairman Keiser: I absolutely agree. The school system is a legitimate and appropriate place to start. The state chamber has their program Business Challenge which is trying to do some of that. There are educational programs that are trying to create that attitude. These centers are going to be launched if supported by the legislature. They are going to be successful and the word of mouth is going to change the direction of the way North Dakotans think about this. It is intriguing that we have such a sense of "I can work for someone, but I can't start something."

Representative Sukut: I'm trying to get my hands on how this gets started. Where does it start?

Chairman Keiser: The business centers will be staffed. They are actually physical spaces so you can see how the incubator concept can work. To be successful, they must be a physical location. We want to bring entrepreneurial minds together. (Talked about Stanford's Research Center.)

Representative Sukut: Does the concept include working with some of the services available right now like the SBCs which do a wonderful job. Would they be integrated with them?

Chairman Keiser: Absolutely. We want them to be successful.

Shane Goettle, director of the ND Department of Commerce, testified in favor of the bill.

The concept is exactly for the strategy of our state. If you look at the economic development strategies of two or three decades ago, the idea was to go out and find big companies to come

in and employ lots of our people. The world has gotten smaller and we can't compete against China and India for low cost. We don't have the people to engage in that strategy. Our strategy must be about retaining and growing what we have. We do need to shift to an entrepreneurial strategy that helps our people tap their creativity and create new wealth here that can take advantage of innovation. We are a people that work hard and when our resources are marshaled we can see some great things. We've moved in that direction with a program called Innovate ND. The age range in that program has been from college-aged students all the way to 70. This is a great way to open up the venture fund. The development fund board has legal expertise, banking expertise, and entrepreneurial expertise. It's the board that will be reviewing these applications and looking at how to deploy these funds. We have credit analysts that are very capable of looking at a deal. That's the manner in which they will be processed. There are no funds. The venture fund is about \$5 million. This is a perfect way of deploying those funds.

Representative Amerman: I already have a business and then I have an idea to expand my business or piggy back. It might be different or it could be the same. Could I use this or is this just for the new?

Goettle: The relationship is with the Center. The Center would be involved in screening. I think we are not going to limit ourselves to new business.

Representative Thorpe: ND seems to start so many groups and organizations. Did not the commerce department create this without legislative funds?

Goettle: No. We are restricted to invest in primary sector business. This opens it up to any venture. I think this structure is needed in order to deploy this.

Bob Newman, senior vice president of lending, Bank of ND. I am in favor of this concept. It's great, and long overdue. This is the Bank of ND's money in the first place and the most

rewarding things I heard this morning was that it has to be paid back. We like to hear that.

The new venture capital program has been around since 2004. This is a \$10 million program and we've used about \$5 million. This legislation earmarks \$1 million for these centers. The Bank of ND is sponsoring separate legislation on SB 2103 where we were proposing to remove the sunset on the venture capital program. We will have to clean that up. In addition, SB 2110 which has to do with the ND development fund powers also has some language stating they (Dept of Commerce) would be managing the program for the Bank of ND.

Julie Kuenen, director of the Idea Center, testified in favor of the bill. Business incubators like ours play a major role in economic development, workforce training and job retention. We have dealt with over 50 projects in a little over one year. We have a board of mentors that volunteer their expertise and time to move the participants further down the path of commercialization. Our students are learning the process and learning to transfer knowledge.

We run this operation like a business. We believe that the inventors should invent and the creative create, but we want an opportunity for our students to learn how to do these processes. We are currently a non-profit and are fully funded through benevolence. I urge you to pass this bill. We have a lot of good ideas and we have a lot of work to do.

