

2009 SENATE APPROPRIATIONS

SB 2018

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2018

Senate Appropriations Committee

Check here for Conference Committee

Hearing Date: 01-16-09

Recorder Job Number: 7144

Committee Clerk Signature

Rosella M. Lanning

Minutes:

Chairman Holmberg called the committee hearing to order at 8:30 am in reference to SB 2018 on appropriating funds for the Commerce Department. All members were present, except **Senator Lindaas**.

Chairman Holmberg updated the committee on the Veterans Home and sub committees.

Chairman Holmberg announced **V. Chair Grindberg** will chair the hearing.

Sen. Grindberg will chair the subcommittee on the Department of Commerce budget and other members will be **Chairman Holmberg** and **Senator Robinson**.

V. Chair Grindberg commented on the fiscal note and with the ending balance being a positive figure, he commented that the people in the room have made a difference in the strength of the economy in ND.

Shane Goettle, Commissioner, Department of Commerce introduced Commerce Dept Directors.

(Reading from the Dept. of Commerce testimony # 1) The Dept. of Commerce has also received approval for the emergency commission in the budget section to receive \$19.6 M for the Neighborhood Stabilization Program. We do not anticipate spending all of these funds prior

to June 30, 2009 so we respectfully request an amendment at this time to SB 2018 to increase the spending authority in the Division of Community Services to the 09 -11 biennium.

(Reading from page 3 of Commerce testimony)

(18:39)

Senator Seymour asked how many dollars were spent on consultants in the agency the last two years and **Shane Goettle** informed him that he doesn't have the information readily available, but can get that to him.

Senator Krauter asked about the Neighborhood Stabilization Program and wondered if it wouldn't be a better fit in the Housing & Finance Agency.

Shane Goettle: We have a lot of the fiscal oversight for federal programs already. We're familiar with the requirements on how to administer them and the audit functions. So we already administer the federal Community Service block grant program and the community development block grant program. I think because we have those systems in place, and know how to deal with those federal programs; it does make sense to put that in the Dept. of Commerce.

Senator Krauter: What's your understanding of neighborhood stabilization program?

Shane Goettle: The primary purpose of that program is something that we've not experienced in this state – and that is the mortgage crisis that has affected the rest of the nation. Each state was guaranteed a certain amount of money and so this is our share of those funds. We have presented a plan to the federal government and they've accepted, in terms of our distribution of those funds. So now our challenge is to find places in ND where those funds can be put to use.

(Continuing and introduced Paul Govig)

(20:57)

Paul Govig – Deputy Commissioner and Director of the Division of Community Services

(Reading from Community tab in Dept. of Commerce testimony)

(37:40)

Senator Mathern stated that the challenges of economic stimulus is getting the money spent as soon as possible and wondered how we can get this process moving faster in ND? And how we can get projects accepted and approved before the end of the biennium. Also would more staff help?

Paul Govig stated that they just received approval of the funds last week and the housing projects take time. Plans are in the works to develop a lot of housing, but didn't think that more staff would help.

Senator Krauter asked for a copy of approved plan and they will get it to him.

(37:13)

Paul Govig: The federal funds are provided US Community Service Administration and one of the requirements of the program is to hold a public hearing in conjunction with our legislative session. **Chairman Holmberg** referenced this at the beginning; therefore I'd like the record to show that this meeting is that hearing and those wishing to comment on this program are welcome to do so. I have not heard that anyone is interested in commenting, but we are required to open it up.

V. Chair Grindberg: Let the record show that the request was made. Is there anyone here that would like to provide comment? Seeing and hearing none, let the record show that no one provided comment. Do we need a motion?

Paul Govig: **V. Chair Grindberg**, we **do** need a motion that approves that. However you want to do that is fine with me.

Chairman Holmberg: I make the motion, that you see set in front of you, and this is the hearing. This is the hearing. **Senator Krauter** seconded it.

V. Chair Grindberg: Discussion? We will have the clerk take the roll.

It was moved by Chairman Holmberg , seconded by Senator Krauter , and carried that the information, including summaries, minutes and testimony received during the community services block grant hearing, be provided to the legislative leadership and members of the House Appropriations Committee and upon request to other interested persons to help them analyze the portion of the Department of Commerce's budget request involving the community services block grant revenues and that copies of such information be kept in the Senate Appropriations Committee files for future reference.

A Roll Call vote was taken. Yea: 13 Nay: 0 Absent: Senator Lindaas

(Continuing with testimony)

(43:01)

Senator Mathern questioned weatherization money that goes to community action agencies and how can it be made easier for families to work with the agencies.

Paul Govig relayed that he was proud of the Community Action program but there are always cases where it's not working quite right. They try to make it as seamless as possible.

Senator Christmann asked for an explanation of the \$2 M dollars for gas station businesses?

Paul Govig replied that the blended bio fuels program is in the budget and the office of renewable energy is supposed to be where it's delivered. They want to generate a demand for bio fuels.

Senator Christmann: Can you elaborate or what do we do with the \$2M?

Paul Govig: The actual details of the program have not quite been formulated. The general concept is brought forward and then you have to decide if that's acceptable or not. Many of the details or mechanics we work out later.

Shane Goettle: The bio fuels blender pump program is designed to be a grant program for retailers and will be used to offer blender pumps. We need an education component as well as energy efficiency component. The primary purpose is incenting installation of bio fuel pumps.

Senator Christmann: Just so they know that before we're going to support \$2M dollars, I'm not saying every plan has to be worked out with every "i" dotted and every "t" crossed, but we need some kind of information. If we're just trying to force something on the market with nobody wanting it, then it's probably a waste of money. If there really is a demand and it's going to be beneficial, are we picking some winners and losers of the people who are currently in business. We've got to get some details.

Shane Goettle: We will be providing more detail on the policy side, but we aren't prepared at this time.

V. Chair Grindberg: Just as an update, the policy piece of this was pulled out and a new bill was introduced which we heard in a policy committee, as well as the money for child care. It's been pulled out and we'll have a policy hearing, then ultimately presumably make it back to us.
(50:42)

Senator Wardner asked about the manufacturer's home installation programs and wondered if they work directly with the dealers or do you get referrals. **Paul Govig** told him that they work with the dealers. A lot of signing involved, but they work with them to keep them informed.

V. Chair Grindberg asked for any public comment before they move on.

Sara Otte Coleman, Director, Tourism Division

(Testimony on Tourism tab in Dept. of Commerce testimony)

(1:07:21)

Senator Seymour asked about the RSS feed and what does it do?

Sara Otte Coleman said that people can opt in if they want to get direct email notifications of emails made on the web site. They would get an immediate alert of any changes made on the site.

Senator Warner asked about the RFP (Request for Proposal) process, attracting bids, and how do you choose your printers and publishers. And how much work is printed in state.

Sara Otte Coleman replied that they go through quite an extensive RFP process. The printing has a special method that they go through procurement with all of the printing bids. It's a special set of criteria for all printing projects. The contract with the advertising agency is

reviewed on a 4 year basis. The travel guide is not able to be printed in state, but the rest are.

(72:30)

Senator Christmann: What point in survey, how do you encourage people to respond and differentiate between tourism and local citizens just doing normal business?

Sara Otte Coleman replied that Tourism is anything done outside normal realm of day to day activities.

Senator Christmann asked the difference between someone from Texas fishing at Lake Sakakawea and someone from North American Coal doing business at local hotel.

Sara Otte Coleman said that business travel is still considered tourism.

V. Chair Grindberg - Any more public comment?

Cole Carley – President/CEO, Fargo Convention & Visitors Bureau (CVB) testified in

favor of SB 2018.

(Written testimony # 2).

Senator Mathern asked in terms of the money requested, is there a specific amendment that you're offering or the department is offering?

(80:12)

Cole Carley said that they're asking for someone from the legislature to offer that amendment and hope one of the legislators will bring that forward.

Wendy Howe: Minot CVB and Pres. of Destination Marketing Association of ND

(Written testimony # 3) testified in favor of SB 2018.

Julie Rygg, Grand Forks CVB (written testimony - # 4) testified in favor of SB 2018.

Terri Thiel, Dickinson CVB (written testimony - #5) testified in favor of SB 2018.

James Hirsch, Director, Workforce Development Division

(Reading from Workforce Tab)

(93:15)

Senator Robinson questioned how many interns end up working for the businesses upon completion of their internship and was told that there have been some initial surveys with the businesses and students and approx. 73% of businesses see that as a tool for attracting workers. They are doing a follow-up.

(Continuing)

(103:03)

Senator Wardner commented that he talked to the President at Wahpeton and we need more of our young people to take a look at careers in technology and trades. They felt they were doing a poor job of getting the message out. He wondered how the program was working where they bring companies into schools to talk to the students. How long have they been doing it and do they see any results?

James Hirsch replied that Career Promotion was big part of the Governor's bill last session.

The initiative did not get funded. The program was started about a year ago and the webcam is way to bring technology into the classroom. The biggest problem is that students don't understand what the career opportunities are in the state, and more importantly, the parents don't.

Senator Krauter stated that out of state potential workers will be a big problem and looking at high unemployment nationally and the state having 15,000 jobs available, why don't we have an established program.

James Hirsch replied that we have a great opportunity now because we have the jobs here.

Senator Krauter: What program are we going to start in the state to do this?

James Hirsch: You as Legislators will have to do that. I don't see a program in place.

(109:35)

V. Chair Grindberg commented on the list of members on the Workforce and Development Council. When the subcommittee meets, there should be some discussion about that Council having the authority to streamline and be consistent in our message in packaging in what we're putting out for the citizens of the state with job opportunities to colleges, tuition loan forgiveness. It seems that we're getting very spread out and pushing the ball up the hill and the ball is getting larger. Case in point is the document put out by Job Service doesn't at all reflect your comments. I know Job Service is on your development council but there should be a clearing house that this is consistent. We'll get into that in the subcommittee.

We'll stand for a break until 10:30

Paul Lucy, Director, Division of Economic Development & Finance

(Testimony in ED & F Tab)

(125:00)

Susan Geib, ND Trade Office

(Testimony reading from ND Trade tab in Commerce testimony)

(129:10)

Senator Christmann asked about the growth in exports commenting that the merchandise and ag are about ½ & ½ .

Susan Geib replied that the growth rate in 2007 was about the same.

Bon Wilkenheiser, State Director, Small Business Development Center

(Testimony from SBDC tab in Commerce Testimony)

(133:50)

Senator Wardner asked questions concerning the appropriation and **Bon Wilkenheiser** replied that it is over and above last session.

Shane Goettle summarized and highlighted the Commerce Department's testimony.

V. Chair Grindberg – Public comment? Blender pumps and child care will be later.

Calvin Huelett; Bismarck Chamber of Commerce introduced Katie Moor Aitchison.

Katie Moore Aitchison, Bismarck/ Mandan Chamber of Commerce

(written testimony #5) Testified in favor of SB 2018 and spoke on USS ND to be commissioned in 2014.

Marsha Krotseng, Vice Chancellor for Strategic Planning, NDUS System

testified in support of SB 2018 - Workforce Enhancement.

Dennis Boyd, Vice-Chairman of Lewis & Clark Fort Mandan Foundation

(written testimony # 6) testified in favor of SB 2018

Senator Warner Question for David Borlaug and was interested in the auditorium portion of addition and **David Borlaug** described the room.

Darrell Dorgan, ND Cowboy Hall of Fame

(written testimony # 7) testified in favor of SB 2018.

Chairman Holmberg stated on January 23, 2001 when asked a question by Sen. Nething, would you folks ever come back again for money for the ND Hall of Fame. Your answer was emphatically a onetime request.

Darrell Dorgan replied that at that time, it was a onetime request. And we have opportunity to expand.

Dan Ulmer, Mandan – Fort Abraham Lincoln Foundation

(testimony # 8 - Tom Custer's Officers Quarters Reconstruction) Testified in favor of SB 2018.

Gaylon Baker, Economic Development Association of ND (EDND)

(written testimony # 9) testified in favor of SB 2018.

John Phillips, Economics Development, Beulah, ND

(written testimony # 10) testified in favor of SB 2018.

Tom Lilja, ND Corn Growers

(no written testimony) testified in favor of SB 2018.

Senator Krauter questioned the money for blender pumps and wondered if a schedule or spread sheet could be provided.

Tom Lilja replied that with corn council incentive, federal government incentive, and a little incentive from the state, it would be near the mark, and information could be provided for the policy portion of the bill.

Mike Rude, President, ND Petroleum Marketers testified in favor of SB 2018.

Virginia Nelsen, Executive Director, State Historical Society

(written testimony # 11).

V. Chair Grindberg asked if anyone in the room wanted to provide comment on the child care portion of the bill. Seeing none, **Shane Goettle** summarized the department and wrapped up. **Chairman Holmberg** read poem on ND and adjourned the meeting.

Several additional testimonies in favor of SB 2018 were received and are in file at the Senate Appropriation office.

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2018

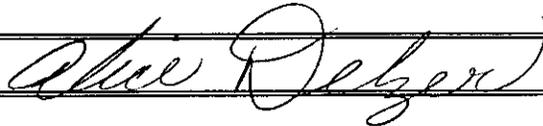
Senate Appropriations Committee

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Hearing Date: 02-18-09

Recorder Job Number: 9668

Committee Clerk Signature



Minutes:

Chairman Holmberg called the committee back to order. Amendments were passed out.

V. Chair Grindberg talked about grants and explained that the intent was commerce would provide those grants to 4 regions that follow the workforce training quadrants in the state. The original amendments had it set up going to the four 2 year colleges and that was not the intent.

That is the only change. (turned on recorder while V. Chair Grindberg was talking)

V. Chair Grindberg moved the amendment #98037.0211. Seconded by Senator Wardner (Vote #1) (was a voice vote).

V. Chair Grindberg went through the amendments and explained them to the committee. He had the committee turn to the second to the last page; it's title page 3. Before I do that I am going to cover the big picture of what we are trying to accomplish with these amendments. It amends into the bill what was in the House, OMB version. He talked about the goals of the Economic Development Association and that they would want to invest in more entrepreneurship programming. It sets up additional challenges and opportunities for the trade office. It recognizes two of the 3 main items that came out of the interim workforce committee; marketing, operation intern, and the other one was what we passed out on the Senate floor, SB 2062. The other area would be coordination of the workforce and then the one time projects. I will walk through this now in order. He explained each section in the amendment.

Senator Warner had questions regarding item 15 funding regarding the Great Plains Applied Energy Research Center. He asked for an explanation regarding the 1997 work force recruitment and training issues that they do already there and then we have a Center for Energy Research at UND. How is this distinguished from what they are doing?

V. Chair Grindberg It is my understanding that they have had discussions and are working on a collaboration effort investing in this obviously this Great Plains Applied Energy practical side of energy research center with both UND and NDSU. (14.27)

Senator Kilzer asked on the item of recruitment of out of state students, why would this be in this budget and not in Higher Ed and the other question would be is this the only source of funding for that or are there are sources in other budgets for this same purpose?

V. Chair Grindberg The rationale of the interim committee on Workforce was that if we are going to market the state of North Dakota for out of state students, it should be done in commerce. So it is targeted in a business-type setting with the shortage of workers across the state and so it's economic development based on a marketing plan. So it was not a Higher Ed approach to recruiting. The interim bill was assigned a House number so it is in the House and I don't know if it passed. We can talk about it in conference committee.

Senator Kilzer asked if there is a line item in that budget for the same thing in Higher Ed.

Chairman Holmberg said no. Individual campuses may do things through foundations or alumni groups.

Senator Mathern On item 11 page 4 I think we should reconsider this. IT basically says to the federal government that we are not able to spend stimulus money as it becomes available to us. It's for neighborhood stabilization, for refabbing homes, for low income housing, weatherization. We also have on the floor a couple of bills to give tax credits to home builders. Here we have this money (17.24) let's move it out and get them to work. I think this

sends the wrong message. I think that money can be authorized and spent by July 1st and I am concerned that if we are not able to at least to that the federal administration is going to say, "gosh, I put the money into North Dakota".

V. Chair Grindberg If you are referencing this stimulus money, it is not. It is funds that needs to continue forward so they can work on properly administrating the program and expending the funds, that's my understanding of it.

Senator Mathern It is from the first stimulus package. It is from the bill signed in October.

V. Chair Grindberg Just to take it out doesn't make any sense. It defeats the purpose of taking it out. You have to allow proper administration. If it was October, it's only been a few months so I think you got to rely on the staff and the leadership of commerce to say "Hey, they're requesting this". You just can't give money away. To take it out could lead to rash decisions.

Senator Mathern it could lead to people working, maybe hiring some staff. When these builders have a project to do they get it done. I think we have to be willing and ready to work with private companies. I am not saying take the money out; I'm just saying lets not delay the implementation. Let's use it.

Chairman Holmberg asked Sandy if she has any information regarding the money carried over, the rational of it.

Sandy Deis, OMB Only that the Commerce Department won't be able to spend the amount appropriated to them that was made available this biennium and this is the amount that they expect to carry after June 30th.

Chairman Holmberg We are not having a hearing but if you would like information I am sure that there is someone from the department that could add information for us.

Senator Krauter based upon some of the conversations here , there are certain things that I would like to have divided out so we could vote on them separately. In particular, I would just identify those and figure out how you want to address this. Senator Kilzer brought up the issue relating to the one million dollars for the recruiting of out of state students, I would like to have that separate that is found in #3 footnote.

Chairman Holmberg That is found in footnote item 3. I will letter them later so we have some kind of flow, but that will be footnote 3 and the accompanying chart we will have taken care of that question that is a simple yes or no note.

Senator Krauter The second item is internship program. Section 28 on page 5.

Roxanne Woeste, Legislative Council That is the level of the governor's budget. We didn't change that.

Senator Krauter I would like to have discussion on that.

Chairman Holmberg When we have the bill itself, assuming these amendments get attached, or some amendments do, then in the bill you can divide it out.

Senator Krauter Based upon what Roxanne just said, I am trying to find things in here relating to the tourism infrastructure grants?

Chairman Holmberg They are numbers 17 and 18 footnotes on page 4 for the Lewis and Clark Foundation.

Senator Krauter Are you identifying those as tourism infrastructure grants? He then decided to wait to get these answers when they discuss the bill in full.

Senator Mathern I would like to divide out #11 on page 4.

Chairman Holmberg Assume for the minute that they are unable to spend it does it go back to the federal government?

Senator Mathern At this point I believe the money is in the budget. This passage of this would authorize the department to carry over to the next biennium. I don't know if the federal government would take the money back, but I know there is more money anticipated coming into North Dakota for this type of project and I think it would not be in our interest to tell them we haven't yet authorized the spending of the money we got before.

Chairman Holmberg We might find that a large portion of that money goes into 4 pots; Fargo, Grand Forks and Bismarck because of population and then the rest of the state works on a certain percentage and I don't know how much is left. Any other divisions out of here?

Senator Robinson In the subcommittee had some discussion on that. The director of commerce indicated that about half of the funds are in the process of being committed on projects. if not used, the portion of unused funds by July 1st goes back to the federal

government. What stage those projects are in I don't know.

Chairman Holmberg That will be a division. Are there any other divisions in the amendments we have before you?

Senator Christmann I have questions on some parts. First of all, I think this dollar amount to Dakota Defense Alliance Organization, we are just using taxpayer dollars to fund a trade group here, just like any other trade group that we have. Dozens of their lobbyists walking around here every day, I think it is outrageous that we are doing that. 2nd thing, regarding tourism, a wonderful human being with a tragic tale who did a lot for North Dakota, however, in Wade Weston's case, where will start to draw the line on using taxpayer money for memorializing people. I could look around the room here tonight and see some people who have done tremendous things for tourism and North Dakota in general. And as people pass away are we starting to memorializing people, I am concerned about that. Then I get up to number 10 on

page 4 and briefly cruise through tourism testimony here and I didn't even see them ask for more money and we are ? (inaudible)

V. Chair Grindberg That is not correct. They asked for an additional 8 million. It is repeated in testimony.

Senator Christmann I stand corrected on that then.

Senator Robinson That amount they requested is part of the tourism partnership across the entire state. That was the figure they wanted to use to enhance both tourism marketing state wide. This amount is a lot of money I know. It is a down payment. We still lag behind our neighbors in tourism. (30.18)

Chairman Holmberg Where are our divisions? Are we ready to start talking about the various parts, or do you have another division.

Senator Robinson On page 4 Items 17 and 18, I had contemplated asking for a division. I have elected not to do that. I support those projects and I'd like to offer a further amendment if it is timely.

Chairman Holmberg I think we can work it. It will still be a vote when all is said and done. Let's work our way through this and get the various divisions handled and do what we want to do with the amendment and that's very easy further amendment and it doesn't slow down the process. Senator Christmann, take a look how you want to divide that and we will go and look at the various divisions that have been identified. First of all let's go to what I will call Division A which is on page 3 footnote #3 funding of million dollars from the general fund is added for out-of-state student recruitment. Let us focus on the positive and the negative of A.

Senator Krauter I understand what Senator Grindberg is saying as far as department of Commerce go out and market students to come to certain jobs and classifications and things like that , that sounds good, but I think there is an issue here and it is an issue that I don't think

we can change public's reception. I got an email from Dickinson, Bismarck, Scranton, that have children that are going to college, get their degrees, and want to go on and get a masters degree at UND and they can't get into the program because it is limited. And 50% of the students are non-resident students. There is an issue out there where we have programs in the state, and here the system is capped in enrollment. They're limited enrollment and our own resident students, our own families who pay taxes in this state can't get into those programs. I don't think it is based upon a point system, there must be some methodology there, but something's happening where there are more nonresidents going into these programs. For us to go out and recruit, it is sending a wrong message, particularly the dollar amount, I hope that we would remove this. From my understanding there was a piece of legislation in another chamber that was defeated on this. (33.49)

V. Chair Grindberg What this is trying to do is reflect what the folks expressed during the workforce congress in the process that we need more students in North Dakota that will graduate and stay and take employment. This is focused on an economic development message. That is what this is trying to accomplish. I understand and appreciate the varied opinions about out-of-state students, but we all know the numbers and this is an effort to try and make a difference with the economic development.

Senator Kilzer I stand with Senator Krauter on this one. I don't think we need to recruit more out of state students. It should not be embarrassing to the college president to have a declining enrollment in his or her college. This is a tax burden to us and when I hear the 28% of the graduating students stay here, that means 72% go and I think that is also significant.

V. Chair Grindberg Senator Kilzer raised some good points, not to be argumentative by any means, there is a benefit to it as well. They pay for tuition, they buy books, they spend money. I can give you countless examples of folks who moved here from other states, in fact one of

them has started 4 companies and has employed well over 8,000 people in North Dakota. If he would have moved back to his home state, those 8,000 jobs would have been somewhere else. We can argue this but I hope you can appreciate where the workforce and the economic side of this is coming from.

Senator Wardner I know what is happening in our community and I have to agree with Senator Grindberg that we've had students come into our community but I have to go against this because there are so many people out there with the perception, as Senator Krauter said, and I have to represent the people, even though I probably think it is beneficial.

Chairman Holmberg We have the **Item A foot note 3 on page 3 all in favor of removing it. Raise your hand 8. It passed. So item A is out of the mix.(Vote # 2)**

Item B on page 4, footnote 11 on page 4. I have a question. It is the 11th hour. The other day we, in our discussions we determined that there was little connection between some amendments that Finance and Tax put on the property tax bill and we passed that amendment, we took that amendment off and found out that we really didn't have enough information on it. I don't know if I have enough information to vote yes on moving this. (38.17)

Senator Mathern Removing this does not remove any money. This is authorizing additional funds in the next biennium. We have builders that say they need work. (39.22)

V. Chair Grindberg I have to go on the request from the agency so they can properly do the program. You don't find readily available contractors in a small community. I don't see any reason to honor your request to make sure it is done in a proper way. It's not as easy as one things that they are all standing in line looking for work.(40.35)

Senator Mathern Why do we have a tax incentive on our floor for around the state to make sure there's money flow because they don't have enough work. It is just a cleaner, productive

activity that we are involved in is all I am suggesting. On one hand we are saying it is not in the contractors on the other hand we are giving tax incentives so there is work for contractors.

V. Chair Bowman If you take the spending authority out of this budget, what do you do with it?

Where do you put it to accomplish what Senator Mathern is saying. There has to be an instrument in order to put the program together and an opportunity to see that it's done.

Sandy Deis The emergency commission has already approved 19 million dollars for the current biennium. This is just the amount that they are not certain they will be able to spend between now and June 30th and they would need to carry forward. Actually spend and pay off the contract. They have lost current authorization.

Chairman Holmberg How do they spend it? Is it spent by signing a contract or spent by completing a project? What is the definition of spend.

Sandy Obligated would be a contract; spent would be the actual check written out.

Shane Goetle, Commissioner of Department of Commerce We haven't received the money yet. It is a plan proposed to HUD to Fargo, Grand Forks, and Bismarck, those are the entitlements. The remaining funds are in secondary target areas. Application deadline was Jan 15th. We are in the process of reviewing 22 applications that have requested more than 15 million and that review process will be done shortly. But these projects are huge. Grand Forks has a huge complex, and the way the plan operates we don't move the money out necessarily all at once so we are operating under a plan that was developed by HUD and the Housing Finance Agency is one of our partners and they are redoing applications so we can move the money out as quickly as possible. We just don't think we can move it all by June 30th.(44.15)

Senator Krauter It is very similar to what we do in Human Services. It is draw down money. It has to have everything preapproved and then you draw the money down. He was told that

that are draws as we go along with the project. How do we do that in Human Services? Do we have to reauthorize all these special funds every session?

Roxanne Woeste, Legislative Council It is similar to Human services but different. I would say because Human Services has a large amount of federal funds and we do budget for those.

Senator Mathern I am glad there is work being done, I think there is more that will be done.

Chairman Holmberg to remove section B on page 4. All in favor to remove. It failed so B is still in the bill. (Vote #3) He then asked for a motion for the rest of the amendments.

Senator Fischer moved the amendment. Seconded by Senator Seymour. All in favor say aye. It carried. (Vote #4)

Chairman Holmberg So what we have passed is 0211as presented to us with the exception of the removal of the footnote 3 which was Division A.

Senator Robinson presented amendment .0208. Senator Robinson moved the amendment. Seconded by Senator Krauter .

Senator Robinson explained his amendments. There are a lot of reasons why some would not like to advance any of them or certainly these two projects, which are North Dakota Hall of Fame and Fort Abraham Lincoln Foundation. I support these projects. I would ask the committee to see why we should advance these two projects and I will only say in my opinion I think the record that tourism has demonstrated in North Dakota is one of success, it is one of growth and they contributed significantly to our economy. We've seen it in our community. Not many years ago a bus tour through Valley City was the only time you would see it was during a Barnes County basketball tournament. That has changed and we have several tourists coming through our community and I have met some of these tour groups and they talk about destination Medora, destination State Fair, destination Norsk Housfest and the enchanted highway so I know it has had an impact. I support this proposal, all four of them because I think

we can grow it further so I would ask the committee to improve these two and and move them on to the floor of the Senate.

Senator Fischer Explain what the projects are.

Senator Robinson They are an enhancement to the facilities that they have.

V. Chair Bowman I can answer the one in Medora. They have gotten more artifacts and they want a building to display them. I sponsored the first bill to do this and it put me in a heck of a spot because part of the testimony the first time was this is a onetime funding deal. I debated for a long time because what's to say it won't be another 2, 3 or 4 years and then they will be back again and then it becomes a continuous funding deal. I'd like to see it pass. There is no question about that, but for myself and what I have committed myself to I almost have to excuse myself from voting for this because of my word. I appreciate what you are trying to do and it is a wonderful project, it is in my district, but still I have to go up and justify what I do and I hope you can appreciate that. (54.03)

Senator Robinson if we were to put together a list of the number of agencies, intitues and requests that this legislature over the years has received that are so called "onetime" it would be extensive. And maybe everyone of us is guilty at least one time in going down that road. So I don't know if we should allow us to make an exception in this case because of that. The project is worthy. It stands on it's own and it should be up or down accordingly. Fort Lincoln is a project to do extensive work in archeology as an enhancement to the quality of the experience at Fort Lincoln. They were looking at a lot more money as were the folks at the Cowboy Hall of Fame. There is probably further questions but I don't know that it's fair to hold that against one project when we have overlooked that time and time again in other budgets. I think we have to judge them on their merit.(55.29)

Senator Mathern I just find it is wonderful that western ND is becoming the jewel of ND. It has been too many years it all was in the East, now we have 4 projects in the West. I am going to support that amendment.

Senator Warner If I could elaborate a little bit more on Fort Lincoln project, my understanding is that it is to build a replica of the Tom Custer house, which would represent low ranking officer's housing. We already have the barracks which are enlisted men housing and we have the Custer mansion which represents the highest class of officers. This would be a bachelor's quarters for low ranking officers. If I could speak for a moment regarding the Hall of Fame issue, I was on House Appropriations at the time that was originally considered and they out layed their plan of action, and I think if you go back and look at the record they have way more than that initial plan of action. It has moved way beyond anyone's expectations and kept the 120% of the bargain that they made at that time and so I think we can see this as a new project. If I remember right, are these cowboy artifacts or they related to the Battle of the Killdeer Mountain. This is about the new collection that is being acquired. (57.44)

V. Chair Bowman I don't remember exactly where they got them but it seems like it was from an Indian collection. You are talking about at Medora?

Senator Mathern I think it is the one that they had there previous to the Hall of Fame.

Senator Robinson Just to add to that they indicated in their testimony that they had another collection that they were close to obtaining but were a bit reluctant to share with us for the privacy issues that this stage of the game. And I am requesting a recorded roll call vote on the amendments. (58.43)

Senator Kilzer Are these foundations under the Parks and Rec of the state. I find it interesting that We aren't even funding the state heritage center or some of the other facilities that are under the state government and here we are looking at private foundations. We need to take

care of the things we are responsible for before we start handing out taxpayer's money to private foundations. I can't support this(59.35)

Senator Robinson The other two that are in the amendments are similar fashion and I know that In the case of Lewis and Clark, a beautiful facility, we rewarded tourism enhancement grants or whatever to Lewis and Clark so we are already involved in their efforts and it is a private-public partnership. I am not certain we would have those facilities without that unique structure so therein is the reason why I think we should support all four and move forward and again Senator Warner hit the nail on the head with the Cowboy Hall of Fame. That really constitutes almost a whole new project. They have come a long way in a short period of time and the only money they got from the state was \$100,000. (60.33)

V. Chair Bowman one question about the testimony from Fort Lincoln,talked about the safety issues regarding fire exits.

Senator Robinson It was a different issue and it was on the Senate floor a couple of days ago. You are talking exit signs and so on. They wanted to do everything possible for historic preservation so we have some real limits on what you can and cannot do. They are concerned about safety but will keep the facility as original as possible.

Roll call was taken on amend 0208. 8 no, 6 yes, motion failed.(Vote #5)

Senator Krauter asked questions concerning interns and the funds and if we used them all.

V. Chair Grindberg shared the dollar amounts to the committee regarding the current biennium and there so many dollars (62.42) in the executive budget for the next biennium , it doubles it. So there is \$600,000 at present and the recommendation of the executive budget is 1.2 for the 09-11 biennium .

Senator Krauter Have we used all these funds for this current biennium ? He was told yes.

He commented regarding an article in the paper and then asked if we are paying for interns at Washington DC? I don't think that is what this is intended for.

V. Chair Grindberg I am not aware of a White House intern program but I am aware of employers across the state who have become active with Operation Intern as a result of this action last legislative session. I can't speak to any White House activity. I didn't see the article in the paper but I know that there a lot of employers in the state that are utilizing this program and that is one of their recommendations that, the committee recommendations, why we recommended to budget double for it.

Senator Krauter Listed the amount paid for internship. If that is the intent, we need some reconciliation for what is going on.

Shane Goetle: In the last legislative session the Washington Center for Internships they approached the Education Committee looking for matching funds to establish internships throughout the executive branch in federal government. So during the conference committee process we were asked if some of the funds for Operation Intern could be used with national executive branch agencies. The record was established that we set up to a certain dollar amount (65.10) but not exclusively for that purpose and the demand hasn't really been that great. We've funded 4 interns. One now is part of the Obama transition team as well. No party affiliation associated with this. This is just executive branch internships. We have tried to focus this on those branches of government that we work on the most and that would include the Ag department, Commerce department, Energy department and of course the White House. But there are other opportunities out there as well That was part of the legislative intent.

Chairman Holmberg question, I recall some discussions we had a forum last weekend about Operation Intern. Does Operation Intern allow internship with the city of Grand Forks or is it private?

Shane Goettle It does not. When we launched the program in our brochure on our website you will that the primary purposes, employers across the state as V. Chair Grindberg has said. The other stated purpose in that brochure is executive branch internships. If you go on our website you can see that we advertised the program from the very beginning in that fashion. But no, other state agencies, other governments, we have not allowed that to be the purpose of the program.

Senator Krauter Did you say the legislative intent could be the Education committee?

Shane Goettle I was approached by the Education committee on the House side of the state legislature. There were apparently conversations at that time that this Washington Center for Internships. They were lobbying for matching money for this program. So we were asked if this program could be broad enough to encompass what they were trying to do here. (67.49)

Senator Krauter My question is to members in here that served on that conference committee last session for commerce, if that wasn't the intent, what gives the department of commerce the attempt to change what we intended to do? I just find it so, not ironic, but it troubles me that we can give legislative Intent in another bill in another committee on what we appropriated ? policy (inaudible) (68.15) Do you see what I am asking?

V. Chair Grindberg Do you know the amount was expended for the 4 students in Washington?

Shane Goettle The amount that Senator Krauter referred to earlier is for 3 of those internships and then there is another one.

V. Chair Grindberg Did any of the students move back to the state?

Shane Goettle Yes, they are all students. During the conference Representative Kelsch was visiting with the House members of the committee at the time so our impression leaving the whole conference committee was that some of this program should, if the Washington Center for Internships could be up and running we could but we didn't want to limit it necessarily to Washington Center opportunities about this (69.30).

Chairman Holmberg Isn't one of the tenets of the whole internship program is to train people in North Dakota so they would stay in North Dakota.

Shane Goettle Yes.

Senator Krauter I handed out another amendment.

Chairman Holmberg How do you want to handle resolution? Is there resolution at this stage? I was surprised and thank-you for bringing it up.

Senator Krauter It's just embarrassing to me and an embarrassment to everybody when stuff like this happens. I am not pointing fingers at anybody. We all work together on this stuff and when things like that happen we can do anything with legislative intent we want but when it happens it happens. I don't know what the resolution is.

Senator Krauter moved Amendments #0210, seconded by Senator Warner. He then explained his amendment regarding tourism infrastructure grants. When I came into the State Senate I really wasn't sold on tourism from the standpoint of the economic value of it and now I think it is one of the premier things in North Dakota. Anything we can do to bring new dollars into the state, new people; tourism it is new money. It's the real thing. I live in a part of the state where this stuff is happening and there isn't a day go by when I don't see a license plate that's not from our state and when I've looked at what we've done in the infrastructure grants in the process and they get utilized. They get utilized by the Theodore Roosevelt Memorial Foundation by Lewis and Clark, by the city of Wallhalla, there are places all over where they

are used and I am introducing these amendments and would like Senator Grindberg to comment. Where are we currently at with the proposals within this budget.

V. Chair Grindberg I don't have that information with me. This would add then to that number. These grants are small in nature.

Sandy Deis Without any salary increases but the total tourism budget is 9.2 million that's from the current budget that would include salaries, money for grants, all types of tourism.

Chairman Holmberg It should be in one of the documents we have.

Sara Coleman, Director of Tourism for the Department of Commerce You will find those it's a combination of tourism dollars and development funds. We expect to continue that program at that level. (74.47)

Chairman Holmberg We have a motion and a second. Do you want a roll call vote?

Senator Krauter Show of hands.

Chairman Holmberg All in favor of the amendment #0210 raise their hand.

6 yes; all opposed 8. The motion failed.

V. Chair Grindberg moved Do Pass as Amended. Seconded by Senator Seymour on
Chairman Holmberg call the roll on DO PASS AS AMENDED ON SB 2018. (Vote #7.)

Roll call was taken. 12 yes, 2 nay 0 absent. Senator Grindberg will carry the bill.

Chairman Holmberg closed the hearing on SB 2018.

PROPOSED AMENDMENTS TO SENATE BILL NO. 2018

Page 1, line 2, after the third semicolon insert "and" and remove "; to establish"

Page 1, remove line 3

Page 1, line 4, remove "alternative energy grant program"

Page 3, remove lines 7 through 22

Re-number accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment removes Sections 7 and 8 of the bill relating to establishing a state grant program for child care and a cost-share program to encourage the installation of biofuels blender pumps and providing for an alternative energy grant program.

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2018

Page 7, after line 20, insert:

"SECTION 24. LEGISLATIVE INTENT - ACCOUNTABILITY. It is the intent of the sixty-first legislative assembly that the department of commerce establish and implement appropriate accountability requirements relating to grants provided to the Dakota defense alliance, the Lewis and Clark foundation, and the Theodore Roosevelt Medora foundation, for the biennium beginning July 1, 2009, and ending June 30, 2011."

Renumber accordingly

Date: 1-16-09

Roll Call Vote # _____

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2018

Senate _____ **Senate Appropriations** _____ Committee

Check here for Conference Committee

Legislative Council Amendment Number a motion in Committee

Action Taken Do Pass Do Not Pass Amended

Motion Made By Sen. Holmberg Seconded By Sen. Krauter

Senators	Yes	No	Senators	Yes	No
Sen. Ray Holmberg, Ch	✓		Sen. Tim Mathern	✓	
Sen. Tony S. Grindberg, VCh	✓		Sen. Aaron Krauter	✓	
Sen. Bill Bowman, VCh	✓		Sen. Larry J. Robinson	✓	
Sen. Randel Christmann	✓		Sen. John Warner	✓	
Sen. Rich Wardner	✓		Sen. Elroy N. Lindaas		
Sen. Ralph L. Kilzer	✓		Sen. Tom Seymour	✓	
Sen. Tom Fischer	✓				
Sen. Karen K. Krebsbach	✓				

Total Yes 13 No _____

Absent 1-Sen. Lindaas

Floor Assignment _____

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

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2018

Page 1, line 2, remove "and" and replace "a transfer" with "transfers; to authorize the department of commerce to borrow funds from the Bank of North Dakota; to provide a continuing appropriation; to provide for legislative council studies; to create and enact a new section to chapter 15-69 and a new section to chapter 54-60 of the North Dakota Century Code, relating to the establishment of a centers of excellence fund and the division of workforce development's strategic plan and the North Dakota workforce development council; to amend and reenact subsection 2 of section 15-69-04 and section 15-69-05 of the North Dakota Century Code, relating to centers of excellence; and to declare an emergency"

Page 1, line 13, replace "119,584" with "1,719,584" and replace "14,428,272" with "16,028,272"

Page 1, line 15, replace "5,111,310" with "32,661,310" and replace "53,886,058" with "81,436,058"

Page 1, line 19, replace "500,000" with "664,000" and replace "2,000,000" with "2,164,000"

Page 1, line 21, replace "6,958,419" with "36,272,419" and replace "86,198,900" with "115,512,900"

Page 1, line 22, replace "(2,049,655)" with "12,950,345" and replace "53,708,861" with "68,708,861"

Page 1, line 23, replace "9,008,074" with "23,322,074" and replace "32,490,039" with "46,804,039"

Page 2, line 12, replace "3,500,000" with "2,000,000"

Page 2, after line 12, insert:

"Base realignment grant program 0 5,000,000"

Page 2, line 15, replace "7,600,000" with "11,100,000"

Page 3, after line 24, insert:

"SECTION 10. APPROPRIATION - TRANSFER - CENTERS OF EXCELLENCE. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$20,000,000, which the office of management and budget shall transfer to the centers of excellence fund for the purpose of providing funding to centers of excellence, for the biennium beginning July 1, 2009, and ending June 30, 2011.

SECTION 11. STUDENT-BASED TECHNOLOGY GRANTS. The grants line item in section 1 of this Act includes the sum of \$200,000 from the general fund for providing student-based technology grants, for the biennium beginning July 1, 2009, and ending June 30, 2011. The department of commerce may award grants of up to \$25,000 each to the extent matching funds are available from an angel fund on a

dollar-for-dollar basis. The department of commerce may not award more than four grants to the same higher education institution during the 2009-11 biennium.

SECTION 12. REGIONAL TECHNICAL ASSISTANCE GRANTS. The grants line item in section 1 of this Act includes the sum of \$1,000,000 from the general fund for providing regional technical assistance grants, for the biennium beginning July 1, 2009, and ending June 30, 2011. The department of commerce shall equally distribute funding among the four workforce training quadrants in the state. The department may award grants of up to \$250,000 each to the extent matching funds are available from nonstate sources on a dollar-for-dollar basis. The department of commerce may not award more than one grant to each higher education institution during the 2009-11 biennium.

SECTION 13. YOUTH ENTREPRENEURSHIP GRANTS. The grants line item in section 1 of this Act includes the sum of \$400,000 from the general fund for providing youth entrepreneurship grants, for the biennium beginning July 1, 2009, and ending June 30, 2011. The department of commerce shall equally distribute funding among the four workforce training quadrants in the state. The department may award grants of up to \$100,000 each to the extent matching funds are available from nonstate sources on a dollar-for-dollar basis. The department of commerce may not award more than one grant to each higher education institution during the 2009-11 biennium.

SECTION 14. GRANTS - UNIVERSITY PATENT OFFICES. The grants line item in section 1 of this Act includes the sum of \$200,000 from the general fund for providing grants to the university of North Dakota and North Dakota state university patent offices for the biennium beginning July 1, 2009, and ending June 30, 2011. The department of commerce may award a grant of up to \$100,000 to each university for support of the patent offices to the extent matching funds are available from nonstate sources on a dollar-for-dollar basis.

SECTION 15. GRANTS - COMMERCIAL BUSINESS DISTRICT IMPROVEMENT PROJECTS. The grants line item in section 1 of this Act includes the sum of \$200,000 from the general fund for providing grants of up to \$10,000 each to cities in the state with a population of fewer than eight thousand for commercial business district improvement projects, for the biennium beginning July 1, 2009, and ending June 30, 2011. The department of commerce shall require a city receiving a grant to provide \$1 of matching funds for each \$1 of state funds provided for the project. Grant funds and required city matching funds may be used only for the purpose of defraying the cost of materials associated with the project.

SECTION 16. GRANT - GREAT PLAINS APPLIED ENERGY RESEARCH CENTER - MATCHING REQUIREMENT. The grants line item in section 1 of this Act includes the sum of \$5,000,000 from the general fund for providing a grant for construction of a great plains applied energy research center on the Bismarck state college campus, for the biennium beginning July 1, 2009, and ending June 30, 2011. The department of commerce may only spend funds appropriated from the general fund to the extent other nonstate matching funds of \$3 for each \$1 of grants funds are available for all costs of the center.

SECTION 17. BASE REALIGNMENT GRANT PROGRAM - BUDGET SECTION APPROVAL. The grants line item in section 1 of this Act includes the sum of \$5,000,000 from the general fund for providing one-time funding for a base realignment grant program to enhance economic development and employment opportunities associated with the Grand Forks air force base resulting from action by the federal defense base closure and realignment commission, for the biennium beginning July 1, 2009, and ending June 30, 2011. Applications for program funding may include requests for infrastructure and economic development projects to accommodate growth in proximity to or at the Grand Forks air force base. Applications for program funding must include dollar-for-dollar cash matching funds from the city, county, or federal government, or private sector. Applications for program funding must be approved by a

local committee consisting of representatives of Grand Forks County, Grand Forks, the university of North Dakota, and the regional economic development corporation. Applications approved by this committee must be submitted to and approved by the board of county commissioners before submission to the department of commerce for grant approval. The commissioner of the department of commerce shall review each application and may provide a grant award for each application approved by the commissioner.

SECTION 18. GRANT - LEWIS AND CLARK FOUNDATION. The grants line item in section 1 of this Act includes the sum of \$1,500,000 from the general fund for providing a grant to the Lewis and Clark foundation, for the biennium beginning July 1, 2009, and ending June 30, 2011. The department of commerce may only spend the funds appropriated from the general fund to the extent matching funds have been secured from nonstate sources on a dollar-for-dollar basis.

SECTION 19. GRANT - THEODORE ROOSEVELT MEDORA FOUNDATION. The grants line item in section 1 of this Act includes the sum of \$500,000 from the general fund for providing a Wade Westin memorial grant to the Theodore Roosevelt Medora foundation, for the biennium beginning July 1, 2009, and ending June 30, 2011. The department of commerce may only spend the funds appropriated from the general fund to the extent matching funds of \$12,000,000 from nonstate sources have been secured by the foundation.

SECTION 20. NORTH DAKOTA TRADE OFFICE - EXPORT-RELATED WORKFORCE RECRUITMENT STUDY. The North Dakota trade office line item in section 1 of this Act includes the sum of \$50,000 from the general fund for conducting an export-related workforce recruitment study, for the biennium beginning July 1, 2009, and ending June 30, 2011. If the results of the study are deemed favorable by the department of commerce, the North Dakota trade office may submit a plan to the department for implementing an export-related workforce recruitment program.

SECTION 21. NORTH DAKOTA TRADE OFFICE - DEPARTMENT OF COMMERCE - CONTINGENT BORROWING AUTHORITY - APPROPRIATION. Based on approval by the department of commerce of the North Dakota trade office plan for implementing an export-related workforce recruitment program in accordance with provisions of section 20 of this Act, and subject to emergency commission and budget section approval, the department of commerce may borrow the sum of \$500,000, or so much of the sum as may be necessary, from the Bank of North Dakota, which is appropriated for the purpose of providing a grant to the North Dakota trade office for implementing an export-related workforce recruitment program, for the biennium beginning July 1, 2009, and ending June 30, 2011. The department of commerce shall request funding from the sixty-second legislative assembly to repay any loan obtained pursuant to provisions of this section, including accrued interest.

SECTION 22. LEGISLATIVE COUNCIL STUDY - TECHNOLOGY-BASED ENTREPRENEURSHIP AND ECONOMIC DEVELOPMENT BEST PRACTICES. During the 2009-10 interim, the legislative council shall consider studying technology-based entrepreneurship and economic development best practices. The study should include a review of best practices implemented by the department of commerce and the effectiveness of the department of commerce foundation. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-second legislative assembly.

SECTION 23. LEGISLATIVE COUNCIL STUDY - WORKFORCE SYSTEM INITIATIVE. During the 2009-10 interim, the legislative council shall consider studying the state's system for addressing workforce needs through a workforce system initiative. The study should include a review of the alignment of taxpayer investment with programs, coordination of programs, and the North Dakota workforce strategic plan. The legislative council shall report its findings and recommendations, together with any

legislation required to implement the recommendations, to the sixty-second legislative assembly.

SECTION 24. A new section to chapter 15-69 of the North Dakota Century Code is created and enacted as follows:

Centers of excellence fund - Continuing appropriation. The centers of excellence fund is a special fund in the state treasury. All moneys in the centers of excellence fund are appropriated to the department of commerce on a continuing basis for the purpose of implementing and administering this chapter. Interest earned on moneys in the fund must be credited to the fund.

SECTION 25. AMENDMENT. Subsection 2 of section 15-69-04 of the North Dakota Century Code is amended and reenacted as follows:

2. The commission shall meet as necessary to review all complete applications; consider the potential need for independent, expert review of complete applications; approve or disapprove complete applications; make funding award recommendations for commission-approved proposed centers; ~~direct the office of management and budget~~ department of commerce to distribute funds to the centers; monitor centers for compliance with award requirements; review changes in assertions made in center applications; and conduct postaward monitoring of centers.

SECTION 26. AMENDMENT. Section 15-69-05 of the North Dakota Century Code is amended and reenacted as follows:

15-69-05. (Effective through July 31, 2011) Use of funds - Terms of funds - Distribution of funds.

1. A center shall use funds awarded under this chapter to enhance capacity; enhance infrastructure; and leverage state, federal, and private sources of funding. A center awarded funds under this chapter may not use the funds to supplant funding for current operations or academic instructions or to pay indirect costs.
2. As a condition for receipt of funds under this chapter, a center shall agree to provide the board, foundation, and budget section of the legislative council with annual audits on all funds distributed to the center under this chapter. The annual audits must be provided until the completion of the commission's postaward monitoring of the center. As a condition for receipt of funds under this chapter, a center shall agree to provide the commission with the information necessary to monitor the postaward activities of the center.
3. Before the commission directs the ~~office of management and budget~~ department of commerce to distribute funds awarded under this chapter, the center shall provide the commission with detailed documentation of private sector participation and the availability of two dollars of matching funds for each dollar of state funds to be distributed under this chapter. The matching funds may include funds facilitated through the collaboration of the private sector participants with other funding entities. The matching funds may include a combination of cash and in-kind assets with itemized value. Private sector participation may be established through equity investments or through contracts for services with private sector entities. In making funding recommendations and designation determinations, the commission, board, foundation, and budget section shall give major consideration to the portion of the matching funds provided in cash by the private sector.

4. The commission shall direct the ~~office of management and budget department of commerce~~ to distribute the funds awarded under this chapter in disbursements consistent with the center's budget and timeframe outlined in the approved award. The commission may not direct distribution of funds under this chapter if there are no private sector partners participating or if the statutorily required matching funds are not available.
5. If, before funds are distributed by the ~~office of management and budget department of commerce~~, a center undergoes a change in the terms of or assertions made in its application, the commission may direct that the ~~office of management and budget department of commerce~~ withhold all or a portion of any undistributed funds pending commission review of the changes.
6. The commission may use funds ~~appropriated~~ for the centers of excellence program to pay for the commission's administrative expenses, which may include contracting for independent, expert reviews of complete applications and centers of excellence forums. The amount of funds the commission uses each biennium for administrative expenses may not exceed two and one-half percent of the ~~funds appropriated for transfers to~~ the program that biennium.

SECTION 27. A new section to chapter 54-60 of the North Dakota Century Code is created and enacted as follows:

Division of workforce development - Annual reports - North Dakota workforce development council - Budget acceptance.

1. Annually, job service North Dakota, the department of career and technical education, the department, and the state board of higher education each shall submit a report to the division of workforce development relating to the respective agency's current workforce initiatives and activities and that agency's plan for future workforce initiatives and activities. The division of workforce development shall consider these reports in preparing the consolidated biennial statewide strategic plan for the state's system for workforce development, workforce training, and talent attraction required under section 54-60-19.
2. Before July first of each even-numbered year, job service North Dakota, the department of career and technical education, the department, and the state board of higher education each shall submit for acceptance the respective agency's biennial budget request to the North Dakota workforce development council, created by governor's executive order 1995-01, dated January 3, 1996.

SECTION 28. EMERGENCY. Funding of \$1,200,000 in the operating expenses line item in section 1 of this Act relating to the operation intern program is declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT - LC 98037.0211 FN 5

A copy of the statement of purpose of amendment is attached.

STATEMENT OF PURPOSE OF AMENDMENT:

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

	Executive Budget	Senate Changes	Senate Version
Salaries and wages	\$10,185,967		\$10,185,967
Operating expenses	14,428,272	1,600,000	16,028,272
Capital assets	25,000		25,000
Grants	53,886,058	27,550,000	81,436,058
Discretionary funds	928,083		928,083
Economic development initiatives	186,846		186,846
Agricultural products utilization	2,536,630		2,536,630
North Dakota Trade Office	2,000,000	164,000	2,164,000
Partner programs	2,022,044		2,022,044
Transfer - Workforce enhancement fund	2,000,000		2,000,000
Transfer - Centers of excellence fund		20,000,000	20,000,000
Contingent borrowing authority		500,000	500,000
Total all funds	\$88,198,900	\$49,814,000	\$138,012,900
Less estimated income	53,708,861	15,500,000	69,208,861
General fund	\$34,490,039	\$34,314,000	\$68,804,039
FTE	68.00	0.00	68.00

Department No. 601 - Department of Commerce - Detail of Senate Changes

	Provides Funding for the Centers of Excellence Program¹	Decreases Funding for Grants to Expand Child Care²	Provides Funding for Out-of-State Recruitment³	Provides Funding for a Grant to the Dakota Defense Alliance Organization⁴	Increases Funding for the InnovateND Program⁵	Provides Funding for Student-Based Technology Startup Grants⁶
Salaries and wages						
Operating expenses			1,000,000		100,000	
Capital assets						
Grants		(1,500,000)		50,000		200,000
Discretionary funds						
Economic development initiatives						
Agricultural products utilization						
North Dakota Trade Office						
Partner programs						
Transfer - Workforce enhancement fund						
Transfer - Centers of excellence fund	20,000,000					
Contingent borrowing authority						
Total all funds	\$20,000,000	(\$1,500,000)	\$1,000,000	\$50,000	\$100,000	\$200,000
Less estimated income	0	0	0	0	0	0
General fund	\$20,000,000	(\$1,500,000)	\$1,000,000	\$50,000	\$100,000	\$200,000
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Provides Funding for Regional Technical Assistance Grants ⁷	Provides Funding for Youth Entrepreneur Grants ⁸	Provides Funding for University Patent Office Support ⁹	Increases Funding for Tourism Marketing ¹⁰	Increases Funding Relating to the Neighborhood Stabilization Program ¹¹	Provides Funding for Commerce' Business Di... Improvement Projects ¹²
Salaries and wages				500,000		
Operating expenses						
Capital assets						
Grants	1,000,000	400,000	200,000		15,000,000	200,000
Discretionary funds						
Economic development initiatives						
Agricultural products utilization						
North Dakota Trade Office						
Partner programs						
Transfer - Workforce enhancement fund						
Transfer - Centers of excellence fund						
Contingent borrowing authority						
Total all funds	\$1,000,000	\$400,000	\$200,000	\$500,000	\$15,000,000	\$200,000
Less estimated income	0	0	0	0	15,000,000	0
General fund	\$1,000,000	\$400,000	\$200,000	\$500,000	\$0	\$200,000
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Increases Funding for the North Dakota Trade Office ¹³	Provides Contingent Borrowing Authority ¹⁴	Provides Funding for a Great Plains Applied Energy Research Center Grant ¹⁵	Provides Funding for a Base Realignment Grant Program ¹⁶	Provides Funding for a Grant to the Lewis and Clark Foundation ¹⁷	Provides Funding for a Grant to the Theodore Roosevelt Medora Foundatio
Salaries and wages						
Operating expenses						
Capital assets						
Grants			5,000,000	5,000,000	1,500,000	500,000
Discretionary funds						
Economic development initiatives						
Agricultural products utilization						
North Dakota Trade Office	164,000					
Partner programs						
Transfer - Workforce enhancement fund						
Transfer - Centers of excellence fund						
Contingent borrowing authority		500,000				
Total all funds	\$164,000	\$500,000	\$5,000,000	\$5,000,000	\$1,500,000	\$500,000
Less estimated income	0	500,000	0	0	0	0
General fund	\$164,000	\$0	\$5,000,000	\$5,000,000	\$1,500,000	\$500,000
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Total Senate Changes
Salaries and wages	
Operating expenses	1,600,000
Capital assets	
Grants	27,550,000
Discretionary funds	
Economic development initiatives	
Agricultural products utilization	
North Dakota Trade Office	164,000
Partner programs	
Transfer - Workforce enhancement fund	
Transfer - Centers of excellence fund	20,000,000
Contingent borrowing authority	500,000
Total all funds	\$49,814,000
Less estimated income	15,500,000
General fund	\$34,314,000
FTE	0.00

¹ This amendment provides a \$20 million general fund appropriation to the Department of Commerce for funding the centers of excellence program for the 2009-11 biennium. The executive budget provided funding of \$20 million, of which \$15 million is from general fund and \$5 million is from Bank of North Dakota loan proceeds, for the centers of excellence program in House Bill No. 2015—the Office of Management and Budget appropriation bill.

² This amendment decreases one-time funding from the general fund added in the executive budget for matching grants to local communities to establish or expand child care options from \$3.5 million to \$2 million.

³ Funding of \$1 million from the general fund is added for out-of-state student recruitment.

⁴ Funding of \$50,000 from the general fund is added for a grant to the Dakota Defense Alliance Organization for business development expenses associated with seeking homeland security-, energy-, or defense-related contracts for North Dakota companies during the 2009-11 biennium.

⁵ This amendment increases funding for the InnovateND program as follows:

	2007-09 Legislative Appropriation	2009-11 Executive Budget	2009-11 Senate Version
General fund	\$150,000	\$250,000	\$350,000
Special funds	150,000	150,000	150,000
Total	\$300,000	\$400,000	\$500,000

⁶ This amendment provides funding of \$200,000 from the general fund for student-based technology grants. The Department of Commerce is to provide grants of \$25,000 to the extent matching funds are available from an angel fund on a dollar-for-dollar basis. The department may only award four grants to the same higher education institution.

⁷ This amendment provides funding of \$1 million from the general fund for regional technical assistance grants. The Department of Commerce is to equally distribute the funding among the four workforce training quadrants and may award grants of \$250,000 to the

at matching funds are available from nonstate sources on a dollar-for-dollar basis. The department may only award one grant to higher education institution.

⁸ Funding of \$400,000 from the general fund is provided for youth entrepreneurship grants. The Department of Commerce is to equally distribute the funding among the four workforce training quadrants and may award grants of up to \$100,000 each to the extent matching funds are available from nonstate sources on a dollar-for-dollar basis. The department may only award one grant to each higher education institution.

⁹ This amendment provides funding of \$200,000 from the general fund for providing grants to the University of North Dakota and North Dakota State University patent offices. The Department of Commerce may award grants of \$100,000 to each university for support of the patent offices to the extent matching funds are available from nonstate sources on a dollar-for-dollar basis.

¹⁰ This amendment increases funding for tourism marketing by \$500,000 from the general fund. This is in addition to the \$912,000 increase included in the executive budget.

¹¹ This amendment increases special funds spending authority by \$15 million to reflect the estimated carryover of federal funds for the neighborhood stabilization program.

¹² This amendment provides funding of \$200,000 from the general fund for the purpose of providing grants of up to \$10,000 each to cities in the state with a population of fewer than 8,000 for commercial business district improvement projects during the 2009-11 biennium. The Department of Commerce is to require a city receiving a grant to provide \$1 of matching funds for each \$1 of state funds provided for the project. Grant funds and required city matching funds may be used only for the purchase of materials associated with the project.

¹³ This amendment increases funding for the North Dakota Trade Office from \$2 million, as provided for in the executive budget, to \$2,164,000. Of the additional \$164,000, \$64,000 is for an export assistance program, \$50,000 is for a global connections conference, \$50,000 is for an export-related workforce recruitment study.

This amendment provides authorization to the Department of Commerce to borrow \$500,000 from the Bank of North Dakota for providing a grant to the North Dakota Trade Office for implementing an export-related workforce recruitment program based on the results of the export-related workfroce recruitment study and subject to Emergency Commission and Budget Section approval.

¹⁵ Funding of \$5 million from the general fund is added for a grant for construction of a great plains applied energy research center on the Bismarck State College campus. The Department of Commerce may only spend the funding from the general fund to the extent other nonstate matching funds of \$3 for each \$1 of grant funds are available for all costs of the center.

¹⁶ This amendment provides funding of \$5 million of one-time funding from the general fund for a base realignment grant program to enhance economic development and employment opportunities associated with the Grand Forks Air Force Base resulting from action by the federal Defense Base Closure and Realignment Commission.

¹⁷ This amendment provides funding of \$1.5 million from the general fund for a grant to the Lewis and Clark Foundation. The Department of Commerce may only spend the funds appropriated from the general fund to the extent matching funds have been secured from nonstate sources on a dollar-for-dollar basis.

¹⁸ This amendment provides funding of \$500,000 from the general fund for a grant to the Theodore Roosevelt Medora Foundation. The Department of Commerce may only spend the funds appropriated from the general fund to the extent matching funds of \$12 million from nonstate sources have been secured by the foundation.

This amendment also:

- Creates a new section to North Dakota Century Code (NDCC) Chapter 15-69 to create a centers of excellence fund. All money in the fund is appropriated to the Department of Commerce on a continuing basis for the centers of excellence program.
- Amends subsection 2 of NDCC Section 15-69-04 and Section 15-69-05 relating to the centers of excellence program.

- **Creates a new section to NDCC Chapter 54-60 relating to the Division of Workforce Development's strategic plan and the North Dakota Workforce Development Council.**
- **Adds a section providing for a Legislative Council study of technology-based entrepreneurship and economic development best practices.**
- **Adds a section providing for a Legislative Council study of the state's workforce system.**
- **Provides that the funding of \$1.2 million for the operation intern program in the operating expenses line item is an emergency measure.**

Date: 2/18/09
Roll Call Vote #: 1

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2018

Senate Senate Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number Amendment 98037. 02/11 with changes

Action Taken Do Pass Do Not Pass Amended

Motion Made By Grindberg Seconded By Wardner

Representatives	Yes	No	Representatives	Yes	No
Senator Wardner			Senator Robinson		
Senator Fischer			Senator Lindaas		
V. Chair Bowman			Senator Warner		
Senator Krebsbach			Senator Krauter		
Senator Christmann			Senator Seymour		
Chairman Holmberg			Senator Mathern		
Senator Kilzer					
V. Chair Grindberg					

Total Yes _____ No _____

Absent _____

Floor Assignment Voice Vote

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

Date: 2/18/09
Roll Call Vote #: 2

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2018

Senate Senate Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number Division A

Action Taken Do Pass Do Not Pass Amended

Motion Made By _____ Seconded By _____

Representatives	Yes	No	Representatives	Yes	No
Senator Krebsbach			Senator Seymour		
Senator Fischer			Senator Lindaas		
Senator Wardner			Senator Robinson		
Senator Kilzer			Senator Warner		
V. Chair Bowman			Senator Krauter		
Senator Christmann			Senator Mathern		
V. Chair Grindberg					
Chairman Holmberg					

Total Yes 11 No 8 *Raise of hands to remove*

Absent 8 *8 hands item is out!*

Floor Assignment _____

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

Date: 2/18/09
Roll Call Vote #: 3

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2018

Senate Senate Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number Division B.

Action Taken Do Pass Do Not Pass Amended

Motion Made By _____ Seconded By _____

Representatives	Yes	No	Representatives	Yes	No
Senator Wardner			Senator Robinson		
Senator Fischer			Senator Lindaas		
V. Chair Bowman			Senator Warner		
Senator Krebsbach			Senator Krauter		
Senator Christmann			Senator Seymour		
Chairman Holmberg			Senator Mathern		
Senator Kilzer					
V. Chair Grindberg					

Total Yes _____ No Voice Vote - to remove

Absent it failed Division B stays in.

Floor Assignment _____

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

Date: 2/18/09

Roll Call Vote # 2

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2018

Senate Senate Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number Amendments 0211 as

Action Taken Do Pass Do Not Pass Amended

Motion Made By Fischer Seconded By Seymour *presented with exception of removal of Div A.*

Senators	Yes	No	Senators	Yes	No
Sen. Ray Holmberg, Chairman			Sen. Aaron Krauter		
Sen. Bill Bowman, VCh			Sen. Elroy N. Lindaas		
Sen. Tony S. Grindberg, VCh			Sen. Tim Mathern		
Sen. Randel Christmann			Sen. Larry J. Robinson		
Sen. Tom Fischer			Sen. Tom Seymour		
Sen. Ralph Kilzer			Sen. John Warner		
Sen. Karen K. Krebsbach					
Sen. Rich Wardner					

Total Yes voice yes No _____

Absent _____

Floor Assignment _____

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

Date: 2/15/09
 Roll Call Vote # 15

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. 2018

Senate Senate Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number Amendments 0208

Action Taken Do Pass Do Not Pass Amended

Motion Made By Robinson Seconded By Krauter

Representatives	Yes	No	Representatives	Yes	No
Senator Krebsbach		✓	Senator Seymour	✓	
Senator Fischer		✓	Senator Lindaas	✓	
Senator Wardner		✓	Senator Robinson	✓	
Senator Kilzer		✓	Senator Warner	✓	
V. Chair Bowman		✓	Senator Krauter	✓	
Senator Christmann		✓	Senator Mathern	✓	
V. Chair Grindberg		✓			
Chairman Holmberg		✓			

Total Yes _____ No failed 8 to 6.

Absent _____

Floor Assignment _____

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

Date: 2/18/09

Roll Call Vote # 15

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2018

Senate Senate Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number 98037. 0210

Action Taken Do Pass Do Not Pass Amended

Motion Made By Krauter Seconded By Warner

Senators	Yes	No	Senators	Yes	No
Sen. Ray Holmberg, Chairman			Sen. Aaron Krauter		
Sen. Bill Bowman, VCh			Sen. Elroy N. Lindaas		
Sen. Tony S. Grindberg, VCh			Sen. Tim Mathern		
Sen. Randel Christmann			Sen. Larry J. Robinson		
Sen. Tom Fischer			Sen. Tom Seymour		
Sen. Ralph Kilzer			Sen. John Warner		
Sen. Karen K. Krebsbach					
Sen. Rich Wardner					

Total Yes 6 No 1 8 out
motion failed Show of hands

Absent _____

Floor Assignment _____

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

Date: 2/18/09
 Roll Call Vote #: 17

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. 2018

Senate Senate Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number new one coming down.

Action Taken Do Pass Do Not Pass Amended

Motion Made By Grindberg Seconded By Seymour

Representatives	Yes	No	Representatives	Yes	No
Senator Fischer	✓		Senator Warner		✓
Senator Christmann		✓	Senator Robinson		✓
Senator Krebsbach	✓		Senator Krauter	✓	
Senator Bowman	✓		Senator Lindaas	✓	
Senator Kilzer	✓		Senator Mathern	✓	
Senator Grindberg	✓		Senator Seymour	✓	
Senator Wardner	✓				
Chairman Holmberg	✓				

Total Yes 12 No 2

Absent _____

Floor Assignment Grindberg

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

REPORT OF STANDING COMMITTEE

SB 2018, as engrossed: Appropriations Committee (Sen. Holmberg, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (12 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). Engrossed SB 2018 was placed on the Sixth order on the calendar.

Page 1, line 2, remove "and" and replace "a transfer" with "transfers; to authorize the department of commerce to borrow funds from the Bank of North Dakota; to provide a continuing appropriation; to provide for legislative council studies; to create and enact a new section to chapter 15-69 and a new section to chapter 54-60 of the North Dakota Century Code, relating to the establishment of a centers of excellence fund to and the division of workforce development's strategic plan and the North Dakota workforce development council; to amend and reenact subsection 2 of section 15-69-04 and section 15-69-05 of the North Dakota Century Code, relating to centers of excellence; and to declare an emergency"

Page 1, line 13, replace "119,584" with "719,584" and replace "14,428,272" with "15,028,272"

Page 1, line 15, replace "5,111,310" with "32,661,310" and replace "53,886,058" with "81,436,058"

Page 1, line 19, replace "500,000" with "664,000" and replace "2,000,000" with "2,164,000"

Page 1, line 21, replace "6,958,419" with "35,272,419" and replace "86,198,900" with "114,512,900"

Page 1, line 22, replace "(2,049,655)" with "12,950,345" and replace "53,708,861" with "68,708,861"

Page 1, line 23, replace "9,008,074" with "22,322,074" and replace "32,490,039" with "45,804,039"

Page 2, line 12, replace "3,500,000" with "2,000,000"

Page 2, after line 12, insert:

"Base realignment grant program	0	5,000,000"
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Page 2, line 15, replace "7,600,000" with "11,100,000"

Page 3, after line 24, insert:

"SECTION 10. APPROPRIATION - TRANSFER - CENTERS OF EXCELLENCE. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$20,000,000, which the office of management and budget shall transfer to the centers of excellence fund for the purpose of providing funding to centers of excellence, for the biennium beginning July 1, 2009, and ending June 30, 2011.

SECTION 11. STUDENT-BASED TECHNOLOGY GRANTS. The grants line item in section 1 of this Act includes the sum of \$200,000 from the general fund for providing student-based technology grants, for the biennium beginning July 1, 2009, and ending June 30, 2011. The department of commerce may award grants of up to \$25,000 each to the extent matching funds are available from an angel fund on a dollar-for-dollar basis. The department of commerce may not award more than four grants to the same higher education institution during the 2009-11 biennium.

SECTION 12. REGIONAL TECHNICAL ASSISTANCE GRANTS. The grants line item in section 1 of this Act includes the sum of \$1,000,000 from the general fund for providing regional technical assistance grants, for the biennium beginning July 1, 2009, and ending June 30, 2011. The department of commerce shall equally distribute funding among the four workforce training quadrants in the state. The department may award grants of up to \$250,000 each to the extent matching funds are available from nonstate sources on a dollar-for-dollar basis. The department of commerce may not award more than one grant to each higher education institution during the 2009-11 biennium.

SECTION 13. YOUTH ENTREPRENEURSHIP GRANTS. The grants line item in section 1 of this Act includes the sum of \$400,000 from the general fund for providing youth entrepreneurship grants, for the biennium beginning July 1, 2009, and ending June 30, 2011. The department of commerce shall distribute funding equally among the four workforce training quadrants in the state. The department may award grants of up to \$100,000 each to the extent matching funds are available from nonstate sources on a dollar-for-dollar basis. The department of commerce may not award more than one grant to each higher education institution during the 2009-11 biennium.

SECTION 14. GRANTS - UNIVERSITY PATENT OFFICES. The grants line item in section 1 of this Act includes the sum of \$200,000 from the general fund for providing grants to the university of North Dakota and North Dakota state university patent offices for the biennium beginning July 1, 2009, and ending June 30, 2011. The department of commerce may award a grant of up to \$100,000 to each university for support of the patent offices to the extent matching funds are available from nonstate sources on a dollar-for-dollar basis.

SECTION 15. GRANTS - COMMERCIAL BUSINESS DISTRICT IMPROVEMENT PROJECTS. The grants line item in section 1 of this Act includes the sum of \$200,000 from the general fund for providing grants of up to \$10,000 each to cities in the state with a population of fewer than eight thousand for commercial business district improvement projects, for the biennium beginning July 1, 2009, and ending June 30, 2011. The department of commerce shall require a city receiving a grant to provide \$1 of matching funds for each \$1 of state funds provided for the project. Grant funds and required city matching funds may be used only for the purpose of defraying the cost of materials associated with the project.

SECTION 16. GRANT - GREAT PLAINS APPLIED ENERGY RESEARCH CENTER - MATCHING REQUIREMENT. The grants line item in section 1 of this Act includes the sum of \$5,000,000 from the general fund for providing a grant for construction of a great plains applied energy research center on the Bismarck state college campus, for the biennium beginning July 1, 2009, and ending June 30, 2011. The department of commerce may spend funds appropriated from the general fund only to the extent other nonstate matching funds of \$3 for each \$1 of grants funds are available for all costs of the center.

SECTION 17. BASE REALIGNMENT GRANT PROGRAM - BUDGET SECTION APPROVAL. The grants line item in section 1 of this Act includes the sum of \$5,000,000 from the general fund for providing one-time funding for a base realignment grant program to enhance economic development and employment opportunities associated with the Grand Forks air force base resulting from action by the federal defense base closure and realignment commission, for the biennium beginning July 1, 2009, and ending June 30, 2011. Applications for program funding may include requests for infrastructure and economic development projects to accommodate growth in proximity to or at the Grand Forks air force base. Applications for program funding must include dollar-for-dollar cash matching funds from the city, county, or federal government, or private sector. Applications for program funding

must be approved by a local committee consisting of representatives of Grand Forks County, Grand Forks, the university of North Dakota, and the regional economic development corporation. Applications approved by this committee must be submitted to and approved by the board of county commissioners before submission to the department of commerce for grant approval. The commissioner of the department of commerce shall review each application and may provide a grant award for each application approved by the commissioner.

SECTION 18. GRANT - LEWIS AND CLARK FOUNDATION. The grants line item in section 1 of this Act includes the sum of \$1,500,000 from the general fund for providing a grant to the Lewis and Clark foundation, for the biennium beginning July 1, 2009, and ending June 30, 2011. The department of commerce may spend the funds appropriated from the general fund only to the extent matching funds have been secured from nonstate sources on a dollar-for-dollar basis.

SECTION 19. GRANT - THEODORE ROOSEVELT MEDORA FOUNDATION. The grants line item in section 1 of this Act includes the sum of \$500,000 from the general fund for providing a Wade Westin memorial grant to the Theodore Roosevelt Medora foundation, for the biennium beginning July 1, 2009, and ending June 30, 2011. The department of commerce may spend the funds appropriated from the general fund only to the extent matching funds of \$12,000,000 from nonstate sources have been secured by the foundation.

SECTION 20. NORTH DAKOTA TRADE OFFICE - EXPORT-RELATED WORKFORCE RECRUITMENT STUDY. The North Dakota trade office line item in section 1 of this Act includes the sum of \$50,000 from the general fund for conducting an export-related workforce recruitment study, for the biennium beginning July 1, 2009, and ending June 30, 2011. If the results of the study are deemed favorable by the department of commerce, the North Dakota trade office may submit a plan to the department for implementing an export-related workforce recruitment program.

SECTION 21. NORTH DAKOTA TRADE OFFICE - DEPARTMENT OF COMMERCE - CONTINGENT BORROWING AUTHORITY - APPROPRIATION. Based on approval by the department of commerce of the North Dakota trade office plan for implementing an export-related workforce recruitment program in accordance with section 20 of this Act, and subject to emergency commission and budget section approval, the department of commerce may borrow the sum of \$500,000, or so much of the sum as may be necessary, from the Bank of North Dakota, which is appropriated for the purpose of providing a grant to the North Dakota trade office for implementing an export-related workforce recruitment program, for the biennium beginning July 1, 2009, and ending June 30, 2011. The department of commerce shall request funding from the sixty-second legislative assembly to repay any loan obtained pursuant to this section, including accrued interest.

SECTION 22. LEGISLATIVE COUNCIL STUDY - TECHNOLOGY-BASED ENTREPRENEURSHIP AND ECONOMIC DEVELOPMENT BEST PRACTICES. During the 2009-10 interim, the legislative council shall consider studying technology-based entrepreneurship and economic development best practices. The study should include a review of best practices implemented by the department of commerce and the effectiveness of the department of commerce foundation. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-second legislative assembly.

SECTION 23. LEGISLATIVE COUNCIL STUDY - WORKFORCE SYSTEM INITIATIVE. During the 2009-10 interim, the legislative council shall consider studying the state's system for addressing workforce needs through a workforce system

initiative. The study should include a review of the alignment of taxpayer investment with programs, coordination of programs, and the North Dakota workforce strategic plan. The legislative council shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-second legislative assembly.

SECTION 24. A new section to chapter 15-69 of the North Dakota Century Code is created and enacted as follows:

Centers of excellence fund - Continuing appropriation. The centers of excellence fund is a special fund in the state treasury. All moneys in the centers of excellence fund are appropriated to the department of commerce on a continuing basis for the purpose of implementing and administering this chapter. Interest earned on moneys in the fund must be credited to the fund.

SECTION 25. AMENDMENT. Subsection 2 of section 15-69-04 of the North Dakota Century Code is amended and reenacted as follows:

2. The commission shall meet as necessary to review all complete applications; consider the potential need for independent, expert review of complete applications; approve or disapprove complete applications; make funding award recommendations for commission-approved proposed centers; direct the ~~office of management and budget~~ department of commerce to distribute funds to the centers; monitor centers for compliance with award requirements; review changes in assertions made in center applications; and conduct postaward monitoring of centers.

SECTION 26. AMENDMENT. Section 15-69-05 of the North Dakota Century Code is amended and reenacted as follows:

15-69-05. (Effective through July 31, 2011) Use of funds - Terms of funds - Distribution of funds.

1. A center shall use funds awarded under this chapter to enhance capacity; enhance infrastructure; and leverage state, federal, and private sources of funding. A center awarded funds under this chapter may not use the funds to supplant funding for current operations or academic instructions or to pay indirect costs.
2. As a condition for receipt of funds under this chapter, a center shall agree to provide the board, foundation, and budget section of the legislative council with annual audits on all funds distributed to the center under this chapter. The annual audits must be provided until the completion of the commission's postaward monitoring of the center. As a condition for receipt of funds under this chapter, a center shall agree to provide the commission with the information necessary to monitor the postaward activities of the center.
3. Before the commission directs the ~~office of management and budget~~ department of commerce to distribute funds awarded under this chapter, the center shall provide the commission with detailed documentation of private sector participation and the availability of two dollars of matching funds for each dollar of state funds to be distributed under this chapter. The matching funds may include funds facilitated through the collaboration of the private sector participants with other funding entities. The matching funds may include a combination of cash and in-kind assets with itemized value. Private sector participation may be established through equity

investments or through contracts for services with private sector entities. In making funding recommendations and designation determinations, the commission, board, foundation, and budget section shall give major consideration to the portion of the matching funds provided in cash by the private sector.

4. The commission shall direct the ~~office of management and budget department of commerce~~ to distribute the funds awarded under this chapter in disbursements consistent with the center's budget and timeframe outlined in the approved award. The commission may not direct distribution of funds under this chapter if there are no private sector partners participating or if the statutorily required matching funds are not available.
5. If, before funds are distributed by the ~~office of management and budget department of commerce~~, a center undergoes a change in the terms of or assertions made in its application, the commission may direct that the ~~office of management and budget department of commerce~~ withhold all or a portion of any undistributed funds pending commission review of the changes.
6. The commission may use funds ~~appropriated~~ for the centers of excellence program to pay for the commission's administrative expenses, which may include contracting for independent, expert reviews of complete applications and centers of excellence forums. The amount of funds the commission uses each biennium for administrative expenses may not exceed two and one-half percent of the ~~funds appropriated for transfers to~~ the program that biennium.

SECTION 27. A new section to chapter 54-60 of the North Dakota Century Code is created and enacted as follows:

Division of workforce development - Annual reports - North Dakota workforce development council - Budget acceptance.

1. Annually, job service North Dakota, the department of career and technical education, the department, and the state board of higher education each shall submit a report to the division of workforce development relating to the respective agency's current workforce initiatives and activities and that agency's plan for future workforce initiatives and activities. The division of workforce development shall consider these reports in preparing the consolidated biennial statewide strategic plan for the state's system for workforce development, workforce training, and talent attraction required under section 54-60-19.
2. Before July first of each even-numbered year, job service North Dakota, the department of career and technical education, the department, and the state board of higher education each shall submit for acceptance the respective agency's biennial budget request to the North Dakota workforce development council, created by governor's executive order 1995-01, dated January 3, 1996.

SECTION 28. EMERGENCY. Funding of \$1,200,000 in the operating expenses line item in section 1 of this Act relating to the operation intern program is declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT - LC 98037.0213 FN 7

A copy of the statement of purpose of amendment is on file in the Legislative Council Office.

2009 HOUSE APPROPRIATIONS

SB 2018

2009 HOUSE STANDING COMMITTEE MINUTES

SB 2018

House Appropriations Committee

Check here for Conference Committee

Hearing Date: February 25, 2009

Recorder Job Number: 9731

Committee Clerk Signature

Melley N. Sund

Minutes:

Chm. Svedjan turned the meeting to SB 2018, Department of Commerce.

Shane Goettle, Commissioner, North Dakota Department of Commerce approached the podium and reviewed his testimony (Attachment A). (:58)

Rep. Wald: Could you expand on the base closing? (20:10)

Mr. Goettle: As I understand it, at least on the House side, the base closing initiative was proposed as a \$5 million program with \$5 million in borrowing authority and the House has modified that to just a \$5 million match program, no borrowing authority. On the Senate side, they inserted the money into my bill. This is designed to try and come up with some strategies as the base winds down in terms of the numbers to devise strategies to use the resources left behind.

Rep. Klein: You are referring to the base in Grand Forks? (20:56)

Mr. Goettle: Yes.

Paul Govig, Deputy Commissioner and Director of the Division of Community Services, Department of Commerce, approached the podium and reviewed his testimony (behind Community Tab of Attachment A). (21:19)

Rep. Glassheim: Are you anticipating receiving any federal stimulus money? (26:58)

Mr. Govig: We do expect that the stimulus will provide funds to many of our programs. We expect the budget will probably double. Mr. Govig distributed "Stimulus Legislation Funding Estimates ND Division of Community Services" (Attachment B).

Mr. Goettle explained that this (Attachment B) is a draft.

Rep. Kempenich: Did you put down your programs that are ongoing? Have you broken that out for this stimulus money? (28:31)

Mr. Goettle: What we know about this is what's in the bill. You cannot get through to DC to get answers. Mr. Goettle reviewed Attachment B.

Rep. Hawken: Last week we defeated HB 1259 which was Affordable Housing which looked like it was a good bill and would have helped shelters and that kind of thing. Would any of this work in that area? I thought you said \$200,000. You spent \$540,000 last time and we've got to do something different. (30:40)

Mr. Govig: The HOME Program can participate in some of that. The HOME Program is very specific to low and moderate income people so there is a category we have to serve with those dollars. It doesn't affect any of the other housing needs but we can play in a portion of that. The Neighborhood Stabilization Program is another option but it's geared to foreclosed homes and low to moderate income people.

Sara Otte Coleman, Director, Tourism Division, Department of Commerce, approached the podium and reviewed her testimony (Included in Attachment A, behind the "Tourism" tab). (32:13)

Jim Hirsch, Director, Workforce Development Division, Department of Commerce, approached the podium and reviewed his testimony (Included in Attachment A, behind the "Workforce" tab). (39:12)

Paul Lucy, Director, Division of Economic Development and Finance, Department of

Commerce approached the podium and briefly reviewed his written testimony (Included in Attachment A behind the "ED&F" tab). (47:18) The written testimony provides survey results. (See p. 6 of Mr. Lucy's testimony)

Rep. Skarphol: I notice there are two different grants to the North Dakota Dairy Coalition. Is that a duplication? They are listed twice for the same amounts or did they get two different grants for \$66,000? (Pages 9 and 11) (55:50)

Mr. Lucy: It might have been over two different years.

Chm. Svedjan: One is phase three and the other is phase four.

Mr. Lucy: I believe they are two different grants.

Chm. Svedjan: It does say they are for two different phases.

Mr. Goettle approached the podium again and reviewed his second set of testimony (Included in Attachment A behind the "Partners" tab). (57:23)

Mr. Goettle reminded the Committee to please write "draft" in big letters across Attachment B since it is constantly changing. There are many questions that remain with regard to the stimulus funds.

Chm. Svedjan: Stimulus is a moving target and the numbers Legislative Council provided to have some resemblance to what you provided. We will try to nail this down and see where we might be able to reserve some funds for the future. (60:55)

Mr. Goettle: There are timelines. We don't know how quickly we're expected to put out these funds in many cases. The agencies haven't put their own requirements on these funds yet. We don't know whether there will be allocations or formulas. There are a lot of assumptions in the numbers we provided that need to be nailed down.

Rep. Skarphol: Under the energy program segment in your handout, do you think there's any possibility we could use that for deferred maintenance in state government in higher education? (62:06)

Mr. Goettle: Those are dollars primarily for insulation and weather stripping.

Rep. Skarphol: I understand there's \$10 million in the Higher Education budget for a new boiler at Minot State. Would that fit?

Mr. Goettle: We don't know the answer to that yet. Where it's to be directed according to the federal guidelines is something we are trying to sort out.

Chm. Svedjan: We have to work together on this to make the best use of the stimulus dollars and meet the requirements.

Chm. Svedjan explained that the Full Committee will not meet next week. He adjourned the meeting.

Bill/Resolution No. 2018

House Appropriations Committee

Government Operations Division

Check here for Conference Committee

Hearing Date: 3/3/09

Recorder Job Number: 10070 and 10112

Committee Clerk Signature



Minutes:

Chairman Delzer opened the hearing on Senate Bill 2018. Roll was taken with all members present.

Shane Goettle, Commissioner, Department of Commerce, spoke in support of Senate Bill 2018. All of you heard our overall budget presentation during full appropriations and we are not going to repeat that hear that today. (A copy of that testimony is attached (2018.3.3.09 A))

There are a couple of things that I wanted to point out to you about the Department of Commerce which is unique in respect to other agencies that you have looked at. None of our employees are classified. We also do not follow the grade scale for our employees. We have separated ourselves from the HRMS and working with a private consultant, completed that process in 2008. Our employees are graded on a scale of 1-20 with respect to their positions but those grades have no relation to the state system. We also have a performance plan in place that we have executed upon now twice. Each employee goes through a round of setting goals with their supervisor and we've moved to a system in which they have define what means to exceed a goal, meet the goal, and fall short of that goal. There performance raises are based upon whether or not they achieved those during the year in which we apply it. We have a number of positions we have compared to the market in terms of where we are at. We

House Appropriations Committee
Government Operations Division
Bill/Resolution No. 2018
Hearing Date: 3.3.09

have a number of them that are below market which is not surprising for a state agency. Some are at market. We have had to do that in order to retain and hire. A lot of times when someone leaves the organization we are hiring at a pay higher than the salary at which they left just to attract them in. We have an equity plan in place that actually takes us 10 years to accomplish.

What I did not mention in the Full Committee was that we are asking for two additional FTEs. We have not asked you for additional money associated with those FTEs because I have moved money in the budget to try to pay for those. We are using money used for temp employees and moving it over to pay for the two FTEs. The only money associated with that would be the pay raises and equity that might come along with those two positions.

Chairman Delzer: Did you add money on the temp side too?

Shane Goettle, Commissioner: No. We do have a number of temps working for us now to take care of some of the workload. The full FTEs are not sufficient to take care of the workload. We have some temps that have been with our organization for some time. I wanted the ability to bring them in to the full system and extend benefits to them. We have that paid for in our base budget.

Chairman Delzer: Do you have a list of those?

Shane Goettle, Commissioner: Yes we do. (He continued through his testimony.)

Chairman Delzer: Are the temporaries in the organizational chart or not?

Shane Goettle, Commissioner: Yes they are however they are not indicated as such on the chart. We will provide a chart that shows them as such.

Chairman Delzer: Your page on the overall budget under your tab. The matching grants for child care, the policy for that is in 2225?

House Appropriations Committee
Government Operations Division
Bill/Resolution No. 2018
Hearing Date: 3.3.09

Shane Goettle, Commissioner: That is correct. The policy was taken out by the Senate and put in to 2225; the money has remained in my budget. The Senate took the Governor's proposal of \$3.5 million and revised that to a \$2 million program. We stand by the Governor's recommendation on that.

Chairman Delzer: It looks like the Senate added about \$2.5 million on tourism.

Shane Goettle, Commissioner: Not exactly. For the tourism dollars that come right to the Department, they added \$.5 million to the Governor's recommendation of \$912.0 and then are some organizations in there: The Medora Foundation, and the Lewis and Clark Foundation that have some funds. Yes the \$20 million is for the Centers of Excellence. The Innovate ND, the Governor's recommendation requested an addition \$100.0 for that program and the Senate added another \$100.0 on top of that.

Chairman Delzer: On the second page of that, does that have to do before the Senate action.

Representative Kaldor: I would like to get a feel for what the Senate added in the grants line item. What is that comprised of?

Shane Goettle, Commissioner: If you look at pages 3 and 4 of my testimony you will see all of the Senate amendments summed up.

Chairman Delzer: We are going to want a whole list of the grants.

Shane Goettle, Commissioner: Yes, I would also like to delineate on that what is deemed one-time funding versus ongoing funding.

Paul Govig, Director, Division of Community Service, spoke regarding the Division of Community Service. The total appropriation request for the biennium is just over \$68 million

House Appropriations Committee
Government Operations Division
Bill/Resolution No. 2018
Hearing Date: 3.3.09

and of that amount only \$3.9 million or 6% of it is proposed to come from the GF. (He continued through the written testimony.)

Representative Kaldor this gets to part of the question that you had raised. Just recently ND was granted \$19.6 million from the NSP (neighborhood stabilization program) which is part of the federal economic recovery act of 2008. It is to provide redevelopment of abandoned and foreclosed homes to the benefit of low income people. There is perception that money is coming to us and we can use them for many purposes but like most of the federal dollars we receive, there are many parameters associated with that. It is expected that \$4.6 million will be used in this biennium and the remaining \$15 million used in the next. That represents a large increase in the federal funds line item as compared to the current biennium and it does show up as a grant line item.

Chairman Delzer: That was in your original budget?

Paul Govig, Director, Division of Community Service: No it was not in our original budget. We had to go to the emergency Commission to get spending authority to do that because we just received it. It was put in by the Senate at our request.

(He continued through his written testimony)

If I can reference you to the second chart it shows where the dollars are proposed to be spent. Nine out of every ten dollars we receive will in turn be provided to local organizations in your communities. The third pie chart is funding request by program area. We have four. Community Development is our largest and represents \$40.5 million or 60%. This program normally invests from \$15 to \$25 million in development projects during a biennium. Last biennium 80 community projects were approved. He listed few examples of the diverse projects as shown on his written testimony.

House Appropriations Committee
Government Operations Division
Bill/Resolution No. 2018
Hearing Date: 3.3.09

Chairman Delzer: Do you have any more information on stimulus money?

Shane Goettle, Commissioner: At this point there is no change in what we told you last week.

Chairman Delzer: Did you have any requests from the Vets' Home for funding on the geothermal?

Paul Govig, Director, Division of Community Service: We have had some discussions with them and we are hoping we are going to be able to provide some funds.

Chairman Delzer: Do you have any kind of number on that?

Paul Govig, Director, Division of Community Service: At this point we do not. We do expect that we will.

Chairman Delzer: Have you had any discussion with them about the bill that's floating around for geothermal?

Paul Govig, Director, Division of Community Service: We have not been specific. We started the dialog prior to session and that continues and they are now very much involved with what is going on here so we have not had anything recently.

Chairman Delzer: How much do you keep in contact with the other agencies that fund the same things? How much interaction to you have with the other agencies?

Paul Govig, Director, Division of Community Service: We pride ourselves in making sure that we approach situations, programs and services from a team perspective. When there are cases where there are other state or local or federal organization, there is a lot of interaction and we continue to make sure that we don't duplicate efforts and we try to get the greatest bang for our buck.

Chairman Delzer: Before everything was rolled into the Commerce Department this was the Office of Intergovernmental Action?

House Appropriations Committee
Government Operations Division
Bill/Resolution No. 2018
Hearing Date: 3.3.09

Shane Goettle, Commissioner: It was the 2001 session that created the Department.

Representative Kempenich: Is Community Action going to get direct money from this stimulus outside or does it all have to run through your office? Have you heard anything about where that is going to come to and how is it going to roll out?

Paul Govig, Director, Division of Community Service: We have had a lot of discussion on that. The weatherization program will come through our office and we in turn provide it to the community action agencies. There are seven that cover the state. They have different programs and services that are offered. Some could get direct funds but the way it appears at this point, will come through our office.

Representative Kempenich: So we will have to appropriate that out?

Paul Govig, Director, Division of Community Service: What we are asking for is spending authority. As we get additional information we will bring that forward and talk to you about that. There are no match dollars required as far as we know; but we don't have all the information yet.

Chairman Delzer: As a follow up on that we would like to see what else you have in the hopper that has not been funded. We would like a sheet on each of the divisions.

Paul Govig, Director, Division of Community Service: We have spent a lot of time on this and what I think would be beneficial is once we have a good handle on this, bringing back to the Committee what we expect the funds to go to.

Chairman Delzer: Certainly that but we also want to see what you currently have that you are working on outside of the stimulus package.

Paul Govig, Director, Division of Community Service: We would be happy to provide it.

House Appropriations Committee
Government Operations Division
Bill/Resolution No. 2018
Hearing Date: 3.3.09

Representative Kempenich: We have look at what we are doing today and how much we are enhancing it. It's a whole moving target thing right now. It's frustrating that we are sitting here and this thing could change in a month or two.

Chairman Delzer: That is the stimulus package, but sustainability has to be achieved at the Legislative session even without stimulus money.

Sara Otte Coleman, Director, Tourism Division, distributed some updated guides and some magazines that have the new North Dakota ad campaign. (Attachments 2018.3.3.09 B, C & D) She continued with her testimony as presented in the package. The global insight piece is a new piece for us. It helped us identify tax receipts. It shows that the tax impact of the visits in 2006 was \$355 million with \$168 million going directly to local and state governments. They show that if tourism didn't exist each household would pay additional \$363 in taxes per year. This is truly an industry that impacts the entire state.

Chairman Delzer: When you put the budget together what was the exchange rate at that time?

Sara Otte Coleman, Director, Tourism Division: It has changed approximately 4% since the budget was put together. The numbers in here reflect when we purchased the media as opposed to right now.

Chairman Delzer: But the exchange rate last summer was almost in the Canadian's favor now it is back down to 20%

Sara Otte Coleman, Director, Tourism Division: That is correct.

Chairman Delzer: Has the price of media gone up or has it gone down in the national recession?

House Appropriations Committee
Government Operations Division
Bill/Resolution No. 2018
Hearing Date: 3.3.09

Sara Otte Coleman, Director, Tourism Division: I don't believe it has come down? We do contracts in the prior year. We haven't received any media bids but I will check.

Chairman Delzer: How long would it take you to have some kind of preliminary numbers?

Sara Otte Coleman, Director, Tourism Division: I will investigate that.

Chairman Delzer: And, you will get us the budget information the same as the rest.

Representative Dosch: You do some co-op advertising and help out the local CVBs, could you expound on that.

Sara Otte Coleman, Director, Tourism Division: We do as I mentioned we present our media packages to the industry in fall every year and part of the reason we do that is that so that when the CVBs and the destination marketing organizations are putting their budgets together, they are aware of where we are going. And, when we buy ads it gives us more bargaining power to get reduced rate ads for our partners to participate. We are expanding that beyond traditional print advertising more and more every year to include online, participation in shows, and whatnot.

Representative Kaldor: I have always had a little challenge with the leverage that tourism dollars bring to the state. I've never really been very comfortable with statistics about what is tourism and what it not. Could you elaborate on how tourism is measured? I am concerned about business travel and why should that be counted as tourism. I am concerned about out-of-state students attending our universities and whether their expenditures are considered tourism or if they should be attributable to the University System.

Sara Otte Coleman, Director, Tourism Division: There is a long answer and a short answer. A lot of people have questioned that over the years and that's why we put this together. Tourism is defined as anything that you do to travel outside of you day to day activity. A student

House Appropriations Committee
Government Operations Division
Bill/Resolution No. 2018
Hearing Date: 3.3.09

wouldn't be defined as tourism. Whether or not the NDSU research captures that really depends on how they are banking and how that is tracked. If they are banking locally it wouldn't count. I will clarify that point. Business travel is a type of travel as we define here. We don't work in that area, but our partners do. Our efforts are mainly in the leisure front and that's part of reason we feel it is important to do return of investment research for the leisure marketing that we do. We really do focus on measuring that with our visitor profile studies. We are not interviewing business travelers when we do those types of studies. However, the CVBs very much focus on business travel.

Chairman Delzer: The dollars for the 123 to 1 would be included in there.

Sara Otte Coleman, Director, Tourism Division: That would be leisure. We are just talking to people from where we have done advertising in and they have to have seen one of our ads in order for their numbers to start registering. Yes they could be going to North Dakota for a business trip, see our ads, decide to spend an extra day or decide to take a family and then they may enter in to it if they were exposed to our advertising. But if they are just coming for their regular business meetings they would not enter in to our return on investment research. They have to be exposed to our ads.

Representative Kaldor: One of the metrics that you described was motel occupancy. There too I have a question. In western ND we have a lot of motel occupancy that is really related to the oilfield development. From what you described so far it sounds that you pull that out of the statistics. Is that true?

Sara Otte Coleman, Director, Tourism Division: No, we do not have a way to break down what portion of that because people don't necessarily report what we are doing. So a lot of that would be attributable to the increased business traffic.

House Appropriations Committee
Government Operations Division
Bill/Resolution No. 2018
Hearing Date: 3.3.09

James Hirsch, Director, Workforce Development Division, described the work of the division. These requests were all in the Governor's budget and favorably acted upon by the Senate.

Chairman Delzer: We will need a list of who all is receiving them currently and who you are projecting to use them for in the future.

James Hirsch, Director, Workforce Development Division: Yes.

Chairman Delzer: Is that apt to change with a different administration in Washington?

James Hirsch, Director, Workforce Development Division: I believe that the current administration is placing more emphasis on volunteer activities. What impact that might have on funding to the Corporation for National and Community Service, I'm not able to project right now. It could even expand.

Chairman Delzer: The current budget is just through October of 09 on the federal level?

James Hirsch, Director, Workforce Development Division: That is correct. (He continued with his testimony.)

Chairman Delzer: On those as I mentioned little bit before, we are going to want a list of who all is receiving them currently and who you project will use them in future.

Representative Dosch: I think you are doing a lot of good work as far as workforce development and determining where the future jobs are. Do you communicate any of this with Higher Ed? We seem to have Higher Ed trying to figure out where the jobs are and what the curriculum should be. Nursing, for example, obviously there is going to be a tremendous need and the response we get from Higher Ed is "we can't find instructors to teach it." Is the work

House Appropriations Committee
Government Operations Division
Bill/Resolution No. 2018
Hearing Date: 3.3.09

you are doing falling on deaf ears or there is just a disconnect with Higher Ed or is it falling on deaf ears?

James Hirsch, Director, Workforce Development Division: All of the state directors including the Chancellor are members of the ND Workforce Development Council. Representatives from each of the agencies are included on our Workforce Intelligence Council. We have a number of workgroups that involves each of those individuals. I think with the legislation that was enacted in HB 1018 that really starts to zero in on a requirement to do a better job of coordination and collaboration, it's a communication and learning process. For years each of the agencies has been acting pretty much independently of one another. We are trying to get away from that so we are bringing everybody together to come up with a single state plan. As far as the nursing issue, I can't answer why that isn't happening.

Chairman Delzer: That is one of the things that we studied in the Human Services Interim Committee and the report we got from Higher Ed is we don't have a shortage of nurses. The problem is that in the rural areas no one is going to be living there. That's where we have the problem Higher Ed was telling us.

James Hirsch, Director, Workforce Development Division: Back in 2002-5 the Department of Commerce operated a H1B technical assistance grant that was aimed primarily at increasing the number of nurses and providing a career ladder for those nurses. The model was that we took the training to the rural communities. You didn't take the individuals from the community to the college campus. Those individuals trained in those smaller communities are still there. That was a successful model.

House Appropriations Committee
Government Operations Division
Bill/Resolution No. 2018
Hearing Date: 3.3.09

Representative Kempenich: A lot of it is attitude. When you come out of higher education you do not look at oilfield jobs. That's a big problem. The jobs available in ND are not what you are looking at when you go to college.

Chairman Delzer: It is going to be interesting to see what happens in our job market in the next six months much less nationally. Things are entirely different than they were when the budget was built.

Representative Kaldor: I too have some concern about the operation internship. From what I understand there is more collaboration now with Higher Ed than when it first began. They were concerned how they were evaluated and making sure that there is learning process and it isn't just free labor for someone. I am curious if some of that has been hashed through to ensure that these internships are truly fruitful endeavors.

James Hirsch, Director, Workforce Development Division: We worked closely with the career services staff. There were some differences as to what should be provided. Career services were clear that the internships should be for credit. It was very clear in the legislation that was enacted by you that work experience was an area that also needed to be included with that. We have a combination of for credit and not for credit. When we go in to programs that are not for credit we have a learning agreement that is developed between the employer and the intern. It follows the same guidelines as a formal internship and that there is actually learning that is there. We are working with career services.

Chairman Delzer: You are going to be able to get a list of those. Sheila can you get us a list from Job Service of the Workforce 20/20 money.

House Appropriations Committee
Government Operations Division
Bill/Resolution No. 2018
Hearing Date: 3.3.09

Paul Lucy, Director, Economic Development & Finance Division described the budget for the Economic Development & Finance Division. Our numbers are down from the previous biennium. There is no appropriation request for this coming biennium. Any numbers that are different are relative to adjustments in salary and wages.

Chairman Delzer: That is a continuing appropriation so your \$3 million is still out there. Can you get us the information on where that is at?

Paul Lucy, Director, Economic Development & Finance Division: Yes, we have all that.

Committee took a ten minute break.

The Committee took public testimony.

Marsha Krotseng, vice chancellor for Strategic Planning, ND University System, spoke in support of the bill. (Attachment D)

Phil McLean, ND Center of Excellence for Agbiotechnology, Oilseed Development I and II spoke in support of the bill (Attachment E)

Barry Coleman, Northern Canola Growers Association: This would be the only program that would be geared toward the environmental conditions in ND. It is important for our growers and we certainly support this program

Chairman Delzer: Is the number on your center one of the first twenty million? What page on the report?

House Appropriations Committee
Government Operations Division
Bill/Resolution No. 2018
Hearing Date: 3.3.09

Shane Goettle, Commissioner: Page 22 and 23.

Representative Berg: I would just like to make a comment on this Centers of Excellence. On this particular one we are seeing the private sector joining with research in Higher Ed and getting a product out to market quicker and also a product that fits the needs of our region which ultimately will increase the income of our producers which will pay more income tax and sales tax and help our state. The essence of what we are trying to get at is really exemplified by this one that was just presented.