Karel Sovak, co-founder of the Idea Center, testified in favor of the bill. This was the genesis of two minds that a common thread involved. We had a two-pronged approach. We wanted a developmental lab for students from elementary school to age 85. We developed an environment where students and the community could come together. We developed partnerships and that's what allows us to grow and develop and create. We are providing a facility where students can come and learn what it's like to start a business. They can establish greater skills understanding what it is like to develop a business and take those skills back to their communities and they can create business for other people. We want to develop

economic activity so we provide free of charge individuals with internet, computers, partnerships with SBDC to assist in feasibility studies. We take away that overhead expense. Students are seeing these processes and helping them to develop and grow a business so they can move on. By providing labor and overhead we eliminate two of the major expenses and challenges to a young business being started. I encourage you to pass this bill and move it along and help the entire state attract and retain talent.

Chris Tietz, co owner and founder of TKX Marketing, testified in favor of the bill. I speak as an entrepreneur who went through the incubator at the Idea Center. About 7 years ago we started the marketing company with the assistance of the mentors and students at the Idea Center. Since then we have contracts with five developers and designers who help us with web site creation, graphic creation, logo development, off the wall advertising, advertising campaign management and several other things. The Idea Center has contributed to our success by providing those things that Karel spoke about earlier. I can take my people there and we can be in a group and we can oversee them in a great environment. It has allowed us to get to a point where soon we can offer full-time employee benefits to at least 2 or 3 people.

Molly Sullivan, student at the University of Mary, testified in favor of the bill. I have been involved in the Idea Center from a student's perspective since it began. I have had many experiences that strongly influenced the career path I'm going to take and the fact that I'm going to stay in ND. I've had the opportunity to experience real life business opportunities: strategic management planning, systems analysis, financial analysis, development marketing plans and the opportunity to take a lead role in the Great Plains Venture Capital Fair. I was also afforded an internship with an engineering firm and upon graduation I will be working full time there.

Mike Holman, owner of White Sock Corporation, testified in favor of the bill. We have big project. We have a patent pending on a project that will save lives around the world. We have been floundering for about three years to get this product to market. Last November we told about the Idea Center and from that meeting alone, our project is expanding exponentially. This product hopefully will bring to ND many jobs for training, for production software, marketing, advertising, and many, many things. Where we floundered was we didn't have any business sense. We had no idea how to go about finding those venture capitalists to find that money to get us started. The Center has helped to realize that we have a very good idea, a sound product, national endorsement, so this product needs to be to market. We are now finding a way to do that based on their help in building a business plan and market plan and project plan. This funding will help the Idea Center to help us and other people like our company to prosper in ND.

Dewey Tietz: I was with Melroe when they just bought Kirshman Manufacturing. I was able to work with John with Kirshman. He designed a lot of the ag products out of his head. It was amazing. It took us almost a year and a half to transfer his intellectual knowledge to paper. It took 12 engineers to do that. That was my first case with a true entrepreneur. I wasn't cut out to work with corporate America. I had an idea and didn't have much money. I did borrow a pickup and started cross town delivery which now is Cross Country Courier which employs 400 people. We have locations in 16 cities in the upper Midwest and we do about \$35 million a year in revenue—most of that stays in ND. I've been working with the University of Mary since the inception of the Schaefer Leadership Center. I searched for a while to find a way of giving back and fate would have me meet Karel Sovak. We had 15 projects within the first month. Today we have 50 projects and have 75 students working with those projects. Then fate had me meet Julie Kueman. She was a person we had to have. Her background is with Intel. She

does the kind of thinking I wanted. We needed a champion to run this thing and we were able to bring her on. We are now moving in to a 6700 sq ft space. We are also going to create within that space a Kids Idea Center. Out of that will come technology, ideas, and great businesses that will bring people back to ND? This can be replicated. Imagine if we get enough entities going and the power behind that and what we can do in ND. I believe so much in this that I have been a source of funding. It feels really good. I ask for your support.

Nicole Morrison-Mathern, assistant director of Harold Schaefer Emerging Leaders

Academy, testified in favor of the bill. I have started my own business called Entertainment Resources and since June have money in the pockets of six people. I have another business idea that will be phenomenal and grow in a different way. There is no way we can do it if we don't have the Idea Center. Tapping these students when you are starting a business is absolutely valuable. For them to learn and take that away to start their own businesses some day is incredible.

There was no opposing testimony and the hearing was closed.

Representative Sukut: I am excited about this project. I've been involved in economic development my entire work life, have always promoted grass roots development and have always run in to a problem when it comes to working with the retail part of economic development because of the primary sector definition. **I move a do pass.**

Representative Boe: Second

Representative Ruby: It's really refreshing to see the excitement, passion and devotion to grow our business in the state. Whatever bug is going around here, I hope it becomes an epidemic in the state.

Chairman Keiser: This is not solely my idea. There have a lot of us who have worked on it.

I want to thank all who did. I thank all the young people who came in today. You are seeing your government at work and I hope that has impressed you.

A roll call vote was taken: Yes: 12, No: 0, Absent: 1 (Kasper)

Representative Vigesaa will carry the bill.

FISCAL NOTE
Requested by Legislative Council
03/12/2009

Amendment to: HB 1202

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2007-2009 Biennium		2009-2011 Biennium		2011-2013 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

1B. County, city, and school district fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

2007-2009 Biennium			2009-2011 Biennium			2011-2013 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2A. Bill and fiscal impact summary: *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This bill creates an entrepreneurship award program using funds in the New Venture Capital Program. The entrepreneurship award program may provide loans of up to \$50,000 per year to entrepreneurship centers and loans of up to \$20,000 to entrepreneurs using the services of an entrepreneurship center.

B. Fiscal impact sections: *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 1 allows Bank of North Dakota New Venture Capital Program funds to be used for entrepreneurship awards and Section 2 limits this to \$1 million.

Section 3 establishes entrepreneurship awards consisting of awards to designated entrepreneurship centers not to exceed \$50,000 per year and awards of up to \$20,000 to qualified entrepreneurs who utilize the services of a designated entrepreneurship center.

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

If there are losses resulting from the entrepreneurship awards there will be a direct loss to the Bank of North Dakota. The Bank of North Dakota is not involved in decisions regarding these loans and as such would be unable to estimate any future returns on investment.

Contact: Bob Humann, Bank of North Dakota 328-5703

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

Name:	Justin Dever	Agency:	Department of Commerce
Phone Number:	328-7258	Date Prepared:	03/13/2009

FISCAL NOTE
Requested by Legislative Council
01/12/2009

Bill/Resolution No.: HB 1202

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2007-2009 Biennium		2009-2011 Biennium		2011-2013 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

1B. County, city, and school district fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

2007-2009 Biennium			2009-2011 Biennium			2011-2013 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2A. Bill and fiscal impact summary: *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This bill creates an entrepreneurship award program using funds in the New Venture Capital Program. The entrepreneurship award program may provide loans of up to \$50,000 per year to entrepreneurship centers and loans of up to \$20,000 to entrepreneurs using the services of an entrepreneurship center.

B. Fiscal impact sections: *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 2 allows up to \$1 million in Bank of North Dakota New Venture Capital Program funds to be used for entrepreneurship awards.

Section 3 establishes entrepreneurship awards consisting of awards to designated entrepreneurship centers not to exceed \$50,000 per year and awards to qualified entrepreneurs who utilize the services of a designated entrepreneurship center.

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

If there are losses resulting from the entrepreneurship awards there will be a direct loss to the Bank of North Dakota. The Bank of North Dakota is not involved in decisions regarding these loans and as such would be unable to estimate any future returns on investment.

Contact: Bob Humann, Bank of North Dakota 328-5703

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

Name:	Justin Dever	Agency:	Department of Commerce
Phone Number:	701-328-7258	Date Prepared:	01/16/2009

Date: Jan 28 - 2009
Roll Call Vote # _____

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. 1202

House House, Business & Labor Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken ☒ Do Pass ☐ Do Not Pass ☐ As Amended

Motion Made By Sukut Seconded By Boe

Representatives	Yes	No	Representatives	Yes	No
Chairman Keiser	✓		Representative Amerman	✓	
Vice Chairman Kasper			Representative Boe	✓	
Representative Clark	✓		Representative Gruchalla	✓	
Representative N Johnson	✓		Representative Schneider	✓	
Representative Nottestad	✓		Representative Thorpe	✓	
Representative Ruby	✓				
Representative Sukut	✓				
Representative Vigesaa	✓				

Total (Yes) 12 No 0

Absent 1

Floor Assignment Vigesaa

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
January 28, 2009 1:08 p.m.