Senator Krebsbach introduced amendment 98037.0401. (Attachment G) The amendment provides funding of \$1million from the General Fund for an out-of-state talent recruitment and relocation matching funds programs. She then read a letter from a business owner in Minot.

This issue came up a little bit late to get included in the bill and largely came from two groups:

The Minot area Development Corporation and the Bismarck/Mandan Development Corporation.

Chairman Delzer: As we get in to this we will want a little more information at that time. Some of what we would want is to know what kind of grants you would expect that each employer would be eligible for, the offered number of grants, etc.

Senator Krebsbach: I can give you my thoughts on it, but I'm sure other here will give you that information as well.

Don Hedger, president of Killdeer Mountain Manufacturing, spoke in support of the bill.

Our state, the NDUS and Killdeer Mountain Manufacturing have all benefitted from the Center of Excellence program at DSU. Our affiliation with DSU has been instrumental in the addition of approximately 130 new aerospace manufacturing jobs in southwest ND. Besides the new

House Appropriations Committee
Government Operations Division
Bill/Resolution No. 2018
Hearing Date: 3.3.09

jobs in our state many spin off economic activities have resulted. We are very thankful for the pilot effort with DSU Center of Excellence.

Greg MacArthy, associate vice president for interdisciplinary research, NDSU spoke in support of the bill. I am here today to say a few words about KADEM's progress and success. It is the private sector counterpart of our DoD Center of Excellence. They design and tests wireless sensors and electronic systems and addresses commercially relevant industrial problems posed by the companies working with us. He continued speaking of the successes of KADEM in developing products, working with private companies, and leveraging federal funds.

Representative Glassheim: You got some match for a building in Centers of Excellence?

Greg MacArthy: No building was involved. All of our dollars have been spent on the program.

Paul Gunderson, director, Dakota Center for Technology, Lake Region State College, introduced Lanny Faleide.

Lanny Faleide: Our Company got involved with the Dakota Center in the first round of funding. It definitely helped us grow our business. We have been in business for 15 years doing remote sensing GIS systems for agriculture. We were struggling and when the funding became available for us to grow, we took advantage. We are an information based company in an agriculture setting with no tangible assets in the small town of Maddock ND with all our people working in Fargo. We have been able to take our company statewide with Crystal Sugar. We were kind of stuck in a very small market. With this money we were able to put it

House Appropriations Committee
Government Operations Division
Bill/Resolution No. 2018
Hearing Date: 3.3.09

toward code development immediately. What had happened is that we were able to leap frog major companies even worldwide. We are in Canada; they are taking us to Russia and the Ukraine. We were able to branch out in Australia. We have gone from four employees to eleven. We see adding a few more this year. We expect to see more growth even on a down economy.

Chairman Delzer: How did you create the match?

Lanny Faleide: Our system we sell to Crystal Sugar is a value of so much per year. We were able to use that.

Chairman Delzer: So the only thing you have done is in-kind?

Lanny Faleide: Yes.

Paul Gunderson took the podium again.

Chairman Delzer: Has it all been in-kind?

Paul Gunderson: From 05 forward we have been able to provide match from private sector and public sector from our 12 county primary service area. At this juncture we are standing at about \$70.0 or so. Because we have a number of private sector firms all of whom are involved generally in the high tech imaging area as partners, we have engaged pretty directly with them in the development of software which directly serves the agriculture marketplace. That takes us in the direction in two separate directions that take us forward to the next generation of our own work. The first is to develop web-based educational tools that growers can use as a way of acquainting themselves with these technologies and how they might be profitably used in their own enterprises. They will pay a modest acquisition fee to gain access. That will be ready at the end of August. The other direction we have taken is to recognize that these

House Appropriations Committee
Government Operations Division
Bill/Resolution No. 2018
Hearing Date: 3.3.09

technologies pertain not only to synthetic products and as a result, in our second initiative we will continue development of manure and sewage sludge injection technology which also relies on these highly precise ways of placing those products within soil profiles as an amendment for cropping. We have largely partnered with vulnerable because they matter. One of the ways this particular initiative can payoff is providing opportunity by using good ideas and creating those product lines.

Bill Shalhoob, distributed letters from **John Philips and Kevin Magstadt** (Attachments H and I) He discussed marketing and tourism for the state. (Attachment J, K, L)

Clara Sue Price, former representative, spoke in support of the amendment by Sen. Krebsbach. (Attachment M)

Jim Petell spoke on the Center of Excellence in Life Sciences and Advanced Technologies at the UND (Attachment N). He discussed the participants and explained their programs as described in attachment N.

Rich Glenn, special projects coordinator for Shiltz Foods, Inc. We are a major shareholder in Avianax. You asked about cash matches. We put about \$2 million up in Tolna where we purchased a farm, renovated, and moved 9500 geese up there that are going to be the basis for our pharmaceutical line of products we are trying to develop through Avianax. We employ 68 people and that does not include the two farms we have rented for the geese. Those farms have laborers.

Chairman Delzer: That is all being considered as match?

House Appropriations Committee
Government Operations Division
Bill/Resolution No. 2018
Hearing Date: 3.3.09

Rich Glenn: We also put \$30,000 in cash in to the match. Another thing is that \$2.6 million from the federal Government match is to develop our project.

Chairman Delzer: Everything that you have in Tolna is your business.

Rich Glenn: If it were not for your Center of Excellence we would not be there.

Chairman Delzer: It is being considered as match but it is your own business.

Rich Glenn: We are still working on West Nile but we are also working on the Avian Influenza.

Jim: That business would not be in North Dakota without the Centers of Excellence. That would have not happened without Centers of Excellence.

Representative Kempenich: The research is well and good but if we can't capture the aspect of shipping something out from it, it defeats the purpose of doing this.

Jim: (inaudible) we have to build those mini plants. (inaudible)

Representative Kempenich: That is the whole thing. With the Centers in general we have had a long discussion about where we are going. It's going to take a long time to see payback on this money.

Chairman Delzer: Our job is to budget for the state and we appreciate your information. Our job is to decide what type is worth continuing. That is our opportunity and responsibility. We have already invested \$40 million and we need to decide which types are worth the money if any of them are.

Robert Black, Unisys Corporation, Bismarck, spoke in support of the workforce section of the bill. We have 300 employees in Bismarck that process transactions in the financial services arena. We are in full support of the amendment that will assist with the relocation of employees to ND. I can also tell you that on at least two occasions, we have surveyed the

House Appropriations Committee
Government Operations Division
Bill/Resolution No. 2018
Hearing Date: 3.3.09

marketplace to bring jobs to ND. We have been unable and unsuccessful in bringing those primarily because we don't have the workforce in ND. This is a critical need for us for developing not only our center but to bring jobs to ND. We are also looking very closely now and we are on the cusp of bringing some federal procurement jobs to ND. I know that will be an uphill battle as those jobs are very specialized.

Mike Schneider, Recruiting Director for Kadermas, Lee and Jackson, spoke on the workforce section of the bill. We too are fighting the struggle in the drive to find talent to help our company move ahead exponentially. We have found it difficult to find mid level and upper level personnel to our firm. We have a great working relationship with the higher education institutions and they provide entry level folks. We need mid and senior level folks to mentor those folks. I am here to speak in support of the amendment from Senator Krebsbach. It is a high cost to relocate—up to \$15,000. Our recruiting budget last year was \$300,000. We are very diligent about who we hire. These are not dollars that we are going to spend frivolously. Any help the State can give would be most helpful. Two years from now we may not have this unique opportunity to bring these folks in.

Representative Glassheim: What kind of magnitude would be required to be helpful—per person?

Mike Schneider: In some cases from higher level the relocation cost was \$12,000. If we would have an opportunity to partner with someone on that it would be helpful.

Representative Berg: This is not a new idea, how do you set up a process that is fair.

House Appropriations Committee
Government Operations Division
Bill/Resolution No. 2018
Hearing Date: 3.3.09

Chairman Delzer: It will take tax dollars to do this. Is that fair to the people that are here paying the taxes already? We will have to have some discussion on this when we get in to the detail.

Representative Berg: Just a comment. I do think that is a barrier. How do we set up an incentive that is fair to all employers and employees?

Mike Schneider: It is our workforce that drives the revenue of the state. I'm not relocating 400 individuals; we would relocate 400 families.

Russell Steiger, president, Bismarck/Mandan Development Association, spoke in support of the amendment presented by Sen. Krebsbach. I will tell you that in the growth we are experiencing in ND taking us ahead of most other states is based upon workforce. You heard about a variety of companies that are creating new jobs and hoping to fill them. This issue of workforce availability will become the brick wall that we're going to run into in terms of our continued growth. If we are not able to address the need for employees, we are going to have a real problem on our hands. We need to do what we can to fill it.

Representative Berg: This is part of the plan that everybody in this room has worked towards. We create more jobs than we have people; as we do that we have more demand and a shortage of workforce. We raise salaries and raise incomes. The problems you bring forward are good problems.

Jerry Chavez, president and CEO of the Minot Area Development Corporation, spoke in support of the amendment. (Attachment N) Long story short you heard Clara Sue Price talk about her company--it does inhibit our companies in North Dakota to grow and prosper.

House Appropriations Committee
Government Operations Division
Bill/Resolution No. 2018
Hearing Date: 3.3.09

Representative Kempenich: Are these are mid level or experienced workers that companies are looking at. These are not entry level positions?

Jerry Chavez: We participate very highly in Experience ND. We go in to communities that have high unemployment to see if we can find professional jobs and non professional jobs.

Representative Kempenich: Where are the lower entry level positions coming from? In-state or out-of-state? I'm trying to figure out where we are missing the point.

Mike Schneider: The majority of our entry level employees: land surveyors, engineers, civil engineer techs, come out of the colleges from the university system. We hire many interns. Ninety percent of our hiring is through regional colleges.

Representative Kempenich: Do you lose those people. Do they move on?

Mike Schneider: We are able to meet all our entry level demands from the regional colleges.

NDSU has over 2000 engineers in their program. There are not enough entry level positions available. Many of those go out of state. Those students that are four or five years out are the ones we are searching for. If we hire them locally we are trading staff around the state.

Chairman Delzer: Shane when we go in to detail will want you to comment on that particular amendment.

Terri Thiel, director of Dickenson CBB, (Attachment L) spoke in support of the bill. She referenced Attachment 2018.3.2.09I. This report has a lot of good information in it. She distributed letters from **Prairie West Development Foundation, McKenzie County Tourism Bureau** and **Dakota Lights.**

Chairman Delzer: how much does Dickinson spend on marketing?

Terri Thiel: About \$125,000 on direct advertising.

House Appropriations Committee
Government Operations Division
Bill/Resolution No. 2018
Hearing Date: 3.3.09

Chairman Delzer: Is that just for Dickenson or is it for the surrounding area.

Terri Thiel: Primarily Dickenson because it comes from city lodging. However, in kind time I spend representing the surrounding communities; I could not even begin to add that up.

Terry Herzinski, director of CVG of Bismarck/Mandan, spoke in support of the tourism portion of the bill. (Testimony included in Attachment J)

Dennis Boyd, Lewis & Clark Ft Mandan Foundation (Attachment P) spoke in support of the tourism portion of the bill.

Chairman Delzer: Do you have the cost on the original building?

David Borlog, president, Lewis and Clark Fort Mandan Foundation: Just under \$3 million has gone in to that facility so far. The first was \$1.2 million in federal funding and \$300.0 in state funding and then the next \$1.5 million was \$1.2 million from the state and \$300.0 match from our foundation and additional fund raising.

Chairman Delzer: Could you put that together for us as well as your budget for what you are planning to do with this appropriation.

Joel Gilbertson, spoke on behalf of the Teddy Roosevelt Medora Foundation, presented and read the testimony of **Randy Hatzenbuhler, president of the Theodore Roosevelt Medora Foundation.** (Attachment Q)

House Appropriations Committee
Government Operations Division
Bill/Resolution No. 2018
Hearing Date: 3.3.09

Chairman Delzer: How do we answer private hotels that already exist when they question the fact of putting taxpayer dollars in to a competitor?

Michael Bodoine, manager of the Roughrider Hotel: To answer your question as far as competition goes, I think this funding is a bit unique where we are at in western ND. I believe anything we do in Medora brings people to our area and helps our competitors in Medora as well.

Chairman Delzer: The Historical Society is also asking for \$30 - \$50 million for buildings here in Bismarck. Was there any discussion amongst you about spending that much here instead of regional?

Joel Gilbertson: I don't have the answer for that but I can find the answer. There was a lot of discussion among all the different groups.

Tom Lilja, North Dakota Corn Growers, presented written testimony. (Attachment R)

Kent Satrang, general manager, Petro Serve USA, presented his written testimony.
(Attachment S)

Chairman Delzer: Do they have to have the two different tanks with the blender pumps

Kent Satrang: Right now you have two underground tanks. One has gasoline and one has E-10. What we are proposing is that one has gasoline from the refineries and one would be E85 and come from ethanol plants and so there would be a bit more competition there. Right now that all comes from the big oil company. We propose one pump be E-85 and E-30.

Representative Glassheim: Is this structured so a match would be required?

House Appropriations Committee
Government Operations Division
Bill/Resolution No. 2018
Hearing Date: 3.3.09

Kent Satrang: It is spelled out more in 2288. The pump would cost \$25,000 and the state would contribute roughly \$5000. The corn growers have set aside \$2500 per pump. The Ethanol producers have talked about doing \$2500 per pump and the federal government in current law provides 30% of up to \$30,000 in federal tax abatement. These cost about \$7500 more than a standard gasoline pump.

Chairman Delzer: What is it going to cost for the PSC to check these out for the blend, etc.

Kent Satrang: The Health Department has been involved and the PSC as well and I don't think there will be any additional costs.

Representative Berg: What are the specifics of the federal program?

Kent Satrang: The current law is that 50% of a 50,000 project can be eligible for a tax credit. The way the IRS views that is if you have a pump with four nozzles and one is E-85, you only get to count 25% of the cost of that pump. It allows \$3,750 in tax credit.

Richard Schlosser, ND Farmers Union, presented his written testimony. (Attachment T)

The committee recessed until after floor session.

New Recorder Job: 10112

Chairman Delzer called the committee back to order.

Shane Goettle, Commissioner introduced **Susan Geib from the North Dakota Trade office.**

Chairman Delzer: Is the \$.5 million over and above the current budget

House Appropriations Committee
Government Operations Division
Bill/Resolution No. 2018
Hearing Date: 3.3.09

Shane Goettle, Commissioner: It is the same \$1.5 (with a match) plus another \$.5 million.

Susan Geib, North Dakota Trade Office, asked the Committee to refer to the Attachment A tab: ND Trade. In 2007 ND became the number 1 export growth state in the nation. In 2008 that volume has continued. It is three times the national average.

Chairman Delzer: Can you put together a list of how you have expended your \$1.5 million for this biennium?

Susan Geib, North Dakota Trade Office: I certainly can.

Chairman Delzer: And the FTEs?

Susan Geib, North Dakota Trade Office: There are actually 9 FTEs including export assistants.

Chairman Delzer: Are you using Operation Intern?

Susan Geib, North Dakota Trade Office: We did not use Operation Intern. We have two on staff at the moment. These are specifically for international business. They are scholarship students and international business students specifically.

Representative Meyer: With the trade office do you do the business workings for an entrepreneur that is going to export something. Do you set up the business model they can use in another country or is just our basic exports?

Susan Geib, North Dakota Trade Office: Yes, there is an opportunity for us to set up a business model oversees through a planning process and through a number of our network of business partners that we use. Our money was spent primarily in 9 trade missions, the 27 trade talk seminars, the 3 reverse missions and the export assistance program. I can get you

the dollars attached to those specific areas.

House Appropriations Committee
Government Operations Division
Bill/Resolution No. 2018
Hearing Date: 3.3.09

Chairman Delzer: Unless it is something they want kept secret, I would like to know the companies that went on your trade missions.

Susan Geib, North Dakota Trade Office: We have actually submitted the trade missions going back five years and all of the participants included.

Shane Goettle, Commissioner: There was a request that came in from the Senate side and we provided it there so we can do the same thing here as well.

Chairman Delzer: Did you provide how many of them actually hooked contracts on trade missions.

Shane Goettle, Commissioner: Some of that might be deemed proprietary depending on the company. Some of it was publically announced. There is a mix.

Chairman Delzer: Where did you get your numbers of what you say your economic impact is if some of that is proprietary?

Susan Geib, North Dakota Trade Office: When a trade office member contributes to the trade office we ask them if we can survey them on an annual basis. In that survey we ask them to contribute to us on a confidential basis their incremental export volume and whether we can report that in aggregate to the Legislature. This is a representative example of 30 trade office members who have contributed to the trade office. Collectively those 30 companies brought in \$61 million in our last survey over twelve months. Of that, \$3.2 million was generated in incremental tax revenue.

Chairman Delzer: When you say they contribute, is it a set amount you charge?

Susan Geib, North Dakota Trade Office: We do, in order to get our match for the Legislature, require them to join as a member. We charge them

Chairman Delzer: Is it a fee based on how large of an entity that they are?

House Appropriations Committee
Government Operations Division
Bill/Resolution No. 2018
Hearing Date: 3.3.09

Susan Geib, North Dakota Trade Office: The fee is the same to all members.

Chairman Delzer: What is it?

Susan Geib, North Dakota Trade Office: It is \$3,125 per biennium. It includes a significant number of benefits that accrue back to them as they execute against export volume.

Representative Berg: What is the average amount that these people going on trade missions pay to participate?

Susan Geib, North Dakota Trade Office: It is about \$3,000 usually.

Chairman Delzer: Is that considered match?

Susan Geib, North Dakota Trade Office: We do consider that in the match. Of course, we have the ceiling on the match. For example on our next mission none of that would go to a match as we have already exceeded our ceiling.

Chairman Delzer: Where do you set the ceiling?

Susan Geib, North Dakota Trade Office: The ceiling is set by the Legislation.

Chairman Delzer: Is it in kind match?

Susan Geib, North Dakota Trade Office: There is no in-kind match. It is only cash.

Chairman Delzer: The match is two private to one private.

Susan Geib, North Dakota Trade Office: Correct.

Representative Berg: What were the changes that happened in the Senate for the Trade office?

Susan Geib, North Dakota Trade Office: There were 3 changes in the Senate. One was to extend the export assistant program from twelve to sixteen export assistants. Additionally there as another \$50.0 that was added to the global conference to bring 30 buyers back to the global conference from around the world. Thirdly, there was a study commissioned so that we

House Appropriations Committee
Government Operations Division
Bill/Resolution No. 2018
Hearing Date: 3.3.09

could assess the specific needs for our workforce within our exporter environment and if we could come to a very specific plan that would be successful in bringing workforce to those individual companies then there would be another appropriation made should the Department of Commerce accept the plan.

Shane Goettle, Commissioner: Actually it was borrowing authority from the BND if the study gives the green light to the idea of say recruiting welders from South Korea for the oilfields here. There would be access to \$500.0 to do that program. It was \$164.0 that they added over the top of the \$.5 million recommendation of the Governor that consists of \$64.0 for the export assistance program, \$50.0 for the global connection conference, \$50.0 for the study and that \$.5 million in borrowing authority if the study is accepted.

Chairman Delzer: Section 20 and 21 is the change and Section 8 is your original.

Susan Geib, North Dakota Trade Office: The Governor did raise it \$2 million. The \$500.0 is listed as being under the matching numbers.

Chairman Delzer closed the hearing.

2009 HOUSE STANDING COMMITTEE MINUTES

Bill No. 2018

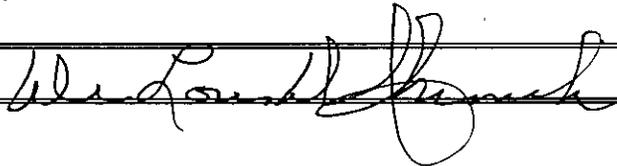
House Appropriations Committee
Government Operations Division

Check here for Conference Committee

Hearing Date: 3/19/09

Recorder Job Number: 11313

Committee Clerk Signature



Minutes:

Chairman Delzer opened the discussion on Senate Bill 2018. Handed out information on the Centers of Excellence. I have a list of things I think we need to discuss. The bio fuels, \$2 million in general fund; that should be shifted to stimulus money and it should be at two different levels; one at a \$1 million and one at \$2 million. Discussion of \$500,000 of borrowing authority; it is keyed off the \$50,000 out of the 164. Section 8 of the bill; the Commerce Department had looked that over and we are wanting some different language. You wanted to change it to 62%? It is currently 50%. They would get the first million and then they would have to match the second million one to one. Right now you got \$750,000 and you had to match the \$750,000 at one to one. Handed out proposed amendments to discuss. We have a lot of stuff that has been put in by the Senate. (Section 9, 10, 11, 12). Went over each of the sections. 2408 was defeated in the Senate because they put it in here.

Rep. Berg: Where we would like to go on the internship program is I think it is a great program, but the intention is that we would provide \$3000 matching for an intern, but that it wasn't an ongoing program that that company would always get \$3000 for every intern moving forward. The company should have enough value that it is not continuing there. I would like to see that we continue to fund it at whatever level that is appropriate, but we have a limit

somehow that once a company has had 10 interns that they would no longer be eligible for the \$3,000. So we would bring more companies in and more exposure.

Chairman Delzer: If they are just using them to test people out, I don't think that is right either.

Rep. Berg: When I look at that list I was impressed by it and it seemed like it was spread out.

Chairman Delzer: What are peoples thought of the \$100,000 for USS North Dakota? Do you think came up in full committee today? I think we can be proud to have a submarine named after North Dakota and I know all of us supported that last year, but I don't know how many of us realized that we would need to contribute \$100,000 towards the promotion of it and I don't have a problem contributing the \$100,000 but I would have liked to have known that beforehand. I would guess we need a discussion regarding the stimulus money. We are trying to put this money into separate sections so we know where it is at.

Rep. Berg: Are you sure this bill will make it to conference?

Chairman Delzer: What about FTE's? They got two new ones. What is oil over charge fee? It was a source of funding for one of the FTE's. This is a state settlement fund. Shane can you get us the actual money in that. Number 5 is increased tourism of \$912,000. That is general fund? Senate added \$500,000 to that. Do have that additional money on here.

Brady: Yes we did chairman. Number 20 on your list.

Chairman Delzer: Those will be our discussion points. If there is anything else anyone sees in there we will be able to do that.

Hearing closed.

2009 HOUSE STANDING COMMITTEE MINUTES

Bill No. 2018

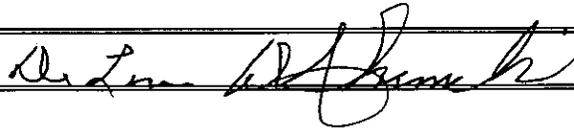
House Appropriations Committee
Government Operations Division

Check here for Conference Committee

Hearing Date: 4/2/09

Recorder Job Number: 11706

Committee Clerk Signature



Minutes:

Chairman Delzer opened the discussion on Senate Bill 2018. We are handing out 98037.0423. which is what we discussed last week and we want to be sure they are all the same ones that we talked about. Number 2 is going to be dealt with in 2225? Explained the amendment. Handed out 999786 if somebody wants to read that. Memo from Roxanne about the ethanol.

Discussion:

Representative Berg: Going through these amendments, I have question on number two. With that childcare, is our plan to incorporate in that other bill is that what our plan is?

Chairman Delzer: We may have discussion when we deal with that, but as far as I understand the money is going to be in 2225.

Representative Kaldor: Yes

Representative Berg: In Number 5 we took that \$2million out and I think we should have a little discussion on that. That was spun out two years ago to allow the two year schools to develop workforce component out of Centers of Excellence.

Chairman Delzer: I am assuming if we leave it in it will be a discussion point in conference committee.

Representative Berg: these are the only amendments we will have adopted for commerce; correct?

Chairman Delzer: We have more that will be proposed.

Representative Meyer: On number 13, I thought our discussion was to leave the \$500,000 in the general fund and just remove the name?

Chairman Delzer: That wasn't my understanding on it.

Representative Berg: There were two items in there; there was \$500,000 for the expansion at Medora and there was another \$500,000 for the Wade Weston.

Chairman Delzer: No there was \$500,000 for tourism and \$500,000 for Medora Foundation for Wade Weston. I don't believe there was another \$500,000 for Medora beside that.

Representative Dosch: It was my understanding that we were going to take the \$500,000 for the Wade Weston but leave the \$500,000 for the tourism.

Chairman Delzer: No they were both asked to be part of the amendment. If you want to do them all on separate votes we can or if you want to pull certain ones we can too.

Representative Berg: I would like to pull #15 out.

Chairman Delzer: 15 is the 500 over tourism over the 912 additional by the Executive.

Rep. Berg: I would like to pull 13 out and 5.

Representative Kempenich: When we went through this I thought it was conference committee we were talking about on some of this. I thought we were going to talk about Lewis & Clark too about alternative A or B.

Chairman Delzer: We took a vote on what we did. We lost the motion to remove it.

Representative Berg: We had a vote on the Lewis & Clark and didn't take a vote on the Medora.

Chairman Delzer: No we took a vote on the Medora and that passed to take that out.

Rep. Kempenich: I thought we were going to take a vote and somewhat have discussion about it in conference committee where we are going with these.

Representative Berg: Maybe Representative Kempenich was gone when we had that discussion was on looking at the information grants and using that existing program and if we wanted to add some more money into that program to allow for Ft. Abraham Lincoln and The Cowboy Hall of Fame or others. To some degree we get into infrastructure for long term; that is there long term.

Chairman Delzer: Do we want 5, 13 and 515 pulled off of this set? Or do we have more? If somebody wants to make a motion on the rest of them let's start there. That is everything except 5, 13 & 15. Let's do 12 later.

Representative Glassheim: I think on number 3 and 4 I think we talked through that that 16450 was a workforce study which we didn't really want to trade office to get in. 50 was a global meeting and 64 were to hire more students or internships' to work in an international trade.

Chairman Delzer: That could be done out of the \$2 million too.

Representative Berg: Yes

Chairman Delzer: I think they were added in the Senate. Along with the \$500,000 borrowing that would have only been triggered by the results of the \$50,000.

Representative Kaldor: I feel when we have these students working in North Dakota that are exporting that ultimately they will get a job there and help those businesses continue their exporting. So do you want a motion on everything except 5, 13 & 15?

Chairman Delzer: Yes

Motion Made by Rep. Berg; Seconded by Rep. Glassheim for adoption of 0423 with the exception of statement of purpose of 5, 13 & 15.

Rep. Kaldor: There are some of these I agree with and others I don't. I am not going to obstruct the move on these amendments because I think they do need to be discussed in conference committee.

Chairman Delzer: So noted. This will be a very heavy conference committee.

Voice Vote Carried.

Chairman Delzer: Then we have #5.

Rep. Kaldor: I think we should leave some money in there.

Rep. Berg make the motion we leave \$1 million for the workforce enhancement fund;

Seconded by Rep. Glassheim.

Voice Vote Carried

Rep. Kaldor: I think we should take out the notion to Wade Weston. This is something that clearly represents a private section partnership adding hotel rooms in Medora are going to increase revenue both for the state and for the Medora Foundation. I view it as a nonprofit foundation; they don't make any money. It is our number one tourist attraction. This is one time money and we should get it off the table and get focused on some of these other things.

Motion Made by Rep. Berg to fund the Medora Foundation at \$500,000 without the reference to Wade Weston; seconded by Rep. Meyer.

Discussion:

Chairman Delzer: I will probably support the motion because it does take the memorial out, but I would also support taking the \$500,000 out.

Rep. Kaldor: This project is about a \$12 million project. I do have concerns about this issue. I don't think we got full justification for why our \$500,000 was necessary in this project in our hearing.

Voice vote carried.

Representative Berg: This is one of our biggest economic engines in the state. It generates more revenue for the state; brings more people to the state so it is different than a charity or someone else. I would like to put something together for that tourism infrastructure in the future.

Representative Kempenich: In visiting with the director of the Theodore Roosevelt Foundation; it does a large portion of tourism in the state. You look at what it is going to accomplish in the overall scheme.

Chairman Delzer: I guess I have some concerns about us going down this road and I have made the decision as chairman I don't think it is proper for a chairman to make a motion so I won't do that. For us to even go down this road, I think they are worthwhile projects; I am not sure of the level of commitment; \$12 million project, I don't know if the \$500,000 puts it over the top or not. They have done a great job of raising money already.

Representative Glassheim: I just wanted to associate myself with what Representative Berg was saying because I never know if I am on the same page with him I remember way back when I was in the legislature in 75 and all the university building's were part of Christmas tree bills; it was all pork. If we took all these out and had \$3-\$4 million for tourism infrastructure and let the tourism department or somebody take care of this. I think we should consider this in conference committee or somewhere else.

Chairman Delzer: I certainly think that is something that we talk about it in conference committee. The grand stand bill certainly is the same issue.

Representative Berg: I think we are a little late in the game. I think we can the Grand Stand, Lewis & Clark and put them in a fund, but I just think we would just end up with all the supporters of three opposed to the fund and kill the fund. Where that really came together was when we put a formula together for using a portion of the sales tax for bonding. When we did

that in the mid to late 80s and early 90s then it was like we do with water projects. I guess that is kind of one of my struggles. The Heritage Center is kind of another example. I would like to put some language and money in this bill for tourism infrastructure. There is about \$250,000 for tourism infrastructure. It is primarily the small tourism grants.

Chairman Delzer: One of the problems that we do have is that we are in the position where we need to move this bill out and we can't wait for new language for a long time. I don't think we can wait to get the language the way we want it before that. I am willing to bring the bill to a conference committee.

Representative Berg: We could add \$500,000 for tourism infrastructure grants and put it in the bill and that creates a debate for conference committee. This is one time money.

Motion Made By Rep. Berg that we put \$500,000 in infrastructure grants; Seconded By Rep. Meyer.

Chairman Delzer: Do we have any kind of language? Do you just want \$500,000 in tourism infrastructure grants?

Representative Berg: I would like to see it be a 2-1 match or a 1-1 match.

Representative Kaldor: I would like clarification. If that amendment then removes the \$500,000 that is now dedicated in the bill?

Chairman Delzer: He is talking about adding \$500,000.

Roxanne Woeste, Legislative Council: No questions at this time.

Chairman Delzer: I am going to oppose this simply because I don't feel comfortable without knowing. The additional money to it bothers me. It is like the way it came over from the Senate with all these things that seemed to have been put on at the last minute without a

whole lot of discussion. It may not be a bad idea. The tourist infrastructure is limited to

\$24,000 so if you are going to just add it to the same line item that would still have to be limited the that number.

Representative Berg: I would like to see a match in there.

Chairman Delzer: what is your full amendment, \$500,000 addition to the tourist infrastructure grant or a different line?

Representative Berg: I would leave it there. It would be for projects over \$25,000 and require a one to one match.

Chairman Delzer: one to one or two to one.

Representative Berg: I would prefer a two to one match. Two dollars private section and \$1 public.

Chairman Delzer: It is your motion

Representative Meyer: I would support it.

Representative Berg: We go through these amendments; they totaled a reduction of somewhere between \$30 and \$40 million. Yes we are adding money to a program, but certainly we are reducing this overall money in other areas.

Representative Kaldor: That is exactly it. We are prioritizing. The Senate has enacted some amendments that we might prefer over this one? It creates a challenge. Who is to say the youth grants aren't more productive for the state. I think this is a worthy project, wonderful, but I think it has to meet some other tests other than it has a great return on the investment. There are some other state objectives. None of these things that the Senate added are in the Executive Budget. It makes it difficult.

Representative Kempenich: I think it is called being used.

Representative Glassheim: That is what the conference committee will be doing. We will put them all on the table and we will be prioritizing.

Representative Meyer: Just in response to Representative Kaldor, when you look at tourism and what it brings back to your state. Right now we have an opportune time to start putting some money into these infrastructure grants. I think it is really a good idea. I hope we pass this.

Representative Berg: One final comment, we are spending well over \$50million on these types of things in this budget over the years. My objective is to get more towards a logical uniform process in funding tourism infrastructure. Whether it is the Heritage Society or whatever it is. If it encourages more matching on a lot of these things I think it will free in the general fund.

Chairman Delzer: Voice vote carried for that motion. Since we adopted that I would question whether or not we could add to that language somewhere along the line that would say that we want the tourism department to start setting priorities for grants for infrastructure. I would like this committee to know that if this goes forward that should be one of the issues that we are trying to bring forward to conference committee is to set up some sort of system the same as higher ed uses for setting priorities for around the state.

Representative Berg: maybe we should just add an amendment requiring tourism to put criteria together for large tourism infrastructure grants. Maybe we should do that now.

Chairman Delzer: Roxanne, do you think that would be easy to write?

Roxanne Woeste, Legislative Council: I am not concerned about the volume of the amendment as, at this stage of the game, it is hard to craft language you want right now. I don't know if you want criteria or if you were thinking more of a prioritized listing? Maybe they should be required to give OMB a prioritized list of grants to be funded in the next biennium.

Representative Berg: I really like what you are thinking. We do that with our energy projects right now. Maybe we can keep it real simply and in broad and say we would like tourism to set up criteria for large infrastructure support and leave it at that.

Chairman Delzer: We could have tourism come back to the next legislative assembly with a priority list.

Representative Glassheim: Would this be close?

Chairman Delzer: Part of the problem in the end we don't want tourism; we want it so the legislature knows and has the opportunity to use it and know. Then next session we would look at it. Roxanne, whatever you want to make out of what has been said. Do we want to adopt something without seeing it or do we want to wait and have it written up separate and offer it for the full committee?

Representative Glassheim: I think the more we can put together now; easier it will be in full committee.

Roxanne Woeste, Legislative Council: I can draft the amendment and put it in. If we are just twitting a few sentences that normally can get turned around fast.

Chairman Delzer: Do we want to adopt something; then I think we need a motion to do that.

Motion Made By Rep, Berg to move this amendment to report to section to have tourism create a list of priorities; Seconded by Rep. Meyer.

Voice vote carried.

Chairman Delzer: Committee members 15; we have the question of the \$500,000 from general fund that the Senate added for tourism marketing. The reason I would like to see us include this in the amendment is to have the discussion in conference committee. If we leave it in there. Apparently the bill as it came to us had the \$500,000 in there from the Senate on top of the \$912. I think the total number ends up to be \$4 million annual in marketing?

Representative Berg: I think it does include the 912 the governor put in.

Rep. Berg Moved the amendment to remove the \$100,000; Seconded by Rep. Meyer.

Discussion:

Rep. Kaldor: That is probably fine, the Senate might accept that, but I want to know what went on when this was submitted to executive for the budget. What did we learn after the Executive budget recommendation was made that makes sense out of this? I would resist this amendment.

Chairman Delzer: If the subsequent motion is defeated then the original motion would be back on the table. I agree, I think we should remove it at this time and have our discussion in conference committee.

Rep. Dosh: Then it wouldn't be an issue in conference committee because it would be exactly as the Senate sent it over here.

Chairman Delzer: No the Senate sent it over here at \$500,000; the motion was to remove the \$500,000 which would make it an issue.

Amended voice vote failed.

Original motion made by Rep. Kempenich; Seconded by Rep. Kaldor to amend to remove the \$500,000 for marketing tourism still here.

Voice Vote Carried. Amendment adopted. Roll call vote 5 Yes 3 No. Adopted.

Rep. Kempenich: When we talked about Lewis & Clark I was under the impression we were going to talk about maybe changing that number somewhat. Whether the committee wants to it is up to them.

Motion Made to lower \$250,000 from Lewis & Clark; Seconded by Rep. Thoreson.

Discussion:

Rep. Kempenich: I think it is a worthwhile project.

Rep. Kaldor: Was this also a Senate amendment?

Chairman Delzer: Yes

Roll Call Vote 4 Yes 4 No Failed.

Chairman Delzer: Let's take a look at 406 and 417. I think they work together. These are both amendments that deal with the Centers of Excellence Program. The statement of purposes of 406 provides a \$5 million general fund appropriation to OMB for the funding of the Centers of Excellence for the 911 biennium and the appropriation is available only if the 2011 Legislative Assembly determines the funding is correct and necessary for the last 6 months of the biennium. Section 12 lines out for Section 12 of the amendment the report that we would like to have come back to the next legislative assembly for them to see what level they want.

Whether they want to expend that \$5 million or not. These are a little different report than the

Department of Commerce has had. They are separated from the Department of Commerce to some degree; also from the Universities who are the precipitance of the Centers of Excellence to some degree. The rest of the amendment, look on page 2 of the statement of purposes, it removes the \$20 million that the Senate added for the Centers of Excellence; and it also removes Section 25 that created the Centers of Excellence Fund; removes 26 & 27 that were the continuing appropriations for the Centers of Excellence and adds that section we dealt with the tax study. Then on section 28 it adds there a line that says changes some of the guidelines for the Centers of Excellence and adds a match of which \$1 must be cash from the private sector so adds a cash match and it changes it from matching to non cash matching and gives a different definition of that. Then 417 would also be it is one in four of what is section 28 so they would fit right in there and Rep. Berg, if I am correct what one and four does in 417 is

takes away the authority to use of any of this for infrastructure? Number four adds a line that would say that the private section; if their involved in this would receive four times their cost

back. In 0406 we have section 11 of the bill which allows carry forward of the current biennium when we did the OMB budget we passed over for next biennium authority to expend what has already been approved on the Centers of Excellence, but is expected to be expended next time, but isn't up because of their timing on when need the money or fit the criteria of receiving the money. If they get 6 months behind on their time line; then the money would probably have to go back and they would have to reapply.

Rep. Berg: I like section 12; doing the independent third party study, I think that is good. Section 27; I like all these amendments. I had a question on page 3 when we say become financially self sustaining. In part we weren't ever looking for some entity to be an ongoing center. I think section 11 may do the opposite of what we want. My concern is if we put some tight dates on this, if it is use it or lose it by December of 2009 I think that money would just go to the project. I think they should pull these projects if they don't deliver on the time frame. I think we should allow Commerce to reinvest those dollars in other centers if the ones they have awarded are not delivering.

Chairman Delzer: We had a discussion about this. If we don't do anything at the end of this biennium the \$9 million would have to revert back to the general fund or permanent oil trust fund. If we agree with that we have to do something. Basically we are saying for 3 months the Commerce Department has full authority on that, if one of them comes in 5 months late, the Commerce Department would have to come to budget section and say want to do this even though they are five months late for these reasons.

Representative Dosch: You can deal with that with a special fund like the Senate creates. From my prospective the \$9.7 million that hasn't been expended; that was approved by the last Legislative Assembly be put into Centers of Excellence we are inconsistent with the intent.

Chairman Delzer: The only other option is to special fund with a continuing appropriation which I disagree with. There has to be a timeframe. It is already 6 months late.

Representative Kaldor: It sounds like we are inconsistent with our direction on these Centers of Excellence.

Chairman Delzer: Any money on the end of that is not given to a center under this section from appropriations of the 07 session should be brought forward along with the \$5 millions to the next legislative assembly for re appropriations

Rep. Kempenich: I think the beginning sentence of this saying any funding remaining at the end of 0907 up to the just continue on from there and take out the dates?

Chairman Delzer: If we took the dates out it would just be up for the whole biennium, if they pulled the plug on what they could do another one to fit the criteria. It would give them the option.

Rep. Glassheim: So first I have a chart from the Centers of Excellence report. This is a very successful program and I am not sure why we are squeezing it down. I get about \$28 million spent on Centers of Excellence over 03 to now and I get about \$111 million worth of match. I don't have a problem tightening up how we understand the match or who gives it to whom, that is fine. At least at this point we got a 4 to 1 match. Seconded we have 600 to 700 jobs created and I am not counting the Bismarck Energy Center which claims 720 for 10 years; I am not counting them. I am not counting the NDSU biotech the 45 when the plant opens. The second page there are all kinds of things that have been awarded, but they are not in action yet. Doing a Center of Excellence is not an overnight turn around. I think it takes one to three years from conception to get up and running. So if you are going to choke it off for two years you are going to stop the flow of what is happening. I think you are looking at it completely wrong. What do we have in ND; we got ag, tourism, oil, coal and retail. What Centers of

Excellence is doing over a long period of time is creating another section of high tech that we have not had five years ago.

98037.0406 And 98037.0417

Chairman Delzer explained the amendment.

Representative Berg: I agree with Rep. Glassheim, I can't not agree whether is it part of the international environment or not, but I certainly think in the big picture now is not the time to switch gears on something we feel has a positive impact on our economy. There is part of this I would like to see in the final bill.

Rep. Kempenich: What if we did leave the \$5 million for this biennium that approves because they have gotten \$9.7 million; just take the next biennium out of it even though it is 6 months.

Chairman Delzer: The only reason for that is you are going the study; hopefully you have somebody that wants to do the study or not.

Representative Berg: I would be voting on \$5 million for the Centers of Excellence deciding whether or not they want to spend it?

Chairman Delzer: The other way to do it is to just appropriate the \$15 million.

Representative Kempenich: Most of this; money would be available before anyone would have to vote on it, but I think we are just cluttering it up with that language.

Chairman Delzer: There is \$8 million that is still available because we are still carrying it forward for next time because that is when it is expected to be expended. I don't think they can spend the money if the center has not met the criteria.

Representative Kempenich: We can have it where they are going to have to report to the Budget Section.

Representative Berg: You want some kind of a hook in the study so if they study comes back, and there are problems with it you would want to be able to say no we are not going to fund it.

Chairman Delzer: Right.

Chairman Delzer: What I understand you saying you would like to remove the line 7 after the insert and fund the \$5 million at the start of this biennium. The other way to do it is to say it is available unless the 62 Legislative Assembly determines that it is not. Then you couldn't expend it until after January until they had a chance to look at it. Anything further? My understanding then is on page 4 line 7 after the period remove that piece of language and then on page 4 after line 7 in third Section 11 you would like to remove the language after 5444.1-11 on Section 11. Just above that is the language that makes it to the next Legislative Assembly would have to approve that. Then we would be funding \$5 million at the start of the next biennium. (87.22)

Rep. Kaldor made to move .0406 amendment; Seconded By Rep. Dosh

Discussion:

Chairman Delzer: I guess I disagree with the choking off issues.

Representative Kempenich: What if we did just leave the \$5million for this biennium? I would like to see it out of the political arena.

Chairman Delzer: The only reason for that is I don't know if I support the \$5 to move it forward? Personally I would prefer not to fund it at all.

Representative Kempenich: I think with cutting it back down you would create the urgency of doing that.

Rep. Kaldor: I would be willing to make a subsequent motion to put the Center of Excellence appropriation at \$15 million; if I could continue the amendments that you have developed give me a lot more comfort with the program. I agree we want to avoid to investing in centers for a

pure political basis. This would be a compromise.

Chairman Delzer: I would prefer \$10 to \$15. Seconded by Rep. Berg. We have a substitute motion to the motion to adopt the amendment to change 5 to 10 with the language changes that we had in there.

Voice Vote Carried. Question called: Roll Call 3 Yes 5 Failed.

Chairman Delzer: We have the substitute motion to make it \$15 million that had been made and seconded. Roll call vote: 5 Yes 3 No 0 Absent Adopted.

Chairman Delzer: Now we have 417. Informed them what the section was.

Rep. Meyer: How is that currently handled with royalties?

Chairman Delzer: I do not believe it is addressed.

Representative Berg: The challenge here of course is that the universities want to tie up everything with royalties and I know some people have been turned away because they don't think it has been appropriate. Universities are looking at this as a long term funding source. Putting this language in then if they do pan out whoever has put the private sector money in knowing that they will get a return first four times the original investment puts them at a better negotiating position with the university when they are negotiating royalties. The main thing was to take out infrastructure because it clouds what the focus was as far as bringing something out of the university system that has commercialized value.

Rep. Berg Made a Motion to move amendment .0417; Seconded by Rep. Kempenich

Discussion:

Rep. Kaldor: In the Subsection 1 of the amendment; the second area that is crossed out; one of the concerns I do have about this is that when we do put up a new building, if it does revert back to the institution for whatever reason, then it becomes an obligation of the state. I have liked the provision that states how they are going to fund the operating costs of the facility and I am wondering if you gave that any consideration in this amendment?

Chairman Delzer: There wouldn't be new construction so moving forward we wouldn't worry about that. I am hopeful that the study will bring them out.

Representative Berg: I am just concerned about the unintended consequence.

Chairman Delzer: We could leave the top overstrike in; you would say you can't use the money for infrastructure; but I don't know why you would need to take an overstrike the language below because that is for them that are currently there, but haven't got it yet that would cover them?

Lisa, Legislative Council: to me it reads for an application so this is an application for a center that hasn't been approved yet. I think you want that language overstrike. This would not deal with existing applications that have already been approved.

Rep. Kaldor: I am satisfied with that response.

Representative Glassheim: does this take out any buildings as being possible for funding?

Chairman Delzer: Yes.

Rep. Glassheim: What the private sector wants is to be close to the research capability of the universities.

Representative Kempenich: This should have been brought up 5 or 8 years ago or whenever we started these instead of using the centers money to circumvent that process of building buildings. This was supposed to have been research within the universities but the universities should have been building the buildings.

Rep. Glassheim: these are not just labs for scholars to go and do some research and publish an article. The point is we are asking the university to come out of its shell and get involved with things that will make money using their knowledge and research to get involved in making

money rather than to get involved in just doing research for publication. That is what I think it is.

Roll vote 6 Yes 2 No Motion carries.

Representative Delzer: We have a proposed amendment Rep. Wald asked me to pass this one out and discuss it. It amounts to appropriating stimulus money for up to \$2 million dollars for electrical purchase and installation and electrical generators that consume at least 75% of gas from oil and gas well sites which would be otherwise be flared and wasted. DOT has to approve this for funding of a grant program before making a grant from the appropriation the Department of Commerce has obtain the recommendation of the oil and gas research program administered by the Industrial Commission regarding the applicant's technical accuracy and consistency with the research program.

Rep. Meyer: Does this fall under the federal stimulus funding?

Chairman Delzer: Yes it has and it does.

Rep. Meyer moved the amendment .0414 + match. Seconded By Rep. Kempenich.

Rep. Dosh: Can we put any matching requirement on this?

Chairman Delzer: I am sure we could if we wanted to. I don't know if the department would do that on their own.

Rep. Dosh: I think we should just to leverage the money; otherwise we are going out to a business and buying all the assets for that business and saying go ahead and start out.

Chairman Delzer: If you want to make a substitute motion with the level in there we can see what happens with it.

Rep. Meyer said it would be fine to add it to her motion; Seconded by Rep. Kempenich. We can consider that added as a one to one match.

Representative Dosh: Is there x amount of money coming for these types of projects? It was

indicated it is on a competitive basis for these, is that correct?

Chairman Delzer: Can you give us a printout of what you have proposed to DOE for what you expected to have for stimulus?

Shane Goettle, Commissioner: Yes, it is \$24.5 million that is coming in the state energy program and that is all through Commerce in the stimulus. It is over and above the existing program. Can we spend it on this purpose? The case we have to make to DOE is that this would reduce emissions and therefore this is a good thing we want to do in ND. We have submitted a number of projects that wouldn't total \$24.5 million yet. Now we will have a more comprehensive proposal in the months to come after DOE gives us an idea of what they are looking for.

Chairman Delzer: Can you get that list for us.

Representative Berg: I hope that these funds for energy are plowed into everything the state owns and uses so it lowers the long term cost of our operating. Is there something we want to put forward and I think it can be profitable on its own merit. It is going to take someone that has wells flaring to do that.

Representative Kempenich: This is moving forward and I don't think there will be any state money involved. I think if there is a match it would promote this.

Vote: 7 Yes 1 No Carried.

98037.0413

Representative Kempenich explained an amendment from Representative Uglem.

Rep. Kempenich moved the amendment 98037.0413; Seconded By Rep. Kaldor.

Discussion:

Representative Kaldor: We have a lot of natural disasters that we are going to end up paying a lot of money for. The community of Northwood in this loss was disastrous. I found it odd

○ that this is one that we passed and the Senate killed. I think these needs to get conference committee attention.

Chairman Delzer: Find it had to accept putting this back in on a different bill. I don't think it needs to be put in the Commerce bill.

Vote: 6 Yes 2 No Carried.

Hearing closed.



2009 HOUSE STANDING COMMITTEE MINUTES

Bill No. 2018

House Appropriations Committee
Government Operations Division

Check here for Conference Committee

Hearing Date: 4/3/09

Recorder Job Number: 11729

Committee Clerk Signature



Minutes:

Chairman Delzer opened the discussion on Senate Bill 2018.

Chairman Delzer explained the schedule of events for the afternoon and Monday morning.

Rep. Glasheim has an issue with The Brack. I have an amendment for that; there may be

one other one. Are there any others we are aware of.

98037.0420

Representative Glasheim described the amendment. Just so everyone is aware of the situation at the Grand Forks Air Force Base. We lost about 2600 direct jobs and 2300 indirect jobs there with the loss of the refueling activities. There is a lot of space and buildings on the base that are empty. There is 225,000 warehouse and hanger space which is not being used. 1200 acres of real estate for potential development not being used. 224 dorm rooms which are available for housing and 273 new military family housing units which are available and not being used. There is some \$43 million of money annually that the base has to spend for upkeep. They would really like to have people there and doing it. The BRIG commission is an official thing put together by DOD when they either close bases or sharply reduce them to talk about reuse. It has on membership from the city, county, economic development people and a number of others. They have been working for two years to get economic reuse plans

together. It is affecting the whole area. Opportunities have been identified in maintenance, training, energy sources, advanced data sensor, intelligence and surveillance, manufacturing, cold weather testing. Some of the people have identified \$17-\$22 million that could be possible to move in there. There is nothing planned. We are competition with many other states with opportunities in other states where bases have closed. The amendment I passed out provides these things. It allows Commerce to borrow \$10 million from the Bank of ND upon approval by Commerce of a project and then further approval by the Emergency commission and the budget section. It requires a match of \$1 for every \$3; and the loans would be repaid for the Bank of ND in the next session. The point of all that was to make sure that whatever projects come forward are strongly bedded and not a penny is spent until significant numbers of people have said this is a good project. So it could be that nothing is spent under my plan, but it would only be spent if the local commission approves it.

Commerce approves and emergency commission approves and budget section approves it.

Chairman Delzer: Our \$10 million dollar borrowing authority with a 1 to 3 match.

Representative Glassheim: those numbers would be the best result from my point of view.

Chairman Delzer: We have that amendment and one I handed out that would deal with the same issue. I think we adopted the amendment that removed the \$5 million already. What we have to do if we want to do something is change my amendment; you can see it is a \$1 million borrowing authority and granting approval is by the budget section. After the Department of Commerce and the Tax Department identified direct tax revenue to the state from activities resulting from the proposed grant or it could generate over a 10 year period an amount equal to or greater than the grant amount awarded. Then the department would request funding from the 62 Legislative assemblies to repay any loan pursuant to the provisions. I don't think the knowledge or plans are in place and other things is to try and see if we can draft some

language that would keep it in the forefront or a way to bring that forward without any full appropriations.

Representative Glassheim: some kind of money authority would be good so that is why I wanted four levels of bedding to make sure that when something comes forward it is not just a fly by night.

98037.0424

Representative Berg: In this whole situation there are several steps that need to happen. The first step is what is the facility? What assets do you have there? Identify what businesses could utilize that; what would be your target market. Then there is really an effort to go out and market to that group of businesses out there trying to track them. How do we need to modify the building and what needs to be done at this air force base is what Commerce and EDF

people have been doing across the state in terms of trying to recruit companies to our state. I don't want to charge into this and end up with everyone charged up that they would come and then it never happens. I asked Allen Knutson to draft some amendments that would use our current process that we use for any primary sector business that we are recording and how that might apply to this. I would like to take a look at those.

Chairman Delzer: Do you expect to have those amendments Monday morning?

Representative Berg: Yes.

Chairman Delzer: I think we will stop on Commerce right now; look at that set and decide where we want to proceed on this. Is this Brick or Brack?

Representative Glassheim: Brack was the Base Re alignment and closure; that happened already. We are up to Brick now. I think at some point there needs to be money available.

Not money in advance. The state would not be paying money in advance. We spent the

money on a known gamble which was the purchase of the land. Federal agencies want to locate near this flying mission or to use the thing.

Chairman Delzer: Why would the local entities have to pay local money for federal agencies coming in if it is on a federal base?

Representative Glassheim: It depends, if they want match, then we need to match. If they have money to operate something but don't have money to renovate buildings. I am sure both the city and county will be putting some money in too. Between them there will be \$1 million over two years.

Chairman Delzer: We will wait until Monday morning.

Roxanne Woeste, Legislative Council: Are you going to address the rest of the stimulus dollars? We do need to appropriate those beside the one amendment.

Chairman Delzer: Maybe we can make a separate amendment for that we can roll together after that. The one you are going to put together is everything we have adopted so far.

Hearing closed.

2009 HOUSE STANDING COMMITTEE MINUTES

SB 2018

House Appropriations Committee

Check here for Conference Committee

Hearing Date: April 8, 2009

Recorder Job Number: "Click here to type Digital Recorder Job #"

Committee Clerk Signature

11780
Jeanette Cook

Minutes:

Rep. Berg: (19:28) If the stimulus is not available.

Chm. Svedjan turned the Committee's attention to SB 2018. Amendment .0430

(Attachment A) was distributed.

Rep. Delzer: The Senate added a lot and we removed most of their changes. Rep. Delzer reviewed the Statement of Purpose of Amendment. [Get comments at about 8:00 regarding OMB/Commerce.]

Rep. Wald: Rep. Delzer, on page six Section 28, 'transferring 5% of the income earned'. Do we mean profits there?

Rep. Delzer: Yes, it is meant to be profits.

Rep. Wald: The ag. fuel tax fund, is that a departure from tradition?

Rep. Delzer: That's where the current APUC funding goes into and comes out of.

Rep. Wald: Historically, it goes into the general fund?

Rep. Delzer: Any profits have always come to the general fund. This will be something new.

Rep. Hawken: On the money that was in 2225, (\$3.5 million) what is left?

Rep. Delzer: There is \$1.5 million total or a million and a quarter. The money out of this bill was moved to 2225.

they overestimate the number of pumps that would be switched over to blender pumps? What was the justification for the dollars?

Rep. Delzer: We looked at all the criteria and felt that there won't be a call for more than 200 pumps in the next two years. Two hundred pumps time \$5000 each equals \$1 million.

Rep. Nelson: What is the total conversion cost for a blender pump?

Rep. Delzer: The \$10,000 is the estimated cost of what it would cost the owner of the facility over and above the incentives. When you use federal money there is an issue. The feds say if you put in a blender pump and someone uses a blend that is greater than 10% ethanol in a car that is not flex-fuel, you are in violation of the clean air act. They will prosecute that. That is why we had to put the contingency line back in. They will be worse if you use federal dollars to incent that.

Rep. Nelson: Did the incentive program that was brought to you by the commerce program originally give \$5000 per pump?

Rep. Delzer: Yes.

Rep. Delzer moved amendments .0430.

Rep. Kempenich seconded the amendments.

Rep. Berg: On the blender pumps, we are setting up a biofuel blender pump incentive fund. That is not allowed under the stimulus package. My thought is that we are looking for the stimulus to fund this, and I think it will fund this. We should set it the way we have the others, we t provide a million under the stimulus, and if not available, it will be taken from the general fund. **I move that motion, to use the same language that we have in the others where the money will come from special funds or stimulus and if not available that it would come from the general fund money.** They would have to come to the budget section before they can access that money.

Chr. Svedjan: Your substitute motion is to remove Section 4 and put in its place the language that you just gave?

Rep. Berg moved a substitute motion to remove Section 4 and substitute that with language to give priority to stimulus money and if it's not available to take it from the General Fund.

Rep. Nelson seconded the motion.

Rep. Skarphol: How do you envision that working? They will probably just go and get the general fund money. How do we avoid that?

Rep. Berg: With the other bills they first have to get the stimulus money. If they can't get that money, they have to come to the budget section and make a case why they can't get the federal money. This fits as well as any of the other stimulus money.

Rep. Skarphol: I am questioning the mechanics of this. If the Commerce Department receives the money, aren't they able to put it into some type of "pool" or fund for blender pumps?

Rep. Delzer: Look at 2228, that is about the blender pump incentive fund. If we do this, there will have to be a lot of changes made in that bill. There may have to be some changes made in 2018 as well.

Rep. Berg: If it turns out to General Fund, the incentive fund works. If it is not, the federal funds need to go to Commerce and be directed \$5000 per pump. (23:00)

Rep. Bellew: (23:42) Doesn't Section 5 cover what you are trying to do?

Rep. Berg: Section 5 makes....

Rep. Delzer: Section 5 is the contingent fund. You would have to change Section 4 of this bill and state that it would stay in commerce. Then take out the act to send it to the Blender Pump Incentive Fund. Somewhere, in this bill or 2228, we would have to give authority to Commerce

Department to use that money in place of what would be in the blender pump incentive fund.

Where did you hear that the fund itself is the problem?

Rep. Berg: I heard from Commerce that it's a problem putting funds into a special fund. If we just want to take this up in Conference Committee, we can do that. I don't want them to say we can't use federal funds because they can't put it in a separate fund, so we can't use the general fund money. If our statute is set up that the federal funds have to go into this biofuel pump incentive fund, and that is not authorized, it will cost \$1 million dollars general fund. My thought is that we would give them the authorization to use the federal dollars, the million would go to Commerce, and then we would pay it out \$5000 per blender pump. If that doesn't work, then the general fund will flow through this incentive fund.

Rep. Delzer: We've given them all the authority for the federal money already. If they wanted to not put that into there and could use it, I don't know why they couldn't do that by setting guidelines and use it the way that it is. We have already appropriated it to them. All we would need to do is take Section 4 out. All that is is the transfer to the blender pump incentive fund.

Rep. Berg: I agree, I would like to withdraw my amendment.

Rep. Nelson also agreed to withdrawal.

Rep. Berg moved to amend out Section 4.

Rep. Onstad: (28:00) In Section 5 it talks about budget approval at the end. Should that same language be used in Section 3 when it deals with electrical generators?

Rep. Delzer: At the request of Commerce, is we run that through the oil and gas research program administration to determine if that was the proper way to go. We did not add a Budget Section.

Rep. Onstad: The electrical generators typically need electrical expertise on how it's going to go into your distribution lines. I'm not sure if the Industrial Commission has the background to

deal with that. It isn't as simple as putting a generator on site to take that situation. Typical well site might not use all of that capacity, and the remainder will need to go somewhere. That will take expertise to deal with that. My main question was should the same language be in Section 3?

Rep. Berg: (30:04) I think these are two different things. Section 4 is saying that we are authorizing that \$2 million go to that purpose. With the blenders pumps, we want to say that we want to use federal money, but if we can't we are going to put in general fund dollars. The reason for Budget Section approval is to ensure that every avenue has been sought to use federal funds.

Rep. Onstad: The difference is that in one Section the Budget Section will make a final decision, and in the other the Industrial Commission will make the final decision?

Rep. Nelson seconded the motion.

Rep. Delzer: (31:16) We think there will have to be contracts in place before this will ever be approved. It will have to be backed by the local electrical distribution line. The electrical companies will not let you do this. You've got to make sure that people don't get hit on the background with electricity coming back on them that they don't know is there.

The motion to amend out Section 4 was carried by voice vote and the amendment was adopted.

Chairman Svedjan clarified the action. We have amended the proposed amendments on .0340. Now we have those amendments with Section 4 out.

Rep. Berg: (34:11) There was another item that wasn't placed on here, and it has to do with the scholarships. We are doing internships with companies, and it is very good program. We talked about capping that at \$30,000 per company to help avoid having the same companies accessing this money.

Rep. Berg: I move to further amend the amendments by capping the internship at \$30,000 per company.

Rep. Delzer: I think I could keep it straighter, if we adopted the amendments and then further amendments and then further amended the bill.

Chr. Svedjan: I would agree.

Rep. Berg: I withdraw my motion.

Chr. Svedjan: We have amendments .0430 in front of us with Section 4 out.

Rep. Skarphol: I don't think I can support the amendments with the Centers of Excellence in there.

Rep. Martinson: To avoid problems. I think you should take some of these Sections separately and vote on them.

Chm. Svedjan: Get an idea of which sections are going to request to be amended, and adopt everything else?

Rep. Martinson: I think that you could make a motion to adopt parts of the amendments as you go along.

Chm. Svedjan: The simplest would be to adopt .0430, but you might not get the votes?

Rep. Martinson: You could adopt all the amendments and then if Rep. Skarphol wants to further amend to delete that....

Chr. Svedjan: That is the cleanest way to go.

Rep. Delzer moved amendments .0430 on SB 2018.

Rep. Thoreson seconded the motion.

A voice vote was taken and the motion carried.

The motion is adopted.

Rep. Berg moved to further amend and cap the internships at \$30,000 per company.

Rep. Delzer seconded the motion.

Rep. Berg: To recap that briefly, last biennium we funded that at \$600,000. The proposal was to fund it at \$1.2 million. Our subcommittee reduced it back to \$600,000 and

Rep. Delzer: I do not believe we reduced it. We discussed it, but I don't think that we did decrease it. The Emergency clause in the bill addresses this part of the bill. (39:00)

Rep. Berg: (40:17) I thought we had a motion in the amendments to reduce that. That's all the more reason to reduce it in here. The intent of the scholarship program was to create an incentive for a business to start a scholarship program, not to subsidize it long term. It would kick start it, so these business would learn how to include an intern in their workforce.

Rep. Delzer: (41:03) I agree. We meant to do this in the amendment. When we got the list of them, some of them had 18 or more \$3,000 internships. If this is something that is that good for them, then it should become part of their system. Commerce has capped this at \$3,000 per internship. This would cap it at \$30,000 per company.

Rep. Skarphol: Are we talking about 10 internships per year or per lifetime?

Rep. Berg: It caps it at \$30,000 per company. It could be six months or six years.

Chr. Svedjan: On the verbal motion to further amend providing a \$30,000 cap on internships per company.

A voice vote was taken. It carried and the amendment was adopted.

Rep. Delzer: I offer a further amendment to reduce that line from \$1.2 million to \$900,000.

Rep. Berg seconded the motion.

A voice vote was taken. The motion carried, and the amendment was adopted.

STOPPED

Rep. Delzer: (43:50) Commerce asked for added language on reporting requirements.

Commerce has a problem with some of the dates. They wanted to offer to remove one of the parts of a Section. I wanted to note that it should be discussed in conference committee.

Rep. Berg: I think there was a discussion to remove this. This is language that came over from the Senate. What if we just changed July to November? It creates a point of difference.

Rep. Berg moved that the reporting be changed from July to November on page 10, line 7, in Section 28 (.0400) of the third re-engrossment.

Rep. Delzer seconded the motion.

A voice vote was taken. The motion carried and the amendment was adopted.

Rep. Wald: (46:18) Would you explain again Section 15, the balance in the Permanent Oil Tax Trust Fund?

Rep. Delzer: Of the amendment or the bill?

Rep. Wald: The amendment.

Rep. Berg: I think that's a continuing appropriation for Centers of Excellence. That is \$9.7 million that they've approved centers costing that, but haven't released the money. This allows that continuing carryover to fund those or pull the plug.

Rep. Delzer: In 1015 there is \$8.7 million that deals with what was supposed to go out next biennium for these same centers that are approved but not funded yet. Last biennium we tightened the criteria so that they have to prove that they are working before the money goes out.

Rep. Skarphol: There is \$8 million in OMB and \$9.7 million here that has not been appropriated in the '07 session that has not been expended at this time. Is that correct?

Rep. Delzer: That's correct. That comes from the \$15 million that we appropriated plus the \$5 million of borrowing authority that they have.

Rep. Martinson: (48:24) Turn to the second page 5 in the Statement of Purpose, #18, \$5,000 in for infrastructure. Providing marketing money is very important to the smaller tourism attractions. We have done a lot for the larger attractions in the state.

Rep. Martinson moved to further amend and have \$500,000 from the general fund to go for tourism marketing grants. They would be matched on a one-to-one basis. That gives the tourism department more flexibility to provide advice, counsel, and marketing money for more attractions around the state.

Rep. Hawken seconded the motion.

Chr. Svedjan restated the amendment: The \$500,000 referenced in the footnote #18 be less restrictive and be used for tourism marketing grants rather than limited for infrastructure grants.

Rep. Martinson: That money will go to the Tourism Division.

Rep. Delzer: Are you willing to leave the language about the priority setting for tourism infrastructure in the future?

Rep. Martinson: Yes.

Rep. Berg: (50:24) Fourteen and eighteen are two separate items. In fourteen we removed \$500,000 over and above the executive budget for tourism marketing. In eighteen that whole program has nothing to do with marketing. Its focus is for infrastructure. Currently there is \$250,000 for smaller tourism infrastructure. The committee's objective was to use that \$500,000 as seed money for Tourism to put together a priority on tourism infrastructure. So, rather than as a legislature, whoever's got the most, gets something funded, we end up with a comprehensive long term, big picture plan in tourism. If the legislature is going to appropriate \$1 or \$2 million for tourism infrastructure, it would be leveraged and tied in with the other things we are trying to drive and create. Our committee discussion was about each project being different. The hope is to get programs that leverage what we are doing in tourism. Also

that we have private sector matches, so future legislative assemblies can ask if this is a project that went through tourism, like we did with DOT. I think the attempt in what we are trying to do is important in eighteen. So I would resist this motion, but I think that it might be more important to make the motion on item fourteen which is totally related to marketing.

Chm. Svedjan: Doesn't footnote 14 give the latitude that's been requested in this motion?

Rep. Martinson: (52:59) Number fourteen takes it out of the marketing and puts it in the infrastructure. The motion does not put it in the marketing of the general Tourism budget. It puts it into marketing grants for individual tourism attractions to help them with to help draw tourists to their attractions.

Rep. Berg: (53:23) The discussion was not to take it out of marketing and put it in here. There were two separate discussions and two separate thoughts. So, the fact that they are the same dollar amount is may make it look that way, but it wasn't. If the motion is to eliminate the large tourism infrastructure grants by removing the \$500,000 and give it marketing,

Chm. Svedjan: To the tourism department on a dollar for dollar basis.

Rep. Skarphol: (54:13) I think I understand what Rep. Martinson is wanting to do, but I need examples of what Rep. Berg is talking about.

Rep. Berg: (54:35) Use the State Fair for example. If it needs an enhancement, that is a priority in the scheme of things. They would look at a match of one-to-one or something like that. It would go through a vetting before it came to the legislature. Looking at any one of the project that we have funded, having a consistency to see if this is something that enhances tourism long term, is it infrastructure that is going to be of value long term, and is there a local private match. It is really trying to bring consistency and connecting to our overall tourism plan if we spending money on infrastructure.

A voice vote was taken.

A division was requested.

A roll call vote was taken. Aye 12 Nay 11 Absent 2

The motion carried.

Rep. Skarphol: I have reservations about the amount of money being put in Centers of Excellence. (57:00) Section 16 of the amendments is important, before we invest more money than we originally committed to. We originally committed to \$50 million. Rep. Delzer said we are at \$44 million as what we will have spent if the money that is being carried forward from this current biennium is all expended. For that reason I move that we reduce the funding for Centers of Excellence for the '09/'11 biennium from \$15 million to \$6 million dollars.

Rep. Skarphol moved to reduce funding for Centers of Excellence from \$15 million to \$6 million.

Rep. Delzer seconded the motion.

Rep. Delzer: When this amendment originally came to the subcommittee at \$5 million there was some tightening on the \$9.7 million. We have appropriated \$40 million and when you add the first centers that were done that's \$4 million also. Reducing it to \$6 million would put it at the \$50 million. Section 16 puts in some parameters for some reporting requirement that are not done by the people that are directly benefitting from the Centers of Excellence. I don't mean to make it sound mean, but some of us would like to have a third party look at this. There was a lot of discussion. I will support the \$6 million. There is \$17 million out there. If some of these centers don't meet their expectations, that money will also become available. If they felt there were Centers that were ready to go, that money could be appropriated by the '11 legislature. That would be after that reporting.

Chm. Svedjan: The \$44 million does include those projects that have not been started?

Rep. Delzer: They have all been authorized, but I don't know if they have all been started.

Rep. Skarphol: I'm not opposed to the centers of Excellence concept. This model should give us a better understanding of what has been successful and which models hold the best likelihood for success, and where we should not go if we continue to fund them. I'm not willing to support putting more money in until we get the report back.

Rep. Berg: I'm opposed to this motion. I've never agreed that our number is \$50 million. The Centers of Excellence go back to 2003 and came before this committee as \$5 million for Higher Ed for teaching, outreach, and research. We took that and wanted to get the research out of the University and get it into the private sector where it would create jobs. (1:01:36) In the last 6 or 8 years, we have been struggling to reach our stride. I agree on having a third party come in and look at it. Originally we were using COE dollars for workforce training, building, and bringing this knowledge into commercialization. Last session we took out the workforce out and set up the workforce grant for the two year schools, which is in this budget. These amendments take the construction out, which gets it back to the core focus. We are going to have an independent look at it. We're one of the only economies booming in the country, and I think it's because of our approach to try to build business and get Higher Ed to be a partner in this growth. There's a \$20 million in the executive budget. If we drop that down to \$6 million, I think we are sending the wrong signal. I would like to commend Commerce. They are not spending the money unless they are sure a project is working. We are taking it from \$20 million to \$15 million, a five million savings. I would like the Conference Committee to not focus on the dollars, but to think about what will make this program really work to grow our economy and bring this knowledge out of the universities to the private sector.

Rep. Glassheim: (1:03:48) I think it's a mistake to reduce the money. This is one of the most successful programs that we have going. The match has been greater \$100 million, a 4-to-one

match. Six to seven hundred jobs have been created. Centers Of Excellence is creating a new industry sector in North Dakota to balance coal, oil, agriculture and tourism. This is a high-tech knowledge application sector. Ten years ago it only existed in NC and CA. We now have it and are building it. Each of these things takes two or three years to come to fruition. It's been successful and doing what we want it to do. It is creating jobs and creating a new sector. It would be short-sighted to fool around with the amount of money. More requirements, reporting, and more care are fine. But why are we cutting off our nose to spite our face when we have a successful program?

Rep. Klein: Centers of Excellence has been one of our outstanding success stories. I don't think now is the time to cut back on the money.

Rep. Skarphol: I'm not opposed to Centers of Excellence. If we have invested \$27 million in 700 jobs, that is \$38,000 per job. I don't think there would be anything wrong with evaluating which one of those entities is give us the best return on investment. I was convinced that when we originally funded the Life Science Center in Grand Forks that it would be a failure. I think today it's one of the best prospects out there for success. I think what's going to come out of this study would be invaluable. I don't see what the rush is to get rid of more money.

A roll call vote was taken after a voice vote.

Aye 11 Nay 13 Absent 1

The motion failed.

Rep. Delzer: (1:08:35) In the first half we pulled the money out of OMB because the language for the Centers of Excellence is in Commerce. With that, **I make a motion to move the money in this amendment from OMB to Commerce for the Centers of Excellence.**

Rep Berg seconded the motion.

A voice vote was taken.

The motion carried and the motion was adopted.

Rep. Delzer: On page 5 the language part of the amendment under Subsection 4, Section 25, it says that if there is an agreement for the private/public sharing of royalties, the private entity must receive four times the private sector's initial investment, and thereafter the agreement is such as it is. I just wanted to point that out, so everyone was aware of it.

Rep. Skarphol distributed amendment .0419 (Attachment B).

Rep. Skarphol: (1:11:00) We have had numerous discussions about tax exempt property.

Amendment .0409 will appropriate \$11,500 to the Department of Commerce compiling information with regard to the value of tax exempt property by school district based on some criteria that the tax commissioner's office brought forward to give a us a relative idea. It is an estimation based on insured value. Even in the case of the state, we are underinsured as to the true and full value of the buildings that the state has. But, it would be a measure of what the property tax exempt property is in all of the school districts for the purposes of getting some idea of what it amounts to statewide.

Rep. Skarphol: I move amendment .0419.

Rep. Kempenich seconded the motion.

Rep. Wald: This would be kind of an inventory of churches, hospitals, and all those that are exempt from property taxes. Is that correct?

Rep. Skarphol: Yes. (1:12:51) Hospitals, the capitol, and churches are insured, so we would know the value. It would also quantify the amount of revenue producing property versus non-revenue producing. A church is not a revenue producing entity for purposes of this study.

Rep. Wald: A hospital would be a revenue producing entity?

Rep. Skarphol: Yes, they employ a lot of people with high salaries.

Rep. Wald: If Commerce is going to do this inventory, I don't know if they can do this for \$11,000.

Rep. Skarphol: I talked with the Commerce department and they would hire a couple of internships for the summer to compile the information. The information is readily available.

Rep. Berg: Why wouldn't we have the tax department to do this?

Rep. Skarphol: If you would ask the Tax Department to do this, they would want it to do a very accurate assessment, and it would cost a lot of money. It was not the intent to spend a tremendous amount of money to get preliminary information. It was their suggestion that it be done in Commerce.

Rep. Kaldor: (1:15:10) What will the analysis be used for?

Rep. Skarphol: There's always a lot of conversation about how much tax exempt property there is in Bismarck. Bismarck is quantified as a poor school district. I'm not sure what it will show. It may show that each school district has relatively the same amount of tax exempt property. If it is very revealing about the discrepancies that are inherent in the formula because of the non-utilization of that property as to whether a school district is very rich or very poor, then maybe we need to look at it. Without a compilation of this information we can't make that decision.

Rep. Kaldor: I have concern about the determination of whether an entity is revenue generating. Even a church can be revenue generating. They are putting money back into the community in salaries, wages, and contributions. Have you thought about this in terms of the mechanics? They are going to have to contact every organization to get a list of all the properties a school has in the community? They are going to have to contact every nonprofit organization. Is there a way to expedite some of that?

Rep. Skarphol: I agree with you. I would anticipate that when they do this they would categorize this into the different facilities – churches, federal land, government buildings, etc. . There's discretion on the part of the Department of Commerce, and they will have to consult with the Tax Department on the most meaningful information that they could bring forward.

Rep. Klein: (1:17:) I'm assuming you would use the insured value?

Rep. Skarphol: That's correct, but in the case of land, since there is no insurance, you would use soil surveys and do some calculations.

Rep. Dosch: (1:18:22) It could be an eye opener on assessing what the insured value would be. Northwood found that they were greatly underinsured and as a result, we are picking up the tab on that. There could be other benefits that result from this.

Rep. Wald: The state Fire and Tornado Fund would probably have most this information on public properties in North Dakota. But, I don't know if we want to tell a town what their city hall is worth. It is a moving target, and I don't know if we want to go there.

Rep. Berg: I like this amendment. This is all public record, and it would give us an overview. One of the tools in economic development is to property tax forgiveness. That is a good debate not a negative one. Are we sure there is nothing in here that would allow the Commerce Commissioner to suspend a revenue producing business if they don't pay property tax?

Chr. Svedjan took a voice vote on amendment .0419.

The motion carried, and the amendment was adopted.

Rep. Hawken: (1:21:00) Could you give us some background on the removal of the \$5 million for the Great Plains Energy that we voted on on the floor and the \$5 million for Grand Forks base realignment? Also, what is the difference between this bill and the Senate bill?

Rep. Delzer: I was going to review that when we had a motion on the bill. The \$5 million on the Applied Research Center in Bismarck is in 1350. The brick which follow the brack.... We had lengthy discussions about that. It will be an issue in Conference committee. It came in when the \$5 million went to the ED& F (?) group in Grand Forks. I don't think there was support for that the way it was. There were some amendments that were shared that would have reduced it to \$1 million dollars and made it contingent on having actual tax revenue come back to the state that would cover that million dollars in the future. The amendment that we did adopt said let's put a plan in place and see what we have that is available currently.

Rep. Glassheim: (1:22:52) Secretary Gates just announced the defense budget. The funding for the predator (?) has been increased by two thirds. That is good news for Grand Forks Air Force Base that should get more things. We are looking at people who would be involved in maintenance on the unmanned vehicles as well as to companies that would collect the information from them. There's an interest in a data center. Just so the Committee is aware, I'm hopeful in conference committee some financial support will be put back in with proper safeguards. So, if potential good job proposals come through, there would be state assistance to lure companies in.

Rep. Thoreson distributed amendment .0436.

Rep. Thoreson:

Rep. Thoreson: (1:25:43) Amendment .0436 is similar to HB 1377 which was a searchable database. The Senate hog-housed the bill and turned it into a study resolution. I checked with legislative council, and there may be the opportunity to use federal stimulus funds for this. I feel that with the amount of money that we are looking at in this bill alone, that it is important that we have a way of tracking this and seeing where the funds are going. I have looked at Recovery.gov for the stimulus dollars, and they say that it is our money, and we have a right to

know where it is going and how it is being spent. I feel that it would be important to add this language which is the same as it was in 1377. It appropriates \$400,000 to get this data base up and running.

Rep. Thoreson moved amendment .0436.

Rep. Skarphol seconded the motion.

Rep. Nelson: (1:27:08) Didn't Pam Sharp come in to the committee and say that OMB was going to create this Website within their budget? If I remember correctly, that was supposed to be up and running sometime in the very near future.

Rep. Thoreson: OMB may be continuing with that effort. I have not seen any final product or updates. I still feel this is important to place this language in, so we have a direction as to what we would like to see with this. We can discuss it in conference. If the Senate chooses to not do it, we would need to know their reasons. With the money that we are talking about, people have the right to know.

Rep. Meyer: (1:28:29) If this is not covered under stimulus dollars, there is no general fund appropriation, is that correct?

Rep. Thoreson: That's correct

Rep. Glassheim: (1:28:59) Every two weeks in Grand Forks we get a report that is 20 pages long in Grand Forks only. We would get 5000 pages in a year for cities alone. It's hard to be against giving information out, but the immense amount of information that is meaningless to probably 95% of the people seems to be overwhelming.

Rep. Kaldor: I hesitate to differ with my good friend on my right (Rep. Glassheim). I did support this in the first half of the legislative process. The federal government is taking steps on the same basis to provide transparency on where the funds are going. It is a massive amount of material and information, but whether or not the people want to see the information,

there are citizens that do have a right to this information. I think because of electronic media and age that we are in, the capacity to do this is far different. It is electronically available, and so I would support it.

Rep. Hawken: I am not in disagreement with the concept. I am, however, questioning what we want. Having every single check listed, means someone put it in there. You are talking about a tremendous amount of data input time. I'm not sure a study is a bad idea or tagging onto what OMB is doing with other things that we think are really important. We don't always use all the stuff we get. I think we could put a person in place to do this for \$400,00 and answer all the inquiries by voice. I like the idea of being transparent, but I think that this might be too much. I'm not sure this will be used for the amount of work it will take.

Rep. Wald: Under what category in the Stimulus Money would this qualify?

Rep. Thoreson: Federal Fiscal Stabilization, Other Government Services, there is a fund that can be used for a variety of things.

Mr. Knudson: This would come from the Discretionary Funds, the \$19 million pool that is for any government service.

Rep. Wald: Aren't we appropriating the building in Grand Forks and Swain Hall out of that money?

Chm. Svedjan: There remains about \$3 million that has not been obligated.

Rep. Thoreson: This is all digital. It is not in a paper copy. People can find it. Capacity is growing greatly over the years. It's not an issue of storage anymore. It's important to have the information for those that want it. These checks are already being input, so it just has to be compiled to one spot. It's not creating more work.

A voice vote was taken on amendment .0436.

The motion carried, and the amendment was adopted.

Rep. Delzer moved a Do Pass as amended on SB 2018.

Rep. Thoreson seconded the motion.

Rep. Delzer reviewed the bill. (1:36:14)

A roll call vote was taken. Aye 22 Nay 2 Absent 1

The Do Pass as Amended motion passed on SB 2018.

Representative Delzer will carry the bill.

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2018

House Appropriations Committee
Government Operations Division

Check here for Conference Committee

Hearing Date: ~~4/6/09~~ 4-17-09

Recorder Job Number: 11758

Committee Clerk Signature

Tanya Voegelé

Minutes:

Chairman Delzer opened the discussion on 2018.

Representative Berg presented and explained 98037.0425.

Chairman Delzer: Committee members I guess my take on this is that this keeps the issue. It does say that they need to come forward with a plan of how they would use all of the things. They would have to come before the next legislature for extra financing if they want it. It does have a situation where we can talk about it in the conference committee. See if there is any different information. I know they are working on information as we speak but I also understand that this is kind of unknown as to what may be available or possible or things that could happen. I understand that there is some timing problems with the possibility of this but I think for conference committee I guess I am going to go ahead and support 0425. If that isn't adopted then I would support the next one.

Representative Glassheim: I don't know that I have yours before me but it seems to me to put some money in there in some fashion would be much better. This would simply put off the possibility for anything happening for more than two years, There have been plans and

meetings for two years already. They have talked to a company that is involved with doing maintenance work on the unmanned vehicles that is interested. There are have been conversations with large companies that would produce decent jobs. I don't know that they really need a plan. It is a question of getting there is a data system that has its primary in Riverside California. It needs a secondary. There have already been discussions with companies that would produce fairly decent jobs. Nothing is certainly signed and sealed but the need is not for planning, the need is for money to help the companies who are interested come in during the next two years. I would hope that we can defeat this amendment and then take a look at yours which at least has something during the interim.

Representative Berg: This is not planning per say in planning. This is really developing a marketing plan to zero in on those businesses to bring them here. I think that is what has to happen when you have a vacant building or facility. Now if that company from California or whoever needs dollars to retrofit the building or to help them get here. That is kind of the role of the development fund to provide grants or financing for remodeling. I don't think we need to create a different vehicle for this. Again like I said before I think this is absolutely critical to have a focus marketing plan so you get those companies here that will be successful and have a competitive advantage being located on the Air Force Base. This doesn't address the money if there is additional money that should go there beyond our effort toward any other business that would come to North Dakota. Maybe I am looking at this issue two different ways. One way would be do we give the Air Force Base a bunch of money or do we give that money to the business that is going to relocate here to help them relocate here. Like we just talked about with the daycares if that goes directly through to the operator, I think we have an infrastructure in place that does quite frankly provide the incentives to the business.

Representative Glassheim: Marketing is already being done; it is a question of getting the fish to bite. I don't know that we need a marketing plan. The companies are not going to put their own money into remodeling because they can't own the buildings on the base. They can get five year leases. Some of the fit up stuff is going to have to be done. I know that the development fund can make grants but they have been reluctant to do so. They are not going to take an equity position in something that they can't own either. There is going to be need for some additional monies but to me the right way to go about it is to have proper bedding so that people are comfortable with what is being proposed when it is being proposed.

Chairman Delzer: Have they had any discussions with the Bank of North Dakota to see what is available? Have they gone to them with the idea of just borrowing the money through them without the state being behind it?

Representative Glassheim: I don't believe so. I don't know who would be the borrower and who would be paying it back. I think the idea is that some of this has to be expenditures of money rather than a normal loan process. Because of the peculiarities of not being able to own what you put the money into, banks are not going to want to take a position. They can't collect from the Air Base.

Representative Dosch: It is kind of like we have the cart before the horse here. We don't know the who, the when and the what. We don't know if \$1million would be enough or \$5million or \$10million. What are the needs going to be? We don't know and that's why I think the approach of this amendment is the way to go. Let's get it out there we have these processes in place if they are able to get a company with interest they can go through the development fund, they can go through Commerce and see what is available out there and what the exact needs are going to be. Maybe they can handle it through existing programs.

Maybe they can't but when we don't know who, what or when it is pretty hard to through money out there.

Representative Glassheim: That is exactly why the money should not be approved now just made available and only approved once either Commerce or the Budget Section or both know who and why. Before the money is expended of course it should be bedded and it should be clearly important. It may be that it won't be expended at all. If none of the things that are being pursued come through then there is no expenditure of money but the money has to be on the table or else things won't come through. It is a chicken and egg situation. That is why I tried to set up something with whatever is made available and it is likely to be in the \$2-5million range needed. It wouldn't be spent unless we are approved and at that point you have the specific details in front of you. It has to be made available or else nobody will come in to do it.

A motion was made by Representative Berg seconded by Representative Kempenich to adopt amendment 98037.0425 to Senate Bill 2018. Motion carried by voice vote.

Representative Berg: I do want to say that there is money that is going to be available. There is the development fund and there is the Bank of North Dakota. I guess part of the benefit of working through those existing systems is that it kind of bedded many of the things that we are concerned about and I think that if you were going to add money to this I would like to see it added to those entities on behalf of this so it kind goes through the same test as other types of investments.

Chairman Delzer: I am sure this will be a discussion point in conference committee as well.

Representative Glassheim: If Representative Berg wanted to add \$2million to the development fund which would be available for grants for such a purpose if they thought it was

practical and viable that would be super. That would be fine. I am not sure I care how it is done it is just that I think the development fund would have without some sort of legislative ok I think the development fund would be queasy about granting money even though they are permitted to unless we said if they bedded it and thought it was alright if the money was available that would be alright.

Chairman Delzer: If they decided that was there and they thought they could convince the next legislature to put that money back in or part of it back in to the development fund they could do it.

Representative Berg: I am just saying that the only criteria that they really have is that it needs to be a primary sector business and that is kind of what we have been talking about. Those dollars wouldn't be available if you are going to put a convenience store or something retail in nature. Maybe we should continue to have this discussion a little bit. I am open to that but I think we should act on this.

Chairman Delzer: We need to kick the bill out. We really do. We have .0428 which is the stimulus money. We need to add to the bill I guess. Shane you are sitting here, there is nothing in this that we need to change any of our existing language for permanent change that is going to come back and have to be funded in the future at a level different than what we are doing.

Shane Goettle, Commissioner: The majority of the stimulus money that is coming into the department is just enhancing the programs that we already have. Those programs already exist for the most part except for; it is just shy of \$10million for the EECB grants. That is a new program that we have to stand up. We have not had that program before. All other cases we have the programs it is a matter of running the money through them.

Chairman Delzer: Does that program go away when the money is gone?

Shane Goettle, Commissioner: Unless Congress refunds it yes.

Chairman Delzer: None of these even though some of them you are making a difference in the level of raising the eligibility level. The eligibility level will go back to what our current laws say or rules say when the money is gone.

Shane Goettle, Commissioner: You are talking about the weatherization program?

Chairman Delzer: Right.

Shane Goettle, Commissioner: The weatherization program for the stimulus money goes up to 200% of poverty levels. It is currently at 150%.

Chairman Delzer: They set that?

Shane Goettle, Commissioner: Yes.

Chairman Delzer: This is all federal money that this flows through.

Shane Goettle, Commissioner: It is all federal.

Chairman Delzer: No match required?

Shane Goettle, Commissioner: No.

Chairman Delzer: Does someone care to move 0428?

Representative Berg: So moved.

Chairman Delzer: Is there a second?

Vice Chairman Thoreson: Second.

Chairman Delzer: We have a motion and a second for adoption of 0428 along with the rest of the amendments that we have adopted. Is there any discussion?

Representative Kaldor: I am curious about the weatherization and assistance program, whether or not state agencies or entities in state government will be eligible to apply for those grants just like private citizens or how that plays out.

Shane Goettle, Commissioner: The weatherization program is for low income individuals exclusively. Government projects can apply under the state energy program. That is the other money that you are dealing with in there.

A motion was made by Representative Berg, seconded by Vice Chairman Thoreson to adopt amendment 98037.0428 to Senate Bill 2018. Motion carried by voice vote.

Chairman Delzer: We have two left that we need to deal with. Committee members, it seemed to me that Senator Krebsbach offered one at one time. I personally don't think we should put it on but she did offer it. That was the relocation money. She wanted a \$1million for relocation money for people who bring out of state people in. We had discussion on it. It is in the testimony. It is 0401. Representative Berg, it seemed to me that you had one that you wanted to try for APUC?

Representative Berg presented and explained 98037.0411.

Chairman Delzer: Why do you want this to go to the Ag Fuel Tax Fund compared to going directly to APUC?

Representative Berg: It is supposed to go to the Ag Fuel Tax Fund then would be divvied up the way that is divvied up.

Chairman Delzer: Isn't that divided three or four different ways?

Roxanne Woeste, Legislative Council: I believe we had looked that up before and that money is provided to Commerce for APUC. The money in that fund is appropriated to Commerce for APUC.

Chairman Delzer: Just in this particular fund?

Roxanne Woeste, Legislative Council: Correct. I think the divvy up that you are talking about happens before the money goes into this fund. As far as I know the money in this fund is strictly for Commerce for APUC.

Chairman Delzer: This has no bearing on what their capitalization rate is if they show what they consider profit and if the capitalization is real low it would still go to this fund correct?

Representative Berg: Yes if they have a profit, 5% of it would go. This is not going to have a General Fund impact because we are not receiving any money from the mill over the next two years. Only if the mill is profitable would something come.

Chairman Delzer: With what we did with 2014 there is a possibility of receiving money from the mill in the next two years.

A motion was made by Representative Berg, seconded by Representative Dosch to adopt amendment 98037.0411 to Senate Bill 2018. Motion carried by voice vote.

Representative Berg: Did we have any language for the blender pumps saying that it would come from the special funds but if they came to Budget Section it would come from General Funds?

Chairman Delzer: No, at this time I do not believe we have any contingency language on that. I am not sure that we want any at this time. I suppose we could. I don't believe we have got any in there.

Representative Berg: My thought is this is as kind of maybe even more iffy than other language in. I would move that we add that contingency language to the blender pumps

whereby if they couldn't get federal money that it then would come to Budget Section for approval for General Fund for the \$1million.

Chairman Delzer: We have the motion is there a second?

Representative Meyer: Second.

Chairman Delzer: Discussion?

A motion was made by Representative Berg seconded by Representative Meyer to adopt an amendment with contingency language stating that if the Department of Commerce could not get federal funding for the blender pumps then they could come to Budget Section for General Fund approval to Senate Bill 2018. Motion carried on a voice vote.

Chairman Delzer: Is there anything else? If not I would guess that everything has been adopted. We have adopted all of these even though we have not adopted this rollover we had motions on ever part of this.

Roxanne Woeste, Legislative Council: That is correct.

Chairman Delzer: We have the amended bill before us. What are your wishes?

Representative Berg: I move Do Pass, As Amended to Senate Bill 2018.

Vice Chairman Thoreson: Second.

Chairman Delzer: Committee members I think there is something in here for all of us to like and all of us to dislike in this set of amendments. I am going to support the bill coming out of committee because I think it is my duty as chairman and this is our biggest budget to carry it. I

will state up front that there is number of things that I am very uncomfortable with. I don't know

how I will vote on the final bill when it comes out of conference committee. I will just state that for the record.

A motion was made by Representative Berg, seconded by Vice Chairman Thoreson for a Do Pass, As Amended recommendation to the House Appropriations Full Committee. Motion carried by a vote of 8-0-0. Chairman Delzer will carry the bill.

Chairman Delzer closed the discussion on Senate Bill 2018.

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2018

Page 1, line 5, replace "a" with "two" and replace the second "section" with "sections"

Page 1, line 6, replace "to and" with a comma

Page 1, line 7, after "council" insert ", and an out-of-state talent attraction and relocation assistance program"

Page 1, line 20, replace "719,584" with "1,719,584" and replace "15,028,272" with "16,028,272"

Page 2, line 4, replace "35,272,419" with "36,272,419" and replace "114,512,900" with "115,512,900"

Page 2, line 6, replace "22,322,074" with "23,322,074" and replace "45,804,039" with "46,804,039"

Page 9, line 26, replace "A" with "Two", replace "section" with "sections", and replace "is" with "are"

Page 10, after line 11, insert:

"Division of workforce development - Out-of-state talent attraction and relocation assistance. The division of workforce development shall administer a program to increase the number of out-of-state workers seeking employment in North Dakota by providing matching funds to North Dakota businesses to conduct out-of-state recruitment efforts and to provide relocation assistance to out-of-state jobseekers, which may include reimbursement of job interview expenses, moving expenses, security deposits, rent assistance, and housing deposit."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT - LC 98037.0401 FN 1

A copy of the statement of purpose of amendment is attached.

STATEMENT OF PURPOSE OF AMENDMENT:

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

	Executive Budget	Senate Version	House Changes	House Version
Salaries and wages	\$10,185,967	\$10,185,967		\$10,185,967
Operating expenses	14,428,272	15,028,272	1,000,000	16,028,272
Capital assets	25,000	25,000		25,000
Grants	53,886,058	81,436,058		81,436,058
Discretionary funds	928,083	928,083		928,083
Economic development initiatives	186,846	186,846		186,846
Agricultural products utilization	2,536,630	2,536,630		2,536,630
North Dakota Trade Office	2,000,000	2,164,000		2,164,000
Partner programs	2,022,044	2,022,044		2,022,044
Transfer - Workforce enhancement fund	2,000,000	2,000,000		2,000,000
Transfer - Centers of excellence fund		20,000,000		20,000,000
Contingent borrowing authority		500,000		500,000
Total all funds	\$88,198,900	\$137,012,900	\$1,000,000	\$138,012,900
Less estimated income	53,708,861	69,208,861	0	69,208,861
General fund	\$34,490,039	\$67,804,039	\$1,000,000	\$68,804,039
FTE	68.00	68.00	0.00	68.00

Department No. 601 - Department of Commerce - Detail of House Changes

	Provides Funding for a Worker Recruitment Program¹	Total House Changes
Salaries and wages		
Operating expenses	1,000,000	1,000,000
Capital assets		
Grants		
Discretionary funds		
Economic development initiatives		
Agricultural products utilization		
North Dakota Trade Office		
Partner programs		
Transfer - Workforce enhancement fund		
Transfer - Centers of excellence fund		
Contingent borrowing authority		
Total all funds	\$1,000,000	\$1,000,000
Less estimated income	0	0
General fund	\$1,000,000	\$1,000,000
FTE	0.00	0.00

¹ This amendment provides funding of \$1 million from the general fund for an out-of-state talent recruitment and relocation matching funds program.

4/17/09

Date: 4/16/09
Roll Call Vote #: 5

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2018

House House Appropriations- Government Operations Committee

Check here for Conference Committee

Legislative Council Amendment Number 98037.04

Action Taken Do Pass, As Amended

Voice Vote

Roll Call Vote

Motion Made By Representative Berg: Seconded By Vice Chairman Thoreson:

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer	X		Representative Glassheim	X	
Vice Chairman Thoreson	X		Representative Meyer	X	
Representative Kempenich	X		Representative Kaldor	X	
Representative Berg	X				
Representative Dosch	X				

Total (Yes) 8 No 0

Absent 0

Floor Assignment Chairman Delzer:

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

April 6, 2009

Attachment A
4/8/09

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2018

- Page 1, line 2, after the first semicolon insert "to provide an appropriation to the office of management and budget; to provide an appropriation to the department of emergency services; to provide a contingent appropriation;"; remove "to provide for an audit;"; and remove "to authorize"
- Page 1, remove line 3
- Page 1, line 4, remove "continuing appropriation;";
- Page 1, line 5, replace "15-69" with "54-18"
- Page 1, line 6, replace "a centers of excellence fund to" with "an annual transfer from the state mill and elevator association"
- Page 1, line 8, after "reenact" insert "subsections 1 and 4 of section 15-69-02," replace "2" with "3", and after the second "and" insert "subsections 1 and 3 of"
- Page 1, line 19, replace "1,359,088" with "1,182,461" and replace "10,185,967" with "10,009,340"
- Page 1, line 20, replace "719,584" with "119,584" and replace "15,028,272" with "14,428,272"
- Page 1, line 22, replace "32,661,310" with "18,111,310" and replace "81,436,058" with "66,886,058"
- Page 2, line 2, replace "664,000" with "500,000" and replace "2,164,000" with "2,000,000"
- Page 2, line 4, replace "35,272,419" with "19,781,792" and replace "114,512,900" with "99,022,273"
- Page 2, line 5, replace "12,950,345" with "13,907,954" and replace "68,708,861" with "69,666,470"
- Page 2, line 6, replace "22,322,074" with "5,873,838" and replace "45,804,039" with "29,355,803"
- Page 2, after line 7, insert:

"SECTION 2. APPROPRIATION - FEDERAL FISCAL STIMULUS FUNDS - ADDITIONAL FUNDING APPROVAL. The funds provided in this section, or so much of the funds as may be necessary, are appropriated from federal funds made available to the state under the federal American Recovery and Reinvestment Act of 2009, not otherwise appropriated, to the department of commerce, for the period beginning with the effective date of this Act and ending June 30, 2011, as follows:

Community development block grant program	\$1,300,000
Community services block grant	4,853,305
State energy program	24,585,000
Energy efficiency and conservation block grants	10,000,000

Weatherization assistance program	25,266,330
Emergency shelter grants	2,590,000
Total federal funds	\$68,594,635

The department of commerce may seek emergency commission and budget section approval under chapter 54-16 for authority to spend any additional federal funds received under the federal American Recovery and Reinvestment Act of 2009 in excess of the amounts appropriated in this section, for the period beginning with the effective date of this Act and ending June 30, 2011.

Any federal funds appropriated under this section are not a part of the agency's 2011-13 base budget. Any program expenditures made with these funds will not be replaced with state funds after the federal American Recovery and Reinvestment Act of 2009 funds are no longer available.

SECTION 3. USE OF FEDERAL FISCAL STIMULUS FUNDS - ELECTRICAL GENERATORS. The department of commerce shall use \$2,000,000 of the funding appropriated in section 2 of this Act for the purpose of establishing a grant program to assist in the purchase and installation of electrical generators that consume at least seventy-five percent of the gas from oil and gas well sites which would otherwise be flared or wasted, for the period beginning with the effective date of this Act and ending June 30, 2011. The funding is contingent upon approval from the United States department of energy of use of the funding for the grant program. Before making a grant from the program established by this section, the department of commerce shall obtain the recommendation of the oil and gas research program administered by the industrial commission regarding the application's technical accuracy and consistency with the oil and gas research program.

SECTION 4. USE OF FEDERAL FISCAL STIMULUS FUNDS - BIOFUEL BLENDER PUMP INCENTIVE FUND. The department of commerce shall transfer \$1,000,000 of the funding appropriated in section 2 of this Act to the biofuel blender pump incentive fund for the purposes provided for in Senate Bill No. 2228.

SECTION 5. CONTINGENT GENERAL FUND APPROPRIATION - BUDGET SECTION APPROVAL. If the federal funds appropriated under section 2 of this Act are not available to provide the sum of \$1,000,000 for transfer to the biofuel blender pump incentive fund, there is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$1,000,000, or so much of the sum as may be necessary, to the department of commerce for transfer to the biofuel blender pump incentive fund, for the biennium beginning July 1, 2009, and ending June 30, 2011. The department of commerce may only spend the general fund moneys subject to budget section approval and to the extent that federal funds are not available to provide the \$1,000,000 appropriated under sections 2 and 4 of this Act. This funding is one-time funding for the 2009-11 biennium.

SECTION 6. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$1,594,567, or so much of the sum as may be necessary, to the department of emergency services for the purpose of providing grants to eligible political subdivisions for up to fifty percent of the costs incurred by the political subdivisions in meeting the local cost-share required by the federal emergency management agency for disaster, emergency response, and recovery costs, and for up to fifty percent of the costs incurred by the political subdivisions for disaster, emergency response, and recovery costs not covered by the federal emergency management agency, for the period beginning with the effective date of this Act and ending June 30, 2011. For the purposes of this section, an eligible political subdivision is one that experienced damage or destruction due to a tornado during the summer of 2007."

Page 2, line 11, replace "11" with "13"

Page 2, line 16, replace "2,000,000" with "1,000,000"

Page 2, remove lines 17 through 20

Page 2, line 23, replace "11,100,000" with "1,100,000"

Page 3, remove lines 13 through 16

Page 3, line 20, replace "fifty" with "sixty-two and a half"

Page 3, line 29, replace "\$2,000,000" with "\$1,000,000"

Page 4, line 3, remove "TRANSFER -"

Page 4, line 5, replace "\$20,000,000, which" with "\$15,000,000, or so much of the sum as may be necessary, to" and remove "shall"

Page 4, line 6, remove "transfer to the centers of excellence fund"

Page 4, replace lines 8 through 30 with:

"SECTION 15. EXEMPTION. Any funding remaining at the end of the 2007-09 biennium of up to \$9,704,568 from the permanent oil tax trust fund appropriated to the office of management and budget in section 14 of chapter 18 of the 2007 Session Laws is not subject to section 54-44.1-11.

SECTION 16. CENTERS OF EXCELLENCE STATE TAX REVENUE IMPACT STUDY - REPORT.

1. During the 2009-11 biennium, the state auditor, in consultation with the tax commissioner and the department of commerce, shall conduct a study of the state tax revenue impact of the centers of excellence program and shall calculate the direct impact of the program on state tax revenues. The study must include an analysis for each center of excellence of the actual matching funds received by source; actual number of private sector jobs created, including information as to whether the jobs would have been created without the center; and new private sector facilities opened as the result of the center. The study must be based on information available to the tax commissioner and the state auditor.
2. During the organizational session of the sixty-second legislative assembly, the state auditor shall submit to the president pro tempore of the senate and the speaker of the house a report on the findings and results of the centers of excellence state tax revenue impact study.
3. The tax commissioner shall compile direct tax revenue and expenditure data and provide this data to the state auditor. Notwithstanding the confidentiality provisions contained in chapters 57-38 and 57-39.2, the tax commissioner shall provide the state auditor the information necessary to accomplish and effectuate the study required by this section. The tax commissioner may request the assistance of the department of commerce as necessary to compile this data.
4. The tax commissioner may establish the procedure and format by which the tax data will be provided to the state auditor. If additional information is needed by the state auditor to calculate the tax impact of the centers of

excellence program, the state auditor may contact those taxpayers determined necessary to effectuate the study required by this section.