Module No: HR-17-1088
Carrier: Vigesaa
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

HB 1202: Industry, Business and Labor Committee (Rep. Keiser, Chairman)
recommends **DO PASS** (12 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING).
HB 1202 was placed on the Eleventh order on the calendar.

2009 SENATE INDUSTRY, BUSINESS AND LABOR

HB 1202

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1202

Senate Industry, Business, and Labor Committee

☐ Check here for Conference Committee

Hearing Date: March 9, 2009

Recorder Job Number: 10454

Committee Clerk Signature

Minutes:

Chairman Klein: Opened the hearing on HB 1202, all members present.

George Keiser: Representative District 47 introduced HB 1202. He wants responsible economic development and growing our own, so how do we do it. There are plenty examples of how the larger cities have brought in businesses and that has been successful, but when we look at for example, Melroe was economic development that began at the grass roots level. So how can we foster, encourage, and ensure it happens. This bill adds two categories to the entrepreneurship awards: 1) creates funding for entrepreneurial centers, and 2) creates funding for entrepreneurial awards.

Senator Potter: On the equity positions, is that for the entrepreneurship centers or for the individual grants?

George Keiser: For both, it's an equity position from the center. As these centers are developed, they will be providing services to businesses. These awards will go to businesses that are ready for launch. Can I tell you these centers will be profitable? No, but I can tell you, every aspect of launching a company has been addressed. We have done the best things we can to position these businesses for success. If they are successful, we expect to recover our participations.

Senator Potter: I see the need for payback; otherwise the program cannot continue. However, the thing you are saying with regards to requiring equity position limits them only to the poor profit sector where there are equity positions to be taken. Does that mean non-profit entrepreneurs couldn't access these funds?

George Keiser: No. In fact equity position is one form of payback. The other is simply a payback of funds. We want entrepreneurs. We don't care what their ideas are, bring them forward, and get them in the incubator", develop them, and launch them and make them successful. We believe this is a key element to being successful for the future.

Senator Nodland: Has there been anything like this before or in existence today?

George Keiser: I believe one of the Provinces in Canada has launched a program similar to this. As far as I know, nothing like this exists in the U.S. In our state, do we have anything similar or like "incubators", no. At the University of Mary and Fort Yates, we have what are attempts at providing through their respective leadership programs, to provide some of these services. In Bismarck, there is the Idea Center, which is very much like this and operational due to a private contribution. With respect to that, I believe they have 3 or 4 businesses ready to launch or have launched.

Senator Wanzek: When I hear the term "Award", I think of something given in recognition with no expectation of a payback. This says a payback schedule would be based on the Centers ability or the Entrepreneurs ability to pay back, would that be a dollar-4-dollar payback?

George Keiser: We worded it somewhat loosely because they can't pay it back if they don't make it. We were looking at only the principle, no interest. Just provide money back to the development fund to be reused in the future.

Senator Horne: For example; Senator Klein wanted put together an entrepreneurial center with Harvey and Pheasantant, they would come to the Commerce and show they have matching funds to match the grant they are seeking.

George Keiser: Absolutely! This requires commitment. You are not going to be successful in launching one of these facilities unless you have participation from the private and public sector.

Bob Humann: Senior Vice-President of Lending for the Bank of North Dakota testified in support of HB 1202.

Senator Horne: You have a \$10million pool, but the awards shall not exceed \$1million, is that correct?

Bob Humann: That is correct; a million of that ten will be earmarked for awards.

Senator Wanzek: At one million could be either the center or entrepreneurial or a combination of both.

Senator Potter: Will the amendments offered sync up with the other two bills the way we send them out or with the changes made in the House?

Bob Humann: What we are trying to accomplish is to remove the sunset and sync all three bills to put them on the same page.

Shane Goettle: Commissioner of the Department of Commerce testified in support of HB 1202. The way I see it is that it is dual eligibility up to \$1million, and would compete against other kinds of projects that there might be a demand for. I think this is a great compliment to other entrepreneurial efforts in the State.

Senator Andrist: Move for a Do Pass to amendment to HB 1202.

Senator Wanzek: Seconded

Chairman Klein: Motion for a Do Pass on the amendment to HB 1202 is approved 7-0

Senator Wanzek: Motion for a Do Pass as amended on HB 1202

Senator Andrist: Seconded

Chairman Klein: Motion for a Do Pass on HB 1202 as amended is approved 7-0, **Senator Wanzek** to carry.

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1202

Page 1, line 9, overstrike "**(Effective through July 31,**" remove "**2015**", and overstrike the last parenthesis

Page 4, line 5, overstrike "**(Effective after July 31,**", remove "**2015**", and overstrike ") **Powers.** The Bank of North Dakota may:"

Page 4, overstrike lines 6 through 31

Page 5, overstrike lines 1 through 30

Page 6, overstrike lines 1 through 11

Page 6, line 14, overstrike "**(Effective through July 31,**", remove "**2015**", and overstrike the last parenthesis

Page 6, line 19, after the period insert "The funds for the entrepreneurship awards under section 3 of this Act may not exceed one million dollars."

Page 6, line 20, remove "Receive" and overstrike "funds not to exceed ten million dollars from the Bank of North"

Page 6, line 21, overstrike "Dakota", remove "under subdivision c of subsection 4 of section 6-09-15," and overstrike "for the purpose of"

Page 6, line 22, overstrike "investing in North Dakota alternative and venture capital investments" and remove the underscored comma

Page 6, line 23, overstrike "early-stage capital funds" and remove ", and entrepreneurship awards under section 3 of this Act."

Page 6, line 24, remove "The funds for the entrepreneurship awards may not exceed one million dollars."

Page 6, line 25, overstrike "The corporation may provide" and insert immediately thereafter "Provide"

Page 6, line 27, overstrike "**(Effective after July 31,**", remove "**2015**", and overstrike ") **Powers.** The corporation must be organized as a"

Page 6, overstrike lines 28 through 31

Renumber accordingly

March 9, 2009

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1202

Page 1, line 9, overstrike "**(Effective through July 31,**", remove "**2015**", and overstrike the closing boldfaced parenthesis

Page 4, line 5, overstrike "**(Effective after July 31,**", remove "**2015**", and overstrike ") **Powers.**
The Bank of North Dakota may:"

Page 4, overstrike lines 6 through 31

Page 5, overstrike lines 1 through 30

Page 6, overstrike lines 1 through 11

Page 6, line 14, overstrike "**(Effective through July 31,**", remove "**2015**", and overstrike the closing boldfaced parenthesis

Page 6, line 19, after the period insert "The funds for the entrepreneurship awards under section 3 of this Act may not exceed one million dollars."

Page 6, line 20, remove "Receive" and overstrike "funds not to exceed ten million dollars from the Bank of North"

Page 6, line 21, overstrike "Dakota", remove "under subdivision c of subsection 4 of section 6-09-15,", and overstrike "for the purpose of"

Page 6, line 22, overstrike "investing in North Dakota alternative and venture capital investments" and remove the underscored comma

Page 6, line 23, overstrike "early-stage capital funds" and remove ", and entrepreneurship awards under section 3 of this Act."