5. Except as provided in subsection 6, the state auditor may establish the manner in which the centers of excellence impact data will be analyzed, organized, and presented in the report.
6. Confidential information the state auditor receives from the tax commissioner may not be divulged by the state auditor unless the information is in the aggregate and in a manner that will not divulge information specific to any taxpayer.

SECTION 17. LARGE TOURISM INFRASTRUCTURE GRANTS. The grants line item in section 1 of this Act includes the sum of \$500,000 from the general fund for providing large tourism infrastructure grants, for the biennium beginning July 1, 2009, and ending June 30, 2011. The department of commerce must use the funds for projects over \$25,000 and may award grants to the extent matching funds are available from nonstate sources on a dollar-for-dollar basis.

SECTION 18. LEGISLATIVE INTENT - DIVISION OF TOURISM - LARGE TOURISM INFRASTRUCTURE GRANTS. It is the intent of the sixty-first legislative assembly that the department of commerce division of tourism develop criteria for large tourism infrastructure grants and a method for setting funding priorities for such grants in future bienniums.

SECTION 19. BASE REALIGNMENT PLAN - REPORT TO THE BUDGET SECTION. The department of commerce, with assistance from local economic development organizations and national organizations specializing in developing alternative uses of former air force base properties, shall develop a plan for the utilization of commercial space available at the Grand Forks air force base, for the biennium beginning July 1, 2009, and ending June 30, 2011. The plan must identify the potential use of existing economic development programs, including the North Dakota development fund, incorporated, and Bank of North Dakota programs. The department of commerce shall provide reports to the budget section on the status of development of the plan."

Page 5, remove lines 1 through 31

Page 6, remove lines 1 through 6

Page 6, line 15, remove "Wade Westin memorial"

Page 6, remove lines 19 through 31

Page 7, remove lines 1 through 5

Page 7, line 23, remove "the Dakota defense"

Page 7, line 24, remove "alliance," and remove the second comma

Page 7, remove lines 26 through 30

"SECTION 25. AMENDMENT. Subsections 1 and 4 of section 15-69-02 of the North Dakota Century Code are amended and reenacted as follows:

1. The board shall establish a centers of excellence program relating to economic development. ~~The program must distinguish among center designations for awards designated to address commercialization and infrastructure needs.~~ Workforce may not be the primary need addressed by a center. Through the program the commission shall make funding award recommendations for commission-approved applications to the board, the foundation, the emergency commission, and the budget section of the legislative council. A center must be an institution of higher education under the control of the board or a nonprofit university-related or college-related foundation of an institution of higher education under the control of the board. In order to be considered for center designation, the institution of higher education or nonprofit foundation must be working in partnership with the private sector. ~~For an application that includes infrastructure to be considered for center designation, the application must provide detailed information regarding how the future operational costs and maintenance costs related to the infrastructure will be provided and how the costs will not be provided from the general fund.~~ In addition to any center designated under this chapter, the North Dakota state university center for technology enterprise and the university of North Dakota center for innovation are centers.

4. The board rules adopted under subsection 9 of section 15-10-17, relating to ownership of intellectual property, inventions, and discoveries, must address activities and issues unique to centers. The rules must provide that in the case of an agreement or other contract for private-public sharing of royalties or other compensation from intellectual property resulting from center activities, the terms must provide the private sector partner must receive the first royalties or other compensation equal to four times the private sector partner's initial investment and thereafter as agreed by the parties.

SECTION 26. AMENDMENT. Subsection 3 of section 15-69-04 of the North Dakota Century Code is amended and reenacted as follows:

3. In considering whether to approve or disapprove an application, the commission shall determine whether the applicant has conducted the due diligence necessary to put together a viable proposal, the commission shall determine whether the applicant has provided information in the application which clearly outlines how the matching fund requirement will be met, and the commission shall consider whether the center will:
 - a. Use university or college research to promote private sector job growth and expansion of knowledge-based industries or use university or college research to promote the development of new products, high-tech companies, or skilled jobs in this state;
 - b. Create high-value private sector employment opportunities in this state;
 - c. Provide for public-private sector involvement and partnerships;
 - d. Leverage other funding, including cash from the private sector;

- e. Increase research and development activities that may involve federal funding from the national science foundation experimental program to stimulate competitive research;
- f. Foster and practice entrepreneurship;
- g. Promote the commercialization of new products and services in industry clusters;
- h. Become financially self-sustaining; and
- i. Establish and meet a deadline for acquiring and expending all public and private funds specified in the application.

SECTION 27. AMENDMENT. Subsections 1 and 3 of section 15-69-05 of the North Dakota Century Code are amended and reenacted as follows:

- 1. A center shall use funds awarded under this chapter to enhance capacity; ~~enhance infrastructure;~~ and leverage state, federal, and private sources of funding. A center awarded funds under this chapter may not use the funds to enhance or construct infrastructure, to supplant funding for current operations or academic instructions, or to pay indirect costs.
- 3. Before the commission directs the office of management and budget to distribute funds awarded under this chapter, the center shall provide the commission with detailed documentation of private sector participation and the availability of two dollars of matching funds, of which one dollar must be cash from the private sector, for each dollar of state funds to be distributed under this chapter. The matching funds may include funds facilitated through the collaboration of the private sector participants with other funding entities. The noncash matching funds may include ~~a combination of cash and~~ in-kind assets with itemized value. Private sector participation may be established through equity investments or through contracts for services with private sector entities. In making funding recommendations and designation determinations, the commission, board, foundation, and budget section shall give major consideration to the portion of the matching funds provided in cash by the private sector.

SECTION 28. A new section to chapter 54-18 of the North Dakota Century Code is created and enacted as follows:

Annual transfer. Within thirty days after the conclusion of each fiscal year, the state industrial commission shall transfer five percent of the net income earned by the state mill and elevator association during that fiscal year to the agricultural fuel tax fund."

Page 9, remove lines 1 through 25

Page 10, line 13, replace "is" with "and sections 2 and 6 of this Act are"

Re-number accordingly

STATEMENT OF PURPOSE OF AMENDMENT - LC 98037.0430 FN 15

A copy of the statement of purpose of amendment is attached.

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	\$0	\$15,000,000	\$15,000,000
Less estimated income	0	0	0	0
General fund	\$0	\$0	\$15,000,000	\$15,000,000
Department of Emergency Services				
Total all funds	\$0	\$0	\$1,594,567	\$1,594,567
Less estimated income	0	0	0	0
General fund	\$0	\$0	\$1,594,567	\$1,594,567
Department of Commerce				
Total all funds	\$88,198,900	\$137,012,900	\$32,604,008	\$169,616,908
Less estimated income	53,708,861	69,208,861	69,052,244	138,261,105
General fund	\$34,490,039	\$67,804,039	(\$36,448,236)	\$31,355,803
Bill total				
Total all funds	\$88,198,900	\$137,012,900	\$49,198,575	\$186,211,475
Less estimated income	53,708,861	69,208,861	69,052,244	138,261,105
General fund	\$34,490,039	\$67,804,039	(\$19,853,669)	\$47,950,370

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

	Executive Budget	Senate Version	House Changes	House Version
Centers of excellence			\$15,000,000	\$15,000,000
Total all funds	\$0	\$0	\$15,000,000	\$15,000,000
Less estimated income	0	0	0	0
General fund	\$0	\$0	\$15,000,000	\$15,000,000
FTE	0.00	0.00	0.00	0.00

Department No. 110 - Office of Management and Budget - Detail of House Changes

	Provides Funding for Centers of Excellence ¹	Total House Changes
Centers of excellence	\$15,000,000	\$15,000,000
Total all funds	\$15,000,000	\$15,000,000
Less estimated income	0	0
General fund	\$15,000,000	\$15,000,000
FTE	0.00	0.00

¹ This amendment provides a \$15 million general fund appropriation to the Office of Management and Budget for funding the centers of excellence program for the 2009-11 biennium.

Senate Bill No. 2018 - Department of Emergency Services - House Action

	Executive Budget	Senate Version	House Changes	House Version
Grants			\$1,594,567	\$1,594,567
Total all funds	\$0	\$0	\$1,594,567	\$1,594,567
Less estimated income	0	0	0	0
General fund	\$0	\$0	\$1,594,567	\$1,594,567
FTE	0.00	0.00	0.00	0.00

Department No. 542 - Department of Emergency Services - Detail of House Changes

	Provides Funding for Emergency and Disaster Recovery¹	Total House Changes
Grants	\$1,594,567	\$1,594,567
Total all funds	\$1,594,567	\$1,594,567
Less estimated income	0	0
General fund	\$1,594,567	\$1,594,567
FTE	0.00	0.00

¹ This amendment provides a \$1,594,567 general fund appropriation to the Department of Emergency Services for providing grants to eligible political subdivisions for emergency and disaster recovery.

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

	Executive Budget	Senate Version	House Changes	House Version
Salaries and wages	\$10,185,967	\$10,185,967	(\$176,627)	\$10,009,340
Operating expenses	14,428,272	15,028,272	(600,000)	14,428,272
Capital assets	25,000	25,000		25,000
Grants	53,886,058	81,436,058	(14,550,000)	66,886,058
Discretionary funds	928,083	928,083		928,083
Economic development initiatives	186,846	186,846		186,846
Agricultural products utilization	2,536,630	2,536,630		2,536,630
North Dakota Trade Office	2,000,000	2,164,000	(164,000)	2,000,000
Partner programs	2,022,044	2,022,044		2,022,044
Transfer - Workforce enhancement fund	2,000,000	2,000,000	(1,000,000)	1,000,000
Transfer - Centers of excellence fund		20,000,000	(20,000,000)	
Contingent borrowing authority		500,000	(500,000)	
Federal fiscal stimulus funds			68,594,635	68,594,635
Contingent appropriation			1,000,000	1,000,000
Total all funds	\$88,198,900	\$137,012,900	\$32,604,008	\$169,616,908
Less estimated income	53,708,861	69,208,861	69,052,244	138,261,105
General fund	\$34,490,039	\$67,804,039	(\$36,448,236)	\$31,355,803
FTE	68.00	68.00	0.00	68.00

Department No. 601 - Department of Commerce - Detail of House Changes

	Adjusts Funding for Biofuel Blender Pumps ¹	Removes Funding for Grants to Expand Child Care ²	Decreases Funding for the North Dakota Trade Office ³	Removes Contingent Borrowing Authority ⁴	Removes One-Time Funding for the Workforce Enhancement Fund ⁵	Removes Funding for Student-Based Technology Grants ⁶
Salaries and wages						
Operating expenses						
Capital assets						
Grants	(1,000,000)	(2,000,000)				(200,000)
Discretionary funds						
Economic development initiatives						
Agricultural products utilization						
North Dakota Trade Office			(164,000)			
Partner programs						
Transfer - Workforce enhancement fund					(1,000,000)	
Transfer - Centers of excellence fund						
Contingent borrowing authority				(500,000)		
Federal fiscal stimulus funds						
Contingent appropriation						
Total all funds	(\$1,000,000)	(\$2,000,000)	(\$164,000)	(\$500,000)	(\$1,000,000)	(\$200,000)
Less estimated income	1,000,000	0	0	(500,000)	0	0
General fund	(\$2,000,000)	(\$2,000,000)	(\$164,000)	\$0	(\$1,000,000)	(\$200,000)
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Removes Funding for Regional Technical Assistance Grants ⁷	Removes Funding for Youth Entrepreneur Grants ⁸	Removes Funding for Grants for University Patent Office Support ⁹	Removes Funding for Commercial Business District Improvement Projects ¹⁰	Removes Funding for a Great Plains Applied Energy Research Center Grant ¹¹	Removes Funding for a Base Realignment Grant Program ¹²
Salaries and wages						
Operating expenses						
Capital assets						
Grants	(1,000,000)	(400,000)	(200,000)	(200,000)	(5,000,000)	(5,000,000)
Discretionary funds						
Economic development initiatives						
Agricultural products utilization						
North Dakota Trade Office						
Partner programs						
Transfer - Workforce enhancement fund						
Transfer - Centers of excellence fund						
Contingent borrowing authority						
Federal fiscal stimulus funds						
Contingent appropriation						
Total all funds	(\$1,000,000)	(\$400,000)	(\$200,000)	(\$200,000)	(\$5,000,000)	(\$5,000,000)
Less estimated income	0	0	0	0	0	0
General fund	(\$1,000,000)	(\$400,000)	(\$200,000)	(\$200,000)	(\$5,000,000)	(\$5,000,000)
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Removes Funding for a Grant to the Dakota Defense Alliance Organization ¹³	Decreases Funding for Tourism Marketing ¹⁴	Decreases Funding for the InnovateND Program ¹⁵	Removes Salary Equity Funding ¹⁶	Removes Funding for Transfer to Centers of Excellence Fund ¹⁷	Provides Funding for Tourism Infrastructure Grants ¹⁸
Salaries and wages				(\$176,627)		
Operating expenses		(500,000)	(100,000)			
Capital assets						
Grants	(50,000)					500,000
Discretionary funds						
Economic development initiatives						
Agricultural products utilization						
North Dakota Trade Office						
Partner programs						
Transfer - Workforce enhancement fund						
Transfer - Centers of excellence fund					(20,000,000)	
Contingent borrowing authority						
Federal fiscal stimulus funds						
Contingent appropriation						
Total all funds	(\$50,000)	(\$500,000)	(\$100,000)	(\$176,627)	(\$20,000,000)	\$500,000
Less estimated income	0	0	0	(42,391)	0	0
General fund	(\$50,000)	(\$500,000)	(\$100,000)	(\$134,236)	(\$20,000,000)	\$500,000
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Appropriates Federal Fiscal Stimulus Funds ¹⁹	Provides Contingent Appropriation ²⁰	Total House Changes
Salaries and wages			(\$176,627)
Operating expenses			(600,000)
Capital assets			
Grants			(14,550,000)
Discretionary funds			
Economic development initiatives			
Agricultural products utilization			
North Dakota Trade Office			(164,000)
Partner programs			
Transfer - Workforce enhancement fund			(1,000,000)
Transfer - Centers of excellence fund			(20,000,000)
Contingent borrowing authority			(500,000)
Federal fiscal stimulus funds	68,594,635		68,594,635
Contingent appropriation		1,000,000	1,000,000
Total all funds	\$68,594,635	\$1,000,000	\$32,604,008
Less estimated income	68,594,635	0	69,052,244
General fund	\$0	\$1,000,000	(\$36,448,236)
FTE	0.00	0.00	0.00

¹ This amendment removes \$2 million from the general fund for cost-share programs for installation of biofuel blender pumps and appropriates \$1 million of special funds from the biofuel blender pump incentive fund for grants. The amendment also provides for a \$1 million transfer to the biofuel blender pump incentive fund from federal stimulus funds or the general fund if the federal funds are not available.

This amendment removes one-time funding for matching grants to local communities to establish or expand child care options to support working families.

³ This amendment removes \$164,000 from the general fund added in the Senate for the North Dakota Trade Office.

⁴ This amendment removes the authorization added by the Senate to allow the Department of Commerce to borrow up to \$500,000 from the Bank of North Dakota for providing a grant to the North Dakota Trade Office for implementing an export-related workforce recruitment program.

⁵ This amendment decreases funding for a transfer to the workforce enhancement fund by \$1 million, from \$2 million as provided for in the executive budget to \$1 million.

⁶ This amendment removes \$200,000 from the general fund added by the Senate for student-based technology grants.

⁷ Funding of \$1 million from the general fund added by the Senate for regional technical assistance grants is removed.

⁸ Funding of \$400,000 from the general fund added by the Senate for youth entrepreneurship grants is removed.

⁹ This amendment removes \$200,000 from the general fund added by the Senate for grants to the University of North Dakota and North Dakota State University patent offices.

¹⁰ This amendment removes \$200,000 from the general fund added by the Senate for providing grants for commercial business district improvement projects.

¹¹ This amendment removes \$5 million from the general fund added by the Senate for a grant for construction of a Great Plains applied energy research center on the Bismarck State College campus.

¹² This amendment removes one-time funding of \$5 million from the general fund added by the Senate for a base realignment grant program and provides that the Department of Commerce, with assistance from representatives of local economic developers and national organizations, develop a plan for the utilization of the commercial space available at the Grand Forks Air Force Base.

¹³ This amendment removes \$50,000 from the general fund added by the Senate for a grant to the Dakota Defense Alliance organization.

¹⁴ This amendment removes \$500,000 from the general fund added by the Senate for tourism marketing. This amount was in addition to the \$912,000 increase included in the executive budget.

¹⁵ This amendment decreases funding for the InnovateND program as follows:

	2007-09 Legislative Appropriation	2009-11 Executive Budget	2009-11 Senate Version	2009-11 House Version
General fund	\$150,000	\$250,000	\$350,000	\$250,000
Special funds	150,000	150,000	150,000	150,000
Total	\$300,000	\$400,000	\$500,000	\$400,000

¹⁶ This amendment removes funding added in the executive budget for state employee salary equity adjustments.

¹⁷ This amendment removes the \$20 million general fund appropriation added in the Senate for a transfer to the centers of excellence fund for funding the centers of excellence program for the 2009-11 biennium.

¹⁸ This amendment provides funding of \$500,000 from the general fund for large tourism infrastructure grants for projects over \$25,000. The Department of Commerce may award grants to the extent matching funds are available from nonstate sources on a dollar-for-dollar basis.

¹⁹ This amendment appropriates \$68,594,635 from federal stimulus funding to the Department of Commerce. This amendment also provides that the department use \$2 million of the funding for establishing a grant program to assist in the purchase and installation of electrical generators that consume at least 75 percent of the gas from oil and gas well sites which would otherwise be flared or wasted and transfer \$1 million of the funding for the biofuel blender pump incentive fund.

²⁰ This amendment provides a contingent general fund appropriation of \$1 million for the biofuel blender pump incentive fund. The Department of Commerce may only spend the general fund money to the extent that federal fiscal stimulus funds are not available and upon approval of the Budget Section.

This amendment also:

- Removes Section 7 of the reengrossed bill that provides for an audit of the ethanol production incentive fund.
- Amends Section 8 of the reengrossed bill that increases the amount of North Dakota Trade Office funding that may be provided without requiring a match from 50 percent to 62.5 percent.
- Amends Section 19 of the reengrossed bill to remove reference to providing a Wade Westin memorial grant to the Theodore Roosevelt Medora Foundation.
- Adds a section to provide that the Division of Tourism is to develop criteria for large tourism infrastructure grants and a method for setting funding priorities for such grants in future bienniums.
- Adds a section to provide for a centers of excellence state tax revenue impact study.
- Removes Section 25 added by the Senate creating a new section to North Dakota Century Code (NDCC) Chapter 15-69 to create a centers of excellence fund.
- Adds sections to amend NDCC Section 15-69-02(1) and (4), Section 15-69-04(3), and Section 15-69-05(1) and (3) relating to the centers of excellence program.
- Adds a section to create a new section to NDCC Chapter 54-18 to provide an annual transfer from the State Mill and Elevator Association to the agricultural fuel tax fund.

Date: 4/8/09
 Roll Call Vote #: 1

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2018

Full House Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number 0430

Action Taken Adopt amendment 0430

Motion Made By Delzer Seconded By Kempnich

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan					
Vice Chairman Kempnich					
Rep. Skarphol			Rep. Kroeber		
Rep. Wald			Rep. Onstad		
Rep. Hawken			Rep. Williams		
Rep. Klein					
Rep. Martinson					
Rep. Delzer			Rep. Glassheim		
Rep. Thoreson			Rep. Kaldor		
Rep. Berg			Rep. Meyer		
Rep. Dosch					
Rep. Pollert			Rep. Ekstrom		
Rep. Bellew			Rep. Kerzman		
Rep. Kreidt			Rep. Metcalf		
Rep. Nelson					
Rep. Wieland					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

Date: 4/8/09
 Roll Call Vote #: 2

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. 2018

Full House Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number TBD

Withdrawn

Action Taken Remove Section 4 and substitute all

Motion Made By Burg Secended By Nelson
law. to give priority to stimulus & take from GP.

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan					
Vice Chairman Kempenich					
Rep. Skarphol			Rep. Kroeber		
Rep. Wald			Rep. Onstad		
Rep. Hawken			Rep. Williams		
Rep. Klein					
Rep. Martinson					
Rep. Delzer			Rep. Glassheim		
Rep. Thoreson			Rep. Kaldor		
Rep. Berg			Rep. Meyer		
Rep. Dosch					
Rep. Pollert			Rep. Ekstrom		
Rep. Bellew			Rep. Kerzman		
Rep. Kreidt			Rep. Metcalf		
Rep. Nelson					
Rep. Wieland					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

Date: 4/8/09
 Roll Call Vote #: 3

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2018

Full House Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number TBD

[Handwritten scribble]

Action Taken Remove Section 4 of .0340.

Motion Made By Berg Seconded By Nelson

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan					
Vice Chairman Kempenich					
Rep. Skarphol			Rep. Kroeber		
Rep. Wald			Rep. Onstad		
Rep. Hawken			Rep. Williams		
Rep. Klein					
Rep. Martinson					
Rep. Delzer			Rep. Glassheim		
Rep. Thoreson			Rep. Kaldor		
Rep. Berg			Rep. Meyer		
Rep. Dosch					
Rep. Pollert			Rep. Ekstrom		
Rep. Bellew			Rep. Kerzman		
Rep. Kreidt			Rep. Metcalf		
Rep. Nelson					
Rep. Wieland					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

Date: 4/8/09
 Roll Call Vote #: 4

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2018

Full House Appropriations Committee

Check here for Conference Committee

withdrawn

Legislative Council Amendment Number _____

Action Taken Clipping internships at \$30,000 per company.

Motion Made By Berg Seconded By _____

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan					
Vice Chairman Kempenich					
Rep. Skarphol			Rep. Kroeber		
Rep. Wald			Rep. Onstad		
Rep. Hawken			Rep. Williams		
Rep. Klein					
Rep. Martinson					
Rep. Delzer			Rep. Glassheim		
Rep. Thoreson			Rep. Kaldor		
Rep. Berg			Rep. Meyer		
Rep. Dosch					
Rep. Pollert			Rep. Ekstrom		
Rep. Bellew			Rep. Kerzman		
Rep. Kreidt			Rep. Metcalf		
Rep. Nelson					
Rep. Wieland					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

Date: 4/8/09
 Roll Call Vote #: 5

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. 2018

Full House Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number TBD

Action Taken Adopt Amendment 0340 W/

Motion Made By Delzer Section 4 removed Secured By Thoreson

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan					
Vice Chairman Kempenich					
Rep. Skarphol			Rep. Kroeber		
Rep. Wald			Rep. Onstad		
Rep. Hawken			Rep. Williams		
Rep. Klein					
Rep. Martinson					
Rep. Delzer			Rep. Glassheim		
Rep. Thoreson			Rep. Kaldor		
Rep. Berg			Rep. Meyer		
Rep. Dosch					
Rep. Pollert			Rep. Ekstrom		
Rep. Bellew			Rep. Kerzman		
Rep. Kreidt			Rep. Metcalf		
Rep. Nelson					
Rep. Wieland					

Total (Yes) _____ No _____

Absent _____

Floor Assignment Voice Vote Carried

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

Date: 1/8/09
 Roll Call Vote #: 6

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2018

Full House Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number TBD

Action Taken \$30,000 per an internship (per company)

Motion Made By Berg Seconded By Delzer

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan					
Vice Chairman Kempenich					
Rep. Skarphol			Rep. Kroeber		
Rep. Wald			Rep. Onstad		
Rep. Hawken			Rep. Williams		
Rep. Klein					
Rep. Martinson					
Rep. Delzer			Rep. Glassheim		
Rep. Thoreson			Rep. Kaldor		
Rep. Berg			Rep. Meyer		
Rep. Dosch					
Rep. Pollert			Rep. Ekstrom		
Rep. Bellew			Rep. Kerzman		
Rep. Kreidt			Rep. Metcalf		
Rep. Nelson					
Rep. Wieland					

Total (Yes) _____ No _____

Absent _____

Floor Assignment Vote - carries

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

Date: 4/8/09
 Roll Call Vote #: 7

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2018

Full House Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number TBD

Smith
 Action Taken reduce line #1.2. to \$900,000 (intentional)

Motion Made By Delzer Seconded By Berg

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan					
Vice Chairman Kempenich					
Rep. Skarphol			Rep. Kroeber		
Rep. Wald			Rep. Onstad		
Rep. Hawken			Rep. Williams		
Rep. Klein					
Rep. Martinson					
Rep. Delzer			Rep. Glassheim		
Rep. Thoreson			Rep. Kaldor		
Rep. Berg			Rep. Meyer		
Rep. Dosch					
Rep. Pollert			Rep. Ekstrom		
Rep. Bellew			Rep. Kerzman		
Rep. Kreidt			Rep. Metcalf		
Rep. Nelson					
Rep. Wieland					

Total (Yes) _____ No _____

Absent _____

Floor Assignment Vote - carries

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

Date: 4/8/09
 Roll Call Vote #: 8

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2014

Full House Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number TBD

Action Taken Reporting from July to Nov. (P. 10, line 7 3rd day = 0406)

Motion Made By Berg Seconded By Delzer

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan					
Vice Chairman Kempenich					
Rep. Skarphol			Rep. Kroeber		
Rep. Wald			Rep. Onstad		
Rep. Hawken			Rep. Williams		
Rep. Klein					
Rep. Martinson					
Rep. Delzer			Rep. Glassheim		
Rep. Thoreson			Rep. Kaldor		
Rep. Berg			Rep. Meyer		
Rep. Dosch					
Rep. Pollert			Rep. Ekstrom		
Rep. Bellew			Rep. Kerzman		
Rep. Kreidt			Rep. Metcalf		
Rep. Nelson					
Rep. Wieland					

Total (Yes) _____ No _____

Absent _____

Floor Assignment Voice Vote - carries

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

Date: 4/8/09
 Roll Call Vote #: 9

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2018

Full House Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number TRD

Action Taken \$500,000 (fortnight 18) be used for tourism marketing grants to go to Tourism Division.
 Motion Made By Martinson Seconded By Hawken

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan		✓			
Vice Chairman Kempenich		✓			
Rep. Skarphol	✓		Rep. Kroeber	✓	
Rep. Wald	✓		Rep. Onstad	✓	
Rep. Hawken	✓		Rep. Williams	✓	
Rep. Klein	✓				
Rep. Martinson	✓				
Rep. Delzer		✓	Rep. Glassheim		✓
Rep. Thoreson		✓	Rep. Kaldor		✓
Rep. Berg		✓	Rep. Meyer		✓
Rep. Dosch		✓			
Rep. Pollert	✓		Rep. Ekstrom		
Rep. Bellew		✓	Rep. Kerzman		
Rep. Kreidt	✓		Rep. Metcalf	✓	
Rep. Nelson	✓				
Rep. Wieland		✓			

Total (Yes) 12 No 11

Absent 2

Floor Assignment Voice Vote - Carries

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

Date: 4/8/09
 Roll Call Vote #: 10

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. 2018

Full House Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number TBD

Failed

Action Taken Reduce funding for COE \$15-\$16 m.

Motion Made By Sharphol Seconded By Delzer

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan	✓				
Vice Chairman Kempenich	✓				
Rep. Skarphol	✓		Rep. Kroeber		✓
Rep. Wald	✓		Rep. Onstad		✓
Rep. Hawken		✓	Rep. Williams		✓
Rep. Klein		✓			
Rep. Martinson	✓				
Rep. Delzer	✓		Rep. Glassheim		✓
Rep. Thoreson	✓		Rep. Kaldor		✓
Rep. Berg		✓	Rep. Meyer		✓
Rep. Dosch		✓			
Rep. Pollert	✓		Rep. Ekstrom		
Rep. Bellew	✓		Rep. Kerzman		✓
Rep. Kreidt	✓		Rep. Metcalf		✓
Rep. Nelson		✓			
Rep. Wieland	✓				

Total (Yes) 11 No 13

Absent 1

Floor Assignment Voice Vote - fails

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

Date: 4/8/09
 Roll Call Vote #: 11

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2018

Full House Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number TBD

Action Taken move # from OMB to Commerce (for COE)

Motion Made By Delzer Seconded By Berg

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan					
Vice Chairman Kempenich					
Rep. Skarphol			Rep. Kroeber		
Rep. Wald			Rep. Onstad		
Rep. Hawken			Rep. Williams		
Rep. Klein					
Rep. Martinson					
Rep. Delzer			Rep. Glassheim		
Rep. Thoreson			Rep. Kaldor		
Rep. Berg			Rep. Meyer		
Rep. Dosch					
Rep. Pollert			Rep. Ekstrom		
Rep. Bellew			Rep. Kerzman		
Rep. Kreidt			Rep. Metcalf		
Rep. Nelson					
Rep. Wieland					

Total (Yes) _____ No _____

Absent _____

Floor Assignment Voice Vote - carries

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

Attachment B
4/8/09

98037.0419
Title.
Fiscal No. 9

Prepared by the Legislative Council staff for
Representative Skarphol
March 23, 2009

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2018

Page 1, line 19, replace "1,359,088" with "1,370,588" and replace "10,185,967" with
"10,197,467"

Page 2, line 4, replace "35,272,419" with "35,283,919" and replace "114,512,900" with
"114,524,400"

Page 2, line 6, replace "22,322,074" with "22,333,574" and replace "45,804,039" with
"45,815,539"

Page 7, after line 25, insert:

"SECTION 25. TAX-EXEMPT PROPERTY - REPORT TO THE BUDGET
SECTION. During the 2009-10 interim, the department of commerce shall compile information identifying tax-exempt property by school district, including information on the related value of the property based on soil survey, insured value, or other means and a categorization of the property by whether or not it produces revenue based on its use. The department of commerce shall report the information compiled at the first meeting of the budget section in 2010."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT - LC 98037.0419 FN 9

A copy of the statement of purpose of amendment is attached.

STATEMENT OF PURPOSE OF AMENDMENT:

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

	Executive Budget	Senate Version	House Changes	House Version
Salaries and wages	\$10,185,967	\$10,185,967	\$11,500	\$10,197,467
Operating expenses	14,428,272	15,028,272		15,028,272
Capital assets	25,000	25,000		25,000
Grants	53,886,058	81,436,058		81,436,058
Discretionary funds	928,083	928,083		928,083
Economic development initiatives	186,846	186,846		186,846
Agricultural products utilization	2,536,630	2,536,630		2,536,630
North Dakota Trade Office	2,000,000	2,164,000		2,164,000
Partner programs	2,022,044	2,022,044		2,022,044
Transfer - Workforce enhancement fund	2,000,000	2,000,000		2,000,000
Transfer - Centers of excellence fund		20,000,000		20,000,000
Contingent borrowing authority		500,000		500,000
Total all funds	\$88,198,900	\$137,012,900	\$11,500	\$137,024,400
Less estimated income	53,708,861	69,208,861	0	69,208,861
General fund	\$34,490,039	\$67,804,039	\$11,500	\$67,815,539
FTE	68.00	68.00	0.00	68.00

Department No. 601 - Department of Commerce - Detail of House Changes

	Provides Funding for Compiling Information on Tax-Exempt Property¹	Total House Changes
Salaries and wages	\$11,500	\$11,500
Operating expenses		
Capital assets		
Grants		
Discretionary funds		
Economic development initiatives		
Agricultural products utilization		
North Dakota Trade Office		
Partner programs		
Transfer - Workforce enhancement fund		
Transfer - Centers of excellence fund		
Contingent borrowing authority		
Total all funds	\$11,500	\$11,500
Less estimated income	0	0
General fund	\$11,500	\$11,500
FTE	0.00	0.00

This amendment requires the Department of Commerce to compile information during the 2009-10 interim on tax-exempt property in the state. Funding of \$11,500 from the general fund is provided to the department for costs associated with hiring two interns to gather the information.

Date: 4/8/09
 Roll Call Vote #: 12

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. 2018

Full House Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number ~~0419~~ 0419

Action Taken Adopt Amendment 0419

Motion Made By Skarphol Seconded By Kempenich

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan					
Vice Chairman Kempenich					
Rep. Skarphol			Rep. Kroeber		
Rep. Wald			Rep. Onstad		
Rep. Hawken			Rep. Williams		
Rep. Klein					
Rep. Martinson					
Rep. Delzer			Rep. Glassheim		
Rep. Thoreson			Rep. Kaldor		
Rep. Berg			Rep. Meyer		
Rep. Dosch					
Rep. Pollert			Rep. Ekstrom		
Rep. Bellew			Rep. Kerzman		
Rep. Kreidt			Rep. Metcalf		
Rep. Nelson					
Rep. Wieland					

Total (Yes) _____ No _____

Absent _____

Floor Assignment Voice Vote - carries

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

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2018

Page 1, line 2, after the first semicolon insert "to provide an appropriation to the office of management and budget;"

Page 1, line 5, after "15-69" insert ", a new section to chapter 54-44.1,"

Page 1, line 6, replace the second "to" with ", the establishment of a searchable database of state expenditures,"

Page 4, after line 7, insert:

"SECTION 11. APPROPRIATION - FEDERAL FISCAL STABILIZATION - OTHER GOVERNMENT SERVICES. There is appropriated from federal fiscal stabilization - other government services funds made available to the governor under the federal American Recovery and Reinvestment Act of 2009, not otherwise appropriated, the sum of \$400,000, or so much of the sum as may be necessary, to the office of management and budget for the purpose of establishing a searchable database of state expenditures as provided for in section 29 of this Act, for the biennium beginning July 1, 2009, and ending June 30, 2011. Any federal funds appropriated under this section are not a part of the agency's 2011-13 base budget."

Page 9, after line 25, insert:

"SECTION 29. A new section to chapter 54-44.1 of the North Dakota Century Code is created and enacted as follows:

Searchable database of expenditures.

1. By January 1, 2010, the director of the budget shall develop and make publicly available an aggregate and searchable budget database website that includes the following information for the biennium ending June 30, 2009:
 - a. Each budget unit making expenditures.
 - b. The name and city of the recipient of each expenditure.
 - c. The amount of funds expended.
 - d. The source of the funds expended.
 - e. The budget program of the expenditure.
 - f. A descriptive purpose for the expenditure.
 - g. The result or report of any state audit or review relating to any recipient of expenditures or the budget unit or program.

- h. Any other information determined relevant by the director of the budget.
2. The director of the budget may not include in the database any information that is confidential under state or federal law.
3. The director of the budget may update the budget database website as new data becomes available. Each state agency shall provide to the director of the budget any data required to be included in the budget database website no later than thirty days after the data becomes available to the agency.
4. By January first of each even-numbered year, the director of the budget shall add data for the previous biennium to the budget database website. The director of the budget shall ensure that all data added to the budget database website remains accessible to the public for a minimum of ten years.
5. The budget database website may not redirect users to any other government website, unless the website has information from all budget units and each category of information required can be searched electronically by field in a single search."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment adds a section to the bill to provide for the establishment of a searchable database of state expenditures and appropriates \$400,000 from federal fiscal stabilization - other government services funds to the Office of Management and Budget for the costs associated with the database.

Date: 4/8/09
 Roll Call Vote #: 13

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2018

Full House Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number 0436

Action Taken Adopt Amendment 0436

Motion Made By Thoreson Seconded By Shephard

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan					
Vice Chairman Kempenich					
Rep. Skarphol			Rep. Kroeber		
Rep. Wald			Rep. Onstad		
Rep. Hawken			Rep. Williams		
Rep. Klein					
Rep. Martinson					
Rep. Delzer			Rep. Glassheim		
Rep. Thoreson			Rep. Kaldor		
Rep. Berg			Rep. Meyer		
Rep. Dosch					
Rep. Pollert			Rep. Ekstrom		
Rep. Bellew			Rep. Kerzman		
Rep. Kreidt			Rep. Metcalf		
Rep. Nelson					
Rep. Wieland					

Total (Yes) _____ No _____

Absent _____

Floor Assignment Vote Vote - Carries

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

VR
4/13/09
1815

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2018

Page 1, line 2, after the first semicolon insert "to provide an appropriation to the office of management and budget; to provide an appropriation to the department of emergency services; to provide a contingent appropriation;"; remove "to provide for an audit;"; and remove "to authorize"

Page 1, remove line 3

Page 1, line 4, remove "continuing appropriation;"

Page 1, line 5, replace "15-69" with "54-18, a new section to chapter 54-44.1,"

Page 1, line 6, replace "a centers of excellence fund to" with "an annual transfer from the state mill and elevator association, the establishment of a searchable database of state expenditures,"

Page 1, line 8, replace "subsection" with "subsections 1 and 4 of section 15-69-02, subsections", after "2" insert "and 3", replace the second "and" with ", subsections 1, 3, 4, and 5 of", and after "15-69-05" insert ", and section 54-60-17"

Page 1, line 9, after "excellence" insert "and higher education internships and work experience opportunities"

Page 1, line 19, replace "1,359,088" with "1,193,961" and replace "10,185,967" with "10,020,840"

Page 1, line 20, replace "719,584" with "(180,416)" and replace "15,028,272" with "14,128,272"

Page 1, line 22, replace "32,661,310" with "18,111,310" and replace "81,436,058" with "66,886,058"

Page 2, line 2, replace "664,000" with "500,000" and replace "2,164,000" with "2,000,000"

Page 2, line 4, replace "35,272,419" with "19,493,292" and replace "114,512,900" with "98,733,773"

Page 2, line 5, replace "12,950,345" with "13,907,954" and replace "68,708,861" with "69,666,470"

Page 2, line 6, replace "22,322,074" with "5,585,338" and replace "45,804,039" with "29,067,303"

Page 2, after line 7, insert:

"SECTION 2. APPROPRIATION - FEDERAL FISCAL STIMULUS FUNDS - ADDITIONAL FUNDING APPROVAL. The funds provided in this section, or so much of the funds as may be necessary, are appropriated from federal funds made available to the state under the federal American Recovery and Reinvestment Act of 2009, not otherwise appropriated, to the department of commerce, for the period beginning with the effective date of this Act and ending June 30, 2011, as follows:

Community development block grant program	\$1,300,000
Community services block grant	4,853,305
State energy program	24,585,000
Energy efficiency and conservation block grants	10,000,000
Weatherization assistance program	25,266,330
Emergency shelter grants	<u>2,590,000</u>
Total federal funds	\$68,594,635

The department of commerce may seek emergency commission and budget section approval under chapter 54-16 for authority to spend any additional federal funds received under the federal American Recovery and Reinvestment Act of 2009 in excess of the amounts appropriated in this section, for the period beginning with the effective date of this Act and ending June 30, 2011.

Any federal funds appropriated under this section are not a part of the agency's 2011-13 base budget. Any program expenditures made with these funds will not be replaced with state funds after the federal American Recovery and Reinvestment Act of 2009 funds are no longer available.

SECTION 3. USE OF FEDERAL FISCAL STIMULUS FUNDS - ELECTRICAL GENERATORS. The department of commerce shall use \$2,000,000 of the funding appropriated in section 2 of this Act for the purpose of establishing a grant program to assist in the purchase and installation of electrical generators that consume at least seventy-five percent of the gas from oil and gas well sites which would otherwise be flared or wasted, for the period beginning with the effective date of this Act and ending June 30, 2011. The funding is contingent upon approval from the United States department of energy of use of the funding for the grant program. Before making a grant from the program established by this section, the department of commerce shall obtain the recommendation of the oil and gas research program administered by the industrial commission regarding the application's technical accuracy and consistency with the oil and gas research program.

SECTION 4. USE OF FEDERAL FISCAL STIMULUS FUNDS - BIOFUEL BLENDER PUMP GRANTS. The department of commerce shall use up to \$1,000,000 of the funding appropriated in section 2 of this Act for biofuel blender pump grants.

SECTION 5. CONTINGENT GENERAL FUND APPROPRIATION - BUDGET SECTION APPROVAL. If the federal funds appropriated under section 2 of this Act are not available to provide the sum of \$1,000,000 for biofuel blender pump grants, there is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$1,000,000, or so much of the sum as may be necessary, to the department of commerce for transfer to the biofuel blender pump incentive fund, for the biennium beginning July 1, 2009, and ending June 30, 2011. The department of commerce may only spend the general fund moneys subject to budget section approval and to the extent that federal funds are not available to provide the \$1,000,000 appropriated under sections 2 and 4 of this Act. This funding is one-time funding for the 2009-11 biennium.

SECTION 6. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$1,594,567, or so much of the sum as may be necessary, to the department of emergency services for the purpose of providing grants to eligible political subdivisions for up to fifty percent of the costs incurred by the political subdivisions in meeting the local cost-share required by the federal emergency management agency for disaster, emergency response, and recovery costs, and for up to fifty percent of the costs incurred by the political subdivisions for disaster, emergency response, and recovery costs not covered by the federal emergency management agency, for the period beginning with the effective date of this Act and ending June 30, 2011. For the

purposes of this section, an eligible political subdivision is one that experienced damage or destruction due to a tornado during the summer of 2007.

SECTION 7. APPROPRIATION - FEDERAL FISCAL STABILIZATION - OTHER GOVERNMENT SERVICES. There is appropriated from federal fiscal stabilization - other government services funds made available to the governor under the federal American Recovery and Reinvestment Act of 2009, not otherwise appropriated, the sum of \$400,000, or so much of the sum as may be necessary, to the office of management and budget for the purpose of establishing a searchable database of state expenditures as provided for in section 31 of this Act, for the biennium beginning July 1, 2009, and ending June 30, 2011. Any federal funds appropriated under this section are not a part of the agency's 2011-13 base budget."

Page 2, line 11, replace "11" with "14"

Page 2, line 16, replace "2,000,000" with "1,000,000"

Page 2, remove lines 17 through 20

Page 2, line 23, replace "11,100,000" with "1,100,000"

Page 3, remove lines 13 through 16

Page 3, line 20, replace "fifty" with "sixty-two and a half"

Page 3, line 29, replace "\$2,000,000" with "\$1,000,000"

Page 4, line 3, remove "TRANSFER -"

Page 4, line 5, replace "\$20,000,000, which the office of management and budget shall" with "\$15,000,000, or so much of the sum as may be necessary, to the department of commerce"

Page 4, line 6, remove "transfer to the centers of excellence fund"

Page 4, replace lines 8 through 30 with:

"SECTION 16. EXEMPTION. Any funding remaining at the end of the 2007-09 biennium of up to \$9,704,568 from the permanent oil tax trust fund appropriated to the office of management and budget in section 14 of chapter 18 of the 2007 Session Laws is not subject to section 54-44.1-11.

SECTION 17. CENTERS OF EXCELLENCE STATE TAX REVENUE IMPACT STUDY - REPORT.

1. During the 2009-11 biennium, the state auditor, in consultation with the tax commissioner and the department of commerce, shall conduct a study of the state tax revenue impact of the centers of excellence program and shall calculate the direct impact of the program on state tax revenues. The study must include an analysis for each center of excellence of the actual matching funds received by source; actual number of private sector jobs created, including information as to whether the jobs would have been created without the center; and new private sector facilities opened as the result of the center. The study must be based on information available to the tax commissioner and the state auditor.

2. During the organizational session of the sixty-second legislative assembly, the state auditor shall submit to the president pro tempore of the senate and the speaker of the house a report on the findings and results of the centers of excellence state tax revenue impact study.
3. The tax commissioner shall compile direct tax revenue and expenditure data and provide this data to the state auditor. Notwithstanding the confidentiality provisions contained in chapters 57-38 and 57-39.2, the tax commissioner shall provide the state auditor the information necessary to accomplish and effectuate the study required by this section. The tax commissioner may request the assistance of the department of commerce as necessary to compile this data.
4. The tax commissioner may establish the procedure and format by which the tax data will be provided to the state auditor. If additional information is needed by the state auditor to calculate the tax impact of the centers of excellence program, the state auditor may contact those taxpayers determined necessary to effectuate the study required by this section.
5. Except as provided in subsection 6, the state auditor may establish the manner in which the centers of excellence impact data will be analyzed, organized, and presented in the report.
6. Confidential information the state auditor receives from the tax commissioner may not be divulged by the state auditor unless the information is in the aggregate and in a manner that will not divulge information specific to any taxpayer.

SECTION 18. TOURISM MARKETING MATCHING GRANTS. The grants line item in section 1 of this Act includes the sum of \$500,000 from the general fund for providing tourism marketing matching grants, for the biennium beginning July 1, 2009, and ending June 30, 2011. The department of commerce may use the funds for awarding grants to tourism attraction entities to the extent matching funds are available from nonstate sources on a dollar-for-dollar basis.

SECTION 19. LEGISLATIVE INTENT - DIVISION OF TOURISM - LARGE TOURISM INFRASTRUCTURE GRANTS. It is the intent of the sixty-first legislative assembly that the department of commerce division of tourism develop criteria for large tourism infrastructure grants and a method for setting funding priorities for such grants in future bienniums.

SECTION 20. BASE REALIGNMENT PLAN - REPORT TO THE BUDGET SECTION. The department of commerce, with assistance from local economic development organizations and national organizations specializing in developing alternative uses of former air force base properties, shall develop a plan for the utilization of commercial space available at the Grand Forks air force base, for the biennium beginning July 1, 2009, and ending June 30, 2011. The plan must identify the potential use of existing economic development programs, including the North Dakota development fund, incorporated, and Bank of North Dakota programs. The department of commerce shall provide reports to the budget section on the status of development of the plan.

SECTION 21. TAX-EXEMPT PROPERTY - REPORT TO THE BUDGET SECTION. During the 2009-10 interim, the department of commerce shall compile information identifying tax-exempt property by school district, including information on the related value of the property based on soil survey, insured value, or other means and a categorization of the property by whether or not it produces revenue based on its use. The department of commerce shall report the information compiled at the first meeting of the budget section in 2010."

Page 5, remove lines 1 through 31

Page 6, remove lines 1 through 6

Page 6, line 15, remove "Wade Westin memorial"

Page 6, remove lines 19 through 31

Page 7, remove lines 1 through 5

Page 7, line 23, remove "the Dakota defense"

Page 7, line 24, remove "alliance," and remove the second comma

Page 7, remove lines 26 through 30

Page 8, replace lines 1 through 31 with:

"SECTION 27. AMENDMENT. Subsections 1 and 4 of section 15-69-02 of the North Dakota Century Code are amended and reenacted as follows:

1. The board shall establish a centers of excellence program relating to economic development. ~~The program must distinguish among center designations for awards designated to address commercialization and infrastructure needs.~~ Workforce may not be the primary need addressed by a center. Through the program the commission shall make funding award recommendations for commission-approved applications to the board, the foundation, the emergency commission, and the budget section of the legislative council. A center must be an institution of higher education under the control of the board or a nonprofit university-related or college-related foundation of an institution of higher education under the control of the board. In order to be considered for center designation, the institution of higher education or nonprofit foundation must be working in partnership with the private sector. ~~For an application that includes infrastructure to be considered for center designation, the application must provide detailed information regarding how the future operational costs and maintenance costs related to the infrastructure will be provided and how the costs will not be provided from the general fund.~~ In addition to any center designated under this chapter, the North Dakota state university center for technology enterprise and the university of North Dakota center for innovation are centers.
4. The board rules adopted under subsection 9 of section 15-10-17, relating to ownership of intellectual property, inventions, and discoveries, must address activities and issues unique to centers. The rules must provide that in the case of an agreement or other contract for private-public sharing of royalties or other compensation from intellectual property resulting from center activities, the terms must provide the private sector partner must receive the first royalties or other compensation equal to four times the private sector partner's initial investment and thereafter as agreed by the parties.

SECTION 28. AMENDMENT. Subsections 2 and 3 of section 15-69-04 of the North Dakota Century Code are amended and reenacted as follows:

2. The commission shall meet as necessary to review all complete applications; consider the potential need for independent, expert review of complete applications; approve or disapprove complete applications; make funding award recommendations for commission-approved proposed centers; direct the ~~office of management and budget~~ department of commerce to distribute funds to the centers; monitor centers for compliance with award requirements; review changes in assertions made in center applications; and conduct postaward monitoring of centers.
3. In considering whether to approve or disapprove an application, the commission shall determine whether the applicant has conducted the due diligence necessary to put together a viable proposal, the commission shall determine whether the applicant has provided information in the application which clearly outlines how the matching fund requirement will be met, and the commission shall consider whether the center will:
 - a. Use university or college research to promote private sector job growth and expansion of knowledge-based industries or use university or college research to promote the development of new products, high-tech companies, or skilled jobs in this state;
 - b. Create high-value private sector employment opportunities in this state;
 - c. Provide for public-private sector involvement and partnerships;
 - d. Leverage other funding, including cash from the private sector;
 - e. Increase research and development activities that may involve federal funding from the national science foundation experimental program to stimulate competitive research;
 - f. Foster and practice entrepreneurship;
 - g. Promote the commercialization of new products and services in industry clusters;
 - h. Become financially self-sustaining; and
 - i. Establish and meet a deadline for acquiring and expending all public and private funds specified in the application.

SECTION 29. AMENDMENT. Subsections 1, 3, 4, and 5 of section 15-69-05 of the North Dakota Century Code are amended and reenacted as follows:

1. A center shall use funds awarded under this chapter to enhance capacity; ~~enhance infrastructure~~; and leverage state, federal, and private sources of funding. A center awarded funds under this chapter may not use the funds to enhance or construct infrastructure, to supplant funding for current operations or academic instructions, or to pay indirect costs.
3. Before the commission directs the ~~office of management and budget~~ department of commerce to distribute funds awarded under this chapter, the center shall provide the commission with detailed documentation of private sector participation and the availability of two dollars of matching funds, of which one dollar must be cash from the private sector, for each dollar of state funds to be distributed under this chapter. The matching

funds may include funds facilitated through the collaboration of the private sector participants with other funding entities. The noncash matching funds may include ~~a combination of cash and~~ in-kind assets with itemized value. Private sector participation may be established through equity investments or through contracts for services with private sector entities. In making funding recommendations and designation determinations, the commission, board, foundation, and budget section shall give major consideration to the portion of the matching funds provided in cash by the private sector.

4. The commission shall direct the ~~office of management and budget department of commerce~~ to distribute the funds awarded under this chapter in disbursements consistent with the center's budget and timeframe outlined in the approved award. The commission may not direct distribution of funds under this chapter if there are no private sector partners participating or if the statutorily required matching funds are not available.
5. If, before funds are distributed by the ~~office of management and budget department of commerce~~, a center undergoes a change in the terms of or assertions made in its application, the commission may direct that the ~~office of management and budget department of commerce~~ withhold all or a portion of any undistributed funds pending commission review of the changes.

SECTION 30. A new section to chapter 54-18 of the North Dakota Century Code is created and enacted as follows:

Annual transfer. Within thirty days after the conclusion of each fiscal year, the state industrial commission shall transfer five percent of the net income earned by the state mill and elevator association during that fiscal year to the agricultural fuel tax fund.

SECTION 31. A new section to chapter 54-44.1 of the North Dakota Century Code is created and enacted as follows:

Searchable database of expenditures.

1. By January 1, 2010, the director of the budget shall develop and make publicly available an aggregate and searchable budget database website that includes the following information for the biennium ending June 30, 2009:
 - a. Each budget unit making expenditures.
 - b. The name and city of the recipient of each expenditure.
 - c. The amount of funds expended.
 - d. The source of the funds expended.
 - e. The budget program of the expenditure.
 - f. A descriptive purpose for the expenditure.
 - g. The result or report of any state audit or review relating to any recipient of expenditures or the budget unit or program.
 - h. Any other information determined relevant by the director of the budget.

2. The director of the budget may not include in the database any information that is confidential under state or federal law.
3. The director of the budget may update the budget database website as new data becomes available. Each state agency shall provide to the director of the budget any data required to be included in the budget database website no later than thirty days after the data becomes available to the agency.
4. By January first of each even-numbered year, the director of the budget shall add data for the previous biennium to the budget database website. The director of the budget shall ensure that all data added to the budget database website remains accessible to the public for a minimum of ten years.
5. The budget database website may not redirect users to any other government website, unless the website has information from all budget units and each category of information required can be searched electronically by field in a single search.

SECTION 32. AMENDMENT. Section 54-60-17 of the North Dakota Century Code is amended and reenacted as follows:

54-60-17. Division of workforce development - Higher education internships and work experience opportunities. The division of workforce development shall administer a program to increase use of higher education internships and work experience opportunities for higher education students. The primary focus of this program must be higher education internships in target industries. This program shall provide services to employers, communities, and business organizations to increase higher education internship and work experience opportunities. Funding awarded under this section is limited to a lifetime maximum of thirty thousand dollars per recipient."

Page 9, remove lines 1 through 25

Page 10, line 7, replace "July" with "November"

Page 10, line 13, replace "is" with "and sections 2 and 6 of this Act are"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT - LC 98037.0437 FN 16

A copy of the statement of purpose of amendment is attached.

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	\$0	\$400,000	\$400,000
Less estimated income	0	0	400,000	400,000
General fund	\$0	\$0	\$0	\$0
Department of Emergency Services				
Total all funds	\$0	\$0	\$1,594,567	\$1,594,567
Less estimated income	0	0	0	0
General fund	\$0	\$0	\$1,594,567	\$1,594,567
Department of Commerce				
Total all funds	\$88,198,900	\$137,012,900	\$47,315,508	\$184,328,408
Less estimated income	53,708,861	69,208,861	69,052,244	138,261,105
General fund	\$34,490,039	\$67,804,039	(\$21,736,736)	\$46,067,303
Bill total				
Total all funds	\$88,198,900	\$137,012,900	\$49,310,075	\$186,322,975
Less estimated income	53,708,861	69,208,861	69,452,244	138,661,105
General fund	\$34,490,039	\$67,804,039	(\$20,142,169)	\$47,661,870

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

	Executive Budget	Senate Version	House Changes	House Version
Operating expenses			\$400,000	\$400,000
Total all funds	\$0	\$0	\$400,000	\$400,000
Less estimated income	0	0	400,000	400,000
General fund	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00

Department No. 110 - Office of Management and Budget - Detail of House Changes

	Provides For Establishment of a Searchable Database ¹	Total House Changes
Operating expenses	\$400,000	\$400,000
Total all funds	\$400,000	\$400,000
Less estimated income	400,000	400,000
General fund	\$0	\$0
FTE	0.00	0.00

¹ A section is added to provide for the establishment of a searchable database of state expenditures and appropriates \$400,000 from general fiscal stabilization - other government services funds to the Office of Management and Budget for the costs associated with the case.

Senate Bill No. 2018 - Department of Emergency Services - House Action

	Executive Budget	Senate Version	House Changes	House Version
Grants			\$1,594,567	\$1,594,567
Total all funds	\$0	\$0	\$1,594,567	\$1,594,567
Less estimated income	0	0	0	0
General fund	\$0	\$0	\$1,594,567	\$1,594,567
FTE	0.00	0.00	0.00	0.00

Department No. 542 - Department of Emergency Services - Detail of House Changes

	Provides Funding for Emergency and Disaster Recovery ¹	Total House Changes
Grants	\$1,594,567	\$1,594,567
Total all funds	\$1,594,567	\$1,594,567
Less estimated income	0	0
General fund	\$1,594,567	\$1,594,567
FTE	0.00	0.00

¹ This amendment provides a \$1,594,567 general fund appropriation to the Department of Emergency Services for providing grants to eligible political subdivisions for emergency and disaster recovery.

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

	Executive Budget	Senate Version	House Changes	House Version
Salaries and wages	\$10,185,967	\$10,185,967	(\$165,127)	\$10,020,840
Operating expenses	14,428,272	15,028,272	(900,000)	14,128,272
Capital assets	25,000	25,000		25,000
Grants	53,886,058	81,436,058	(14,550,000)	66,886,058
Discretionary funds	928,083	928,083		928,083
Economic development initiatives	186,846	186,846		186,846
Agricultural products utilization	2,536,630	2,536,630		2,536,630
North Dakota Trade Office	2,000,000	2,164,000	(164,000)	2,000,000
Partner programs	2,022,044	2,022,044		2,022,044
Transfer - Workforce enhancement fund	2,000,000	2,000,000	(1,000,000)	1,000,000
Transfer - Centers of excellence fund		20,000,000	(20,000,000)	
Contingent borrowing authority		500,000	(500,000)	
Federal fiscal stimulus funds			68,594,635	68,594,635
Contingent appropriation			1,000,000	1,000,000
Centers of excellence			15,000,000	15,000,000
Total all funds	\$88,198,900	\$137,012,900	\$47,315,508	\$184,328,408
Less estimated income	53,708,861	69,208,861	69,052,244	138,261,105
General fund	\$34,490,039	\$67,804,039	(\$21,736,736)	\$46,067,303
FTE	68.00	68.00	0.00	68.00

Department No. 601 - Department of Commerce - Detail of House Changes

	Adjusts Funding for Biofuel Blender Pumps ¹	Removes Funding for Grants to Expand Child Care ²	Decreases Funding for the North Dakota Trade Office ³	Removes Contingent Borrowing Authority ⁴	Removes One-Time Funding for the Workforce Enhancement Fund ⁵	Removes Funding for Student-Based Technology Grants ⁶
Salaries and wages						
Operating expenses						
Capital assets						
Grants	(1,000,000)	(2,000,000)				(200,000)
Discretionary funds						
Economic development initiatives						
Agricultural products utilization						
North Dakota Trade Office			(164,000)			
Partner programs						
Transfer - Workforce enhancement fund					(1,000,000)	
Transfer - Centers of excellence fund						
Contingent borrowing authority				(500,000)		
Federal fiscal stimulus funds						
Contingent appropriation						
Centers of excellence						
Total all funds	(\$1,000,000)	(\$2,000,000)	(\$164,000)	(\$500,000)	(\$1,000,000)	(\$200,000)
Less estimated income	1,000,000	0	0	(500,000)	0	0
General fund	(\$2,000,000)	(\$2,000,000)	(\$164,000)	\$0	(\$1,000,000)	(\$200,000)
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Removes Funding for Regional Technical Assistance Grants⁷	Removes Funding for Youth Entrepreneur Grants⁸	Removes Funding for Grants for University Patent Office Support⁹	Removes Funding for Commercial Business District Improvement Projects¹⁰	Removes Funding for a Great Plains Applied Energy Research Center Grant¹¹	Removes Funding for a Base Realignment Grant Program¹²
Salaries and wages						
Operating expenses						
Capital assets						
Grants	(1,000,000)	(400,000)	(200,000)	(200,000)	(5,000,000)	(5,000,000)
Discretionary funds						
Economic development initiatives						
Agricultural products utilization						
North Dakota Trade Office						
Partner programs						
Transfer - Workforce enhancement fund						
Transfer - Centers of excellence fund						
Contingent borrowing authority						
Federal fiscal stimulus funds						
Contingent appropriation						
Centers of excellence						
Total all funds	(\$1,000,000)	(\$400,000)	(\$200,000)	(\$200,000)	(\$5,000,000)	(\$5,000,000)
Less estimated income	0	0	0	0	0	0
General fund	(\$1,000,000)	(\$400,000)	(\$200,000)	(\$200,000)	(\$5,000,000)	(\$5,000,000)
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Removes Funding for a Grant to the Dakota Defense Alliance Organization¹³	Decreases Funding for Tourism Marketing¹⁴	Decreases Funding for the InnovateND Program¹⁵	Removes Salary Equity Funding¹⁶ (176,627)	Removes Funding for Transfer to Centers of Excellence Fund¹⁷	Provides Funding for Centers of Excellence¹⁸
Salaries and wages						
Operating expenses		(500,000)	(100,000)			
Capital assets						
Grants	(50,000)					
Discretionary funds						
Economic development initiatives						
Agricultural products utilization						
North Dakota Trade Office						
Partner programs						
Transfer - Workforce enhancement fund						
Transfer - Centers of excellence fund					(20,000,000)	
Contingent borrowing authority						
Federal fiscal stimulus funds						
Contingent appropriation						15,000,000
Centers of excellence						
Total all funds	(\$50,000)	(\$500,000)	(\$100,000)	(\$176,627)	(\$20,000,000)	\$15,000,000
Less estimated income	0	0	0	(42,391)	0	0
General fund	(\$50,000)	(\$500,000)	(\$100,000)	(\$134,236)	(\$20,000,000)	\$15,000,000
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Provides Funding for Tourism Marketing Grants ¹⁹	Appropriates Federal Fiscal Stimulus Funds ²⁰	Provides Contingent Appropriation ²¹	Decreases Funding for Operation Intern ²²	Provides Funding for Compiling Information on Tax-Exempt Property ²³	Total House Changes
Salaries and wages					\$11,500	(\$165,127)
Operating expenses				(300,000)		(900,000)
Capital assets						
Grants	500,000					(14,550,000)
Discretionary funds						
Economic development initiatives						
Agricultural products utilization						
North Dakota Trade Office						(164,000)
Partner programs						
Transfer - Workforce enhancement fund						(1,000,000)
Transfer - Centers of excellence fund						(20,000,000)
Contingent borrowing authority						(500,000)
Federal fiscal stimulus funds		68,594,635				68,594,635
Contingent appropriation			1,000,000			1,000,000
Centers of excellence						15,000,000
Total all funds	\$500,000	\$68,594,635	\$1,000,000	(\$300,000)	\$11,500	\$47,315,508
Less estimated income	0	68,594,635	0	0	0	69,052,244
General fund	\$500,000	\$0	\$1,000,000	(\$300,000)	\$11,500	(\$21,736,736)
FTE	0.00	0.00	0.00	0.00	0.00	0.00

¹ This amendment removes \$2 million from the general fund for cost-share programs for installation of biofuel blender pumps and appropriates \$1 million of special funds from the biofuel blender pump incentive fund for grants. The amendment also provides \$1 million for biofuel blender pump grants from federal stimulus funds or, if the federal funds are not available, \$1 million is transferred from the general fund to the biofuel blender pump incentive fund.

² This amendment removes one-time funding for matching grants to local communities to establish or expand child care options to support working families.

³ This amendment removes \$164,000 from the general fund added in the Senate for the North Dakota Trade Office.

⁴ This amendment removes the authorization added by the Senate to allow the Department of Commerce to borrow up to \$500,000 from the Bank of North Dakota for providing a grant to the North Dakota Trade Office for implementing an export-related workforce recruitment program.

⁵ This amendment decreases funding for a transfer to the workforce enhancement fund by \$1 million, from \$2 million as provided for in the executive budget to \$1 million.

⁶ This amendment removes \$200,000 from the general fund added by the Senate for student-based technology grants.

⁷ Funding of \$1 million from the general fund added by the Senate for regional technical assistance grants is removed.

⁸ Funding of \$400,000 from the general fund added by the Senate for youth entrepreneurship grants is removed.

⁹ This amendment removes \$200,000 from the general fund added by the Senate for grants to the University of North Dakota and North Dakota State University patent offices.

¹⁰ This amendment removes \$200,000 from the general fund added by the Senate for providing grants for commercial business district improvement projects.

¹¹ This amendment removes \$5 million from the general fund added by the Senate for a grant for construction of a Great Plains applied energy research center on the Bismarck State College campus.

¹² This amendment removes one-time funding of \$5 million from the general fund added by the Senate for a base realignment grant program and provides that the Department of Commerce, with assistance from representatives of local economic developers and national organizations, develop a plan for the utilization of the commercial space available at the Grand Forks Air Force Base.

¹³ This amendment removes \$50,000 from the general fund added by the Senate for a grant to the Dakota Defense Alliance organization.

¹⁴ This amendment removes \$500,000 from the general fund added by the Senate for tourism marketing. This amount was in addition to the \$912,000 increase included in the executive budget.

¹⁵ This amendment decreases funding for the InnovateND program as follows:

	2007-09 Legislative Appropriation	2009-11 Executive Budget	2009-11 Senate Version	2009-11 House Version
General fund	\$150,000	\$250,000	\$350,000	\$250,000
Special funds	150,000	150,000	150,000	150,000
Total	\$300,000	\$400,000	\$500,000	\$400,000

¹⁶ This amendment removes funding added in the executive budget for state employee salary equity adjustments.

¹⁷ This amendment removes the \$20 million general fund appropriation added in the Senate for a transfer to the centers of excellence fund for funding the centers of excellence program for the 2009-11 biennium.

¹⁸ This amendment provides a \$15 million general fund appropriation to the Department of Commerce for funding the centers of excellence program for the 2009-11 biennium.

¹⁹ This amendment provides funding of \$500,000 from the general fund for tourism marketing matching grants for individual tourism attractions. The Department of Commerce may award grants to the extent matching funds are available from nonstate sources on a dollar-for-dollar basis.

²⁰ This amendment appropriates \$68,594,635 from federal stimulus funding to the Department of Commerce. This amendment also provides that the department use \$2 million of the funding for establishing a grant program to assist in the purchase and installation of electrical generators that consume at least 75 percent of the gas from oil and gas well sites which would otherwise be flared or wasted and use \$1 million of the funding for biofuel blender pump grants.

²¹ This amendment provides a contingent general fund appropriation of \$1 million for the biofuel blender pump incentive fund. The Department of Commerce may only spend the general fund money to the extent that federal fiscal stimulus funds are not available and upon approval of the Budget Section.

²² This amendment decreases funding for Operation Intern from \$1.2 million as provided for in the executive budget to \$900,000.

²³ This amendment requires the Department of Commerce to compile information during the 2009-10 interim on tax-exempt property in the state. Funding of \$11,500 from the general fund is provided to the department for costs associated with hiring two interns to gather the information.

This amendment also:

- Removes Section 7 of the reengrossed bill that provides for an audit of the ethanol production incentive fund.
- Amends Section 8 of the reengrossed bill that increases the amount of North Dakota Trade Office funding that may be provided without requiring a match from 50 percent to 62.5 percent.
- Amends Section 19 of the reengrossed bill to remove reference to providing a Wade Westin memorial grant to the Theodore Roosevelt Medora Foundation.
- Adds a section to provide that the Division of Tourism is to develop criteria for large tourism infrastructure grants and a method for setting funding priorities for such grants in future bienniums.
- Adds a section to provide for a centers of excellence state tax revenue impact study.
- Removes Section 25 added by the Senate creating a new section to North Dakota Century Code (NDCC) Chapter 15-69 to create a centers of excellence fund.
- Adds sections to amend NDCC Section 15-69-02(1) and (4), Section 15-69-04(2) and (3), and Section 15-69-05(1), (3), (4), and (5) relating to the centers of excellence program.
- Adds a section to create a new section to NDCC Chapter 54-18 to provide an annual transfer from the State Mill and Elevator Association to the agricultural fuel tax fund.
- Amends NDCC Section 54-60-17 to provide that funding awarded under the Operation Intern program is limited to a lifetime maximum of \$30,000 per recipient.
- Changes the date for reporting budget request information to the Workforce Development Council.

Date: 4/8/09
 Roll Call Vote #: 14

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. 2018

Full House Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number TRD

Action Taken No Pass as Amended

Motion Made By Delzer Seconded By Thoreson

Representatives	Yes	No	Representatives	Yes	No
Chairman Svedjan	✓				
Vice Chairman Kempenich	✓				
Rep. Skarphol	✓		Rep. Kroeber	✓	
Rep. Wald	✓		Rep. Onstad	✓	
Rep. Hawken	✓		Rep. Williams	✓	
Rep. Klein	✓				
Rep. Martinson	✓				
Rep. Delzer	✓		Rep. Glassheim	✓	
Rep. Thoreson	✓		Rep. Kaldor	✓	
Rep. Berg	✓		Rep. Meyer	✓	
Rep. Dosch	✓				
Rep. Pollert		✓	Rep. Ekstrom		✓
Rep. Bellew		✓	Rep. Kerzman	✓	
Rep. Kreidt	✓		Rep. Metcalf	✓	
Rep. Nelson	✓				
Rep. Wieland	✓				

Total (Yes) 22 No 2

Absent 1

Floor Assignment By Delzer

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

REPORT OF STANDING COMMITTEE

SB 2018, as reengrossed: Appropriations Committee (Rep. Svedjan, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (22 YEAS, 2 NAYS, 1 ABSENT AND NOT VOTING). Reengrossed SB 2018 was placed on the Sixth order on the calendar.

Page 1, line 2, after the first semicolon insert "to provide an appropriation to the office of management and budget; to provide an appropriation to the department of emergency services; to provide a contingent appropriation;"; remove "to provide for an audit;"; and remove "to authorize"

Page 1, remove line 3

Page 1, line 4, remove "continuing appropriation;"

Page 1, line 5, replace "15-69" with "54-18, a new section to chapter 54-44.1,"

Page 1, line 6, replace "a centers of excellence fund to" with "an annual transfer from the state mill and elevator association, the establishment of a searchable database of state expenditures,"

Page 1, line 8, replace "subsection" with "subsections 1 and 4 of section 15-69-02, subsections", after "2" insert "and 3", replace the second "and" with ", subsections 1, 3, 4, and 5 of", and after "15-69-05" insert ", and section 54-60-17"

Page 1, line 9, after "excellence" insert "and higher education internships and work experience opportunities"

Page 1, line 19, replace "1,359,088" with "1,193,961" and replace "10,185,967" with "10,020,840"

Page 1, line 20, replace "719,584" with "(180,416)" and replace "15,028,272" with "14,128,272"

Page 1, line 22, replace "32,661,310" with "18,111,310" and replace "81,436,058" with "66,886,058"

Page 2, line 2, replace "664,000" with "500,000" and replace "2,164,000" with "2,000,000"

Page 2, line 4, replace "35,272,419" with "19,493,292" and replace "114,512,900" with "98,733,773"

Page 2, line 5, replace "12,950,345" with "13,907,954" and replace "68,708,861" with "69,666,470"

Page 2, line 6, replace "22,322,074" with "5,585,338" and replace "45,804,039" with "29,067,303"

Page 2, after line 7, insert:

"SECTION 2. APPROPRIATION - FEDERAL FISCAL STIMULUS FUNDS - ADDITIONAL FUNDING APPROVAL. The funds provided in this section, or so much of the funds as may be necessary, are appropriated from federal funds made available to the state under the federal American Recovery and Reinvestment Act of 2009, not otherwise appropriated, to the department of commerce, for the period beginning with the effective date of this Act and ending June 30, 2011, as follows:

Community development block grant program	\$1,300,000
Community services block grant	4,853,305
State energy program	24,585,000
Energy efficiency and conservation block grants	10,000,000
Weatherization assistance program	25,266,330
Emergency shelter grants	<u>2,590,000</u>
Total federal funds	\$68,594,635

The department of commerce may seek emergency commission and budget section approval under chapter 54-16 for authority to spend any additional federal funds received under the federal American Recovery and Reinvestment Act of 2009 in excess of the amounts appropriated in this section, for the period beginning with the effective date of this Act and ending June 30, 2011.

Any federal funds appropriated under this section are not a part of the agency's 2011-13 base budget. Any program expenditures made with these funds will not be replaced with state funds after the federal American Recovery and Reinvestment Act of 2009 funds are no longer available.

SECTION 3. USE OF FEDERAL FISCAL STIMULUS FUNDS - ELECTRICAL GENERATORS. The department of commerce shall use \$2,000,000 of the funding appropriated in section 2 of this Act for the purpose of establishing a grant program to assist in the purchase and installation of electrical generators that consume at least seventy-five percent of the gas from oil and gas well sites which would otherwise be flared or wasted, for the period beginning with the effective date of this Act and ending June 30, 2011. The funding is contingent upon approval from the United States department of energy of use of the funding for the grant program. Before making a grant from the program established by this section, the department of commerce shall obtain the recommendation of the oil and gas research program administered by the industrial commission regarding the application's technical accuracy and consistency with the oil and gas research program.

SECTION 4. USE OF FEDERAL FISCAL STIMULUS FUNDS - BIOFUEL BLENDER PUMP GRANTS. The department of commerce shall use up to \$1,000,000 of the funding appropriated in section 2 of this Act for biofuel blender pump grants.

SECTION 5. CONTINGENT GENERAL FUND APPROPRIATION - BUDGET SECTION APPROVAL. If the federal funds appropriated under section 2 of this Act are not available to provide the sum of \$1,000,000 for biofuel blender pump grants, there is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$1,000,000, or so much of the sum as may be necessary, to the department of commerce for transfer to the biofuel blender pump incentive fund, for the biennium beginning July 1, 2009, and ending June 30, 2011. The department of commerce may spend the general fund moneys subject to budget section approval and only to the extent that federal funds are not available to provide the \$1,000,000 appropriated under sections 2 and 4 of this Act. This funding is one-time funding for the 2009-11 biennium.

SECTION 6. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$1,594,567, or so much of the sum as may be necessary, to the department of emergency services for the purpose of providing grants to eligible political subdivisions for up to fifty percent of the costs incurred by the political subdivisions in meeting the local cost-share required by the federal emergency management agency for disaster, emergency response, and recovery costs, and for up to fifty percent of the costs incurred by the political subdivisions for disaster, emergency response, and recovery costs not covered by the federal emergency management agency, for the period

beginning with the effective date of this Act and ending June 30, 2011. For the purposes of this section, an eligible political subdivision is one that experienced damage or destruction due to a tornado during the summer of 2007.

SECTION 7. APPROPRIATION - FEDERAL FISCAL STABILIZATION - OTHER GOVERNMENT SERVICES. There is appropriated from federal fiscal stabilization - other government services funds made available to the governor under the federal American Recovery and Reinvestment Act of 2009, not otherwise appropriated, the sum of \$400,000, or so much of the sum as may be necessary, to the office of management and budget for the purpose of establishing a searchable database of state expenditures as provided for in section 31 of this Act, for the biennium beginning July 1, 2009, and ending June 30, 2011. Any federal funds appropriated under this section are not a part of the agency's 2011-13 base budget."

Page 2, line 11, replace "11" with "14"

Page 2, line 16, replace "2,000,000" with "1,000,000"

Page 2, remove lines 17 through 20

Page 2, line 23, replace "11,100,000" with "1,100,000"

Page 3, remove lines 13 through 16

Page 3, line 20, replace "fifty" with "sixty-two and a half"

Page 3, line 29, replace "\$2,000,000" with "\$1,000,000"

Page 4, line 3, remove "TRANSFER -"

Page 4, line 5, replace "\$20,000,000, which the office of management and budget shall" with "\$15,000,000, or so much of the sum as may be necessary, to the department of commerce"

Page 4, line 6, remove "transfer to the centers of excellence fund"

Page 4, replace lines 8 through 30 with:

"SECTION 16. EXEMPTION. Any funding remaining at the end of the 2007-09 biennium of up to \$9,704,568 from the permanent oil tax trust fund appropriated to the office of management and budget in section 14 of chapter 18 of the 2007 Session Laws is not subject to section 54-44.1-11.

SECTION 17. CENTERS OF EXCELLENCE STATE TAX REVENUE IMPACT STUDY - REPORT.

1. During the 2009-11 biennium, the state auditor, in consultation with the tax commissioner and the department of commerce, shall conduct a study of the state tax revenue impact of the centers of excellence program and shall calculate the direct impact of the program on state tax revenues. The study must include an analysis for each center of excellence of the actual matching funds received by source; actual number of private sector jobs created, including information as to whether the jobs would have been created without the center; and new private sector facilities opened as the result of the center. The study must be based on information available to the tax commissioner and the state auditor.

2. During the organizational session of the sixty-second legislative assembly, the state auditor shall submit to the president pro tempore of the senate and the speaker of the house a report on the findings and results of the centers of excellence state tax revenue impact study.
3. The tax commissioner shall compile direct tax revenue and expenditure data and provide this data to the state auditor. Notwithstanding the confidentiality provisions contained in chapters 57-38 and 57-39.2, the tax commissioner shall provide the state auditor the information necessary to accomplish and effectuate the study required by this section. The tax commissioner may request the assistance of the department of commerce as necessary to compile this data.
4. The tax commissioner may establish the procedure and format by which the tax data will be provided to the state auditor. If additional information is needed by the state auditor to calculate the tax impact of the centers of excellence program, the state auditor may contact those taxpayers determined necessary to effectuate the study required by this section.
5. Except as provided in subsection 6, the state auditor may establish the manner in which the centers of excellence impact data will be analyzed, organized, and presented in the report.
6. Confidential information the state auditor receives from the tax commissioner may not be divulged by the state auditor unless the information is in the aggregate and in a manner that will not divulge information specific to any taxpayer.

SECTION 18. TOURISM MARKETING MATCHING GRANTS. The grants line item in section 1 of this Act includes the sum of \$500,000 from the general fund for providing tourism marketing matching grants, for the biennium beginning July 1, 2009, and ending June 30, 2011. The department of commerce may use the funds for awarding grants to tourism attraction entities to the extent matching funds are available from nonstate sources on a dollar-for-dollar basis.

SECTION 19. LEGISLATIVE INTENT - DIVISION OF TOURISM - LARGE TOURISM INFRASTRUCTURE GRANTS. It is the intent of the sixty-first legislative assembly that the department of commerce division of tourism develop criteria for large tourism infrastructure grants and a method for setting funding priorities for such grants in future bienniums.

SECTION 20. BASE REALIGNMENT PLAN - REPORT TO THE BUDGET SECTION. The department of commerce, with assistance from local economic development organizations and national organizations specializing in developing alternative uses of former air force base properties, shall develop a plan for the utilization of commercial space available at the Grand Forks air force base, for the biennium beginning July 1, 2009, and ending June 30, 2011. The plan must identify the potential use of existing economic development programs, including the North Dakota development fund, incorporated, and Bank of North Dakota programs. The department of commerce shall provide reports to the budget section on the status of development of the plan.

SECTION 21. TAX-EXEMPT PROPERTY - REPORT TO THE BUDGET SECTION. During the 2009-10 interim, the department of commerce shall compile information identifying tax-exempt property by school district, including information on the related value of the property based on soil survey, insured value, or other means and a categorization of the property by whether or not it produces revenue based on its

use. The department of commerce shall report the information compiled at the first meeting of the budget section in 2010."

Page 5, remove lines 1 through 31

Page 6, remove lines 1 through 6

Page 6, line 15, remove "Wade Westin memorial"

Page 6, remove lines 19 through 31

Page 7, remove lines 1 through 5

Page 7, line 23, remove "the Dakota defense"

Page 7, line 24, remove "alliance," and remove the second comma

Page 7, remove lines 26 through 30

Page 8, replace lines 1 through 31 with:

"SECTION 27. AMENDMENT. Subsections 1 and 4 of section 15-69-02 of the North Dakota Century Code are amended and reenacted as follows:

1. The board shall establish a centers of excellence program relating to economic development. ~~The program must distinguish among center designations for awards designated to address commercialization and infrastructure needs.~~ Workforce may not be the primary need addressed by a center. Through the program the commission shall make funding award recommendations for commission-approved applications to the board, the foundation, the emergency commission, and the budget section of the legislative council. A center must be an institution of higher education under the control of the board or a nonprofit university-related or college-related foundation of an institution of higher education under the control of the board. In order to be considered for center designation, the institution of higher education or nonprofit foundation must be working in partnership with the private sector. ~~For an application that includes infrastructure to be considered for center designation, the application must provide detailed information regarding how the future operational costs and maintenance costs related to the infrastructure will be provided and how the costs will not be provided from the general fund.~~ In addition to any center designated under this chapter, the North Dakota state university center for technology enterprise and the university of North Dakota center for innovation are centers.
4. The board rules adopted under subsection 9 of section 15-10-17, relating to ownership of intellectual property, inventions, and discoveries, must address activities and issues unique to centers. The rules must provide that in the case of an agreement or other contract for private-public sharing of royalties or other compensation from intellectual property resulting from center activities, the terms must provide the private sector partner must receive the first royalties or other compensation equal to four times the private sector partner's initial investment and thereafter as agreed by the parties.

SECTION 28. AMENDMENT. Subsections 2 and 3 of section 15-69-04 of the North Dakota Century Code are amended and reenacted as follows:

2. The commission shall meet as necessary to review all complete applications; consider the potential need for independent, expert review of complete applications; approve or disapprove complete applications; make funding award recommendations for commission-approved proposed centers; direct the ~~office of management and budget~~ department of commerce to distribute funds to the centers; monitor centers for compliance with award requirements; review changes in assertions made in center applications; and conduct postaward monitoring of centers.
3. In considering whether to approve or disapprove an application, the commission shall determine whether the applicant has conducted the due diligence necessary to put together a viable proposal, the commission shall determine whether the applicant has provided information in the application which clearly outlines how the matching fund requirement will be met, and the commission shall consider whether the center will:
 - a. Use university or college research to promote private sector job growth and expansion of knowledge-based industries or use university or college research to promote the development of new products, high-tech companies, or skilled jobs in this state;
 - b. Create high-value private sector employment opportunities in this state;
 - c. Provide for public-private sector involvement and partnerships;
 - d. Leverage other funding, including cash from the private sector;
 - e. Increase research and development activities that may involve federal funding from the national science foundation experimental program to stimulate competitive research;
 - f. Foster and practice entrepreneurship;
 - g. Promote the commercialization of new products and services in industry clusters;
 - h. Become financially self-sustaining; and
 - i. Establish and meet a deadline for acquiring and expending all public and private funds specified in the application.

SECTION 29. AMENDMENT. Subsections 1, 3, 4, and 5 of section 15-69-05 of the North Dakota Century Code are amended and reenacted as follows:

1. A center shall use funds awarded under this chapter to enhance capacity; ~~enhance infrastructure~~; and leverage state, federal, and private sources of funding. A center awarded funds under this chapter may not use the funds to enhance or construct infrastructure, to supplant funding for current operations or academic instructions, or to pay indirect costs.
3. Before the commission directs the ~~office of management and budget~~ department of commerce to distribute funds awarded under this chapter, the center shall provide the commission with detailed documentation of private sector participation and the availability of two dollars of matching funds, of which one dollar must be cash from the private sector, for each

dollar of state funds to be distributed under this chapter. The matching funds may include funds facilitated through the collaboration of the private sector participants with other funding entities. The noncash matching funds may include ~~a combination of cash and~~ in-kind assets with itemized value. Private sector participation may be established through equity investments or through contracts for services with private sector entities. In making funding recommendations and designation determinations, the commission, board, foundation, and budget section shall give major consideration to the portion of the matching funds provided in cash by the private sector.

4. The commission shall direct the ~~office of management and budget department of commerce~~ to distribute the funds awarded under this chapter in disbursements consistent with the center's budget and timeframe outlined in the approved award. The commission may not direct distribution of funds under this chapter if there are no private sector partners participating or if the statutorily required matching funds are not available.
5. If, before funds are distributed by the ~~office of management and budget department of commerce~~, a center undergoes a change in the terms of or assertions made in its application, the commission may direct that the ~~office of management and budget department of commerce~~ withhold all or a portion of any undistributed funds pending commission review of the changes.

SECTION 30. A new section to chapter 54-18 of the North Dakota Century Code is created and enacted as follows:

Annual transfer. Within thirty days after the conclusion of each fiscal year, the state industrial commission shall transfer five percent of the net income earned by the state mill and elevator association during that fiscal year to the agricultural fuel tax fund.

SECTION 31. A new section to chapter 54-44.1 of the North Dakota Century Code is created and enacted as follows:

Searchable database of expenditures.

1. By January 1, 2010, the director of the budget shall develop and make publicly available an aggregate and searchable budget database website that includes the following information for the biennium ending June 30, 2009:
 - a. Each budget unit making expenditures.
 - b. The name and city of the recipient of each expenditure.
 - c. The amount of funds expended.
 - d. The source of the funds expended.
 - e. The budget program of the expenditure.
 - f. A descriptive purpose for the expenditure.

- g. The result or report of any state audit or review relating to any recipient of expenditures or the budget unit or program.
 - h. Any other information determined relevant by the director of the budget.
2. The director of the budget may not include in the database any information that is confidential under state or federal law.
3. The director of the budget may update the budget database website as new data becomes available. Each state agency shall provide to the director of the budget any data required to be included in the budget database website no later than thirty days after the data becomes available to the agency.
4. By January first of each even-numbered year, the director of the budget shall add data for the previous biennium to the budget database website. The director of the budget shall ensure that all data added to the budget database website remains accessible to the public for a minimum of ten years.
5. The budget database website may not redirect users to any other government website, unless the website has information from all budget units and each category of information required can be searched electronically by field in a single search.

SECTION 32. AMENDMENT. Section 54-60-17 of the North Dakota Century Code is amended and reenacted as follows:

54-60-17. Division of workforce development - Higher education internships and work experience opportunities. The division of workforce development shall administer a program to increase use of higher education internships and work experience opportunities for higher education students. The primary focus of this program must be higher education internships in target industries. This program shall provide services to employers, communities, and business organizations to increase higher education internship and work experience opportunities. Funding awarded under this section is limited to a lifetime maximum of thirty thousand dollars per recipient."

Page 9, remove lines 1 through 25

Page 10, line 7, replace "July" with "November"

Page 10, line 13, replace "is" with "and sections 2 and 6 of this Act are"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT - LC 98037.0437 FN 16

A copy of the statement of purpose of amendment is on file in the Legislative Council Office.

2009 SENATE APPROPRIATIONS

CONFERENCE COMMITTEE

SB 2018

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2018 conference committee

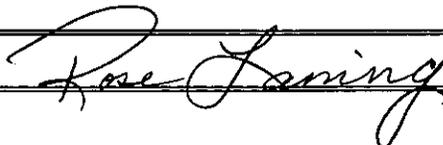
Senate Appropriations Committee

Check here for Conference Committee

Hearing Date: April 22, 2009

Recorder Job Number: 12095 (starting at 14:00)

Committee Clerk Signature



Minutes:

Senator Grindberg called the conference committee hearing to order on SB 2018 which is an appropriation for the Department of Commerce. Roll call was taken and all committee members were present: **Senator Grindberg, Senator Holmberg, Senator Robinson, Rep. Delzer, Rep. Thoreson and Rep. Kaldor.**

Senator Grindberg: It is tradition to have the House walk through all the changes to the Senate version of the bill and that will be the extent of our first meeting. My intent is for our second meeting to have an outline that will take us by section so that we'll work through these in pieces to see where we can agree and where we'll disagree.

Rep. Delzer: Probably the easiest way to do it is if you have the set of amendments. The right bill is .0300 and the amendments are .0437. The easiest way would maybe be the Statement of Purpose and start on page 5. #1 removed the \$3 M general fund for the bio fuels blender pumps (read from bill and covered all the House changes.) (18:41) Section 5 – We decrease the workforce enhancement fund by \$1 M from \$2 M as provided by the executive budget. Section 6

Senator Grindberg: Let's go back to the #5 with a little more explanation of the reduction of the million. Was it based on just an arbitrary cut in half?

Rep. Delzer: It wasn't arbitrary. It was based on what we thought we had received from that and figured the \$1M was better than the \$2 M. I'll have to dig my notes out to get into it deeper.

Senator Grindberg: Because it was the House action 2 years ago that put the \$2 M in and it was all utilized by the two year system, so it seems there should be some basis for why we just...

Rep. Delzer: There was. (Continues reading) The rest of those – 6, 7, 8 - these were all added by the Senate. We did not have a lot of discussion about them. We really don't know what they were meant to do in many cases. The department didn't seem to be able to totally explain them or at least we could have discussions about them to see where we agree or not agree. Some of them have to do with entrepreneur ones. There was bill passed on the House and passed through the Senate for entrepreneur grants. The rest we thought we'll have to look at and discuss. Section 11 is the \$5 M for the Great Plains Applied Research Center – that's HB 1350. (Continues reading)

Senator Grindberg: Numbers 10 & 12 on page six. (34:19)

Rep. Delzer: Those were your additions # 10 & 12. The base re-alignment - we have concerns how it came over. We did take the borrowing authority out. We put a section in and we're looking at it. A couple more amendments that are floating around and were never offered and would vet the situation in certain ways. One was that the state would receive the same money back in future tax receipts. Another had a check by the Commerce Dept. and we can get copies of those amendments. (Continue reading) I think that's all of them. There are alot of them on both sides.

Senator Holmberg: I was multi-tasking when you mentioned section 6 at beginning – the Northwood thing. The Senate had it and killed the bill. Is that something you're sending over

with a great deal of passion or is it that something we'll talk about it. Maybe if I ask two different people, I'll get two different answers.

Rep. Delzer: I guess you probably would. It passed inspection, I don't believe there was any attempt to take it out in full committee. Everyone in full committee was aware of it and nobody made a motion to take it out. The person who asked to add it back in was very very passionate about it.

Senator Grindberg: Further questions.

Rep. Delzer: There was a senator who came over and asked for a certain amendment. It was presented along with public testimony and had to do with relocation grants. No one in the section offered it and it was not offered in full committee. It took us a long time to go through all the amendments that were offered and those adopted and not adopted.

Senator Grindberg: I have a handout that was provided to me from the University System Office. This is in regard to the Workforce Enhancement Grants and the Centers of Excellence program. I wanted to bring it to your attention and we will be getting into the details of this. I will provide a handout or crib sheet to guide us through this at least from a section by section so we're covering all the bases appropriately. A closing comment from my perspective – I've always felt that it's our job, particularly with the Commerce budget to set the policy and direction, support current efforts of growth and job creation in the state. I hope that as we continue, we can keep that in mind that it's about challenging the status quo, keeping ND moving forward and not just concerned about slashing programs in spite of balancing a budget when job growth and job creation is one of our key strategies. Specifically with the Center of Excellence program, I've become very concerned over our approach legislatively to continually change the program and create more hurdles and hoops when the expectations on the end I think are a comment at least from the communities and the economic developers and the

institutions. We seem to have a disconnect legislatively over the expectations and this memo echoes some of those concerns. On the end of the day, we're about advancing technology and job creation and keeping our economy moving. So I offer that as a member of the creation of a Centers of Excellence program who has deep concerns about how we're, I don't want to use the term micro-manage, but yet not having clear expectations amongst colleagues in the legislature. So with that, we'll stand adjourned until our 2nd meeting.

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2018 conference committee

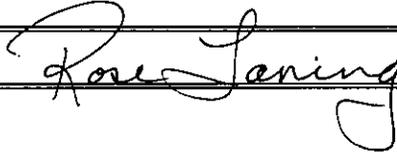
Senate Appropriations Committee

Check here for Conference Committee

Hearing Date: April 24, 2009 – 3:30 pm

Recorder Job Number: 12225

Committee Clerk Signature



Minutes:

Senator Grindberg opened the conference committee hearing on SB 2018 concerning the Department of Commerce. The minutes reflect that all the conferees are present: **Senators Grindberg, Holmberg, Robinson; Representatives Delzer, Thoreson, and Kaldor.**

Sandy Deis, OMB and **Roxanne Woeste**, Legislative Council were also present.

Senator Grindberg (handed out a document that the committee will follow 2009 Senate Bill No. 2018 – Comparison of Senate and House Versions – see attached #1) : Had council put together a comparison of the bill in sections and the last to pages show the financial breakdown. Goal is to walk thru the first 3 pages and kick out the ones that there were no changes by House action from the Senate bill and check those off. The 2nd meeting see if we can go through the list and take off items that I wouldn't directly correlate to the divisions of commerce and economic development. Then we can cross off the list as we finish.

Section 1 addresses the appendix.

Section 2 is the one time funding for the Department of Commerce.

Roxanne Woeste, Legislative Council: Section 2 will flush out as we do the dollar changes.

Rep. Delzer: Asked which bill we were working off of.

Roxanne Woeste: Senate version .0400 and House version is .0500 of bill. Most of memo is off of .0400.

Rep. Delzer: Were there floor amendments put on by the Senate on the floor?

Roxanne: Yes.

V. Chair Grindberg: Section 3 is the appropriation for APUC (Agricultural Products Utilization Commission) and this is used for Agricultural purposes. No changes in the House.

Rep. Delzer: Section 3 Is this off amendment .0400 of the bill? .0500 is section 9.

Roxanne: The House had no changes to section 3 but needed an additional section and that became Section 9.

Rep. Delzer: How do you want to do this? This relates to 5% off Mill and Elevator?

V. Chair Grindberg: These issues will come back up.

Section 4 – An exemption that the Department of Commerce will carry over any unspent funds from APUC.

Section 5 allows for carry over discretionary funds line.

V. Chair Grindberg: Section 6 is the Exemption of Economic development unspent funds.

Section 7 – Audit of ethanol production incentive program. The House removed this section.

Rep. Delzer: We got a copy of it and looked at it and asked who had received it and no one used it. It may be more relevant this year than in the past but I don't know if it is very relevant.

V. Chair Grindberg: Blender pumps discussion?

Rep. Delzer: No, not with the blender pump but county cyclical will kick in and use all of that ethanol.

V. Chair Grindberg: Senate, do you want to come back to that? OK

Section 8 Trade office matching fund requirements we will leave for now.

Section 9, 10, 11, 12, 13, 14, 15 – House removed that section. Let's discuss section 15.

Senator Robinson: That certainly has support. The Senate supported it. I would like to have it revisited in the next days. It has some merit for small communities.

Rep. Delzer: Aren't these communities set up for Renaissance Zones?

Senator Robinson: Some do and many do not. Some of the communities that would be impacted were excited. There was a bill originally and I can bring that to the next meeting.

Rep. Delzer: Did Senate defeat the bill?

Senator Robinson: No. I believe the House defeated it.

Paul Glovik, Department of Commerce: We would see this as a compliment to the Renaissance Zone. These communities can have zone but this would be a grant as opposed to a tax credit and it would help spruce up communities.

Rep. Delzer: What kind of guidelines?

Senator Robinson: We're looking at matching grants for small communities. Most of these communities have been impacted by larger shopping areas.

Rep. Delzer: We'll have to look at the bill and see why we defeated it. Who can receive these? Cities? Individuals?

Senator Grindberg: Section 16 we can agree to take that out of the bill because the bill did pass both houses.

Rep. Delzer: Did 1350 get passed as the House passed it? Yes.

Senator Grindberg: Section 17 we will save for another day.

Section 18-19 House removed reference to Memorial grant. Senate doesn't have a problem with that. We will hold off on the large infrastructure project or grants.

Sections 20 – 21 is Trade office. These sections and the related funding were removed by the house.

Rep. Delzer: \$50,000 for the study? Yes.

Senator Grindberg: Section 22 - Legislative Council study on Technology based entrepreneurship and economic development. No changes there.

Section 23 Study on workforce system initiative.

Section 24 (grant to Dakota Defense Alliance)

Roxanne Woeste: section 24 of Senate Version is legislative intent relates to three grants to Dakota Defense Alliance, L& C (Lewis & Clark), and TRMF (Theodore Roosevelt Memorial Foundation).

Rep. Delzer: I believe we need to discuss what we're expecting there. Give them more guidelines on accountability requirements. There's been discussion about the Northern Plains National Heritage Area and we want to make sure no money is used from this type of match. We also need to know if we're doing this that the money is used for what we intended.

Senator Grindberg: Section 25, 26, and 27 we will save for another day.

Section 28 – just change date of reports.

Senator Grindberg: Closed hearing and our next meeting will be at 4:30 and we will talk about blender pumps.

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2018 Conference Committee

Senate Appropriations Committee

Check here for Conference Committee

Hearing Date: April 24, 2009 – 4:30 pm

Recorder Job Number: 12239

Committee Clerk Signature



Minutes:

Chairman Grindberg opened the conference committee hearing on SB 2018 concerning the Department of Commerce. Let the record show all conferees are present. **Senators: Grindberg, Holmberg, Robinson; Representatives: Delzer, Thoreson, Kaldor.** Sandy Deis, OMB and Roxanne Woeste, Legis. Council were also present.

Chairman Grindberg We will do our best to move along. Open up discussion on the blender pumps, there is a probably a footnote. I would open discussion on House action.

Representative Delzer SB2228 passed both Houses and it has limitations in there, 2%. The overall funding and \$5,000 per pump. when we went all through this on the House side, when we dealt with 2228 and 2018 what we looked at is if you have \$5000 a pump that would be would be 200 new pumps in the time frame and there were some time frames put in basically two construction seasons and reporting in 2228 and the dollars figured in there you would have to do 200 pumps way more then what we thought there could considerably be come in in that time frame. The million (M) dollars covers the 200 pumps. We had hoped it could be funded out of stimulus money. The House is pretty firm on this issue.

Chairman Grindberg The M dollar contingency would back up the stimulus money in the event it did not happen.

Representative Delzer, It would not be available unless the stimulus did not happen. It is not 2 m total, it is 1 M stimulus, if the stimulus isn't there you can use the general fund but there is no way to use the general fund if the stimulus is available.

Senator Holmberg This on our books ties up 2 M dollars for the biennium. Roxanne, or is this different from what we found in the stimulus money in Higher Ed where it would tie up 2.6 M for the whole biennium .

Roxanne Woeste Representative Delzer is correct. What we did we appropriated 1M of special funds, that would be the federal stimulus dollars for the blender pumps. In a separate section we provided a continued general fund appropriation of 1 M dollars. We reflect both of budget status because of the way we account for dollars we need to assume that general fund appropriation will occur. So that is why it looks if you look in the budget statute it may look like 2 M actually it is correct, 1 M in special funds and 1 M in general funds. It's not both.

Senator Holmberg Is that tied up for the entire time of biennium or does that assume 7 months from now the money comes from stimulus that other 1 M then that we tied up would essentially would revert to the general fund ?

Roxanne That is correct. If the stimulus dollars are available and are used the 1 M dollar general fund appropriation will not be used and that money would remain in the general fund.

Senator Holmberg We are exploring in the wind tower in Devils Lake to utilize that contingency money in student aid and one of the things we might want to keep in mind as it goes through this is if you want to consider putting that M dollars if it doesn't go to the blender pumps to some other worthy purpose within this budget. And again we have to reflect 2 M dollars even though we all know we are only spending 1M. in this budget.

Representative Delzer The thought in the House section was that the M dollars of stimulus would be in the department of commerce, if that is usable. We would look if we indeed have the stimulus money, we would consider or not, in general it was not the thought of this action.

Senator Holmberg That was also our discussion in Higher Ed. That is how we have dealt with that.

Representative Delzer we will look at it, the House is probably not agreeable to it.

Chairman Grindberg I've heard some concern over the timeliness in the effort to resolve whether stimulus funds is available, and then the construction season, say it comes October or November relying on stimulus do we lose a season for wrapping up with these pumps versus saying stimulus doesn't happen and then we are into 2010. Any comment.

Shane Goettle, Department of Commerce The stimulus dollars in department of commerce that we would be pursuing for this program are the state energy program dollars. About 25 M of stimulus money there. This is not a new program for commerce. We've had some very small funds from federal government about 250,000, quite frankly, but this is 25 M on top of that so this has grown quite a bit. The purpose of the program is to pursue energy efficiency types of projects and renewable projects where it is demonstrated it might reduce the use of nonrenewable energy supplies. That is the primary function of the program. In terms applying that to blender pumps, one might be able to make the argument to the department of energy that that can occur. We are not positive and that's why this ended up successfully with the department of energy. That is why the contingency language is in here. In terms of the time line, our state plans, in other words, giving the feds an idea broadly of the kinds of things that we would spend that money on is due the middle of May. The department of energy has 60 days to respond to that plan. After that there may still be some differences that have to be ironed out. We might be at the earliest mid July before we have any answers from the

department of energy. It could be later in the summer so it is possible to lose some or all of the first construction season.

Chairman Grindberg So you cannot install a blender pump in January. Is that correct?

Mike Rud, ND Petroleum Marketers Association You would have to do it during the normal construction process. You wouldn't want to be pouring concrete, dropping pipes, if you have to drop pipes you would need the summer construction season to do a lot of this work.

Representative Delzer What is the average length of time to put in the pump?

Mike Rud You could put a pump in in a week, just the dispenser; if you have to do piping and a tank that is a whole lot longer. You can do it anytime of the year if you didn't have to do any concrete work. (10.04)

Senator Robinson I was interested in Representative Delzer's analyze of numbers, on the Senate side this had strong support. In our caucus there is strong support. I am continuing to hear from retailers across the state inquiring about the status of this particular program so I think it has potential for success and the interest level is rather high.

Representative Kaldor How many pumps would attempt to be installed this summer?

Mike Rud, I don't know that number offhand, but anywhere from 200 to 400 if the money was there. It takes one or two months once you get it ordered to get it in and microfitted to do the work that the blender pump would do. It all would depend on what you have under the ground, how simple the process would be and have it certified and up to snuff with the health dept.

Chairman Grindberg made comments regarding the ND Development Fund regarding childcare recommendations. He recessed the meeting at this time.