Page 6, line 24, remove "The funds for the entrepreneurship awards may not exceed one million dollars" and overstrike the period

Page 6, line 25, overstrike "The corporation may provide" and insert immediately thereafter "Provide"

Page 6, line 27, overstrike "**(Effective after July 31,**", remove "**2015**", and overstrike ") **Powers.** The corporation must be organized as a"

Page 6, overstrike lines 28 through 31

Renumber accordingly

Date: 3/9
Roll Call Vote #: 1

Senate

Industry, Business and Labor

Legislative Council Amendment Number

☒ **Pass**

☐ **Do Not Pass**

☒ Amended

Motion Made By Senator Andrist Seconded By Senator Wanzel

[illegible]

Total (Yes) 7 No 0

Absent

Floor Assignment

If the vote is on an amendment, briefly indicate intent:

Date: 3/9
Roll Call Vote #: 2

Senate

Industry, Business and Labor

Legislative Council Amendment Number

☒ **Pass**

☐ **Do Not Pass**

☐ **Amended**

Motion Made By Senator Wanzek Seconded By Senator Andrist

[illegible]

Total (Yes) 7 No 0

Absent 

Floor Assignment Senator Wanzek

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1202: Industry, Business and Labor Committee (Sen. Klein, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1202 was placed on the Sixth order on the calendar.

Page 1, line 9, overstrike "**(Effective through July 31,**", remove "**2015**", and overstrike the closing boldfaced parenthesis

Page 4, line 5, overstrike "**(Effective after July 31,**", remove "**2015**", and overstrike "**) Powers.** The Bank of North Dakota may:"

Page 4, overstrike lines 6 through 31

Page 5, overstrike lines 1 through 30

Page 6, overstrike lines 1 through 11

Page 6, line 14, overstrike "**(Effective through July 31,**", remove "**2015**", and overstrike the closing boldfaced parenthesis

Page 6, line 19, after the period insert "The funds for the entrepreneurship awards under section 3 of this Act may not exceed one million dollars."

Page 6, line 20, remove "Receive" and overstrike "funds not to exceed ten million dollars from the Bank of North"

Page 6, line 21, overstrike "Dakota", remove "under subdivision c of subsection 4 of section 6-09-15,", and overstrike "for the purpose of"

Page 6, line 22, overstrike "investing in North Dakota alternative and venture capital investments" and remove the underscored comma

Page 6, line 23, overstrike "early-stage capital funds" and remove ", and entrepreneurship awards under section 3 of this Act."

Page 6, line 24, remove "The funds for the entrepreneurship awards may not exceed one million dollars" and overstrike the period

Page 6, line 25, overstrike "The corporation may provide" and insert immediately thereafter "Provide"

Page 6, line 27, overstrike "**(Effective after July 31,**", remove "**2015**", and overstrike "**) Powers.** The corporation must be organized as a"

Page 6, overstrike lines 28 through 31

Renumber accordingly

2009 HOUSE INDUSTRY, BUSINESS AND LABOR

CONFERENCE COMMITTEE

HB 1202

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1202

House Industry, Business and Labor Committee

☒ Check here for Conference Committee

Hearing Date: April 9, 2009

Recorder Job Number:

Committee Clerk Signature

Ellen Letang

Chairman Vigesaa: Opened the conference committee hearing on HB 1202 relating to the Bank of North Dakota & North Dakota development fund, incorporated, use of funds for entrepreneurship awards and provide an expiration date.

Karlene Fine~North Dakota Industrial Commission. See testimony attachment.

Chairman Vigesaa: Any questions?

Representative Keiser: There was where we removed whole subsections or sections.

Fine: The way they do formatting on how we have to do amendments, it did take out large provisions when we took out that sunset provision. So in one place you would include the reference to the sunset here and you would have to take out the old provision, so you had to take out the whole prior section. It's a formatting issue.

Representative Keiser: That is the only reason we sent it to conference committee was because you were deleting those big sections. I wanted to make sure that the intent of the bill is entirely intact. We just brought it into conformance with the two other bills.

Senator Horne: Help me understand this, there seems to be a pull and a tug on the sunset issue and is the sunset clause removed on both of these statutes?