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2018

Senate Appropriations Committee

Check here for Conference Committee

Hearing Date: 04-25-09

Recorder Job Number: 12251

Committee Clerk Signature



Minutes:

Chairman Grindberg opened the conference committee hearing at 9:00 in reference to SB 2018. Let the record show all conferees are present. They are as follows: **Senators: Grindberg, Holmberg, Robinson; Representatives: Delzer, Thoreson, Kaldor.**

Chairman Grindberg: I will ask Mr. Goettle and Jim Boyle to provide a last check over of stimulus funds and then move into page three of the handout we are using. Give us some information regarding the electric generators and blender pumps discussion and I would like discussion of the House position on the Northwood School and discussion on the tax exempt in the state that the House added, and the discussion on searchable data base. Then hopefully we can cover the changes on the Mill and elevator. Shane and Jim will you review stimulus information that will remind the Senate members what the House did to stimulus . Are there any changes or new things of importance for the committee to understand?

Shane Goettle, Dept of Commerce: Asked Jim Boyd to give you a quick overview.

Jim Boyle: As far as the stimulus dollars coming to the division of community services, we have them coming from several departments. Under the department of energy programs we have the state energy program. Under the new program, the energy efficiency conservation block grant that was authorized in 2007 and never funded, we are looking at receiving \$9,593,000 of which 60% has to be used. Dept of energy weatherization program to be used

in low income organizations. In addition they have expanded, a little higher income cliental.

They also allowed for additional work to be done. In all cases, we need to prepare a plan to be submitted to dept of energy. In addition to the stimulus plans we have other plans. Going on to the Hud program we have the community Development Block Grant program, the homeless prevention and rapid rehousing program. Finally we have the community service block grant under HHS.

Chairman Grindberg: With the CDBG funding the Senate version had \$200,000 in general fund money for grants of \$10,000 for cites fewer than 8000 for commercial business district.

Would additional CDBG funding be able to be set aside for that same purpose?

Jim: The CDBG funds provide grants to city and counties to assist low and moderate income individuals defined under the HUD program. We might be able to fund it but it depends upon

the specifics? We would have to take it on a project by project bases.

Chairman Grindberg: I would like to move to the top bullet on page 3. What are we trying to accomplish.

Rep. Delzer: Section 3 of .0500 what that would amount to is that a lot of these new wells the gas is being flared, there is technology that is a portable generator that will burn the gas and transform it and generate the gas for use.

Chairman Grindberg: Who would be the likely recipient of funds?

Rep. Delzer: Someone in Dickinson, a private enterprise. We are all aware that most of the baaken gas is being flared. Representative Wald brought it forward. I think if it worked it would be good use of some of that stimulus money. Set up for one time.

Rep. Thoreson: A reporting mechanism could be added.

Chairman Grindberg: We are taking one report out, we can put one in. Either way, we will have a sense of what?

Senator Holmberg: We would know that if it worked they would be back next session asking for more.

Rep. Delzer: If it really works the department of commerce will come back, it might set them up so they don't need to come back.

Senator Holmberg: I don't have a problem with the concept.

Chairman Grindberg: Could it be used as a subsidy. Check that one off. Do you want a report or not? No report. Let's go back to the discussion on the blender pumps.

Rep. Delzer: I meant to get a copy of 2228, I don't think there is any problem with the dates in there because I think there is construction all year round. You know you will have stimulus money by July.

Rep. Thoreson: The act becomes effective July 1, 2009 and goes through November 30, 2012.

Rep. Kaldor: When will we know whether those stimulus funds will be?

Rep. Delzer: By July 15 or somewhere in there.

Shane Goettle: Our overall state program is due May 12, response within 60 days, as for blender pumps there could be some give and take.

Senator Robinson: How soon can we see blender pumps going in?

Shane Goettle: After we know we would put together application process.

Senator Robinson: You don't foresee any roadblocks? This should work, correct?

Shane Goettle: By August we would have a definitive answer.

Senator Robinson: In the event we don't have stimulus funds, we wouldn't have to wait if we have the provisions. Do we have to go to the budget section on this? Do we have to have a report?

Rep. Delzer: That is a point of discussion. Normally we have a budget section meeting in July and I would think you would have the preliminary knowledge by then.

Senator Holmberg: The way the language is now, you can't access general funds unless the stimulus money. The language would have to be tweaked.

Rep. Thoreson: I am looking at 2228, I do not see anything in the title or in the bill mentioning budget sections.

???: No that is in 2018.

Senator Robinson: I suggest we do what we can with the language and we move forward and position ourselves and take advantage of everything we can.

Senator Holmberg: Do we run the risk if we put in language because of the stimulus answer? We could be spending general fund money and later trying to supplant money that we have already spent with stimulus dollars. Do we take that risk?

Senator Robinson: That is a risk but I hope we can deal with that and get a good start this fall with the September time period.

Chair Grindberg: Move onto other items.

Rep. Delzer: The liability with Blender pumps of people putting them in cars that are not flex fuel.

Chair Grindberg: Asked for Volunteers to meet with Commerce to discuss this.

Rep. Thoreson: I will.

Chair Grindberg: Open us a discussion from the House on the section that addresses the Northwood school.

Rep. Delzer: This was passed by House I don't remember what the vote was. The Senate chose not to pass it. The bill sponsor came back and asked to have it. I think we know the issue. It's \$1.5 for school building. Cost for building after tornado.

Chair Grindberg: On Senate side it was defeated twice.

Rep. Thoreson: 1221 – original bill the House passed 89-4 and Senate defeated 21-25

Rep. Kaldor: First day we met, Senator Holmberg asked how much passion we have for this amendment. In light of what has happened in the past few weeks and all the disaster a tornado you can't prepare for. Northwood situation is profound. You can't sand bag your way out of a tornado. Discussion of floor. Their insurance level was what was needed. A Small community and faces a daunting challenges. I keep coming back to this- we have to do a lot for a lot of communities with natural disasters. Many could have been prevented. You can do nothing with a tornado. Every ambulance was running between Northwood and Fargo.

Chairman Holmberg: Some of the debate had passion on other side. Additional information since Senate has made wishes known. Popular press is true, they are going thru additional period of belt tightening in order to take care of dollar issues. They are looking at reducing the superintendent to half time.

Rep. Delzer: Just so committee aware. Passed 81-4. I was one of 4. A lot of passion on both sides.

Senator Robinson: Add to the debate. I supported the Northwood funding. We can debate and shouldn't. In natural disasters, the Northwood community could have been any community in the state. The very nature of people, people from NDSU, Oakes (to sandbag) shows fabric of people helping with disasters. I have been supportive and hope we can resolve issue and help folks.

Chair Grindberg: I'll keep an open mind. Concerns aren't with Northwood getting \$1- 1.5M What I'm more concerned about is when Commerce was established into more streamlined agency. Floor debate was creating the next Human Service budget. This is a perfect example. There is nothing in this debate about economic development. A number of things

are migrating into Commerce and have no business in Commerce. Move on to the House – tax exempt property. Need to have language changed. I think tax department already collects a lot of this information.

Shane Goettle: Rep. Skarphol would like us take on 2 summer interns. He is worried if tax department did it, it would have level they were not looking for. He is expecting the interns to take a look at insured value, public information, and general report. My concern is with timing. I would like to move the timeline.

Rep. Delzer: I don't think House has any problem with that. If you wait with 4th quarter, you have budget information.

Chair Grindberg: My two cents is to assign to tax department and get it out of Commerce. A number of other bills have directed Commerce to be busier. Let's assign it to Cory Fong's department.

Rep. Delzer: That was discussed and difference is what Geottle said. He can hire as part time people that will only be hired once to gather the information. Tax Commissioner is much more concerned about the accuracy of information. I understand what you are saying about keeping Commerce as Commerce. This is turning out to be the catch all bill and shouldn't be.

Rep. Thoreson: We can work on this whatever is best.

Chair Grindberg: Should we have request come thru council.

Rep. Delzer: Talk with Skarphol and see what he has to say.

V. Chair Grindberg: I can catch him too. We have 2 other items: Searchable data base that the bill is still alive with a study attached.

Rep. Thoreson: 1377 did not have dollars associated with it. We are looking at study that has been done elsewhere and a company that does this. It would be less money. I can provide copies of what that would cost to this committee. We're still in conference. Senate

hog housed it into a study. We'll meet on Monday morning. It is still the position of House that this is important. OMB says this is important

Senator Holmberg: I also serve on 1322 as does Senator Robinson.

Rep. Thoerson: So does Kaldor.

Senator Holmberg: There are a few ideas floating around. We will work on that.

Chair Grindberg: Roxanne, the \$400,000 was fiscal stabilization. Where are we sitting?

Rep. Dlezer: We dealt with 2266 the nurse simulator. That bill shows were right at the end.

Chair Grindberg: This too.

Rep. Delzer: Sheila Peterson gave us a summary.

Chair Grindberg: What about geo-thermal?

Roxanne: The geo-thermal will be funded out of Commerce or state energy program.

Chair Grindberg: last item get through and resolve is on page 4. The second bullet from bottom creating a new section providing the Industrial Commission to transfer 5% net income earned by State Mill and Elevator to the Agricultural Fuel Tax Fund.

Rep. Delzer: APUC funding source is drying up. The gas tax is on small farmers. Takes 5% of any profits from Mill and Elevator regardless of level of value they have. The other issue is part of formula.

Senator Holmberg: If they didn't meet level of profits, they would have to borrow the money to pay the general fund.

Rep. Delzer: If they made \$100 then \$5 would go to APUC. If there wasn't any profit, nothing would go to APUC.

Rep. Kaldor: Just to add confirmation to what Rep. Delzer is saying, That's issue has been resolved in the Industrial Commission and Ag conference committee. It's going to be clear that it's only if they have profits. It's a flat 5%.

Chair Grindberg: Any other discussion as far as fuel tax.

Rep. Delzer: That gas tax goes all different directions. I don't know what we could do.

Chair Grindberg: Diesel?

Rep. Delzer: Most don't pay tax on diesel so there is no refund.

Chair Grindberg: any comments. Hearing no objections, we'll cross that one off.

I have two handouts for your review. Language from commerce on operation intern – see attached #1. Corrected language for the workforce development council – see attached #2.

Here's internship when we get to operation intern.

Rep. Delzer: Did the Senate get a list of all those operation interns?

Chair Grindberg: No, we did not. He then closed the hearing.

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2018 Conference Committee

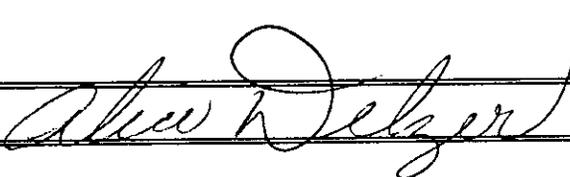
Senate Appropriations Committee

Check here for Conference Committee

Hearing Date: 04-27-2009

Recorder Job Number: 12302

Committee Clerk Signature



Minutes:

Chairman Grindberg called the conference committee to order on SB 2018 at 2:00 pm in regards to department of commerce. Let the record show that all conferees are present:

Senators: Grindberg, Holmberg, Robinson; Representatives: Delzer, Thoreson, Kaldor.

Roxanne Woeste, Legislative Council and Sandy Deis, OMB were present.

Chairman Grindberg: Committee members, as you are probably well aware of and for those in the audience a request came from our side of the aisle on leadership to postpone or cancel the 6 to 7:00 meeting tonight. This will be our only meeting here today. I will schedule two 1 hour sessions tomorrow. I hope what we can do today in this short period is to, Representative Thoreson and I visited on the searchable database, there is a matter in this bill as well as a separate stand-alone bill, and then hopefully resolve blender pumps. I am not sure, Representative Delzer, do you have any more or had an opportunity to visit with Representative Skarphol on that tax study but those three things I was hoping we could clear today. And then for the next 4 to 5 meetings, I am hoping by Wednesday night or Thursday morning the next meeting would be trade and workforce, next meeting would be tourism, and the 3rd meeting would be economic development and entrepreneurship aspects of this budget. A 4th meeting with commerce and division of community development. Then the final meeting with Centers of Excellence and any other items that are yet to be resolved or new items to

come before committee. So that would be my hope that by Thursday morning we can have a lot of this shaped up but we will try to get at least two meetings in tomorrow for 1 ½ or 2 hours.

Representative Delzer: Can you give us copies of that outline? He was told an email will be sent to them.

Representative Thoreson: If you wanted to talk about searchable data base in section 31 version .0500 that was after the House amendments were put on. The conference committee for HB 1377 which originally included this language did meet earlier today. Several others on this committee, Senators Holmberg and Robinson and also Representative Kaldor and myself served on that conference committee and I believe what we agreed to do, Roxanne has informed me she's worked on the amendments, we are just waiting to see the final ones that we would amend language back into that bill but also have it here if we have the correct language. It would basically do this except there are certain areas which cannot be done because of the business intelligence information and some other things so if I recall correctly items F and G would be removed, and there would also be some language added, Roxanne, would you explain about the way we would do it for in the future when the information becomes available.

Roxanne: The amendment discussed this morning on page 12, line 18 changed the January 1 implementation date of 2010 to be by the end of the biennium so we would put in June 30, 2011 and then the information that would need to be available at that time (4.04) a, c, d, e, and h. Subsection B there has some language in which that information should be available at the time the director of the budget has implemented it's business intelligence component to Connect ND. The language would be added. And then there is one other small change, subsection 2, you can see where it says you may not include in the database any information

that is confidential under state or federal law, we added exempt, at request of the Attorney General's office.

Chairman Grindberg: The bill you are working on would have a, c, d, and h under your definition of the work for the next interim. He was told that is correct. Would it also have an appropriation?

Representative Thoreson: Did we discuss that? I don't recall. The appropriation is here.

Chairman Grindberg: If we had an agreement on these in another bill wouldn't it be easier just to pull this out and focus?

Representative Thoreson: I think it was our thought that we would like to keep it here as part of this bill. I think we can chose what we want to do with 1377.

Senator Holmberg: There was discussion about the method by which this is being implemented to greatly reduce any appropriation that might be needed to implement.

Representative Thoreson: That's correct. Because of these changes the appropriation probably would be quite a bit less. I have other information dealing with appropriations in other states but with the changes here I think that will be significant.

Chairman Grindberg: Another question I have for Roxanne, you mentioned the business development engine, we started that discussion two years ago in commerce that if certain level of fees had been collected on corporations domiciling in the state is this kind of the same thing?

Representative Thoreson: This is a different thing I believe.

Roxanne: (7.00) That part you are referring to is called the North Dakota Business Development in (inaudible) It has some contingent funding in the Secretary of State appropriation bill. This is a business intelligent component. It is going to be a data warehouse attached to the People soft system. The People soft system doesn't have a data base

warehouse component to it so my understanding is we will take information from Connect ND, the People soft system, dump it into the data base, this data base warehouse, and there will be some sort of business intelligence tools to bring inquiry information and the information from this data warehouse will feed into however the searchable website is.

It is in process. OMB is looking at it.

Senator Holmberg: But as I recall, unless I am missing it in 2018, there was never appropriations in this just a fiscal note attached to the bill # 1377.

Representative Thoreson: There was not an appropriation.

Senator Holmberg: Is there one here? I am trying to find it.

Representative Thoreson: I believe it is in section 7.

Senator Holmberg: We need to revisit that as we put that to bed to make sure that is a number; the original fiscal note was written by OMB

Sandy Deis: On 1377, I would guess it was OMB.

Senator Holmberg: Can we ask OMB to take a look at those amendments now once they have been put together to see what kind of a, because I know those amendments that Representative Skarphol worked with OMB on those amendments and if we could get a revised dollar amount because I think if we are going to do it we should fund it but I think we should fund it at a level that is appropriate for what is left in that bill.

Representative Thoreson: that original fiscal note was revised down. (10.08) that is why the section 7 here has the dollar amount it has we took that number, again I still have a great deal of concern about that number but I think if that was almost at what it was estimated at we should put that in there to get it up and running. It may be quite a bit less. I would agree that with the changes made we need to look at that once again.

Representative Delzer: When we were dealing with 2266 we were talking about this same dollars and Sheila was in front of us and Sheila was talking about a 400,000 dollar appropriation out of stimulus somewhere for the transparency of the stimulus. We could have Sandy check on that as well.

Senator Holmberg: The \$400,000 that may, we have that amount in 1015 OMB budget for administration of the stimulus program which comes from that discretionary stimulus money for 19 M dollars. I don't know if that is what you are talking about but it is interesting the numbers are the same.

Representative Delzer: The problem was there was 400,000 in the sheets that she gave us out of that 19M. But she talked about 400,000 in stimulus, I am not sure if there has been that amount requested out of there twice and it is only listed once or whatever.

Chairman Grindberg: Is it hopeful to say that between OMB, Representative Thoreson and Legislative Council we could have the amendments from 1377 to review and see how they ducktail into this bill have it so noted that we agree on here and the dollar amount in the first 5 minutes of our next meeting? That will be our goal. The next item I would like to move to is the blender pump discussion. (12.50)

Senator Robinson: I got an email from some folks in Fargo. I responded to his inquiry. You can read the information. These are the folks on Petro-serve out of Fargo. (the clerk did not receive a copy of this)

Chairman Grindberg: Can we take a vote on the House version of this as it stands, we can do that or if you like to have other motions? I would like this one 98% and nightynight.

Representative Kaldor: I won't make a motion, in the discussion I received an email, I responded twice, one of the issues we have is a concern in the government ops division, one of the concerns the deployment getting enough blender pumps going, if we can actually do that

many, it seems as though there was some legislative concern, the issue the available of the stimulus dollars to make this happen, so they can go to work, maybe there is a way to reach a compromise put some general funds up front to start it, and then use the stimulus funds. I am not sure what that would be.

Representative Delzer: (16.13) One of the things we got going here is we made 2228 emergency clause on there, implementation of July 1 that whole program doesn't start until July 1st. I wouldn't be opposed, if the stimulus isn't answered by July 2, start with general fund,

Roxanne: I am looking at 2228. It does have an emergency clause on it however, there is an effective date that says the act becomes effective on July 1st, 2009.

Chairman Grindberg: There have been numerous discussions beyond our formal meeting process that there is a desire to put 2M dollars into this. So cutting to the chase does someone want to make a motion for 1M dollars from general fund.

Representative Thoreson: To move this along I am going to go ahead and make a motion that we do 1M in general funds and that the additional 1M go through the stimulus for a total of 2M.

Seconded by Representative Kaldor.

Chairman Grindberg: Discussion. Hearing there is none Alice will take the roll on that motion only. **Two Million, 1M in general funds and 1M in ARRA. Motion by Representative Thoreson, seconded by Representative Kaldor.**

Clerk: Delzer.

Representative Delzer: How is this going to be promoted? Is this going to be out there as stimulus money as available and is that going to be used first or is it general fund money used first?

Chairman Grindberg: My understanding the motion is the general fund money would be used first. Is that not correct?

Representative Thoreson: That is correct.(18.50)

Representative Delzer: Then the answer is no.

**THE CLERK CONTINUED CALLING THE ROLL CALL VOTE WITH THESE RESULTS:
HOLMBERG – NO; ROBINSON –AYE; THORESON – YES; KALDOR- YES; GRINDBERG-
AYE.**

Chairman Grindberg: That motion carried. Ok. Blender pumps is behind us. Last item; any other follow-up information for committee regarding the tax study.

Representative Delzer: One more question before we go there. Anything we take a motion like this is finalized. Everything else is, whether we have a motion or not, totally finalized.

Chairman Grindberg: that's my understanding. That's ok with everybody? I just felt with this issue we should have a vote behind us.

Representative Delzer: One further question, are we going to have the clerk keep a running total of motions or is this something each of us need to do on our own?

Senator Holmberg: The typing is in record.

Representative Delzer: I know but will there be something we can have before we start another meeting or whatever.

Chairman Grindberg: Would you like a copy of each of the voting sheets, Representative Delzer? We could do that.

Representative Delzer: I think the biggest thing is just so long as we have a record that's available to get into a discussion. If ?(inaudible) (20.31) has a motion so we would have that.

Chairman Grindberg: That would all be part of the records.

Representative Delzer: When you are talking about a study the House's position and I think it is relatively paramount that is the fact if we go to the tax department with that they are going to want to put way more accuracy, an emphasis on accuracy than what is wanted for the information we are looking to get. The information we are looking to gather is information what's out there something like insurance coverage on untaxed property, something that way. The tax department, from my understanding, would like to put a whole lot more effort into (21.260 (inaudible) I am not looking for anything with that kind of level of expertise. Just would like to gather some information that we can have some knowledge to decide whether or not we want to spend the kind of effort and money that will take to get that level.

Chairman Grindberg: We will let that percolate. Looking at the clock there is a couple of minutes remaining, are there any other items? Otherwise we will adjourn and meet tomorrow.

Representative Delzer: I guess I would like to know when we're going to have a discussion about the base realignment.

Chairman Grindberg: It will be my suggestion and direction that we will tie discussion on the base realignment with Center of Excellence discussion because I believe we can make a case on either side of what I expect to be considerable debate on the Center of Excellence program to tie to the base program.

Representative Delzer: If I may, if this is an out of line question, just go ahead and tell me, but is it the money you see tied or do you see the essence of the base realignment being a Center of Excellence ? (23.04)

Chairman Grindberg: That is an excellent question. Yes, the short answer would be the money. We had a 20 M dollar appropriation for Centers of Excellence, the House had 15M, so one could argue we could be negotiating that 5M for the base realignment between 15 and 20 although I don't believe it will be totally that, I am only 1 of 6 here. But as well as the criteria

changes, the qualification of Centers of Excellence applications and a number of things that have studies and all this shakes out is until we start having some discussion, I think base realignment is clearly align to Center of Excellence in some fashion.

Representative Delzer: You're the Chair. I guess I see them as separate issues.

Chairman Grindberg: Thank-you. We've got one major one checked off and now you can go start planting corn. The hearing was recessed at this time.

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2018 Conference Committee

Senate Appropriations Committee

Check here for Conference Committee

Hearing Date: 04-29-2009

Recorder Job Number: 12396

Committee Clerk Signature

Alice Deibel (Committee Clerk)

Minutes:

Chairman Grindberg called the conference committee to order on SB 2018 regarding the Commerce Department. Let the record show that all conferees are present: **Senators: Grindberg, Holmberg, Robinson; Representatives: Delzer, Thoreson, Kaldor. Roxanne Woeste, Legislative Council and Sandy Deis, OMB were present.**

Chairman Grindberg: I would like to make a few suggestions. I believe the Senate can accept the tax study that was placed in the bill with two interns.

Representative Delzer: Yes, two interns and that is through the Commerce Department.

Chairman Grindberg: I understand that progress was made in searchable database.

Senator Thoreson: Yes we did come to a conclusion on HB1377. We also requested that the amendments that were done there would be to match this and to amend that into this bill.

Shane Geotle: On that tax study, we were hoping that first report which is currently in the language to be deliver the first quarter of 2010 could be moved to the fall budget section.

Chairman Grindberg: Are you ok with that?

Representative Delzer: Yes, 3rd quarter of 2010.

Chairman Grindberg: Funding stays here for searchable database? (Heads are nodding)

Representative Delzer: Is the language ok here?

Senator Thoreson: There are some changes because there are some things that we are not able to do at this time. Some of the bullet points may need some changes. They will need to be put in 2018.

Chairman Grindberg: We will put it in the folder for processing. Trade office, I think we will be ok with the adjustment in the percent. (62.5% on the match) We will back off on the study and the borrowing of \$500,000 in exchange for two items we would reinstate \$100,000 in that sense it would be a total of 2.1 million and that additional \$100,000 would be dedicated towards export assistance, and language from a procurement standpoint. Language is needed to designate the current entity performing trade functions for the next biennium (which is the one I prefer), or we may adopt language and give the commissioner the authority to designate any non-profit at the wishes of the commissioner.

Representative Delzer: Are we talking about for the \$100,000?

Chairman Grindberg: No for that contract with the entity to perform trade services on behalf of commerce. It is a public/private partnership. There is no language in the bill right now.

Sandy Deis: Basically it would just allow you to continue the relationship with the North Dakota trade office incorporated. Just to make it easy to continue the services. Four years ago they went out on a RFP and the North Dakota trade office received a contract and if it was continued, then renewed after two years. This would just afford the agency to be able to go and continue that work with the North Dakota trade office.

Representative Delzer: Is there a chance to see that language? I guess I would also like to see what you expect to get for the \$100,000?

Chairman Grindberg: I don't have that readily available but we can get that by tomorrow.

Representative Delzer: Just so that I am clear, the House took those two sections out?

Chairman Grindberg: Yes, we will agree with that removal.

Representative Delzer: We will have to take a look at that.

Discussion: A discussion occurred among the committee members about some of the information that they had before them. There was a question on a private entity being named in the bill. The issue was going to be cleared up.

Representative Kaldor: Just a question on the RFP that was done to create a relationship, or this the only entity that does this?

Shane Goetle: I do know there were competitive bids submitted 4 years ago. A group that was calling themselves export council of successful bidder, but since that time they formed nonprofit entity to perform services. That nonprofit has a board that is part public and part private. Then nonprofit was formed to service public purpose. That is the model we are operating under. Without some kind of language we would need to set up another RFP. I can tell you that I am very pleased with this organization and the nonprofit nature has been performing.

Representative Delzer: If I may, I wonder if Shane could answer if it was a four year contract.

Shane Goetle: It was two year contract with a renewal clause, and it was executed to make four years but now that expires June 3rd.

Representative Delzer: I don't have a problem with us ending up with that outfit if that is the choice of everyone. I do think we need to be cognizant of the fact that it needs to look like it is a fair process on how it is being done.

Chairman Grindberg: That is why I prefer option C. Because then we visit it every two years. It is kind of a unique approach that has been highly successful.

Senator Robinson: I would echo those comments. It is important to revisit this periodically. Given the success, I would think that the continuity in the relationships we have built a

tremendous value for continued success in moving forward. I would hope we can do that.

With Shane's endorsement this is a win win situation.

Representative Delzer: It is a quasi public outfit too, and for us to name them, maybe there is another outfit out there can do it better. I will be interested to see what council will say.

Senator Holmberg: There has been some history in naming specific organizations. (gives some examples)

Chairman Grindberg: I am looking for the bill. I think that covers everything with trade from my notes. There are a couple of items on workforce, I did hand out a commerce generated option for the operation intern and that request was generated over in the House and it capped the program at no more than \$30,000 I believe. Again I would like Shane to make the pitch for the flexibility.

14.51 Shane Goetle: The amendment we circulated has some provision in it that relate to something that was done in our agency bill which already passed both bodies, and that was to expand operations and in turn make it available to companies to also bring in juniors and seniors in high school as well as apprenticeships. What you see first of all is just mirroring the language that has already passed to expand that program so that they are consistent in the appropriations bill as well as the other one.

(Committee makes sure that they all have copies)

Shane Goetle: We thought, as an alternative, of the \$30,000 cap, I think the concern is that the companies don't keep coming back to the well for the same internships. That was the purpose of the \$30,000 cap. What we have done administratively is cap the amount a company may get per intern at \$3000 if it a company that is making use of it. We plan to continue that. (Gives an example) We would look at the history of the company and not fund internships or positions for interns that we have already funded. They would have to

show us that they are expanding the number. I think whether it is a new or an existing company we are achieving the same end, and that is to see the expansion of available internships in North Dakota. We wanted to put that out as one possible solution.

Representative Delzer: If you were going to do that, if we would consider that, how would you make sure that they didn't just change position numbers?

Shane Goetle: They may change the nature of the internship; I think we are just interested in numbers. If they never had internships before, and we have funded 10, they would have to show that they are indeed bringing on 10 interns that they are paying for entirely out of their pocket. We'll help them if they demonstrate that they are now funding 11, 12, and 13 as well with some of our dollars. We would be asking specifically how many interns they are bringing on this summer.

Representative Delzer: Do you foresee any kind of cap for a business at some point?

Shane Goetle: The cap would be the internal to the company. At some point they are going to absorb as many interns as they can.

Senator Robinson: We have a pretty good track record of those companies bringing in numbers. Can you touch on that briefly?

????: We are doing follow up, and there are quite a number of companies that indicate that they are planning to hire and offer an opportunity to these individuals. We are using the follow up information to get an indication of how effective it is.

Shane Goetle: If the commerce committee doesn't accept our proposal, then we would be looking for clarity from the conference committee on how a cap should apply.

Chairman Grindberg: I am not so concerned about miss use with this. To cap something with a large company that is going to hire 50 interns, if that may be the case, and to restrict them if those kids end up staying in the state, I hope we can work through a way that it is prudent. We

want the large employers to keep hiring interns. Chances are those interns will stay in the state and that is what we are trying to accomplish. (See Attachment #2, proposed amendment by commerce dated April 25)

Chairman Grindberg: Just a comment about operation intern. We have a hard position that we want the 1.2 million restored because the program is working and is highly successful and also in the area of proposals, nothing else is left. A lot of time and energy went into that workforce committee with 450 people and 5 focus groups. Nothing is left of that and I would like to say we have something. We stand adjourned.

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2018 Conference Committee

Senate Appropriations Committee

Check here for Conference Committee

Hearing Date: 05-02-09

Recorder Job Number: 12467 and 12468 (12466 also recorded a portion of the hearing)

Committee Clerk Signature



Minutes:

Chairman Grindberg called the conference committee to order on SB 2018 at 2:30 in the Senate Conference Room. Let the record show that all conferees are present: **Senators: Grindberg, Holmberg, Robinson; Representatives: Delzer, Thoreson, Kaldor. Roxanne Woeste, Legislative Council and Sandy Deis, OMB were present.**

Chairman Grindberg: I handed out a set of amendments .0441 that has captured a lot of our committee as well as some discussion Representative Delzer and I have been having to have discussion here and then our actions today with revisions etc will be the final draft that Council works on that is available for us to finalize on Monday Morning. I would like Roxanne walk us through these set of amendments. We appreciate so much all the work the Council does for us. I know that Roxanne stated she worked until 2:30 in the morning to get these amendments done, so that is very much appreciated by all of us.

Roxanne Woeste: I am going to start with the statement of purpose. The first thing that is highlighted on page 1 we are providing \$400,000 of stimulus dollars for the Seachable Database. This funding was included in the House version so it's really no change. The language relating to the establishment of the Searchable Database is in section 34 of these amendments and on page 7 of the legal version. But that language does match what's in 1377.

Senator Holmberg: We had a report this morning, does this come from the 19 M? He was told yes. He then replied which is over subscribed, I understand.

Roxanne: Yes. It is very close.

Senator Holmberg: The one number this morning was \$800.00, another number they gave us there is another 400,000 from this kitty so at some point that needs to be resolved.

Representative Kaldor: We should put the emergency clause in here so it gets in here first.

Senator Holmberg: I just wanted to point that out.

Roxanne: continue on page 2 take note that the funding for the department of emergency services which was included in the House version is not included in this amendment. Then the changes to the department of commerce, those are detailed beginning on the top of page 3.

First is the Biofuel blender Pumps, looks a little goofy here on this amendment but what it is included in the bill is 1 M general fund; 1 M federal stimulus dollars. The Senate version of the bill had 2 M from the general fund so that is why you see the general fund reduction of 1 M dollars. Then next change is to remove the funding for the Child Care Grant Program. That money is provided in SB 2225. We decreased the funding for the Trade Office by \$64,000 so that would provide the Trade Office an appropriation of 2.1 M.

Representative Delzer: I noticed you are putting 2.1 total in there instead of 2 M.

Chairman Grindberg: That would be a million over the governor's budget.

Roxanne: That's correct. You can see there is a little difference in the footnote you can see the different versions. Footnote #3. The governor's budget was 2 M. the next change is removes the contingent borrowing authority that was included in the Senate version relating to the trade office. The next change will reduce the transfers to the Workforce Enhancement

Fund by 1 M dollars, it is the same as the House version. That transfer was 2 M included in the veteran's budget, this reduces it to 1. The next changes they are footnotes 6,7,8, and9.

Those relate to grant programs that were added by the Senate and they are removed in this amendment. In its place we did add 1 M of funding from the general fund and that is under footnote #18 on the top of page 4 for a Technology-Based Entrepreneur Grant Program to be developed by the department.

Representative Delzer: Is that section 13? He was told yes. Are there any guidelines on reporting on that at all?

Chairman Grindberg: we can certainly include that reporting on it. It will be developed by the department.

Representative Berg: We generally had it run through the emergency commission budget section voucher.

Representative Delzer: And you know that is not necessarily what I am saying. I don't know that that needs to be done but I guess I would like a report on what we are getting for our money.

Roxanne: So it's like a status report to the legislative session.

Representative Delzer: Yes, I don't know when you would do it, 1 or 2, or do the 3rd quarter of 10, I suppose the 3rd quarter of 10 is good enough. Section 13.

Chairman Grindberg : Do a budget section of 3rd quarter of ten. Just add that.

Roxanne: the footnote #10 on page 3 removes the funding for Great Plains Applied Energy Research Center that was included in HB 1350. We removed funding for the Base Realignment Grant Program and we removed the Salary Equity Funding. We appropriated the Federal Fiscal Stimulus dollars, this is the same amount that is in the House version.

Representative Delzer: Roxanne, when you go through that is any of this 4 year stuff that we need to have language so it is not part of the base in the 11-13 biennium? Or all of these grants 2 year grants? He was told it was thought to be 2 years.

Shane Goetle, Commissioner of Commerce: Most of the plans that are being expected are 3 years plans that we have to submit for the share of the money, both the weatherization program and the state energy program this biennium and going into the next.

Representative Delzer: I would feel more comfortable then if we added another line, another paragraph on to that stimulus paragraph saying anything expended in the 09-11- or the next biennium whatever works so it is not part of the base the year after there either.

Senator Holmberg: does federal money count in the base?

Representative Delzer: Sometimes it does. We have the language there for 11-13, I think we just need to bump that to the next one if it is going to be part of that.

Senator Holmberg: the reason I ask is because of elementary and secondary when we gave those federal grants I haven't seen that. I have no problem with the language.

Representative Delzer: Most of these budgets the federal money is actually part of the base.

Chairman Grindberg: I have no problem with that. Roxanne will make sure the intent is captured.

Roxanne: In regards to Operation Intern, the House reduced funding from 1.2 M to 900,000. That adjustment is in the amendment. We provided the funding for the department to compile the information on Tax-Exempt Property as provided for by the House. We adjusted funding for Centers of Excellence from 20 M as provided for in the Senate version to 15 M from the general fund. The appropriation is provided for in the House version. There is a few more things relating to Centers of Excellence and I will address those when we get to sections in the bill. We provided funding of \$100,000 from the general fund for the Centers of Excellence Study and you will see what that correlates to in sections of the bill.

Chairman Grindberg: Just to note that should be a \$50,000 study.

Roxanne: That is all the number changes.

Representative Delzer: Was there on the Operation Intern was there some new language?

Representative Berg: Basically in the House when we look at this we wanted it to be from the state standpoint; incentive to kick-start internships but not be something that is required to have internships. We don't want everyone expecting the state to pay for every intership. We hope the business will take internships and get it started and find value in there and continue forward. We capped it at 10 inters there was some language that was presented earlier, and the, I'll just read that: "The department shall maintain records of the number of internships, apprenticeships, and work experience that can be subsidized within each funding recipient which shall constitute a base level for that funding recipient. The department needs subsequent biennium. The only subsidized new or expanded internships, apprenticeships and work experience opportunities above the base level for funding recipients." What this would mean, I'll just use an example if the company had 10 internships this year and we funded those 10 and next year they had 10 we wouldn't fund any but if next they had 20 we would fund those 10 and then the next year they would be eligible to increase that funding to (inaudible) higher. (14.52) So I don't know how we get at that. Generally we had an agreement in a sense how to do that we weren't quite share if we put a dollar amount cap, what do we do, part of the thinking if we have a real large company that's really utilizing this potentially they could have 30 or 40 internships every summer .

Senator Robinson: Yesterday or the day before Shane had really captured on how the department could do exactly that and I am ok with that. He described hows he would approach that in terms of the language.

Representative Berg: I think our plan is to go through and any changes we want have these amendments drafted and maybe that creates opportunities.

Representative Delzer: Is this in section 36 of the amendment?

Roxanne: That is correct. The language proposed by the department in regards is on section 36 page 8.

Representative Berg: we can do a number or dollar cap too. Shane, would you make a copy of that. He answered yes.

Chairman Grindberg: Continue, Roxanne. We will come back to this.

Roxanne: Just to go through different sections that are added to the bill beginning at the bottom of page 1 and top of page 2, section 2, where we appropriate stimulus funds. Section 3 provide 2 M of the stimulus funds for that grant program the section is also added by the House. Section 4 takes 1 M of that stimulus dollars for the biofuel blender pump grants.

Representative Delzer: Why did we word it quite that way. That says " they shall" to me when I read that it doesn't mean it has to be available it says they shall use it. Has it all of a sudden become available?

Roxanne: I am not so sure. I think we wanted to make sure if it was available for use they had to use the stimulus dollars.

Representative Delzer: I don't have a problem with what we are trying to do but when I read this whether it is available or not.

Representative Berg: What if the program doesn't work? And what if there is another need for money that's more than the electrical generators.

Representative Kaldor: I think the previous section, section 2, states what will be available. This would just direct us how to use that portion of the stimulus funds. I guess I understand the issue that Representative Delzer brought up.

Representative Delzer: If no one has a problem with it I don't care.

Representative Berg: This came up in full committee, didn't it? He was told yes. So we could really have all the detail on likeliness of it Is there a way to make it more flexible?

Representative Delzer: It's fine with me.

Roxanne: Section 5 refers to the Searchable Data Base.

Representative Berg: back that up.

Representative Kaldor: In section 3 the funding is contingent upon the US Department of Energy for the grant program so I am assuming an application for flaring and utilizing flaring for I don't know what total extent that would be but I am assuming that would be the case.

Representative Delzer: That's not where I had the problem. I am asking should we have that same type of language on #4. I think they have to have approval to use it. The way I read it is "shall use" up to so that probably takes care of it too.

Roxanne: The remainder of the changes on the bottom of page 2 there is reference to one-time funding. On top of page 3 replace "fifty" with "sixty-two and a half" that's the percentage of match relating to the North Dakota Trade Office. This change was also made in the House.

Representative Delzer: I'd like to note that that was made in the House at the request of the department was not the House's request.

Chairman Grindberg: So noted.

Roxanne: Section 13 relates to that Technology-Based Entrepreneurship Grant Program and I will add the reporting requirement onto that section. Section 14 relates to the tax exempt property information that the department will be compiling during the next interim. They should report in the 3rd quarter of the 2010. The changes made to page 6, line 12 and 18 in the bill relating to two grants, one to the Lewis and Clark and Medora. We are just making it clear that those funds are to be used for construction costs. We removed the reference to the Wade Weston Memorial. So the next several sections added to the bill relates to Centers of Excellence 15 M appropriation , the next section 22 is the Contingent 5M and the OMB shall

transfer to the centers of excellence fund for the purpose of providing additional funding for the biennium beginning July 1, 2009 and ending June 30, 2011.

Representative Berg: had concerns about the general fund revenues, borrowing from the Bank of North Dakota, and how would all that be taken care of. My thought was as soon as there was over 5 M of revenue over forecast would it trigger?

Roxanne: No. My understanding with this wording OMB would look at the revenues through that specific period stated in that section from July 1 to February 28th 2010.

Representative Berg: One of my thoughts we are talking March 1, and a 3 to 4 month process of getting applications in going through the process, approving them, we are in June or July and really a lot of what the House wanted to do was to evaluate these centers and their performance as we go into the next session. In light of that I'd like to see it worked out so if there is money available it is done sooner rather than later so we have a better evaluation of the money and what is going on. What I was thinking we could change that to say maybe we use a December date so if the revenues are 5 M dollars over projections by December or January 1st that money would be transferred. If that happened in September or October that 5 M would be there. But then also keep the pressure on commerce if they have the money that they don't delay in going through the process.(27.15)

Further discussion followed regarding this matter.(29.47)

Senator Robinson: On section 20, we are talking general fund revenue based on the legislative forecast.

Roxanne: Based on Legislative forecast. Section 23 and 24 deal with the Centers of Excellence (COE). (30.38)

Representative Berg: So if I understand 23 correctly, we have two functions going on there. One is the normal centers of excellence that we've had plus we are adding the challenge of

finding additional uses of the air force base on their vacant property. I think this is a real good opportunity to plug commerce, the governor, the adjutant general at a high level but I really look at it as a partnership with the local community too. One of my concerns when it came to the House I didn't want this money set aside and turned over to the locals, no disrespect to Grand Forks locals, but they are just like Fargo locals and everywhere else where we end up hiring a person or 2 people and maybe get ahead of what the needs are. The best tenants or businesses are going to come from a national or international business base. It will take a lot of work on the local community too.

Senator Holmberg: As you are probably aware they started their base relocation commission just the first part of the year or end of last year. It is not only Grand Forks, the commission is made up of representatives from the county, city, some university involvement, economic development involvement. They have the people. It is an extremely competitive market right now. The base has good buildings that are not utilized, a huge loss of jobs, it has hurt the schools in that area. There is great opportunity. I think the reason the language was selected to call it the Centers of Excellence Enhancement Grant it falls under the dept. of commerce but it doesn't fit really well under the criteria we've been using on Centers of Excellence. For example, some of these items may not have university connection and if it good for economic development areas we don't really need to have the university interjection. (He talked about loss of students, a way to use surplus military installations and buildings; unmanned aerial planes). The air force is looking for facilities to set up shop and train pilots to fly those things. As you are aware not only are they used in the war zone they were also used in the flood zone this year. They are used for border security. It is a huge and growing industry.

Further discussion followed regarding the air base, job loss, the time frame.

Senator Holmberg stated that is in the process. When the decision was made there were 3000 personal directly employed at the base and then all of the indirect jobs, that includes uniformed civilian. There was a lot of civilians that worked on the base. It is happening now.

Representative Delzer: where are we at right now? I will make a couple of comments; I understand what you are trying to get at here, the fluid movement that's needed with it. One of the things that scares me it puts an awful lot of power in the commissioner of the dept .of commerce. There is quite a few dollars out here and there is very little checking after the commissioner decides it's good. One of the things that concerns me about it is I wonder if the committee thought whether or not there could be something that is proposed that looks real good doesn't have the private sector commitment fully done and expenditures made could change something or whatever then the process falls apart. Is there anything to protect us from that.

Senator Holmberg: You mention the private sector, there could be instance just using as an example the predators, if the federal government , the air force for example, is willing to come and allow them to start doing training utilizing simulators there wouldn't be any private sector involvement it would be them trying to scare up the resources. But keep in mind the answer to your questions the department of commerce has to answer to us. They have a pretty good track record and I think they are going to be cautious if it is a fly by night idea. I know they have turned down ideas before, in fact they turned down an idea I supported last year. Ultimately, they answer to us. (41.31)

Further discussion followed regarding this issue and budget reports, signed commitments, flexibility because we can't anticipate what is needed, third part entity, local support, job loss, priority for Grand Forks community, when commission develops criteria he includes local

support. If we do something it is critical that all the stake holders are at the table from local level, economic level and state level.

Senator Holmberg stated he thinks that could be something that would work. First of all they need to have local support, this is not a state run initiative. I think if we have some language in here that we include local support in some manner without being overly specific and have flexibility is the way this work. The people that are working on in Grand Forks county are very good people and very concerned about the job loss and they need to be involved. (46.44)
More discussion followed.

Chairman Grindberg: Got that, Roxanne? Section 24, I asked Roxanne to remove the auditor from this tax revenue impact study that the House adopted and I would be ok with having that reinserted. I think what's important what we are trying to accomplish here with this tax revenue impact within the tax department. The auditor and dept of commerce concentrate on what commerce's main responsibility has been and not having the state auditor starting to call all the private partners. I think the intent can be captured with the auditor working through commerce for the information rather than going out and demanding financials and a number of other things from the partners which find it quite unusual to say the least. Representative Delzer and I have talked about the other piece that ties into the bigger picture here with the Centers of Excellence, flipping over to page 5, Centers of Excellence Best Practice Review. Just an overview from our discussion with the House language to assess the economic impact, tax revenue, etc, which is in this language we have proposed on the Senate side to also bring in a Centers of Excellence Best Practice Review . We are 6 years into this program now and it's fair to say that there are diverse opinions on the expectations. So what we have tried to package here is that two types of funding, 10, which we just discussed, and a 5 and a 5 with a trigger and it is also in here that the COE (Centers of Excellence) as we know it today would

be completed in the biennium and that the funding already obligated that commerce is managing would obviously carry into different bienniums that have the authority to manage that. It would be up to the legislature ultimately, the governor, and the commerce department to learn and evaluate not only the impact but the best practice review of what's the future look like if you want to use the software definition, what's version 2, if there is going to be a version 2. The folks I have talked to this session and would be involved with this dialogue say that's make sense to really continue to focus if that would come to be in the next second version round. He also mentioned the infrastructure and going to the next level. We are trying to carve out here what is the state's role in this and continue it and not to go forward until a comprehensive review is taken.

Representative Delzer: Where do we have the program ending? Even the ones we are adjusting?

Roxanne: The program actually currently in statute now is set to expire in the next biennium. Yes. I believe the whole chapter. That was part of the Centers of Excellence package that was passed in 2005.

Representative Delzer: I don't know how the committee would feel about this but I like the idea of redefining it or looking at it. I am not sure that I am comfortable with the date being the end of the biennium. I think we should really (inaudible) (54.42) move that up to December of that year. It should really be out so they have to go out and put it all back in instead of just changing a date on a piece of paper.

Senator Holmberg: I am not sure this parallel is exact, but a number of years ago we initiated the entrepreneur loan program and what happened there towards the end of the biennium they had to close it down because we hadn't authorized access to enough money and it really devastated the program for awhile because then the next legislature reinstated it. If we close

it down on December 1st then what could happen is the legislature and department of commerce might decide it was such a good program, we'll just call it Centers of Excellence 2 and start it up again in July 1 of 2011 and I worry about having a potential gap there from a public relations standpoint.

Chairman Grindberg: what if we had intent language that captured what we discussed here.

Further discussion followed regarding the dates, is the Centers of Excellence over, will we have two rounds of Centers of Excellence, move the date, where do we go next, it will end and it will be renewed, the date isn't that important, evaluation, take the information and move forward and what will we do with the extra money, the requirement of a match. If extra money throw back into the general fund, regarding federal money need to use, there won't be any left to put back, money not used be put into development or other existing funds that commerce

uses, how you end this thing, deadlines, commerce has done a wonderful job, the number 1 issue how do we define that in legislation. (60.38) Continued discussion regarding reporting times, and whether the centers will be active during the interim, if favorable, we can predict the governor will recommend to sustain and continue the program under different terminology. We need a good vetting of the program, 3rd party looking at it, the more information they have the better, the sooner the program. Concerns about ongoing centers and completion by a certain date were also addressed. (64.53)

Chairman Grindberg: that trigger really drives whether they do one or two rounds. If it doesn't trigger I would say 1 is going to start sometime this year.

Roxanne: Section 33 relates to transfer from the Mill and Elevator into the agricultural fuel tax fund. This section was added by the House.

Representative Delzer: I would like to go back to 26 and 28. 26 says 100,000 but suppose to be 50,000. He was told that is correct. And then 28 is continuing appropriations that came over

from the Senate. Is there a time when that expires or is there a case where each legislator has to review that and we approve it?

Roxanne: Section 28 does set up a new fund. And it provides commerce to incorporate for moneys in that fund. The legislature would have to deposit that money into that fund. The department can spend it out. There are no reporting requirements for this.

Representative Delzer: If I am understanding 27 then that is taking everything we put in OMB, everything we had in the House version of 2018 and putting into that fund.

Roxanne: Section 27 does allow the department to at the end of the current biennium to spend whatever they have left for those centers that have been approved according to their timelines. It will be deposited into this fund. It allows them to carry over those dollars and put them in the fund and expend them as they need to.

Representative Delzer: There is a couple of things we need to check here. One is what is in OMB needs to come out of OMB.

Roxanne: That is correct. If this is agreed upon there would be a corresponding change to 1015.

Chairman Grindberg: There would have to be an amendment in 1015. My understanding then that this section could come out of 2018 because it's already in the bill.

Representative Delzer: It's in the amendment. The section we put in with the 9 M dollar cap would need to come out of 2018. Because we were granting authority to carry this into the next biennium not (inaudible) (68.49)

Roxanne: the way these amendments are drafted House receded from it's amendments so that section added by the House is not included.

Representative Delzer: I do have some concerns about the wide openness of continuing appropriation. I know the legislature can ask for this information, but I don't know if it always

does. I think we should require that the department of commerce explain this continuing. I know we have some language about continuing appropriation too but this one is a little extra.

Representative Berg: I agree these things get forgotten. We could sunset that some date we think is appropriate now. (69.57)

(Further discussion followed regarding this issue)

Sandy Deis, OMB: Agencies are required to submit their status report on any continuing appropriations during the budget process and we will provide you with a supplemental schedule.

Representative Delzer: Well, What I am saying that is not good enough for this one. We get it but it doesn't get highlighted with all the work the appropriation people are looking at .

Representative Kaldor: I think we should require that the explanation of it and where they are at with all of their centers at that time could be part of the presentation on the commerce bill.

Chairman Grindberg: I would suggest that they report (inaudible) (71.31)

Representative Delzer: Both there and during the session?

Chairman Grindberg: I am fine with that too. It would be about the same time these studies come out for what the impact has been.

Representative Kaldor: I have a question when we were deliberating on this criteria in the House discussion where would we go to assess the progress of the CEO. That covers what we were talking about. The question that is raised the reduction from 100,000 to 50,000, no problem with that, my concern I am not excited about a study that is performed by one of the institutions that are participating in the CEO and if that were the case I think we need to have a 3rd party.

Chairman Grindberg: We came close to naming a national centers excellence commission, without naming them we would be looking to an outside group that would be giving us an unbiased objective criticism feedback. (73.25)

Senator Holmberg: I think if Alice puts that in the record that helps too and besides Shane is sitting there. I think it is important that we look at outside eyes, no offense against any one.

Representative Kaldor: I don't want to question their work or their performance. I just think it will lend itself to (inaudible) (73.53)

Roxanne: I will highlight section 35, we talked about some language regarding the trade office. It will expire June 30, 2011.

Chairman Grindberg: That would allow the contract with the ND trade office to continue for another 2 years and then it would have to renewed with the legislature.

Representative Berg: I have one question on page 6, section 31, we added language no more than 1 application per campus.

Further discussion followed which resulted in agreeing to go to 2 per campus. (86.29)

There was discussion regarding one of the amendments referring to the removal of the Northwood funding level, the fact that dollars will be going to Northwood in other bills, the stimulus dollars, and economic development and enterprises, infrastructure and school.

Representative Kaldor made a motion to go with 1M dollars for Northwood. Seconded by Representative Berg.

Senator Robinson: I support the motion. In these types of situations no amount of money is going to make the community whole. They will still be at a deficit. The critical issue here happens to be the school and their inability to come up with funds for replacement. It is the right thing to do. It is who we are as people. They didn't ask for it,(the tornado) we didn't ask for the floods that came this spring, and not because we have dollars set aside I think above

and beyond that, and I can appreciate your concern whether this should be in commerce or the school bills or OMB or whatever, I think it is something we have to do because of the people we are. We come to one another's aid in a natural disaster.

Representative Delzer: I'd like to ask how many offers of amendments are going to be made that are not related to commerce. Coleharbor did not match any of the FEMA requirements and it had some pretty good devastation, that doesn't take away from what has happened in Northwood. I did not support this in the first go around. We were asked to consider this in section, it was put on and it stayed there. Now what this committee decides to do so be it. While I definitely understand the situation I am not convinced to use our tax dollars. I would like to add there are some others in here that I don't consider should be used with tax dollars.

Chairman Grindberg: Further comment. Hearing none, the motion is to retain in the bill the amendment 1 M for Northwood school. Have Alice take the roll.

A ROLL CALL VOTE WAS TAKEN RESULTING IN DELZER – NO; BERG – YES, KALDOR – YES; ROBINSON – YES, HOLMBERG – NO; GRINDBERG – NO. THE MOTION FAILS.

(VOTE #1) (95.34)

Representative Berg: So what are the other issues that are outstanding that we can go through and get some direction on?

Chairman Grindberg: We do have with the action with the House receding and further amending with some tweaks that we will make on the amendments on Monday. There are two items, the \$200,000 that needs discussion on a separate motion for the downtown business districts and the defense alliance. These were both adopted in the Senate.

Do I have a motion for the adoption of 200,000 for the small communities?

Senator Robinson made the motion. Seconded by Representative Kaldor.

Senator Robinson: I understand that in that bill we amended that into the bill on our side and defeated SB 2335. We have been told that commerce would need no money to administer this program. That it would complement the renaissance zone in smaller communities. Putting on these types of facelifts and so on are economically challenging so there was considerable interest on our side for this particular package.

Representative Delzer: There is money in here. The amendment you are making is \$200,000.

Senator Robinson: No money on top of that to administer the program. It would fold into existing commerce activities.

Chairman Grindberg: The motion would restore the \$200,000 in the Senate version for business improvement districts in communities under 8,000 people.

Roxanne: This amendment did not remove the funding so therefore that funding is there.

Chairman Grindberg: We haven't moved on the amendments. What we did with Northwood is to have a vote to say it's going to stay in and now we will have the same vote on the Senate side, if it passes, it will go in and will be part of the amendment that comes back Monday. If it fails it is over.

Roxanne: I am fine with the vote but just so you know that if the motion passes to fund the money you are not going to see any changes in the amendments because the money is already in.

Representative Delzer: I also would request that we deal with the 500,000 tourism because that is one of these too.

Chairman Grindberg: That will be 3rd on the list here.

Representative Berg: I think what you are doing and what we've done on the conference committee is to take some of these issues and see where we are and make sure the amendments are right at the end.

(More discussion followed regarding these issues)

Chairman Grindberg: asked for a roll call vote.

A ROLL CALL VOTE WAS TAKEN RESULTING: DELZER – NO; BERG – NO; KALDOR – YES, ROBINSON – YES, HOLMBERG – YES; GRINDBERG – YES. MOTION FAILS.

(VOTE #2) (102.50)

Chairman Grindberg: Next is defense alliance.

Senator Robinson: this is a \$50,000 request. We have in the state of North Dakota a fairly lengthy list of entities who are in the business of working with the department of defense. the effort here would be to do a better job of networking, marketing and promotion. They are across the state in a number of communities. Many of them are high tech. we feel there is opportunity for further growth and expansion for job creation. These businesses are contributing to this fund as well. It is all about marketing.

Senator Robinson moved the \$50,000 for the Dakota Defense Alliance. Seconded by Representative Kaldor. (104.54)

(Further discussion followed)

Chairman Grindberg: Hearing no further discussion Alice can take the roll.

A ROLL CALL VOTE WAS TAKEN RESULTING: DELZER – NO; BERG – NO; KALDOR – YES; ROBINSON – YES; HOLMBERG – YES; GRINDBERG – YES. MOTION FAILS. (VOTE #3) (109.22) (There was discussion about the House being called first to vote, a jovial

moment by the committee and was revealed it was the chairman's prerogative.)

Chairman Grindberg: Tourism is next.

Representative Delzer: We have a marked difference between the House and the Senate there. I don't know what is going to happen. The Senate put it in as additional tourism dollars. Some of our House members did not feel comfortable with the increase the governor put in. I think this was meant to be put in as an infrastructure type grant now I would have to ask

Roxanne: That section is also out the way we set here. We were going to try to set up some priority listing for infrastructure on tourism. My understanding is that section would come out too.

Chairman Grindberg: That was a House amendment so they would have to recede.
(Further discussion followed) (Discussion about the language, it was decided everyone was ok with the language).

Representative Delzer: I move we remove the \$500,000 for marketing; mini-grants, or however we would list it.

Representative Berg: That would get us back to zero. If someone wants to put money into marketing or infrastructure we could (inaudible) I'll second that motion.

The motion was made by Representative Delzer. Seconded by Representative Berg.

Chairman Grindberg: Does everyone understand the motion?

Representative Kaldor: No, I am not clear (discussion followed regarding the amount and the mini grants.)

Senator Robinson: Explain what we have in the bill .

Chairman Grindberg: The House converted that in full committee to mini-grants and the motion is to take the \$500,000 out.

Representative Delzer: Because if we recede it goes back to the Senate version.

Roxanne: So I believe the motion is to take out the \$500,000 added in the Senate version.

Chairman Grindberg: It gets back to marketing increase.

Representative Delzer: that would be the proper motion. You would put it in here as a removal.

Senator Robinson: I would prefer that we have the money remain, the \$500,000 in marketing to add to the 912. I am convinced this is where our investment has had a return.

Representative Berg: My original intention is to support this so it's removed and I would support putting 250 back into the marketing.

Representative Delzer: I do have to ask this question is there any way other than the House receding?

(At this time there was concern that the battery was failing. It was checked out and restarted. The new job #12468 finishes this hearing) (Also make note another recorder was brought in and turned on and that job is #12466)

Chairman Grindberg: I think everyone understands the motion. We'll have Alice take the roll and call me first. The motion is to remove the \$500,000 in mini-grants.

Representative Delzer: It wasn't for mini-grants, just for marketing.

A ROLL CALL VOTE WAS TAKEN RESULTING: GRINDBERG – YES; HOLMBERG – YES, ROBINSON –NO; DELZER – YES; BERG- YES; KALDOR –YES. THE MOTION CARRIED. (VOTE # 4) (01.14)

Representative Berg moved that we add 250 to the market. Seconded by Representative Kaldor.

Chairman Grindberg: Further discussion. Hearing none, call the roll.

A ROLL CALL VOTE WAS TAKEN RESULTING HOLMBERG – YES; ROBINSON- YES; GRINDBERG - YES; DELZER – NO; BERG – YES; KALDOR – YES. THE MOTION CARRIED. (VOTE #5) (2.00)

Representative Berg: Roxanne do you have copies for the language for the large infrastructure grants that we put in the House?

Representative Delzer: this is a question for Roxanne. Is there anything else out there that the House receding that we have not discussed.

Representative Berg: I think the House removed the \$164,000 from the trade office. And the Senate had \$164,000.

Roxanne: That is correct. The Senate had added \$164,000 from the general fund. The House removed it. This amendment adds \$100,000. It removed 64 and added 100.

Representative Berg: What did you envision that \$100,000 for?

Chairman Grindberg: By all accounts the leadership and effectiveness of this public – private partnership, I would rank it outstanding. Talk to any manufacturers doing business globally they are very pleased with the progress so our thought was to provide a little more funding for hiring export assistants, which are typically are senior and graduate students that get the experience in working internationally and to provide more opportunity for those students. That was the rationale behind that. I am one who believes that you reward success.

Representative Berg: I would be open if we wanted to fund it at 64. I make the motion.

Seconded by Representative Kaldor.

(Further discussion followed.)

Representative Delzer: the motion is to make it so it's 2 M and 64,000 is that correct. He was told that is correct. (7.06)

Chairman Grindberg: Any discussion. Hearing none Alice will take the roll.

A ROLL CALL VOTE WAS TAKEN RESULTING: ROBINSON – YES; HOLMBERG – YES, GRINDBERG – YES; DELZER – YES; BERG – YES; KALDOR – YES. THE MOTION CARRIED. (VOTE # 6) (7.56)

Chairman Grindberg: Roxanne, any missing items?

Roxanne: I just want to refer to Representative Delzer's question about the House receding.

The only adjustment that hasn't been discussed and incorporated into the amendments is the increase to the innovation program. The House had added \$100,000, excuse me, the Senate added \$100,000. The House had removed that funding so the House receded that funding.

Representative Delzer: We did discuss that quite a bit and I think there were some other bills that passed that dealt with that issue also. **I would move that we go back to the executive level on that. Seconded by Representative Berg.**

Chairman Grindberg: Discussion? So that would be \$400,000 and you moved \$500,000.

(Further discussion followed)

Chairman Grindberg: Discussion? Hearing none we will have Alice call the roll.

Representative Kaldor: If I remember correctly this is still an increase to the governor's budget.

Chairman Grindberg: Aye vote takes it out and nay vote keeps it in.

**A ROLL CALL VOTE WAS TAKEN RESULTING: GRINDBERG – NAY; HOLMBERG- Nay;
ROBINSON – Nay; DELZER – AYE; BERG – AYE; KALDOR – AYE. MOTION
FAILS.(VOTE #7) (10.55)**

Representative Berg: the other issue is different and I don't know how you want to deal with this but it is the million dollars that you created in the technology pool.

Chairman Grindberg: Section 13 and that would be part of the amendments. It is a reporting requirement. We've had agreement on that. This meeting is recessed until Monday.

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2018 Conference Committee

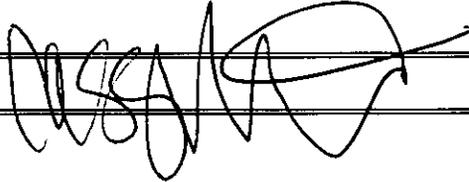
Senate Appropriations Committee

Check here for Conference Committee

Hearing Date: 05-04-09

Recorder Job Number: 12471

Committee Clerk Signature



Minutes:

Chairman Grindberg called the conference committee to order on SB 2018 at 9:30 am. Let the record show that all conferees are present: **Senators: Grindberg, Holmberg, Robinson. Representatives: Delzer, Berg, Kaldor. Roxanne Woeste**, Legislative Council and **Sandy Deis**, OMB were also present.

Roxanne Woeste from legislative council walked through the changes that were made in the bill with the committee (00.25-12:03)

Rep. Delzer- in section 33 and subsection 1, I am curious of the way that is described?

Roxanne- my take on the matter is if we have a laboratory and they needed to enhance that infrastructure for instance they can use the dollars to enhance that and make improvements.

Rep. Delzer – when you put 30 in there it seems like you do create a conflict in section one, so we should either leave section 30 put and consider it covered by the enhancing of the infrastructure or leave 30 in and take the enhanced infrastructure out.

Rep. Kaldor- maybe that does help clarify.

Rep. Delzer- what we are saying is that defining infrastructure in 30 and then over here in section 1 we are saying it can't be used for infrastructure but we are also saying it would

enhance infrastructure so it shouldn't be there.

Rep. Berg- I think it would probably read a lot clearer if we moved enhanced infrastructure.

Rep. Berg motioned to remove the word "enhanced infrastructure" and was seconded by **Rep. Delzer**, voice vote 6 yea 0 nay motion carried.

Sen. Robinson- what necessitated the need to have this new language, I don't recall discussion on that.

Roxanne- just to highlight on page 6 in section 32 we changed the one from 1 to 2 applications on campus.

Rep. Berg motioned to move the amendments and was seconded by **Sen. Holmberg**. Roll call vote, **Holmberg, Grindberg, Kaldor** and **Berg**-yes and **Robinson, Delzer**-no. Sen.

Grindburg was designated to carry the bill to the floor.

Chairman Grindberg closed the hearing.

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

Bill Number 2018 (, as (re)engrossed):

Date: 4/24/09 *4:30pm*

Your Conference Committee Senate Approp.

For the Senate:

For the House:

	<i>4/24</i>	YES / NO			<i>4/24</i>	YES / NO	
<i>Brunberg</i>	✓			<i>Delzer</i>	✓		
<i>Holmberg</i>	✓			<i>Thoreson</i>	✓		
<i>Robinson</i>	✓			<i>Kaldor</i>	✓		

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

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

_____, 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: _____

CARRIER: _____

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

MOTION MADE BY: _____

SECONDED BY: _____

OTE COUNT ___ YES ___ NO ___ ABSENT

SECTION 32. AMENDMENT. Section 54-60-17 of the North Dakota Century Code is amended and reenacted as follows:

54-60-17. Division of workforce development - ~~Higher education internships~~ Internships, apprenticeships, and work experience opportunities. The division of workforce development shall administer a program to increase use of ~~higher education~~ internships, apprenticeships, and work experience opportunities for higher education students and high school students enrolled in grade eleven or twelve. The primary focus of this program must be higher education internships in target industries. This program shall provide services to employers, communities, and business organizations to increase ~~higher education~~ internship, apprenticeship, and work experience opportunities. Funding awarded under this section may not be used to subsidize internship, apprenticeships, or work experience opportunities that a recipient had available during the previous two calendar years.

SECTION 33. A new section to chapter 54-60 of the North Dakota Century Code is created and enacted as follows:

Division of workforce development - Annual reports - North Dakota workforce development council - Budget acceptance.

1. Annually, job service North Dakota, the department of career and technical education, the department, and the state board of higher education each shall submit a report to the division of workforce development relating to the respective agency's current workforce initiatives and activities and that agency's plan for future workforce initiatives and activities. The division of workforce development shall consider these reports in preparing the consolidated biennial statewide strategic plan for the state's system for workforce development, workforce training, and talent attraction required under section 54-60-19.

2. Before November first of each even-numbered year, job service North Dakota, the department of career and technical education, the department, and the state board of higher education each shall present the respective agency's workforce-related budget initiatives for the upcoming biennium, including alignment of these initiatives with the consolidated biennial statewide strategic plan, to the North Dakota workforce development council, created by governor's executive order 1995-01, dated January 3, 1996. The North Dakota workforce development council members shall consider potential areas for collaboration.

Deleted: submit for acceptance

Deleted: biennial budget request

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

Bill Number 2018 (, as (re)engrossed):

Date: 4-28-09

Your Conference Committee Senate Appropriations

For the Senate:

4/25 YES / NO

For the House:

4/25 YES / NO

	YES	NO		YES	NO
<u>Brindberg</u>	<u>/</u>		<u>Deizer</u>	<u>/</u>	
<u>Holmberg</u>	<u>/</u>		<u>Thoreson</u>	<u>/</u>	
<u>Robinson</u>	<u>/</u>		<u>Kaldor</u>	<u>/</u>	

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

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

_____, 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: _____

CARRIER: _____

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

MOTION MADE BY: _____

SECONDED BY: _____

VOTE COUNT __ YES __ NO __ ABSENT

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

*2 M
1 M general
1 M. ARRA*

Bill Number 2018 (, as (re)engrossed):

Date: 4/27/09

Your Conference Committee Senate Appropriations

For the Senate:

For the House:

	<i>4/27</i> YES / NO				<i>4/27</i> YES / NO		
<i>Grindberg</i>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<i>Dulzer</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<i>Holmberg</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<i>Thoreson</i>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<i>Robinson</i>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<i>Kaldor</i>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

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

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

_____, 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: _____

CARRIER: _____

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

MOTION MADE BY: *J. Thoreson*

SECONDED BY: *Kaldor*

VOTE COUNT 4 YES 2 NO _____ ABSENT

Carried

4/29

1
4/29/09
cmf/cm

10. Employee benefit services, trust-related services, and investment management services obtained by an agency with a fiduciary responsibility regarding those services.

11. Procurements through a contract or other instrument executed by the department of commerce under section 54-60-16 for the provision of services for the international business and trade office.

All purchases made by the office of management and budget or a state agency or institution to which authority to purchase has been delegated by the office of management and budget must be made in accordance with this chapter, rules adopted under this chapter, and written policies of the office of management and budget.

Option B – Exemption put into International Business and Trade Office statute

SECTION #. AMENDMENT. Subsection 2 of section 54-60-16 of the North Dakota Century Code is amended and reenacted as follows:

- 2. The commissioner may contract with a third party for the provision of services for the international business and trade office. If the commissioner 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. A contract entered by the commissioner under this section does not require a bid and is exempt from chapter 54-44.4.

Option C – Legislative intent for contracting with North Dakota Trade Office, Inc.

SECTION #. LEGISLATIVE INTENT – NORTH DAKOTA TRADE OFFICE. It is the intent of the sixty-first legislative assembly that the department of commerce contract with the North Dakota trade office, inc. to perform the services of the international business and trade office.

Option D – Nonprofit corporation put into International Business and Trade Office statute

SECTION #. AMENDMENT. Subsection 2 of section 54-60-16 of the North Dakota Century Code is amended and reenacted as follows:

- 2. The commissioner may designate a nonprofit corporation or contract with a third party for the provision of services for the international business and trade office. If the commissioner designates a nonprofit corporation or 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.

98037.0440
Title.

Prepared by the Legislative Council staff for
Representative [REDACTED]
April 30, 2009

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2018

That the House recede from its amendments as printed on pages 1358-1365 of the Senate Journal and pages 1395-1401 of the House Journal and that Reengrossed Senate Bill No. 2018 be amended as follows:

Page 1, line 4, after "new" insert "section to chapter 15-10, a new"

Page 1, line 5, after "15-69" insert a comma

Page 1, line 6, after the first "to" insert "printing products and services provided by higher education institutions,"

Page 1, line 7, after "plan" insert a comma

Page 7, after line 25, insert:

"SECTION 25. A new section to chapter 15-10 of the North Dakota Century Code is created and enacted as follows:

Provision of printing services and products. Notwithstanding any other provision of law, an institution under the control of the state board of higher education may not provide printing products or services for programs or activities not affiliated with the institution.

Re-number accordingly

PROPOSED AMENDMENTS TO REENGROSSED SENATE BILL NO. 2018

That the House recede from its amendments as printed on pages 1358-1365 of the Senate Journal and pages 1395-1401 of the House Journal and that Reengrossed Senate Bill No. 2018 be amended as follows:

Page 1, line 2, after the first semicolon insert "to provide an appropriation to the office of management and budget; to provide a contingent appropriation;", remove "to provide for an audit;", and remove "to authorize"

Page 1, line 3, remove "the department of commerce to borrow funds from the Bank of North Dakota;"

Page 1, line 4, after the second "to" insert "provide for the establishment of a centers of excellence fund; to" and after "new" insert "subsection to section 15-69-01, a new"

Page 1, line 5, replace "15-69" with "54-18, a new section to chapter 54-44.1,"

Page 1, line 6, replace "the establishment of a centers of excellence fund to" with "definitions relating to centers of excellence, an annual transfer from the state mill and elevator association, the establishment of a searchable database,"

Page 1, line 8, after "subsection" insert "1 of section 15-69-02, subsections 1,", after "2" insert ", and 3", replace the second "and" with ", subsections 1, 3, 4, and 5 of", and after "15-69-05" insert ", subsection 2 of section 54-60-16, and section 54-60-17"

Page 1, line 9, after "excellence" insert ", the international business and trade office, and higher education internships and work experience opportunities; to provide an expiration date"

Page 1, line 19, replace "1,359,088" with "1,193,961" and replace "10,185,967" with "10,020,840"

Page 1, line 20, replace "719,584" with "419,584" and replace "15,028,272" with "14,728,272"

Page 1, line 22, replace "32,661,310" with "19,861,310" and replace "81,436,058" with "68,636,058"

Page 2, line 2, replace "664,000" with "600,000" and replace "2,164,000" with "2,100,000"

Page 2, line 4, replace "35,272,419" with "21,943,292" and replace "114,512,900" with "101,183,773"

Page 2, line 5, replace "12,950,345" with "13,907,954" and replace "68,708,861" with "69,666,470"

Page 2, line 6, replace "22,322,074" with "8,035,338" and replace "45,804,039" with "31,517,303"

Page 2, after line 7, insert:

**"SECTION 2. APPROPRIATION - FEDERAL FISCAL STIMULUS FUNDS -
ADDITIONAL FUNDING APPROVAL.** The funds provided in this section, or so much

of the funds as may be necessary, are appropriated from federal funds made available to the state under the federal American Recovery and Reinvestment Act of 2009, not otherwise appropriated, to the department of commerce, for the period beginning with the effective date of this Act and ending June 30, 2011, as follows:

Community development block grant program	\$1,300,000
Community services block grant	4,853,305
State energy program	24,585,000
Energy efficiency and conservation block grants	10,000,000
Weatherization assistance program	25,266,330
Emergency shelter grants	<u>2,590,000</u>
Total federal funds	\$68,594,635

The department of commerce may seek emergency commission and budget section approval under chapter 54-16 for authority to spend any additional federal funds received under the federal American Recovery and Reinvestment Act of 2009 in excess of the amounts appropriated in this section, for the period beginning with the effective date of this Act and ending June 30, 2011.

Any federal funds appropriated under this section are not a part of the agency's 2011-13 base budget. Any program expenditures made with these funds will not be replaced with state funds after the federal American Recovery and Reinvestment Act of 2009 funds are no longer available.

SECTION 3. USE OF FEDERAL FISCAL STIMULUS FUNDS - ELECTRICAL GENERATORS. The department of commerce shall use \$2,000,000 of the funding appropriated in section 2 of this Act for the purpose of establishing a grant program to assist in the purchase and installation of electrical generators that consume at least seventy-five percent of the gas from oil and gas well sites which would otherwise be flared or wasted, for the period beginning with the effective date of this Act and ending June 30, 2011. The funding is contingent upon approval from the United States department of energy of use of the funding for the grant program. Before making a grant from the program established by this section, the department of commerce shall obtain the recommendation of the oil and gas research program administered by the industrial commission regarding the application's technical accuracy and consistency with the oil and gas research program.

SECTION 4. USE OF FEDERAL FISCAL STIMULUS FUNDS - BIOFUEL BLENDER PUMP GRANTS. The department of commerce shall use up to \$1,000,000 of the funding appropriated in section 2 of this Act for biofuel blender pump grants.

SECTION 5. APPROPRIATION - FEDERAL FISCAL STABILIZATION - OTHER GOVERNMENT SERVICES. There is appropriated from federal fiscal stabilization - other government services funds made available to the governor under the federal American Recovery and Reinvestment Act of 2009, not otherwise appropriated, the sum of \$400,000, or so much of the sum as may be necessary, to the office of management and budget for the purpose of establishing a searchable database of state expenditures as provided for in section 34 of this Act, for the biennium beginning July 1, 2009, and ending June 30, 2011. Any federal funds appropriated under this section are not a part of the agency's 2011-13 base budget."

Page 2, line 11, replace "11" with "12"

Page 2, line 16, replace "2,000,000" with "1,000,000"

Page 2, line 17, replace "2,000,000" with "1,000,000"

Page 2, remove lines 19 and 20

Page 2, line 23, replace "11,100,000" with "2,100,000"

Page 3, remove lines 13 through 16

Page 3, line 20, replace "fifty" with "sixty-two and a half"

Page 3, line 29, replace "\$2,000,000" with "\$1,000,000"

Page 4, replace lines 3 through 30 with:

"SECTION 13. TECHNOLOGY-BASED ENTREPRENEURSHIP GRANT PROGRAM. The grants line item in section 1 of this Act includes the sum of \$1,000,000 from the general fund for a technology-based entrepreneurship grant program to be developed by the department of commerce, for the biennium beginning July 1, 2009, and ending June 30, 2011.

SECTION 14. TAX-EXEMPT PROPERTY - REPORT TO THE BUDGET SECTION. During the 2009-10 interim, the department of commerce shall compile information identifying tax-exempt property by school district, including information on the related value of the property based on soil survey, insured value, or other means, and a categorization of the property by whether or not it produces revenue based on its use. The department of commerce shall report the information compiled to the budget section during the third quarter of 2010."

Page 5, remove lines 1 through 6

Page 5, remove lines 15 through 31

Page 6, remove lines 1 through 6

Page 6, line 12, after the period insert "The funds may only be used for construction costs."

Page 6, line 15, remove "Wade Westin memorial"

Page 6, line 18, after the period insert "The funds may only be used for construction costs."

Page 6, remove lines 19 through 31

Page 7, remove lines 1 through 5

Page 7, replace lines 26 through 30 with:

"SECTION 21. APPROPRIATION - TRANSFER - CENTERS OF EXCELLENCE. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$15,000,000, which the office of management and budget shall transfer to the centers of excellence fund for the purpose of providing funding to centers of excellence, for the biennium beginning July 1, 2009, and ending June 30, 2011.

SECTION 22. CONTINGENT APPROPRIATION - TRANSFER - CENTERS OF EXCELLENCE. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$5,000,000, which the office of

management and budget shall transfer to the centers of excellence fund for the purpose of providing additional centers of excellence funding, for the biennium beginning July 1, 2009, and ending June 30, 2011. The office of management and budget may transfer this funding only if actual general fund revenues for the period from July 1, 2009, through February 28, 2010, exceed estimated general fund revenues for that period by at least \$5,000,000, as determined by the office of management and budget, based on the legislative estimates made at the close of the 2009 legislative session.

SECTION 23. CENTERS OF EXCELLENCE ENHANCEMENT GRANTS. The department of commerce shall use \$10,000,000 of the funds transferred to the centers of excellence fund in section 21 of this Act for centers of excellence enhancement grants during the biennium beginning July 1, 2009, and ending June 30, 2011. The centers of excellence enhancement grants may be made available to research universities under the control of the state board of higher education or nonprofit university-related foundations for use in infrastructure or enhancement of economic development and employment opportunities. Appropriate use of funds include a base realignment grant to enhance economic development and employment opportunities associated with the Grand Forks air force base resulting from action by the federal defense base closure and realignment commission; infrastructure and economic development projects or programs to accommodate growth in proximity to or at the Grand Forks air force base; and infrastructure and economic development projects or programs to enhance the capacity of a research university to interface and collaborate with private industry on research, development, demonstration, and commercialization of technology. The commissioner of commerce shall develop application criteria, review submitted applications, and recommend applications for approval to the centers of excellence commission. Centers of excellence enhancement grants made under this section are exempt from section 15-69-02, subsections 3 and 4 of section 15-69-04, and subsections 1, 3, and 4 of section 15-69-05.

SECTION 24, CENTERS OF EXCELLENCE STATE TAX REVENUE IMPACT STUDY - REPORT.

1. During the 2009-11 biennium, the department of commerce, in consultation with the tax commissioner, shall conduct a study of the state tax revenue impact of the centers of excellence program and shall calculate the direct and indirect impact of the program on state tax revenues. The study must include an analysis for each center of excellence of the actual matching funds received by source, the actual number of private and public sector jobs created, and new private sector facilities opened as the result of the center. The study must be based on information available from the tax commissioner.
2. By August 1, 2010, the department of commerce shall submit to the legislative council a report on the findings and results of the centers of excellence state tax revenue impact study.
3. The tax commissioner shall compile direct tax revenue and expenditures data and provide this data to the department of commerce. Notwithstanding the confidentiality provisions contained in chapters 57-38 and 57-39.2, the tax commissioner shall provide the department of commerce the information necessary to accomplish and effectuate the study required by this section. The tax commissioner may request the assistance of the department of commerce as necessary to compile this data.
4. The tax commissioner may establish the procedure and format by which the tax data will be provided to the state auditor. If additional information is needed by the department of commerce to calculate the tax impact of the centers of excellence program, the department of commerce may contact

those taxpayers determined necessary to effectuate the study required by this section.

5. Except as provided in subsection 6, the department of commerce may establish the manner in which the centers of excellence impact data will be analyzed, organized, and presented in the report.
6. Confidential information the department of commerce receives from the tax commissioner may not be divulged by the department of commerce unless the information is in the aggregate and in a manner that will not divulge information specific to any taxpayer.

SECTION 25. CENTERS OF EXCELLENCE BEST PRACTICE REVIEW. The department of commerce and the centers of excellence commission shall conduct a best practice review of the centers of excellence program by contracting with an appropriate entity with broad-based expertise in programs similar to North Dakota's centers of excellence program.

SECTION 26. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$100,000, or so much of the sum as may be necessary, to the department of commerce for the purpose of contracting with an entity to perform the review required in section 25 of this Act, for the biennium beginning July 1, 2009, and ending June 30, 2011.

SECTION 27. EXEMPTION - TRANSFER. The amount appropriated for centers of excellence contained in sections 14 and 15 of chapter 18 of the 2007 Session Laws is not subject to section 54-44.1-11. The office of management and budget shall transfer any unexpended funds from these appropriations to the centers of excellence fund at the end of the 2007-09 biennium.

SECTION 28. Centers of excellence fund - Continuing appropriation. The centers of excellence fund is a special fund in the state treasury. All moneys in the centers of excellence fund are appropriated to the department of commerce on a continuing basis for the purpose of implementing and administering this chapter. Interest earned on moneys in the fund must be credited to the fund.

SECTION 29. A new subsection to section 15-69-01 of the North Dakota Century Code is created and enacted as follows:

"Infrastructure" means new building construction or major building renovation. The term does not include a purchase of equipment or remodel of an existing building.

SECTION 30. AMENDMENT. Subsection 1 of section 15-69-02 of the North Dakota Century Code is amended and reenacted as follows:

1. The board shall establish a centers of excellence program relating to economic development. ~~The program must distinguish among center designations for awards designated to address commercialization and infrastructure needs.~~ Workforce may not be the primary need addressed by a center. Through the program the commission shall make funding award recommendations for commission-approved applications to the board, the foundation, the emergency commission, and the budget section of the legislative council. A center must be an institution of higher education under the control of the board or a nonprofit university-related or college-related foundation of an institution of higher education under the control of the board. In order to be considered for center designation, the institution of higher education or nonprofit foundation must be working in partnership with the private sector. ~~For an application that includes infrastructure to be considered for center designation, the application must~~

~~provide detailed information regarding how the future operational costs and maintenance costs related to the infrastructure will be provided and how the costs will not be provided from the general fund.~~ In addition to any center designated under this chapter, the North Dakota state university center for technology enterprise and the university of North Dakota center for innovation are centers.

SECTION 31. AMENDMENT. Subsections 1, 2, and 3 of section 15-69-04 of the North Dakota Century Code are amended and reenacted as follows:

1. The department of commerce shall provide center application forms, accept applications, review applications for completeness and compliance with board and commission policy, forward complete applications to the commission in accordance with guidelines established by the commission, and assist with preaward reviews and postaward monitoring as may be requested by the commission. No more than one application per campus of an institution of higher education under the control of the board may be submitted to the department of commerce for each round of center funding.
2. The commission shall meet as necessary to review all complete applications; consider the potential need for independent, expert review of complete applications; approve or disapprove complete applications; make funding award recommendations for commission-approved proposed centers; direct the ~~office of management and budget~~ department of commerce to distribute funds to the centers; monitor centers for compliance with award requirements; review changes in assertions made in center applications; and conduct postaward monitoring of centers.
3. In considering whether to approve or disapprove an application, the commission shall determine whether the applicant has conducted the due diligence necessary to put together a viable proposal, the commission shall determine whether the applicant has provided information in the application which clearly outlines how the matching fund requirement will be met, and the commission shall consider whether the center will:
 - a. Use university or college research to promote private sector job growth and expansion of knowledge-based industries or use university or college research to promote the development of new products, high-tech companies, or skilled jobs in this state;
 - b. Create high-value private sector employment opportunities in this state;
 - c. Provide for public-private sector involvement and partnerships;
 - d. Leverage other funding, including cash from the private sector;
 - e. Increase research and development activities that may involve federal funding from the national science foundation experimental program to stimulate competitive research;
 - f. Foster and practice entrepreneurship;
 - g. Promote the commercialization of new products and services in industry clusters;
 - h. Become financially self-sustaining; and
 - i. Establish and meet a deadline for acquiring and expending all public and private funds specified in the application.

SECTION 32. AMENDMENT. Subsections 1, 3, 4, and 5 of section 15-69-05 of the North Dakota Century Code are amended and reenacted as follows:

1. A center shall use funds awarded under this chapter to enhance capacity; enhance infrastructure; and leverage state, federal, and private sources of funding. A center awarded funds under this chapter may not use the funds for infrastructure, to supplant funding for current operations or academic instructions, or to pay indirect costs.
3. Before the commission directs the ~~office of management and budget department of commerce~~ to distribute funds awarded under this chapter, the center shall provide the commission with detailed documentation of private sector participation and the availability of two dollars of matching funds for each dollar of state funds to be distributed under this chapter. Of the two dollars of matching funds, at least one dollar must be cash, of which at least fifty cents must be from the private sector. The matching funds may include funds facilitated through the collaboration of the private sector participants with other funding entities. The noncash matching funds may include a ~~combination of cash and~~ in-kind assets with itemized value. Private sector participation may be established through equity investments or through contracts for services with private sector entities. In making funding recommendations and designation determinations, the commission, board, foundation, and budget section shall give major consideration to the portion of the matching funds provided in cash by the private sector.
4. The commission shall direct the ~~office of management and budget department of commerce~~ to distribute the funds awarded under this chapter in disbursements consistent with the center's budget and timeframe outlined in the approved award. The commission may not direct distribution of funds under this chapter if there are no private sector partners participating or if the statutorily required matching funds are not available.
5. If, before funds are distributed by the ~~office of management and budget department of commerce~~, a center undergoes a change in the terms of or assertions made in its application, the commission may direct that the ~~office of management and budget department of commerce~~ withhold all or a portion of any undistributed funds pending commission review of the changes.

SECTION 33. A new section to chapter 54-18 of the North Dakota Century Code is created and enacted as follows:

Annual transfer. Within thirty days after the conclusion of each fiscal year, the industrial commission shall transfer five percent of the net income earned by the state mill and elevator association during that fiscal year to the agricultural fuel tax fund.

SECTION 34. A new section to chapter 54-44.1 of the North Dakota Century Code is created and enacted as follows:

Searchable database of expenditures.

1. By June 30, 2011, the director of the budget shall develop and make publicly available an aggregate and searchable budget database website that includes the following information for the biennium ending June 30, 2009:
 - a. Each budget unit making expenditures.

- b. The amount of funds expended.
 - c. The source of the funds expended.
 - d. The budget program of the expenditure.
 - e. Any other information determined relevant by the director of the budget.
2. The director of the budget shall include the name and city of the recipient of each expenditure in the budget database website after the director has completed implementation of a business intelligence component to the state's financial reporting system.
 3. The director of the budget may not include in the database any information that is confidential or exempt under state or federal law.
 4. The director of the budget may update the budget database website as new data becomes available. Each state agency shall provide to the director of the budget any data required to be included in the budget database website no later than thirty days after the data becomes available to the agency.
 5. By January first of each even-numbered year, the director of the budget shall add data for the previous biennium to the budget database website. The director of the budget shall ensure that all data added to the budget database website remains accessible to the public for a minimum of ten years.
 6. The budget database website may not redirect users to any other government website, unless the website has information from all budget units and each category of information required can be searched electronically by field in a single search.

SECTION 35. AMENDMENT. Subsection 2 of section 54-60-16 of the North Dakota Century Code is amended and reenacted as follows:

2. The commissioner may designate a nonprofit corporation incorporated in this state whose primary purpose is to assist North Dakota exporters or contract with a third party for the provision of services for the international business and trade office. If the commissioner designates a nonprofit corporation or 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.

SECTION 36. AMENDMENT. Section 54-60-17 of the North Dakota Century Code is amended and reenacted as follows:

54-60-17. Division of workforce development - ~~Higher education~~ internships, apprenticeships, and work experience opportunities.
 The division of workforce development shall administer a program to increase use of ~~higher education~~ internships, apprenticeships, and work experience opportunities for higher education students and high school students enrolled in grade eleven or twelve. The primary focus of this program must be higher education internships in target industries. This program shall provide services to employers, communities, and business organizations to increase ~~higher education~~ internship, apprenticeship, and work experience opportunities. Funding awarded under this section may not be used to subsidize internship, apprenticeship, or work experience opportunities that a funding recipient had available during the previous two calendar years."

Page 8, remove lines 1 through 31

Page 9, remove lines 1 through 25

Page 10, line 7, replace "July" with "November"

Page 10, line 9, replace "submit for acceptance" with "present"

Page 10, line 10, replace "biennial budget request" with "workforce-related budget initiatives for the upcoming biennium, including alignment of these initiatives with the consolidated biennial statewide strategic plan,"

Page 10, line 11, after the underscored period insert "The North Dakota workforce development council members shall consider potential areas for collaboration."

SECTION 38. EXPIRATION DATE. Section 35 of this Act is effective through June 30, 2011, and after that date is ineffective."

Page 10, line 12, replace "\$1,200,000" with "\$900,000"

Page 10, line 13, replace "is" with "and section 2 of this Act are"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT - LC 98037.0441 FN 1

A copy of the statement of purpose of amendment is attached.

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2018 - Summary of Conference Committee Action

	Executive Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Office of Management and Budget						
Total all funds	\$0	\$0	\$400,000	\$400,000	\$400,000	\$0
Less estimated income	0	0	400,000	400,000	400,000	0
General fund	\$0	\$0	\$0	\$0	\$0	\$0
Department of Emergency Services						
Total all funds	\$0	\$0	\$0	\$0	\$1,594,567	(\$1,594,567)
Less estimated income	0	0	0	0	0	0
General fund	\$0	\$0	\$0	\$0	\$1,594,567	(\$1,594,567)
Department of Commerce						
Total all funds	\$88,198,900	\$137,012,900	\$48,865,508	\$185,878,408	\$184,328,408	\$1,550,000
Less estimated income	53,708,861	69,208,861	69,052,244	138,261,105	138,261,105	0
General fund	\$34,490,039	\$67,804,039	(\$20,186,736)	\$47,617,303	\$46,067,303	\$1,550,000
Bill total						
Total all funds	\$88,198,900	\$137,012,900	\$49,265,508	\$186,278,408	\$186,322,975	(\$44,567)
Less estimated income	53,708,861	69,208,861	69,452,244	138,661,105	138,661,105	0
General fund	\$34,490,039	\$67,804,039	(\$20,186,736)	\$47,617,303	\$47,661,870	(\$44,567)

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

	Executive Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Operating expenses			\$400,000	\$400,000	\$400,000	
Total all funds	\$0	\$0	\$400,000	\$400,000	\$400,000	\$0
Less estimated income	0	0	400,000	400,000	400,000	0
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

Department No. 110 - Office of Management and Budget - Detail of Conference Committee Changes

	Provides for Establishment of a Searchable Database ¹	Total Conference Committee Changes
Operating expenses	\$400,000	\$400,000
Total all funds	\$400,000	\$400,000
Less estimated income	400,000	400,000
General fund	\$0	\$0
FTE	0.00	0.00

A section is added to provide for the establishment of a searchable database of state expenditures and appropriates \$400,000 from the general fiscal stabilization - other government services funds to the Office of Management and Budget for the costs associated with the database. This is the same as the House version.

Senate Bill No. 2018 - Department of Emergency Services - Conference Committee Action

The House version provided a \$1,594,567 general fund appropriation to the Department of Emergency Services for providing grants to eligible political subdivisions for emergency and disaster recovery. This funding is not included in this amendment.

Senate Bill No. 2018 - Department of Commerce - Conference Committee Action

	Executive Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Salaries and wages	\$10,185,967	\$10,185,967	(\$165,127)	\$10,020,840	\$10,020,840	
Operating expenses	14,428,272	15,028,272	(200,000)	14,828,272	14,128,272	700,000
Capital assets	25,000	25,000		25,000	25,000	
Grants	53,886,058	81,436,058	(12,800,000)	68,636,058	66,886,058	1,750,000
Discretionary funds	928,083	928,083		928,083	928,083	
Economic development initiatives	186,846	186,846		186,846	186,846	
Agricultural products utilization	2,536,630	2,536,630		2,536,630	2,536,630	
North Dakota Trade Office	2,000,000	2,164,000	(64,000)	2,100,000	2,000,000	100,000
Partner programs	2,022,044	2,022,044		2,022,044	2,022,044	
Transfer - Workforce enhancement fund	2,000,000	2,000,000	(1,000,000)	1,000,000	1,000,000	
Transfer - Centers of excellence fund		20,000,000	(5,000,000)	15,000,000		15,000,000
Contingent borrowing authority		500,000	(500,000)			
Federal fiscal stimulus funds			68,594,635	68,594,635	68,594,635	
Contingent appropriation					1,000,000	(1,000,000)
Centers of excellence					15,000,000	(15,000,000)
Total all funds	\$88,198,900	\$137,012,900	\$48,865,508	\$185,878,408	\$184,328,408	\$1,550,000
Less estimated income	53,708,861	69,208,861	69,052,244	138,261,105	138,261,105	0
General fund	\$34,490,039	\$67,804,039	(\$20,186,736)	\$47,617,303	\$46,067,303	\$1,550,000
FTE	68.00	68.00	0.00	68.00	68.00	0.00

Department No. 601 - Department of Commerce - Detail of Conference Committee Changes

	Adjusts Funding for Biofuel Blender Pumps ¹	Removes Funding for Grants to Expand Child Care ²	Decreases Funding for the North Dakota Trade Office ³	Removes Contingent Borrowing Authority ⁴	Removes One-Time Funding for the Workforce Enhancement Fund ⁵	Removes Funding for Student-Based Technology Grants ⁶
Salaries and wages						
Operating expenses						
Capital assets						
Grants		(2,000,000)				(200,000)
Discretionary funds						
Economic development initiatives						
Agricultural products utilization						
North Dakota Trade Office			(64,000)			
Partner programs						
Transfer - Workforce enhancement fund					(1,000,000)	
Transfer - Centers of excellence fund						
Contingent borrowing authority				(500,000)		
Federal fiscal stimulus funds						
Contingent appropriation						
Centers of excellence						
Total all funds	\$0	(\$2,000,000)	(\$64,000)	(\$500,000)	(\$1,000,000)	(\$200,000)
Less estimated income	1,000,000	0	0	(500,000)	0	0
General fund	(\$1,000,000)	(\$2,000,000)	(\$64,000)	\$0	(\$1,000,000)	(\$200,000)
FTE	0.00	0.00	0.00	0.00	0.00	0.00
	Removes Funding for Regional Technical Assistance Grants⁷	Removes Funding for Youth Entrepreneur Grants⁸	Removes Funding for Grants for University Patent Office Support⁹	Removes Funding for a Great Plains Applied Energy Research Center Grant¹⁰	Removes Funding for a Base Realignment Grant Program¹¹	Removes Salary Equity Funding¹²
Salaries and wages						(\$176,627)
Operating expenses						
Capital assets						
Grants	(1,000,000)	(400,000)	(200,000)	(5,000,000)	(5,000,000)	
Discretionary funds						
Economic development initiatives						
Agricultural products utilization						
North Dakota Trade Office						
Partner programs						
Transfer - Workforce enhancement fund						
Transfer - Centers of excellence fund						
Contingent borrowing authority						
Federal fiscal stimulus funds						
Contingent appropriation						
Centers of excellence						
Total all funds	(\$1,000,000)	(\$400,000)	(\$200,000)	(\$5,000,000)	(\$5,000,000)	(\$176,627)
Less estimated income	0	0	0	0	0	(42,391)
General fund	(\$1,000,000)	(\$400,000)	(\$200,000)	(\$5,000,000)	(\$5,000,000)	(\$134,236)
FTE	0.00	0.00	0.00	0.00	0.00	0.00

4/02/09

	Appropriates Federal Fiscal Stimulus Funds ¹³	Decreases Funding for Operation Intern ¹⁴	Provides Funding for Compiling Information on Tax-Exempt Property ¹⁵	Adjusts Funding for Centers of Excellence ¹⁶	Provides Funding for Centers of Excellence Study ¹⁷	Provides Funding for Technology-Based Entrepreneur Grant Program ¹⁸
Salaries and wages		(300,000)	\$11,500		100,000	
Operating expenses						1,000,000
Capital assets						
Grants						
Discretionary funds						
Economic development initiatives						
Agricultural products utilization						
North Dakota Trade Office						
Partner programs						
Transfer - Workforce enhancement fund				(5,000,000)		
Transfer - Centers of excellence fund						
Contingent borrowing authority						
Federal fiscal stimulus funds	68,594,635					
Contingent appropriation						
Centers of excellence						
Total all funds	\$68,594,635	(\$300,000)	\$11,500	(\$5,000,000)	\$100,000	\$1,000,000
Less estimated income	68,594,635	0	0	0	0	0
General fund	\$0	(\$300,000)	\$11,500	(\$5,000,000)	\$100,000	\$1,000,000
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Total Conference Committee Changes
Salaries and wages	(\$165,127)
Operating expenses	(200,000)
Capital assets	(12,800,000)
Grants	
Discretionary funds	
Economic development initiatives	
Agricultural products utilization	(64,000)
North Dakota Trade Office	
Partner programs	(1,000,000)
Transfer - Workforce enhancement fund	(5,000,000)
Transfer - Centers of excellence fund	(500,000)
Contingent borrowing authority	68,594,635
Federal fiscal stimulus funds	
Contingent appropriation	
Centers of excellence	
Total all funds	\$48,865,508
Less estimated income	69,052,244
General fund	(\$20,186,736)
FTE	0.00

This amendment removes \$1 million from the general fund for cost-share programs for installation of biofuel blender pumps and appropriates \$1 million of special funds from the biofuel blender pump incentive fund for grants. The amendment also provides \$1 million for biofuel blender pump grants from federal stimulus funds. The House version provided \$1 million for biofuel blender pump grants from federal stimulus funds, or if the federal funds are not available, \$1 million is transferred from the general fund to the biofuel blender pump incentive fund.

² This amendment removes one-time funding for matching grants to local communities to establish or expand child care options to support working families. This funding was also removed in the House version.

³ This amendment adjusts funding for the North Dakota Trade Office as follows:

Executive Budget	Senate Version	House Version	Conference Committee Amendment
\$2,000,000	\$2,164,000	\$2,000,000	\$2,100,000

⁴ This amendment removes the authorization added by the Senate to allow the Department of Commerce to borrow up to \$500,000 from the Bank of North Dakota for providing a grant to the North Dakota Trade Office for implementing an export-related workforce recruitment program. This authorization was also removed in the House version.

⁵ This amendment decreases funding for a transfer to the workforce enhancement fund by \$1 million, from \$2 million as provided for in the executive budget, to \$1 million. This reduction was also included in the House version.

⁶ This amendment removes \$200,000 from the general fund added by the Senate for student-based technology grants. This funding was also removed by the House.

This amendment removes \$1 million from the general fund added by the Senate for regional technical assistance grants. This funding was also removed by the House.

This amendment removes \$400,000 from the general fund added by the Senate for youth entrepreneurship grants. This funding was also removed by the House.

⁹ This amendment removes \$200,000 from the general fund added by the Senate for grants to the University of North Dakota and North Dakota State University patent offices. This funding was also removed by the House.

¹⁰ This amendment removes \$5 million from the general fund added by the Senate for a grant for construction of a Great Plains applied energy research center on the Bismarck State College campus. This funding is provided in House Bill No. 1350.

¹¹ This amendment removes one-time funding of \$5 million from the general fund added by the Senate for a base realignment grant program. This funding was also removed by the House.

¹² This amendment removes funding added in the executive budget for state employee salary equity adjustments. This funding was also removed by the House.

¹³ This amendment appropriates \$68,594,635 of federal stimulus funding to the Department of Commerce. This amendment also provides that the department use \$2 million of funding for establishing a grant program to assist in the purchase and installation of electrical generators that consume at least 75 percent of the gas from oil and gas well sites which would otherwise be flared or wasted and use \$1 million of the funding for biofuel blender pump grants. This funding was also appropriated in the House version.

¹⁴ This amendment decreases funding for Operation Intern from \$1.2 million as provided for in the executive budget to \$900,000. This adjustment was also made by the House.

¹⁵ This amendment requires the Department of Commerce to compile information during the 2009-10 interim on tax-exempt property the state. Funding of \$11,500 from the general fund is provided to the department for costs associated with hiring two interns to gather the information.

This amendment adjusts funding for centers of excellence from \$20 million from the general fund as provided for in the Senate session to \$15 million from the general fund with an additional \$5 million contingent general fund appropriation.

¹⁷ This amendment requires the Department of Commerce to conduct a best practice review of the centers of excellence program. Funding of \$100,000 from the general fund is provided to the department for costs associated with the review.

¹⁸ This amendment provides funding of \$1 million from the general fund for a technology-based entrepreneurship grant program to be developed by the Department of Commerce.

This amendment also:

- Removes Section 7 of the reengrossed bill that provides for an audit of the ethanol production incentive fund.
- Amends Section 8 of the reengrossed bill that increases the amount of North Dakota Trade Office funding that may be provided without requiring a match from 50 percent to 62.5 percent.
- Amends Sections 18 and 19 of the reengrossed bill to provide that grants to the Lewis and Clark Foundation and the Theodore Roosevelt Medora Foundation may only be used for construction. Section 19 is also amended to remove reference to providing a Wade Westin memorial grant to the Theodore Roosevelt Medora Foundation.
- Adds a section to provide for centers of excellence enhancement grants.
- Adds a section to provide for a centers of excellence state tax revenue impact study.
- Provides an exemption for funding appropriated for the centers of excellence program for the 2007-09 biennium from North Dakota Century Code (NDCC) Section 54-44.1-11.
- Creates a new subsection to NDCC Section 15-69-01 and amends Sections 15-69-02(1); 15-69-04(1), (2), and (3); 15-69-05 (1), (3), (4), and (5) relating to centers of excellence.
- Adds a section to create a new section to NDCC Chapter 54-18 to provide for an annual transfer from the Mill and Elevator Association to the agricultural fuel tax fund.
- Adds a section to amend NDCC Section 54-60-16(2) relating to the International Business and Trade Office.
- Adds a section to amend NDCC Section 54-60-17 relating to higher education internships and work experience opportunities.