Fine: That is correct. That was the intent in 2103 & 2110 which the senate had approved.

Those other bills, you have taken out those sunset provisions.

Bob Humann~Senior Vice President of the Bank of North Dakota. The only other thing that I was going to say is "I think our rational was that it doesn't hurt to keep it in there on the entrepreneurial". We want to see how that is going to works. We might be back here in six years, well it worked fine, let's just take that out permanently too. We are sitting down there at the bank and we are seeing all of these conflicting bills. We got together with John Walstad (sp) and he says that we better clean this up or I'm going to make the decision on which bill actually wins out. That's what we are really trying to do here.

Chairman Vigesaa: Further questions.

Representative Keiser: Moves that the House accedes to the Senate's amendments.

Representative Schneider: Second.

Roll was taken on the House acceding to the Senate's amendment on HB 1202 with 6 yeas, 0 nays, 0 absent and Representative Vigesaa is the carrier.

**REPORT OF CONFERENCE COMMITTEE
(ACCEDE/RECEDE)**

Bill Number 1202 (, as (re)engrossed):

Date: Apr 9 - 2009

Your Conference Committee House 184

For the Senate:

For the House:

YES / NO			YES / NO		
Sen Wanzer	*		Rep Vigesaa	*	
Sen Andrist	*		Rep Keiser	*	
Sen Horne	*		Rep Schneider	*	

recommends that the (SENATE/HOUSE) (ACCEDE to) (RECEDE from)

the (Senate/House) amendments on (SJ/HJ) page(s) 939 - 940

____, and place _____ on the Seventh order.

____, adopt (further) amendments as follows, and place _____ on the Seventh order:

____, having been unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) _____ was placed on the Seventh order of business on the calendar.

DATE: Apr 9 - 2009

CARRIER: Rep Vigesaa

LC NO. _____	of amendment
LC NO. _____	of engrossment
Emergency clause added or deleted	
Statement of purpose of amendment	

MOTION MADE BY: Rep Keiser

SECONDED BY: Rep Schneider

VOTE COUNT 6 YES 0 NO 0 ABSENT

REPORT OF CONFERENCE COMMITTEE

HB 1202: Your conference committee (Sens. Wanzek, Andrist, Horne and Reps. Vigesaa, Keiser, Schneider) recommends that the **HOUSE ACCEDE** to the Senate amendments on HJ pages 0939-0940 and place HB 1202 on the Seventh order.

HB 1202 was placed on the Seventh order of business on the calendar.

2009 TESTIMONY

HB 1202

Purpose of amendments to House Bill 1202 which have been adopted by the Senate.

Two bills had been proposed which impacted NDCC Section 6-09-15 as follows:

- Senate Bill 2103 which had been introduced by the Bank of North Dakota removed the sunset date on the New Venture Capital Program of July 31, 2009.
- House Bill 1202 put a sunset date back in of July 31, 2015. This sunset date was included as it related to the entrepreneurship awards program.

Then there were two bills that had been proposed which impacted NDCC Section 10-30.5-04 as follows:

- Senate Bill 2110 which had been introduced by the Department of Commerce removed the sunset provision in regards to the Development Fund and the new Venture Capital Program and allowed the Development Fund to provide management services for the Bank's venture capital investments, etc.
- House Bill 1202 rewrote this provision in the law to include the entrepreneurship awards program and put back in a sunset provision.

The amendments adopted by the Senate on House Bill 1202 clears up the inconsistencies between the three bills. With the adoption of these amendments House Bill 1202 will:

- 1) Establish the entrepreneurship awards program at a funding level of \$1 million and have a sunset of July 31, 2015 – the original intent of HB 1202;
- 2) Remove the sunset provision on NDCC 6-09-15 (consistent with Senate Bill 2103);
- 3) Remove the sunset provisions on NDCC 10-30.5-04 and restate this section of law so it is consistent with Senate Bill 2110.