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

#/vote. Kaldor amend for funding fails due no written proposal

Bill Number 2018 (, as (re)engrossed):

Date: 5-2-09

Your Conference Committee Senate Appropriations

For the Senate:

For the House:

	$\frac{1}{2}$ YES / NO			$\frac{1}{2}$ YES / NO		
<u>Brinberg</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>Delzer</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<u>Holmberg</u>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>Berg</u>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<u>Robinson</u>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>Kaldor</u>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

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

the (Senate/House) amendments on (SJ/HJ) page(s) _____

_____ 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: _____

CARRIER: _____

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

MOTION MADE BY: Kaldor

SECONDED BY: Berg

OTE COUNT 3 YES 3 NO _____ ABSENT

2

Robinson Amend
200,000
tent of Senate
Version

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

Bill Number 2018 (, as (re)engrossed):

Date: 5-2-09

Your Conference Committee Senate approp

For the Senate:

For the House:

	YES / NO			YES / NO	
Grundberg	✓		DeBru		✓
Holmberg	✓		Berg		✓
Robinson	✓		Kaldu	✓	

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

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

____, 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: _____

CARRIER: _____

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

MOTION MADE BY: Robinson

SECONDED BY: Kaldu

OTE COUNT 4 YES 2 NO _____ ABSENT

VITE 3

fails

Robinson
Dakota Defense
Alliance
\$50,000

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

Bill Number 2018 (, as (re)engrossed):

Date: 5-2-09

Your Conference Committee Senate approp

For the Senate:

For the House:

	YES / NO			YES / NO	
<u>Grundberg</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>DeBru</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<u>Holmberg</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>Berg</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<u>Robinson</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>Kaldor</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

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

the (Senate/House) amendments on (SJ/HJ) page(s) _____

_____ 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: _____

CARRIER: _____

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

MOTION MADE BY: Robinson

SECONDED BY: Kaldor

TE COUNT 4 YES 2 NO _____ ABSENT

#4 passed

Motion -
Remove the
500, 000 in
Ministry
for Marketing

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

Bill Number 2018 (, as (re)engrossed):

Date: 5-2-08

Your Conference Committee Senate a/plop

For the Senate:

For the House:

	YES / NO			YES / NO	
<u>Grundberg</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>Deizer</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<u>Holmberg</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>Berg</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<u>Robinson</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>Kaldor</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

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

the (Senate/House) amendments on (SJ/HJ) page(s) _____

_____ 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: _____

CARRIER: _____

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

MOTION MADE BY: Deizer

SECONDED BY: Berg

OYE COUNT YES NO ABSENT

Voter 5 Carried Berg note add 250,000.

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

Bill Number 2018 (, as (re)engrossed):

Date: 5-2-09

Your Conference Committee Senate Approp

For the Senate:

For the House:

	YES / NO			YES / NO	
<i>Drumberg</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<i>Dulzer</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<i>Holmberg</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<i>Berg</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<i>Robinson</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<i>Kaldor</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

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

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

_____ 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: _____

CARRIER: _____

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

MOTION MADE BY: *Berg*

SECONDED BY: *Kaldor*

OTE COUNT 5 YES 1 NO ABSENT

6

Berg Motion to 2M 464,000

REPORT OF CONFERENCE COMMITTEE (ACCEDE/RECEDE)

Bill Number 2018 (, as (re)engrossed):

Date: 5 2 09

Your Conference Committee Senate Approp

For the Senate:

For the House:

Table with columns for YES/NO for Senate and House, and rows for members: Grandberg, Holmberg, Kobensu, Debert, Berg, Kaldor.

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

the (Senate/House) amendments on (SJ/HJ) page(s) _____

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: _____

CARRIER: _____

Form with fields: LC NO. of amendment, LC NO. of engrossment, Emergency clause added or deleted, Statement of purpose of amendment.

MOTION MADE BY: Berg

SECONDED BY: Kaldor

OTE COUNT 6 YES 0 NO ABSENT

VOTE failed

*400,000
Back to gov
recommend.*

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

Bill Number 2018 (, as (re)engrossed):

Date: 5-2-08

Your Conference Committee _____

For the Senate:

For the House:

	YES / NO			YES / NO	
<i>Drenthley</i>		<input checked="" type="checkbox"/>	<i>Delzer</i>	<input checked="" type="checkbox"/>	
<i>Holmberg</i>		<input checked="" type="checkbox"/>	<i>Berg</i>	<input checked="" type="checkbox"/>	
<i>Roberts</i>		<input checked="" type="checkbox"/>	<i>Kaldor</i>	<input checked="" type="checkbox"/>	

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

the (Senate/House) amendments on (SJ/HJ) page(s) _____

_____ 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: _____

CARRIER: _____

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

MOTION MADE BY: *Delzer*

SECONDED BY: *Berg*

VOTE COUNT 3 YES 3 NO _____ ABSENT

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

Bill Number 2018 (, as (re)engrossed):

Date: 5-4-09

Your Conference Committee Senate App

For the Senate:

5/4

YES / NO 5/4

For the House:

YES / NO

	YES	NO		YES	NO
<u>Grindberg</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Grindberg	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<u>Holmberg</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>Berg</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<u>Robinson</u>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>Kalder</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

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

the (Senate/House) amendments on (SJ/HJ) page(s) _____

____, 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: 5-4-09

CARRIER: D Grindberg

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

MOTION MADE BY: Berg

SECONDED BY: Holmberg

TE COUNT 4 YES 2 NO 2 ABSENT

REPORT OF CONFERENCE COMMITTEE

SB 2018, as reengrossed: Your conference committee (Sens. Grindberg, Holmberg, Robinson and Reps. Delzer, Berg, Kaldor) recommends that the **HOUSE RECEDE** from the House amendments on SJ pages 1358-1365, adopt amendments as follows, and place SB 2018 on the Seventh order:

That the House recede from its amendments as printed on pages 1358-1365 of the Senate Journal and pages 1395-1401 of the House Journal and that Reengrossed Senate Bill No. 2018 be amended as follows:

Page 1, line 2, after the first semicolon insert "to provide an appropriation to the office of management and budget; to provide a contingent appropriation;", remove "to provide for an audit;", and remove "to authorize"

Page 1, line 3, remove "the department of commerce to borrow funds from the Bank of North Dakota;"

Page 1, line 4, after the second "to" insert "provide reports to the budget section; to provide for the establishment of a centers of excellence fund; to" and after "new" insert "subsection to section 15-69-01, a new"

Page 1, line 5, replace "15-69" with "54-18, a new section to chapter 54-44.1,"

Page 1, line 6, replace "the establishment of a centers of excellence fund to" with "definitions relating to centers of excellence, an annual transfer from the state mill and elevator association, the establishment of a searchable database,"

Page 1, line 8, after "subsection" insert "1 of section 15-69-02, subsections 1,", after "2" insert ", and 3", replace the second "and" with ", subsections 1, 3, 4, and 5 of", and after "15-69-05" insert ", subsection 2 of section 54-60-16, and section 54-60-17"

Page 1, line 9, after "excellence" insert ", the international business and trade office, and higher education internships and work experience opportunities; to provide an expiration date"

Page 1, line 19, replace "1,359,088" with "1,193,961" and replace "10,185,967" with "10,020,840"

Page 1, line 20, replace "719,584" with "169,584" and replace "15,028,272" with "14,478,272"

Page 1, line 22, replace "32,661,310" with "19,611,310" and replace "81,436,058" with "68,386,058"

Page 2, line 2, replace "664,000" with "564,000" and replace "2,164,000" with "2,064,000"

Page 2, line 4, replace "35,272,419" with "21,407,292" and replace "114,512,900" with "100,647,773"

Page 2, line 5, replace "12,950,345" with "13,907,954" and replace "68,708,861" with "69,666,470"

Page 2, line 6, replace "22,322,074" with "7,499,338" and replace "45,804,039" with "30,981,303"

Page 2, after line 7, insert:

"SECTION 2. APPROPRIATION - FEDERAL FISCAL STIMULUS FUNDS - ADDITIONAL FUNDING APPROVAL. The funds provided in this section, or so much of the funds as may be necessary, are appropriated from federal funds made available to the state under the federal American Recovery and Reinvestment Act of 2009, not otherwise appropriated, to the department of commerce, for the period beginning with the effective date of this Act and ending June 30, 2011, as follows:

Community development block grant program	\$1,300,000
Community services block grant	4,853,305
State energy program	24,585,000
Energy efficiency and conservation block grants	10,000,000
Weatherization assistance program	25,266,330
Emergency shelter grants	<u>2,590,000</u>
Total federal funds	\$68,594,635

The department of commerce may seek emergency commission and budget section approval under chapter 54-16 for authority to spend any additional federal funds received under the federal American Recovery and Reinvestment Act of 2009 in excess of the amounts appropriated in this section, for the period beginning with the effective date of this Act and ending June 30, 2011.

Any federal funds appropriated under this section are not a part of the agency's 2011-13 base budget. Any program expenditures made with these funds will not be replaced with state funds after the federal American Recovery and Reinvestment Act of 2009 funds are no longer available.

The department of commerce may accept federal fiscal stimulus funding for programs that continue into the biennium beginning July 1, 2011, and ending June 30, 2013. Any federal fiscal stimulus funding received in the 2011-13 biennium is not a part of the agency's 2013-15 base budget.

SECTION 3. USE OF FEDERAL FISCAL STIMULUS FUNDS - ELECTRICAL GENERATORS. The department of commerce shall use \$2,000,000 of the funding appropriated in section 2 of this Act for the purpose of establishing a grant program to assist in the purchase and installation of electrical generators that consume at least seventy-five percent of the gas from oil and gas well sites which would otherwise be flared or wasted, for the period beginning with the effective date of this Act and ending June 30, 2011. The funding is contingent upon approval from the United States department of energy of use of the funding for the grant program. Before making a grant from the program established by this section, the department of commerce shall obtain the recommendation of the oil and gas research program administered by the industrial commission regarding the application's technical accuracy and consistency with the oil and gas research program.

SECTION 4. USE OF FEDERAL FISCAL STIMULUS FUNDS - BIOFUEL BLENDER PUMP GRANTS. The department of commerce shall use up to \$1,000,000 of the funding appropriated in section 2 of this Act for biofuel blender pump grants.

SECTION 5. APPROPRIATION - FEDERAL FISCAL STABILIZATION - OTHER GOVERNMENT SERVICES. There is appropriated from federal fiscal stabilization - other government services funds made available to the governor under the federal American Recovery and Reinvestment Act of 2009, not otherwise appropriated, the sum of \$400,000, or so much of the sum as may be necessary, to the office of management and budget for the purpose of establishing a searchable database of state expenditures as provided for in section 35 of this Act, for the biennium beginning July 1, 2009, and ending June 30, 2011. Any federal funds appropriated under this section are not a part of the agency's 2011-13 base budget."

Page 2, line 11, replace "11" with "12"

Page 2, line 16, replace "2,000,000" with "1,000,000"

Page 2, line 17, replace "2,000,000" with "1,000,000"

Page 2, remove lines 19 and 20

Page 2, line 23, replace "11,100,000" with "2,100,000"

Page 3, remove lines 13 through 16

Page 3, line 20, replace "fifty" with "sixty-two and one-half"

Page 3, line 29, replace "\$2,000,000" with "\$1,000,000"

Page 4, replace lines 3 through 30 with:

"SECTION 13. TECHNOLOGY-BASED ENTREPRENEURSHIP GRANT PROGRAM - REPORT TO THE BUDGET SECTION. The grants line item in section 1 of this Act includes the sum of \$1,000,000 from the general fund for a technology-based entrepreneurship grant program to be developed by the department of commerce, for the biennium beginning July 1, 2009, and ending June 30, 2011. The department of commerce shall report to the budget section in the third quarter of 2010 on the status of the technology-based entrepreneurship grant program, including an overview of the program and program expenditures.

SECTION 14. TAX-EXEMPT PROPERTY - REPORT TO THE BUDGET SECTION. During the 2009-10 interim, the department of commerce shall compile information identifying tax-exempt property by school district, including information on the related value of the property based on soil survey, insured value, or other means, and a categorization of the property by whether or not it produces revenue based on its use. The department of commerce shall report the information compiled to the budget section during the third quarter of 2010.

SECTION 15. LEGISLATIVE INTENT - DIVISION OF TOURISM - LARGE TOURISM INFRASTRUCTURE GRANTS. It is the intent of the sixty-first legislative assembly that the department of commerce division of tourism develop criteria for large tourism infrastructure grants and a method for setting funding priorities for such grants in future bienniums."

Page 5, remove lines 1 through 31

Page 6, remove lines 1 through 6

Page 6, line 12, after the period insert "The funds may be used only for construction costs."

Page 6, line 15, remove "Wade Westin memorial"

Page 6, line 18, after the period insert "The funds may be used only for construction costs."

Page 6, remove lines 19 through 31

Page 7, remove lines 1 through 5

Page 7, line 23, remove "the Dakota defense"

Page 7, line 24, remove "alliance," and remove the second comma

Page 7, replace lines 26 through 30 with:

"SECTION 21. APPROPRIATION - TRANSFER - CENTERS OF EXCELLENCE. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$15,000,000, which the office of management and budget shall transfer to the centers of excellence fund for the purpose of providing funding to centers of excellence, for the biennium beginning July 1, 2009, and ending June 30, 2011.

SECTION 22. CONTINGENT APPROPRIATION - TRANSFER - CENTERS OF EXCELLENCE. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$5,000,000, which the office of management and budget shall transfer to the centers of excellence fund for the purpose of providing additional centers of excellence funding, for the biennium beginning July 1, 2009, and ending June 30, 2011. The office of management and budget may transfer this funding only if actual general fund revenues for the period from July 1, 2009, through December 1, 2009, exceed estimated general fund revenues for that period by at least \$5,000,000, as determined by the office of management and budget, based on the legislative estimates made at the close of the 2009 legislative session.

SECTION 23. CENTERS OF EXCELLENCE ENHANCEMENT GRANTS. The department of commerce shall use \$10,000,000 of the funds transferred to the centers of excellence fund in section 21 of this Act for centers of excellence enhancement grants during the biennium beginning July 1, 2009, and ending June 30, 2011. The centers of excellence enhancement grants may be made available to research universities under the control of the state board of higher education or nonprofit university-related foundations for use in infrastructure or enhancement of economic development and employment opportunities. Appropriate use of funds include a base realignment grant to enhance economic development and employment opportunities associated with the Grand Forks air force base resulting from action by the federal defense base closure and realignment commission; infrastructure and economic development projects or programs to accommodate growth in proximity to or at the Grand Forks air force base; and infrastructure and economic development projects or programs to enhance the capacity of a research university to interface and collaborate with private industry on research, development, demonstration, and commercialization of technology. The commissioner of commerce shall develop application criteria, including local support criteria for requests relating to the Grand Forks air force base; review submitted applications; and recommend applications for approval to the centers of excellence commission. Centers of excellence enhancement grants made under this section are exempt from section 15-69-02, subsections 3 and 4 of section 15-69-04, and subsections 1, 3, and 4 of section 15-69-05.

SECTION 24. CENTERS OF EXCELLENCE STATE TAX REVENUE IMPACT STUDY - REPORT.

1. During the 2009-11 biennium, the state auditor, in consultation with the tax commissioner and the department of commerce, shall conduct a study of the state tax revenue impact of the centers of excellence program and shall calculate the direct and indirect impact of the program on state tax revenues. The study must include an analysis for each center of excellence of the actual matching funds received by source, actual number of private sector jobs created, and new private sector facilities opened as

the result of the center. The study must be based on information available to the tax commissioner and the state auditor.

2. By August 1, 2010, the state auditor shall submit to the legislative council a report on the findings and results of the centers of excellence state tax revenue impact study.
3. The tax commissioner shall compile direct tax revenue and expenditure data and provide this data to the state auditor. Notwithstanding the confidentiality provisions contained in chapters 57-38 and 57-39.2, the tax commissioner shall provide the state auditor the information necessary to accomplish and effectuate the study required by this section. The tax commissioner may request the assistance of the department of commerce as necessary to compile this data.
4. The tax commissioner may establish the procedure and format by which the tax data will be provided to the state auditor. If additional information is needed by the state auditor to calculate the tax impact of the centers of excellence program, the state auditor may ask the department of commerce to contact those taxpayers determined necessary to effectuate the study required by this section.
5. Except as provided in subsection 6, the state auditor may establish the manner in which the centers of excellence impact data will be analyzed, organized, and presented in the report.
6. Confidential information the state auditor receives from the tax commissioner may not be divulged by the state auditor unless the information is in the aggregate and in a manner that will not divulge information specific to any taxpayer.

SECTION 25. CENTERS OF EXCELLENCE BEST PRACTICE REVIEW. The department of commerce and the centers of excellence commission shall conduct a best practice review of the centers of excellence program by contracting with an appropriate entity with broad-based expertise in programs similar to North Dakota's centers of excellence program.

SECTION 26. 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 department of commerce for the purpose of contracting with an entity to perform the review required in section 25 of this Act, for the biennium beginning July 1, 2009, and ending June 30, 2011.

SECTION 27. EXEMPTION - TRANSFER. The amount appropriated for centers of excellence contained in sections 14 and 15 of chapter 18 of the 2007 Session Laws is not subject to section 54-44.1-11. The office of management and budget shall transfer any unexpended funds from these appropriations to the centers of excellence fund at the end of the 2007-09 biennium.

SECTION 28. CENTERS OF EXCELLENCE - REPORTS. The department of commerce shall report on the status of the centers of excellence program and the status of the centers of excellence fund to the budget section during the third quarter of 2010 and to the appropriations committees of the sixty-second legislative assembly.

SECTION 29. Centers of excellence fund - Continuing appropriation. The centers of excellence fund is a special fund in the state treasury. All moneys in the centers of excellence fund are appropriated to the department of commerce on a

continuing basis for the purpose of implementing and administering this chapter. Interest earned on moneys in the fund must be credited to the fund.

SECTION 30. A new subsection to section 15-69-01 of the North Dakota Century Code is created and enacted as follows:

"Infrastructure" means new building construction or major building renovation. The term does not include a purchase of equipment or remodel of an existing building.

SECTION 31. AMENDMENT. Subsection 1 of section 15-69-02 of the North Dakota Century Code is amended and reenacted as follows:

1. The board shall establish a centers of excellence program relating to economic development. ~~The program must distinguish among center designations for awards designated to address commercialization and infrastructure needs.~~ Workforce may not be the primary need addressed by a center. Through the program the commission shall make funding award recommendations for commission-approved applications to the board, the foundation, the emergency commission, and the budget section of the legislative council. A center must be an institution of higher education under the control of the board or a nonprofit university-related or college-related foundation of an institution of higher education under the control of the board. In order to be considered for center designation, the institution of higher education or nonprofit foundation must be working in partnership with the private sector. ~~For an application that includes infrastructure to be considered for center designation, the application must provide detailed information regarding how the future operational costs and maintenance costs related to the infrastructure will be provided and how the costs will not be provided from the general fund.~~ In addition to any center designated under this chapter, the North Dakota state university center for technology enterprise and the university of North Dakota center for innovation are centers.

SECTION 32. AMENDMENT. Subsections 1, 2, and 3 of section 15-69-04 of the North Dakota Century Code are amended and reenacted as follows:

1. The department of commerce shall provide center application forms, accept applications, review applications for completeness and compliance with board and commission policy, forward complete applications to the commission in accordance with guidelines established by the commission, and assist with preaward reviews and postaward monitoring as may be requested by the commission. No more than two applications per campus of an institution of higher education under the control of the board may be submitted to the department of commerce for each round of center funding.
2. The commission shall meet as necessary to review all complete applications; consider the potential need for independent, expert review of complete applications; approve or disapprove complete applications; make funding award recommendations for commission-approved proposed centers; direct the ~~office of management and budget~~ department of commerce to distribute funds to the centers; monitor centers for compliance with award requirements; review changes in assertions made in center applications; and conduct postaward monitoring of centers.

3. In considering whether to approve or disapprove an application, the commission shall determine whether the applicant has conducted the due diligence necessary to put together a viable proposal, the commission shall determine whether the applicant has provided information in the application which clearly outlines how the matching fund requirement will be met, and the commission shall consider whether the center will:
 - a. Use university or college research to promote private sector job growth and expansion of knowledge-based industries or use university or college research to promote the development of new products, high-tech companies, or skilled jobs in this state;
 - b. Create high-value private sector employment opportunities in this state;
 - c. Provide for public-private sector involvement and partnerships;
 - d. Leverage other funding, including cash from the private sector;
 - e. Increase research and development activities that may involve federal funding from the national science foundation experimental program to stimulate competitive research;
 - f. Foster and practice entrepreneurship;
 - g. Promote the commercialization of new products and services in industry clusters;
 - h. Become financially self-sustaining; and
 - i. Establish and meet a deadline for acquiring and expending all public and private funds specified in the application.

SECTION 33. AMENDMENT. Subsections 1, 3, 4, and 5 of section 15-69-05 of the North Dakota Century Code are amended and reenacted as follows:

1. A center shall use funds awarded under this chapter to enhance capacity; ~~enhance infrastructure~~; and leverage state, federal, and private sources of funding. A center awarded funds under this chapter may not use the funds for infrastructure, to supplant funding for current operations or academic instructions, or to pay indirect costs.
3. Before the commission directs the ~~office of management and budget department of commerce~~ to distribute funds awarded under this chapter, the center shall provide the commission with detailed documentation of private sector participation and the availability of two dollars of matching funds for each dollar of state funds to be distributed under this chapter. Of the two dollars of matching funds, at least one dollar must be cash, of which at least fifty cents must be from the private sector. The matching funds may include funds facilitated through the collaboration of the private sector participants with other funding entities. The noncash matching funds may include ~~a combination of cash and~~ in-kind assets with itemized value. Private sector participation may be established through equity investments or through contracts for services with private sector entities. In making funding recommendations and designation determinations, the commission, board, foundation, and budget section shall give major

consideration to the portion of the matching funds provided in cash by the private sector.

4. The commission shall direct the ~~office of management and budget department of commerce~~ to distribute the funds awarded under this chapter in disbursements consistent with the center's budget and timeframe outlined in the approved award. The commission may not direct distribution of funds under this chapter if there are no private sector partners participating or if the statutorily required matching funds are not available.
5. If, before funds are distributed by the ~~office of management and budget department of commerce~~, a center undergoes a change in the terms of or assertions made in its application, the commission may direct that the ~~office of management and budget department of commerce~~ withhold all or a portion of any undistributed funds pending commission review of the changes.

SECTION 34. A new section to chapter 54-18 of the North Dakota Century Code is created and enacted as follows:

Annual transfer. Within thirty days after the conclusion of each fiscal year, the industrial commission shall transfer five percent of the net income earned by the state mill and elevator association during that fiscal year to the agricultural fuel tax fund.

SECTION 35. A new section to chapter 54-44.1 of the North Dakota Century Code is created and enacted as follows:

Searchable database of expenditures.

1. By June 30, 2011, the director of the budget shall develop and make publicly available an aggregate and searchable budget database website that includes the following information for the biennium ending June 30, 2009:
 - a. Each budget unit making expenditures.
 - b. The amount of funds expended.
 - c. The source of the funds expended.
 - d. The budget program of the expenditure.
 - e. Any other information determined relevant by the director of the budget.
2. The director of the budget shall include the name and city of the recipient of each expenditure in the budget database website after the director has completed implementation of a business intelligence component to the state's financial reporting system.
3. The director of the budget may not include in the database any information that is confidential or exempt under state or federal law.
4. The director of the budget may update the budget database website as new data becomes available. Each state agency shall provide to the director of the budget any data required to be included in the budget

database website no later than thirty days after the data becomes available to the agency.

5. By January first of each even-numbered year, the director of the budget shall add data for the previous biennium to the budget database website. The director of the budget shall ensure that all data added to the budget database website remains accessible to the public for a minimum of ten years.
6. The budget database website may not redirect users to any other government website, unless the website has information from all budget units and each category of information required can be searched electronically by field in a single search.

SECTION 36. AMENDMENT. Subsection 2 of section 54-60-16 of the North Dakota Century Code is amended and reenacted as follows:

2. The commissioner may designate a nonprofit corporation incorporated in this state that has the primary purpose of assisting North Dakota exporters or contract with a third party for the provision of services for the international business and trade office. If the commissioner designates a nonprofit corporation or 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.

SECTION 37. AMENDMENT. Section 54-60-17 of the North Dakota Century Code is amended and reenacted as follows:

54-60-17. Division of workforce development - ~~Higher education internships~~ internships, apprenticeships, and work experience opportunities. The division of workforce development shall administer a program to increase use of ~~higher education~~ internships, apprenticeships, and work experience opportunities for higher education students and high school students enrolled in grade eleven or twelve. The primary focus of this program must be higher education internships in target industries. This program shall provide services to employers, communities, and business organizations to increase ~~higher education~~ internship, apprenticeship, and work experience opportunities. The department shall maintain records of the number of internship, apprenticeship, and work experience opportunities subsidized within each funding recipient which shall then constitute a base level for that funding recipient. The department in each subsequent biennium may only subsidize new or expanded internship, apprenticeship, and work experience opportunities above the base level for funding recipients."

Page 8, remove lines 1 through 31

Page 9, remove lines 1 through 25

Page 10, line 7, replace "July" with "November"

Page 10, line 9, replace "submit for acceptance" with "present"

Page 10, line 10, replace "biennial budget request" with "workforce-related budget initiatives for the upcoming biennium, including alignment of these initiatives with the consolidated biennial statewide strategic plan."

Page 10, line 11, after the underscored period insert "The North Dakota workforce development council members shall consider potential areas for collaboration."

SECTION 39. EXPIRATION DATE. Section 36 of this Act is effective through June 30, 2011, and after that date is ineffective."

Page 10, line 12, replace "\$1,200,000" with "\$900,000"

Page 10, line 13, replace "is" with "and section 2 of this Act are"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT - LC 98037.0443 FN 2

A copy of the statement of purpose of amendment is on file in the Legislative Council Office.

Reengrossed SB 2018 was placed on the Seventh order of business on the calendar.

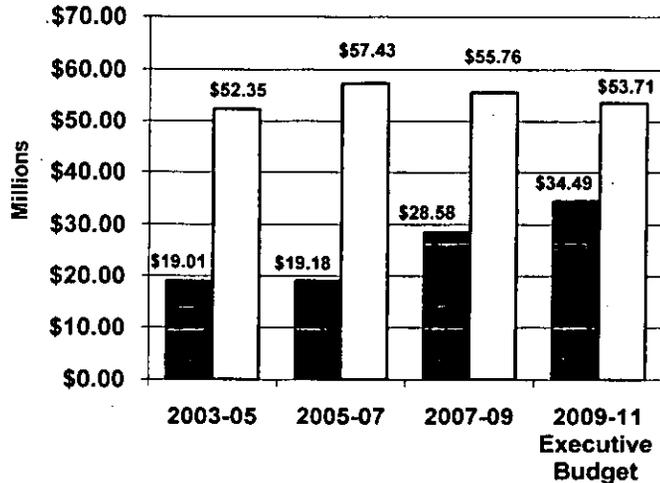
2009 TESTIMONY

SB 2018

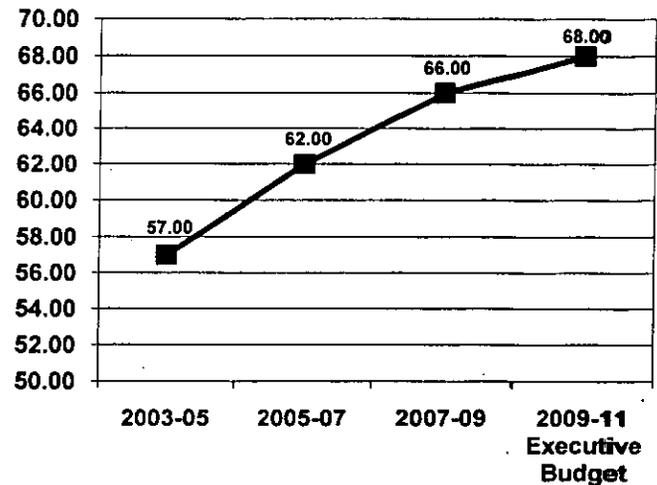
**Department 601 - Department of Commerce
 Senate Bill No. 2018**

	FTE Positions	General Fund	Other Funds	Total
2009-11 Executive Budget	68.00	\$34,490,039	\$53,708,861	\$88,198,900
2007-09 Legislative Appropriations	66.00	28,581,965	55,758,516	84,340,481
Increase (Decrease)	2.00	\$5,908,074	(\$2,049,655)	\$3,858,419

Agency Funding



FTE Positions



■ General Fund □ Other Funds

Ongoing and One-Time General Fund Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2009-11 Executive Budget	\$26,890,039	\$7,600,000	\$34,490,039
2007-09 Legislative Appropriations	25,481,965	3,100,000	28,581,965
Increase (Decrease)	\$1,408,074	\$4,500,000	\$5,908,074

First House Action

Attached is a summary of first house changes.

**Executive Budget Highlights
 (With First House Changes in Bold)**

	General Fund	Other Funds	Total
1. Adds 2 FTE positions--one position for the department's administration and marketing area and one position for the State Commission on Community Service--by converting temporary positions to FTE positions. The funding reported is for related salary increases.	\$4,800		\$4,800
2. Provides funding from the general fund to replace funding from oil overcharge fees that has been used for a staff position within the Office of Renewable Energy and Energy Efficiency	\$75,326	(\$75,326)	\$0
3. Provides funding of \$176,627 to address salary equity issues, including \$8,411 for the related second-year salary increases	\$134,236	\$42,391	\$176,627
4. Provides funding for the federal emergency shelter grants program to secure and leverage available federal funds (\$200,000) and for passthrough grants to the North Dakota Coalition for Homeless People (\$100,000). This is the same level of funding as provided in the 2007-09 biennium.			
5. Increases funding for tourism marketing. The Senate increased funding for tourism marketing by an additional \$500,000 from the general fund.	\$912,000		\$912,000

6. Increases funding for the Small Business Development Center partnership program	\$400,000		\$400,000
7. Increases funding for the InnovateND program from \$300,000, of which \$150,000 is from the general fund, to \$400,000, of which \$250,000 is from the general fund	\$100,000		\$100,000
8. Increases funding for the State Commission on Community Service to maximize federal funding available	\$32,250	\$75,000	\$107,250
9. Increases funding for the North Dakota Trade Office from \$1,500,000 to \$2,000,000. The Senate increased funding for the North Dakota Trade Office by an additional \$164,000 from the general fund.	\$500,000		\$500,000
10. Increases funding for Operation Intern from \$600,000 to \$1,200,000	\$600,000		\$600,000
11. Removes one-time funding provided for the 2007-09 biennium (\$3,000,000 for a transfer to the Development Fund and \$100,000 for tax expenditure and business incentive expenditure reports)	(\$3,100,000)		(\$3,100,000)
12. Removes the following funding provided for the 2007-09 biennium:			
Costs associated with provisions of House Bill No. 1462, including the development of a state energy plan	(\$25,000)		(\$25,000)
Funding for the Beginning Again pilot program	(30,000)		(30,000)
Funding for the Division of Tourism to provide a grant to the Lewis and Clark Foundation in Washburn	(100,000)		(100,000)
Funding for the Tourism Division to match private funds for tourism-related promotions and events involving officially sanctioned statewide pageant titleholders who are over the age of 17	(10,000)		(10,000)
Funding for the workforce system initiative	(50,000)		(50,000)
Total	(\$215,000)		(\$215,000)
13. Provides one-time funding for cost-share programs for installation of biofuels blender pumps and other alternative energy projects	\$2,000,000		\$2,000,000
14. Provides one-time funding of \$2 million from the general fund for a transfer to the workforce enhancement fund. This is the same level of funding as provided in the 2007-09 biennium.			
15. Provides one-time funding for matching grants to local communities to establish or expand child care options to support working families. The Senate decreased funding for child care grants by \$1.5 million, from \$3.5 million to \$2 million.	\$3,500,000		\$3,500,000
16. Provides one-time funding for the Division of Tourism for promotion and marketing of the USS <i>North Dakota</i>	\$100,000		\$100,000

Other Sections in Bill

Agricultural Products Utilization Commission - Section 4 allows the Department of Commerce to continue any unspent funds for the Agricultural Products Utilization Commission from the 2007-09 biennium to the 2009-11 biennium.

Discretionary funds - Section 5 allows the Department of Commerce to continue any unspent discretionary funds from the 2007-09 biennium to the 2009-11 biennium.

Internships - Section 6 allows the Department of Commerce to continue any unspent funds for internships for postsecondary students from the 2007-09 biennium to the 2009-11 biennium.

Ethanol production incentive program - Section 7 requires the Tax Commissioner to conduct an audit of the ethanol production incentive program during the 2009-11 biennium.

North Dakota Trade Office matching requirement - Section 8 allows the Department of Commerce to provide \$1 million of the million from the general fund appropriated for the North Dakota Trade Office without requiring any matching funds but require dollar-for-dollar match for any additional amounts. The section also specifies the types of funding that qualify as matching funds.

Transfer - Workforce enhancement fund - Section 9 provides a \$2 million general fund appropriation which the Office of Management and Budget shall transfer to the workforce enhancement fund for assisting two-year colleges to respond to business and industry workforce training during the 2009-11 biennium.

Transfer - Centers of excellence - Section 10 provides a \$20 million general fund appropriation which the Office of Management and Budget shall transfer to the centers of excellence fund for providing funding to centers of excellence during the 2009-11 biennium.

Student-based technology grants - Section 11 provides that the Department of Commerce is to use funding of \$200,000 from the general fund for providing student-based technology grants. The department may award grants of up to \$25,000 each to the extent matching funds are available from an angel fund on a dollar-for-dollar basis.

Regional technical assistance grants - Section 12 provides that the Department of Commerce is to use funding of \$1 million from the general fund for regional technical assistance grants to be distributed among the four workforce training quadrants. The department may award grants of up to \$250,000 each to the extent matching funds are available from nonstate sources on a dollar-for-dollar basis.

Youth entrepreneurship grants - Section 13 provides that the Department of Commerce is to use funding of \$400,000 from the general fund for youth entrepreneurship grants to be distributed among the four workforce training quadrants. The department may award grants of up to \$100,000 each to the extent matching funds are available from nonstate sources on a dollar-for-dollar basis.

University patent offices grants - Section 14 provides the Department of Commerce is to use funding of \$200,000 from the general fund for grants to the University of North Dakota and North Dakota State University patent offices. The department may award a grant of up to \$100,000 each to the extent matching funds are available from nonstate sources on a dollar-for-dollar basis.

Commercial business district improvement project grants - Section 15 provides that the Department of Commerce is to use funding of \$200,000 from the general fund for providing grants of up to \$10,000 each to cities in the state with a population of fewer than 8,000 for commercial business district improvement projects. The department is to require a city receiving a grant to provide \$1 of matching funds for each \$1 of state funds provided for the project.

Great plains applied energy research center - Section 16 provides that the Department of Commerce provide a grant of \$5 million from the general fund for construction of a great plains applied energy research center on the Bismarck State College campus. The department may spend the funds appropriated only to the extent other nonstate matching funds of \$3 for each \$1 of grant funds are available for all costs of the center.

Base realignment grant program - Section 17 provides that the Department of Commerce is to use one-time funding of \$5 million from the general fund for a base realignment grant program to enhance economic development and employment opportunities associated with the Grand Forks Air Force Base resulting from action by the federal Defense Base Closure and Realignment Commission.

Grant - Lewis and Clark Foundation - Section 18 provides that the Department of Commerce is to use funding of \$1.5 million from the general fund for providing a grant to the Lewis and Clark Foundation. The department may spend the funds appropriated from the general fund only to the extent matching funds have been secured from nonstate sources on a dollar-for-dollar basis.

Grant - Theodore Roosevelt Medora Foundation - Section 19 provides that the Department of Commerce is to use funding of \$12 million from the general fund for providing a Wade Westin memorial grant to the Theodore Roosevelt Medora Foundation. The department may spend the funds appropriated from the general fund only to the extent matching funds of \$12 million from nonstate sources have been secured by the foundation.

North Dakota Trade Office - Export-related workforce recruitment study - Section 20 provides that the funding appropriated for the North Dakota Trade Office includes \$50,000 from the general fund for conducting an export-related workforce recruitment study. If the results of the study are deemed favorable by the Department of Commerce, the North Dakota Trade Office may submit a plan to the department for implementing an export-related workforce recruitment program.

Contingent borrowing authority - Section 21 provides that subject to Emergency Commission and Budget Section approval the Department of Commerce may borrow up to \$500,000 from the Bank of North Dakota for providing a grant to the North Dakota Trade Office for implementing an export-related workforce recruitment program.

Legislative Council study - Technology-based entrepreneurship and economic development best practices - Section 22 provides that the Legislative Council consider studying during the 2009-10 interim technology-based entrepreneurship and economic development best practices.

Legislative Council study - Workforce system initiative - Section 23 provides that the Legislative Council consider studying during the 2009-10 interim the state's system for addressing workforce needs through a workforce system initiative.

Centers of excellence fund - Section 24 creates a new section to North Dakota Century Code (NDCC) Chapter 15-69 to create a centers of excellence fund. All money in the fund is appropriated on a continuing basis for the centers of excellence program.

North Dakota Workforce Development Council - Annual reports - Section 27 creates a new section to NDCC Chapter 54-60 relating to the Division of Workforce Development's strategic plan and the North Dakota Workforce Development Council.

Continuing Appropriations

Ethanol production incentive fund - NDCC Section 17-02-05 - This continuing appropriation allows for payments of ethanol production incentives to North Dakota ethanol plants.

Learning Again North Dakota pilot program - NDCC Section 54-60-20 - Funds received from public and private sources for the Learning Again North Dakota pilot program are appropriated on a continuing basis to the Department of Commerce for the program. The program and the continuing appropriation are effective through June 30, 2009.

Workforce enhancement fund - NDCC Section 54-60-23 - All funds in the workforce enhancement fund are appropriated to the Department of Commerce on a continuing basis for implementing and administering the Workforce Enhancement Council and workforce enhancement grants to higher education institutions assigned primary responsibility for workforce training.

Community development loan fund - NDCC Section 54-44.5-05 - This continuing appropriation allows for the expenditure of community development block grant revolving loan funds.

Major Related Legislation

Senate Bill No. 2110 - This bill relates to the Department of Commerce's structure and programs.

Senate Bill No. 2225 - This bill provides that the Department of Commerce is to establish a state grant program for child care. (The provisions in this bill were originally included in Senate Bill No. 2018.)

Senate Bill No. 2228 - This bill provides that the Department of Commerce is to establish a cost-share program to encourage the installation of biofuels blender pumps and an alternative energy grant program. (The provisions in this bill were originally included in Senate Bill No. 2018.)

Senate Bill No. 2260 - This bill provides a \$125,000 general fund appropriation to the Department of Commerce Division of Community Services for providing matching funds for individual development accounts.

Senate Bill No. 2372 - This bill provides that the Commissioner of Commerce promote the development of life science industries in the state.

House Bill No. 1202 - This bill provides that the North Dakota Development Fund, Inc., is to administer an entrepreneurship award program that provides funding awards to entrepreneurial centers and to entrepreneurs.

House Bill No. 1350 - This bill provides a \$5 million general fund appropriation to the Department of Commerce for a grant for construction of a great plains applied energy research center on the Bismarck State College campus.

House Bill No. 1496 - This bill provides a \$50,000 general fund appropriation to the Department of Commerce for providing a grant for an equine processing facility feasibility study.

ATTACH:1

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2018 - Funding Summary

	Executive Budget	Senate Changes	Senate Version
Department of Commerce			
Salaries and wages	\$10,185,967		\$10,185,967
Operating expenses	14,428,272	600,000	15,028,272
Capital assets	25,000		25,000
Grants	53,886,058	27,550,000	81,436,058
Discretionary funds	928,083		928,083
Economic development initiatives	186,846		186,846
Agricultural products utilization	2,536,630		2,536,630
North Dakota Trade Office	2,000,000	164,000	2,164,000
Partner programs	2,022,044		2,022,044
Transfer - Workforce enhancement fund	2,000,000		2,000,000
Transfer - Centers of excellence fund		20,000,000	20,000,000
Contingent borrowing authority		500,000	500,000
Total all funds	\$88,198,900	\$48,814,000	\$137,012,900
Less estimated income	53,708,861	15,500,000	69,208,861
General fund	\$34,490,039	\$33,314,000	\$67,804,039
FTE	68.00	0.00	68.00
Bill Total			
Total all funds	\$88,198,900	\$48,814,000	\$137,012,900
Less estimated income	53,708,861	15,500,000	69,208,861
General fund	\$34,490,039	\$33,314,000	\$67,804,039
FTE	68.00	0.00	68.00

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

	Executive Budget	Senate Changes	Senate Version
Salaries and wages	\$10,185,967		\$10,185,967
Operating expenses	14,428,272	600,000	15,028,272
Capital assets	25,000		25,000
Grants	53,886,058	27,550,000	81,436,058
Discretionary funds	928,083		928,083
Economic development initiatives	186,846		186,846
Agricultural products utilization	2,536,630		2,536,630
North Dakota Trade Office	2,000,000	164,000	2,164,000
Partner programs	2,022,044		2,022,044
Transfer - Workforce enhancement fund	2,000,000		2,000,000
Transfer - Centers of excellence fund		20,000,000	20,000,000
Contingent borrowing authority		500,000	500,000
Total all funds	\$88,198,900	\$48,814,000	\$137,012,900
Less estimated income	53,708,861	15,500,000	69,208,861
General fund	\$34,490,039	\$33,314,000	\$67,804,039
FTE	68.00	0.00	68.00

Department 601 - Department of Commerce - Detail of Senate Changes

	Provides Funding for the Centers of Excellence Program ¹	Decreases Funding for Grants to Expand Child Care ²	Provides Funding for a Grant to the Dakota Defense Alliance Organization ³	Increases Funding for the InnovateND Program ⁴	Provides Funding for Student-Based Technology Startup Grants ⁵	Provides Funding for Regional Technical Assistance Grants ⁶
Salaries and wages				100,000		
Operating expenses						
Capital assets						
Grants		(1,500,000)	50,000		200,000	1,000,000
Discretionary funds						
Economic development initiatives						
Agricultural products utilization						
North Dakota Trade Office						
Partner programs						
Transfer - Workforce enhancement fund						
Transfer - Centers of excellence fund	20,000,000					
Contingent borrowing authority						
Total all funds	\$20,000,000	(\$1,500,000)	\$50,000	\$100,000	\$200,000	\$1,000,000
Less estimated income	0	0	0	0	0	0
General fund	\$20,000,000	(\$1,500,000)	\$50,000	\$100,000	\$200,000	\$1,000,000
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Provides Funding for Youth Entrepreneur Grants ⁷	Provides Funding for University Patent Office Support ⁸	Increases Funding for Tourism Marketing ⁹	Increases Funding Relating to the Neighborhood Stabilization Program ¹⁰	Provides Funding for Commercial Business District Improvement Projects ¹¹	Increases Funding for the North Dakota Trade Office ¹²
Salaries and wages				500,000		
Operating expenses						
Capital assets						
Grants	400,000	200,000		15,000,000	200,000	
Discretionary funds						
Economic development initiatives						
Agricultural products utilization						
North Dakota Trade Office						164,000
Partner programs						
Transfer - Workforce enhancement fund						
Transfer - Centers of excellence fund						
Contingent borrowing authority						
Total all funds	\$400,000	\$200,000	\$500,000	\$15,000,000	\$200,000	\$164,000
Less estimated income	0	0	0	15,000,000	0	0
General fund	\$400,000	\$200,000	\$500,000	\$0	\$200,000	\$164,000
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Provides Contingent Borrowing Authority ¹³	Provides Funding for a Great Plains Applied Energy Research Center Grant ¹⁴	Provides Funding for a Base Realignment Grant Program ¹⁵	Provides Funding for a Grant to the Lewis and Clark Foundation ¹⁶	Provides Funding for a Grant to the Theodore Roosevelt Medora Foundation ¹⁷	Total Senate Changes
Salaries and wages						600,000
Operating expenses						
Capital assets						
Grants		5,000,000	5,000,000	1,500,000	500,000	27,550,000
Discretionary funds						
Economic development initiatives						
Agricultural products utilization						
North Dakota Trade Office						164,000
Partner programs						
Transfer - Workforce enhancement fund						20,000,000
Transfer - Centers of excellence fund						
Contingent borrowing authority	500,000					500,000
Total all funds	\$500,000	\$5,000,000	\$5,000,000	\$1,500,000	\$500,000	\$48,814,000
Less estimated income	500,000	0	0	0	0	15,500,000
General fund	\$0	\$5,000,000	\$5,000,000	\$1,500,000	\$500,000	\$33,314,000
FTE	0.00	0.00	0.00	0.00	0.00	0.00

¹ This amendment provides a \$20 million general fund appropriation to the Department of Commerce for funding the centers of excellence program for the 2009-11 biennium. The executive budget provided funding of \$20 million, of which \$15 million is from general fund and \$5 million is from Bank of North Dakota loan proceeds, for the centers of excellence program in House Bill 1015--the Office of Management and Budget appropriation bill.

² This amendment decreases one-time funding from the general fund added in the executive budget for matching grants to local communities to establish or expand child care options from \$3.5 million to \$2 million.

³ Funding of \$50,000 from the general fund is added for a grant to the Dakota Defense Alliance Organization for business development expenses associated with seeking homeland security-, energy-, or defense-related contracts for North Dakota companies during the 2009-11 biennium.

⁴ This amendment increases funding for the InnovateND program as follows:

	2007-09 Legislative Appropriation	2009-11 Executive Budget	2009-11 Senate Version
General fund	\$150,000	\$250,000	\$350,000
Special funds	150,000	150,000	150,000
Total	\$300,000	\$400,000	\$500,000

⁵ This amendment provides funding of \$200,000 from the general fund for student-based technology grants. The Department of Commerce is to provide grants of \$25,000 to the extent matching funds are available from an angel fund on a dollar-for-dollar basis. The department may only award four grants to the same higher education institution.

⁶ This amendment provides funding of \$1 million from the general fund for regional technical assistance grants. The Department of Commerce is to equally distribute the funding among the four workforce training quadrants and may award grants of \$250,000 to the extent matching funds are available from nonstate sources on a dollar-for-dollar basis. The department may only award one grant to each higher education institution.

Funding of \$400,000 from the general fund is provided for youth entrepreneurship grants. The Department of Commerce is to equally distribute the funding among the four workforce training quadrants and may award grants of up to \$100,000 each to the

ent matching funds are available from nonstate sources on a dollar-for-dollar basis. The department may only award one grant to each higher education institution.

- ⁸ This amendment provides funding of \$200,000 from the general fund for providing grants to the University of North Dakota and North Dakota State University patent offices. The Department of Commerce may award grants of \$100,000 to each university for support of the patent offices to the extent matching funds are available from nonstate sources on a dollar-for-dollar basis.
- ⁹ This amendment increases funding for tourism marketing by \$500,000 from the general fund. This is in addition to the \$912,000 increase included in the executive budget.
- ¹⁰ This amendment increases special funds spending authority by \$15 million to reflect the estimated carryover of federal funds for the neighborhood stabilization program.
- ¹¹ This amendment provides funding of \$200,000 from the general fund for the purpose of providing grants of up to \$10,000 each to cities in the state with a population of fewer than 8,000 for commercial business district improvement projects during the 2009-11 biennium. The Department of Commerce is to require a city receiving a grant to provide \$1 of matching funds for each \$1 of state funds provided for the project. Grant funds and required city matching funds may be used only for the purchase of materials associated with the project.
- ¹² This amendment increases funding for the North Dakota Trade Office from \$2 million, as provided for in the executive budget, to \$2,164,000. Of the additional \$164,000, \$64,000 is for an export assistance program, \$50,000 is for a global connections conference, and \$50,000 is for an export-related workforce recruitment study.
- ¹³ This amendment provides authorization to the Department of Commerce to borrow \$500,000 from the Bank of North Dakota for providing a grant to the North Dakota Trade Office for implementing an export-related workforce recruitment program based on the results of the export-related workforce recruitment study and subject to Emergency Commission and Budget Section approval.
- unding of \$5 million from the general fund is added for a grant for construction of a great plains applied energy research center at the Bismarck State College campus. The Department of Commerce may only spend the funding from the general fund to the extent other nonstate matching funds of \$3 for each \$1 of grant funds are available for all costs of the center.
- ¹⁵ This amendment provides funding of \$5 million of one-time funding from the general fund for a base realignment grant program to enhance economic development and employment opportunities associated with the Grand Forks Air Force Base resulting from action by the federal Defense Base Closure and Realignment Commission.
- ¹⁶ This amendment provides funding of \$1.5 million from the general fund for a grant to the Lewis and Clark Foundation. The Department of Commerce may only spend the funds appropriated from the general fund to the extent matching funds have been secured from nonstate sources on a dollar-for-dollar basis.
- ¹⁷ This amendment provides funding of \$500,000 from the general fund for a grant to the Theodore Roosevelt Medora Foundation. The Department of Commerce may only spend the funds appropriated from the general fund to the extent matching funds of \$12 million from nonstate sources have been secured by the foundation.

This amendment also:

- Creates a new section to North Dakota Century Code (NDCC) Chapter 15-69 to create a centers of excellence fund. All money in the fund is appropriated to the Department of Commerce on a continuing basis for the centers of excellence program.
- Amends subsection 2 of NDCC Section 15-69-04 and Section 15-69-05 relating to the centers of excellence program.
- Creates a new section to NDCC Chapter 54-60 relating to the Division of Workforce Development's strategic plan and the North Dakota Workforce Development Council.
- Adds a section providing for a Legislative Council study of technology-based entrepreneurship and economic development best practices.
- Adds a section providing for a Legislative Council study of the state's workforce system.

adds a section of legislative intent to provide that the Department of Commerce is to establish and implement appropriate accountability requirements relating to grants provided to the Dakota Defense Alliance, the Lewis and Clark Foundation, and the Theodore Roosevelt Medora Foundation during the 2009-11 biennium.

- Provides that the funding of \$1.2 million for the operation intern program in the operating expenses line item is an emergency measure.

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2009 SENATE BILL NO. 2018 - COMPARISON OF SENATE AND HOUSE VERSIONS

The following is a comparison of the Senate and House versions of 2009 Senate Bill No. 2018 by bill section:

Bill Section	Senate Version	House Version
Section 1 - Appropriation - Department of Commerce	See attached appendix	See attached appendix
Section 2 - One-time funding - Department of Commerce	This section provides that the department's 2009-11 biennium appropriation includes \$11.1 million of one-time funding from the general fund.	This section provides that the department's 2009-11 biennium appropriation includes \$1.1 million of one-time funding from the general fund.
Section 3 - Agriculture fuel tax refunds	This section provides that the Department of Commerce's appropriation for the 2009-11 biennium includes \$575,500 from refunds of tax for fuel used for agricultural purposes for the Agricultural Products Utilization Commission.	No changes in the House version
Section 4 - Exemption - Agricultural Products Utilization Commission	This section allows the Department of Commerce to carry over any unspent funds appropriated for the Agricultural Products Utilization Commission for the 2007-09 biennium to the 2009-11 biennium.	No changes in the House version
Section 5 - Exemption - Discretionary funds	This section allows the Department of Commerce to carry over any unspent funds appropriated for discretionary funds for the 2007-09 biennium to the 2009-11 biennium.	No changes in the House version
Section 6 - Exemption - Economic development initiatives	This section allows the Department of Commerce to carry over any unspent funds appropriated for economic development initiatives for the 2007-09 biennium to the 2009-11 biennium.	No changes in the House version
Section 7 - Audit of the ethanol production incentive program	This section provides for an audit of the ethanol production incentive program during the 2009-11 biennium.	This section was removed by the House.
Section 8 - North Dakota Trade Office matching fund requirement	This section provides that the Department of Commerce may provide 50 percent of the funding appropriated for the North Dakota Trade Office without requiring any matching funds from the Trade Office. Any additional amounts may be spent only to the extent that the Trade Office provides \$1 of matching funds from private or other public sources for each dollar provided by the department.	The House increased the amount of North Dakota Trade Office funding that may be provided without requiring a match from 50 percent to 62.5 percent.
Section 9 - Appropriation - Transfer to the workforce enhancement fund	This section appropriates \$2 million from the general fund to be transferred to the workforce enhancement fund.	The House decreased funding for a transfer to the workforce enhancement fund by \$1 million, from \$2 million to \$1 million.
Section 10 - Appropriation - Centers of excellence	This section appropriates \$20 million from the general fund to be transferred to a centers of excellence fund for funding centers of excellence during the 2009-11 biennium.	The House amended this section to appropriate \$15 million from the general fund to the Department of Commerce for funding centers of excellence during the 2009-11 biennium.
Section 11 - Student-based technology grants	This section provides that the grants line item in Section 1 of the bill includes \$200,000 from the general fund for providing student-based technology grants.	This section and the related funding was removed by the House.

Bill Section	Senate Version	House Version
Section 12 - Regional technical assistance grants	This section provides that the grants line item in Section 1 of the bill includes \$1 million from the general fund for providing regional technical assistance grants.	This section and the related funding was removed by the House.
Section 13 - Youth entrepreneurship grants	This section provides that the grants line item in Section 1 of the bill includes \$400,000 from the general fund for providing youth entrepreneurship grants.	This section and the related funding was removed by the House.
Section 14 - Grants - University patent offices	This section provides that the grants line item in Section 1 of the bill includes \$200,000 from the general fund for providing grants to the University of North Dakota and North Dakota State University patent offices.	This section and the related funding was removed by the House.
Section 15 - Grants - Commercial business district improvement projects	This section provides that the grants line item in Section 1 of the bill includes \$200,000 from the general fund for grants of up to \$10,000 each to cities in the state with a population of fewer than 8,000 for commercial business district improvement projects.	This section and the related funding was removed by the House.
Section 16 - Grant - Great Plains applied energy research center	This section provides that the grants line item in Section 1 of the bill includes \$5 million from the general fund for providing a grant for construction of a Great Plains applied energy research center on the Bismarck State College campus.	This section and the related funding was removed by the House.
Section 17 - Base realignment grant program	This section provides that the grants line item in Section 1 of the bill includes \$5 million from the general fund for a base realignment grant program to enhance economic development and employment opportunities associated with the Grand Forks Air Force Base resulting from action by the federal Defense Base Closure and Realignment Commission.	The related funding was removed by the House. The section was amended by the House to provide that the Department of Commerce, with assistance from representatives of local economic developers and national organizations, develop a plan for the utilization of the commercial space available at the Grand Forks Air Force Base.
Section 18 - Grant - Lewis and Clark Foundation	This section provides that the grants line item in Section 1 of the bill includes \$1.5 million from the general fund for providing a grant to the Lewis and Clark Foundation.	No changes in the House version
Section 19 - Grant - Theodore Roosevelt Medora Foundation	This section provides that the grants line item in Section 1 of the bill includes \$500,000 from the general fund for providing a Wade Westin memorial grant to the Theodore Roosevelt Medora Foundation.	This section was amended by the House to remove reference to providing a Wade Westin memorial grant.
Section 20 - North Dakota Trade Office - Export-related workforce recruitment study	This section provides that the North Dakota Trade Office line item in Section 1 of the bill includes \$50,000 from the general fund for conducting an export-related workforce recruitment study during the 2009-11 biennium.	This section and the related funding was removed by the House.
Section 21 - Contingent borrowing authority	This section provides that the Department of Commerce may borrow \$500,000 from the Bank of North Dakota, subject to approval by the Emergency Commission and the Budget Section, for providing a grant to the North Dakota Trade Office for implementing an export-related workforce recruitment program.	This section and the related funding was removed by the House.

Bill Section	Senate Version	House Version
Section 22 - Legislative Council study - Technology-based entrepreneurship and economic development best practices	This section provides for a Legislative Council study of technology-based entrepreneurship and economic development best practices during the 2009-10 interim.	No changes in the House version
Section 23 - Legislative Council study - Workforce system initiative	This section provides for a Legislative Council study of the state's system for addressing workforce needs through a workforce system initiative.	No changes in the House version
Section 24 - Legislative intent - Accountability	This section provides legislative intent that the Department of Commerce establish and implement appropriate accountability requirements relating to grants provided to the Dakota Defense Alliance, the Lewis and Clark Foundation, and the Theodore Roosevelt Medora Foundation.	This section was amended by the House to remove the reference to the grant to the Dakota Defense Alliance.
Section 25 - Centers of excellence fund	This section creates a new section to North Dakota Century Code (NDCC) Chapter 15-69 to establish a centers of excellence fund. All money in the fund is appropriated on a continuing basis to the Department of Commerce for the centers of excellence program.	This section was removed by the House.
Sections 26 and 27 - Centers of excellence	Sections 26 and 27 amend NDCC Sections 15-69-04 and 15-69-05 relating to the centers of excellence program.	The House amended NDCC Sections 15-69-02, 15-69-04, and 15-69-05 relating to centers of excellence.
Section 28 - North Dakota Workforce Development Council	This section creates a new section to NDCC Chapter 54-60 relating to the Division of Workforce Development's strategic plan and the North Dakota Workforce Development Council.	This section was amended by the House to change the date that entities are to submit budget request detail to the North Dakota Workforce Development Council from July 1 st of each even-numbered year to November 1 st of each even-numbered year.
Section 29 - Emergency	This section provides that the funding for the Operation Intern program for the 2009-11 biennium is declared to be an emergency.	This section was amended by the House to provide the funding for the Operation Intern program for the 2009-11 biennium, the federal fiscal stimulus funding, and the appropriation for the Department of Emergency Services are declared to be an emergency.

The following sections were added by the House:

- Use of federal fiscal stimulus funds - Electrical generators (Section 3 of Reengrossed Senate Bill No. 2018 with House amendments) - This section provides that the Department of Commerce is to use \$2 million of the federal fiscal stimulus funds for establishing a grant program to assist in the purchase and installation of electrical generators that consume at least 75 percent of the gas from oil and gas well sites which would otherwise be flared or wasted.
 - Use of federal fiscal stimulus funds - Biofuel blender pump grants (Section 4 of Reengrossed Senate Bill No. 2018 with House amendments) - This section provides that the Department of Commerce is to use \$1 million of the federal fiscal stimulus funds for biofuel blender pump grants.
 - Contingent general fund appropriation (Section 5 of Reengrossed Senate Bill No. 2018 with House amendments) - This section provides a \$1 million contingent general fund appropriation to the Department of Commerce for transfer to the biofuel blender pump incentive fund. The department may only spend the general fund money subject to Budget Section approval and to the extent that federal funds are not available to provide the \$1 million appropriated from federal fiscal stimulus funds.
- Appropriation - Department of Emergency Services (Section 6 of Reengrossed Senate Bill No. 2018) - This section appropriates \$1,594,567 from the general fund to the Department of Emergency Services for providing grants to eligible political subdivisions for disaster, emergency response, and recovery costs. For

the purposes of this section, an eligible political subdivision is one that experienced damage or destruction due to a tornado during the summer of 2007.

- Searchable database of state expenditures (Sections 7 and 31 of Reengrossed Senate Bill No. 2018) - Section 31 creates a new section to NDCC Chapter 54-44.1 to provide for the establishment of a searchable database of state expenditures. Section 7 appropriates \$400,000 from federal fiscal stabilization - other government services funds to the Office of Management and Budget for the costs associated with the database.
- Exemption - Centers of excellence (Section 16 of Reengrossed Senate Bill No. 2018) - This section provides that any funding remaining at the end of the 2007-09 biennium of up to \$9,704,568 from the permanent oil tax trust fund appropriated to the Office of Management and Budget is not subject to NDCC Section 54-44.1-11.
- Centers of excellence state tax revenue impact study (Section 17 of Reengrossed Senate Bill No. 2018) - This section provides that the State Auditor is to conduct a study of the state tax revenue impact of the centers of excellence program and is to calculate the direct impact of the program on state tax revenues.
- Tourism marketing matching grants (Section 18 of Reengrossed Senate Bill No. 2018) - This section provides that the grants line item in Section 1 of the bill includes \$500,000 from the general fund for providing tourism marketing matching grants.
- Large tourism infrastructure grants (Section 19 of Reengrossed Senate Bill No. 2018) - This section provides legislative intent that the Division of Tourism develop criteria for large tourism infrastructure grants and a method for setting funding priorities for such grants in future bienniums.
- Tax-exempt property (Section 21 of Reengrossed Senate Bill No. 2018) - This section provides that the Department of Commerce is to compile information identifying tax-exempt property by school district during the 2009-10 interim.
- Agricultural fuel tax fund (Section 30 of Reengrossed Senate Bill No. 2018) - This section creates a new section to NDCC Chapter 54-18 to provide that the Industrial Commission is to transfer 5 percent of the net income earned by the State Mill and Elevator Association at the end of each fiscal year to the agricultural fuel tax fund.
- Operation Intern program (Section 32 of Reengrossed Senate Bill No. 2018) - This section amends NDCC Section 54-60-17 to provide that funding awarded under the Operation Intern program is limited to a lifetime maximum of \$30,000 per recipient.

ATTACH:1

**2009 SENATE BILL NO. 2018 - APPROPRIATIONS
COMPARISONS OF SENATE AND HOUSE VERSIONS**

Agency - Line Items	Executive Budget	Senate Version	Senate Version Increase (Decrease) to Executive Budget	House Version	House Version Increase (Decrease) to Senate Version
Department of Commerce					
Salaries and wages					
Removed salary equity funding	\$10,185,967	\$10,185,967	\$0	\$10,020,840	(\$165,127)
Added funding for compiling tax-exempt information					(176,627)
					11,500
Operating expenses	14,428,272	15,028,272	600,000	14,128,272	(900,000)
Funding for InnovateND program			100,000		(100,000)
Funding for tourism marketing			500,000		(500,000)
Funding for Operation Intern					(300,000)
Capital assets	25,000	25,000	0	25,000	0
Grants	53,886,058	81,436,058	27,550,000	66,886,058	(14,550,000)
Funding for child care grants			(1,500,000)		(2,000,000)
Grant - Dakota Defense Alliance			50,000		(50,000)
Student-based technology startup grants			200,000		(200,000)
Regional technical assistance grants			1,000,000		(1,000,000)
Youth entrepreneurship grants			400,000		(400,000)
Grants - University patent offices			200,000		(200,000)
Neighborhood stabilization program			15,000,000		
Grants - Commercial business district improvement projects			200,000		(200,000)
Grant - Great Plains Applied Energy Research Center			5,000,000		(5,000,000)
Base realignment grant program			5,000,000		(5,000,000)
Grant - Lewis and Clark Foundation			1,500,000		
Grant - Theodore Roosevelt Medora Foundation			500,000		
Biofuel blender pump grants					(1,000,000)
Tourism marketing grants					500,000
Discretionary funds	928,083	928,083	0	928,083	0
Economic development initiatives	186,846	186,846	0	186,846	0
Agricultural Products Utilization Commission	2,536,630	2,536,630	0	2,536,630	0
North Dakota Trade Office	2,000,000	2,164,000	164,000	2,000,000	(164,000)
Export assistance program			64,000		(64,000)
Global connections conference			50,000		(50,000)
Export-related workforce recruitment study			50,000		(50,000)
Partner programs	2,022,044	2,022,044	0	2,022,044	0
Transfer - Workforce enhancement fund	2,000,000	2,000,000	0	1,000,000	(1,000,000)
Transfer - Centers of excellence fund	0	20,000,000	20,000,000	0	(20,000,000)
Centers of excellence	0	0	0	15,000,000	15,000,000
Contingent borrowing authority ¹	0	500,000	500,000	0	(500,000)
Contingent appropriation ²	0	0	0	1,000,000	1,000,000
Federal fiscal stimulus funds	0	0	0	68,594,635	68,594,635
Community development block grant program					1,300,000
Community services block grant					4,853,305
State energy program					24,585,000
Energy efficiency and conservation block grants					10,000,000
Weatherization assistance program					25,266,330
Emergency shelter grants					2,590,000
	<u>\$88,198,900</u>	<u>\$137,012,900</u>	<u>\$48,814,000</u>	<u>\$184,328,408</u>	<u>\$47,315,508</u>

Line Items	Executive Budget	Senate Version	Senate Version Increase (Decrease) to Executive Budget	House Version	House Version Increase (Decrease) to Senate Version
General fund	\$34,490,039	\$67,804,039	\$33,314,000	\$46,067,303	(\$21,736,736)
Special funds	53,708,861	69,208,861	15,500,000	138,261,105	69,052,244
Total	\$88,198,900	\$137,012,900	\$48,814,000	\$184,328,408	\$47,315,508
Office of Management and Budget					
Operating expenses ³	\$0	\$0	\$0	\$400,000	\$400,000
General fund	\$0	\$0	\$0	\$0	\$0
Special funds	0	0	0	400,000	400,000
Total	\$0	\$0	\$0	\$400,000	\$400,000
Department of Emergency Services					
Grants ⁴	\$0	\$0	\$0	\$1,594,567	\$1,594,567
General fund	\$0	\$0	\$0	\$1,594,567	\$1,594,567
Special funds	0	0	0	0	0
Total	\$0	\$0	\$0	\$1,594,567	\$1,594,567
Bill Total					
General fund	\$34,490,039	\$67,804,039	\$33,314,000	\$47,661,870	(\$20,142,169)
Special funds	53,708,861	69,208,861	15,500,000	138,661,105	69,452,244
Total	\$88,198,900	\$137,012,900	\$48,814,000	\$186,322,975	\$49,310,075

¹ The Senate amendments to Senate Bill No. 2018 provide authorization to the Department of Commerce to borrow \$500,000 from the Bank of North Dakota for providing a grant to the North Dakota Trade Office for implementing an export-related workforce recruitment program based on the results of the export-related workforce recruitment study and subject to Emergency Commission and Budget Section approval.

² The House amendments to Senate Bill No. 2018 provide a contingent general fund appropriation to the Department of Commerce for the biofuel blender pump incentive fund. The department may only spend the general fund money to the extent that federal fiscal stimulus funds are not available and upon approval of the Budget Section.

³ House amendments to Senate Bill No. 2018 appropriate \$400,000 from the federal fiscal stabilization - other government services funds to the Office of Management and Budget for the costs associated with the establishment of a searchable database of state expenditures.

⁴ The House amendments to Senate Bill No. 2018 appropriate \$1,594,567 from the general fund to the Department of Emergency Services for providing grants to eligible political subdivisions for emergency and disaster recovery.

Summary of Differences in SB 2018 Versions

Item	Governor	Senate	House	Comments
Centers of Excellence	\$20,000,000	\$20,000,000	\$15,000,000	Governor had funds going to OMB; Senate & House have funds going to Commerce
Tourism Marketing (increase)	\$912,000	\$1,412,000	\$912,000	
Operation Intern	\$1,200,000	\$1,200,000	\$900,000	House also capped companies at \$30,000
Biofuel Blender Pumps	\$2,000,000	\$2,000,000	\$1,000,000	House uses ARRA funds w/ contingency for general funds
Child care grants	\$3,500,000	\$2,000,000	\$1,750,000	House moved the funding to SB 2225
Innovate ND (increase)	\$100,000	\$200,000	\$100,000	
ND Trade Office	\$2,000,000	\$2,164,000	\$2,000,000	Senate addition was for a global connections conference (\$50,000), export assistants (\$64,000) and a workforce recruitment study (\$50,000)
Salary Equity Funding	\$176,627	\$176,627	\$0	
Workforce Enhancement Fund	\$2,000,000	\$2,000,000	\$1,000,000	
Neighborhood Stabilization spending authority	\$0	\$15,000,000	\$15,000,000	Federal funds
Lewis & Clark Foundation	\$0	\$1,500,000	\$1,500,000	
Theodore Roosevelt Medora Foundation	\$0	\$500,000	\$500,000	House removed the "Wade Westin memorial" designation
Items approved by only one house				
ND Trade Office contingent borrowing	\$0	\$500,000	\$0	
Student-based technology grants	\$0	\$200,000	\$0	International workforce recruitment program
Regional technical assistance grants	\$0	\$1,000,000	\$0	
Youth entrepreneurship grants	\$0	\$400,000	\$0	
UND & NDSU patent offices	\$0	\$200,000	\$0	
Business district improvement projects	\$0	\$200,000	\$0	
Great Plains Applied Energy Research Center	\$0	\$5,000,000	\$0	
Base realignment grant program	\$0	\$5,000,000	\$0	HB 1350 also appropriates \$5 million for this purpose
Dakota Defense Alliance	\$0	\$50,000	\$0	
Tourism Marketing Grants	\$0	\$0	\$500,000	Requires a \$1 to \$1 match
Interns for tax-exempt property study	\$0	\$0	\$11,500	Interns to gather information on property values
Flared gas electrical generators	\$0	\$0	\$2,000,000	Contingent upon DOE approval for use of ARRA funds
Federal fiscal stimulus funds	\$0	\$0	\$68,594,635	Commerce authority to spend ARRA funds
State Mill & Elevators funds going to APUC	\$0	\$0	5% of profits	Annual transfer to the agricultural fuel tax fund
Items impacting other state agencies				
Disaster recovery funds for Northwood	\$0	\$0	\$1,594,567	Department of Emergency Services. The House approved these funds in HB 1221, which the Senate defeated.
Searchable database of state expenditures	\$0	\$0	\$400,000	ARRA funds going to OMB - statutory language taken from engrossed HB 1377

Summary of Differences in SB 2018 Versions

Other items

LC study of technology-based entrepreneurship & economic best practices	Added by the Senate, not changed by the House
LC study - workforce system initiative	Added by the Senate, not changed by the House
Workforce Development Division & Workforce Development Council - requirement for workforce-related agencies to report to Division and seek budget approval from Council	Added by the Senate, House amended the budget reporting date from July 1 to November 1
Centers of Excellence fund - continuing appropriations	Added by the Senate & removed by the House
Centers of Excellence state tax revenue impact study & report	Added by the House
Carryover of \$9,704,568 in COE funds from the 2007-2009 biennium	Added by the House
COE program changes including disallowing infrastructure as a use of funds, requiring a \$1 dollar private sector cash match & requiring a 4 times private sector return from royalties	Added by the House
Base realignment plan & report to Budget Section - Commerce to develop a plan for the utilization of commercial space available at the Grand Forks air force base	Added by the House
Division of Tourism to develop criteria for large tourism infrastructure grants and a method for setting priorities for future bienniums	Added by the House
Remove the audit requirement for the ethanol production incentive fund	Requirement removed by the House

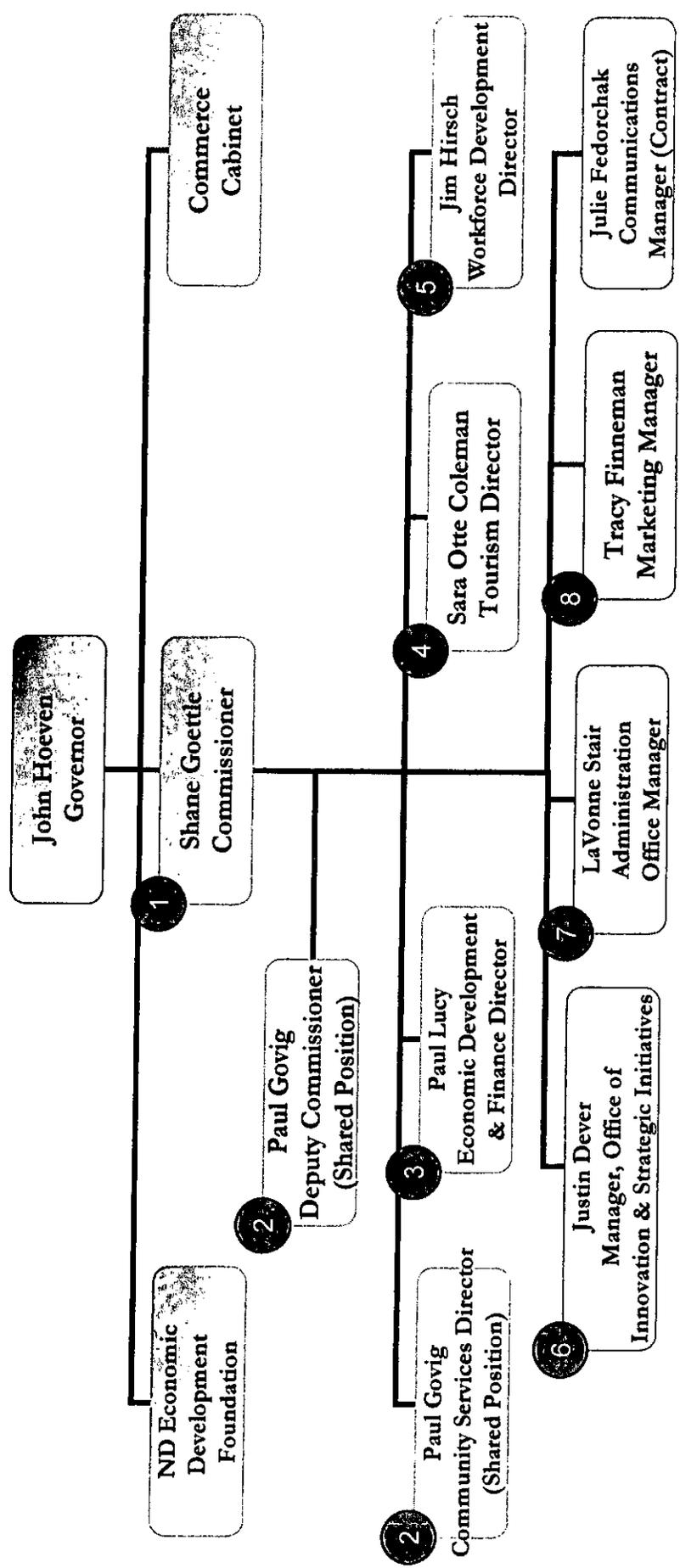
Department of Commerce
March 6, 2009

Response to questions from Government Ops Committee

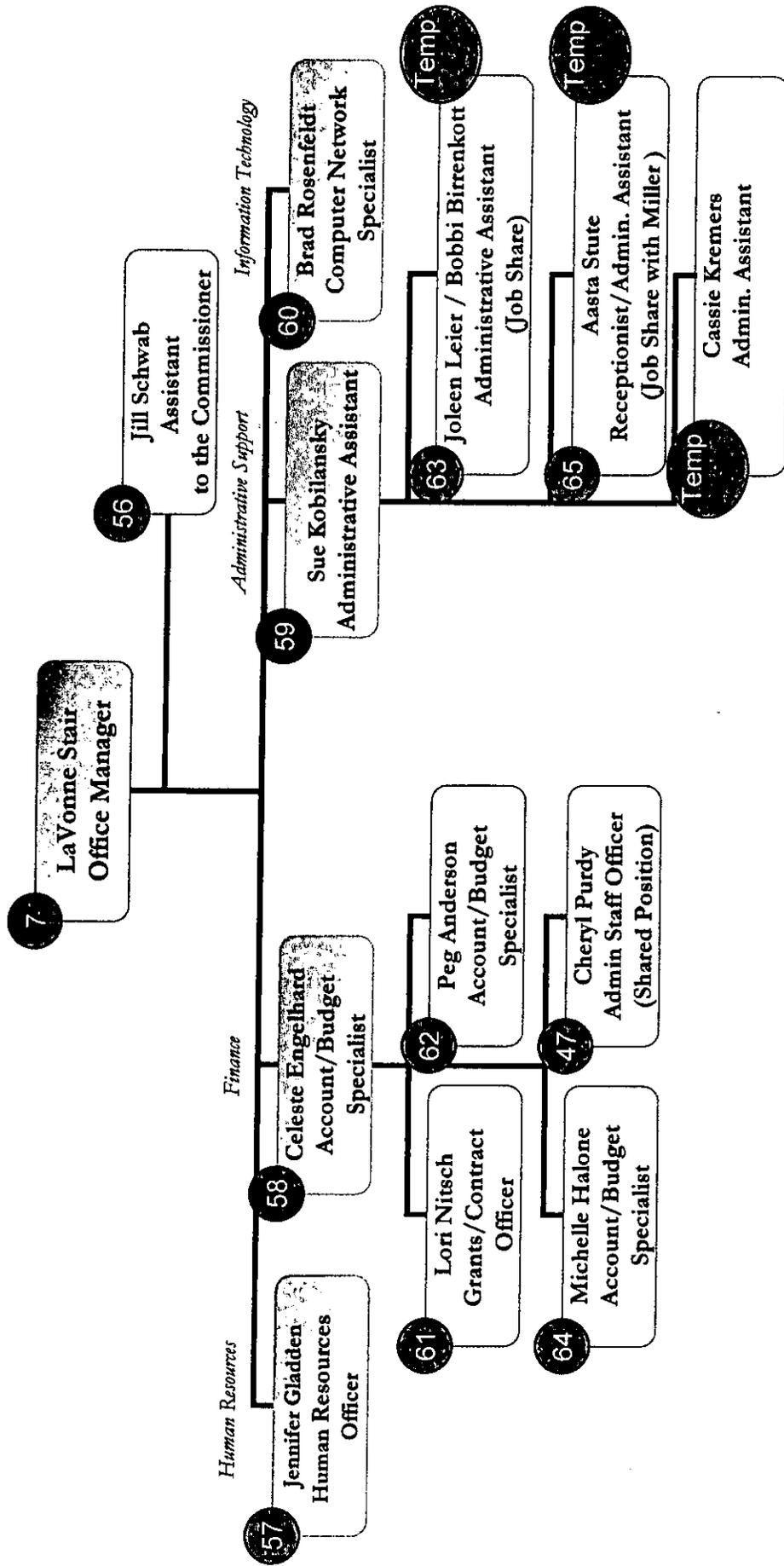
- List of FTE's and temp employees. – Attachment A
- ✓ • List identifying the change in the grants line from Governor's Recommendation to Senate Engrossment – Attachment B
- What funding amounts have been discussed regarding the request from the Vets home for the Geo-Thermal help –
 Answer: Verbal discussion of \$75,000
- ✓ • Budget sheet provided for all divisions – Attachment C
- What is DCS working on outside of the stimulus funds? Provide a list of current projects and projects that we were unable to fund. – Attachment D.
- Due to the economy has the price of media for Tourism come down? - Attachment E
- Provide clarification of what is considered as "Tourism". Are out-of-state students included in some areas of the study – Attachment E
- List of who received Workforce Enhancement Grants – Attachment F
- List of who is participating in Operation Intern – Attachment F
- How much money was spent by the Development Fund this biennium and to whom? – Attachment G
- ✓ • Comment on Senator Krebsbach's amendment. Have we considered how it would roll out? – Attachment H

Department of Commerce Organizational Chart

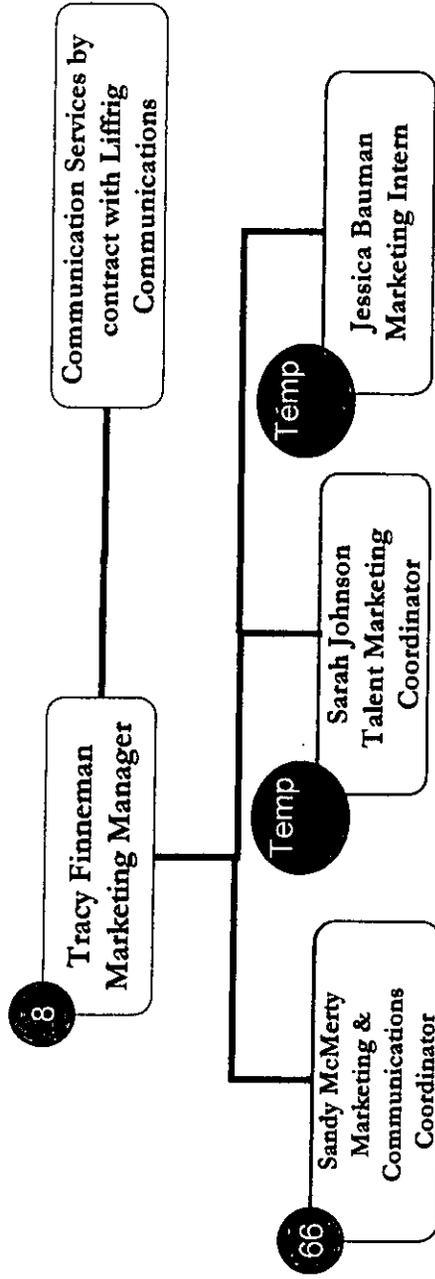
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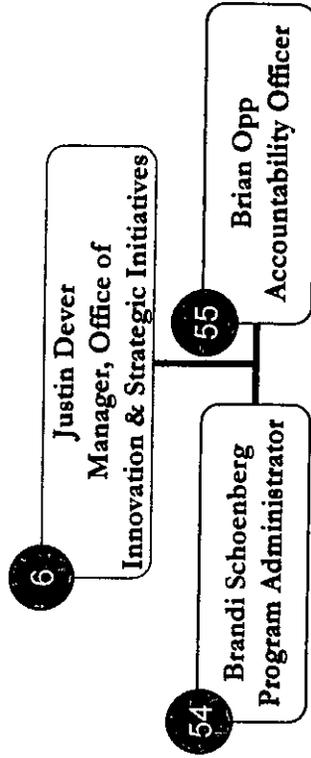
Administration Organizational Chart



Office of Marketing and Communications Organizational Chart

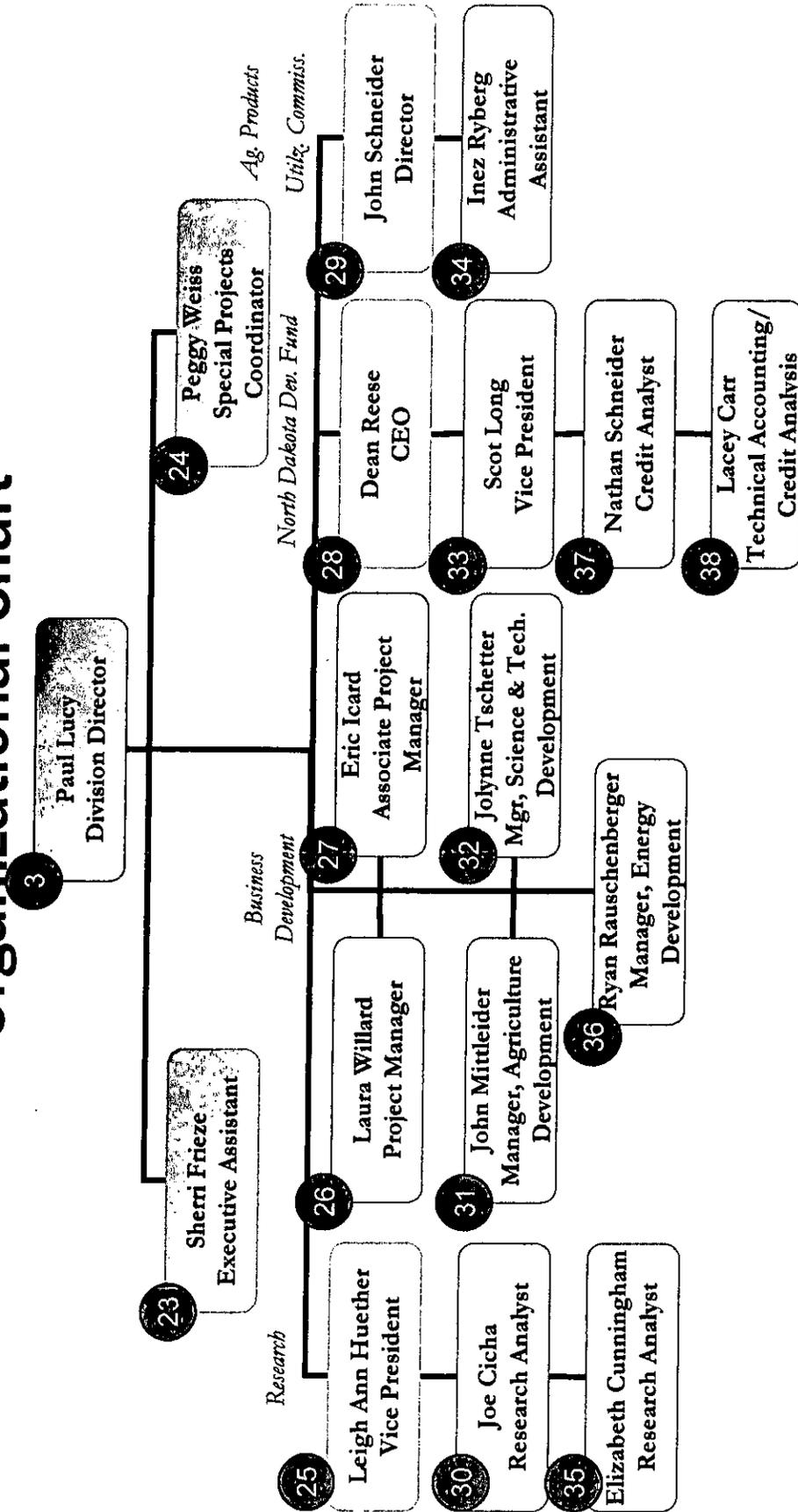


Office of Innovation & Strategic Initiatives Organizational Chart

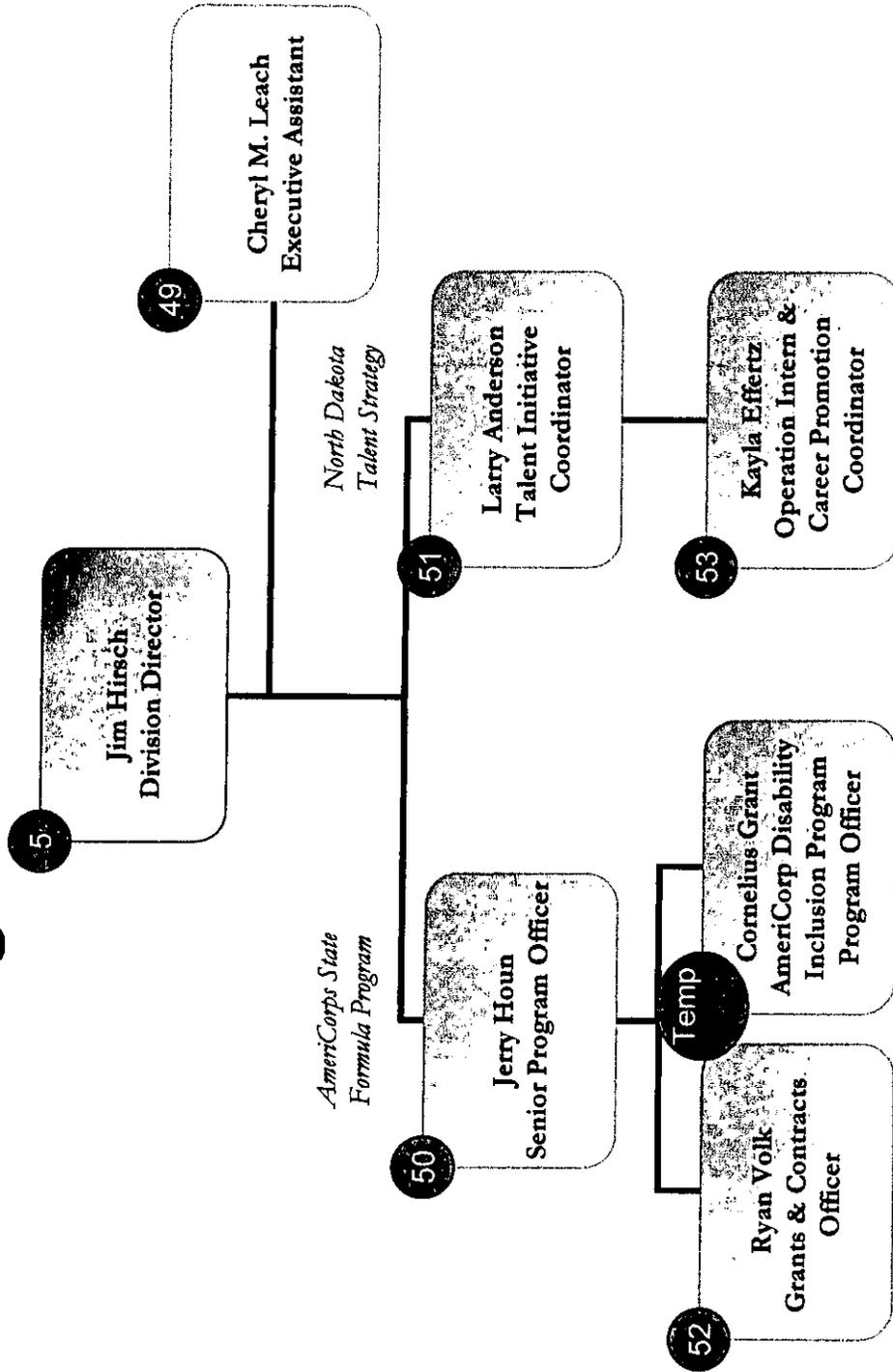


Division of Economic Development & Finance

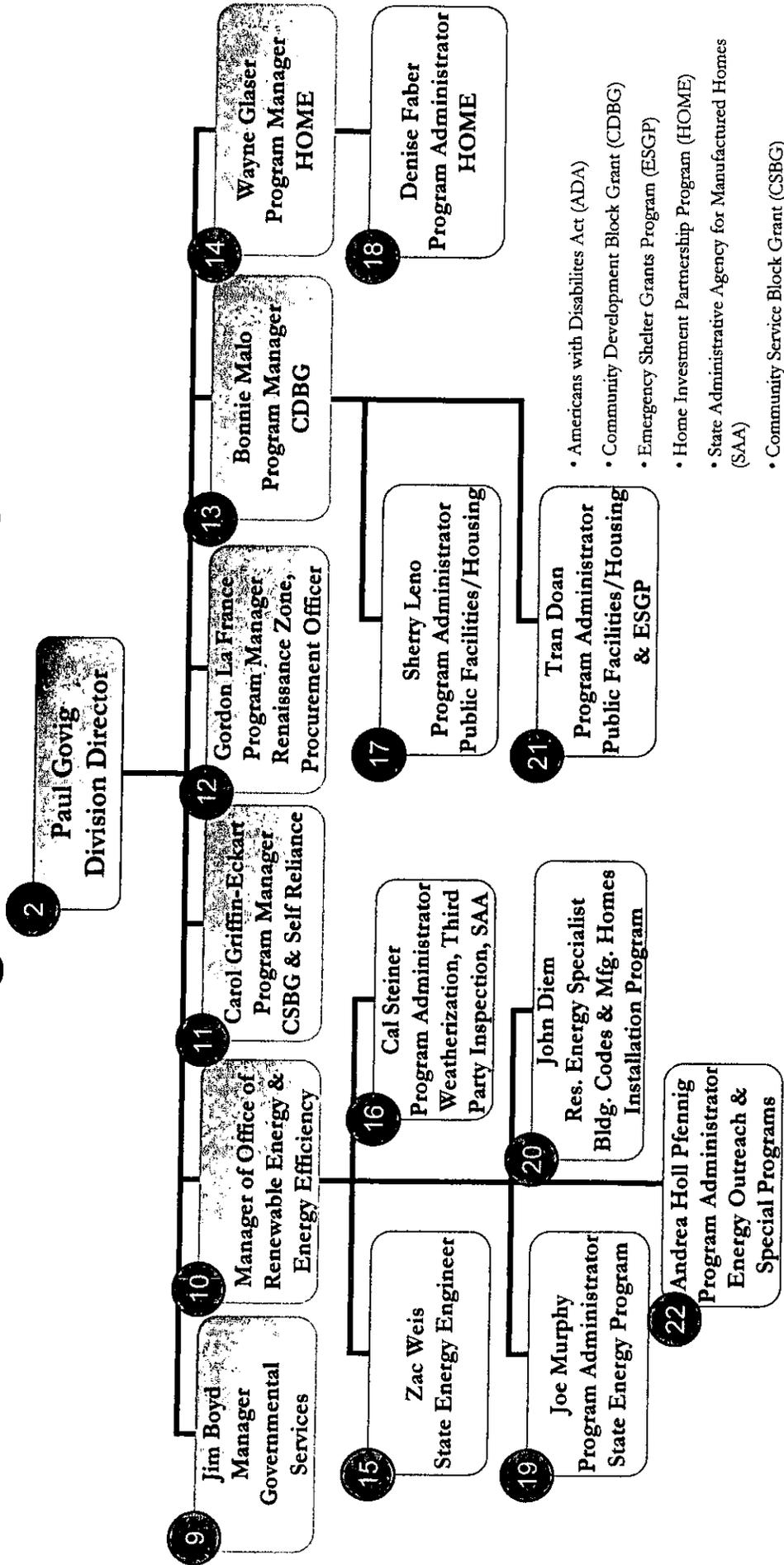
Organizational Chart



Division of Workforce Development Organizational Chart

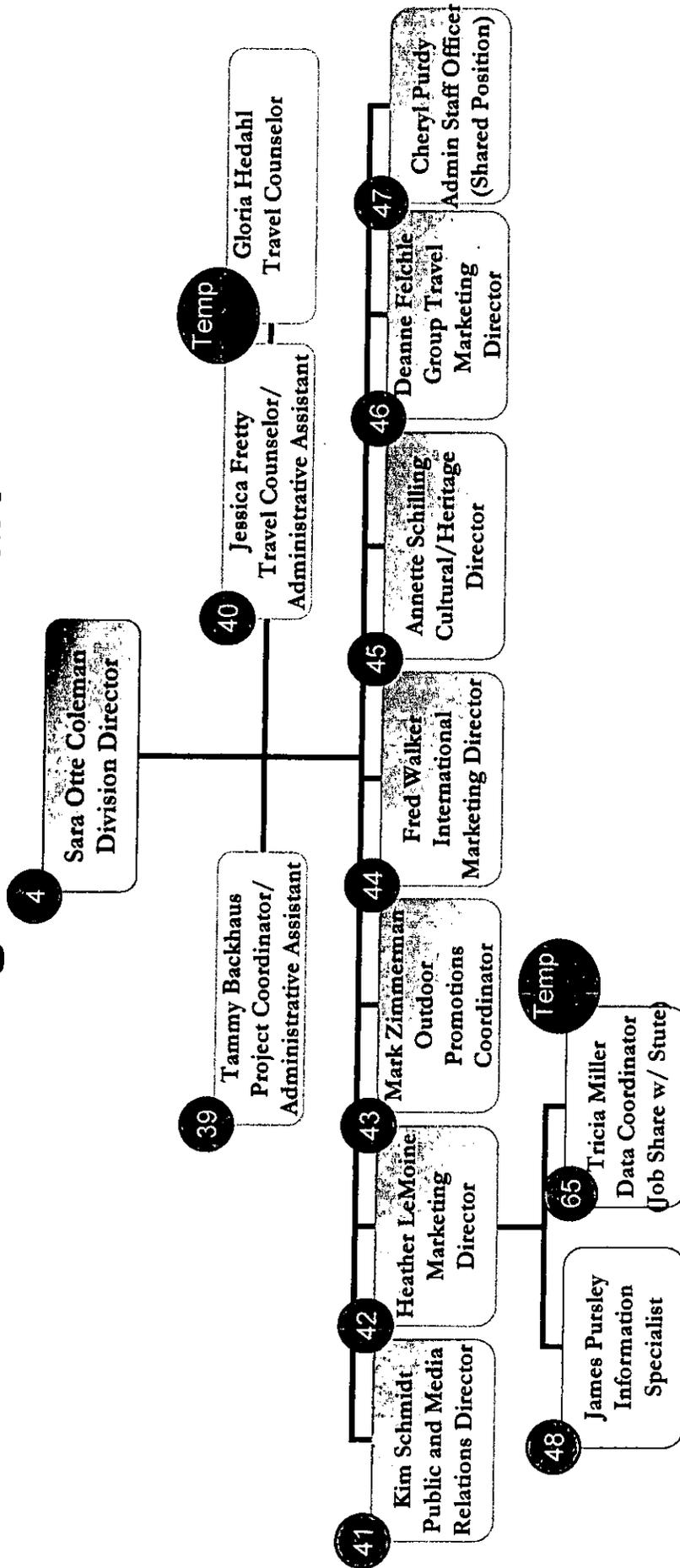


Division of Community Services Organizational Chart



- Americans with Disabilities Act (ADA)
- Community Development Block Grant (CDBG)
- Emergency Shelter Grants Program (ESGP)
- Home Investment Partnership Program (HOME)
- State Administrative Agency for Manufactured Homes (SAA)
- Community Service Block Grant (CSBG)

Division of Tourism Organizational Chart



Attachment B

Department of Commerce

Grants Appropriation in Governor's Recommendation

\$ 53,886,058

Senate Adjustments

adds 5 million for Great Plains Applied Energy Research Center grant	\$	5,000,000
adds 5 million for a Base Realignment Grant Program	\$	5,000,000
adds 50,000 for a grant to the Dakota Defense Alliance Organization	\$	50,000
adds 200,000 for Commercial Business District Improvement projects	\$	200,000
reduces funding for grants to expand childcare from 3.5 million to 2 million	\$	(1,500,000)
adds 1 million for Regional Technical Assistance grants	\$	1,000,000
adds 15 million federal fund authority for Neighborhood Stabilization program	\$	15,000,000
adds 1.5 million for a grant to Lewis & Clark Foundation	\$	1,500,000
adds 500,000 for a grant to Theodore Roosevelt Medora Foundation	\$	500,000
adds 200,000 for Student-Based Technology Startup grants	\$	200,000
adds 400,000 for Youth Entrepreneur grants	\$	400,000
adds 200,000 for University Patent Office Support	\$	200,000

Grants Appropriation in Senate Engrossment

\$ 81,436,058

Attachment C
 Department of Commerce
 March 6, 2009

	2005-2007 Expenditures	2007-2009 Appropriation	2007-2009 Estimated Expenditures	2007-2009 General Fund Turnback	2009-2011 Recommendation	2009-2011 Senate Engrossment
Commerce Administration	\$ 4,719,406	\$ 7,350,375	\$ 7,320,375		\$ 8,726,122	\$ 19,440,122
One-time: Tax expenditure/incentive report	\$	\$ 100,000	\$ 25,000			
Innovation & Strategic Initiatives	\$ 41,612	\$ 1,377,109	\$ 1,077,109		\$ 1,376,641	\$ 22,276,641
Tourism	\$ 7,326,987	\$ 8,260,408	\$ 8,150,408		\$ 9,219,674	\$ 11,719,674
One-time: Promote the U.S.S. ND					\$ 100,000	\$ 100,000
Workforce Development	\$ 2,047,052	\$ 3,282,131	\$ 3,132,700		\$ 4,114,079	\$ 5,114,079
One-time: Matching grants for childcare					\$ 3,500,000	\$ 2,000,000
One-time: Workforce enhancement fund					\$ 2,000,000	\$ 2,000,000
Economic Development & Finance	\$ 6,955,877	\$ 6,678,406	\$ 6,370,373		\$ 6,127,691	\$ 6,327,691
One-time: Development Fund		\$ 3,000,000	\$ 3,000,000 *			
Community Services	\$ 37,350,312	\$ 52,292,052	\$ 42,946,500		\$ 51,034,693	\$ 66,034,693
One-time: Alternative energy program					\$ 2,000,000	\$ 2,000,000
Total	\$ 58,441,246	\$ 82,340,481	\$ 72,022,465	\$ 150,000	\$ 88,198,900	\$ 137,012,900
General Funds	\$ 18,409,547	\$ 26,572,465	\$ 26,422,465	\$	\$ 34,490,039	\$ 67,804,039
Federal Funds	\$ 33,972,840	\$ 45,473,495	\$ 38,900,000		\$ 44,821,790	\$ 44,821,789
Special Funds	\$ 6,058,859	\$ 10,294,521	\$ 6,700,000		\$ 8,887,071	\$ 24,387,072
Total	\$ 58,441,246	\$ 82,340,481	\$ 72,022,465	\$ 150,000	\$ 88,198,900	\$ 137,012,900

* 27 new projects have been funded totaling \$7,544,947 from July 1, 2007 to December 26, 2008. The \$3,000,000 one-time appropriation helped fund these projects.

Attachment C
Innovation & Strategic Initiatives
March 6, 2009

	2005-2007 Expenditures	2007-2009 Appropriation	2007-2009 Estimated Expenditures	2007-2009 General Fund Turnback	2009-2011 Recommendation	2009-2011 Senate Engrossment
Salaries & Wages	\$ 11,298	\$ 521,875	\$ 521,875		\$ 421,407	\$ 421,407
Operating	\$ 30,314	\$ 855,234	\$ 555,234		\$ 855,234	\$ 855,234
Continuing: InnovateND program					\$ 100,000	\$ 200,000
Grants						
One-time: Student -based technology startup grants						\$ 200,000
One-time: Youth entrepreneur grant						\$ 400,000
One-time: University Patent Office Support						\$ 200,000
Centers of Excellence						
One-time: Centers of Excellence						\$ 20,000,000
Total	\$ 41,612	\$ 1,377,109	\$ 1,077,109	\$ -	\$ 1,376,641	\$ 22,276,641
General Funds	\$ 41,612	\$ 852,109	\$ 852,109		\$ 851,641	\$ 21,751,641
Federal Funds						
Special Funds		\$ 525,000	\$ 225,000		\$ 525,000	\$ 525,000
Total	\$ 41,612	\$ 1,377,109	\$ 1,077,109	\$ -	\$ 1,376,641	\$ 22,276,641
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Attachment C
 Tourism
 March 6, 2009

	2005-2007 Expenditures	2007-2009 Appropriation	2007-2009 Estimated Expenditures	2007-2009 General Fund Turnback	2009-2011 Recommendation	2009-2011 Senate Engrossment
Salary & Wages	\$ 1,073,825	\$ 1,392,594	\$ 1,392,594		\$ 1,569,545	\$ 1,569,545
Operating	\$ 2,288,908	\$ 6,607,814	\$ 6,497,814		\$ 6,522,329	\$ 6,522,329
Continuing: Tourism Inflationary Adjustment					\$ 912,000	\$ 912,000
Continuing: Tourism marketing					\$ 500,000	\$ 500,000
Grants	\$ 93,050	\$ 260,000	\$ 260,000		\$ 215,800	\$ 215,800
One-time: Promote the U.S.S. ND					\$ 100,000	\$ 100,000
One-time: Lewis & Clark Foundation grant					\$ 1,500,000	\$ 1,500,000
One-time: Theodore Roosevelt Medora Foundation grant					\$ 500,000	\$ 500,000
Lewis & Clark Bicentennial	\$ 3,871,204					
Total	\$ 7,326,987	\$ 8,260,408	\$ 8,150,408		\$ 9,319,674	\$ 11,819,674
General Funds	\$ 7,236,624	\$ 7,894,454	\$ 7,894,454		\$ 8,956,674	\$ 11,456,674
Federal Funds						
Special Funds	\$ 90,363	\$ 365,954	\$ 255,954		\$ 363,000	\$ 363,000
Total	\$ 7,326,987	\$ 8,260,408	\$ 8,150,408	\$ -	\$ 9,319,674	\$ 11,819,674
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Attachment C
Economic Development & Finance
March 6, 2009

	2005-2007 Expenditures	2007-2009 Appropriation	2007-2009 Estimated Expenditures	2007-2009 General Fund Turnback	2009-2011 Recommendation	2009-2011 Senate Engrossment
Salary & Wages	\$ 1,717,103	\$ 2,050,678	\$ 2,025,109	\$ 25,569	\$ 2,366,760	\$ 2,366,760
Operating	\$ 915,487	\$ 1,032,689	\$ 1,032,689		\$ 1,037,455	\$ 1,037,455
Grants	\$ 12,256					
One-time: Commercial business district Improvement grants	\$ -	\$ -				
ND Development Fund	\$ -	\$ 3,000,000	\$ 3,000,000 *		\$ -	\$ 200,000
One-time: Development Fund	\$ 1,471,690					
Discretionary Funds	\$ 249,194	\$ 536,846	\$ 436,846		\$ 186,846	\$ 186,846
Economic Development Initiatives	\$ 2,440,147	\$ 3,008,193	\$ 2,825,729		\$ 2,536,630	\$ 2,536,630
APUC	\$ 150,000	\$ 50,000	\$ 50,000			
Economic Development Grants						
Total	\$ 6,955,877	\$ 9,678,406	\$ 9,370,373	\$ 25,569	\$ 6,127,691	\$ 6,327,691
General Funds	\$ 5,522,674	\$ 7,496,958	\$ 7,471,389	\$ 25,569	\$ 4,567,786	\$ 4,767,786
Federal Funds	\$ -	\$ 500,000	\$ 317,536	\$ -	\$ 300,000	\$ 300,000
Special Funds	\$ 1,433,203	\$ 1,681,448	\$ 1,581,448	\$ -	\$ 1,259,905	\$ 1,259,905
Total	\$ 6,955,877	\$ 9,678,406	\$ 9,370,373	\$ 25,569	\$ 6,127,691	\$ 6,327,691
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

* 27 new projects have been funded totaling \$7,544,947 from July 1, 2007 to December 26, 2008. The \$3,000,000 one-time appropriation helped fund these projects.

Attachment C
Community Services
March 6, 2009

	2005-2007 Expenditures	2007-2009 Appropriation	2007-2009 Estimated Expenditures	2007-2009 General Fund Turnback	2009-2011 Recommendation	2009-2011 Senate Engrossment
Salary & Wages	\$ 2,200,473	\$ 2,515,939	\$ 2,315,939		\$ 2,664,285	\$ 2,664,285
Operating	\$ 1,030,420	\$ 2,245,865	\$ 2,095,865		\$ 1,275,150	\$ 1,275,150
Capital Assets	\$ 8,989	\$ 15,500	\$ 15,500		\$ 25,000	\$ 25,000
Grants	\$ 34,110,430	\$ 47,514,748	\$ 38,519,196		\$ 46,770,258	\$ 46,770,258
One-time: Emergency Shelter Grant					\$ 300,000	\$ 300,000
One-time: Alternative energy program					\$ 2,000,000	\$ 2,000,000
One-time: Neighborhood stabilization carryover					\$	\$ 15,000,000
Total	\$ 37,350,312	\$ 52,292,052	\$ 42,946,500	\$ -	\$ 53,034,693	\$ 68,034,693
General Funds	\$ 1,301,597	\$ 1,638,943	\$ 1,638,943		\$ 3,924,913	\$ 3,924,913
Federal Funds	\$ 32,260,278	\$ 43,232,922	\$ 33,887,370		\$ 42,756,212	\$ 42,756,212
Special Funds	\$ 3,788,437	\$ 7,420,187	\$ 7,420,187		\$ 6,353,568	\$ 21,353,568
Total	\$ 37,350,312	\$ 52,292,052	\$ 42,946,500	\$ -	\$ 53,034,693	\$ 68,034,693
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Attachment D

2009 CDBG Applications Received at the Regional Level

Applicant	Project	Amount Requested
City of Alexander	Water Storage Tank	\$ 100,000.00
City of Ray	RV Park Project	\$ 84,000.00
City of Watford City	Water/Sewer Project	\$ 100,000.00
City of Williston	Water/Sewer Project	\$ 120,000.00
City of Grenora	Housing Project	\$ 35,000.00
City of Williston	Housing Project	\$ 50,000.00
City of Bottineau	Sanitary Sewer Improvments	\$ 49,959.00
City of Glenburn	Lift Station Improvments	\$ 12,100.00
City of Granville	Water Tower Replacement	\$ 348,650.00
City of Kenmare	Water System Improvements	\$ 200,000.00
City of Mohall	Water/Sewer Replacement	\$ 110,000.00
City of Sawyer	Water System Improvements	\$ 99,000.00
City of Stanley	Water/Sewer Replacement	\$ 110,000.00
City of Velva	Water Transmission Line	\$ 96,811.00
City of Anamoose	Rehab 8-Plex LMI Housing	\$ 42,785.00
Bottineay County (Mt. View)	Rehab Senior Housing	\$ 27,545.00
City of Minot	Purchase 88 Units of LMI Housing	\$ 110,000.00
City of Powers Lake	Rehab 4-Plex Senior Housing	\$ 32,631.00
Renville County (Glenburn)	Rehab 7 Unit LMI Housing	\$ 16,482.00
Renville County (Mohall)	Rehab 24 Unit Senior Housing	\$ 94,600.00
City of Towner	Rehab Two 4-Plex LMI Housing	\$ 52,200.00
City of Upham	Rehab 8 Private LMI Homes	\$ 111,400.00
Rolette County	Community Center Rehab	\$ 112,000.00
Rolette County	County Park Toilet Facility	\$ 14,400.00
City of Lawton	Sewer Lift Station Pumps	\$ 21,600.00
City of Rock Lake	Sewer Main Repair	\$ 18,228.00
City of Rock Lake	Water Tower Repair	\$ 19,200.00
City Edmore	Water Main Valve Replacement	\$ 39,600.00
City of Egeland	Sewer Lagoon Repairs	\$ 27,224.00
City of Devils Lake	Removal of Architectual Barriers	\$ 100,000.00
Cavalier County	Removal of Architectual Barriers	\$ 23,340.00
City of Munich	Sanitary Sewer Upgrade	\$ 100,000.00
Ramsey County	Removal of Architectual Barriers	\$ 28,800.00
City of St. John	Water And Sewer to Subdivision	\$ 80,000.00
City of Cavalier	Replace one lift station and rehabilitate one lift sta	\$ 140,000.00
City of Drayton	Single Family Housing Rehab	\$ 30,983.00

City of Mapleton	ND Highway #11 Improvements	\$	200,000.00
City of Ligerwood	Connection to SE Water Users (New Reservoir)	\$	740,000.00
City of Page	Water Tower & Lagoon Improvements	\$	143,905.00
City of Buffalo	Water Tower Improvments	\$	114,345.00
Richland County	Giant Snack New Facility (Economic Development I	\$	450,000.00
City of Binford	Overhaul Water Pumps	\$	15,050.00
City of Kathryn	Renovate Community Center	\$	133,500.00
City of Jud	Handicap Accessible Bathrooms and Repair Ceiling	\$	30,600.00
City of Dickey	Repair Roof on Community Center building	\$	17,500.00
City of Hazelton	Rehabilitate LMI Apartment Complex	\$	58,456.00
City of Wing	Rehabilitate LMI Apartment Complex	\$	57,643.00
City of Goodrich	Rehabilitate LMI Apartment Complex	\$	110,000.00
City of Linton	Rehabilitate LMI Apartment Complex	\$	51,750.00
City of Carson	Removal of Architectural Barriers in the School	\$	53,538.00
City of Linton	Rehabilitate Senior Citizen Center	\$	110,000.00
City of Center	Rehabilitate Senior Citizen Center	\$	34,100.00
City of Hebron	Construct New Community Center	\$	110,000.00
City of Hebron	Lagoon Rehabilitation	\$	66,000.00
City of Glen Ullin	Water Main Replacement	\$	76,725.00
City of Garrison	Water Main Replacement	\$	80,031.00
City of Almont	Construct New Fire & Ambulance Hall	\$	66,000.00
City of Golden Valley	RFPD Fire Equipment	\$	10,600.00
City of Pick City	Purchase Fire Truck	\$	21,000.00
City of Zap	RFPD Fire Equipment	\$	15,000.00
City of Belfield	Watermain Replacement	\$	47,223.00
City of Dunn Center	Lagoon Improvements	\$	227,000.00
City of Halliday	Rehabilitate Lagoon Cells	\$	196,600.00
Slope County	Emergency Operations Vehicle for Fire Departmen	\$	29,827.00
City of Golva	Handicapped Playground Equipment	\$	12,600.00
City of Dickinson	Handicapped Accessible Project	\$	210,000.00
City of Rhame	Construct New Pioneer Community Center	\$	82,500.00
Total Requests for CDBG Funds		\$	6,330,031.00
Available CDBG Funds		\$	2,546,178.00
		\$	(3,783,853.00)

CDBG PROJECTS APPROVED JANUARY 1, 2005 TO THE PRESENT

<u>APPLICANT</u>	<u>AUTHORIZED PROJECT</u>	<u>AWARD AMOUNT</u>
ECONOMIC DEVELOPMENT BEULAH CTY.	LOAN TO VKS PIZZA RANCH, INC. FOR THE PURCHASE OF EQUIPMENT	110,000.00
BINFORD CTY.	LOAN TO WANGLER FOODS & HARDWARE, INC.	55,000.00
CASSELTON CTY.	LOAN TO JCC ENTERPRISES, INC. FOR PURCHASE OF EQUIPMENT	55,000.00
CASSELTON CTY.	GRANT TO THARALDSON ETHANOL PLANT 1, LLC FOR THE PURCHASE OF APPROVED EQUIPMENT	510,000.00
COOPERSTOWN CTY.	LOAN TO PRAIRIE AUTHORITY FOR PURCHASE OF EQUIPMENT FOR MIDLAND TECHNOLOGIES, LLC	247,500.00
COOPERSTOWN CTY.	LOAN TO PRAIRIE AUTHORITY, LLC FOR PURCHASE OF EQUIPMENT FOR CENTRI-FILTER TECHNOLOGIES, LLC	41,250.00
DEVILS LAKE CTY.	COMMON STOCK PURCHASE IN HENSLEY AIRCRAFT, INC.	110,000.00
DEVILS LAKE CTY.	LOAN TO PUGSLEY'S PREMIUM LLC FOR THE PURCHASE OF INVENTORY (FORGIVABLE)	82,500.00
DICKEY CO.	LOAN TO OAKES TRUCK & TRAILER CENTER, LLC FOR OPERATING COSTS	77,000.00
ENDERLIN CTY.	LOAN TO MY GIRL, LLC DBA ENDERLIN HARDWARE FOR LAND AND BUILDING PURCHASE	49,500.00
GARRISON CTY.	LOAN TO GARRISON EQUIPMENT, INC. FOR PURCHASE OF INVENTORY	77,000.00
GARRISON CTY.	LOAN TO NATHAN TURCK DBA COMPLETE CHIROPRACTIC AND BODY SHOP FITNESS CENTER	46,200.00
GLEN ULLIN CTY.	LOAN TO WILDERNESS CAFE AND ESPRESSO FOR A REAL ESTATE ACQUISITION	44,000.00
GOLDEN VALLEY CO.	GRANT TO THE HOME ON THE RANGE FOR WATER RESERVOIR & BOOSTER STATION	82,673.24
GRIGGS CO.	LOAN TO PRAIRIE BILT INDUSTRIES, INC. FOR PURCHASE OF INVENTORY	44,000.00
HANKINSON CTY.	GRANT FOR INFRASTRUCTURE FOR NEW WATER TRANSMISSION LINE TO SERVE US BIOHANKINSON ETHANOL PLANT	420,000.00
HANNAFORD CTY.	LOAN TO NETHERTZ CORPORATION FOR	160,000.00

CDBG PROJECTS APPROVED JANUARY 1, 2005 TO THE PRESENT

<u>APPLICANT</u>	<u>AUTHORIZED PROJECT</u>	<u>AWARD AMOUNT</u>
JAMESTOWN CTY.	PURCHASE OF EQUIPMENT LOAN TO DAKOTA BRANDS INTERNATIONAL FOR PURCHASE OF EQUIPMENT	160,000.00
JAMESTOWN CTY.	LOAN TO PRECISION RESULTS MANUFACTURING, INC. FOR PERMANENT WORKING CAPITAL	110,000.00
JAMESTOWN CTY.	LOAN TO CHAMP INDUSTRIES USA, INC. FOR OPERATING COSTS	210,000.00
JAMESTOWN CTY.	LOAN TO RINGDAHL, INC. FOR THE PURCHASE OF A BUILDING	130,000.00
JAMESTOWN CTY.	GRANT AND LOAN TO BUFFALO CITY GRILLE, LLC FOR PURCHASE OF EQUIPMENT	160,000.00
JAMESTOWN CTY.	LOAN TO REAL TRUCK INC. FOR PURCHASE OF EQUIPMENT	160,000.00
KINDRED CTY.	GRANT TO DAKOTA AG COOPERATIVE/CENEX HARVEST STATES FOR CONSTRUCTION/PAVING	99,000.00
LINTON CTY.	LOAN TO LINTON FITNESS CENTER FOR PURCHASE OF EQUIPMENT	22,000.00
MANDAN CTY.	LOAN TO FORCE PANELS, INC. FOR PERMANENT WORKING CAPITAL	27,500.00
MANDAN CTY.	LOAN TO FORE 5 SWEET BOYZ, INC. DBA LINDY SUE'S CANDIES AND SODA FOUNTAIN FOR EQUIPMENT/INVENTORY	55,000.00
MANDAN CTY.	GRANT (\$100,000) AND LOAN (\$100,000) TO CLOVERDALE FOODS FOR PURCHASE OF EQUIPMENT	210,000.00
MAPLETON CTY.	LOAN TO NORTHWEST TIRE, INC. FOR PURCHASE OF EQUIPMENT	110,000.00
MCHENRY CO.	GRANT FOR PURCHASE OF EQUIPMENT FOR ARCHER DANIELS MIDLAND CO (ADM)	310,000.00
MCLEAN CO.	GRANT TO BLUE FLINT ETHANOL, LLC FOR THE PURCHASE OF EQUIPMENT	135,000.00
MEDORA CTY.	GRANT TO THEODORE ROOSEVELT MEDORA FOUNDATION ROUGH RIDER HOTEL FOR FURNITURE, FIXTURES & EQUIPMENT	435,000.00
MINOT CTY.	GRANT FOR WATER, SEWER & INFRASTRUCTURE FOR PURE ENERGY SERVICES (USA) INC.	410,000.00
MINOT CTY.	GRANT FOR CONSTRUCTION OF THE MINOT INTERMODAL/VALUE ADDED AGRICULTURE	510,000.00

CDBG PROJECTS APPROVED JANUARY 1, 2005 TO THE PRESENT

<u>APPLICANT</u>	<u>AUTHORIZED PROJECT</u>	<u>AWARD AMOUNT</u>
MINTO CTY.	PARK PURCHASE PREFERRED STOCK IN HARRISTON-MAYO, LLC	150,000.00
MOUNTRAIL CO.	LOAN TO WEST DAKOTA FEED & SEED, LLC FOR PURCHASE OF EQUIPMENT TO ALLOW FOR LOADING OF HOOPER CARS	150,000.00
NORTHWOOD CTY.	LOAN TO NORTHWOOD MILLS, LLC FOR PURCHASE OF EQUIPMENT & GRANT FOR SUBSTATION	365,000.00
NORTHWOOD CTY.	DISASTER RECOVERY PROJECT FOR ECONOMIC DEVELOPMENT (TORNADO DAMAGE)	510,000.00
OAKES CTY.	LOAN TO HWY #1 FUEL & SERVICE FOR PURCHASE OF EQUIPMENT	110,000.00
PARK RIVER CTY.	PURCHASE PREFERRED STOCK IN KRINGSTAD IRONWORKS, INC.	420,000.00
PEMBINA CO.	LOAN TO DAKOTA VALLEY GROWERS, LLP FOR EQUIPMENT	130,000.00
PIERCE CO.	GRANT TO HEXAGON FARMS, LLP FOR PURCHASE OF EQUIPMENT	160,000.00
PIERCE CO.	GRANT TO NORTH CENTRAL CORRECTIONAL & REHABILITATION CENTER	310,000.00
RICHARDTON CTY.	LOAN TO RICHARDTON MEMORIAL HOSPITAL & HEALTH CENTER FOR OPERATING COSTS	160,000.00
RIVERDALE CTY.	LOAN TO RIVERDALE HIGH LODGE, LLC FOR THE PURCHASE OF EQUIPMENT	110,000.00
ROLETTE CO.	LOAN AND GRANT TO TURTLE MOUNTAIN MANUFACTURING FOR PURCHASE OF EQUIPMENT (FURNACE)	206,360.62
SARGENT CO.	GRANT FOR COUNTY 14 ROAD (\$100,000) & PREFERRED STOCK PURCHASE (\$184,250) FOR DAKOTA MICRO, INC.	294,250.00
SHERWOOD CTY.	LOAN TO WESTERN AG LABS NORTH DAKOTA, LLC FOR A LICENSING AGREEMENT	77,000.00
STANTON CTY.	LOAN TO CAFE DUMOND FOR BUSINESS ACQUISITION	11,000.00
STARK CO.	PURCHASE COMMON STOCK IN RED TRAIL ENERGY, LLC	1,460,000.00
STEELE CTY.	PURCHASE PREFERRED STOCK IN KIDCO FARMS PROCESSING INC.	360,000.00

CDBG PROJECTS APPROVED JANUARY 1, 2005 TO THE PRESENT

<u>APPLICANT</u>	<u>AUTHORIZED PROJECT</u>	<u>AWARD AMOUNT</u>
TOWNER CO.	LOAN TO CENTER FOR SOLUTIONS FOR CONSTRUCTION OF A BUILDING	185,000.00
TURTLE LAKE CTY.	LOAN TO BARRY'S JACK AND JILL FOR PURCHASE OF EQUIPMENT AND WORKING CAPITAL	55,000.00
UNDERWOOD CTY.	LOAN TO THE FAMILY STORE, INC. FOR PERMANENT WORKING CAPITAL	11,000.00
VALLEY CITY	GRANT TO EAGLE CREEK SOFTWARE FOR FURNITURE, FIXTURES & EQUIPMENT, RELATED INSTALLATION & WC	520,000.00
VALLEY CITY	LOAN AND FORGIVABLE LOAN TO MALACH USA LLP FOR PURCHASE OF EQUIPMENT	385,000.00
VALLEY CITY	LOAN TO NETGEN SOLUTIONS FOR PERMANENT WORKING CAPITAL	78,100.00
WAHPETON CTY.	LOAN TO WCCO BELTING, INC. FOR PURCHASE OF EQUIPMENT	510,000.00
WAHPETON CTY.	GRANT & LOAN TO COMDEL INNOVATION, INC. FOR PURCHASE OF EQUIPMENT (MACHINING CENTER FROM GOODRICH)	510,000.00
WARD CO.	GRANT FOR INFRASTRUCTURE FOR FARSTAD OIL, INC.	210,000.00
WARD CO.	GRANT FOR INFRASTRUCTURE FOR MG GRAINS, LLC (WATER, SEWER & RAIL SERVICE)	310,000.00
WEST FARGO CTY.	GRANT THAT MAY CONVERT TO A LOAN TO TRAIL KING INDUSTRIES, INC. FOR PURCHASE OF EQUIPMENT	410,000.00
WEST FARGO CTY.	GRANT FOR INFRASTRUCTURE DEVELOPMENT FOR INTEGRITY WINDOWS & DOORS (ROAD)	410,000.00
WISHEK CTY.	GRANT TO WISHEK JDA/SEI FOR MOLD CLEAN UP/RECONSTRUCTION -CHANGE SCOPE TO TOUCH OF CLASS SALON	33,000.00
WISHEK CTY.	GRANT TO WISHEK MANUFACTURING, LLC FOR PURCHASE OF EQUIPMENT	110,000.00
	ECONOMIC DEVELOPMEN TOTAL	14,185,833.86
HOUSING		
ANAMOOSSE CTY.	HOUSING REHABILITATION OF AN 8-PLEX APARTMENT	17,468.16
BELFIELD CTY.	REHABILITATE 5 UNITS	47,962.00

CDBG PROJECTS APPROVED JANUARY 1, 2005 TO THE PRESENT

<u>APPLICANT</u>	<u>AUTHORIZED PROJECT</u>	<u>AWARD AMOUNT</u>
BERTHOLD CTY.	HOUSING REHABILITATION (RELOCATE & REHAB 4-PLEX MAINTAINED BY BERTHOLD HOUSING CORP)	46,000.00
BILLINGS CO.	MULTI-JURISDICTIONAL SOUTHWEST WATER HOOKUPS IN BILLINGS AND DUNN COUNTIES	24,840.00
BILLINGS CO.	MULTI-COUNTY WATER PIPELINE HOOK UPS FOR LOW INCOME FAMILIES (BILLINGS, GOLDEN VALLEY, STARK)	39,557.60
BOWMAN CTY.	HOUSING REHABILITATION - REHAB A 16-UNIT LMI APARTMENT COMPLEX (JESCO APARTMENTS)	100,000.00
BUTTE CTY.	HOUSING REHABILITATION (4-PLEX APARTMENT REHABILITATION)	50,540.00
CROSBY CTY.	HOUSING REHABILITATION - REHAB FOUR 8-PLEX BUILDINGS	115,000.00
DODGE CTY.	HOUSING REHABILITATION	115,000.00
DRAYTON CTY.	HOUSING REHABILITATION (6 HOUSEHOLDS)	55,000.00
DUNSEITH CTY.	WALKING SHIELD WATER & SEWER CONSTRUCTION (CONNECT 5 HOMES TO DUNSEITH WATER & SEWER)	64,492.92
GLADSTONE CTY.	WATER METER INSTALLATION AND SOFTWARE	17,250.00
GRENORA CTY.	HOUSING REHABILITATION - REHAB TWO 4-PLEX UNITS	13,800.00
KENMARE CTY.	HOUSING REHABILITATION OF 2 SIX-PLEXES	32,599.00
LINTON CTY.	HOUSING REHABILITATION - REHAB 2 FOUR-PLEX HOUSING UNITS	100,050.00
MCKENZIE CO.	RURAL WATER HOOKUPS FOR 7 LMI HOUSEHOLDS	15,978.00
MOTT CTY.	REHABILITATE 16 LOW-INCOME HOUSING UNITS	121,555.00
MUNICH CTY.	HOUSING REHABILITATION - WEST VIEW APARTMENTS	49,470.98
NEW LEIPZIG CTY.	REHABILITATION OF THREE MULTI-FAMILY APARTMENT COMPLEXES	183,995.00
NORTHWOOD CTY.	DISASTER RECOVERY PROJECT FOR HOUSING REHABILITATION/REPLACEMENT (TORNADO DAMAGE)	540,000.00
RAY CTY.	HOUSING REHABILITATION - REHAB THREE 4-PLEX HOUSING UNITS	57,500.00
RENVILLE CO.	INSTALL NEW WATER LINE IN THE MOHALL	14,195.57

CDBG PROJECTS APPROVED JANUARY 1, 2005 TO THE PRESENT

<u>APPLICANT</u>	<u>AUTHORIZED PROJECT</u>	<u>AWARD AMOUNT</u>
RENNVILLE CO.	APARTMENTS TO SUPPLY ADEQUATE WATER FOR THE SPRINKLER SYSTEM	55,658.77
ROCK LAKE	HOUSING REHABILITATION - RENVILLE	13,225.00
STEELE CTY.	BOTTINEAU SENIOR CITIZENS HOMES, INC. RESIDE HOUSING AUTHORITY HOUSING UNITS	130,126.00
STRASBURG CTY.	HOUSING REHABILITATION OF 2 SIX-PLEXES	53,820.00
STUTSMAN CO.	REHABILITATION OF ONE FOUR-PLEX REGION VI MULTI-JURIS HOUSING-BARNES	40,000.00
	DICKEY FOSTER GRIGGS LAMOURE LOGAN MCINTOSH STUTSMAN WELLS	
TURTLE LAKE CTY.	TURTLE LAKE MANOR REHAB PROJECT (REMODEL 3 ONE BEDROOM APTS. INTO 2 TWO BEDROOM APTS.)	111,050.00
UPHAM CTY.	HOUSING REHABILITATION - REHAB 8-PLEX APT BUILDING MAINTAINED BY UPHAM HOUSING DEVELOPMENT	21,466.00
WATFORD CITY	REHABILITATION OF AN 18-PLEX ELDERLY HOUSING COMPLEX	115,000.00
WATFORD CITY CTY	HOUSING REHABILITATION (ELDERLY HOUSING COMPLEX)	92,000.00
WILDROSE CTY.	HOUSING REHABILITATION - ONE 4-PLEX HOUSING UNIT	43,700.00
WILLISTON CTY.	NORTH VIEW APARTMENTS	130,574.28
WILLOW CITY	HOUSING REHABILITATION OF A 4-UNIT APARTMENT COMPLEX	38,384.52
	HOUSING TOTAL	2,667,258.80
PUBLIC FACILITIES		
BARNES CO.	REMOVAL OF ARCHITECTURAL BARRIERS IN THE NORTH CENTRAL SCHOOL DISTRICT (INSTALL LIFT/ELEVATOR)	33,000.00
BEACH CTY.	WATER MAIN REPLACEMENT	90,274.23
BELFIELD CTY.	REMOVAL OF ARCHITECTURAL BARRIERS (CURB CUTS)	39,600.00
BELFIELD CTY.	FIRE HALL CONSTRUCTION	53,900.00
BENEDICT CTY.	WELL HOUSE REPAIR	16,073.08
BENEDICT CTY.	LIFT STATION IMPROVEMENTS	10,605.00
BEULAH CTY.	REMOVAL OF ARCHITECTURAL BARRIERS IN THE BEULAH HIGH SCHOOL	57,200.00

CDBG PROJECTS APPROVED JANUARY 1, 2005 TO THE PRESENT

<u>APPLICANT</u>	<u>AUTHORIZED PROJECT</u>	<u>AWARD AMOUNT</u>
BRADDOCK CTY. BROCKET CTY.	WATER SYSTEM REPAIR PIONEER SQUARE SEPTIC SYSTEM REPLACEMENT	21,692.00 12,425.60
BUFFALO CTY.	REMOVAL OF ARCHITECTURAL BARRIERS IN THE COMMUNITY CENTER	5,582.75 11,446.00
CATHAY CTY. CRARY CTY. DEVILS LAKE	WATER PURIFICATION PROJECT LIFT STATION REPLACEMENT HEAT CONTROLS FOR THE JIGSAW JUNCTION AND THE SENIOR CENTER	101,832.00 26,796.00
DEVILS LAKE CTY.	REMOVAL OF ARCHITECTURAL BARRIERS IN THE VO-TECH CENTER	34,320.00
DIVIDE CO.	REMOVAL OF ARCHITECTURAL BARRIERS IN THE DIVIDE COUNTY LIBRARY	22,275.00
DODGE CTY. DUNN CO.	LAGOON RENOVATION REMOVAL OF ARCHITECTURAL BARRIERS IN THE NEW HRADEC WORKMAN HALL	34,650.00 167,500.00
DUNSEITH CTY.	WINDOW REPLACEMENT IN THE DUNSEITH COMMUNITY NURSING HOME	104,544.00
EDMORE CTY. FAIRMOUNT CTY.	AUDITORIUM REHABILITATION EMERGENCY WATER SYSTEM REPAIR (REPAIR LEAK UNDER WATER TOWER)	41,016.97 27,900.00
FLASHER CTY. FLAXTON CTY. FORTUNA CTY. FORTUNA CTY.	LAGOON REHABILITATION LIFT STATION IMPROVEMENTS REHAB AND EXPAND EXISTING FIRE HALL WATER IMPROVEMENTS - REPLACE STORAGE TANK, CONSTRUCT NEW STORAGE BUILDING & INSTALL NEW CONNECTIONS	66,000.00 53,625.00 110,000.00 107,585.00
FORTUNA CTY.	BDW WATER SYSTEM ASSOCIATION FEASIBILITY STUDY	27,540.00
FORTUNA CTY.	WATER LINE REPLACEMENT (3,700 FT OF WATER DISTRIBUTION LINE FROM NEW STORAGE TANK TO FORTUNA)	44,220.00
GACKLE CTY. GACKLE CTY. GACKLE CTY. GARRISON CTY. GLADSTONE CTY. GLEN ULLIN CTY. GLENBURN CTY.	SANITARY SEWER IMPROVEMENTS PROJECT SEWER IMPROVEMENTS PROJECT SANITARY SEWER LINE REPLACEMENT WATERMAIN REPLACEMENT COMMUNITY BUILDING PLANNING GRANT WATERMAIN REPLACEMENT LIFT STATION IMPROVEMENTS	110,000.00 140,000.00 61,054.60 94,391.00 3,000.00 61,764.00 38,610.00

CDBG PROJECTS APPROVED JANUARY 1, 2005 TO THE PRESENT

<u>APPLICANT</u>	<u>AUTHORIZED PROJECT</u>	<u>AWARD AMOUNT</u>
GOLDEN VALLEY CTY. GOODRICH CTY.	FIRE TRUCK PURCHASE LIFT STATION #2 UPGRADE TO INCLUDE ELECTRICAL, PIPING, FITTINGS, VALVES & GUIDE RAILS	30,977.00 6,000.00
GOODRICH CTY. GRAFTON CTY.	WATER RESERVOIR REPAIR REMOVAL OF ARCHITECTURAL BARRIERS IN UNITY MEDICAL CENTER	6,000.00 109,998.00
GRANVILLE CTY. GRENORA CTY. HARVEY CTY.	WATER TOWER REHABILITATION WATER MAIN REPLACEMENT WATER MAIN REPLACEMENT ON ALDER AVENUE	35,678.00 97,629.00 144,824.16
HAZELTON CTY. HAZEN CTY.	WATER LINE REPLACEMENT REMOVAL OF ARCHITECTURAL BARRIERS IN CITY HALL (ACCESSIBLE RESTROOMS)	16,610.00 8,444.00
HETTINGER CO. HETTINGER CTY.	NEW ENGLAND RURAL FIRE DISTRICT RESCUE VEHICLE PURCHASE REMOVAL OF ARCHITECTURAL BARRIERS AT MIRROR LAKE PARK & CENTENNIAL SQUARE (RESTROOMS)	63,000.00 9,100.00
HETTINGER CTY. HUNTER CTY. JAMESTOWN CTY.	SEWER MAIN REPLACEMENT SANITARY SEWER RELINE PAYMENT OF SPECIAL ASSESSMENTS FOR LMI HOMES FOR THE WEST END SANITARY SEWER LINE REPLACEMENT PROJEC	14,025.00 125,000.00 515,794.98
JUD CTY. KARLSRUHE CTY.	WATER MAIN REPLACEMENT PROJECT WATER SYSTEM IMPROVEMENTS (WATER TREATMENT PLANT CONSTRUCTION)	110,000.00 110,000.00
KATHRYN CTY. KENMARE CTY. KENMARE CTY. LAKOTA CTY.	WASTE WATER IMPROVEMENTS - RELINE LAGOON & NEW WATER TREATMENT FACILITY FIRE HALL CONSTRUCTION WATER TREATMENT PLANT IMPROVEMENTS PAYMENT OF SPECIAL ASSESSMENTS FOR WASTEWATER SYSTEM IMPROVEMENTS -	45,297.00 55,000.00 117,044.33 110,488.00
LAMOURE CO. LAWTON CTY.	FORCEMAIN REPLACEMENT REMOVAL OF ARCHITECTURAL BARRIERS IN THE COUNTY COURTHOUSE COMMUNITY CENTER REHAB - REPAIR ROOF, RESHINGLE, REPLACE LIGHT FIXTURES, REPAIR CEILING & RESIDE NOR	20,000.00 34,920.70

CDBG PROJECTS APPROVED JANUARY 1, 2005 TO THE PRESENT

<u>APPLICANT</u>	<u>AUTHORIZED PROJECT</u>	<u>AWARD AMOUNT</u>
LAWTON CTY.	LAGOON REPAIR - REPLACE PIPE AND VALVE BETWEEN LAGOON CELLS	5,390.00
LEEDS CTY.	WATER SYSTEM IMPROVEMENTS IN THE WATER TREATMENT PLANT	110,000.00
LINTON CTY.	REMOVAL OF ARCHITECTURAL BARRIERS IN THE LINTON SCHOOL	19,297.00
LINTON CTY.	REMOVAL OF ARCHITECTURAL BARRIERS IN CITY HALL	10,055.00
LITCHVILLE CTY.	SANITARY SEWER MAIN REPLACEMENT	20,000.00
LONG LAKE TOWNSHIP	REMOVAL OF ARCHITECTURAL BARRIERS IN THE TOWNSHIP COMMUNITY CENTER (CHAIR LIFT)	6,611.00
MADDOCK CTY.	MASTER LIFT STATION IMPROVEMENTS	42,350.00
MADDOCK CTY.	SANITARY SEWER FORCEMAIN REPLACEMENT	91,556.50
MADDOCK CTY.	RAW WATER TRANSMISSION LINE REPLACEMENT	125,000.00
MANTADOR CTY.	SANITARY SEWER RELINING	135,000.00
MAPLETON CTY.	WATER MAIN LOOP - PRAIRIE VIEW ESTATES ADDITION	86,160.42
MAPLETON CTY.	CONSTRUCT NEW WATER TOWER	165,369.20
MARMARTH CTY.	WATER MAIN REPLACEMENT	36,022.00
MCCLUSKY CTY.	SEWER SYSTEM UPGRADES - ADD MANHOLES AND RELINE SEWER MAINS	130,897.00
MCKENZIE CO.	REMOVAL OF ARCHITECTURAL BARRIERS IN THE COURTHOUSE (INSTALL ELEVATOR)	33,000.00
MCKENZIE CO.	EAST FAIRVIEW SEWER IMPROVEMENTS	49,704.00
MCVILLE CTY.	REMOVAL OF ARCHITECTURAL BARRIERS IN THE MCVILLE CITY OFFICES	32,895.00
MERCER CTY.	WATER MAIN REPLACEMENT	32,476.00
MILTON CTY.	PAYMENT OF SPECIAL ASSESSMENTS FOR WATER MAIN REPLACEMENT	27,600.00
MOHALL CTY.	WATER SYSTEM IMPROVEMENTS (DEMOLISH WELLHOUSE, INSTALL NEW WELL PUMPS/PITLESS UNITS & METER PIT	41,041.00
MOHALL CTY.	LIFT STATION IMPROVEMENTS	20,717.13
MOTT CTY.	REMOVAL OF ARCHITECTURAL BARRIERS IN CITY HALL	11,000.00
MUNICH CTY.	SEWER MAIN REPLACEMENT	123,050.00
NEW LEIPZIG CTY.	FIRE TRUCK PURCHASE	35,668.00

CDBG PROJECTS APPROVED JANUARY 1, 2005 TO THE PRESENT

<u>APPLICANT</u>	<u>AUTHORIZED PROJECT</u>	<u>AWARD AMOUNT</u>
NEW ROCKFORD CTY.	REMOVAL OF ARCHITECTURAL BARRIERS IN THE PLAYGROUND PORTION OF ARCHIE & JESSIE CAMPBELL PARK	28,600.00
NEW ROCKFORD CTY.	SENIOR CENTER RESIDING INCLUDING INSULATION, WINDOW & DOOR FRAME COVERINGS	18,720.43
NEW TOWN CTY.	WASTE WATER SYSTEM IMPROVEMENTS (ADDITION OF A THIRD LAGOON CELL)	88,000.00
NEWBURG CTY.	LIFT STATION IMPROVEMENTS	15,135.09
NOME CTY.	SANITARY SEWER LIFT STATION IMPROVEMENTS PROJECT	53,917.00
OAKES CTY.	SANITARY SEWER REPLACEMENT PROJECT (UNDER DICKEY COUNTY HIGHWAY #3)	97,968.76
PAGE CTY.	RURAL WATER SYSTEM CONNECTION (4.9 MILES OF WATER MAIN TO CONNECT TO CASS RURAL WATER SYSTEM)	120,000.00
PEMBINA CTY.	REMOVAL OF ARCHITECTURAL BARRIERS IN THE CITY AUDITORIUM	146,868.00
PICK CITY	WATER LINE REPLACEMENT	86,394.00
PICK CITY	RURAL WATER DISTRIBUTION LINE FROM RIVERDALE TO PICK CITY	130,000.00
PORTLAND CTY.	SEWER SYSTEM UPGRADE - FORCE MAIN EXTENSION TO A NEW REGIONAL LAGOON SYSTEM	160,000.00
PORTLAND CTY.	STORM AND SANITARY SEWER REPAIRS	40,150.00
POWERS LAKE CTY.	WATER AND SEWER IMPROVEMENTS	122,000.00
RAMSEY CO.	CLIFFS SUBDIVISION - SHORELINE EROSION PROJECT	118,368.63
RAMSEY CO.	ROCKY POINT LIFT STATION	22,080.00
REGENT CTY.	REMOVAL OF ARCHITECTURAL BARRIERS IN THE AMERICAN LEGION HALL (BATHROOMS)	48,431.00
ROCK LAKE CTY.	LAGOON REPAIR	21,618.20
ROLLA CTY.	SENIOR CENTER AND DAY CARE CENTER BUS BUILDING	82,362.00
ROSS CTY.	WATER SYSTEM IMPROVEMENTS	43,237.00
RUGBY CTY.	REMOVAL OF ARCHITECTURAL BARRIERS IN THE HEART OF AMERICA LIBRARY	10,200.00
RUTLAND CTY.	SANITARY SEWER RELINE	115,550.00
RYDER CTY.	WATER TOWER IMPROVEMENTS	12,441.00

CDBG PROJECTS APPROVED JANUARY 1, 2005 TO THE PRESENT

<u>APPLICANT</u>	<u>AUTHORIZED PROJECT</u>	<u>AWARD AMOUNT</u>
SANBORN CTY.	EMERGENCY SANITARY SEWER PROJECT	43,972.12
SENTINEL BUTTE CTY.	FIRE TRUCK PURCHASE	16,000.00
SHERWOOD CTY.	WELL HOUSE AND LIFT STATION IMPROVEMENTS	84,991.73
SHERWOOD CTY.	EMERGENCY LAGOON IMPROVEMENTS	17,567.55
SIoux CO.	SELFRIEGE FIRE HALL EXPANSION	44,000.00
SOLEN CTY.	WATER TOWER CONTROL UPGRADE AND IMPROVEMENTS	9,058.00
STARKWEATHER CTY.	LAGOON REPAIR	55,024.00
STRASBURG CTY.	WATER TREATMENT BUILDING	55,629.00
STUTSMAN CO.	REMOVAL OF ARCHITECTURAL BARRIERS IN THE VETERANS MEMORIAL BUILDING	80,000.00
STUTSMAN CO.	REMOVAL OF ARCHITECTURAL BARRIERS IN THE CENTRAL VALLEY HEALTH DISTRICT	10,939.81
TAPPEN CTY.	REMOVAL OF ARCHITECTURAL BARRIERS IN THE CITY HALL (ADA COMPLIANT RESTROOMS)	42,516.00
TAYLOR CTY.	PURCHASE QUICK ATTACK FIRE FIGHTING UNIT (FORD 550 W/ TANK, HOSE AND STORAGE COMPONENTS)	54,862.00
TOLLEY CTY.	LIFT STATION IMPROVEMENTS	38,409.30
TOLNA CTY.	REMOVAL OF ARCHITECTURAL BARRIERS IN CITY HALL	26,527.00
TOWER CITY	DRAINAGE IMPROVEMENT DISTRICT 2006-1	44,248.58
UPHAM CTY.	WATER SYSTEM IMPROVEMENTS	82,500.00
VELVA CTY.	WATER TREATMENT PLANT CONSTRUCTION	139,579.52
WAHPETON CTY.	REMOVAL OF ARCHITECTURAL BARRIERS IN THE COMMUNITY RECREATION CENTER	12,500.00
WALCOTT CTY.	WATER RESERVOIR REPLACEMENT	86,634.32
WATFORD CITY	WATER MAIN REPLACEMENT PROJECT	86,072.70
WESTHOPE CTY.	WATER TREATMENT PLANT RENOVATION	68,999.50
WESTHOPE CTY.	LAGOON IMPROVEMENTS	37,659.80
WILLOW CITY	EMERGENCY WATER SYSTEM IMPROVEMENTS	92,400.00
WING CTY.	WATER RESERVOIR REPAIR & CONSTRUCT A LIFT STATION BUILDING	5,086.00
WYNDMERE CTY.	STORM AND SANITARY SEWER REPAIRS	90,000.00
ZAP CTY.	FIRE TRUCK PURCHASE	21,000.00
ZAP CTY.	RURAL FIRE DISTRICT - FIRE EQUIPMENT PURCHASE	12,000.00
ZAP CTY.	SEWER LINE REPLACEMENT	61,285.00

3/ 5/2009

CDBG PROJECTS APPROVED JANUARY 1, 2005 TO THE PRESENT

<u>APPLICANT</u>	<u>AUTHORIZED PROJECT</u>	<u>AWARD AMOUNT</u>
ZEELAND CTY.	WATER MAIN REPLACEMENT	125,000.00
	PUBLIC FACILITIES	8,133,614.69
	GRAND TOTAL	24,986,707.35

Attachment D 2008 EMERGENCY SHELTER GRANTS (ESG) APPLICATIONS

SHELTER NAME	DATE RECEIVED	PEOPLE SERVED	APPLICATION SCORE	REHAB AMOUNT	OPER AMOUNT	ESS. SERV. AMOUNT	HOMELESS PREVENTION	MATCH AMOUNT	MATCH WAIVER	TOTAL REQUESTED	PAUL'S REC. AMT	TRANS REC. AMT	BONNIE'S REC. AMT	FINAL FUNDED AMOUNT	RETURNEE FUNDS	RETURNED DISTRIBUTION	
Ruth Meiers Hospitality House	5/15/2008	445	23	\$ -	\$ 25,000.00	\$ -	\$ -	\$ 25,000.00	\$ -	\$ 25,000.00	\$ 25,000.00	\$ -	\$ 25,000.00	\$ 25,000.00	\$ -	\$ -	
New Life Center	5/7/2008	3241	23	\$ -	\$ 25,000.00	\$ -	\$ -	\$ 25,000.00	\$ -	\$ 25,000.00	\$ 25,000.00	\$ -	\$ 25,000.00	\$ 25,000.00	\$ -	\$ -	
Williston Family Crisis Shelter	5/14/2008	50	15	\$ -	\$ 3,000.00	\$ -	\$ -	\$ 3,000.00	\$ -	\$ 3,000.00	\$ 3,000.00	\$ -	\$ 3,000.00	\$ 3,000.00	\$ -	\$ -	
Williston Community Action	5/15/2008	39	18	\$ -	\$ 11,635.00	\$ -	\$ 10,000.00	\$ 1,635.00	\$ -	\$ 11,635.00	\$ 3,000.00	\$ -	\$ 3,000.00	\$ 4,000.00	\$ -	\$ 1,000.00	
Dickinson Community Action Center Inc.	5/16/2008	70	19	\$ -	\$ 16,800.00	\$ 1,605.00	\$ -	\$ 9,205.00	\$ 9,100.00	\$ 17,805.00	\$ 3,000.00	\$ -	\$ 3,000.00	\$ 11,000.00	\$ -	\$ -	
YWCA CASS-CLAY	5/14/2008	1448	24	\$ -	\$ 25,000.00	\$ -	\$ -	\$ 25,000.00	\$ -	\$ 25,000.00	\$ 14,000.00	\$ -	\$ 14,000.00	\$ 11,000.00	\$ -	\$ -	
Dislocation Domestic Violence	5/14/2008	1433	23	\$ -	\$ 25,000.00	\$ -	\$ -	\$ 25,000.00	\$ -	\$ 25,000.00	\$ 25,000.00	\$ -	\$ 25,000.00	\$ 25,000.00	\$ -	\$ -	
Bismarck & Fargo Youthworks	5/16/2008	97	19	\$ -	\$ 11,500.00	\$ -	\$ -	\$ 11,500.00	\$ -	\$ 11,500.00	\$ 6,000.00	\$ -	\$ 6,000.00	\$ 6,666.67	\$ -	\$ -	
YWCA of Minot	5/16/2008	37	21	\$ -	\$ 26,302.00	\$ -	\$ -	\$ 26,302.00	\$ -	\$ 26,302.00	\$ 22,000.00	\$ -	\$ 22,000.00	\$ 19,666.67	\$ -	\$ -	
Abused Adult Resource Center	5/12/2008	125	17	\$ -	\$ 25,000.00	\$ 2,000.00	\$ -	\$ 24,500.00	\$ -	\$ 24,500.00	\$ 15,000.00	\$ -	\$ 15,000.00	\$ 12,896.00	\$ -	\$ -	
Shelter for Homeless, Inc. - The Mission	5/12/2008	201	20	\$ -	\$ 25,000.00	\$ -	\$ -	\$ 25,000.00	\$ -	\$ 25,000.00	\$ 15,000.00	\$ -	\$ 15,000.00	\$ 16,166.67	\$ -	\$ -	
Red River Valley Community Action	4/30/2008	476	23	\$ -	\$ 30,000.00	\$ -	\$ -	\$ 30,000.00	\$ -	\$ 30,000.00	\$ 25,000.00	\$ -	\$ 25,000.00	\$ 25,000.00	\$ -	\$ -	
Minot Domestic Violence	5/19/2008	80	20	\$ -	\$ 6,400.00	\$ -	\$ -	\$ 6,400.00	\$ -	\$ 6,400.00	\$ 3,000.00	\$ -	\$ 3,000.00	\$ 4,966.67	\$ -	\$ -	
Merrett County Women's Action	5/14/2008	236	21	\$ -	\$ 25,000.00	\$ -	\$ -	\$ 25,000.00	\$ -	\$ 25,000.00	\$ 15,000.00	\$ -	\$ 15,000.00	\$ 17,000.00	\$ -	\$ -	
Devils Lake - Safe Alternatives	5/12/2008	215	19	\$ -	\$ 13,455.00	\$ -	\$ -	\$ 13,455.00	\$ -	\$ 13,455.00	\$ 7,000.00	\$ -	\$ 7,000.00	\$ 6,000.00	\$ -	\$ -	
Domestic Violence & Abuse Ctr. - Grafton	4/28/2008	69	16	\$ -	\$ 5,500.00	\$ -	\$ -	\$ 5,500.00	\$ -	\$ 5,500.00	\$ 4,000.00	\$ -	\$ 4,000.00	\$ 4,500.00	\$ -	\$ -	
Minot Community Action Opportunities, Inc	5/13/2008	198	15	\$ -	\$ 10,000.00	\$ -	\$ 10,000.00	\$ -	\$ -	\$ 10,000.00	\$ 6,000.00	\$ -	\$ 6,000.00	\$ 6,666.67	\$ -	\$ -	
Community Violence Intervention Ctr.	5/14/2008	32	17	\$ -	\$ 25,000.00	\$ -	\$ -	\$ 25,000.00	\$ -	\$ 25,000.00	\$ 10,000.00	\$ -	\$ 10,000.00	\$ 9,666.67	\$ -	\$ -	
Bismarck Community Action Program	4/30/2008	70	22	\$ -	\$ 1,200.00	\$ -	\$ -	\$ 1,200.00	\$ -	\$ 1,200.00	\$ 15,000.00	\$ -	\$ 15,000.00	\$ 15,000.00	\$ -	\$ -	
Jamestown Salvation Army	5/12/2008	1509	20	\$ -	\$ 11,000.00	\$ -	\$ -	\$ 11,000.00	\$ -	\$ 11,000.00	\$ 12,000.00	\$ -	\$ 12,000.00	\$ 14,000.00	\$ -	\$ -	
SENDCAA	5/12/2008	494	21	\$ -	\$ 11,000.00	\$ -	\$ -	\$ 11,000.00	\$ -	\$ 11,000.00	\$ 12,000.00	\$ -	\$ 12,000.00	\$ 14,000.00	\$ -	\$ -	
St. Vincent DePaul	5/16/2008	10	19	\$ -	\$ 19,800.00	\$ -	\$ -	\$ 19,800.00	\$ -	\$ 19,800.00	\$ 4,000.00	\$ -	\$ 4,000.00	\$ 5,000.00	\$ -	\$ -	
Youth Enrichment Specialists	5/15/2008	81	17	\$ -	\$ 12,965.00	\$ 8,600.00	\$ -	\$ 12,500.00	\$ -	\$ 12,500.00	\$ 14,000.00	\$ -	\$ 14,000.00	\$ 12,500.00	\$ -	\$ -	
Bismarck Salvation Army	5/16/2008	3178	15	\$ -	\$ 17,500.00	\$ -	\$ -	\$ 17,500.00	\$ -	\$ 17,500.00	\$ 15,000.00	\$ -	\$ 15,000.00	\$ 11,500.00	\$ -	\$ -	
Welcome House, Inc.	5/15/2008	195	17	\$ -	\$ 20,000.00	\$ 3,000.00	\$ -	\$ 17,000.00	\$ -	\$ 17,000.00	\$ 16,000.00	\$ -	\$ 16,000.00	\$ 12,166.67	\$ -	\$ -	
Gladys Ray Shelter-City of Fargo	5/16/2008	126	22	\$ -	\$ 429,077.00	\$ 16,005.00	\$ 80,000.00	\$ 548,472.37	\$ 68,657.00	\$ 686,629.37	\$ 15,688.00	\$ -	\$ 15,688.00	\$ 12,000.00	\$ -	\$ -	
TOTALS		14854				3%	29%	\$ 5,265,682.00	\$ 362,688.00	\$ 5,265,682.00	\$ 362,688.00	\$ 362,688.00	\$ 362,688.00	\$ 362,688.00	\$ 7,833.33	\$ 1,000.00	
FUNDS AVAILABLE										FUNDS REQUESTED		SHELTERS FUNDED					
\$ 526,682.00										\$ 362,688.00		28					
ESGP Funds Available																	
Less: State Administration																	
ESGP Funds Available																	
State General Funds Available																	
Total Available for Distribution																	

Attachment D

2007 EMERGENCY SHELTER GRANTS (ESG) APPLICATIONS

SHELTER NAME	PEOPLE SERVED/APPLICATION SCORE	REHAB AMOUNT	OPER AMOUNT	ESS. SERV. AMOUNT	HOMELESS PREVENTION	MATCH AMOUNT	MATCH WAIVER	TOTAL REQUESTED	PAUL'S REC. AMT.	TRAN'S REC. AMT.	BONNIE'S REC. AMT.	FINAL FUNDED AMT.
Ruth Meiers Hospitality House	347	\$ -	\$ 25,000.00	\$ -	\$ -	\$ 25,000.00	\$ -	\$ 25,000.00	\$ -	\$ 25,000.00	\$ -	\$ 25,000.00
New Life Center	2961	\$ -	\$ 25,000.00	\$ -	\$ -	\$ 25,000.00	\$ -	\$ 25,000.00	\$ -	\$ 25,000.00	\$ -	\$ 25,000.00
Williston Family Crisis Shelter	45	\$ -	\$ 5,410.00	\$ -	\$ -	\$ 5,410.00	\$ -	\$ 5,410.00	\$ -	\$ 5,410.00	\$ -	\$ 5,410.00
Williston Community Action	27	\$ -	\$ 16,455.00	\$ -	\$ -	\$ 16,455.00	\$ -	\$ 16,455.00	\$ -	\$ 16,455.00	\$ -	\$ 16,455.00
Dickinson Community Action	80	\$ -	\$ 15,225.00	\$ -	\$ -	\$ 15,225.00	\$ 7,600.00	\$ 22,825.00	\$ 12,000.00	\$ 12,500.00	\$ -	\$ 11,500.00
Centre Inc.	1970	\$ -	\$ 25,000.00	\$ -	\$ -	\$ 25,000.00	\$ -	\$ 25,000.00	\$ -	\$ 25,000.00	\$ -	\$ 25,000.00
YWCA CASS-CLAY	1433	\$ -	\$ 25,000.00	\$ -	\$ -	\$ 25,000.00	\$ -	\$ 25,000.00	\$ -	\$ 25,000.00	\$ -	\$ 25,000.00
Dickinson Domestic Violence	116	\$ -	\$ 6,500.00	\$ -	\$ -	\$ 6,500.00	\$ -	\$ 6,500.00	\$ -	\$ 6,500.00	\$ -	\$ 6,500.00
Fargo Youthworks	10	\$ -	\$ 14,420.00	\$ -	\$ -	\$ 14,420.00	\$ 14,420.00	\$ 28,840.00	\$ 17,000.00	\$ 11,500.00	\$ -	\$ 11,500.00
Bismarck Youthworks	10	\$ -	\$ 24,864.00	\$ -	\$ -	\$ 24,864.00	\$ -	\$ 24,864.00	\$ 17,000.00	\$ 12,500.00	\$ -	\$ 13,833.33
YWCA of Minn	125	\$ -	\$ 14,500.00	\$ 5,000.00	\$ -	\$ 19,500.00	\$ -	\$ 19,500.00	\$ 15,000.00	\$ 13,000.00	\$ -	\$ 13,333.33
Abused Adult Resource Center	226	\$ -	\$ 25,000.00	\$ -	\$ -	\$ 25,000.00	\$ -	\$ 25,000.00	\$ 15,000.00	\$ 18,500.00	\$ -	\$ 17,666.67
Shelter for Homeless, Inc. -The Mission	481	\$ -	\$ 33,000.00	\$ -	\$ -	\$ 33,000.00	\$ -	\$ 33,000.00	\$ 25,000.00	\$ 25,000.00	\$ -	\$ 25,000.00
Red River Valley Community Action	126	\$ -	\$ 9,400.00	\$ -	\$ -	\$ 9,400.00	\$ -	\$ 9,400.00	\$ 8,000.00	\$ 8,750.00	\$ -	\$ 7,916.67
Minot Domestic Violence	362	\$ -	\$ 25,000.00	\$ -	\$ -	\$ 25,000.00	\$ -	\$ 25,000.00	\$ 17,000.00	\$ 18,000.00	\$ -	\$ 18,166.67
Mercer County Women's Action	195	\$ -	\$ 9,930.00	\$ -	\$ -	\$ 9,930.00	\$ -	\$ 9,930.00	\$ 6,000.00	\$ 6,500.00	\$ -	\$ 6,833.33
Devils Lake - Safe Alternatives	74	\$ -	\$ 5,500.00	\$ -	\$ -	\$ 5,500.00	\$ -	\$ 5,500.00	\$ 5,500.00	\$ 5,500.00	\$ -	\$ 5,500.00
Tri-County Crisis Intervention, Inc	202	\$ -	\$ 10,000.00	\$ -	\$ -	\$ 10,000.00	\$ -	\$ 10,000.00	\$ 7,000.00	\$ 10,000.00	\$ -	\$ 9,000.00
Minot Community Action Opportunities, Inc	255	\$ -	\$ 10,000.00	\$ -	\$ -	\$ 10,000.00	\$ -	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	\$ -	\$ 10,000.00
Community Violence Intervention Ctr.	37	\$ -	\$ 25,000.00	\$ -	\$ -	\$ 25,000.00	\$ -	\$ 25,000.00	\$ 18,000.00	\$ 18,500.00	\$ -	\$ 16,166.67
Grand Forks Salvation Army	No Application	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bismarck Community Action Program	777	\$ -	\$ 1,200.00	\$ -	\$ -	\$ 1,200.00	\$ -	\$ 1,200.00	\$ 7,500.00	\$ 10,000.00	\$ -	\$ 9,166.67
Jamestown Salvation Army	1070	\$ -	\$ 1,200.00	\$ -	\$ -	\$ 1,200.00	\$ -	\$ 1,200.00	\$ 9,000.00	\$ 11,800.00	\$ -	\$ 10,293.33
SENDCAA	538	\$ -	\$ 8,500.00	\$ -	\$ -	\$ 8,500.00	\$ -	\$ 8,500.00	\$ 15,000.00	\$ 15,000.00	\$ -	\$ 12,666.67
St. Vincent DePaul	5	\$ -	\$ 8,500.00	\$ -	\$ -	\$ 8,500.00	\$ -	\$ 8,500.00	\$ 5,236.00	\$ 4,856.00	\$ -	\$ 5,864.00
Rehab Services, Inc.	No Application	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Aid, Inc.	124	\$ -	\$ 19,800.00	\$ -	\$ -	\$ 19,800.00	\$ -	\$ 19,800.00	\$ 15,000.00	\$ 7,500.00	\$ -	\$ 12,166.67
Parshall Resource Center	No Application	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bismarck Salvation Army	6189	\$ -	\$ 17,500.00	\$ -	\$ -	\$ 17,500.00	\$ -	\$ 17,500.00	\$ 17,000.00	\$ 15,500.00	\$ -	\$ 17,500.00
Welcome House, Inc.	109	\$ -	\$ 20,000.00	\$ 5,000.00	\$ -	\$ 25,000.00	\$ -	\$ 25,000.00	\$ 20,000.00	\$ 10,000.00	\$ -	\$ 14,745.33
TOTALS	17914	\$ -	\$ 407,204.00	\$ 10,000.00	\$ 53,300.00	\$ 570,504.00	\$ 361,736.00	\$ 931,804.00	\$ 470,504.00	\$ 361,736.00	\$ -	\$ 361,736.00
PERCENTAGE OF ESS. SERVICES				2%	19%							
ESGP Funds Available	\$ 275,512.00											
Less: State Administration	\$ 13,776.00											
ESGP Funds Available	\$ 261,736.00											
State General Funds Available	\$ 100,000.00											
Total Available for Distribution	\$ 361,736.00											
TOTAL REQUESTED			\$ 470,504.00		\$ 361,736.00							
TOTAL AVAILABLE					\$ 361,736.00							
SHELTERS FUNDED							27					

ATTACHMENT E

DEPARTMENT OF COMMERCE TESTIMONY ON SB 2018
MARCH 2009,
HOUSE APPROPRIATIONS COMMITTEE
GOVERNMENT OPERATIONS DIVISION
MEDORA ROOM
REPRESENTATIVE JEFF DELZER, CHAIRMAN

SARA OTTE COLEMAN – DIRECTOR, TOURISM DIVISION

During our testimony on March 3, 2009, the committee requested the following information:

- Clarification on how out of state students expenditures are measured as they relate to tourism. In the research commissioned by the tourism division (return on advertising investment, visitor profile research and TSA economic research) students would not normally be surveyed and included in the results. There is a slim chance that a student while home would be included in the sample but very unlikely. The visitor studies are in the field in the fall and winter when most students are attending classes. The ROI research hits the field in the fall as well. The TSA model would not count students since they would not fit into their definition of a tourist. That model also only captures spending in four sectors: transportation, accommodations, entertainment, food and shopping.

The NDSU model measures out of state visitor expenditures and would include student expenditures if they maintained their home state as their primary residence. This along with cross border shopping in gateway cities may account for the differences in the \$3.9 billion measured by NDSU and the \$2.23 billion measured by Global Insight in their TSA study. NDSU also did a study for University Systems recently that measured the expenditures by out of state students at \$9,000 per student per year outside of their university and campus expenditures.

- Current media costs- as they relate to the downturn in the economy and decreased demand.

Our media buyer discussed the idea of decreasing media costs with several television representatives in the North Dakota and Minnesota markets. What we found was unfortunate. Even though demand for television air time at the national level has decreased the cost of media will not come down because local advertising has increased thus resulting in a consistent demand for media. Television advertising dollars have fallen off in "network" or "national" buys. Some of the large advertisers are cutting back on their television buys. For KFYZ-TV for example, these types of buys only account for 10% of their inventory. They have seen their "national" business fall off by about 5%. The local and regional television advertising is still very strong with the first quarter of 2009 tracking to be a record year for both the Bismarck and Fargo DMAs. Minneapolis TV echoed this response. Regionally television is doing well. All the markets that we buy for ND Tourism on a regional basis are holding strong. That said, there are trouble market areas (Texas, Arizona, and California) that are definitely seeing the loss of "big" advertisers.

For the ND Tourism television buy, we will wait until we have the February books to base the negotiations, ratings and costs on the latest information. We will know specifically once we get into the actual television planning in the next month or so. At this point, we believe the amount that we have budgeted will not buy any additional air time.

As discussed, the cost of print (magazine, newspapers and inserts) typically increases annually. Rather than reduced ad fees, we are seeing the closure of more and more publications as they lose revenue from both advertisers and subscriptions.

I have attached an article where CBS addresses this question on demand for TV advertising.

This article may help answer your question regarding advertising rates. The topic discussed is where national advertisers go to negotiate their spending. The short of it is that even though CBS is expecting less advertising dollars on a national level, they intend to increase their rates.

Moonves: CBS May Sell Fewer Ads

by [Wayne Friedman](#), Yesterday, 11:40 AM

- [Article](#) ▼
- [Comments \(1\)](#) ▼



In this recessionary economy, expect fewer overall TV upfront advertising dollars, says CBS' CEO Les Moonves, but higher program pricing increases--at least at CBS.

"We may have to sell a little bit less," says Moonves, speaking at the Deutsche Bank media and telecommunications conference in Florida. "We'll take a large share of that [upfront volume]. We will not reduce our pricing. We expect pricing increases versus a year ago."

He added: "We'll play to our strengths, and say we believe our schedule will work. [We] believe that [next year's] scatter market will be strong."

Moonves estimates that TV advertisers will be budgeting fewer dollars for this upfront period. But he predicts that movie companies and others will still be buying plenty of TV advertising, especially in the scatter period.

In regard to the automotives, he said: "Eventually, they are going to have to start spending money. The only way out of this is to do some advertising."

Of the current advertising market, he notes that CBS is getting the lion's share of the current scatter market, with pricing slightly up over the upfront.

"Advertising agencies are nervous," said Moonves.

"They are looking for more clever ways of doing marketing, promotion, etc. They are going to be locking in budgets a lot later. They are dealing with a lot of nervous companies. The world is a different place."

TOOLS

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Moonves is concerned about clutter--which historically has been increasing. "We have always had less clutter. It has always been a concern of mine that too much clutter distracts from your ratings. Ultimately, you need your ratings to stay in place."

Will there be consolidation among the major networks? Moonves thinks so. While CBS/Warner Bros.' CW network may be a question mark, he says: "CW loses very little money, split between two companies."

After five discussions about working with Time Warner's CNN to save news-gathering costs, CBS has yet to figure out how to work together.

So far this year, CBS has had stable ratings versus other networks, which have seen declines. CBS numbers are flat in the 18-49 demo, at around a seasonal average of 2.7, but up in all other demographics.

In this pilot season, CBS is doing less this year--six less pilots than a year ago. Moonves added that there is probably room for only three or four new shows on the fall schedule

ATTACHMENT F

DEPARTMENT OF COMMERCE TESTIMONY ON SB 2018
MARCH 2009,
HOUSE APPROPRIATIONS COMMITTEE
GOVERNMENT OPERATIONS DIVISION
MEDORA ROOM
REPRESENTATIVE JEFF DELZER, CHAIRMAN

JAMES HIRSCH – DIRECTOR, WORKFORCE DEVELOPMENT DIVISION

Mr. Chairman and members of the Committee, my name is James Hirsch, Director of the Workforce Development Division with the North Dakota Department of Commerce.

During our testimony on March 3, 2009, the committee requested the following information:

1. A list of the Workforce Enhancement Grants and purpose of the grants awarded to date.
2. A list of businesses participating in Operation Intern

I have also attached a list of AmeriCorps projects awarded over the past three years.

WORKFORCE ENHANCEMENT GRANTS:

The Workforce Enhancement Grant Program was enacted during the 2007 Legislative Session in an effort to help address the emerging workforce training needs of North Dakota business and industry.

The Workforce Enhancement Grants provide a mechanism for the institutions of higher education assigned primary responsibility for workforce training in North Dakota to apply for funding to help create or enhance training programs that address workforce

Needs of private sector employers in North Dakota. Emphasis will be given to meeting the workforce needs of Target Industry employers and employers with high-skill and high-wage job opportunities in North Dakota.

Workforce Enhancement Grant funding may be used for curriculum development, equipment, recruitment of participants and training and certification of instructors. Funds may not be used to supplant funding for current operations.

Workforce Enhancement Grant Projects require private sector participation and one dollar of matching funds for each dollar of state funds. Matching funds cannot be state funds and must be either funds from the private sector partners or funds facilitated through the collaboration of the private sector partners with other funding sources.

NORTH DAKOTA STATE COLLEGE OF SCIENCE:

Transportation & Construction Advanced Tech (\$260,000 - covers cost of software, equipment, instructor certification and student recruitment)

This project is intended to bring new workers into the workforce pipeline for the transportation and construction industry by enhancing the Diesel Technology Curriculum to meet the latest emissions and electronic control technologies and 2010 standards.

The Project proposed was industry driven and guided by recommendations from the transportation and construction industry. Match would come from partner equipment, software and in-kind curriculum development and instructor training.

Partners: John Deere, Caterpillar corporations, Bobcat, Butler Equipment, General Equipment, Cummins Detroit Diesel, Nelson International,, and Wallwork Truck Center.

Automation Integration for Precision Machining (\$260,000 – covers cost of equipment and student recruitment)

This project is intended to bring new workers into the workforce pipeline for business and industry in North Dakota's manufacturing by expanding the Machine Tooling Program by imbedding automation into the Machining curriculum to train entry-level workers and incumbent workers.

The Project proposed was industry driven and guided by recommendations from the NDSCS partners Productivity, Inc. and Haas Technical Center Education Council. Match is equipment and in-kind match from the Manufacturing Industry Employers.

Partners: Haas Automation, Productivity Inc., Bobcat, Goodrich Aerospace, and ComDel,

BISMARCK STATE COLLEGE

Energy Training and Development Program (\$496,826 covers cost curriculum development and equipment) (Modification one increases the contract by \$144,189.00 to acquire a Biodiesel Process Trainer with PLC Control, Materials and Supplies for a total of \$641,015.00

This project is intended to bring new workers into the workforce pipeline for the energy sector through directly applicable education and training to build a competent and stable source of workers. Proposed project is to expand the Power Plant Technology, Process Plant Technology, Mechanical Maintenance and instrumentation and control technology programs

The Project proposed was industry driven and guided by recommendations from the Energy Plant Managers. Match is a cash match and software from the Energy Industry Employers.

Partners: The North Dakota Energy Plant Managers Group (representing 8 energy facilities in the state)

Line Worker Program (\$52,770.55 covers cost to purchase a RT55 Ditch Witch Trencher)

This project is intended to bring new workers into the workforce pipeline for the energy transmission industry by enhancing to Lineworker program through the replacement of an aging Trencher by replacing it with a new RT55 Ditch Witch Trencher.

The Project proposed was industry driven and guided by recommendations from the Energy Transmission Industry. Match is a cash match from the Energy Transmission Industry Employers.

Partners: Members of the advisory committee represent the following companies: Black Hills Power, ND Association of Rural electric Coop., Coal Creek Construction, Border States Electric, Otter Tail Power Co., Western Area Power Admin., Mor Gran Sou, Verendrye Electric and Montana Dakota Utilities.

LAKE REGION STATE COLLEGE

Wind Energy Technician Training (\$368,715.70 – Covers cost of equipment, supplies and student recruitment)

This project is intended to bring new workers into the workforce pipeline for business and industry in North Dakota's wind energy sector by development of a 1 year and 2 year Wind Energy Technician Training Program.

The Project proposed was industry driven and guided by recommendations from the nine wind energy industry employers operating in North Dakota. Match comes from cash, in-kind, and equipment donations from the private sector partners.

Partners: Energy Maintenance Service, LLC. 129 Main Avenue, Gary, SD 57237;

FPL Energy (formerly Florida Power & Light). P.O. Box 14000, Juno Beach, FL 33408-0420 (Local - , Langdon, ND 58249);
Forward Devils Lake Development Corporation. 208 Highway # 2, Devils Lake, ND 58301; NativeEnergy. 30 Kimball Ave.,
Suite 301, South Burlington, VT 05403; Cavalier County JDA, Langdon, ND; Suzlon Energy, 8750 W. Bryn Mawr Ave, Suite
720, Chicago, IL 60631; Nordick Fiberglass, Warren, MN; and
Vestas-American Wind Technology, Inc. Portland, OR 97201

WILLISTON STATE COLLEGE

Petroleum Safety and Technology Center (\$441,762.00 – Covers cost of equipment, curriculum development, student recruitment and instructor certification)

This project is intended to bring new workers into the workforce pipeline for business and industry in North Dakota's oil and natural gas energy sector by providing applicable education and training to build a competent and stable source of workers.

The Project proposed was industry driven and guided by recommendations from the Williston State College Industry Sector Advisory Committee. Proposed project is to expand workforce training to include: 1) SMART Program (Safety, Management, and Rig Up Training); 2) Lease Operator Program; 3) Introduction to Oil and Gas Operations; 4) Derrick-Hand Program; and potentially 5) Floor-Hand Training for Drilling Rigs Program. Match comes from cash, , and equipment donations from the private sector partners.

Partners: Williston State College Petroleum Industry Advisory Committee, Marathon Oil, area service rig companies and Halliburton Energy Services.

OPERATION INTERN:

Higher education internships and work experience opportunities: Operation Intern is a new program to increase use of higher education internships and work experience opportunities for higher education students. The primary focus of this program must be higher education internships in target industries.

The objectives of the higher education internship and work experience opportunities initiative is to assist students gain real-world credentials, develop job opportunities with the state's existing companies, and enhance the strengths of current cooperative education and internship programs.

The overall goal of this initiative is to expand the use of both credit and non credit internships and work experience opportunities with North Dakota Target Industry employers for students enrolled in North Dakota Higher Education Programs.

An internship is a student work experience associated with academic Credit. A work experience opportunity is a student work experience that is closely related to the student's course of study and/or career goals, which will provide the student with competencies and experiences required to pursue their career goal, but is not associated with academic Credit.

The division of workforce development provides matching grants covering 50% of the intern wage or stipend up to a maximum of \$3,000 per intern.

The following is a list of businesses that have expanded the number of Internships and Work Experience Opportunities in the North Dakota. We are using the Follow up Information on North Dakota Employment and Training (FINDET) to provide aggregate data on the retention of students in careers in North Dakota. The program is to new to provide any meaningful data from this source, but based on exit surveys of both businesses and students, it appears that the program is going to make a positive difference.

EMPLOYER

City

Internship Title

TOTAL OBLIGATION

Status

EMPLOYER	City	Internship Title	TOTAL OBLIGATION	Status
Minnkota Power Coop., Inc	Grand Forks	Cad Technician Intern	\$3,000.00	work experience
Minnkota Power Coop., Inc	Grand Forks	Electrical Engineer Intern	\$3,000.00	work experience
Minnkota Power Coop., Inc	Grand Forks	Electrical Engineer Intern	\$3,000.00	work experience
The Marcil Group, Inc.	Fargo	Marketing Intern	\$1,179.00	internship
The Marcil Group, Inc.	Fargo	Financial Intern	\$1,021.00	work experience
The Marcil Group, Inc.	Fargo	Financial Intern	\$704.00	internship
The Marcil Group, Inc.	Fargo	Financial Intern	\$1,290.37	work experience
The Marcil Group, Inc.	Fargo	Business and Admin Intern	\$2,812.50	internship
Alien Technology Corp.	Fargo	IT	\$3,000.00	internship
Alien Technology Corp.	Fargo	IT	\$1,800.00	OPEN POSITION
Summit Group Software	Fargo	Marketing Intern	\$0.00	
Professional Advantage	Fargo	MIS Intern	\$3,000.00	OPEN POSITION
Agri Data, Inc.	Grand Forks	Marketing (term 1)	\$3,000.00	internship
Agri Data, Inc.	Grand Forks	Marketing (term 2)	\$1,820.00	work experience
Eid B i l T h I C I Eide Bailey Technology Consulting	F Fargo	M k i lMarketing Intern	\$2,547.00	k iwork experience
			\$2,547.00	
Eide Bailey Technology Consulting	Fargo	Network Intern	\$3,000.00	internship
Eide Bailey Technology Consulting	Fargo	Network Intern (term 2)	\$1,440.00	OPEN POSITION
Nexus Innovations, Inc.	Bismarck	Technical Assistant	\$3,000.00	work experience
Nexus Innovations, Inc.	Bismarck	Technical Assistant	\$3,000.00	work experience
Nexus Innovations, Inc.	Bismarck	Software Technician	\$1,567.88	work experience
Western Products	Fargo	Creative/Graphic Design Intern	\$3,000.00	OPEN POSITION
Western Products	Fargo	Environmental Engineer	\$3,000.00	OPEN POSITION
Western Products	Fargo	Sales and Marketing Intern	\$3,000.00	work experience
Western Products	Fargo	Carpentry Apprentice	\$3,000.00	internship
Western Products	Fargo	Accounting Intern	\$3,000.00	work experience
Western Products	Fargo	Accounting Intern	\$3,000.00	work experience
Western Products	Fargo	Design/Manufacturing Engineer	\$3,000.00	work experience
Cloverdale Foods Company	Mandan	Marketing Research Intern	\$3,000.00	internship
Cloverdale Foods Company	Mandan	Accounting Intern	\$3,000.00	work experience
Presentation Medical Center	Rolla	Radiologist Tech Intern	\$2,275.20	OPEN POSITION
Presentation Medical Center	Rolla	Nurse Intern	\$2,275.20	OPEN POSITION
Presentation Medical Center	Rolla	Physical Therapist Intern	\$1,638.00	work experience
Tecton Products	Fargo	Mechanical Engineering Intern (term 1)	\$2,803.00	work experience

State Telephone	Stanley	Telephone: Tech/Construction Intern	OPEN POSITION
NISC	Mandan	Software Development Intern	\$3,000.00 internship
NISC	Mandan	Software Development Intern	\$1,316.00 work experience
NISC	Mandan	Software Development Intern	\$3,000.00 work experience
NISC	Mandan	Technical Services Intern	\$1,224.00 internship
NISC	Mandan	PC Helpdesk Intern	\$3,000.00 work experience
NISC	Mandan	Commercial and Industrial Billing Intern	\$938.00 internship
Phoenix International	Fargo	Supply Management Intern (term 1)	\$3,000.00 work experience
Phoenix International	Fargo	Supply Management Intern (term 2)	\$3,000.00 work experience
Phoenix International	Fargo	Software Design Intern (term 1)	\$3,000.00 work experience
Phoenix International	Fargo	Software Design Intern (term 2)	\$3,000.00 work experience
Phoenix International	Fargo	Software Design Intern (term 1)	\$3,000.00 work experience
Phoenix International	Fargo	Software Design Intern (term 2)	\$3,000.00 work experience
Phoenix International	Fargo	Hardware Design (term 1)	\$3,000.00 work experience
Phoenix International	Fargo	Hardware Design Intern (term 2)	\$3,000.00 work experience
Phoenix International	Fargo	Hardware Design Intern (term 1)	\$3,000.00 work experience
Phoenix International	Fargo	Hardware Design Intern (term 2)	\$3,000.00 work experience
Phoenix International	Fargo	Hardware Design Intern (term 1)	\$3,000.00 work experience
Phoenix International	Fargo	Hardware Design Intern (term 2)	\$3,000.00 work experience
Ph i l i Phoenix International	FFargo	H d l l (2) Hardware Design Intern (term 2)	\$3 000 00 \$3,000.00 k iwork experience
Phoenix International	Fargo	Hardware Design Intern (term 1)	\$3,000.00 work experience
Phoenix International	Fargo	Hardware Design Intern (term 2)	\$3,000.00 work experience
Phoenix International	Fargo	Hardware Design Intern (term 1)	\$3,000.00 internship
Phoenix International	Fargo	Hardware Design Intern (term 2)	\$3,000.00 internship
Phoenix International	Fargo	Application Development Intern (term 1)	\$3,000.00 work experience
JSM Woodworks, LLP	West Fargo	Estimating Assistant	\$3,000.00 internship
Microbeam Technologies	Grand Forks	Research Engineer Assistant	\$2,997.50 work experience
Fargo Automation, Inc.	Fargo	Business Administrator Intern	\$3,000.00 work experience
Fargo Automation, Inc.	Fargo	Marketing Intern	\$3,000.00 internship
Fargo Automation, Inc.	Fargo	Electrical Engineer Intern	\$3,000.00 internship
Fargo Automation, Inc.	Fargo	Mechanical Engineering Intern	\$3,000.00 work experience
Fargo Automation, Inc.	Fargo	Mechanical Engineering Intern	\$3,000.00 work experience
CNH Americas LLC	Fargo	Engineering Intern	\$3,000.00 internship
CNH Americas LLC	Fargo	Engineering Intern	\$3,000.00 internship
CNH Americas LLC	Fargo	Engineering Intern	\$3,000.00 work experience
CNH Americas LLC	Fargo	Engineering Intern	\$3,000.00 work experience
CNH Americas LLC	Fargo	Engineering Intern	\$3,000.00 work experience
CNH Americas LLC	Fargo	Engineering Intern	\$3,000.00 work experience
CNH Americas LLC	Fargo	Engineering Intern	\$3,000.00 work experience
CNH Americas LLC	Fargo	Engineering Intern	\$3,000.00 work experience

CNH Americas LLC	Fargo	Engineering Intern		\$3,000.00	internship
CNH Americas LLC	Fargo	Engineering Intern		\$3,000.00	internship
CNH Americas LLC	Fargo	Engineering Intern		\$3,000.00	internship
CNH Americas LLC	Fargo	Engineering Intern		\$3,000.00	work experience
CNH Americas LLC	Fargo	Engineering Intern		\$3,000.00	work experience
CNH Americas LLC	Fargo	Engineering Intern		\$3,000.00	work experience
CNH Americas LLC	Fargo	Engineering Intern		\$3,000.00	work experience
CNH Americas LLC	Fargo	Engineering Intern		\$3,000.00	work experience
CNH Americas LLC	Fargo	Engineering Intern		\$3,000.00	internship
CNH Americas LLC	Fargo	Engineering Intern		\$3,000.00	APPLICATION PENDING
CNH Americas LLC	Fargo	Engineering Intern		\$3,000.00	APPLICATION PENDING
CNH Americas LLC	Fargo	Engineering Intern		\$3,000.00	OPEN POSITION
Mollers Incorporated	York	Agri-business intern		\$3,000.00	work experience
Bobcat Hockey	Bismarck	Marketing Intern		\$3,000.00	internship
Bobcat Hockey	Bismarck	Marketing Intern		\$1,798.32	work experience
Agri-Cover, Inc.	Jamestown	Graphic Design Intern		\$2,621.04	work experience
Agri-Cover, Inc.	Jamestown	Sales Intern		\$2,646.00	k work experience
A i C Agri-Cover, Inc.	Jamestown	MIS I MIS Intern		\$2,646.00	OPEN POSITION
Construction Engineers, Ltd.	Grand Forks	Marketing Intern		\$3,000.00	work experience
Integrity Windows and Doors	Fargo	Drafter Intern (term 1)		\$3,000.00	work experience
Integrity Windows and Doors	Fargo	Drafter Intern (term 2)		\$3,000.00	work experience
Integrity Windows and Doors	Fargo	Drafter Intern (term 1)		\$3,000.00	work experience
Integrity Windows and Doors	Fargo	Drafter Intern (term 2)		\$3,000.00	work experience
Integrity Windows and Doors	Fargo	Drafter Intern (term 1)		\$3,000.00	internship
Global Electric Motorcar	Fargo	Engineering Intern		\$3,000.00	work experience
Global Electric Motorcar	Fargo	Sales/Marketing		\$3,000.00	internship
The Washington Center--Rachelle Jacobson	Washington, DC	The Washington Center Intern		\$5,000.00	internship
Pedigree Technologies, LLC	Fargo	Software Intern --Embedded Gateway Services		\$3,000.00	OPEN POSITION
Pedigree Technologies, LLC	Fargo	Software Intern--Enterprise Software		\$1,560.00	work experience
Montana-Dakota Utilities, Co	Bismarck	Electrical Engineer Intern		\$3,000.00	work experience
Montana-Dakota Utilities, Co	Dickinson	Line Technician Intern		\$3,000.00	work experience
Montana-Dakota Utilities, Co	Ellendale	Line Technician Intern		\$3,000.00	internship
Montana-Dakota Utilities, Co	Bismarck	Accounting Intern		\$2,348.50	work experience
Montana-Dakota Utilities, Co	Mandan	Mechanical Intern		\$3,000.00	work experience
Amber Waves Electronics	Richardton	Electrical Engineer Intern		\$3,000.00	work experience
Amber Waves Electronics	Richardton	Welder		\$3,000.00	Internship

Deer Waves Electronics	Richardton	Welder	\$3,000.00	work experience
Nutech Seed LLC	Alice	Customer Relations/Sales Intern	\$3,000.00	OPEN POSITION
Emmons County Publishing, Inc	Linton	Reporter and Photographer	\$1,740.00	work experience
WDAZ-TV	Grand Forks	Reporting/Technology Intern	\$3,000.00	OPEN POSITION
Totten Trail Historic Inn	Devils Lake	Innkeeper Assistant	\$1,096.00	work experience
Totten Trail Historic Inn	Devils Lake	Innkeeper Assistant	\$760.00	APPLICATION PENDING
Prairie Fire Pottery	Beach	Production/Studio Assistant	\$960.00	APPLICATION PENDING
Provista Incorporated	Bismarck	Provista Intern	\$2,963.13	internship
James Gang Java	Medora	Assistant Manager	\$0.00	
Southeast Ag Inc.	Lisbon	Agronomist/Applicator	\$3,000.00	internship
American State Bank & Trust Company	Williston	Summer Accounting Internship	\$3,000.00	internship
American State Bank & Trust Company	Williston	IT Intern	\$3,000.00	work experience
Titan Machinery Inc.	Fargo	IT Support	\$3,000.00	internship
Titan Machinery Inc.	Casselton	Precision Ag Tech	\$3,000.00	internship
Titan Machinery Inc.	Lidgerwood	Service Technician (diesel engine mechanic)	\$3,000.00	APPLICATION PENDING
Titan Machinery Inc.	Fargo	IT Support	\$3,000.00	work experience
Titan Machinery Inc.	Fargo	Operations Intern	\$3,000.00	work experience
Ti M hi Titan Machinery Inc.	FFargo	Drafting Intern	\$3,000.00	work experience
Titan Machinery Inc.	Fargo	Business Manager Intern	\$3,000.00	APPLICATION PENDING
Titan Machinery Inc.	Fargo	Administrative Intern	\$3,000.00	work experience
Ressler Chevrolet-Subaru	Mandan	Marketing/Business Development	\$583.72	work experience
Ressler Chevrolet-Subaru	Mandan	Diesel Mechanic	\$0.00	work experience
Ressler Chevrolet-Subaru	Mandan	Diesel Mechanic	\$0.00	
Meland Architecture	Grand Forks	Architecture Student Summer Intern	\$2,023.86	work experience
Circle C Gallery & Gifts	Medora	Tourism Sales Intern	\$0.00	
Solid Comfort, Inc	Fargo	Industrial Engineering Internship	\$0.00	
Steffes Corporation	Dickinson	Manufacturing Engineering Internship	\$3,000.00	internship
Steffes Corporation	Dickinson	Manufacturing Engineering Internship	\$3,000.00	work experience
Steffes Corporation	Dickinson	Manufacturing Engineering Internship	\$3,000.00	work experience
Steffes Corporation	Dickinson	Manufacturing Engineering Internship	\$3,000.00	work experience
Neset Consulting Service Inc.	Tioga	Geo Steer Mudlogger	\$3,000.00	internship
Neset Consulting Service Inc.	Tioga	Geo Steer Mudlogger	\$3,000.00	work experience
Neset Consulting Service Inc.	Tioga	Geo Steer Mudlogger	\$3,000.00	work experience
Neset Consulting Service Inc.	Tioga	Geo Steer Mudlogger	\$3,000.00	work experience
Neset Consulting Service Inc.	Tioga	Geo Steer Mudlogger	\$3,000.00	work experience

Contemporary Builders, Inc.	Fargo	Accounting Clerk Intern	\$3,000.00	OPEN POSITION
Bank Forward	Grand Forks	Management Associate	\$3,000.00	work experience
Keitu Engineers & Consultants, Inc	Mandan	Consulting Engineering Intern	\$3,000.00	internship
Keitu Engineers & Consultants, Inc	Mandan	Engineering Intern	\$3,000.00	work experience
Architectural Concepts, Inc.	Bismarck	Architect In Training	\$3,000.00	OPEN POSITION
ING	Minot	Sr. Accounting Research and Data Entry Assistant	\$2,511.25	internship
McFarlane Sheet Metal, Inc	Grand Forks	Engineering Intern	\$3,000.00	internship
McFarlane Sheet Metal, Inc	Grand Forks	Engineering Intern	\$3,000.00	internship
Sirata Corporation	Grand Forks	Marketing Intern	\$3,000.00	internship
CWStructural Engineers, Inc	Bismarck	CADD Technician	\$3,000.00	internship
Winn Construction	Dickinson	Concrete Finisher	\$3,000.00	work experience
Winn Construction	Dickinson	Accounting Intern	\$3,000.00	work experience
Winn Construction	Dickinson	Accounting Intern	\$3,000.00	work experience
IdeaOne Telecom Group LLC	Fargo	Marketing Intern	\$3,000.00	work experience
WCCO Belting, Inc.	Wahpeton	Mass Communications	\$3,000.00	work experience
WCCO Belting, Inc.	Wahpeton	IT	\$3,000.00	OPEN POSITION
WCCO Belting, Inc.	Wahpeton	Engineering Intern	\$3,000.00	work experience
Wilson Supply	Williston	Wilson Intern	\$1,537.50	work experience
N h P l i e i C Northern Plains Equipment Co Inc.	M dMandan	S i T h i iService Technician	\$3,000.00	i hi internship
			\$3,000.00	
Northern Plains Equipment Co Inc.	Mandan	Service Technician	\$3,000.00	internship
Northern Plains Equipment Co Inc.	Mandan	Service Technician	\$3,000.00	internship
Northern Plains Equipment Co Inc.	Mandan	Parts Service	\$3,000.00	OPEN POSITION
Brady Martz & Associates, PC	Minot	Accounting Intern	\$3,000.00	internship
Brady Martz & Associates, PC	Bismarck	Accounting Intern	\$3,000.00	internship
Dakota Awards, Inc.	Bismarck	Production Area Intern	\$0.00	
Dakota Awards, Inc.	Bismarck	Sales Intern	\$0.00	
Kadmas, Lee & Jackson, Inc	Bismarck	Landscape Architect	\$3,000.00	work experience
Scott Financial Corporation	Bismarck	Junior Loan Analyst	\$2,763.98	work experience
SEI	Fargo	SEP-Student Experience Program Team Member	\$3,000.00	work experience
SEI	Fargo	SEP-Student Experience Program Team Member	\$3,000.00	work experience
SEI	Fargo	SEP-Student Experience Program Team Member	\$3,000.00	work experience
SEI	Fargo	SEP-Student Experience Program Team Member	\$3,000.00	work experience
SEI	Fargo	SEP-Student Experience Program Team Member	\$3,000.00	internship
SEI	Fargo	SEP-Student Experience Program Team Member	\$3,000.00	work experience
Maintenance Engineering	Fargo	Human Resources intern	\$1,759.65	work experience
Highlands Engineering & Surveying, LLC	Dickinson	Land Surveying Intern	\$3,000.00	internship
Highlands Engineering & Surveying, LLC	Dickinson	Civil Engineering Intern	\$3,000.00	internship
Highlands Engineering & Surveying, LLC	Dickinson	Land Surveying Intern	\$2,675.00	work experience

Company	Minot	Electrical Technology	work experience
Stax Electric Inc.	Dickinson	Accounting/Cost Accounting Internship--Production Consumption	\$3,000.00
Baker Boy Bake Shop, Inc.	Dickinson	Production Intern	\$3,000.00
Baker Boy Bake Shop, Inc.	Washington, DC	White House Intern	\$5,000.00
Shawn Affolter	Velva	Engineering Intern	\$3,000.00
ADM	Velva	Engineering Intern	\$3,000.00
ADM	Fargo	Engineering Intern	\$3,000.00
Cobra Hose, Inc	Fargo	Mechanical Engineering Intern	\$3,000.00
Appareo Systems, LLC	Fargo	Mechanical Engineering Intern	\$3,000.00
Appareo Systems, LLC	Fargo	Mechanical Engineering Intern	\$3,000.00
Appareo Systems, LLC	Fargo	Mechanical Engineering Intern	\$3,000.00
Executive Air Taxi Corporation	Bismarck	Accounting and Marketing Intern	\$3,000.00
Scott's Express Inc.	Grand Forks	Logistics Intern	\$3,000.00
Albertson Consulting Inc	Minot	Marketing Intern	\$3,000.00
The Washington Center--Andrew Richter	Washington, DC	The Washington Center Seminar	\$1,995.00
W S WennSoft	FFargo	M k i lMarketing Intern	\$3,000.00
Intelligent InSites	Fargo	Software Development Intern	\$3,000.00
Drees, Risky and Vallager, Ltd	Grand Forks	Accounting Intern	\$3,000.00
Drees, Risky and Vallager, Ltd	Grand Forks	Accounting Intern	\$3,000.00
SpaceAge Synthetics	Fargo	IT intern	\$3,000.00
Remark Technology Consulting	Fargo	IT intern	\$3,000.00
Remark Technology Consulting	Fargo	IT intern	\$3,000.00
Katherine Brenden	Washington, DC	FBI Internship	\$5,000.00
OnSharp	Fargo	Web/Marketing/Strategy Design Intern	\$3,000.00
OnSharp	Fargo	Web Developer Intern	\$3,000.00
OnSharp	Fargo	Sales Intern	\$3,000.00
BEK Communications Cooperative	Steele	Production Intern	\$3,000.00
BEK Communications Cooperative	Steele	Production Intern	\$3,000.00
Red River Software	Fargo	Marketing Intern	\$3,000.00
Indian Hills Resort and Campground	Garrison	Reservationist/Host Intern	\$900.00
Indian Hills Resort and Campground	Garrison	Reservationist/Host Intern	\$900.00
Pearce & Durick	Bismarck	Summer Law Clerk	\$2,188.00
Missouri Riverboat, Inc	Mandan	Marketing/Public Relations Intern	\$1,400.00
Missouri Riverboat, Inc	Mandan	Retail Mangement Assistant Intern	\$1,400.00
Missouri Riverboat, Inc	Mandan	Crew Shift Supervisor	\$1,400.00

AMOUNT	Post program Follow up Services	\$5,000.00
TOTAL		\$661,092.30

We are currently over obligated for the biennium. We are now inserting the following language for all contracts being issued with pending obligations over the \$600,000 total for the biennium.

“This contract is negotiated with the understanding that the funding for the program is currently fully obligated. Any Reimbursements of funds under this contract are contingent upon the recovery of funds currently obligated or the availability of additional funds being appropriated by the state legislature to be used in the 2007-2009 biennium”.

AMERICORPS

Often referred to as the domestic Peace Corps, AmeriCorps affords all citizens the opportunity to engage in community service. The AmeriCorps Program has one common goal, “your world your chance to make to better”.

AmeriCorps projects are selected through a competitive Request for Proposal Process. All funding to support the AmeriCorps*State Formula programs is derived from federal funds or matching funds from the sub grantees for whom projects have been awarded.

Sub-Grantees: 2008-2009

SUB-GRANTEE	FEDERAL	MATCH	TOTAL	AMERICORPS SLOTS
Housing Authority, City of Grand Forks	\$ 36,399	\$ 25,668	\$ 62,067	14
YMCA of Cass County	\$296,088	\$135,500	\$431,588	47
Cooperstown Community Activities Association	\$ 20,021	4 8,869	\$ 28,890	8
Maddock – Kidz County	\$ 94,122	\$ 52,515	\$146,637	26
Youthworks – Bismarck and Fargo	\$ 53,133	\$ 27,411	\$ 80,544	13
TOTAL	\$499,763	\$249,963	\$749,726	

Sub-Grantees – 2007-2008

SUB-GRANTEE	FEDERAL	MATCH	TOTAL	AMERICORPS SLOTS
Baptist Home Inc. – Bismarck	\$ 8,684	\$ 5,515	\$ 14,199	8
Cooperstown Community Activities Association	\$ 94,708	\$42,801	\$137,509	27
YMCA of Cass County	\$255,118	\$91,691	\$346, 809	42
Housing Authority – Grand Forks	\$ 35,850	\$25,429	\$61,279	14
Jamestown Public Schools	\$ 50,809	\$ 23,318	\$76,127	20
Youthworks – Bismarck and Fargo	\$ 53,133	\$23,964	\$77,097	16
TOTAL:	\$498,302	\$214,718	\$713,020	127

The AmeriCorps*State Formula funding is limited to a maximum of \$500,000 per program year.

Mr. Chairman, members of the Committee, that concludes my report. I would be happy to answer any questions.

Attachment G

PROJECTED ND DEVELOPMENT FUND CASH AVAILABILITY (December 26, 2008 to June 30, 2011)

1. Cash Availability (12-26-08):	
-Development Fund:	\$ 8,833,854.11
-Rural Fund:	3,501,686.18
-Development Fund (TTI collection):	<u>527,666.69</u>

Total Cash available (All Funds) prior to Appropriations,
Unfunded Commitments, Pending Applications, Investment
Repayment and Expenses: **\$ 12,863,206.98**

Development Fund:

1. Fund Balance:	\$ 8,833,854.11
2. Remaining Appropriation:	0.00
3. Estimated Investment Repayment: ((\$225,000 per month x 6 months)	<u>1,350,000.00</u>
4. Less: Current Unfunded Projects and Applications:	<u>(\$2,868,446.00)*</u>
5. Cash Available before Expenses:	\$ 7,315,408.11
6. Less: Expenses (6 mos.):	<u>(234,375.00)</u>
7. Projected Cash Available for New Projects in the Development Fund:	<u>\$ 7,081,033.11</u>

***Development Fund Outstanding Commitments To Be Funded:**

1. Frost Fire:	\$ 10,208
2. UND Research:	15,572
3. Packet Digital:	506,838
4. Aaseby Holdings, LLC:	250,000
5. Buffalo City Wood Products:	60,831
6. Case/New Holland:	500,000
7. NetHertz, Inc.:	150,000
8. Avenue Right, Inc.:	150,000
9. Pedigree, Inc.:	149,997
10. NISC:	300,000
11. Giant Seeds:	350,000
12. ComDel Innovation, Inc.:	375,000
13. Dave's Welding, Inc.:	<u>50,000</u>
14. Total:	\$ 2,868,446

Rural Revolving Loan Fund:

1. Fund Balance:	\$3,501,686.18
2. Remaining Appropriation:	0.00
3. Estimated Investment Repayment: (\$100,000 per month x 6 months)	600,000.00
4. Less: Current Unfunded Projects and Applications:	<u>(\$3,558,821.00)**</u>
5. Cash Available before Expenses:	\$ 542,865.18
6. Less: Expenses (1 yr.):	<u>\$0.00</u>

**7. Projected Cash Available for New
Projects in the Rural Revolving
Loan Fund: \$ 542,865.18**

****Rural Revolving Loan Fund Outstanding Commitments To Be Funded:**

1. Roosevelt Custer:	\$ 250,536
2. EarthKind/Crane Creek:	100,000
3. West Dakota Feed & Seed:	240,250
4. Gates Mfg.:	200,000
5. Dakota Micro:	76,032
6. Dakota Micro:	66,000
7. ND Sow Center:	150,000
8. Tublicks:	14,913
9. Leonardite, Inc.:	216,500
10. Earth Harvest Mills, Inc.:	2,000,000
11. Tarnel, USA:	<u>244,590</u>
12. Total:	\$ 3,558,821

Total cash available prior to requests presented to the
NDDF Board:

\$ 7,623,898.29
527,666.69

New Requests In Progress:

1,475,000.00***

Estimated new requests prior to 6-30-09:

3,250,000.00

**Projected cash available as of June 30, 2009 after all
commitment and new requests to date:**

\$ 3,426,564.98

*****New funding requests of \$1,475,000.00 (Marcil Technologies, Inc. (West Fargo):
\$300,000, Agrilmagis, Inc. (Maddock): \$100,000, Ntracitve, Inc. (Grand Forks):
\$300,000, VanBedaf Dairy (Carrington): \$300,000, NetHertz, Inc. (Fargo): \$300,000,
Slow-N-Tell (Grand Forks): \$175,000**

July 1, 2009 Projected Balance: \$3,426,564.98

Annual average repayment received
on investments (\$325,000 month): 3,900,000.00

Less:

Annual average investments made
(\$541,666 month): 6,500,000.00

Annual average operating expenses
(\$27,919 month): 335,000.00

Projected Balance as of June 30, 2010: \$ 491,564.98

July 1, 2010 Projected Balance: \$ 491,564.98

Annual average repayment received
on investments (\$325,000 month): 3,900,000.00

Less:

Annual average operating expenses
(\$27,919 month): 335,000.00

Projected Cash Availability to invest
From July 1, 2010 to June 30, 2011: **\$ 4,056,564.98**

Projected Balance as of June 30, 2011: \$ 0.00

**The above projected balances do not include the \$1,000,000 reserve approved at the last legislative session through the Bank of North Dakota.

Attachment G

NORTH DAKOTA DEVELOPMENT FUND PROJECTS
JULY 1, 2007 TO FEBRUARY 27, 2009:

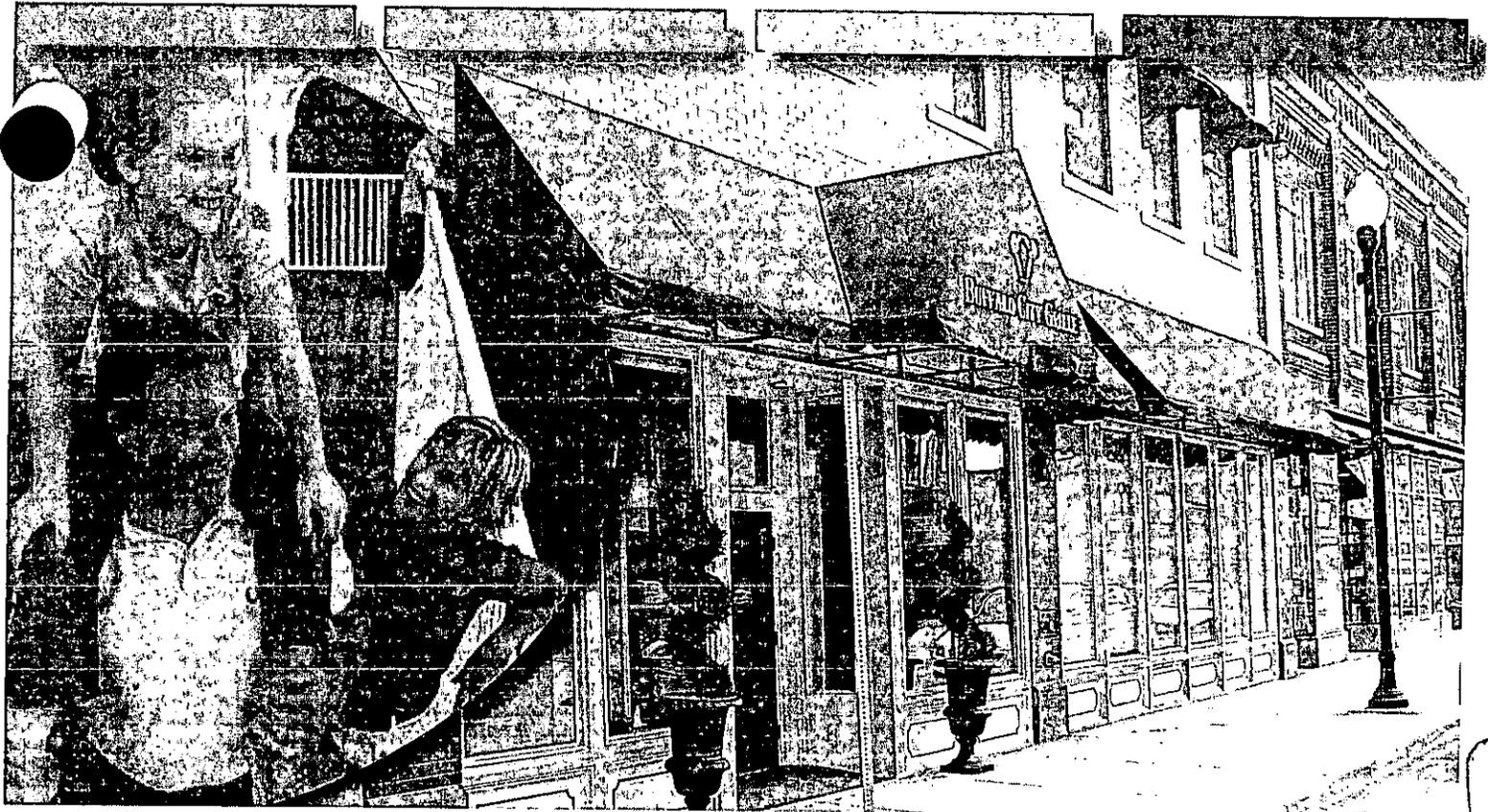
1. LAS International (Bismarck)-Loan	\$ 100,000
2. American Defense, Inc. (Grand Forks)-Loan	320,000
3. Psychiatry Networks, Inc. (Fargo)-Equity:	100,000
4. Canad Inn (Grand Forks)-Loan:	1,000,000
5. Intelligent Insites (Fargo)-Equity:	100,125
6. Trimlife, Inc.(Bismarck)-Loan:	250,000
7. DataCom, Inc. (Cooperstown & Grand Forks)-Equity:	250,000
8. Nethertz (Fargo)-Loan:	300,000
9. Avenue Right (Fargo)-Equity:	300,000
10. Northwood Mills, Inc. (Northwood)-Loan:	500,000
11. Earth Harvest Mills, Inc.(Harvey)-Loan: \$109,968, Equity: \$100,000:	209,968
12. Kidco Farms, Inc.(Dawson)-Loan:	100,000
13. Harvest Fuel, Inc.(Walhalla)-Loan:	62,500
14. Tarnel, USA(Walhalla)-Loan:	500,000
15. Griggs-Steele EZ (Cooperstown)-Loan:	80,000
16. Northland Products (Finley)-Loan:	400,000
17. Dakota Micro, Inc (Cayuga)-Equity:	183,333
18. Gates Mfg (Lansford)-Loan:	200,000
19. Earth Kind, Inc.(Stanley)-Loan:	100,000
20. ND Natural Beef (Fargo)-Loan:	150,000
21. Stone Mill, Inc. (Richardton)-Loan:	165,000
22. North Dakota Sow Center (Bottineau)-Loan:	300,000
23. Alien Technology Corp. (Fargo)-Equity:	93,183
24. NetHertz Corp. (Fargo)-Loan:	300,000
25. Ideal Aerosmith, Inc. (East Grand Forks)-Loan:	250,000
26. Harriston-Mayo LLC (Minto)-Loan:	300,000
27. Packet Digital (Fargo)-Loan:	500,000
28. Dave's Welding & Metal Fab. Inc. (Fargo)-Loan:	50,000
29. ComDel Innovation, Inc. (Wahpeton)-Loan:	375,000
30. Aaseby Holdings, LLC (Wahpeton)-Loan:	250,000
31. Case/New Holland (Fargo)-Loan:	500,000
32. Giant Seeds (Wahpeton)-Loan:	350,000
33. Van Badef Dairy (Carrington)-Loan:	300,000
34. Agri ImaGIS (Maddock)-Loan:	133,750
35. Earth Harvest Mills, Inc. (Harvey)-Loan:	2,000,000
36. UND Research Foundation (Grand Forks)-Loan:	250,000
37. NISC (Mandan)-Loan:	300,000
38. Pedigree (Fargo)-Equity:	<u>300,000</u>
39. Total:	\$11,922,859
1. Development Fund Projects (7-1-07 to 6-30-08):	\$ 6,420,926
2. Development Fund Projects (7-1-08 to 2-27-09):	<u>5,501,933</u>
3, Total:	\$11,922,859

Attachment H

In discussion with communities we would probably use the Operation Intern as a model for the Relocation Assistance.

1. Business would submit an application
2. The division would enter into a cost reimbursement contact with the business. (The contract would identify the specific relocation costs we would match, the position (occupation) and reporting requirements.
3. Employer would submit invoice and documentation or cost reimbursement along with report requirements.
4. Division would do follow up on relocations using FIDET.

James J. Hirsch
Division Director
Workforce Development Division
ND Department of Commerce



NORTH DAKOTA DEPARTMENT OF COMMERCE

REPORT TO THE JOINT INDUSTRY BUSINESS & LABOR COMMITTEE

Presented by the North Dakota Department of Commerce
January 2009

North Dakota
DEPARTMENT OF COMMERCE

NORTH DAKOTA DEPARTMENT OF COMMERCE HIGHLIGHTS & RESULTS FOR THE BIENNIUM 2007-2009

The North Dakota Department of Commerce works to improve the quality of life for North Dakota citizens by leading efforts to attract, retain and expand wealth. Commerce serves businesses and communities statewide through committed people and partners who offer valuable programs and dynamic services.

DEFINING THE STRATEGY

Commerce focuses its efforts through four strategic priorities:

/// **Business, Community & Industry Development**

- delivering initiatives, programs and services that support business, community and industry growth.

/// **Workforce & Volunteer Attraction, Retention & Expansion**

- improving the state's ability to attract, retain and expand talent.

/// **Employee Satisfaction, Contributions & Growth**

- creating a culture that drives individual and organizational improvement.

/// **Internal Operations**

- improving the productivity of the overall organization.

LEADING THE STATE'S COMMUNITY & ECONOMIC DEVELOPMENT

At Commerce, we take our mission seriously and continue to strive to improve the quality of life for the citizens of North Dakota. During the past two years, our four divisions have advanced to this mission in a variety of ways.

- /// **Tourism** is working to build North Dakota's "Legendary" brand and as our second-largest industry, tourism contributes \$3.8 billion to the state's economy.
- /// **Community Services** leads the state's efforts to build, maintain and rehabilitate community infrastructure including vital services to many of our most needy people. This division directs millions of grant dollars into our communities to improve the quality of life for thousands of people.
- /// **Workforce Development** is spearheading efforts to attract and retain workers and is educating our state's youth on promising career opportunities in North Dakota.
- /// **Economic Development & Finance** works with partners statewide to grow North Dakota's five target industries.

The many programs and services offered by Commerce are highlighted in this report along with measurements of our overall success

- **Shane Goettle, Commissioner**

BUSINESS, COMMUNITY & INDUSTRY DEVELOPMENT

Commerce provides a diverse group of programs and services, as well as a number of initiatives, that support business, community and industry growth.

New Business & Expansions

Charged with coordinating and focusing the state's economic development resources, the Commerce business development team works closely with national and local partners. Through aggressive marketing, developers generated 68 leads for new project development activity from businesses considering North Dakota and have provided assistance to many companies and partners.

New businesses or expansions completed in the past 18 months: 9

Total employment (direct/indirect) projected through 2012: 735

Total economic output: \$513 million

/// **Projected state tax revenue: \$29 million**

Industry Growth 2007

- /// The business services sector realized a net 2,000 new jobs.
- /// Healthcare sector added 1,800 net new jobs.
- /// Leisure and hospitality added 1,600 net new jobs.



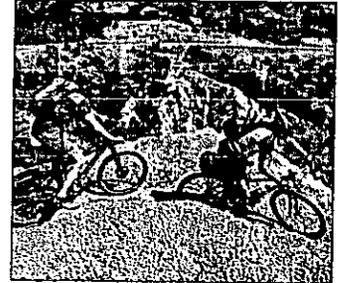
WWW.NDCOMMERCE.COM



TOURISM DRAWING LEGENDARY VISITORS

As the state's second-largest industry, tourism continues to attract visitors and recreation

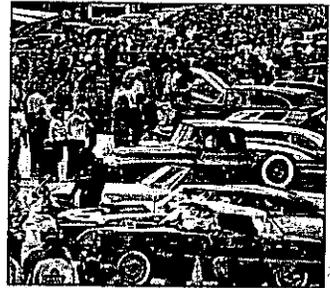
enthusiasts to the state. The results of the efforts of our Tourism Division and their partners continue to be good for North Dakota, providing new dollars, new attractions and new awareness about all our state offers. The tourism industry is realizing consistent growth with 1,600 net new jobs in the last two years. Since 1990, an NDSU study reports the industry has grown 655 percent.



/// **2007 Return on Investment:** ROI for Tourism is measured every-other year.

Each \$1 invested in tourism advertising, returned \$203 in visitor spending.

- \$1.66 million investment in tourism advertising
- \$203.9 million in visitor spending
- 52 percent increase in visitor spending over 2005's ROI



/// **NDTourism.com Extending Our Reach**

Continued enhancements to the Tourism web site (NDTourism.com) and increased consumer comfort in finding information online has boosted the reach of Tourism's marketing efforts and allows consumers 24/7 access to North Dakota.

- Unique visitors for 2007 - 358,520; 2008 - 480,669; 34% increase
- Calls to 1-800-HelloND reduced by 46 percent from 2007 to 2008, credited to visitors researching travel information online.



/// **Materials Making an Impact**

Tourism produces a variety of travel and recreation information guides that are distributed throughout the state and in targeted markets. Distributions for this biennium include:

- Travel Guide - 700,000
- Hunting Guide - 100,000
- Cultural & Heritage Guides - 350,000
- State Maps - 1.2 million
- 3-minute video - 1,000
- Int'l Promo Video - 1,000

/// **Partner Grant Programs**

Infrastructure and Expansion Grants support new or expanding tourism facilities or designated development areas primarily through infrastructure projects. The Matched Grant Program has funds available for promoting communities and events regionally.

- Infrastructure & Expansion Grants: 24 grants awarded - \$403,000.
- Matched Grants: 30 grants awarded - \$115,000.



FOSTERING ENTREPRENEURS - INNOVATE ND

Innovate ND is providing education and support to help people turn business ideas into reality in North Dakota.

Business ideas submitted: 176

Total number of participants: 372

/// **Total new businesses in operation or development in state: 40**





SUPPORTING SMALL BUSINESS DEVELOPMENT

A key Commerce partner, the Small Business Development Center provides business assistance in the form of counseling, training, and research to existing and prospective small businesses which results in job creation or retention and economic wealth.

- Businesses served: 1,498**
- Hours of consultation: 11,000**
- Businesses started: 138**
- Jobs created: 563**
- Jobs retained: 544**

/// **Total capital infused into small businesses in 2007-09: \$87 million**



Catherine's for Lamb, located in Driscoll, received \$38,000 from APUC for marketing family-raised Katahdin Hair Sheep. Their meat is featured in restaurants and retail outlets throughout the state.

Photo credit: www.catherinesforlamb.com

CENTERS OF EXCELLENCE

The Centers of Excellence program is North Dakota's effort to encourage partnerships between universities and the private sector. These centers are hubs of research and technology that provide a nucleus for new business growth. Currently, 14 centers are in operation focusing on initiatives related to all the state's target industries, seven of which are approved for additional funding. Results to date:

Partners – 107 private sector companies participating

- 16 new or expanded businesses
- 12 new companies have been created - (5 spin-offs, 7 companies)
- 4 companies expanded through program

Jobs – 493 new direct jobs, 866 indirect new jobs

- /// **Total investment: \$179 million (\$39.5 state)**
- /// **Total economic impact: \$169 million**
- /// **Total increase in tax collections:**
 - **Sales & Use - \$1.8 million**
 - **Personal Income - \$0.9 million**



Avianax, a resident of UND's Center of Excellence for Lifescience and Technology, is creating an innovative new treatment for West Nile virus using antibodies drawn from geese in Tolna, North Dakota

AGRICULTURAL PRODUCTS UTILIZATION COMMISSION

APUC works to create new wealth and jobs through the development of new and expanded uses for North Dakota agricultural products. A study conducted by NDSU – *Contributions of the ND Agricultural Products Utilization Commission Programs to the State Economy* – concluded that nine agricultural processing projects supported by APUC during the 1995-2004 period are estimated to contribute more than \$157 million annually to the state economy, to support almost 2,300 new jobs, and to result in \$2.4 million in added state sales and use and personal income tax revenues annually.

Total sponsored projects in 2007-09: 40

/// **Total funding provided: \$1.1 million**

APUC STATEWIDE IMPACT MAP INCLUDED IN APPENDIX

ENERGY EFFICIENCY & RENEWABLE ENERGY

Commerce is involved in many activities to promote energy efficiency in both the public and private sectors and to facilitate the development and use of renewable energy sources within the state.

Total energy grants: 107

/// **Total funding provided: \$7.4 million**



DEVELOPMENT FUND

Providing important gap financing for companies starting or expanding in North Dakota, the Development Fund coordinates efforts between all the sources of financing, the business and the community. Since July 1, 2007, the Development Fund has invested \$6.9 million through 27 loans in 15 cities and 14 counties.

Total jobs at time of funding: 426

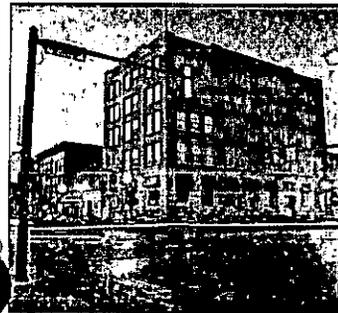
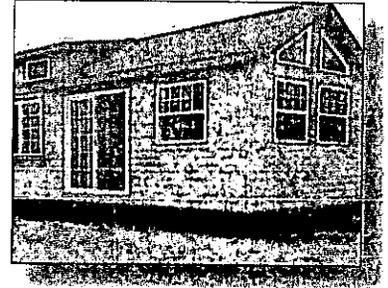
Total jobs projected for project year 1: 675

Total jobs projected for project year 2: 849

// Total dollars leveraged for each \$1 funded: \$9.63

DEVELOPMENT FUND STATEWIDE IMPACT MAP INCLUDED IN APPENDIX

Buffalo City Wood Products, Jamestown, accessed \$80,000 from the Development Fund to pursue building park model housing for use in addressing the housing needs of the oil industry.



The Grand Forks renaissance zone gave a new look to many downtown buildings and shops.

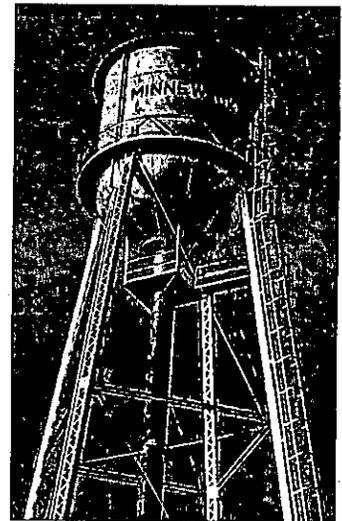
RENAISSANCE ZONES

By providing incentives to investors to find new uses for existing buildings, Renaissance Zones are helping to attract new businesses and housing to downtown areas across the state. Renovated properties are adding significant values to downtown areas. Two buildings in Ashley increased their property value by 40 percent by participating in their Renaissance Zone project.

Total cities participating: 44

// Total approved/completed: 756/549

RENAISSANCE ZONE STATEWIDE IMPACT MAP INCLUDED IN APPENDIX



COMMUNITY DEVELOPMENT BLOCK GRANTS

CDBG provides financial assistance to local governments through grants and loans for public facilities, housing rehabilitation and economic development projects. The primary benefactors of projects using CDBG funds must be low to very low income individuals.

Total homes rehabilitated: 173

Total proposed jobs from projects: 330

Total dollars expended in match funds: \$66.8 million

// Number of people impacted: 20,395

CDBG STATEWIDE IMPACT MAP INCLUDED IN APPENDIX

CDBG projects featured at right, top to bottom: Forman sewer replacement, Minnewauken water tower project, Bismarck 5th Street Renaissance Zone.



**SUPPORTING COMMUNITIES
SUPPORTING PEOPLE**

Programs to support community development and stability are an important part of Commerce's work. Programs to benefit low and moderate income citizens and communities include:

- /// Community Development Block Grants (CDBG)
- /// Community Services Block Grants (CSBG)
- /// Homeless Grants
- /// HOME Program
- /// Manufactured Housing

EMERGENCY GRANTS

On any given day in North Dakota more than 700 people are homeless. Through federal funding, Commerce delivers financial assistance to facilities and programs within North Dakota which provide temporary shelter to homeless individuals.

- /// More than \$724,000 was awarded in 2007-2008 to 27 homeless and domestic violence providers.
- /// Over \$400,000 from the Shelter Plus Care was provided for housing assistance grants to more than 50 families with disabilities.

COMMUNITY SERVICES BLOCK GRANTS (CSBG)

The CSBG is an anti-poverty grant that is used to address low income challenges such as employment, education, income management, housing, emergency services, nutrition, self sufficiency and health. In 2007, CSBG helped more than 13,000 families address a variety of poverty-related issues.

From the fourth quarter of 2006 to the third quarter of 2008, North Dakota received \$6.1 million in CSBG funds that were allocated through seven community action agencies providing services in all 53 counties. Community action agencies use these funds with other public and private funds to best serve the low income population.

- Total CSBG funds distributed to communities in 2007: \$3.0 million**
- /// **Number of people impacted: 17,000 people in 13,000 families**



FEEDING FAMILIES ONE BACKPACK AT A TIME

One of the newer Community Action Agency programs is Backpacks for Kids in Bismarck. The Backpacks program was begun in December of 2006 to provide nutritious food on the weekends to low income children who are homeless or not living in a stable home situation. CSBG funds were used to start the program originally, and continue to be used to support the program along with funding from other grants, businesses, private donations, churches and fundraisers.

The Backpack for Kids program currently serves more than 200 children in 18 schools in Bismarck.

HOME PROGRAM

The North Dakota HOME program has two primary activities: home owner assistance and rental unit production and assistance. Results this biennium:

- Affordable rental units produced: 44**
- Homebuyers assisted: 338**
- /// **Total funding provided for home rental acquisition, rehabilitation and construction: \$6 million**

EMPOWER NORTH DAKOTA

EmPower ND was created by the Hoeven Administration in 2001. In 2007, it brought together representatives from all of the state's energy sectors to strengthen a comprehensive, multi-resource energy policy. The policy now includes 10 key goals, 40 policy recommendations and nearly 100 action items.

- /// **New energy related projects generated by EmPower ND: \$5 billion**



WORKFORCE & VOLUNTEER ATTRACTION, RETENTION & EXPANSION

WORKFORCE & VOLUNTEER DEVELOPMENT

Workforce shortages are a top challenge facing North Dakota businesses today. Commerce is focused on improving the state's ability to attract, retain and expand talent. In the last two years, Commerce has launched several programs aimed at recruiting and expanding the pool of workforce and volunteers.



EXPERIENCE NORTH DAKOTA

Focusing on attracting former and future North Dakotans to fill openings at our state's growing companies, Experience North Dakota provides services including everything from out-of-state recruitment events to personalized assistance to relocators.



WEBFAIRND.COM

A New Experience Event

Commerce put a unique spin on its job fair effort through the addition of WebFairND.com, a virtual job posting site targeting employers, job seekers and college students. WebFair allows employers to recruit talent worldwide at a low cost, and allows job seekers to search for opportunities from their own home.

Commerce hosted the first WebFair in November 2008 during the Thanksgiving holiday period.

Number of companies

participating: 66

Number of full-time jobs

and Internships

posted: 390

Total unique visitors to

WebFairND.com in the

14-day period: 4,000

Experience North Dakota Events

Five Experience events – expanded job fairs featuring job opportunities, as well as the sites, sounds and tastes of North Dakota – have been held in Denver, Minneapolis and Chicago.

A large majority of attendees at Experience events are young families looking for excellent jobs that provide opportunity for them to return to North Dakota.

Number of total attendees: 1,396

Number of total sponsors and exhibitors: 150

Number of people who have moved as a result of these events: 25

ExperienceND.com

The newly launched ExperienceND.com web site provides information about our events and Ambassador program (volunteer salesforce for the state's image), along with valuable relocation information. The site is becoming the place to go if you are interested in promoting the state or making it your home.

Unique visitors since site launch in November 2008: 5,500

Direct Assistance to Relocators

In 2008, Commerce added a talent marketing coordinator who provides direct assistance to people interested in relocating to North Dakota. These individuals receive information on employment opportunities and personal connections to the resources and information they need about living and working in North Dakota.

Number of people seeking direct relocation assistance: 312



TALENT INITIATIVE

Commerce is coordinating workforce development efforts among state and local entities. The goal is to attract, retain and expand talent and volunteers:

- /// increasing the quantity and quality of North Dakota's workforce.
- /// guiding potential job seekers and volunteers to choose opportunities in state.
- /// ensuring stakeholders have relevant workforce and volunteer information.

AMERICORPS

AmeriCorps is a national service program helping communities address their critical community service needs, while giving practical career experience to its volunteers.

Number of projects: 7

- /// **Total members: 226**

WORKFORCE ENHANCEMENT

Workforce Enhancement Grants are available to North Dakota's 2-year colleges to help education leverage funding matches from the private sector in building programs responsive to their workforce needs, building talent pools for the future.

- /// Bismarck State College has been awarded grants for Power & Process Plant Technology Expansion and Lineworker program enhancement.

OPERATION INTERN

OPERATION INTERN

A new program created last session, Operation Intern encourages expansion of higher

education internships and work experience opportunities with North Dakota target industry employers. Matching grants are available to businesses creating new internships and work experience opportunities covering up to a maximum of \$3,000 per intern.

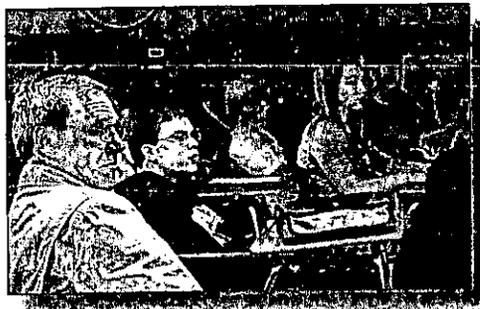
Businesses participating: 87

Number of internships available: 205

- /// **Total internships filled to-date: 167**



McFarlane Sheet Metal in Grand Forks is giving interns experience in the HVAC, insulation and custom sheet metal applications.



Senator Dwight Cook joins Mandan students to hear speaker Patrick McConnell of Titan Machinery projected via webcam.

CAREER CONVERSATIONS

Career conversations educates high school students and their supporters about strong career opportunities in North Dakota.

Commerce coordinates interactive "career conversations" using webcams that link students in a classroom to workers in high-wage/high-demand occupations. Videos of each conversation are captured and posted online for future viewing.

Number of participants: 925

- /// **Viewing of career conversations posted online: 903**

INTERNAL OPERATIONS & EMPLOYEE SATISFACTION

Commerce strives to be an employer of choice and to create a culture that drives individual and organizational improvement.

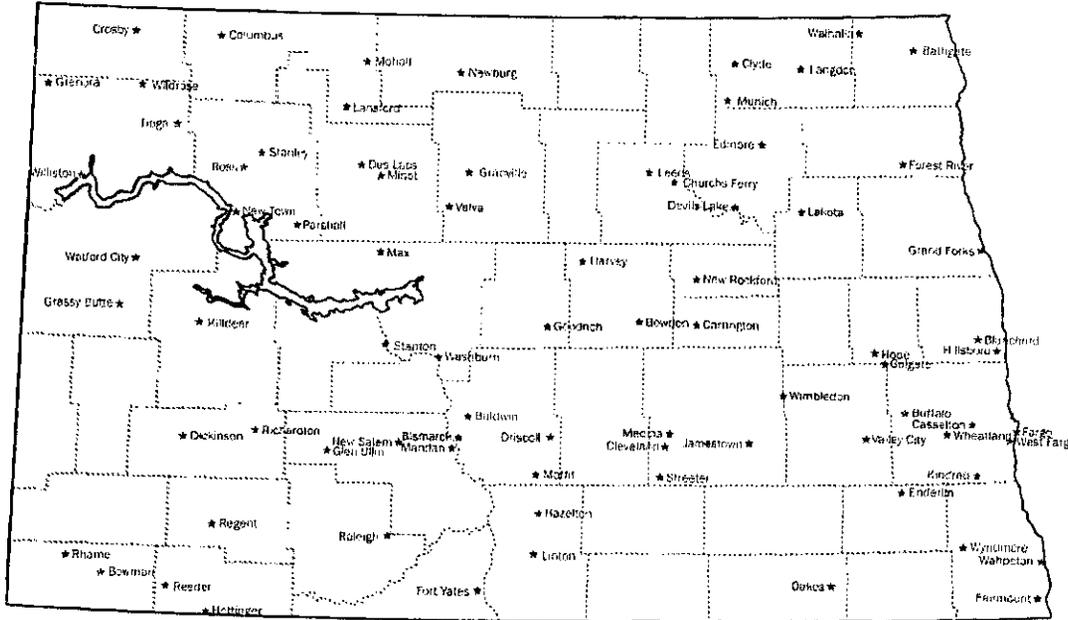
PERFORMANCE MEASUREMENT

Commerce has 66 employees who successfully manage over 50 programs that invest millions of federal and state dollars to benefit North Dakota citizens. That level of responsibility demands an equal level of accountability. In 2007, Commerce launched a performance management system that connects the achievement of individual goals to salary increases. In addition, each employee's work is connected with one or more of Commerce's four strategic priorities.

APPENDIX – COMMERCE COMMUNITY IMPACT MAPS

COMMUNITIES IMPACTED BETWEEN 2004-2008

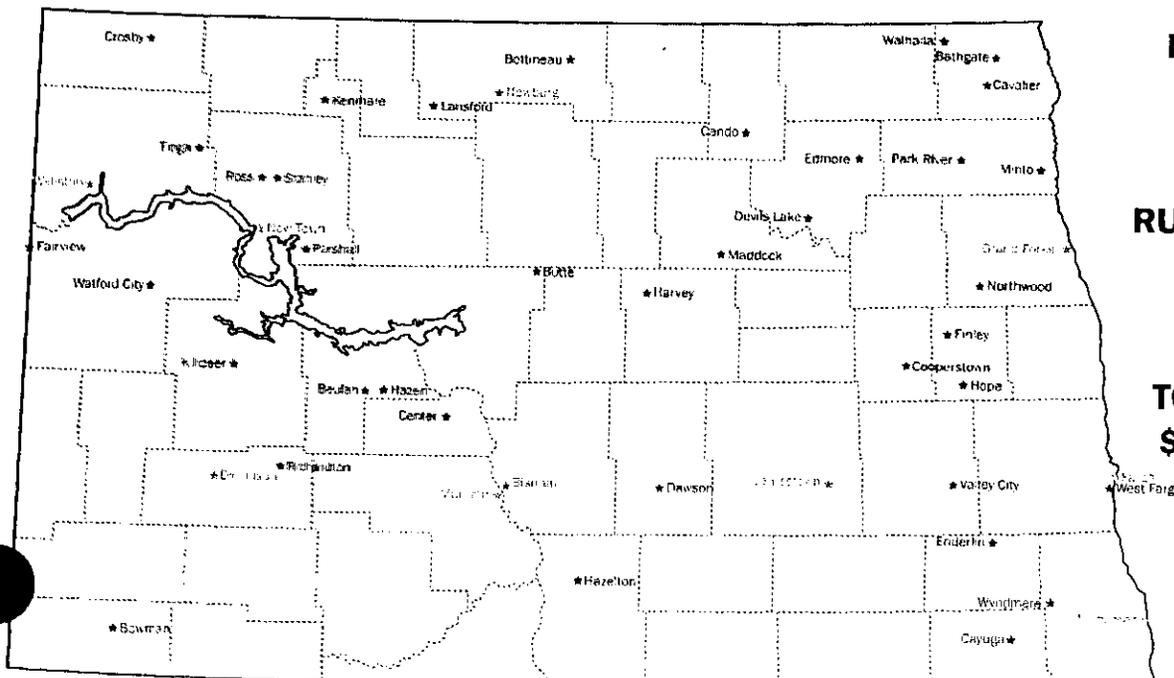
AGRICULTURAL PRODUCTS UTILIZATION GRANTS • 2004-2008



**APUC
PROJECTS
132**

**TOTAL
FUNDING
\$3.9 MILLION**

DEVELOPMENT FUND – RURAL REVOLVING LOAN FUND • 2004-2008



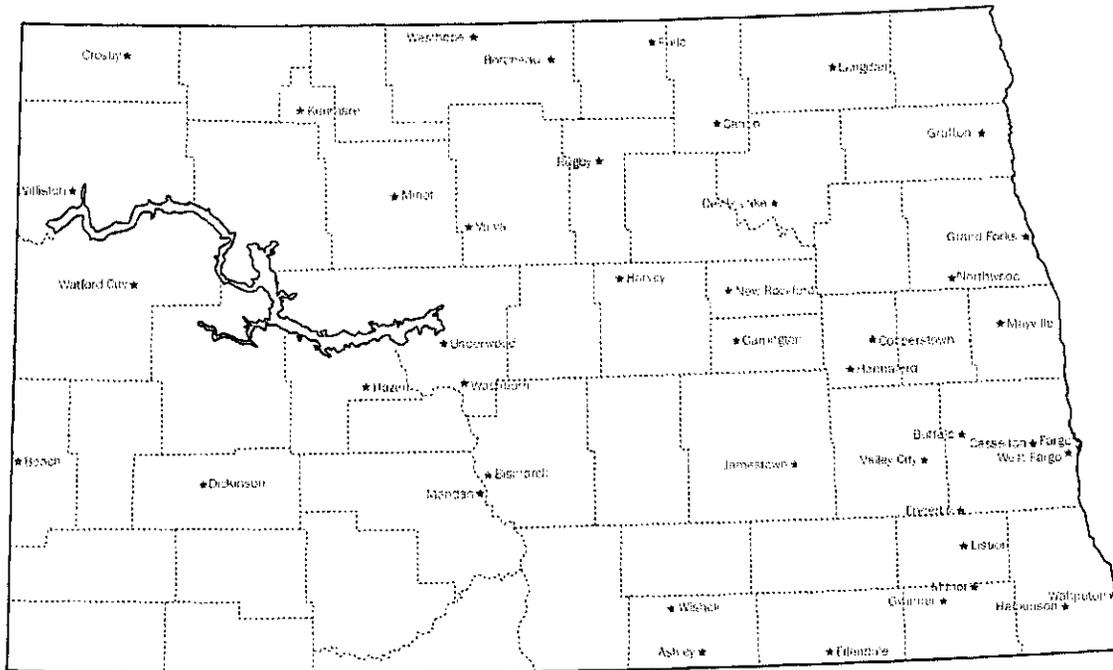
**DEVELOPMENT
FUND
10**

**RURAL REVOLVING
LOAN FUND
10**

**TOTAL FUNDING
\$23.8 MILLION**

APPENDIX – COMMERCE COMMUNITY IMPACT MAP COMMUNITIES IMPACTED BETWEEN 2004-2008

RENAISSANCE ZONES • 2004-2008

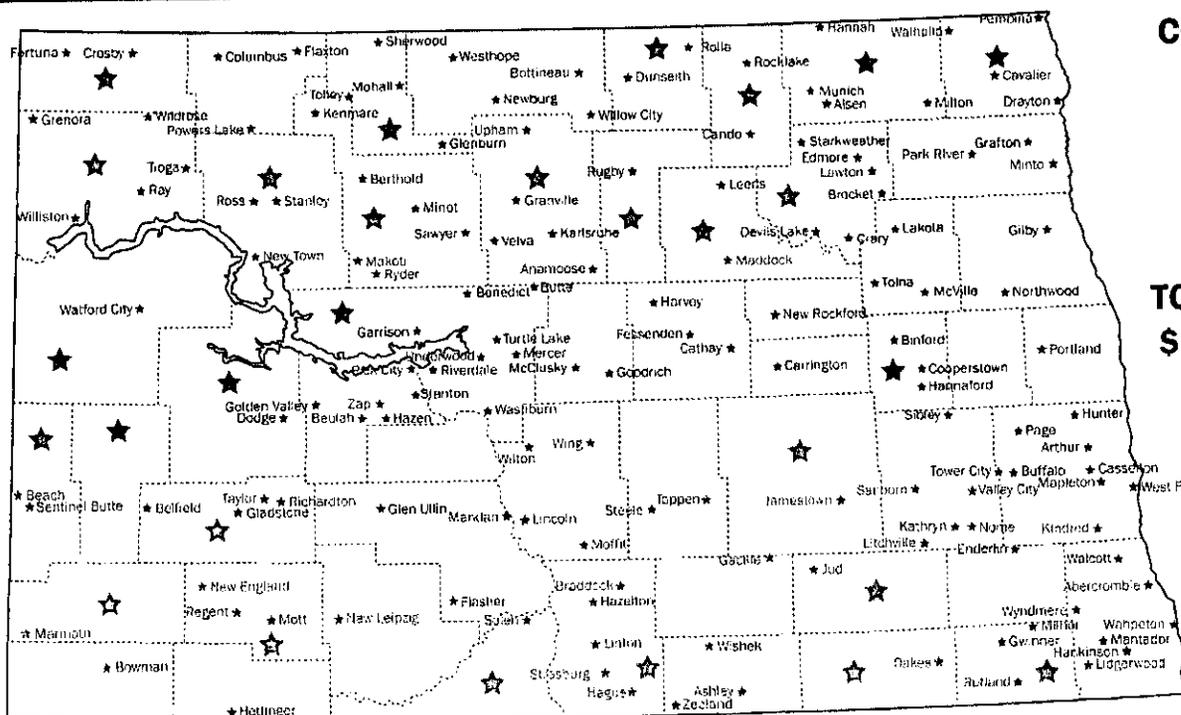


RENAISSANCE ZONES
44

TOTAL COMPLETED
549

TOTAL APPROVED & COMPLETED
756 PROJECTS

COMMUNITY DEVELOPMENT BLOCK GRANTS • 2004-2008

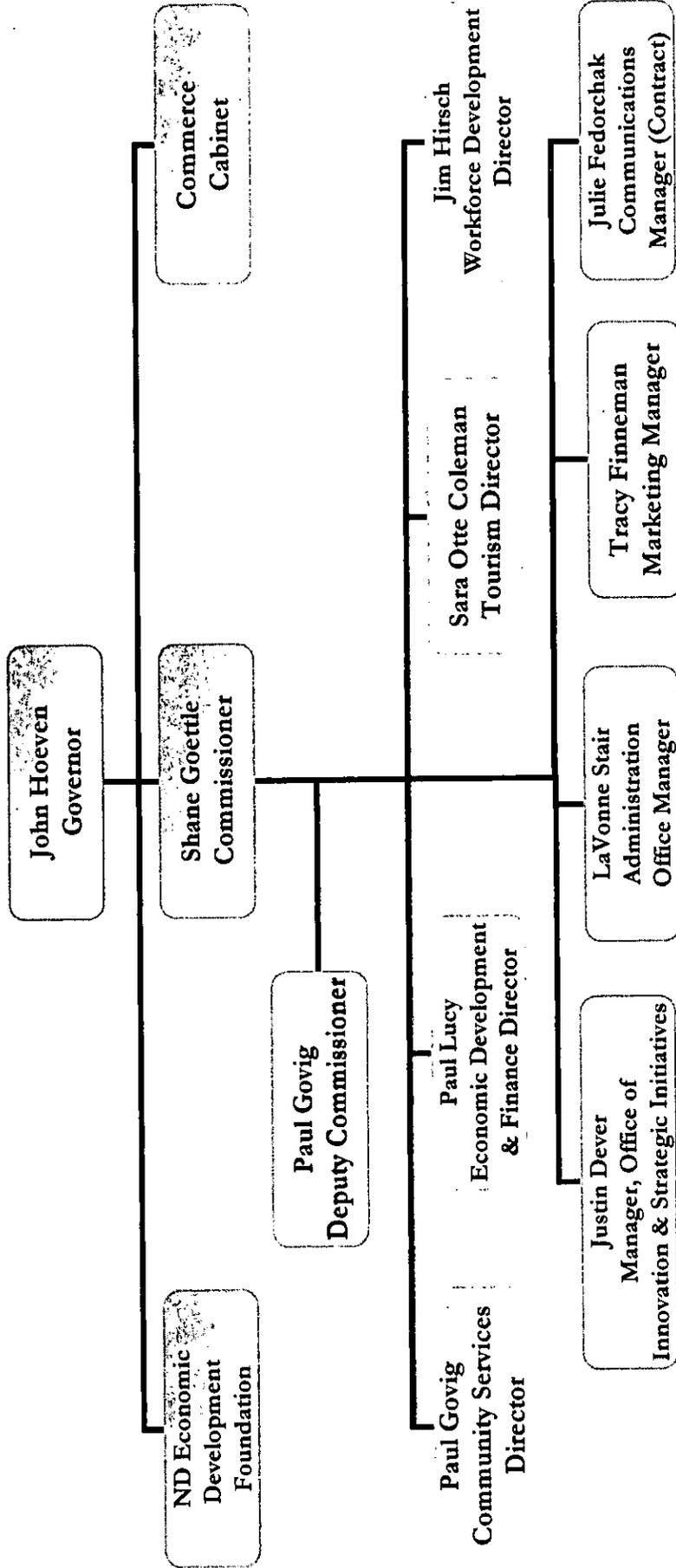


COMMUNITIES
147

COUNTIES
28

TOTAL FUNDING
\$32.1 MILLION

Department of Commerce Organizational Chart



DEPARTMENT OF COMMERCE TESTIMONY ON SB 2018
JANUARY 16, 2009, 8:30 A.M.
SENATE APPROPRIATIONS COMMITTEE
HARVEST ROOM
SENATOR RAY HOLMBERG, CHAIRMAN

SHANE GOETTLE – COMMISSIONER, ND DEPARTMENT OF COMMERCE

Mr. Chairman and members of the committee, good morning. I am Shane Goettle, Commissioner of the North Dakota Department of Commerce, and I am here before you today in support of SB 2018, the 2009-11 budget for the Department of Commerce.

The Vision of the Department of Commerce is to improve the quality of life for the people of North Dakota. Of course, many other state agencies share that same vision. What makes the Department of Commerce unique is our mission. We lead the state's efforts to attract, expand, and retain wealth. And by the term "wealth" I mean not only business wealth, but also wealth found in the take-home pay of our workers and their families, wealth found in our state and community infrastructure, wealth found in the education level and skills of our workforce, and wealth found in our vast natural and cultural resources that, coupled with our unique amenities, serves to attract both visitors and workers to this state.

Before I begin this morning, please allow me to introduce the department's four division directors:

- Paul Govig – Director of the Division of Community Services
- Sara Otte Coleman – Director of the Division of Tourism
- Jim Hirsch – Director of the Division of Workforce Development
- Paul Lucy – Director of the Division of Economic Development & Finance

These directors will provide testimony on how each of the four divisions are contributing to the mission I have just outlined.

Requested Information

You have specifically request information concerning:

- Our 2007-09 Appropriation
- Estimated 2007-09 Spending
- Status of one-time funding items
- 2009-11 budget needs
- 2009-11 one-time funding needs
- Major variances

To do so, we created a spreadsheet to directly address these request. Let me walk you through this information.

The first column in this spreadsheet highlights the 2007-09 appropriation by divisions or program area, and one-time funding items. The second column lists what we estimate will be

our actual expenditures for the current biennium. You will note that we estimate about \$150,000 in general fund turn-back for this biennium.

We had two one-time funding items in our budget. This included \$100,000 for the Tax Expenditure and Incentive Reports and \$3 million for the North Dakota Development Fund. The Tax Expenditure and Incentive Reports are completed and were conducted with the assistance of the Tax Department and Covenant Consulting, the firm that was awarded the RFP. The \$3 million was transferred to the North Dakota Development Fund which helped in the Development Fund being able to fund 27 new projects totally \$7,544,947 so far this biennium.

The next column lists the 2009-11 recommendation and the last column lists the major variances between the 2007-09 appropriation and the 2009-11 recommendation. Commerce Administration is recommended to receive an additional \$1.4 million. This includes an additional \$400,000 to the Small Business Development Centers and \$500,000 to the North Dakota Trade Office. Both entities will be presenting information later this morning to detail these enhancements to both small business development and our international trade efforts. There is also additional funds for salary equity adjustments.

The Tourism Division has a recommended increase of \$959,266 to help cover the inflationary costs in advertising and marketing.

The Workforce Development Division has an increase of \$831,948 including an increase of \$600,000 for Operation Intern, which will bring the total program to \$1.2 million. This \$1.2 million appropriation level was also recommended by the Interim Workforce Committee and is included in House Bill 1065.

Both the Economic Development & Finance and the Community Services divisions have decreases in collection of special and/or federal funds.

We also have one-time funding items included in our budget recommendation for the 2009-11 biennium. These include the following:

- \$100,000 for promotion of the U.S.S. North Dakota
- \$3.5 million for a state grant program for childcare
- \$2.0 million for the Workforce Enhancement Fund
- \$2.0 million for incent the installation of biofuel blender pumps, as well as promote renewable energy and energy conservation programs

Request for Amendment

The Department of Commerce received approval from the Emergency Commission and the Budget Section to receive \$19,600,000 from the Neighborhood Stabilization program. We do not anticipate spending all of these funds prior to June 30, 2009, so we respectfully request an amendment to SB 2018 to increase the spending authority in the Division of Community Services by \$15,000,000 for the 2009-11 biennium.

Commerce Department Highlights

During the course of this hearing this morning, I will be call upon the four division directors and our some of the partners that we fund in order to broadly cover the scope of Commerce activities, and in particular provide you details concerning our results and our budget requests.

I will start by highlighting two important offices established to carry marketing and communications efforts, as well our efforts concerning innovation and the Centers of Excellence program.

Marketing and Communications

The 2001 Legislature appropriated funds to develop a marketing program to enhance the state's image for business recruitment. In 2006, Commerce expanded the role of this program to include workforce recruitment. Today, our Marketing and Communications team leads more than 50 strategic activities that strengthen North Dakota's position as a great place to live, work and do business. Here are three powerful examples:

1. The Commerce Marketing and Communications team pitches story ideas about North Dakota and our business climate almost daily to media outlets like the *Wall Street Journal*, *New York Times* and *NBC News*. We invested \$111,000 in this effort for 2008, and our return was 134 positive stories in national and international media outlets. If we had bought the advertising space for these same stories, we would have paid over \$2.5 million! And frankly some of the space isn't for sale – like the page 1 story in the December 6 issue of the *New York Times* with the headline, “A Placid North Dakota Asks: Recession? What Recession?”
2. In November 2006, the Commerce Department invited companies and communities to join us in hosting the first Experience North Dakota event in St. Paul, Minnesota. These family-friendly, weekend job fairs match North Dakota employers with job seekers interested in career opportunities in our state. Nearly 1,400 job seekers have attended five events. Fifteen of the first 25 people who moved to the state chose to participate in a survey. The average annual salary for these 15 new North Dakotans is \$55,000. Their total annual contribution to state and local tax revenue is \$188,833 – nearly three times as much as the state's total investment of \$64,000 in these events!
3. Commerce added a Talent Marketing Coordinator last July to provide personalized relocation assistance for job seekers and employers with job openings. This individual works closely with Job Service North Dakota and our local communities to make it easier for people to call North Dakota “home.” In just six months, we've built a relocation process and a virtual home for Experience North Dakota at experiencend.com. This makes it easier for our Talent Marketing Coordinator to work with the now 312 individuals or families who have contacted her with interest in moving to North Dakota. Since coming on board, she's has successfully helped seven individuals or families move to the state and continues to work with the remainder.

How do we know our marketing efforts are making a difference? Perhaps the best reason I can give you is this: When the headline on the September 29, 2002 *USA Today* story read, "Poverty in the Great Plains," many of us dropped our chins and our eyes. There seemed little that we could do to combat the negative national press coverage of our great state. However, fast-forward five years later when National Geographic wrote a story about the "Emptied Prairie," you'd find we'd moved to a much more assertive posture in defense of our state. Governor Hoeven wrote to the publisher; and we helped mobilize more than 200 North Dakota Ambassadors who posted comments on National Geographic's website; and our response was so overwhelming that the response itself became the story that was noted state-wide, then regionally, and finally nationally. In fact, ABC Nightly News named us – all of us – Citizens of the Week. Our Commerce marketing efforts ARE making a difference.

Innovation and Strategic Initiatives

The Office of Innovation and Strategic Initiatives was formed in May, 2007 to manage the Centers of Excellence and Innovate North Dakota programs. This office includes 3 staff members: a manager, a program manager for the Innovation ND program, and an accountability officer for the Centers of Excellence program.

Innovate ND is new program in the Department. We launched it in the fall of 2006 in to provide a pathway for new and existing entrepreneurs, with ideas for product or service innovations, training and incentives that help them develop their concepts and ready them for a pitch to the investment and financial communities. In the current biennium, Innovate ND has had 176 business ideas submitted with a total of 372 people participating in the program. There are currently 40 new businesses in operation or development in the state that have participated in Innovate ND program.

This Office also carries out critical functions for the Centers of Excellence program. The funding for this program is in OMB's budget. We manage the application, review and award process, as well as monitor the Centers for their results in meeting the objectives of the award.

Organizational Structure

The written testimony includes organizational charts for each of the divisions and offices within the Department of Commerce. Each of the Divisions' organizational chart is on the back side of their tab and the offices' charts are located in the Commerce Overview section.

Department of Commerce
January 16, 2009

	Estimated		2009-2011 Recommendation	Major Variances
	2007-2009 Appropriation	2007-2009 Spending		
Commerce Administration	\$ 7,350,375	\$ 7,320,375	\$ 8,726,122	\$ 1,375,747
One-time: Tax expenditure/incentive report	\$ 100,000	\$ 25,000		
Innovation & Strategic Initiatives	\$ 1,377,109	\$ 1,077,109	\$ 1,376,641	
Tourism	\$ 8,260,408	\$ 8,150,408	\$ 9,219,674	\$ 959,266
One-time: Promote the U.S.S. ND			\$ 100,000	
Workforce Development	\$ 3,282,131	\$ 3,132,700	\$ 4,114,079	\$ 831,948
One-time: Matching grants for childcare			\$ 3,500,000	
One-time: Workforce enhancement fund			\$ 2,000,000	
Economic Development & Finance	\$ 6,678,406	\$ 6,370,373	\$ 6,127,691	\$ (550,715)
One-time: Development Fund	\$ 3,000,000	\$ 3,000,000		
Community Services	\$ 52,292,052	\$ 42,946,500	\$ 51,034,693	\$ (1,257,359)
One-time: Alternative energy program			\$ 2,000,000	
Total	\$ 82,340,481	\$ 72,022,465	\$ 88,198,900	\$ 1,358,887
General Funds	\$ 26,572,465	\$ 26,422,465	\$ 34,490,039	
Federal Funds	\$ 45,473,495	\$ 38,900,000	\$ 44,821,790	
Special Funds	\$ 10,294,521	\$ 6,700,000	\$ 8,887,071	
Total	\$ 82,340,481	\$ 72,022,465	\$ 88,198,900	\$ -

Increases SBDC funding by 400,000
 Increases Trade Office funding by 500,000
 Inflationary costs in advertising & marketing
 Operation Intern \$600,000
 Decrease in collection of special/federal funds
 Decrease in collection of special/federal funds

* 27 new projects have been funded totaling \$7,544,947 from July 1, 2007 to December 26, 2008. The \$3,000,000 one-time appropriation helped fund these projects.

Department of Commerce
January 16, 2009

	2009-2011 Recommendation	Recommended Amendment	2009-2011 Amended Recommendation
Commerce Administration	\$ 8,726,122		\$ 8,726,122
Innovation & Strategic Initiatives	\$ 1,376,641		\$ 1,376,641
Tourism	\$ 9,219,674		\$ 9,219,674
One-time: Promote the U.S.S. ND	\$ 100,000		\$ 100,000
Workforce Development	\$ 4,114,079		\$ 4,114,079
One-time: Matching grants for childcare	\$ 3,500,000		\$ 3,500,000
One-time: Workforce enhancement fund	\$ 2,000,000		\$ 2,000,000
Economic Development & Finance	\$ 6,127,691		\$ 6,127,691
Community Services	\$ 51,034,693	\$ 15,000,000	\$ 66,034,693
One-time: Alternative energy program	\$ 2,000,000		\$ 2,000,000
Total	\$ 88,198,900	\$ 15,000,000	\$ 103,198,900
General Funds	\$ 34,490,039		\$ 34,490,039
Federal Funds	\$ 44,821,790	\$ 15,000,000	\$ 59,821,790
Special Funds	\$ 8,887,071		\$ 8,887,071
Total	\$ 88,198,900	\$ 15,000,000	\$ 103,198,900

* The \$15,000,000 amendment is divided as follows:	
Operating	\$ 1,500,000
Grants	\$ 13,500,000
Total Federal Fund Amendment	\$ 15,000,000

**DEPARTMENT OF COMMERCE TESTIMONY ON SB 2018
FEBRUARY 25, 2009, 2:45 P.M.
HOUSE APPROPRIATIONS COMMITTEE
ROUGH RIDER ROOM
REPRESENTATIVE KEN SVEDJAN, CHAIRMAN**

SHANE GOETTLE – COMMISSIONER, ND DEPARTMENT OF COMMERCE

Mr. Chairman and members of the committee, good afternoon. I am Shane Goettle, Commissioner of the North Dakota Department of Commerce, and I am here before you today in support of SB 2018, the 2009-11 budget for the Department of Commerce.

The Department of Commerce was created in 2001 by combining three agencies – Economic Development & Finance, Tourism, and the Division of Community Services – and creating a Division of Workforce Development.

The Vision of the Department of Commerce is to improve the quality of life for the people of North Dakota. Of course, many other state agencies share that same vision. What makes the Department of Commerce unique is our mission. We lead the state's efforts to attract, expand, and retain wealth. And by the term "wealth" I mean not only business wealth, but also wealth found in the take-home pay of our workers and their families, wealth found in our state and community infrastructure, wealth found in the education level and skills of our workforce, and wealth found in our vast natural and cultural resources that, coupled with our unique amenities, serves to attract both visitors and workers to this state.

Before I begin this afternoon, please allow me to introduce the department's four division directors:

- Paul Govig – Director of the Division of Community Services
- Sara Otte Coleman – Director of the Division of Tourism
- Jim Hirsch – Director of the Division of Workforce Development
- Paul Lucy – Director of the Division of Economic Development & Finance

These directors have provided written testimony on how each of the four divisions is contributing to the mission I have just outlined.

Requested Information

You have specifically request information concerning:

- A brief historical perspective of the agency and its mission and purpose
- Budget-specific information relating to:
 - 2005-07 actual expenditures
 - 2007-09 appropriations for ongoing and one-time funding
 - Current estimates of 2007-09 expenditures and anticipated general fund turnback
 - 2009-11 budget needs
 - Adjustments made to the budget by the Senate

- Major budget variances of 2007-09 current estimates of income and expenditures and 2009-11 recommended appropriations and estimated income compared to the 2007-09 biennium appropriations and estimated income
- Major agency initiatives and program changes for the 2009-11 biennium
- Agency's long-term plan for improving the efficiency and effectiveness of achieving its mission and purpose

We created a spreadsheet to directly address the requested budget-specific information. Let me walk you through this information.

The first column in this spreadsheet highlights the 2007-09 appropriation by divisions or program area, and one-time funding items. The second column lists what we estimate will be our actual expenditures for the current biennium. You will note that we estimate about \$150,000 in general fund turn-back for this biennium.

We had two one-time funding items in our budget. This included \$100,000 for the Tax Expenditure and Incentive Reports and \$3 million for the North Dakota Development Fund. The Tax Expenditure and Incentive Reports are completed and were conducted with the assistance of the Tax Department and Covenant Consulting, the firm that was awarded the RFP. The \$3 million was transferred to the North Dakota Development Fund which helped in the Development Fund being able to fund 27 new projects totally \$7,544,947 so far this biennium.

The next column lists the 2009-11 recommendation, followed by a column that lists the budget totals under the Senate engrossment of the bill. The second spreadsheet includes a listing of the major variances between the 2007-09 appropriation and the 2009-11 recommendation. Commerce Administration is recommended to receive an additional \$1.4 million. This includes an additional \$400,000 to the Small Business Development Centers and \$500,000 to the North Dakota Trade Office. Both entities have provided written testimony to detail these enhancements to both small business development and our international trade efforts. There are also additional funds for salary equity adjustments.

The Tourism Division has a recommended increase of \$959,266 to help cover the inflationary costs in advertising and marketing.

The Workforce Development Division has an increase of \$831,948 including an increase of \$600,000 for Operation Intern, which will bring the total program to \$1.2 million. This \$1.2 million appropriation level was also recommended by the Interim Workforce Committee.

Both the Economic Development & Finance and the Community Services divisions have decreases in collection of special and/or federal funds.

We also have one-time funding items included in our budget recommendation for the 2009-11 biennium. These include the following:

- \$100,000 for promotion of the U.S.S. North Dakota
- \$3.5 million for a state grant program for childcare which was reduced to \$2.0 million by the Senate

- \$2.0 million for the Workforce Enhancement Fund. These are match dollars to the state's four 2-year institutions to enable them to expand programs and recruit students to meet critical workforce training needs.
- \$2.0 million for incent the installation of biofuel blender pumps, as well as promote renewable energy and energy efficiency programs

Agency Initiatives and Program Changes

The executive budget recommendation included two new initiatives for the Department of Commerce. These include a Child Care Grant program and a Biofuels Blender Pump Incentive program. The Child Care Grant program was recommended at \$3.5 million; however the Senate amended the funding level to \$2.0 million. The intent language for this program was also removed from SB 2018 and was introduced in a new bill – SB 2225. The Biofuels Blender Pump Incentive program was recommended and approved by the Senate at \$2.0 million. The intent language for this program was also removed from SB 2018 and introduced as SB 2228.

Efficiency and Effectiveness

A report that was prepared for the Industry, Business and Labor Committees is attached which directly speaks to our plan for improving efficiency and effectiveness in achieving our mission to lead North Dakota's efforts to attract, expand, and retain wealth. The Department of Commerce recently adopted four strategic priorities:

1. Business, Community & Industry Development – delivering initiatives, programs and services that support business, community and industry growth.
2. Workforce & Volunteer Attraction, Retention & Expansion – improving the state's ability to attract, retain and expand talent.
3. Employee Satisfaction, Contributions & Growth – creating a culture that drives individual and organizational improvement.
4. Internal Operations – improving the productivity of the overall organization.

This report outlines our activities and results associated with the two external goals.

The Department of Commerce has also fully implemented a performance system for its employees. Under this system, employees' raises are tied to meeting or exceeding goals that they develop in consultation with their supervisors. These goals must tie into the four strategic priorities.

Senate Amendments

The Senate approved amendments to SB 2018 that:

- Provide \$20 million in general funds for Centers of Excellence (these were removed by the House from HB 1015)
- Reduce the child care grant program from \$3.5 million to \$2.0 million in general funds
- Provide \$50,000 in general funds to the Dakota Defense Alliance
- Increase funding for Innovate ND by \$100,000 over the executive budget recommendation
- Provide \$200,000 in general funds for student-based technology grants

- Provide \$1 million in general funds for regional technical assistance grants to be equally distributed among the four workforce training quadrants
- Provide \$400,000 in general funds for youth entrepreneurship grants equally distributed in the geographic territory represented by the four workforce training quadrants
- Provide \$200,000 in general funds to the UND and NDSU patent offices
- Increase funding for Tourism marketing by \$500,000 over the executive budget recommendation
- Increase special funds spending authority by \$15 million for carryover of federal funds for the Neighborhood Stabilization program (the Department of Commerce requested this amendment during the hearing process)
- Provide \$200,000 in general funds to provide grants of up to \$10,000 each to cities with fewer than 8,000 people for commercial business district improvement projects
- Increase funding for the ND Trade Office by \$164,000 which is comprised of \$64,000 for an export assistance program, \$50,000 for a global connections conference, and \$50,000 for an export-related workforce recruitment study
- Provide \$500,000 in borrowing authority to provide a grant to the ND Trade Office for implementing an export-related workforce recruitment program based on the results of the study
- Provide \$5 million in general funds for the Great Plains Applied Energy Research Center on the BSC campus (this is also included in HB 1350, which passed the House)
- Provide \$5 million in general funds for a Base Realignment grant program
- Provide \$1.5 million in general funds to the Lewis and Clark Foundation
- Provide \$500,000 in general funds for a "Wade Westin" memorial grant to the Theodore Roosevelt Medora Foundation
- Create a new section to ND Century Code Chapter 15-69 to create a Centers of Excellence fund with continuing appropriations as well as amending other association NDCC sections relating to the fiscal administration of the COE program
- Provide for a Legislative Council study of technology-based entrepreneurship and economic development best practices
- Provide for a Legislative Council study of the state's workforce system
- Provide that the \$1.2 million for Operation Intern is an emergency measure (the Department of Commerce requested this amendment during the hearing process)
- Require Job Service North Dakota, the Department of Career and Technical Education, and the State Board of Higher Education to submit an annual report to the Division of Workforce Development on their current and future workforce initiatives and activities
- Require Job Service North Dakota, the Department of Career and Technical Education, the Department of Commerce, and the State Board of Higher Education to submit their biennial budget request to the Workforce Development Council for approval
- Provide legislative intent that the Department of Commerce establish and implement accountability requirements relating to the grants provided to the Dakota Defense Alliance, the Lewis and Clark Foundation and the Theodore Roosevelt Medora Foundation

Commerce Department Highlights

Behind each of the tabs we have written testimony from the four division directors and our partners that we fund in order to broadly cover the scope of Commerce activities, and in particular provide you details concerning our results and our budget requests. I will provide some brief highlights from these sections and welcome any questions that you may have.

I will start by highlighting two important offices established to carry marketing and communications efforts, as well our efforts concerning innovation and the Centers of Excellence program.

Marketing and Communications

The 2001 Legislature appropriated funds to develop a marketing program to enhance the state's image for business recruitment. In 2006, Commerce expanded the role of this program to include workforce recruitment. Today, our Marketing and Communications team leads more than 50 strategic activities that strengthen North Dakota's position as a great place to live, work and do business. Here are three powerful examples:

1. National Attention

The Commerce Marketing and Communications team pitches story ideas about North Dakota and our business climate almost daily to media outlets like the *Wall Street Journal*, *New York Times* and *NBC News*. We invested \$111,000 in this effort for 2008, and our return was 134 positive stories in national and international media outlets. If we had bought the advertising space for these same stories, we would have paid over \$2.5 million! And frankly some of the space isn't for sale – like the page 1 story in the December 6 issue of the *New York Times* with the headline, “A Placid North Dakota Asks: Recession? What Recession?”

2. Workforce Attraction

In November 2006, the Commerce Department invited companies and communities to join us in hosting the first Experience North Dakota event in St. Paul, Minnesota. These family-friendly, weekend job fairs match North Dakota employers with job seekers interested in career opportunities in our state. Nearly 1,400 job seekers have attended five events. Fifteen of the first 25 people who moved to the state chose to participate in a survey. The average annual salary for these 15 new North Dakotans is \$55,000. Their total annual contribution to state and local tax revenue is \$188,833 – nearly three times as much as the state's total investment of \$64,000 in these events!

3. Relocation Assistance

Commerce added a Talent Marketing Coordinator last July to provide personalized relocation assistance for job seekers and employers with job openings. This individual works closely with Job Service North Dakota and our local communities to make it easier for people to call North Dakota “home.” In just six months, we've built a relocation process and a virtual home for Experience North Dakota at experiencend.com. This

makes it easier for our Talent Marketing Coordinator to work with the now 312 individuals or families who have contacted her with interest in moving to North Dakota. Since coming on board, she's has successfully helped seven individuals or families move to the state and continues to work with the remainder.

How do we know our marketing efforts are making a difference? Perhaps the best reason I can give you is this: When the headline on the September 29, 2002 *USA Today* story read, "Poverty in the Great Plains," many of us dropped our chins and our eyes. There seemed little that we could do to combat the negative national press coverage of our great state. However, fast-forward five years later when National Geographic wrote a story about the "Emptied Prairie," you'd find we'd moved to a much more assertive posture in defense of our state. Governor Hoeven wrote to the publisher; and we helped mobilize more than 200 North Dakota Ambassadors who posted comments on National Geographic's website; and our response was so overwhelming that the response itself became the story that was noted state-wide, then regionally, and finally nationally. In fact, ABC Nightly News named us – all of us – Citizens of the Week. Our Commerce marketing efforts ARE making a difference.

Innovation and Strategic Initiatives

The Office of Innovation and Strategic Initiatives was formed in May, 2007 to manage the Centers of Excellence and Innovate North Dakota programs. This office includes 3 staff members: a manager, a program manager for the Innovation ND program, and an accountability officer for the Centers of Excellence program.

Innovate ND is new program in the Department. We launched it in the fall of 2006 in to provide a pathway for new and existing entrepreneurs, with ideas for product or service innovations, training and incentives that help them develop their concepts and ready them for a pitch to the investment and financial communities. In the current biennium, Innovate ND has had 176 business ideas submitted with a total of 372 people participating in the program. There are currently 40 new businesses in operation or development in the state that have participated in Innovate ND program.

This Office also carries out critical functions for the Centers of Excellence program. We manage the application, review and award process, as well as monitor the Centers for their results in meeting the objectives of the award. These responsibilities were given to the Department of Commerce by the legislature in 2007. We have taken our responsibilities very seriously in regards to the monitoring of Centers and recently completed our first round of site visits to each of the Centers. A report on the progress made by the Centers, as of June 30, 2008 is included in our written testimony. This report includes a study conducted by Dr. Larry Leistrich on the economic impact of the Centers of Excellence program in 2007.

In 2007, the legislature also changed the way Centers of Excellence awards are distributed. Earlier awards were distributed in lump sum payments, but in accord with what the legislature passed, are now distributed based upon the timeline of the Center. This distribution over time provides a tool to hold Centers accountable as future distributions can be withheld if a Center is not performing as outlined in their application. In order to provide distributions over time,

including future bienniums, we have requested a special fund with continuing appropriations. This is the same mechanism that is used for other grant programs such as the Workforce Enhancement Grant program, APUC, and the Renewable Energy Program. This would allow the flexibility necessary to stagger the distribution based upon the results of the Centers. Without this tool, award distribution would have to take place within the biennium in which they were awarded.

Organizational Structure

The written testimony includes organizational charts for each of the divisions and offices within the Department of Commerce. Each of the Divisions' organizational charts is on the back side of their tab and the offices' charts are located in the Commerce Overview section.

Department of Commerce
February 25, 2009

	2005-2007 Expenditures	2007-2009 Appropriation	2007-2009 Estimated Expenditures	2007-2009 General Fund Turnback	2008-2011 Recommendation	2009-2011 Senate Engrossment
Commerce Administration	\$ 4,719,406	\$ 7,350,375	\$ 7,320,375		\$ 8,726,122	\$ 19,440,122
One-time: Tax expenditure/incentive report	\$	\$ 100,000	\$ 25,000			
Innovation & Strategic Initiatives	\$ 41,612	\$ 1,377,109	\$ 1,077,109		\$ 1,376,641	\$ 22,276,641
Tourism	\$ 7,326,987	\$ 8,260,408	\$ 8,150,408		\$ 9,219,674	\$ 11,719,674
One-time: Promote the U.S.S. ND	\$	\$	\$		\$ 100,000	\$ 100,000
Workforce Development	\$ 2,047,052	\$ 3,282,131	\$ 3,132,700		\$ 4,114,079	\$ 5,114,079
One-time: Matching grants for childcare	\$	\$	\$		\$ 3,500,000	\$ 2,000,000
One-time: Workforce enhancement fund	\$	\$	\$		\$ 2,000,000	\$ 2,000,000
Economic Development & Finance	\$ 6,955,877	\$ 6,678,406	\$ 6,370,373		\$ 6,127,691	\$ 6,327,691
One-time: Development Fund	\$	\$ 3,000,000	\$ 3,000,000 *		\$	\$
Community Services	\$ 37,350,312	\$ 52,292,052	\$ 42,946,500		\$ 51,034,693	\$ 66,034,693
One-time: Alternative energy program	\$	\$	\$		\$ 2,000,000	\$ 2,000,000
Total	\$ 58,441,246	\$ 82,340,481	\$ 72,022,465	\$ 150,000	\$ 88,198,900	\$ 137,012,900
General Funds	\$ 18,409,547	\$ 26,572,465	\$ 26,422,465	\$ 150,000	\$ 34,490,039	\$ 67,804,039
Federal Funds	\$ 33,972,840	\$ 45,473,495	\$ 38,900,000		\$ 44,821,790	\$ 44,821,789
Special Funds	\$ 6,058,859	\$ 10,294,521	\$ 6,700,000		\$ 8,887,071	\$ 24,387,072
Total	\$ 58,441,246	\$ 82,340,481	\$ 72,022,465	\$ 150,000	\$ 88,198,900	\$ 137,012,900

* 27 new projects have been funded totaling \$7,544,947 from July 1, 2007 to December 26, 2008. The \$3,000,000 one-time appropriation helped fund these projects.

Department of Commerce
February 25, 2009

	2007-2009 Appropriation	2007-2009 Estimated Federal/Special Income	2007-2009 Estimated Expenditures	2009-2011 Recommendation	Major Variances
Commerce Administration	\$ 7,350,375	\$ 220,932	\$ 7,320,375	\$ 8,726,122	\$ 1,375,747
One-time: Tax expenditure/incentive report	\$ 100,000	\$	\$ 25,000		
Innovation & Strategic Initiatives	\$ 1,377,109	\$ 225,000	\$ 1,077,109	\$ 1,376,641	
Tourism	\$ 8,260,408	\$ 255,954	\$ 8,150,408	\$ 9,219,674	\$ 959,266
One-time: Promote the U.S.S. ND				\$ 100,000	
Workforce Development	\$ 3,282,131	\$ 1,662,642	\$ 3,132,700	\$ 4,114,079	\$ 831,948
One-time: Matching grants for childcare				\$ 3,500,000	
One-time: Workforce enhancement fund				\$ 2,000,000	
Economic Development & Finance	\$ 6,678,406	\$ 1,918,415	\$ 6,370,373	\$ 6,127,691	\$ (550,715)
One-time: Development Fund	\$ 3,000,000	\$	\$ 3,000,000		
Community Services	\$ 52,292,052	\$ 41,317,057	\$ 42,946,500	\$ 51,034,693	\$ (1,257,359)
One-time: Alternative energy program				\$ 2,000,000	
Total	\$ 82,340,481	\$ 45,600,000	\$ 72,022,465	\$ 88,198,900	\$ 1,358,887
General Funds	\$ 26,572,465	\$	\$ 26,422,465	\$ 34,490,039	
Federal Funds	\$ 45,473,495	\$	\$ 38,900,000	\$ 44,821,790	
Special Funds	\$ 10,294,521	\$	\$ 6,700,000	\$ 8,887,071	
Total	\$ 82,340,481	\$ 45,600,000	\$ 72,022,465	\$ 88,198,900	\$ 1,358,887

Increases SBDC funding
Increases Trade Office funding
Inflationary costs in advertising
Operation Intern
Decrease in collections
Decrease in collections

**Department of Commerce
Commissioner's Discretionary Funds**

2009-2011 Projections & Commitments	
Project	Committed
Champion Reap Alliance	\$75,000.00
Red River valley research corridor development	200,000.00
Partners in Marketing	268,000.00
Tourism Infrastructure Grants	67,000.00
Project Support **	800,567.00
Sponsorship of economic development events	5,500.00
Total	\$1,416,067.00
2009-2011 Recommended Appropriation	928,083.00
Estimated Committed Carryover	307,984.00
Estimated Uncommitted Carryover	180,000.00
2009-2011 Adjusted Appropriation	\$ 1,416,067.00

**** Projected Uses for Project Support Funds**

- Preliminary Site Engineering
- Site Environmental Reviews/Studies
- Site Infrastructure Improvements
 - Road upgrades/access
 - Natural gas line placement
 - Placement of redundant services (telecom, electric, etc.)
 - Sewer and water infrastructure
 - Wetland mitigation
 - Rail infrastructure upgrades
- Community Infrastructure Improvements
 - Upgrades required to city water treatment plant
 - Upgrades to City's wastewater treatment capabilities
- Workforce Development/Training Program Implementation
 - Specific to an industry or skill set or a company (i.e. welding program)
- Market Area/Project Specific Labor Availability Studies
 - Consultant conducted labor study within a specific market area to assess and prove workforce availability for a specific project
- Travel Expenses for Unplanned Project/Executive Visits (Home or Away)
 - Most likely for rural area projects. Help support expenses for community leaders to travel to a company's HQ to present a recruitment sales pitch.
 - Cover expenses of a company's executives to travel to ND to visit a specific community/site.

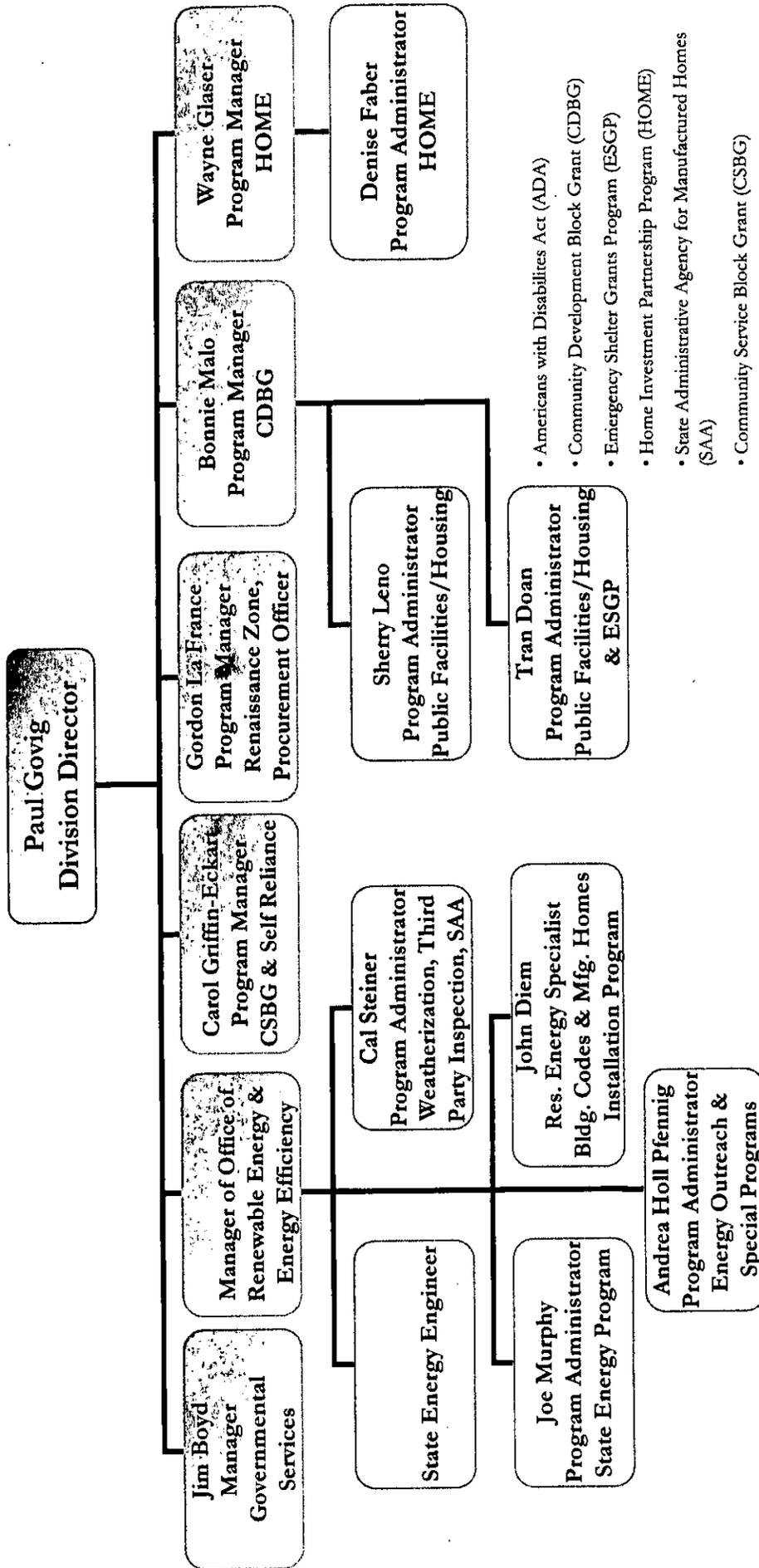
**2007-2009
Director's Discretionary Funds**

Date	Project	Carryover Commitments	07-09 Committed	Paid	Balance to Pay
	SBDC	\$ 60,741.05	\$ 367,044.00		\$ 145,119.95
8/30/07				\$ 60,741.05	
10/22/07				\$ 13,092.92	
11/14/07				\$ 7,804.40	
12/11/07				\$ 25,092.17	
1/10/08				\$ 20,534.08	
2/13/08				\$ 4,346.18	
3/12/08				\$ 12,892.13	
5/15/08				\$ 429.88	
6/12/08				\$ 1,967.74	
AB 6/30/08				\$ 26,525.27	
8/6/08				\$ 7,495.85	
9/12/08				\$ 40,377.00	
10/9/08				\$ 17,791.37	
11/13/08				\$ 8,605.81	
12/5/08				\$ 34,969.25	
	SBDC (Additional Commitment)		\$ 11,532.00		\$ 11,532.00
	Women & Technology		\$ 155,000.00		\$ 19,375.00
12/12/07				\$ 38,750.00	
1/13/08				\$ 38,750.00	
2/13/08				\$ 19,375.00	
3/13/08				\$ 19,375.00	
1/6/09				\$ 19,375.00	
	Rural Development Council		\$ 50,000.00		\$ 50,000.00
3/26/08	Red River Valley Research Corridor	\$ 187,605.83	\$ 200,000.00	\$ 386,000.00	\$ 1,605.83
	Partners in Marketing		\$ 250,000.00		\$ 142,076.00
	Valley City-Barnes (10,000)	\$ 5,000.00			
3/27/08	McLean Growth Coalition (15,000)	\$ 15,000.00		\$ 15,000.00	
10/1/07	Cavalier Area Chamber Commerce(9000)	\$ 9,000.00		\$ 9,000.00	
	BMDA (10255)	\$ 10,255.00			
9/21/07	Williston Area Development Found. (25,000)			\$ 22,500.00	
6/25/08	Valley City-Barnes Dev. Corp. (25,000)			\$ 25,000.00	
	Central Dakota Tourism Partnership (8,820)				
3/27/08	Stark Development Corporation (6,225)			\$ 6,225.00	
12/12/08	Grand Forks Region EDC (15,000)			\$ 15,000.00	
10/15/07	BMDA (6655)			\$ 6,655.00	
10/29/07	Governor's Choice Awards			\$ 4,000.00	
9/25/08	Williston Area Development Found. (7,200)			\$ 3,600.00	
4/2/08	McHenry County Job Dev. Auth. (2,500)			\$ 2,500.00	
4/2/08	Minot Area Dev. Corp. (6,700)			\$ 6,700.00	
	South Central Dakota Reg. Council (24786)				
	New Rockford Area Comm. (3500)				
	BMDA (9300)				
	Devils Lake Region Partnership (24250)				
6/16/08	Williston Area Development Found. (24,999)			\$ 24,999.00	
	Adams County Dev. Corp. (10,413)				
	Ashley Economic Development (7,969)				
	BMDA (15,905)				
	BMDA (3,990)				
	Stark Development Corporation (7,890)				

2007-2009
Director's Discretionary Funds

	Rolla Job Development Auth. (15,740)				
	Grant County JDA (4114 & 3258)				
	Kenmare Community Dev. Corp. (9000)				
	Richland Cnty JDA (Gov. award - 1000)			\$ 1,000.00	
	Stark Dev. Corp (Gov. award - 1000)			\$ 1,000.00	
	UND Center for Innov. Found. (Gov awrd)			\$ 1,000.00	
	BMDA (Gov. Choice Award - 1000)			\$ 1,000.00	
	Lake Agassiz RDC (Gov. Award - 1000)			\$ 1,000.00	
	Minot Area Dev. Corp. (Gov. Award - 1,000)			\$ 1,000.00	
	Project Support	\$ 228,063.03	\$ 302,871.00		\$ 440,779.11
07, Jan. '08,	Wahpeton CDC (350,000)			\$ 77,700.40	
AB 6/30/08	Wahpeton CDC continued			\$ 8,500.00	
1/2008, 9/25	Wahpeton CDC continued			\$ 3,954.52	
9/26/08	Sponsorship for Governors Rural Community Summit		\$ 5,000.00	\$ 5,000.00	\$ -
1/9/09	Inaugural Parade Sponsorship		\$ 2,500.00	\$ 2,500.00	\$ -
	Silver Sponsorship for MEP Conf.		\$ 3,000.00		\$ 3,000.00
7/24/07	██████████	\$ ██████████		\$ 50,000.00	\$ -
7/2007, 4/23	L'Amour Interpretive Center	\$ 15,000.00		\$ 15,000.00	\$ -
	Tourism Infrastructure Grants				\$ -
	Medora - Area events	\$ 6,000.00			\$ 6,000.00
11/21/08	Regent - Enchanted Highway	\$ 6,000.00		\$ 6,000.00	\$ -
10/15/07	Minot - Scandinavia	\$ 6,000.00		\$ 6,000.00	\$ -
	Beach - Remodel studio building	\$ 6,000.00			\$ 6,000.00
11/6/07	Walhalla - Frost fire lodge	\$ 4,000.00		\$ 4,000.00	\$ -
██████/08	Fort Totten - restore bldgs.	\$ 5,200.00		\$ 5,165.00	\$ 35.00
██████/07	Garrison - memorabilia	\$ 2,500.00		\$ 2,500.00	\$ -
10/23/08	Valley City-Rosebud visitors center	\$ 5,000.00		\$ 5,000.00	\$ -
10/27/08	Fort Yates - Pageant of the plains	\$ 5,000.00		\$ 750.00	\$ 4,250.00
	Mandan - Arikara Scouts	\$ 2,000.00			\$ 2,000.00
	Bowman - Lab prep	\$ 2,175.00			\$ 2,175.00
9/2007 & 12/	Williston Visitors Center		\$ 24,000.00	\$ 24,000.00	\$ -
10/29/07	ND Habitat Diorama		\$ 20,000.00	\$ 15,000.00	\$ 5,000.00
9/2007 & 6/1	Medora Musical Welcome Center		\$ 24,000.00	\$ 24,000.00	\$ -
10/29/07	Coghlan Castle Emergency Stabil.		\$ 2,500.00	\$ 1,875.00	\$ 625.00
9/2007 & 4/3	gardendwellers FARM Classrm & Harv. Hse		\$ 8,680.00	\$ 8,680.00	\$ -
10/29/07	L&C Interpretive Center Exh. Remod.		\$ 12,000.00	\$ 9,000.00	\$ 3,000.00
10/29/07	Orangutan Habitat		\$ 12,000.00	\$ 9,000.00	\$ 3,000.00
					\$ -
					\$ -
	Total	\$ 630,539.91	\$ 1,450,127.00	\$ 1,235,094.02	\$ 845,572.89
					\$ 845,572.89
	Appropriation	\$ 1,450,127.00			
	Estimated Carryover	\$ 630,539.91			
	Adjusted Appropriation	\$ 2,080,666.91			
	Less Expenditures	\$ 1,235,094.02			
	Balance	\$ 845,572.89			
	Less Balance to Pay	\$ 845,572.89			
	Balance Available to Spend	\$ 0.00			

Division of Community Services Organizational Chart



- Americans with Disabilities Act (ADA)
- Community Development Block Grant (CDBG)
- Emergency Shelter Grants Program (ESGP)
- Home Investment Partnership Program (HOME)
- State Administrative Agency for Manufactured Homes (SAA)
- Community Service Block Grant (CSBG)

DEPARTMENT OF COMMERCE TESTIMONY ON SB 2018
JANUARY 16, 2009, 8:30 A.M.
SENATE APPROPRIATIONS COMMITTEE
HARVEST ROOM
SENATOR RAY HOLMBERG, CHAIRMAN

PAUL GOVIG – DEPUTY COMMISSIONER AND DIRECTOR OF THE DIVISION OF COMMUNITY SERVICES

Good morning Mr. Chairman and members of the committee. I'm Paul Govig, Deputy Commissioner and the Director of the Division of Community Services.

The total appropriation request for the biennium for the Division is just over \$68 million. Of that amount, approximately 6% of it is proposed to come from the General Fund.

I'd like to refer you to the pie charts I've included in your handouts. The first chart is the "Funding Request by Funding Source".

- 94% consists of federal or special funds.

It's important to note that the federal funds amount in your budget packet has changed because we have just recently been approved to receive an additional federal grant.

North Dakota will be receiving \$19,600,000 from the Neighborhood Stabilization program (NSP) which is part of the federal Housing and Economic Recovery Act of 2008. The purpose of the Act is to provide financial assistance for the redevelopment of abandoned and foreclosed homes to the benefit of low income people.

It is expected that a portion of the NSP funds (\$4.6 million) will be used during the current biennium. We are estimating that the remaining \$15 million will be used during the next biennium and so that represents a large increase in the federal funds line item.

The 3.9 million dollar general fund request represents a \$2,300,000 increase from the budget last biennium. \$2,000,000 of this increase pertains to the proposed State Biofuels Blender Pumps Grant program. These funds will be used to encourage the installation of retail biofuels blender pumps. The remaining \$300,000 involves Homeless grants. The same amount was approved last biennium but it wasn't included in our bill.

The second chart, "Funding Request by Line Item", shows where the dollars will be spent.

- 9 out of every 10 dollars we receive will in turn be provided to local organizations in your communities (city/county governments and Community Action Agencies).
- 4% will be used for salaries and wages.
- 2% will be used for operating expenses.

The third pie chart is the "Funding Request by Program Area" describes what we will do with the money in the next biennium. The Division of Community Services consists of four different program areas:

- 1) Community Development
- 2) Office of Renewable Energy and Energy Efficiency
- 3) Self-Sufficiency
- 4) Technical Assistance

The Community Development program normally invests from \$15 to \$25 million in development projects during a biennium. From July 1, 2007 to January 1, 2008, 80 community projects were approved for a total of just over \$8,850,000. The following are a few examples of the diverse type of community projects we get involved with all across the state:

- We provided \$8,400 to Hazen to improve the accessibility of the restrooms in city hall.
- We awarded \$410,000 to Minot for water, sewer and infrastructure for Pure Energy Services, Inc.
- We provided a \$78,100 loan to NetGen Solutions in Valley City.
- We awarded \$271,000 to the Eastern Dakota Housing Alliance to build a 16 unit apartment complex in Northwood.
- We awarded \$510,000 to Wahpeton to help ComDel Innovations, Inc. purchase equipment from Imation.
- We provided \$25,000 to families in Billings and Dunn counties for southwest water pipeline hook-ups.
- We awarded \$104,000 to Dunseith for window replacement in the Nursing Home.
- We provided \$16,000 to Sentinel Butte to purchase a fire truck.
- We provided close to \$560,000 to 26 homeless shelters; including shelters in Bismarck, Grand Forks, Fargo and Dickinson. On any given night, the shelters serve between 400 and 450 people.

On to the Office of Renewable Energy and Energy Efficiency and some recent examples of activities.

- 1,737 homes occupied by low income families received weatherization assistance and/or furnace repair last year.
- \$50,000 has been provided to Northwood to incorporate energy efficiency features in their new school building. The money will be used for a ground-source heat pump system for heating and cooling and for other energy efficiency measures.
- The Local Government Energy Conservation program was set up in November. The purpose of the program is to help improve the energy efficiency of city and county buildings through reduced energy use. Projects are eligible to access up to \$25,000 with a one to one match requirement.

As far as the Self Sufficiency program area is concerned, we will provide an estimated \$6.5 million of Community Services Block Grant dollars to fund numerous programs and services in the next biennium. Most of these dollars go to the Community Action Agencies to help them work with some of our most vulnerable people.

The programs and services include Head Start, surplus commodity food distribution, heating assistance, employment education, income management, health services and emergency housing needs.

These federal funds are provided by the U.S. Community Services Administration. One of the requirements of the program is to hold a public hearing in conjunction with our legislative session. Therefore, I'd like the record to show that we are opening this meeting to a public hearing and those wishing to comment on this program are welcome to do so.

Our final program area is best described as technical assistance.

- This includes the Renaissance Zone program which we manage. We now have 44 cities, including Bismarck, Dickinson, Fargo, Grand Forks, Hazen, Minot, Mayville and Valley City with designated zones and we're hoping to see zones in Bowman, Ryder and Regent. To date, we have approved 758 Renaissance Zone projects.
- This program area also includes the manufactured home installation program. The program was implemented in 2006. The purpose of the program is to ensure the proper installation of manufactured homes; thereby, reducing problems with the new homes.

In closing I'd just like to acknowledge that we would not be able to do our job without the hard work and dedication of the 8 Regional Councils and the 7 Community Action Agencies. These organizations are valuable partners of ours and provide excellent service to a wide range of clients all across the state.

All the Division of Community Services programs are geared to improving the quality of life for the people of North Dakota; thereby, supporting the efforts of the Department of Commerce to attract, retain and expand wealth.

DEPARTMENT OF COMMERCE TESTIMONY ON SB 2018
FEBRUARY 23, 2009, 2:45 P.M.
HOUSE APPROPRIATIONS COMMITTEE
ROUGH RIDER ROOM
REPRESENTATIVE KEN SVEDJAN, CHAIRMAN

PAUL GOVIG – DEPUTY COMMISSIONER AND DIRECTOR OF THE DIVISION OF COMMUNITY SERVICES

Good afternoon Mr. Chairman and members of the committee. I'm Paul Govig, the Director of the Division of Community Services.

The total appropriation request for the biennium for the Division is just over \$68 million. Of that amount, only \$3.9 million or 6% of it is proposed to come from the General Fund.

I'd like to refer you to the pie charts I've included in your handouts. The first chart is the "Funding Request by Funding Source".

- 94% consists of federal or special funds.

Just recently, North Dakota was granted \$19.6 million from the Neighborhood Stabilization program (NSP) which is part of the federal Housing and Economic Recovery Act of 2008. The purpose of the Act is to provide financial assistance for the redevelopment of abandoned and foreclosed homes to the benefit of low income people.

It is expected that a portion of these NSP funds (\$4.6 million) will be used during the current biennium. We are estimating that the remaining \$15 million will be used during the next biennium and so that represents a large increase in the federal funds line item as compared to the current biennium.

The \$3.9 million general fund request includes a \$2.3 million increase from the current budget. \$2 million of this increase pertains to the proposed State Biofuels Blender Pumps Grant program. The statutory language for this proposed program is included in SB 2228. In general, these funds will be used to encourage the installation of retail biofuels blender pumps. The remaining \$300,000 involves Homeless grants. The same amount was approved last session but it wasn't included in our bill.

The second chart, "Funding Request by Line Item", shows where the dollars will be spent.

- 9 out of every 10 dollars we receive will in turn be provided to local organizations in your communities (city/county governments and Community Action Agencies).
- 4% will be used for salaries and wages.
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The third pie chart is the "Funding Request by Program Area" describes what we will do with the money in the next biennium. The Division of Community Services consists of four different program areas:

- 1) Community Development
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- 4) Technical Assistance

The Community Development program normally invests from \$15 to \$25 million in development projects during a biennium. From July 1, 2007 through February 18, 2009, 80 community projects were approved for a total of just over \$8.6 million. The following are a few examples of the diverse type of community projects we get involved with all across the state:

- We provided \$150,000 to West Dakota Feed and Seed in Ross for equipment.
- We awarded \$410,000 to Minot for water, sewer and infrastructure for Pure Energy Services, Inc.
- We provided \$78,100 to NetGen Solutions in Valley City.
- We awarded \$271,000 to the Eastern Dakota Housing Alliance to build a 16 unit apartment complex in Northwood.
- We awarded \$510,000 to Wahpeton to help ComDel Innovations, Inc. purchase equipment from Imation.
- We provided \$25,000 to families in Billings and Dunn counties for southwest water pipeline hook-ups.
- We awarded \$50,000 to Ray to help rehab. 3 housing units.
- We awarded \$500,000 to the Tharaldson Ethanol plant in Casselton for equipment.
- We provided close to \$560,000 to 26 homeless shelters; including shelters in Bismarck, Dickinson, Fargo, Grand Forks, Jamestown and Williston. On any given night, the shelters serve between 400 and 450 people.

The Office of Renewable Energy and Energy Efficiency is also involved in a wide range of activities throughout the state. Some recent examples of activities include:

- 1,737 homes occupied by low income families received weatherization assistance and/or furnace repair last year.
- \$50,000 has been provided to Northwood to incorporate energy efficiency features in their new school building. The money will be used for a ground-source heat pump system for heating and cooling and for other energy efficiency measures.
- The Local Government Energy Conservation program was set up in November. The purpose of the program was to help improve the energy efficiency of city and county buildings through reduced energy use. Projects were eligible to access up to \$25,000 with a one to one match requirement. A good project example is the city of Mayville which was approved to install a new geothermal heat pump system in their armory.

As far as the Self Sufficiency program area is concerned, we will provide an estimated \$6.5 million of Community Services Block Grant dollars to fund numerous programs and services in the next biennium. Most of these dollars go to the Community Action Agencies to help them work with some of our most vulnerable people.

The programs and services include Head Start, surplus commodity food distribution, heating assistance, employment education, income management, health services and emergency housing needs.

These federal funds are provided by the U.S. Community Services Administration.

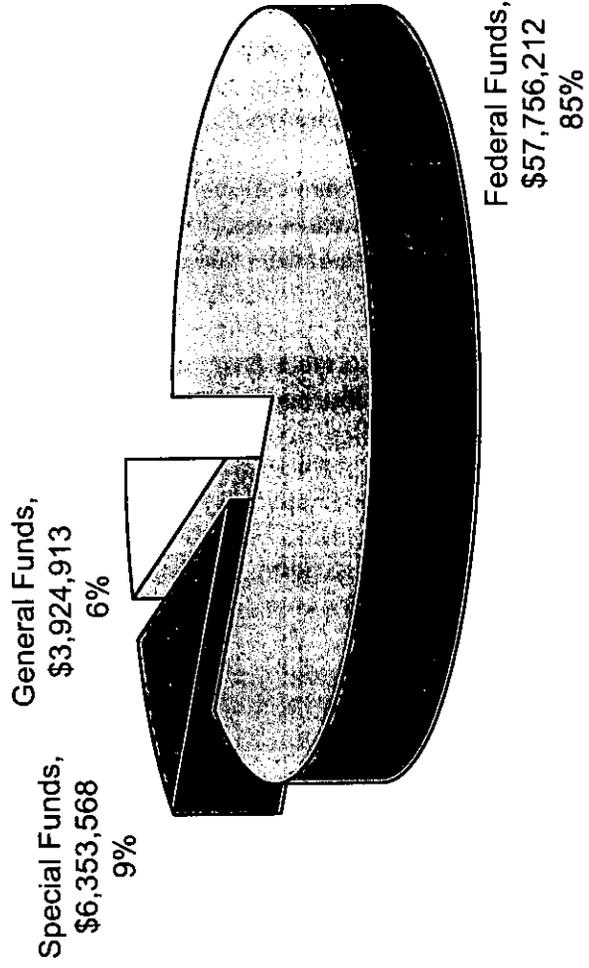
Our final program area is technical assistance.

- This includes the Renaissance Zone program which we manage. We now have 44 cities, including Bismarck, Carrington, Dickinson, Fargo, Grand Forks, Jamestown, Mayville, Minot, Rugby, Underwood, Valley City, Wahpeton and West Fargo with designated zones and we're hoping to see zones in Bowman, Mott, New Salem, Parshall and Tioga. To date, we have approved 758 Renaissance Zone projects.
- This program area also includes the manufactured home installation program. The program was implemented in 2006. The purpose of the program is to ensure the proper installation of manufactured homes; thereby, reducing problems with the new homes.

In closing I'd just like to acknowledge that we would not be able to do our job without the hard work and dedication of the 8 Regional Councils and the 7 Community Action Agencies. These organizations are valuable partners of ours and provide excellent service to a wide range of clients all across the state.

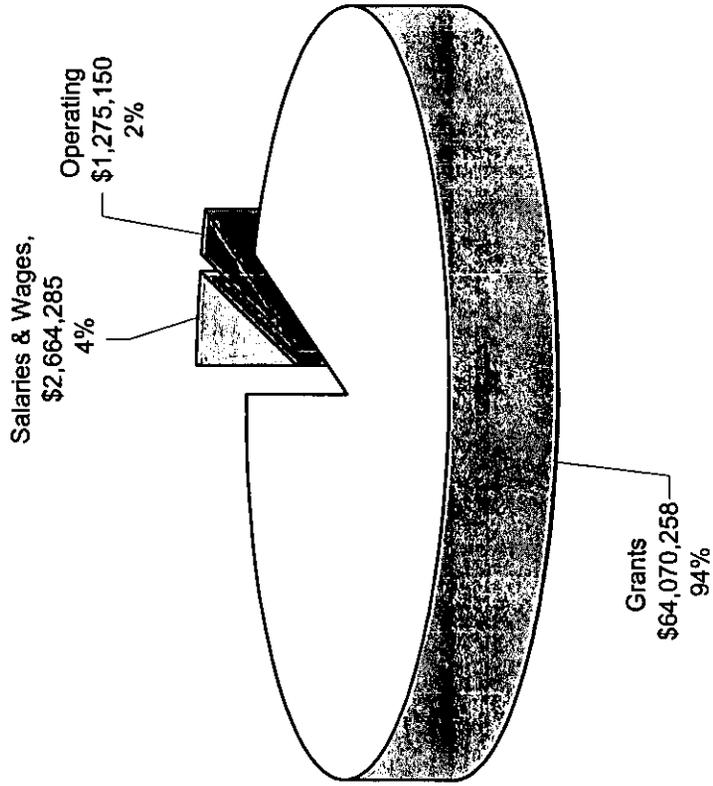
All the Division of Community Services programs are geared to improving the quality of life for the people of North Dakota; thereby, supporting the efforts of the Department of Commerce to attract, retain and expand wealth.

Division of Community Services 2009 - 2011 Funding Request by Funding Source



Division of Community Services 2009-2011

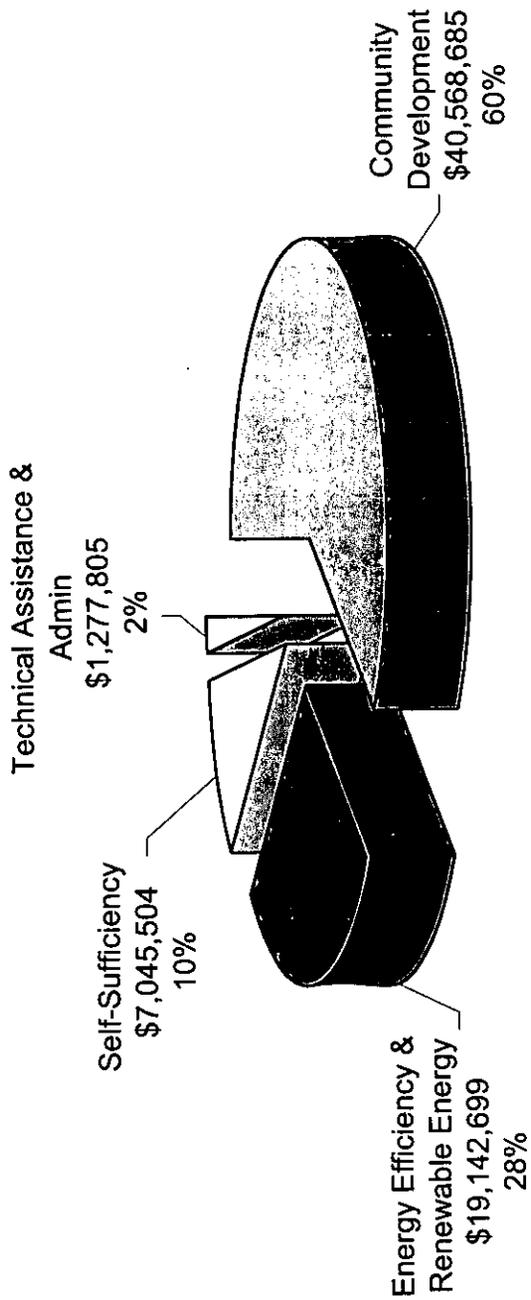
Funding Request by Line Item



Division of Community Services

2009 - 2011

Funding Request by Program Area



	Estimated North Dakota Allocation
Energy Programs:	
State Energy Program (SEP)*	\$24 - \$26 million
Energy Efficiency & Conservation Block Grant (EECBG)	\$9.8 million
DOE Weatherization Program	\$25.8 million
Community Development Programs:	
Community Development Block Grant (CDBG)	\$1.8 - \$6.1 million
HOME Investment Partnership	\$3.0 - \$4.6 million
Emergency Shelter Grants Program (ESGP)	\$2.5 million
Neighborhood Stabilization Program**	0
Low Income Assistance Programs	
Community Services Block Grant Program (CSBG)***	\$4.7 million
TOTAL:	\$71 - \$79 million ****

* The estimate assumes all the funding will go to the states.

** The stimulus package has included \$2 billion for a national competitive grant program to supplement the initial appropriation of NSP funds. Currently North Dakota has been awarded \$19.6 million from the initial appropriation which contained provisions for a minimum state allocation. Since there are no provisions for a minimum state allocation and that the stimulus funds are being targeted to areas of highest need we do not anticipate North Dakota receiving any of these funds.

*** 100% pass through to Community Action Agencies with No admin for the State.

**** Assumes all funds will have to be spent by Sept. 30, 2010



Activity Summary

Recipient: All Recipients

Region: All Regions

County: All Counties

Categories: All Categories

City: All Cities

Date Range: 01/01/2007 - 03/04/2009

Include Location: No

Homebuyer - Acquisition

No. of Activities: 298

Total Units: 298 Total Funds Allocated: \$23,039,383.00

HOME Units: 298 HOME Funds Allocated: \$1,438,091.00

Homebuyer - Acquisition and Rehabilitation

No. of Activities: 2

Total Units: 2 Total Funds Allocated: \$147,950.00

HOME Units: 2 HOME Funds Allocated: \$147,950.00

Homebuyer - New Construction

No. of Activities: 4

Total Units: 16 Total Funds Allocated: \$1,589,902.76

HOME Units: 15 HOME Funds Allocated: \$739,949.76

Homeowner - Rehabilitation

No. of Activities: 100

Total Units: 100 Total Funds Allocated: \$2,227,241.08

HOME Units: 100 HOME Funds Allocated: \$2,117,859.86

Rental - Acquisition and Rehabilitation

No. of Activities: 1

Total Units: 4 Total Funds Allocated: \$145,000.00

HOME Units: 4 HOME Funds Allocated: \$145,000.00

Rental - New Construction

No. of Activities: 7

Total Units: 110	Total Funds Allocated: \$9,853,149.76
HOME Units: 35	HOME Funds Allocated: \$2,077,481.00

Rental - Rehabilitation

No. of Activities: 3

Total Units: 14	Total Funds Allocated: \$125,483.52
HOME Units: 14	HOME Funds Allocated: \$121,200.00

TBRA - Rental Assistance

No. of Activities: 5

Total Units: 434	Total Funds Allocated: \$476,481.00
HOME Units: 434	HOME Funds Allocated: \$476,481.00

TBRA - Security and Utilities Deposit

No. of Activities: 154

Total Units: 1479	Total Funds Allocated: \$287,969.50
HOME Units: 1479	HOME Funds Allocated: \$287,969.50

Total - All Categories

No. of Activities: 574

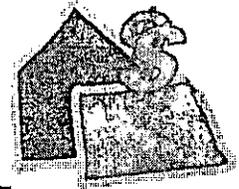
Total Units: 2457	Total Funds Allocated: \$37,892,560.62
HOME Units: 2381	HOME Funds Allocated: \$7,551,982.12

New Search

W3 WA-RA WCAO 1.0 AA Bobby

North Dakota Affordable Housing Fund

Dedicated to the establishment of a statewide Affordable Housing Fund to assist communities with their unmet housing needs.



Recent economic conditions, lack of available affordable housing, liberal housing policies that have placed an increasing burden on the state, and declining resources at all levels of government adversely affect the ability of North Dakota's citizens to obtain safe, decent, and affordable housing. Financing affordable housing, especially in rural areas and smaller communities, is becoming increasingly difficult. This lack of affordable housing affects the ability of communities to maintain and develop viable and stable economies.

Why

- Businesses can't find enough employees who can afford to live near their workplace. It is difficult to recruit and retain employees when there is a shortage of affordable housing.
 - Children are forced into unstable and uncertain lives. With a stable home, a child is able to focus on learning without worrying about moving during the school year.
 - Seniors and persons with special needs on fixed incomes may have to sacrifice their basic needs in order to afford rent. Imagine choosing between food and a roof over your head.
- Having a job does not guarantee a place to live at an affordable cost. The gap between what people can afford to pay for housing and the cost of housing is widening—and is a major cause of homelessness. In North Dakota, 85% of all extremely low income renter households pay more than half of their income for their homes. (Source: National Low Income Housing Coalition (NLIHC))

Who's DOING WHAT

A group of concerned citizens, public officials, housing and service providers have formed an alliance to put forward a proposal to create a North Dakota Affordable Housing Fund.

Creation of an Affordable Housing Fund would involve:

- Legislation to create the Fund and its funding source(s), and establish the priorities to be carried out by the Fund.
- Establishment of a Housing Oversight Committee to develop guidelines and procedures for specific criteria for funding of affordable housing as found in the legislation.
- Determination of an administrating agency for the Fund.

A Matter-of-fact....

- The average 1 bedroom apartment rent in ND is \$436 per month (Source: NLIHC), however
- The average monthly ND social security benefit is \$935 per month (Source: ND State Data Center), and
- The average supplemental security income is approximately \$450 per month. (Source: Social Security Administration)
- The Fargo Housing Authority has 950 names on its waiting list; there are 1000 homeless in the summer and 600 homeless in the winter! (Source: Fargo Housing & Development Authority)
- The Bismarck Housing Authority has 750 on its waiting list for vouchers and 400 for public housing. (Source: Burleigh County Housing Authority)
- The average cost of a home in ND is \$142,000 (Source: ND Association of Realtors), requiring annual payments of about \$963 per month. This is well above the earning power of a low income family making \$35,000 per year (at 30% of income, payments would be \$875 per month).
- A North Dakotan must earn a minimum of \$10.40 per hour just to afford a two-bedroom apartment with a rent of \$541 per month. The average ND hourly wage is \$9.75 and the minimum wage is \$6.55. (Source: NLIHC, Out of Reach 2007-2008)

For more information contact: Tom Alexander, NDCPD/MSU or Amy Armstrong/NDCPD/MSU
800.233.1737 or 701.858.3436 800.233.1737 or 701.858.3578
tom.alexander@minotstateu.edu amy.armstrong@minotstateu.edu

December 17, 2008

This was developed under the North Dakota Medicaid Infrastructure Grant, Award Number: 1QACMS300054/03; CFDA No. 93.768 from the U.S. Department of Health and Human Services Center for Medicare and Medicaid Services received by the North Dakota Center for Persons with Disabilities. However, these contents do not necessarily represent the policy of the U.S. Department of Health and Human Services and the North Dakota Center for Persons with Disabilities.

North Dakota Affordable Housing Fund

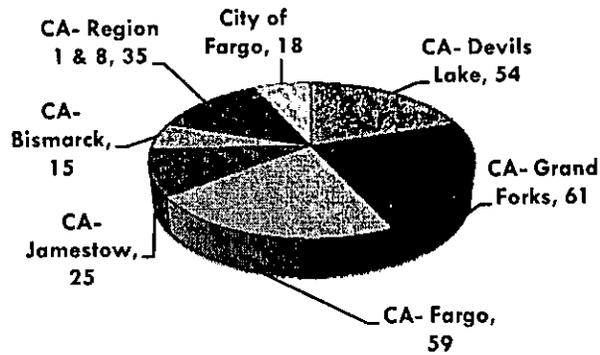
Dedicated to the establishment of a statewide Affordable Housing Fund to assist communities with their unmet housing needs.



Individuals on Waiting List for Housing Rehab using HOME Funds

Grand Total = 328

*CA = Community Action



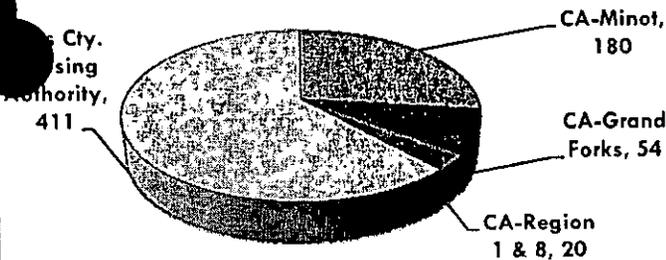
Cass County & Stutsman County Housing Auth. - NA

- Average cost per individual in housing rehab = **\$25,000**
- Total estimated cost of individuals on waiting list for housing rehab ($\$25,000 \times 328$) = **\$8,200,000**

Individuals on Waiting List for Security Deposits using HOME Funds

Grand Total = 665

*CA = Community Action



CA- Bismarck & Devils Lake - 0
CA - Jamestown & Fargo - NA

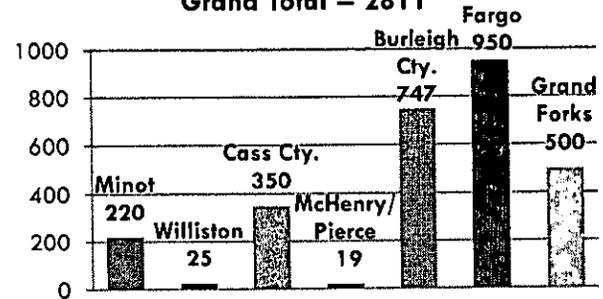
- Average security deposit cost = **\$150.00/housing unit**
- Total estimated cost for security deposits of individuals on waiting list ($\$150.00 \times 665$) = **\$99,750**

2008 Annual Median Income (AMI) in ND	\$57,872	which can afford a monthly rent of	\$1,446
Very Low income earners are at 50% AMI or	\$28,936	which can afford a monthly rent of	\$723
Extremely Low Income earners are at 30% AMI or	\$17,361	which can afford a monthly rent of	\$434
The Estimated Median hourly Wage in ND is	\$ 9.75	which can afford a monthly rent of	\$507
The mean 2 bedroom rent across the state of ND is \$541/ month			

*Source: National Low Income Housing Coalition.

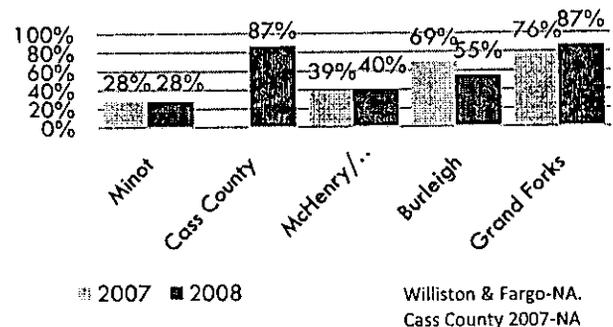
Individuals on Waiting list for Public Housing Authority (PHA) Vouchers/Month

Grand Total = 2811



- All Public Housing Authorities (PHA) noted that the street rents far exceed the Fair Market Rate (FMR); the wait list time is anywhere from 4 months to a year; and placement rates are dropping (lack of rentals at voucher levels).
- The additional voucher funding needed per month is estimated by taking the difference between the current 2 Bedroom FMR and the rent a family of 2 with 30% Adjusted Median Income (HUD definition) could pay, and multiplying by the wait list.
- Estimated total statewide cost of additional PHA vouchers needed is **\$559,397/month**.

Public Housing Authority Voucher Utilization Rates 2007 & 2008



Energy-impacted areas are finding it difficult for vouchers to be used due to the high demand for apartments driving up rents above the limit for voucher use.

For more information contact: Tom Alexander, NDCPD/MSU or Amy Armstrong/NDCPD/MSU
800.233.1737 or 701.858.3436 800.233.1737 or 701.858.3578
tom.alexander@minotstateu.edu amy.armstrong@minotstateu.edu

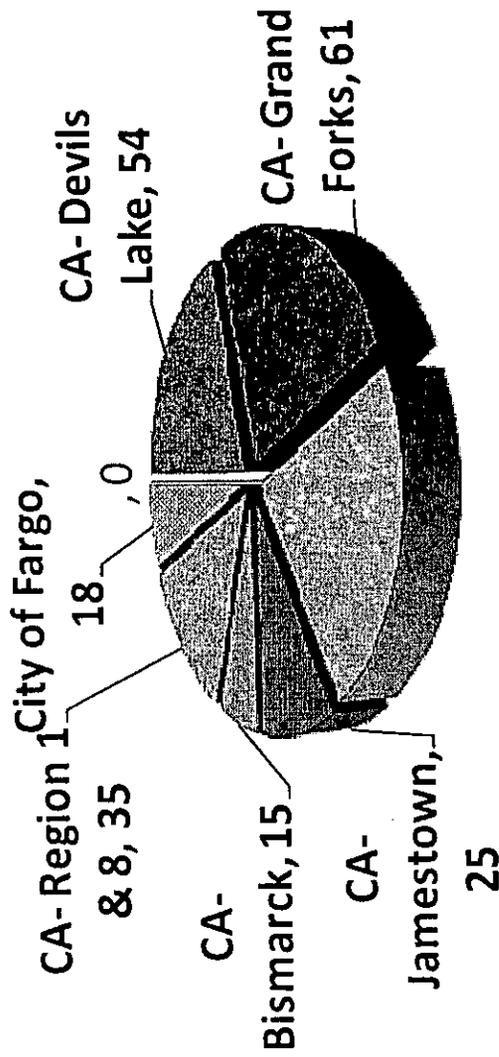
December 17, 2008

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Supporting Statistics

Individuals on Waiting List for Housing Rehab using HOME Funds

Grand Total = 328



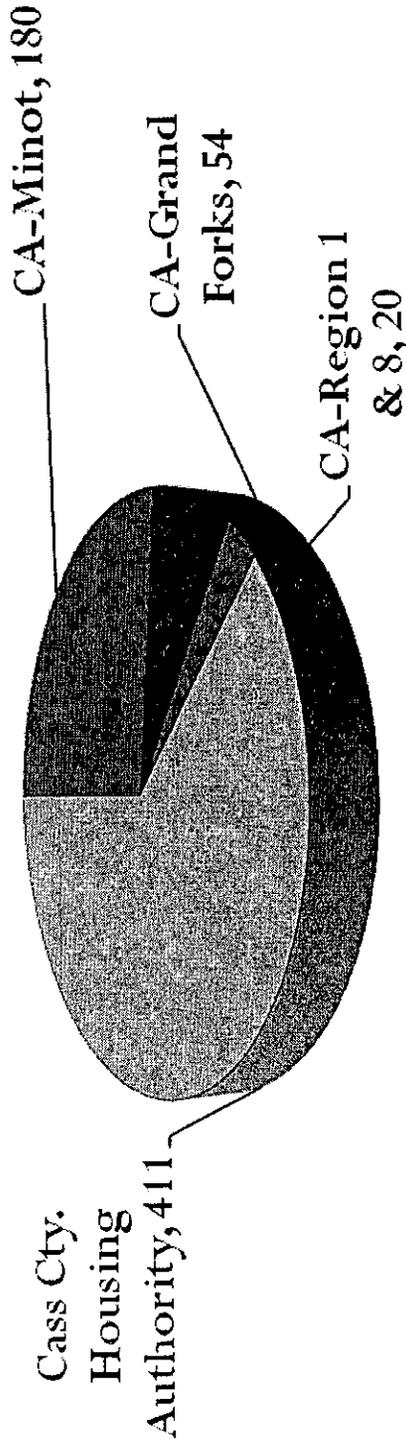
Cass County & Stutsman County Housing Auth. - NA

- Average cost per individual in housing rehab = \$25,000
- Total estimated cost of individuals on waiting list for housing rehab = \$8,200,000

Supporting Statistics

Individuals on Waiting List for Security Deposits using HOME Funds

Grand Total=665



CA of Bismarck & Devils Lake - 0
CA of Jamestown & Fargo - NA
CA = Community Action

- Average security deposit cost = \$150.00/housing unit
- Total estimated cost for security deposits of individuals on waiting list = \$99,750

2009 State Energy Program –Activities

Funding Sources

F = Federal (DOE)

S = State Match

PVE = Oil Overcharge

Small Wind Turbine Technology Training – Small Wind Turbine Technology Training includes opportunities for residents, businesses and utilities to learn more about standardizing interconnections between energy producers and utilities in ways that promote safety and security, and offers reliable solutions for producers as well as traditional energy providers. (F(CO)= \$20,000) (?= RF \$10,000)

Wind Smith Training /Turbine Inspection - This activity will inspect small wind turbines at Richardton and Grafton and at the Sprit Lake and Turtle Mountain Indian Reservations. Activity will also offer four one-day, on-the-job training sessions for wind turbine operators. (F - \$18,000)

Small Wind Turbine Technology Training - Small Wind Turbine Technology Training includes opportunities for residents, businesses and utilities to learn more about standardizing interconnections between renewable energy producers and utilities in ways that promote safety and security and offers reliabilities that both consumers and utilities. Examples of workshops under consideration include an interconnection workshop, net billing and small wind turbine installation.

Energy & Environmental Builder Association Conference Scholarships - This activity will offer \$1500 scholarships to six building trades instructors to attend the Energy & Environmental Builder Association annual conference October 9-11, 2007 in St. Paul, MN. (F= \$8,300, S= \$1,700)

Energy Efficiency/Renewable Energy Information Centers - Energy Efficiency and Renewable Energy Information Centers will be located at eight sites around the state to offer free literature to residents. (F= \$6,650, S= \$1,350)

Energy Hog Campaign Membership - The "Energy Hog" campaign features a character who puts a face to the concept of energy waste. The energy Hog is intended to make learning about energy conservation fun, while empowering students to take the lead at home by inspiring their parents to make smart energy choices. (F= \$8,300, S= \$1,700)

~~**Lighting Efficiency Standard**—Lighting efficiency standards under provisions of ASHRAE/IESNA 90.1-1989 are in effect for state buildings.~~

ND State Fair Information Center Staffing - The goal of this activity is to offer residents energy efficiency and renewable energy literature and brochures at the ND State Fair. (F= \$1,250, S= \$250)

ND Teacher Wind Energy Workshop - Activity is intended to offer ND teachers an opportunity to learn more about wind energy. Teachers will receive continuing education credit while learning how a wind turbine works, taking a field trip to a wind farm and by learning how to transfer the wind energy information they have learned to their students. (F= \$4150, S= \$850)

NDSU Energy Educator -Increasing energy costs have created a demand for energy education and how to use energy more efficiently. The energy efficiency education demand exceeds what can be supplied by existing NDSU Extension Service resources. This activity enhances NDSEP energy education programs by hiring a person. (F= \$33,400, S= \$6,600)

NDSU Agriculture Energy Efficiency -North Dakota State University Agriculture Extension Service will deliver energy efficiency and renewable energy information to state farmers and ranchers. NDSU will perform site specific farming, reduced tillage, grain drying, irrigation and agricultural building workshops and seminars, and will conduct individual consultations (F= \$24,900, S= \$5,100)

Alternative Fuels Initiative (PVE) -The Alternative Fuel Initiative actively seeks to include education and outreach efforts, demonstration projects, cost sharing the purchase vehicles for state campuses and state parks. (PVE = \$127,994)

State Facility Energy Improvement – The Energy Engineer will consult with state agencies, and other commercial and industrial businesses to provide the best energy efficiency information available. Energy Engineer will perform energy audits, determine application efficiencies verify performance contracts and maintain a state building energy use data base. (PVE = \$230,000)

Renewable Energy Initiative (PVE) - The Renewable Energy Initiative targets activities to promote and advance the use of renewable resources in North Dakota, including but not limited to, ground source heat pump systems, wind energy, solar/photovoltaic application and biomass. Possible activities include wind resource monitoring, demonstration projects and feasibility studies. The Renewable Energy Initiative contributes opportunities for communities, job development authorities and other interested parties, to investigate the possibility of developing their predominant renewable resource. The Renewable Energy Initiative has granted funds to conduct over 40 wind energy assessments around the state. In addition, the Initiative has funded feasibility studies, which have looked at the possibility of using a distributed generation system to power an ethanol production facility. (PVE = \$180,000)

Residential, Commercial, Institutional, and Industrial Energy Efficiency Initiative - An emphasis will be placed on residential energy efficiency efforts, with additional activities and projects related to energy efficiency in commercial, institutional and industrial settings. Possible activities include partnering with utility companies on ENERGY STAR products and buildings; energy efficiency techniques education and outreach for builders; the need for updated energy codes; demonstration projects, energy audit assistance for USDA Section 9006 applicants and matching grants for local government and public institution efficiency projects. (PVE = \$725,000)

Reusable Bag Awareness Campaign - The Reusable Bag Awareness Campaign is a group including the ND Department of Agriculture, the ND Office of Renewable Energy and Energy Efficiency, private businesses to be enlisted and other governmental agencies is directed at reducing the number of plastic bags retailers must provide for their customers, by purchasing and distributing reusable shopping bags. (F=\$4,150, S= \$850).
<http://www.rootsandshoots.org/campaigns/reusablebag>

E85 Infrastructure Expansion Support (RF) – Activity will partner with American Lung Association to expand E85 infrastructure in ND. The E85 Infrastructure Support is intended to provide grants, \$5,000 maximum, to gasoline retailers who wish to add an E85 pump at their stations. Depending on their situations, retailers may use this grant to determine if the age, condition or composition of the storage tank(s) are safe for E85 use. In the event of a conversion, the tank must be cleaned of water and sediment. There are several other possible pump improvements that may be necessary prior to dispensing E85. Fittings and connections must be tightened to prevent vapors from escaping, containment covers need to be in place to keep water out, new filters are required, and alcohol compatible hoses are necessary, as are steel or nickel plated swivels and connectors. In addition, the E85 fill port and access cover may have to be painted a certain way to be properly identified. Labeling, including logos, cautionary and required decals may also be grant eligible expenses. (F= \$25,000)

Local & County Government Energy Efficiency Improvement Grant Program (RF) - The Local & County Government Energy Efficiency Improvement activity will allow community and county governments to apply for grants up to \$25,000 to improve the energy efficiency of their buildings. Grants must be matched on a dollar-for-dollar basis, show a simple pay back within ten years and meet accepted energy efficiency norms as determined by the State Energy Engineer. (F= \$350,791)

ND Assn. of Facilities Managers Training (RF) - ND Association of Facilities Managers will offer energy efficiency training for all universities and state agencies staff to include energy efficient practices and technologies in the construction, retrofit, operation and maintenance of state institutional buildings. (F= \$10,000)

ND Solid Waste & Recycling Symposium (RF) - This activity provides a sponsorship fee for the North Dakota Solid Waste & Recycling Association annual conference, and enables NDSEP an opportunity to emphasize the energy efficiency associated with effective recycling and waste management. (F= \$1,000)

ND Soybean Council Bio-diesel Promotion (RF) - Activity assists ND Soybean Council by promoting bio-diesel with information kiosks in malls and airports, and with other presentations, including billboards and electronic and print media. (F= \$25,000)

Plains CO2 Reduction Partnership (RF) - The Plains CO2 partnership is a group of public and private stakeholders who are working together to better understand the technical and economic feasibility of capturing and storing CO₂ emissions from stationary sources of CO₂ in the central interior of North America.

The PCOR Partnership is led by the Energy & Environmental Research Center at the University of North Dakota and is one of seven regional partnerships under the National Energy Technology Laboratory's (NETL) Regional Carbon Sequestration Partnership Program <http://www.netl.doe.gov/technologies/carbon_seq/partnerships/partnerships.html> (RCSP). NETL and RCSP are part of the U.S. Department of Energy's Office of Energy Resources (Fossil Energy). (F= \$15,000)

Energy Efficiency Construction Seminars for Building Trade Classes (RF) - ND Association of Builders will conduct energy efficient construction presentations at schools with Building Trades classes to introduce students to energy efficient construction practices. (F= \$10,000).

~~**Building Thermal Efficiency (M)**—New commercial and multi-family buildings are subject to section 7-12 of ASHRAE/IESNA 90.1-1989, and all new single-family residential buildings are subject to provisions of the Model Energy Code, 1993.~~

~~**Energy Efficiency Procurement Awareness (M)**—State energy efficiency procurement will be emphasized with public information.~~

~~**Right Turn on Red (M)**—Right turn on red and left turn on red allows automobile operators to make right or left turns at stopping except where specifically prohibited.~~

ND SEP Management - North Dakota State Energy Program administrative and engineering activities include day-to-day operations, program management, program monitoring and other activities necessary to deliver energy efficiency and renewable energy services to targeted state audiences. (F= \$140,900, S= \$28,000)

EXECUTIVE SUMMARY

PROPOSED USE OF FY2010 AND FY2011 COMMUNITY SERVICES BLOCK GRANT (CSBG) FUNDS

- The Community Services Block Grant is a federal block grant program, created by the Omnibus Budget Reconciliation Act of 1981, that is used by states to fight poverty and address the needs of low income people. For FY2010 and FY2011, it is estimated that ND will receive approximately \$3,169,978 each year. No state funds are required to match the federal funds.
- Ninety-one percent of the State's allocation is passed through from the State to the Community Action Agencies.
- All 53 counties in the eight regions of the state are served through the seven Community Action Agency offices located in Minot, Devils Lake, Grand Forks, Fargo, Jamestown, Bismarck and Dickinson. A branch office of the Dickinson agency is located in Williston.
- Each Community Action Agency is unique in prioritizing needs and providing services and programs within their region based on unmet needs and the availability of other services.
- Local boards, composed of members who represent public officials, low income people and private or community organizations, administer the Community Action Agencies as they address the needs of low income people in their service area.
- CSBG funds can be used to provide direct services, develop new programs, and coordinate funding from other funding sources to deliver various programs including Head Start, Weatherization, surplus commodity food distributions, Energy Share, housing programs, etc., that serve low income people.
- Programs provided through the CSBG include education, employment, income management, adequate housing, emergency needs, nutrition, self sufficiency, and health services.
- Community Action Agencies are non-profit entities that establish linkages with other public and private entities in their service areas to address needs collaboratively.
- Under CSBG, Community Action Agencies track and report to the state on their fiscal activities, performance objectives, outcomes of their service delivery, demographics of clients served and client and agency successes.
- Community Action Agencies leverage CSBG funds with other federal, state and local resources to stretch the funding available. In 2007, \$3,039,981 in CSBG funds (13.5%) enabled the CAAs to mobilize \$19,519,874 (86.5%) in other public and private resources to address poverty in the state.
- In 2007, more than 17,200 individuals, from over 13,000 low income families, received at least one CAA service or participated in at least one program provided by a CAA. In addition, about 11,000 other individuals received information and/or referral services, or participated in a CAA meeting or community effort in 2007.

For Senate Appropriations Committee Minutes

It was moved by Sen. Holmberg, seconded by Sen. Krauter, and carried that the information, including summaries, minutes, and testimony received during the community services block grant hearing, be provided to the legislative leadership and members of the House Appropriations Committee and upon request to other interested persons to help them analyze the portion of the Department of Commerce's budget request involving the community services block grant revenues and that copies of such information be kept in the Senate Appropriations Committee files for future reference.

For Senate Journal

Mr. President: On Friday, January 16, 2009, the Senate Appropriations Committee held a hearing on the community services block grant moneys anticipated by the Department of Commerce during the period beginning October 1, 2009, and ending September 30, 2011. If any member of the Legislative Assembly desires copies of the minutes and testimony presented to the Senate Appropriations Committee during the block grant hearing, the Senate Appropriations Committee clerk will make copies available to you. I inform you about the availability of the information at this time, since your approval or disapproval of the appropriation for the Department of Commerce includes the legislative action regarding the use of the federal block grant funds.

Community Services Block Grant Summary

- \$ The Community Services Block Grant (CSBG) is a federal block grant program, created by the Omnibus Budget Reconciliation Act of 1981. The funds are used by states to fight poverty and address the needs of low income people. No state funds are required to match the federal funds.
- \$ A minimum of 91% of the State=s allocation is passed through from the State to the Community Action Agencies.
- \$ All 53 counties in the eight regions of the state are served through the seven Community Action Agency offices located in Minot, Devils Lake, Grand Forks, Fargo, Jamestown, Bismarck and Dickinson. A branch office of the Dickinson agency is located in Williston.
- \$ Each Community Action Agency is unique in prioritizing needs and providing services and programs within their region based on unmet needs and the availability of other services.
- \$ Local boards, composed of members who represent public officials, low income people and private or community organizations, administer the Community Action Agencies as they address the needs of low income people in their service area.
- \$ CSBG funds can be used to provide direct services, develop new programs, and coordinate funding from other funding sources to deliver various programs including Head Start, Weatherization, surplus commodity food distributions, Energy Share, housing programs, etc., that serve low income people.
- \$ Programs provided through the CSBG include education, employment, income management, adequate housing, emergency needs, nutrition, self sufficiency, and health services.
- \$ Community Action Agencies are non-profit entities that establish linkages with other public and private entities in their service areas to address needs collaboratively.
- \$ Under CSBG, Community Action Agencies track and report to the state on their fiscal activities, performance objectives, outcomes of their service delivery, demographics of clients served and client and agency successes.
- \$ Community Action Agencies leverage CSBG funds with other federal, state and local resources to stretch the funding available. In 2007, \$3,039,981 in CSBG funds (14%) enabled the CAAs to mobilize \$19,011,000 (86%) in other public and private resources to address poverty in the state.
- \$ In 2007, more than 17,000 individuals, from over 13,300 low income families, received at least one CAA service or participated in at least one program provided by a Community Action Agency.
- \$ The eligibility level for direct services provided to clients through CSBG funds is currently 125% of poverty. Many employed individuals are still low income, but because their earnings exceed 125% of poverty, they are not able to access all of the available Community Action Agency services and programs. The eligibility under CSBG would be raised to 200% of poverty for FY2009 and FY2010 through the stimulus. The Chart on the next page shows the guidelines.

2009 Poverty Income Guidelines

Household Size	100%	125%	200%
1	10,830	13,538	21,660
2	14,570	18,213	29,140
3	18,310	22,888	36,620
4	22,050	27,563	44,100
5	25,790	32,238	51,580
6	29,530	36,913	59,060
7	33,270	41,588	66,540
8	37,010	46,263	74,020
For each additional person add	3,740	4,675	7,480



COMMUNITY SERVICE BLOCK GRANT PROGRAM HELPS FIGHT POVERTY AND BOOSTS SELF SUFFICIENCY.

EACH CSBG DOLLAR LEVERAGES ANOTHER \$6.25 IN
PUBLIC AND PRIVATE FUNDS TO SUPPORT OUR LESS FORTUNATE.

North Dakota

CSBG MAKES A POSITIVE DIFFERENCE IN NORTH DAKOTA

Over 91 percent of North Dakota's CSBG allocation is passed through to the state's seven Community Action Agencies (CAAs) which serve all 53 counties. The CAAs leverage CSBG funds with other federal, state and local resources to stretch the funding available. In 2007, \$3,039,981 in CSBG funds were used in combination with \$19,011,000 in other public and private funds to deliver services to low-income individuals and families in North Dakota. In addition, 86,987 volunteer hours, valued at \$508,874, provided in-kind support to the CAAs.

More than 17,000 individuals, from over 13,300 low-income families, received at least one CAA service or participated in at least one CAA program in 2007. In addition, almost 11,000 individuals received information and referral services or participated in a CAA meeting or community effort in 2007.

North Dakota
DEPARTMENT OF COMMERCE

Division of Community Services

FOR MORE INFORMATION, CONTACT:
Carol Griffin-Eckart, CSBG Program Manager
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www.nd.gov/dcs

POSITIVE IMPACT OF CSBG Empowering Individuals in the Fight Against Poverty

The Community Services Block Grant
Program (CSBG) was created by the
Omnibus Budget Reconciliation Act
of 1981. States use the federal CSBG

funds to fight poverty and

address the needs

of low-income

individuals and

families. In FY

2007, North

Dakota's

CSBG

allocation

was just

over \$30

million.





Seven Community Action Agencies (CAAs) provide various services for low-income individuals and families to address unmet needs, through both statewide programs and individual agencies. Emergency service interventions may be able to assist with providing food for a family, or when eviction or utility shut-off is imminent. Community Services Block Grant (CSBG) funds are a critical funding source to enable CAAs to provide necessary emergency services. Below are two Community Action emergency service programs made possible through partnerships with the CAAs.

BACKPACKS FOR KIDS

The Backpacks for Kids program was developed by Community Action Program Region VII in

December of 2006 in response to the Bismarck public schools' identification of 300 homeless children in the Bismarck area at the beginning of the 2006-2007 school year. These children are served breakfast and lunch at school during the week, but because of their living situation, they do not have adequate food on weekends. Since there is sufficient food in each backpack, it is known that other family members are also benefiting from this program, which expands the reach of the CAA in addressing hunger within the community.

Community Action staff and volunteers fill backpacks with nutritious food items and deliver them to the schools in Bismarck every Friday and school staff then distribute the backpacks to the children in need. The children return the backpacks to school the following week, so they can be picked up and repacked for the next distribution. During the summer, Community Action distributes the backpacks through the five Summer Feeding programs.

When the program started, 50 backpacks were distributed each week to two schools. By April of 2007, 80 backpacks were being distributed each week. By August of 2007, 120 backpacks were being distributed each week, and ten additional schools became involved with the program. Community Action provided 1,341 children with backpacks during the 2006-2007 school year. During the summer of 2007, food through the Backpacks program was provided to 657 children through the five Summer Feeding programs.

Community Action collaborates with many partners to carry out the Backpacks for Kids program. Individuals, groups, schools and agencies have provided volunteers and financial support, critical to the success of this program.

ENERGY SHARE OF NORTH DAKOTA

Energy Share is a statewide program administered by Community Action Region VI. Each of the other six CAAs in the state process the client applications they receive in their service area. This program provides emergency assistance to help low-income individuals and families in temporary crisis situations. Energy Share works with clients faced with impending electrical (non-heating) shut offs to help pay their electric bills by developing a plan in which the client pays a portion of the bill if they are able to, and other resources cover the costs that exceed the client's portion of the bill. In the event of a hardship, the client's co-pay can be waived.

Energy Share receives funding from the Low Income Home Energy Assistance Program (LIHEAP) administered by the ND Department of Human Services. In addition, utility companies provide financial assistance to the program, private individuals make donations by adding an additional amount to their monthly electric bill and fundraising activities also generate additional resources. About 27 utility companies partner with the program to delay or hold shut offs until a client can apply for help, and the CAA can process the application and determine the client's eligibility, their co-pay and the program's share of the utility bill.

In 2007, the Energy Share program paid out \$291,192 to 27 utility companies across the state. The program served 1,365 clients who paid a combined total of \$151,023 in co-payments.



North Dakota



SUMMARY OF
THE PROPOSED USE OF 2010 AND 2011
COMMUNITY SERVICES BLOCK GRANT FUNDS
JANUARY 2009

Prepared for the Public Legislative Hearing
Before The
Senate Appropriations Committee
January 16, 2009
8:30 a.m.
Harvest Room, State Capitol

TABLE OF CONTENTS

I. Program Description

A. Origin of the Program	1
B. Purpose	2
C. State Responsibilities	3
D. Subgrantee Responsibilities	8

II. Distribution and Use of FY2010 and FY2011 CSBG Funds

A. Authorization	9
B. Allocation	10
C. Distribution	11
D. CAA's Use of Pass-through Funds	13
E. Program Statistics	14
F. Use of Administrative and Discretionary Spending Authority	24

COMMUNITY SERVICES BLOCK GRANT LEGISLATIVE REVIEW REPORT FY 2010-2011

I. Program Description

A. Origin of the Program

The Community Services Block Grant (CSBG) represents the third generation of community-based anti-poverty programs, which began with the Economic Opportunity Act of 1964. The Economic Opportunity Act of 1964 created a vehicle for local anti-poverty initiatives: nonprofit, private corporations called community action agencies (CAAs). The CAA board of directors, which govern CAA activities, is required to consist of one-third elected public officials, currently holding office or their designated representative; at least one-third democratically-selected representatives of low-income persons; and the remainder of the members to be representatives of business, industry, labor, law enforcement, religious, educational groups or other major groups or interests in the service area.

CAAs were established throughout the country, serving jurisdictions of various sizes and populations. Urban CAAs often were confined to municipal boundaries; while rural CAAs encompassed multi-county areas. Initial CAA funding in North Dakota permitted the establishment of four tribal CAAs and the Southeastern North Dakota Community Action Agency, which served Steele, Traill, Cass, Richland, Ransom, and Sargent counties. In 1973, a second regional CAA was established in Devils Lake to serve Benson, Cavalier, Eddy, Ramsey, Rolette and Towner counties.

The Community Services Act of 1974 replaced the federal Office of Economic Opportunity (OEO) with the Community Services Administration (CSA). Subsequent changes in the national allocation formula increased North Dakota's share of CAA funds, permitting the establishment of five new CAAs. By 1976, all of the counties in the state, except the three counties in Region I, were served by a CAA.

Except for a brief period in the late Seventies, CAAs were directly funded and supervised by the federal government, through the OEO and later, the CSA. North Dakota's state economic opportunity office, also funded by OEO and CSA, had limited administrative authority and little influence on CAA activities within the state.

The Omnibus Budget Reconciliation Act of 1981 (OBRA) radically altered the relationship between the state and the CAAs. Categorical block grants, to be administered by the states, replaced many federally-administered, grant-in-aid programs. OBRA eliminated the Community Services Administration, substituting the Community Services Block Grant (CSBG).

North Dakota assumed the administration of the CSBG in 1982, with the Office of Intergovernmental Assistance (OIA), within the Office of Management and Budget, being delegated responsibility for administering several block grants created by OBRA, including the CSBG. OIA has now become the Division of Community Services, and the division was made a part of the ND Department of Commerce when that department was created in 2001.

When the North Dakota State Legislature reviewed the proposed CSBG State Plan in 1981, they requested that all 53 counties be served by a CAA, since the three counties in Region I continued to remain an unserved area. Following the procedures outlined in the CSBG Act at that time, the CAAs in Region II and Region VIII, at the request of the State, made presentations to the three county commissions in Divide, McKenzie and Williams counties which make up Region I. The counties were given the choice to become part of either of the CAAs in Region II or Region VIII. In April of 1983, Divide, McKenzie and Williams counties elected to become a part of the Region VIII CAA service area, thus enlarging the service area of Community Action Partnership from the eight counties in Region VIII to eleven counties in Regions I and VIII.

Initially CAA funding under the CSBG allocation to North Dakota was significantly smaller than CSA funding levels had been. As a result, staff levels at the CAAs were reduced substantially. However, the state managed to retain CAAs in all regions of the state without committing any state funds to the program.

B. Purpose

Subtitle B of OBRA, referred to as the Community Services Block Grant Act, authorized the CSBG program. In the 1998 reauthorization of the CSBG Act, the purpose of the CSBG is defined as providing assistance to states and communities, working through community action agencies and other neighborhood-based organizations, to reduce poverty, revitalize low-income communities and empower low-income families and individuals to become self-sufficient. To accomplish that, the objectives established by the Act are:

- To strengthen community capabilities for planning and coordinating all resources, including federal, state, local, private and other resources that support efforts to eliminate poverty, in order to respond to local needs and conditions;
- To organize a range of services to address the needs of low-income families and individuals, so they have a major impact on the causes of poverty in the community and help families and individuals in becoming self-sufficient;
- To strengthen innovative and effective community-based approaches to attack the causes and effects of poverty and of community breakdown;

- To maximize the participation of low-income community residents and members of groups served through the Act, to empower them to respond to the problems and needs in their communities;
- To broaden the resource base of programs that address the elimination of poverty to secure a more active role by private, religious, charitable and neighborhood-based organizations as well as individual citizens, and business, labor and professional groups who can influence the number and quality of opportunities and services for low-income people.

C. State Responsibilities

The CSBG program does not require state or local matching funds. To receive its CSBG award each year, the State must submit a plan for the use and distribution of CSBG funds and provide an annual report which includes information on statewide activities that were performed, program outcomes, services that were provided, and demographic information on the individuals and families served. The State plan must be accompanied by a statement of assurances, signed by the Governor, that the State and subgrantees will meet. The assurances include:

1. Information to show that the CSBG funds made available through the grant will be used:
 - a. To support activities that are designed to assist low-income families and individuals, including those receiving assistance under Part A of Title IV of the Social Security Act, homeless families and individuals, migrant or seasonal farm-workers and elderly low-income individuals and families to enable the families and individuals -
 - (1) To remove obstacles and solve problems that block the achievement of self-sufficiency;
 - (2) To secure and retain meaningful employment;
 - (3) To attain an adequate education, with emphasis on improving literacy skills of the low-income family;
 - (4) To make better use of available income;
 - (5) To obtain and maintain adequate housing and a suitable living environment;
 - (6) To obtain emergency assistance through loans, grants or other means to meet immediate and urgent family and individual needs; and

5. A description of how coordination will be carried out and linkages established between governmental and other social services programs to assure the effective delivery of services to low-income individuals and families, to avoid duplication of services, and to coordinate employment and training activities with other entities providing activities through statewide and local workforce investment systems under the Workforce Investment Act of 1998.
6. Encouragement of coordination efforts between antipoverty programs to ensure, where appropriate, that emergency energy crisis intervention programs under Title XXVI relating to low-income home energy assistance are conducted in each community.
7. A willingness to permit and cooperate with Federal investigations undertaken in accordance with the CSBG Act.
8. An assurance that any CAA that received pass-through CSBG funding in the previous fiscal year will not have its funding terminated under this subtitle, or reduced below the proportional share of funding the CAA received in the previous fiscal year unless, after providing notice and an opportunity for a hearing on the record, the state determines that cause exists for such termination or such reduction, subject to review by the Secretary of Health and Human Services as provided in Section 678C(b) of the CSBG Act.
9. Coordination of programs and formation of partnerships with other organizations serving low-income residents and members of the groups served by the state, including religious organizations, charitable groups and community organizations.
10. An assurance that the State will require each CAA to establish procedures under which a low-income individual, community organization, or religious organization, or representative of low-income individuals that considers its organization, or low-income individuals, to be inadequately represented on the CAA board, to petition for adequate representation.
11. Each CAA, as a condition of receiving funding under the CSBG allotment, must submit to the State a community action plan that includes a community needs assessment.
12. An assurance that the State and the CAAs will participate in the Results Oriented Management and Accountability System or another performance measure system allowed by the Secretary of Health and Human Services.
13. Information describing how the State will carry out the assurances described in the law.

14. The State also must agree to certain Administrative Assurances:

- a. To submit a CSBG application to the Secretary which contains the required information and provisions.
- b. To make not less than 90 percent of the annual CSBG allocation available to the officially designated CAAs for use in carrying out their approved CSBG workplan.
- c. If the State elects to recapture and redistribute funds to an eligible entity through a grant when unobligated funds exceed 20 percent of the amount distributed to that entity for a fiscal year, the State would redistribute the recaptured funds to an eligible entity, or require the original recipient of the funds to redistribute the funds to a private, nonprofit organization, located within the community served by the original recipient of the funds, for activities consistent with the purposes of the Community Services Block Grant program.
- d. To spend no more than the greater of \$55,000 or 5 percent of its CSBG grant received for State administrative expenses, including monitoring activities.
- e. If the State has a charity tax credit in effect under state law, the State agrees to comply with the requirements and limitations specified regarding use of funds for statewide activities to provide charity tax credits to qualified charities whose predominant activity is the provision of direct services within the US to individuals and families whose annual incomes generally do not exceed 185 percent of the poverty line in order to prevent or alleviate poverty among such individuals and families.
- f. To hold at least one public hearing in the State to provide the public with an opportunity to comment on the proposed use and distribution of funds to be provided through the CSBG grant for the period covered by the State plan.
- g. The chief executive officer of the State is to designate an appropriate State agency for the purposes of carrying out the State CSBG program activities.
- h. To hold at least one legislative hearing every three years in conjunction with the development of the State plan.
- i. To make available each plan or revised State plan for public inspection in such a manner as will facilitate review of and comment on the plan.
- j. To conduct a full on-site review of each eligible entity at least once during each three-year period, with follow-up reviews, including prompt return visits to eligible entities and their programs that fail to meet the goals, standards, and requirements established by the State. Each newly designated entity is to have a full on-site review immediately after the completion of the first year in which

they have received CSBG funds. The State should conduct other reviews as appropriate, including reviews of entities with programs that have had other Federal, State or local grants (other than assistance provided under the CSBG) terminated for cause.

- k. In the event that the State determines that an eligible entity fails to comply with the terms of an agreement or the State plan, to provide services under the CSBG or to meet appropriate standards, goals, and other requirements established by the State (including performance objectives), the State will comply with the requirements outlined in Section 678C of the Act, to inform the entity of the deficiency to be corrected; require the entity to correct the deficiency; offer training and technical assistance as appropriate to help correct the deficiency, and submit to the Secretary a report describing the training and technical assistance offered or stating the reasons for determining that training and technical assistance are not appropriate; at the discretion of the State, offer the eligible entity an opportunity to develop and implement, within 60 days after being informed of the deficiency, a quality improvement plan and to either approve the proposed plan or specify reasons why the proposed plan cannot be approved; after providing adequate notice and an opportunity for a hearing, initiate proceedings to terminate the designation of or reduce the funding to the eligible entity unless the entity corrects the deficiency.
- l. To establish fiscal controls, procedures, audits and inspections, as required under the Act.
- m. To repay to the United States amounts found not to have been expended in accordance with the Act, or the Secretary may offset such amounts against any other amount to which the State is or may become entitled under the CSBG.
- n. To participate, and ensure that all eligible entities in the State participate in, the Results-Oriented Management and Accountability (ROMA) System.
- o. To prepare and submit to the Secretary the required annual report on the measured performance of the State and its eligible entities.
- p. To comply with the prohibition against use of CSBG funds for the purchase or improvement of land, or the purchase, construction, or permanent improvement (other than low-cost residential weatherization or other energy-related home repairs) of any building or other facility, as described in the Act.
- q. To ensure that programs assisted by CSBG funds shall not be carried out in a manner involving the use of program funds, the provision of services, or the employment or assignment of personnel in a manner supporting or resulting in the identification of such programs with any partisan or nonpartisan political activity or any political activity associated with a candidate, or contending faction or group, in an election for public or party office; any activity to provide voters or prospective voters with transportation to the polls or similar assistance with any such election, or any voter registration activity.

- r. To ensure that no person shall, on the basis of race, color, national origin or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with CSBG program funds. Any prohibition against discrimination on the basis of age under the Age Discrimination Act of 1975 (42 U.S. 6101 et seq.) or with respect to an otherwise qualified individual with a disability as provided in Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 12131 et seq.) shall also apply to any such program or activity.
- s. To consider religious organizations on the same basis as other non-governmental organizations to provide assistance under the program so long as the program is implemented in a manner consistent with the Establishment Clause of the first amendment to the Constitution; not to discriminate against an organization that provides assistance under, or applies to provide assistance under the CSBG program on the basis that the organization has a religious character; and not to require a religious organization to alter its form of internal government except as provided under Section 678B or to remove religious art, icons, scripture or other symbols in order to provide assistance under the Community Services Block Grant program.
- t. To provide assurances that cost and accounting standards of the Office of Management and Budget (OMB Circular A-110 and A-122) shall apply to a recipient of CSBG program funds.
- u. To comply with the requirements of Public Law 103-227, Part C Environmental Tobacco Smoke, also known as the Pro-Children Act of 1994, which requires that smoking not be permitted in any portion of any indoor facility owned or leased or contracted for by an entity and used routinely or regularly for the provision of health, day care, education, or library services to children under the age of 18 if the services are funded by a Federal grant, contract, loan or loan guarantee.

The State further agrees that it will require the language of this certification be included in any subawards, which contain provisions for children's services and that all subgrantees shall certify accordingly.

D. Subgrantee Responsibilities

By Federal CSBG law, DCS must pass through a minimum of 90 percent of each year's CSBG award to the seven CAAs which have been designated as the State's eligible entities under the CSBG Act. The CSBG Act and DCS policies delineate the principle responsibilities of the CAAs as follows:

- 1. Maintain a tripartite board of directors composed of 1/3 elected public officials or their designees; at least 1/3 democratically selected representatives of low income persons in the area served by the agency; and the remainder of the board should be officials or members of business, industry, labor, religious, law enforcement, education, or other major groups and interests in the area served.

2. Submit a Community Action Plan which includes: a) a community needs assessment (including food needs); b) a description of the service delivery system targeted to low-income individuals and families in the service area; c) a description of how linkages will be developed to fill identified gaps in service through information, referral, case management, and follow-up consultations; d) a description of how the CSBG funding will be coordinated with other public and private resources; e) a description of how the CSBG funds will be used to support innovative community and neighborhood-based initiatives related to the purpose of CSBG; and f) a description of the outcome measures to be used to monitor success in promoting self-sufficiency, family stability and community revitalization.
3. Submit a line item CSBG budget with specific references to any planned expenditures for equipment (in excess of \$5,000) and out-of-state travel;
4. Maintain records on clients served by CSBG-funded activity, including income documentation and the nature of services provided;
5. Submit required financial status reports on CSBG expenditures, quarterly performance reports indicating the extent of progress towards quarterly and annual performance objectives, and annual performance outcome reports;
6. Submit required CSBG reports for annual reporting to the Office of Community Services, Department of Health and Human Services;
7. Submit an annual audit of all funds received and disbursed by the CAA, prepared by an independent private auditing firm.

II. Distribution and Use of FY2010 and FY2011 Funds

A. Authorization

CSBG funds are allocated among the fifty states, the District of Columbia and other U.S. territories in proportion to each jurisdiction's low-income population. However, the CSBG Act provides for a minimum funding level to less populated states. Originally North Dakota, as a minimum funding level state, received one-quarter of one percent (.0025) of the annual federal CSBG appropriation. Reauthorization legislation increased the amount to one-half of one percent (.005) for small states.

For FY2009 we are currently under a Continuing Resolution as no appropriations have yet been determined by the Congress. The FY2009 appropriation is expected to be about the same as the FY2008 funding which was \$3,169,978. We do not know if there will be increases in funding for FY2010 and FY2011. The CSBG Act was to be reauthorized in 2003, however, it has not yet been reauthorized, so we do not know if there will be additional or different requirements that would affect the current status of the program in the future. We are estimating that the appropriations for FY2010 and FY2011 will remain at about the same level as the amount appropriated in FY2008. Table I illustrates the history of CSBG funding that was anticipated to be received and actually allocated since FY2002.

TABLE I CSBG FUNDING LEVELS		
FY	Anticipated Funding Level	Actual Appropriation
2002	3,000,000	3,203,898
2003	3,203,898	3,185,302
2004	3,203,898	3,166,465
2005	3,140,000	3,070,286
2006	3,140,000	3,040,153
2007	3,040,153	3,040,151
2008	3,040,153	3,169,978
2009	3,040,153	
2010	3,169,978	
2011	3,169,978	
NOTE: The net CSBG award to the state is reduced by the amount of CSBG awards to tribal governments, which are funded directly by the federal Department of Health & Human Services.		

B. Allocation of Funds

In accordance with the CSBG Act, DCS must award at least 90 percent (90%) of North Dakota's annual CSBG allotment to officially designated CAAs. The State cannot expend more than the greater of \$55,000 or five percent (5%) of each Fiscal year's CSBG allotment for CSBG administrative expenses incurred at the state level. The remaining five percent (5%) can be applied towards special projects within the limits established by the CSBG Act, including training and technical assistance in support of local programs, support of services and programs for low income individuals and families, support of statewide coordination and communication among eligible entities and support of other activities consistent with the CSBG law.

In 2002, the State, in coordination with the seven CAAs, revised the funding formula for distribution of CSBG funds to the CAAs. That funding formula incorporates 2000 census data, provides a 91 percent (91%) pass-through award to the seven CAAs, with the greater of \$55,000 or four percent (4%) of the funds utilized for State administrative expenses and the remaining five percent (5%) for special projects. The formula was initially used in FY2003.

Table II, below, lists the allocation of North Dakota's projected FY2010 and FY2011 CSBG allotments based on the State CSBG funding formula and anticipated funding levels.

TABLE II PROJECTED ALLOCATION OF FISCAL YEARS 2010 AND 2011 COMMUNITY SERVICES BLOCK GRANT FUNDS		
	FY2010	FY2011
CAA Funding (91%)	2,884,680	2,884,680
State Administration (4%)	126,799	126,799
Special Projects/Discretionary Funds (5%)	158,499	158,499
TOTAL	3,169,978	3,169,978

C. Distribution of Funds to Eligible Entities

The CAAs in North Dakota rely heavily on the CSBG pass-through funds to provide services within their respective regions. Most local governments and counties do not contribute towards CAA operations. The CAAs operate in multi-county jurisdictions, differing in size and population. In FY2002 DCS, in coordination with the seven CAAs, revised the formula for distributing pass-through monies among the CAAs which reflects the distribution of the low income population based on the 2000 U.S. Census, the relative size of areas served and a minimum base funding level for each agency.

The funding formula provides a base funding level equal to 28.74% of the pass-through funds, which is divided equally among the eight regions. Although there are eight geographical regions in the State, there are seven CAAs, since the Community Action Partnership Program serves both Regions I and VIII. Under the formula, each of the seven agencies receives \$1,000 per county served by the agency. The remaining pass-through funds are distributed in direct proportion to each CAA service area's share of the state's low income population using the 2000 census data. This formula equalized the base funding for all eight regions and replaced the CSBG State Discretionary funds that were previously awarded each year to Region VIII for use in Region I from FY1995 through 2002. The formula is used in the first grant year following the development of the new funding formula. After that, the CSBG law requires that eligible entities funded through CSBG funds cannot have their CSBG funds reduced below the proportional share of CSBG funding the agency received in the previous year. That process will be followed until a new funding formula is devised after the data from the next census is available.

A minimum pass-through level of \$837,880 is required by the distribution formula in order to provide base funding under the new funding formula. A total State allotment of \$920,748 would be required to provide a pass-through funding level of \$837,880. In the event that the State's FY2010 or FY2011 allotments would be less than \$920,748 each year, DCS will reduce or eliminate the five percent Discretionary fund set-aside and pass-through up to 96% of the CSBG funds received.

Since FY 2003 the State has utilized a portion of State CSBG Administrative and Discretionary funds to alleviate some of the impact on the CAAs for the decrease in CSBG funding, the shift in population within the state, and the decrease in funds the CAAs have also had from other funding sources. The State is committed to try to continue this supplemental funding outside of the funding formula.

CSBG State Discretionary funds provided transitional phase-in funds for two years, FY2003 and FY2004, for those agencies that received less funding in those years than they received in FY2002. The transitional phase-in funds were awarded to five CAAs in six regions (Regions II, III, VI, VII, VIII and I).

CAAs receiving supplemental funding is contingent upon adequate state administrative and discretionary CSBG funding and CAAs having CSBG carryover of 20% or less from the previous grant year . State supplemental funding was \$173,234 in FY2003, \$114,106 in FY2004, \$144,922 in FY2005, \$105,279 in FY2006 \$90,465 in FY2007 and \$122,552 in FY2008.

Projected CSBG distributions to the seven CAAs for FY2010 and FY2011, based on the funding formula, and bonus/supplemental funds, if they would be distributed equally between the seven CAAs, can be found in Table III. We will be considering the amount of CSBG carryover available to the agency from the previous year when the bonus/supplemental funds are awarded to eligible agencies.

TABLE III POTENTIAL CSBG DISTRIBUTIONS FOR FY2010 & FY2011				
Region	1) Percent of Allocation	2) Allocation	3) Bonus/ Supplemental Funds	4) FY2010 and FY2011 Awards
II	13.50%	389,432	8,000	397,432
III	12.03%	347,027	8,000	355,027
IV	13.26%	382,509	8,000	390,509
V	18.40%	530,781	8,000	538,781
VI	10.47%	302,026	8,000	310,026
VII	16.84%	485,780	8,000	493,780
VIII & I	15.50%	447,125	8,000	455,125
TOTALS	100.00%	2,884,680	56,000	2,821,279
1) Proportional share of CSBG pass-through based on FY08 CSBG allocation - funding formula used to derive the % - based on a base allocation for each region, land area served by agency, and percentage of low income people residing in the service area. 2) Agency's proportional share of the pass-through based on the % in Column 1. 3) Estimate of Bonus/Supplemental Funds available to each region <u>if</u> equal distribution is done (outside of the funding formula). 4) Agency award based on the funding formula and equal distribution of Bonus/Supplemental funds				

D. CAA's Use of Pass-Through Funds and Supplemental CSBG Funds

CSBG-funded services are intended for lower income persons and families. The CSBG Act restricts eligibility for CSBG services to persons or families with income levels falling at or below 125% of the poverty level as established by the United States Office of Management and Budget.

The CSBG Act requires that each subgrantee receiving CSBG funds must develop and submit to the State a community action plan that outlines the programs and services that will be provided through the CSBG funding. The plan must include needs assessment data to document the needs of the low income population in the service area. The CAAs utilize updated statewide needs assessment data on low income needs which was last completed in 2006 through the ND Community Action Partnership, in addition to other needs assessments available through other entities within their regions.

CSBG-funded services may include any of the following activities:

Client Services: CSBG funds may be used to provide outreach, referral, direct counseling, advocacy, or technical assistance services to low income clients, relating to employment, education, housing, money management/budget counseling, community participation, etc.

Self Reliance and Other Self Sufficiency Services: CSBG funds may be used to assist low income persons in attaining a greater degree of economic self-sufficiency. Each CSBG subgrantee is required to reserve 1.5 FTE within its CSBG budget for self sufficiency services including Self Reliance. Allowable expenditures include training expenses for staff, office space, materials, travel, supplies and personnel costs.

Program Coordination: CSBG funds may be used in combination with other federal, state or private funds to implement the various low income assistance programs administered by the CSBG subgrantees. These include but are not limited to programs such as low income home Weatherization programs, Head Start, emergency assistance under the Federal Emergency Management Act (FEMA), and surplus commodity distributions. Such expenditures are supported by appropriate source documentation to assure that the costs are allocated properly among the funding sources.

Emergency Assistance: CSBG funds may be applied toward the cost of organizing and/or operating emergency assistance services or facilities, such as food pantries or food banks, temporary housing and abuse shelters, energy emergency loan and grant funds, and general emergency loan and grant funds.

CAAs may also use CSBG funds to cover the costs associated with the development and implementation of new services to low income clients and general agency administrative costs, such as bookkeeping, clerical services and supervisory activities. Expenditures are supported by appropriate source documentation.

E. Program Statistics

1. Performance Objectives

Each CAA develops its own community action plan for the use of the CSBG funds that are allocated to them. Annual, measurable performance objectives are established in the workplan, and the agency's progress in meeting the objectives is reported to DCS on a quarterly basis. As a point of comparison, Table IV summarizes the annual performance objectives and the progress reported towards achieving the objectives, as reported at the end of the third quarter of the FY2008 CSBG program year (September 30, 2008).

TABLE IV			
PERFORMANCE MEASURES			
1/1/08 THROUGH 9/30/08			
Activity	Annual Objective	Progress Through 9/30/08	Percent of Objective
Employment Assistance	622	475	76%
Education	1,887	2,351	125%
Income Management	4,509	5,207	115%
Housing	3,152	4,065	129%
Emergency Assistance	6,480	6,977	108%
Nutrition	22,468	25,842	115%
Self Sufficiency	791	619	78%
Linkages	6,946	4,993	72%
Health	2,033	2,255	111%

Table IV indicates that by the end of the third quarter most of the performance measures were being met or had been exceeded. By the end of the grant year It is expected that most activities will exceed the annual performance objectives.

2. CSBG Outcomes/National Indicators

Since 1995, the ND CSBG program has developed and reported on outcomes within the federally mandated Results Oriented Management and Accountability (ROMA) standards. In 2003 the Office of Community Services, within the US Department of Health and Human Services, expanded ROMA to include reporting on selected National Indicators to provide some additional consistency within national CSBG reporting.

We began tracking results through the National Indicators in 2004. The following is a list of the National Indicators and our statewide results for 2007, which is our most recent data:

National Goal 1: Low income people become more self-sufficient.

Employment - National Performance Indicator 1.1 - the number and percentage of low income participants in community action employment initiatives who get a job or become self-employed as measured by the following:

<i>Indicator</i>	<i>Participants Enrolled in Programs</i>	<i># Expected to Achieve Outcome</i>	<i># Achieving Outcome</i>	<i>% Achieving Outcome in 2007</i>
A. Unemployed and obtained a job	128	102	86	84.3%
B. Employed and obtained an increase in employment income	11	15	8	53.3%

Employment Supports - National Performance Indicator 1.2 - the number of low income participants for whom barriers to initial or continuous employment are reduced or eliminated through assistance from community action as measured by one or more of the following:

<i>Indicator</i>	<i>Participants Enrolled in Programs</i>	<i>Participants Achieving Outcome in 2007</i>
A. Obtained pre-employment skills/competencies required for employment and received training program certificate or diploma	74	53
B. Completed ABE/GED and received certificate or diploma	63	21
C. Completed post-secondary education program and obtained certificate or diploma.	88	29
D. Obtained care for child or other dependant in order to gain or maintain employment.	350	310
E. Obtained access to reliable transportation and/or driver's license in order to gain or maintain employment.	406	385
F. Obtained health care services for themselves or a family member in support of family stability needed to gain or retain employment.	83	56
G. Obtained safe and affordable housing in support of family stability needed to gain or retain employment.	652	304
H. Obtained food assistance in support of family stability needed to gain or retain employment.	262	262

Economic Asset Enhancement and Utilization - National Performance Indicator 1.3 - the number and percentage of low income households that achieve an increase in financial assets and/or financial skills as a result of community action assistance, and the aggregated amount of those assets and resources for all participants achieving the outcome, as measured by one or more of the following:

<i>Indicator</i>	<i>Participants Enrolled in Programs</i>	<i>Participants Expected to Achieve Outcome</i>	<i>Participants Achieving Outcome</i>	<i>Aggregated Dollar Amounts (Payments, Credits, Savings)</i>	<i>% Achieving Outcome in 2007</i>
A. # and % of participants in tax preparation programs who identify any type of Federal or State tax credit and the aggregated dollar amount of credits	1,346	892	1,189	\$1,253,721	133.3%
B. # and % demonstrating ability to complete and maintain a budget for over 90 days	856	483	637		131.9%
C. # and % opening an Individual Development Account (IDA) or other savings account and increased savings, and the aggregated amount of savings	36	29	17	\$16,308	58.6%
D. # and % capitalizing a small business with accumulated savings	3	2	1	\$2,475	50%
E. # and % pursuing post-secondary education with savings	10	9	7	\$9,566	77.8%
F. # and % purchasing a home with accumulated savings	8	4	2	\$3,829	50.0%

Goal 2: The conditions in which low income people live are improved.

Community Improvement and Revitalization - National Performance Indicator 2.1 - An increase in, or preservation of, opportunities and community resources or services for low income people in the community as a result of community action projects/initiatives or advocacy with other public and private agencies, as measured by one or more of the following:

<i>Indicator</i>	<i># of Projects or Initiatives</i>	<i># of Opportunities and/or Community Resources Preserved or Increased</i>
A. Safe and affordable housing units created in the community.	2	8
B. Safe and affordable housing units in the community preserved or improved through construction, weatherization or rehabilitation achieved by community action activity or advocacy.	36	2,381
C. Accessible and affordable health care services/facilities for low income people created or saved from reduction or elimination.	3	28
D. Accessible safe and affordable child care or child development placement opportunities for low income families created or saved from reduction or elimination.	5	706
E. Accessible before and after school program placement opportunities for low income families created or saved from reduction or elimination.	1	70
F. Accessible or increased educational and training placement opportunities, or those that are saved from reduction or elimination, that are available for low income people in the community, including vocational, literacy, and life skills.	11	62

Community Quality of Life and Assets - National Performance Indicator 2.2 -The quality of life and assets in low income neighborhoods are improved by community action initiative or advocacy, as measured by one or more of the following:

<i>Indicator</i>	<i># of Program Initiatives or Advocacy Efforts</i>	<i># of Community Assets, Services or Facilities Preserved or Increased</i>
A. Increase in the availability or preservation of community facilities.	2	2
B. Increase in the availability or preservation of community services to improve public health and safety.	15	53

Goal 3: Low income people own a stake in their community.

Civic Investment - National Performance Indicator 3.1 - The total number of volunteer hours donated to Community Action.

<i>Indicator</i>	<i># of Volunteer Hours</i>	<i>Value of Volunteer Hours Based on Minimum Wage (\$5.85/hr)</i>
# of volunteer hours donated to Community Action Agencies statewide	86,987	\$508,874

Community Empowerment Through Maximum Feasible Participation - National Performance Indicator 3.2 - The number of low income people mobilized as a direct result of community action initiative to engage in activities that support and promote their own well-being and that of the community as measured by one or more of the following:

<i>Indicator</i>	<i># of Low Income People</i>
A. # of low income people participating in formal community organizations, government, boards or councils that provide input to decision-making and policy setting through community action efforts.	174
B. # of low income people acquiring businesses in their community as a result of community action assistance.	1
C. # of low income people purchasing their own homes in their community as a result of community action assistance.	21

Goal 4: Partnerships among supporters and providers of services to low income people are achieved.

Expanding Opportunities Through Community-wide Partnerships - National Performance Indicator 4.1 - The number of organizations, both public and private, community action agencies work with to promote family and community outcomes.

<i>Indicator</i>	<i># of Organizational Partnerships</i>	<i># of These Partnerships that Were with Faith-based Organizations</i>
# of organizations community action agencies work with to promote family and community outcomes	2,108	247

Goal 5: Agencies increase their capacity to achieve results.

Broadening the Resource Base - National Performance Indicator 5.1 - The number of dollars mobilized by community action, including amounts and percentages.

<i>Indicator</i>	<i>Dollars Mobilized</i>	<i>% of Total</i>
A. Community Services Block Grant (CSBG)	\$3,039,981	13.5%
B. Non-CSBG Federal Programs	\$15,679,961	69.5%
C. State Programs	\$266,778	1.1%
D. Local Public Funding	\$6,000	0.0%
E. Private Sources (including foundations and individual contributors, goods and services donated)	\$3,058,261	13.6%
F. Value of Volunteer Time (86,987 hrs@\$5.85/hr - federal minimum wage)	\$508,874	2.3%
TOTAL	\$22,559,855	100.0%

Goal 6: Low income people, especially vulnerable populations, achieve their potential by strengthening family and other supportive environments.

Independent Living - National Performance Indicator 6.1 - The number of vulnerable individuals receiving services from community action that maintain an independent living situation as a result of those services.

<i>Indicator</i>	<i># of Vulnerable Individuals Living Independently</i>
A. Senior Citizens	4,756
B. Individuals with Disabilities	1,787

Emergency Assistance - National Performance Indicator 6.2 - The number and percentage of low income households served by community action that sought and were provided with needed emergency assistance, including:

<i>Indicator</i>	<i>Units of Measurement</i>	<i># Seeking Assistance</i>	<i># Receiving Assistance</i>
A. Food	Households	18,090	17,913
B. Emergency Vendor Payments, including fuel and energy bills and rent/mortgage payments	Households	2,985	2,440
C. Temporary Shelter	Households	300	158
D. Emergency Medical Care	Households	100	66
E. Legal Assistance	Households	112	110
F. Transportation	Households	515	480
G. Disaster Relief	Households	31	31
H. Clothing	Households	981	976
I. Sportsmen Against Hunger - donations of game animals (358 deer, 1 moose and 24 geese) to food pantries in the state	Pounds of Food	Almost 18,000 pounds of meat statewide	
J. Food Fellowship Program - redistributes food that otherwise would have gone to waste - Regions III and IV only	Pounds of Food	Over 437,000 pounds of food redistributed in the Devils Lake and Grand Forks areas.	

Child and Family Development - National Performance Indicator 6.3 - The number and percentage of infants, children, youth, parents and other adults participating in developmental or enrichment programs that achieve program goals as measured by one or more of the following:

<i>Infant & Child Indicators</i>	<i>Participants Enrolled in Programs</i>	<i>Participants Expected to Achieve Outcome in 2007</i>	<i>Participants Achieving Outcome in 2007</i>	<i>% Achieving Outcome in 2007</i>
1. Infants and children obtain age appropriate immunizations, medical and dental care.	825	824	767	93.1%
2. Infant and child health and physical development are improved as a result of adequate nutrition.	3,732	3,936	3,720	94.5%
3. Children participate in pre-school activities to develop school readiness skills.	649	671	641	95.5%
4. Children who participate in pre-school activities are developmentally ready to enter Kindergarten or first grade.	490	495	482	97.4%

<i>Youth Indicators</i>				
1. Youth improve social/emotional development.	660	660	647	98.0%
2. Youth avoid risk-taking behavior for a defined period of time.	145	145	136	93.8%
3. Youth have reduced involvement with criminal justice system.	145	145	131	90.3%
4. Youth increase academic, athletic or social skills for school success by participating in before or after school programs.	464	464	461	99.4%
<i>Adult Indicators</i>				
1. Parents and other adults learn and exhibit improved parenting skills.	2,771	2,394	2,759	115.2%
2. Parents and other adults learn and exhibit improved family functioning skills.	735	702	676	96.3%

F. Use of Administrative and Discretionary Spending Authority

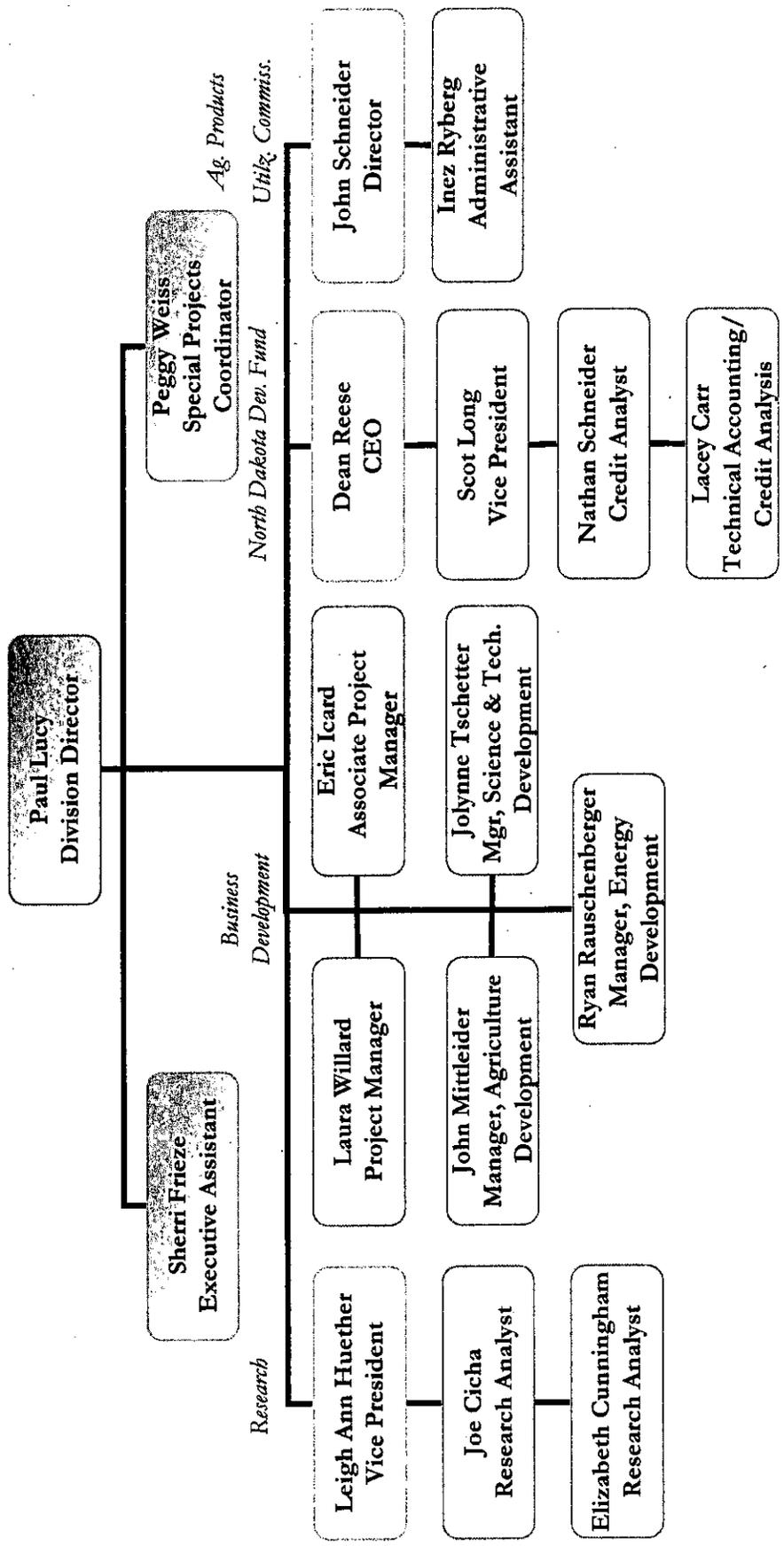
The CSBG Act permits the state to retain the greater of five percent (5%) of the State allocation, or \$55,000, for program administration, and up to five percent (5%) for discretionary expenditures related to the CSBG program.

In the CSBG funding formula that was developed in FY2002 for use beginning in FY2003, DCS decreased the amount of CSBG State Administration funds it will retain under the funding formula to four (4%) of the allocation. This provides additional CSBG dollars to the local level to address the needs of the low income population. DCS utilizes the administration set-aside from each year's CSBG award to cover its costs in the implementation of the CSBG program. Administrative functions include program planning, financial management, technical assistance, programmatic and fiscal monitoring, reporting and evaluation.

The discretionary set-aside is utilized for special projects within the limits established by the CSBG Act, including training and technical assistance in support of local programs and the statewide Community Action Association.

Division of Economic Development & Finance

Organizational Chart



**DEPARTMENT OF COMMERCE TESTIMONY ON SB 2018
JANUARY 16, 2009, 8:30 A.M.
SENATE APPROPRIATIONS COMMITTEE
HARVEST ROOM
SENATOR RAY HOLMBERG, CHAIRMAN**

PAUL LUCY – DIRECTOR, THE DIVISION OF ECONOMIC DEVELOPMENT & FINANCE

Mr. Chairman, members of the committee. My name is Paul Lucy. I am the Director of the Economic Development and Finance Division (ED&F) of the North Dakota Department of Commerce.

As you well know, North Dakota is a great place to live, work and play. It is also a great place to operate a business. The ED&F Division has a responsibility to promote our State's business environment and to provide the necessary assistance to those individuals, organizations and companies that are committed to creating employment and generating new wealth for our State.

ED&F has four primary program areas that support fulfilling this responsibility. Those program areas are:

- North Dakota Development Fund
- North Dakota Agricultural Products Utilization Commission
- ED&F research group
- ED&F business development group

North Dakota Development Fund

The North Dakota Development Fund (Development Fund) received a general fund appropriation for the 2007-2009 biennium in the amount of \$3,000,000. Along with the appropriation, the Development Fund was also approved to access a reserve of \$1,000,000 through the Bank of North Dakota, if the funds were needed prior to the end of the 2007-2009 biennium. The \$1,000,000 reserve has not been accessed up to this point.

The 2009-2011 Economic Development & Finance budget does not include any general fund appropriation for the Development Fund.

On June 30, 2009, the Development fund is projecting to have a cash balance of approximately \$3,426,000. This balance is assuming the Development Fund has not accessed the \$1 million reserve. The Development Fund has averaged approximately \$6.5 million in new loans/investments per year over the past 3 years, and averaged approximately \$3.9 million per year of loan/investment collections. The Development Fund covers all operating expenses, averaging \$335,000 per year, from its loan/investment returns. If the Development Fund continues at its present pace in making loans/investments, realizing loan/investment collections, and covering operating expenses, an estimated cash availability of \$492,000 is projected for the fund on June 30, 2010. If the Development fund maintains the collections average of \$3.9 million per year in the 2010-2011 year, and operating expenses of \$335,000 for that year, it is

estimated there will be approximately \$4 million available to make loans/investments in the final year of the biennium as collections are received.

The appropriation of \$3,000,000 for the 2007-2009 biennium has allowed the Development Fund to continue to do "business as usual" in assisting primary sector businesses in the State of North Dakota over these past two years. However, going forward into the 2009-2011 biennium, the Development Fund will need to decrease the number of companies it provides funding to and/or decrease the level of funding it provides to individual companies. By doing so, the Development Fund will maintain the capability to continue to provide gap finance assistance to companies that are locating and growing in North Dakota.

The Development Fund has funded 27 new projects for a total of \$7,544,947 from July 1, 2007 to December 26, 2008.

The Development Fund has done a tremendous job of managing its assets in a way that is befitting of a public gap financing economic development fund. Since its creation in 1991, the Development Fund has received a total of \$30 million in legislated general fund appropriations. In turn, the Development Fund has invested \$73.3 million in 458 projects involving 429 different primary sector businesses across North Dakota. The Development Fund has truly become a revolving loan fund, as exemplified by the fact that it has invested 2.44 times more dollars than it has received in general fund appropriations. The Development Fund is well managed and is one of North Dakota's primary economic development finance tools. It is also a program which is having a very positive overall economic impact in the state. A private consulting firm is presently conducting an assessment of the Development Fund's impact. The draft version of the report (final report not yet available) assessed the Development Fund's activities for an eight year period from 2000 to 2007. The impact analysis indicates that the Development Fund realized a 230% return on net investment back to the state. That return is relative to the year 2007 only. It does not reflect a projection of on-going returns expected in future years.

Additional details relative to the North Dakota Development Fund's history and statistical review can be found in Appendix A.

Agricultural Products Utilization Commission

The Agricultural Products Utilization Commission (APUC), since being established in 1979, has consistently been a very popular program across North Dakota and has been successful in fulfilling its mission of creating new wealth and jobs through the development of new and expanded uses for all North Dakota agricultural products. To achieve this mission the Commission administers seven grant programs encompassing, basic and applied research, farm diversification, marketing and utilization, prototype development, technology, technical assistance, and nature based agri-tourism.

To date for the 2007-2009 biennium, APUC has awarded over \$1,141,412 to 40 projects. The breakdown into the various program areas are as follows:

- Basic and applied research grants = \$210,000

- Marketing and Utilization grants of \$678,412
- Farm diversification grants = \$15,750
- Technology grants = \$86,500
- Grape Research grants = \$105,250
- Nature Based Agri-Tourism grants = \$10,500
- Sponsorships = \$35,000

APUC continues to be a popular funding source for value added businesses in North Dakota, receiving between five and six million dollars in funding requests in a biennium. It's currently one of the last state granting sources for companies looking to fund intangible costs such as business plans, feasibility studies, marketing plans, as well as prototype development costs and farm diversification costs etc.

In 2006, APUC contracted with NDSU to do an impact study on the effectiveness of the program and its contribution to North Dakota economy from the period of 1995 to 2004. The following statistics highlight some of the findings of the study.

- A sampling of nine agricultural processing projects supported by APUC during the 1995-2004 period were estimated to contribute more than \$157 million annually to the state's economy, to support almost 2,300 new jobs, and to result in \$2.4 million in added state sales and use and personal income tax revenues annually.
- Similarly four large processing plants, which received APUC support prior to 1995 contribute more than \$580 million to gross sales, support more than 8,500 jobs and add more than \$10 million to state tax revenues. In addition APUC support has assisted the launch of a number of smaller enterprises which may provide employment opportunities that would not otherwise exist and have potential for future growth.

APUC realizes they are not the lone investor in these projects; however, several of the projects stated that it is because of the early investment by APUC that the project moved forward at the pace at which it did.

Also in 2006, APUC conducted a survey of all economic development professionals and regional councils in North Dakota to assist the commission in evaluating how it administers the program. The survey results indicated that 93% of the respondents felt that APUC was doing a good job administering the funds and 96.8% felt that APUC funding was critical to a projects success.

The funding request for APUC is \$1,686,630, which is consistent with last biennium's funding with only a modest increase for salaries and wages.

It is also worth nothing that a portion of APUC's budget comes from dollars received from the agricultural fuel tax refund. These funds have been declining over the years. For example in the 2003-2005 biennium; APUC received approximately \$500,000 from the fuel tax refund. So far for the 2007-2009 biennium, APUC has received approximately \$148,000.

The most recent APUC Grant Report (2006-2008) can be found in Appendix B.

Business Development & Research

The ED&F Division, particularly through its business development and research group, fulfills a variety of functions targeted towards our in-state constituents and out-of-state target markets. Our efforts focus on fulfilling the needs of, and supporting our local community partners and stakeholders across the state. These partners and stakeholders include, but are not limited to; local development professionals, city staff, community development volunteers, business owners and operators, entrepreneurs, universities, industry associations, etc.

Over this past biennium, ED&F's business development team has been strengthened to bring target industry competencies into the business development process; thereby creating enhanced expertise, customer service, and results to our efforts. This team brings background and knowledge to the following target industry sectors:

- Value-Added Ag
- Science & Technology
- Energy
- IT/Backoffice/Business Services
- Manufacturing/Aerospace

The business development & research team's efforts are very broad reaching. The group's primary areas of service include, but are not limited to, the following:

- Support existing in-state companies and start-up entrepreneurial development
 - **EXAMPLE:** Three individuals with an entrepreneurial business and product idea visited with ED&F staff about their idea in February 2008. Today these entrepreneurs have a structured business with a developed patent pending product (and others being developed), and a market waiting for their product. They are now in discussions to pursue financing and have their product manufactured by North Dakota contract manufacturers.
- Targeted marketing & recruitment
 - Participated in 16 out-of-state target industry marketing events/activities.
 - Participated in 7 out-of-state events/activities focused at site selection consultants and corporate real estate executives.
 - **EXAMPLE:** In 2006 the ED&F staff was a sponsor of the International Association of Outsourcing Professionals Annual Conference. As a direct result of this marketing effort, a New Jersey based software development company located in North Dakota in late 2007/early 2008 and is projecting to create 53 high paying software development positions in the state.
- Assisting out-of-state companies moving operations into North Dakota
 - **EXAMPLE:** A company in the energy industry was looking to establish a location in North Dakota. The ED&F staff worked with the company to facilitate meetings with various State agencies and stakeholders; including assisting in clarifying the company's taxation status as it applies to their industry sector, and assisting in identifying sources of information relative to market analysis. The company's project is under construction in western North Dakota.
- Linking existing in-state businesses to new business opportunities

- **EXAMPLE:** ED&F staff identified North Dakota contract manufacturers that had potential to be suppliers to a North Dakota based OEM. ED&F staff personally introduced this OEM to the contract manufacturers, which ultimately led to the OEM developing new contract manufacturing relationships with North Dakota suppliers rather than out of state suppliers.
- Community promotions
 - **EXAMPLE:** The ED&F Research staff have developed an online system for local communities to post their available buildings and properties to market to the world. The system also includes having individual community data information available to interested project developers via the ED&F website, which is many times the starting point for a company's site location search.
- Reviewed and processed certification applications for companies wanting to access state programs
 - 82 companies certified or recertified for Primary Sector status
 - 13 companies certified for Seed Capital Investment Tax Credit status
 - 2 companies certified for Agricultural Business Investment Tax Credit status
 - 1 company certified for Microbusiness Income Tax Credit status
- Community & stakeholder support services
- Liaison services between State government to private and other public sector
- Centers of Excellence promotion, partner development, and due diligence
- Research services for partners and stakeholders
- Serving on advisory boards and providing support services to State Commissions and other boards

As a result of these efforts and others over the past 18 months, the business development staff has played a significant role in the new location and/or expansion of nine companies in North Dakota. These projects operate within four of the five target industries identified by Governor Hoeven. An economic impact analysis was conducted on these nine projects using the assessment model developed by "Regional Economic Models, Inc." The economic impact assessment projected the following outcomes for the State of North Dakota by the year 2012 as a result of the location and expansion of these projects in the state.

- 735 new jobs (direct and indirect)
- \$141.53 million dollars of new personal income
- \$29.02 million dollars of new state tax revenues

These nine companies are strictly those companies that have resulted in a new location into the state or a significant facility expansion. This is by no means a complete list of projects that have been positively impacted by the efforts of the ED&F staff. An example of other impacting efforts would include:

- An ED&F staff person was aware of a North Dakota utility company interested in pursuing wind development. ED&F worked with this company to identify wind developers considering projects within the state. ED&F contacted numerous wind energy developers and solicited their interest in working with this specific utility partner and we provided information back to the utility company. Our assistance to this utility ultimately led to the development of a new wind farm in North Dakota.

As a result of implementing an aggressive marketing program, the following numbers address the scope of new project development activity that has been generated from this effort.

- 68 newly initiated level 1 & 2 projects.
 - Level 1 project – A company with a defined project and is considering ND
 - Level 2 project – A company with a defined project but uncertain of its level of interest in ND
- 16 companies conducted site visits to North Dakota.
- 12 Requests for Proposals (RFP) on different projects disseminated to local developers.

These numbers are not fully representative of the total number of new prospective leads generated, but rather are only those that have evolved to a level where a defined project is showing an interest in North Dakota as a location for their business. Some of these projects will eventually be located in North Dakota and some will not. We also continue to follow-up on and work other leads that will eventually result in a defined project interested in our state.

During the last legislative session I mentioned that ED&F's business development efforts will place an emphasis on working more closely with local community developers and leaders. Since July 1, 2007, the business development staff have travelled across the state to conduct community and company visits to promote ND business and community development programs and to hear from community leaders and companies about their needs and issues they are confronted with.

- 35+ Communities visited
- 40+ Primary Sector companies visited

The information gathered from these efforts helps to assure ED&F performs in a manner that coincides with the capabilities and desires of our stakeholders throughout all of North Dakota.

ED&F's expanded efforts to reach out to our local partners have strengthened relationships across the state. Survey results of our local partners are indicative of this. The following results are from surveys conducted of ED&F's local community partners in early 2007 and 2008. The numbers are representative of the percent of respondents that responded either "Above Average" or "Excellent".

- Trust of ED&F staff: increase of 21.2 percentage points
- Effectiveness of ED&F staff: increase of 20.5 percentage points
- Responsiveness of ED&F staff: increase of 12.3 percentage points
- Professionalism of ED&F staff: increase of 12.5 percentage points
- Overall Service of ED&F staff: increase of 17.3 percentage points

The business development & research groups within ED&F are well positioned to continue to provide an aggressive and productive program delivery as we are presently structured.

Regarding ED&F staffing and budgets for the upcoming biennium:

- ED&F is not proposing to add any new FTE's
- ED&F is not requesting any budget enhancements other than proposed salary increases

Conclusion

The Economic Development & Finance Division of the Department of Commerce houses programs and components that reach out to supporting development across multiple industry and demographic sectors in communities throughout North Dakota. The ED&F Division has submitted a budget that will allow for the continued delivery of such programs and efforts.

Mr. Chairman and committee members, this concludes my testimony. Thank you.

*Attachments same
as given to
House
2-25-07*

DEPARTMENT OF COMMERCE TESTIMONY ON SB 2018
FEBRUARY 25, 2009, 2:45 P.M.
HOUSE APPROPRIATIONS COMMITTEE
ROUGH RIDER ROOM
REPRESENTATIVE KEN SVEDJAN, CHAIRMAN

PAUL LUCY – DIRECTOR, THE DIVISION OF ECONOMIC DEVELOPMENT & FINANCE

Mr. Chairman, members of the committee. My name is Paul Lucy. I am the Director of the Economic Development and Finance Division (ED&F) of the North Dakota Department of Commerce.

As you well know, North Dakota is a great place to live, work and play. It is also a great place to operate a business. The ED&F Division has a responsibility to promote our State's business environment and to provide the necessary assistance to those individuals, organizations and companies that are committed to creating employment and generating new wealth for our State.

ED&F has four primary program areas that support fulfilling this responsibility. Those program areas are:

- North Dakota Development Fund
- North Dakota Agricultural Products Utilization Commission
- ED&F research group
- ED&F business development group

North Dakota Development Fund

The North Dakota Development Fund (Development Fund) received a general fund appropriation for the 2007-2009 biennium in the amount of \$3,000,000. Along with the appropriation, the Development Fund was also approved to access a reserve of \$1,000,000 through the Bank of North Dakota, if the funds were needed prior to the end of the 2007-2009 biennium. The \$1,000,000 reserve has not been accessed up to this point.

The 2009-2011 Economic Development & Finance budget does not include any general fund appropriation for the Development Fund.

On June 30, 2009, the Development fund is projecting to have a cash balance of approximately \$3,426,000. This balance is assuming the Development Fund has not accessed the \$1 million reserve. The Development Fund has averaged approximately \$6.5 million in new loans/investments per year over the past 3 years, and averaged approximately \$3.9 million per year of loan/investment collections. The Development Fund covers all operating expenses, averaging \$335,000 per year, from its loan/investment returns. If the Development Fund continues at its present pace in making loans/investments, realizing loan/investment collections, and covering operating expenses, an estimated cash availability of \$492,000 is projected for the fund on June 30, 2010. If the Development fund maintains the collections average of \$3.9 million per year in the 2010-2011 year, and operating expenses of \$335,000 for that year, it is estimated there will be approximately \$4 million available to make loans/investments in the final year of the biennium as collections are received.

The appropriation of \$3,000,000 for the 2007-2009 biennium has allowed the Development Fund to continue to do "business as usual" in assisting primary sector businesses in the State of North Dakota over these past two years. However, going forward into the 2009-2011 biennium, the Development Fund will need to decrease the number of companies it provides funding to and/or decrease the level of funding it provides to individual companies. By doing so, the Development Fund will maintain the capability to continue to provide gap finance assistance to companies that are locating and growing in North Dakota.

The Development Fund has funded 27 new projects for a total of \$7,544,947 from July 1, 2007 to December 26, 2008.

The Development Fund has done a tremendous job of managing its assets in a way that is befitting of a public gap financing economic development fund. Since its creation in 1991, the Development Fund has received a total of \$30 million in legislated general fund appropriations. In turn, the Development Fund has invested \$73.3 million in 458 projects involving 429 different primary sector businesses across North Dakota. The Development Fund has truly become a revolving loan fund, as exemplified by the fact that it has invested 2.44 times more dollars than it has received in general fund appropriations. The Development Fund is well managed and is one of North Dakota's primary economic development finance tools. It is also a program which is having a very positive overall economic impact in the state. A private consulting firm is presently conducting an assessment of the Development Fund's impact. The draft version of the report (final report not yet available) assessed the Development Fund's activities for an eight year period from 2000 to 2007. The impact analysis indicates that the Development Fund realized a 230% return on net investment back to the state. That return is relative to the year 2007 only. It does not reflect a projection of on-going returns expected in future years.

Additional details relative to the North Dakota Development Fund's history and statistical review can be found in Appendix A.

Agricultural Products Utilization Commission

The Agricultural Products Utilization Commission (APUC), since being established in 1979, has consistently been a very popular program across North Dakota and has been successful in fulfilling its mission of creating new wealth and jobs through the development of new and expanded uses for all North Dakota agricultural products. To achieve this mission the Commission administers seven grant programs encompassing, basic and applied research, farm diversification, marketing and utilization, prototype development, technology, technical assistance, and nature based agri-tourism.

To date for the 2007-2009 biennium, APUC has awarded \$1,388,125.50 to 46 projects. The breakdown into the various program areas are as follows:

- Basic and applied research grants = \$268,245
- Marketing and Utilization grants of \$856,867.50
- Farm diversification grants = \$15,750
- Technology grants = \$86,500
- Grape Research grants = \$105,250
- Nature Based Agri-Tourism grants = \$10,500
- Sponsorships = \$45,000

APUC continues to be a popular funding source for value added businesses in North Dakota, receiving between five and six million dollars in funding requests in a biennium. It's currently one of the last state granting sources for companies looking to fund intangible costs such as business plans, feasibility studies, marketing plans, as well as prototype development costs and farm diversification costs etc.

In 2006, APUC contracted with NDSU to do an impact study on the effectiveness of the program and its contribution to North Dakota economy from the period of 1995 to 2004. The following statistics highlight some of the findings of the study.

- A sampling of nine agricultural processing projects supported by APUC during the 1995-2004 period were estimated to contribute more than \$157 million annually to the state's economy, to support almost 2,300 new jobs, and to result in \$2.4 million in added state sales and use and personal income tax revenues annually.
- Similarly four large processing plants, which received APUC support prior to 1995 contribute more than \$580 million to gross sales, support more than 8,500 jobs and add more than \$10 million to state tax revenues. In addition APUC support has assisted the launch of a number of smaller enterprises which may provide employment opportunities that would not otherwise exist and have potential for future growth.

APUC realizes they are not the lone investor in these projects; however, several of the projects stated that it is because of the early investment by APUC that the project moved forward at the pace at which it did.

Also in 2006, APUC conducted a survey of all economic development professionals and regional councils in North Dakota to assist the commission in evaluating how it administers the program. The survey results indicated that 93% of the respondents felt that APUC was doing a good job administering the funds and 96.8% felt that APUC funding was critical to a projects success.

The funding request for APUC is \$1,686,630, which is consistent with last biennium's funding with only a modest increase for salaries and wages.

It is also worth noting that a portion of APUC's budget comes from dollars received from the agricultural fuel tax refund. These funds have been declining over the years. For example in the 2003-2005 biennium; APUC received approximately \$500,000 from the fuel tax refund. So far for the 2007-2009 biennium, APUC has received approximately \$148,000.

The most recent APUC Grant Report (2006-2008) can be found in Appendix B.

Business Development & Research

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 - **EXAMPLE:** Three individuals with an entrepreneurial business and product idea visited with ED&F staff about their idea in February 2008. Today these entrepreneurs have a structured business with a developed patent pending product (and others being developed), and a market waiting for their product. They are now in discussions to pursue financing and have their product manufactured by North Dakota contract manufacturers.
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 - Participated in 18 out-of-state target industry marketing events/activities.
 - Participated in 8 out-of-state events/activities focused at site selection consultants and corporate real estate executives.
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 - **EXAMPLE:** ED&F staff identified North Dakota contract manufacturers that had potential to be suppliers to a North Dakota based OEM. ED&F staff personally introduced this OEM to the contract manufacturers, which ultimately led to the OEM developing new contract manufacturing relationships with North Dakota suppliers rather than out of state suppliers.
- Community promotions
 - **EXAMPLE:** The ED&F Research staff have developed an online system for local communities to post their available buildings and properties to market to the world. The system also includes having individual community data information available to interested project developers via the ED&F website, which is many times the starting point for a company's site location search.

- Reviewed and processed certification applications for companies wanting to access state programs
 - 89 companies certified or recertified for Primary Sector status
 - 12 companies certified for Seed Capital Investment Tax Credit status
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- Community & stakeholder support services
- Liaison services between State government to private and other public sector
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As a result of implementing an aggressive marketing program, the following numbers address the scope of new project development activity that has been generated from this effort.

- 73 newly initiated level 1 & 2 projects.
 - Level 1 project – A company with a defined project and is considering ND
 - Level 2 project – A company with a defined project but uncertain of its level of interest in ND
- 16 companies conducted site visits to North Dakota.
- 13 Requests for Proposals (RFP) on different projects disseminated to local developers.

These numbers are not fully representative of the total number of new prospective leads generated, but rather are only those that have evolved to a level where a defined project is showing an interest in North Dakota as a location for their business. Some of these projects will eventually be located in North Dakota and some will not. We also continue to follow-up on and work other leads that will eventually result in a defined project interested in our state.

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- 35+ Communities visited
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- Effectiveness of ED&F staff: increase of 20.5 percentage points
- Responsiveness of ED&F staff: increase of 12.3 percentage points
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- Overall Service of ED&F staff: increase of 17.3 percentage points

The business development & research groups within ED&F are well positioned to continue to provide an aggressive and productive program delivery as we are presently structured.

Regarding ED&F staffing and budgets for the upcoming biennium:

- ED&F is not proposing to add any new FTE's
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Conclusion

The Economic Development & Finance Division of the Department of Commerce houses programs and components that reach out to supporting development across multiple industry and demographic sectors in communities throughout North Dakota. The ED&F Division has submitted a budget that will allow for the continued delivery of such programs and efforts.

Mr. Chairman and committee members, this concludes my testimony. Thank you.

North Dakota Development Fund Economic Impact for the State of North Dakota
Dated: November 14, 2008

Summary: July 1, 1990 To November 14, 2008:

- Invested: 458 projects (25/year) in 429 (23/year) different "Primary Sector" businesses.
- Total Investments: \$74,445,105 (\$4,135,839/year)
- Legislative Appropriation Received: \$30,000,000 (\$1,666,666/Year)
- NDDF has invested 2.48 times more than the amount of the Legislative Appropriations received
- The NDDF averaged \$1,666,666/Year from Legislative Appropriations and Invested an Average of \$4,135,839/Year (Revolving Fund).
- Average Project Funded: \$ 162,544
- Average Funded Per Year: \$ 4,135,839
- Average Projects Per Year: 25
- Average Businesses Per Year: 24
- Total Charged Off: \$12,507,989
- Average Charge-Off Per Year: \$ 694,888
- Invested in Start-up businesses (July 1, 1999 to November 14, 2008:104 (11/year)): 61 of the start-up businesses were located in rural communities Currently operating: 63/104 (61%)
- Total Businesses Still Operating: 258 of 429: 60%
- Ag. related projects (July 1, 1999 to November 14, 2008): 56
- Development Fund paid \$1,000,000 back to the General Fund for the Centers of Excellence at the University of North Dakota, North Dakota State University of \$500,000 and payment to the North Dakota Trade Office of \$500,000.
- Development Fund became self-funding in 2003. The Fund, since 2003, has paid \$1,797,897 in operating expenses from investment revenues generated.

Summary: July 1, 1999 To November 14, 2008:

Total Projects Funded:	274
Total Businesses Funded:	253
Average Project:	30
Total Businesses Still Operating:	190 (75%)
Total Invested:	\$46,450,074
Average Funded Per Year:	\$ 5,161,119
Average Project Funded:	\$ 169,526
Total Charged-Off:	\$ 3,483,125
Average Charge-Off Per Year:	\$ 387,014
Average Charged-Off Per Business (63 Charged-Off):	\$ 55,287

Year July 1, 1999 to June 30, 2000

- Invested: 30 "Primary Sector" projects including 27 different businesses of which 19 were located in a rural community.
- Total Invested: \$4,818,307
- Development Fund contributed to the start-up of 10 businesses, which 8 were located in rural communities. 8 of the 10 (80%) continue to operate today.
- 7 of the projects were ag. processing facilities.
- Of the \$4,818,307 invested, the NDDF has charged off \$920,597 (19.1%)

Year July 1, 2000 to June 30, 2001

- Invested: 40 "Primary Sector" projects including 36 different businesses, of which 17 were located in rural communities.
- Total invested: \$7,242,849
- The Development Fund dollars invested leveraged \$40,000,000 from other funding sources resulting in a \$4.77 to 1 ratio-for every Development Fund dollar invested, \$4.77 was invested from other sources.
- 3 of the projects were ag. processing facilities.
- Investments contributed to the projected creation of 594 jobs
- Development Fund contributed to the start-up of 10 businesses, which 2 were located in rural communities. 8 of the 10 (80%) continue to operate today.
- Of the \$7,242,849 invested, the NDDF has charged off \$279,080 (4.0%)

Year July 1, 2001 to June 30, 2002

- Invested: 23 "Primary Sector" projects including 23 different businesses, of which 14 were located in rural communities.
- Total invested: \$2,537,800
- The Development Fund dollars invested leveraged \$17,645,575 from other funding sources resulting in a \$7.00 to 1 ratio-for every Development Fund dollar invested, \$7.00 was invested from other sources.
- 2 of the projects were ag. processing facilities.
- Investments contributed to the projected creation of 730 jobs
- Development Fund contributed to the start-up of 13 businesses, which 10 were located in rural communities. 4 of the 13 (31%) continue to operate today.
- Of the \$2,537,800 invested, the NDDF has charged off \$675,980 (26.4%)

Year July 1, 2002 to June 30, 2003

- Invested: 26 "Primary Sector" projects including 26 different businesses, of which, 16 were located in rural communities.
- Total investment: \$3,447,032

- Of the 26 "Primary Sector" businesses funded, 19 (73%) continue to operate today.
- 7 of the projects were ag. processing facilities, which utilize agricultural commodities.
- Investments contributed to the projected creation of 302 jobs.
- Development Fund contributed to the start-up of 13 businesses, which 8 were located in rural communities. 8 of the 13 (62%) continue to operate today.
- The Development Fund dollars invested leveraged \$20,509,840 from other funding sources resulting in a \$5.95 to 1 ratio-for every Development Fund dollar invested, \$5.95 was invested from other sources.
- Of the \$3,447,032 invested, the NDDF has charged off \$214,376 (6.2%)

Year July 1, 2003 to June 30, 2004

- Invested: 22 "Primary Sector" projects including 22 different "Primary Sector" businesses, of which, 14 were located in rural communities.
- Total investment: \$2,199,267
- Of the 22 businesses funded, 19 (86%) continue to operate today.
- 8 of the projects were ag. processing facilities, which utilize agricultural commodities.
- Investments contributed to the projected creation of 128 jobs.
- Development Fund contributed to the start-up of 10 businesses, which 8 were located in rural communities. 8 of the 10 (80%) continue to operate today.
- The Development Fund dollars invested leveraged \$17,572,903 from other funding sources resulting in a \$7.18 to 1 ratio-for every Development Fund dollar invested, \$7.18 was invested from other sources.
- The Development Fund paid \$500,000 to help fund the Centers of Excellence at the University of North Dakota and North Dakota State University.
- The Development Fund paid all expenses incurred by the Fund in 2004 in the amount of \$319,159.
- Of the \$2,199,267 invested, the NDDF has charged off \$604,333 (27.4%)

Year July 1, 2004 to June 30, 2005

- Invested: 50 "Primary Sector" projects including 42 different "Primary Sector" businesses, of which, 30 of the projects were located in rural communities.
- Total investment: \$5,125,384
- Of the 42 businesses funded, 27 (64%) continue to operate today
- 13 of the projects were ag. processing facilities, which utilize agricultural commodities.
- Investments made contributed to the projected creation of 462 jobs.
- Development Fund contributed to the start-up of 20 businesses, which 12 were located in rural communities. 10 of the 20 (50%) continue to operate today.
- The Development Fund dollars invested leveraged \$20,111,493 from other funding sources resulting in a \$3.53 to 1 ratio-for every Development Fund dollar invested, \$3.53 was invested from other sources.
- Of the \$5,125,384 invested, the NDDF has charged off \$653,572 (11.4%)

- The Development Fund has invested \$55 million in 356 "Primary Sector" businesses since inception. The Fund has received \$27 million from legislative appropriations since start-up. Of the \$55 million invested, \$20.5 million has been invested in rural communities. The Fund has become a revolving loan fund.
- The Development Fund continues to be self-funding. The Fund paid all expenses incurred during 2005, which totaled \$300,495. The Fund has not received an appropriation from the legislature, since 2001.
- Of the \$5,125,384 invested, the NDDF has charged off \$653,572 (11.4%)

Year July 1, 2005 to June 30, 2006

- Invested: 32 "Primary Sector" projects, which include 27 different "Primary Sector" businesses, of which, 12 were located in rural communities.
- Total investment: \$6,632,726
- Of the 27 "Primary Sector" businesses funded, 22 (81%) continue to operate today.
- 5 of the projects were ag. processing facilities, which utilize agricultural commodities.
- Investments made contributed to the projected creation of 497 jobs.
- Development Fund contributed to the start-up of 12 businesses, of which, 7 were located in rural communities. 8 (62%) of the 13 businesses continue to operate today.
- The Development Fund dollars invested leveraged \$106,327,372 from other funding sources resulting in a \$16.03 to 1 ratio-for every Development Fund dollar invested, \$16.03 was invested from other sources.
- The Development Fund paid \$500,000 to the North Dakota Trade Office to cover its operating expenses.
- The Development Fund continues to be self-funded. The Development Fund covered its operating expenses in 2006, totaling \$335,593.
- Of the \$6,632,726 invested, the NDDF has charged off \$86,890 (1.0%)

Year July 1, 2006 to June 30, 2007

- Invested: 23 "Primary Sector" projects, which include 22 different "Primary Sector" businesses, of which, 12 were located in rural communities.
- Total investment: \$5,102,600
- Of the 22 "Primary Sector" businesses funded, 20 (91%) continue to operate today.
- 3 of the projects were ag. processing facilities, which utilize agricultural commodities.
- Development Fund contributed to the start-up of 6 businesses, of which, 2 were located in rural communities. 5 (83%) of the 6 businesses continue to operate today.
- Investments made contributed to the projected creation of 250 jobs.
- The Development Fund dollars invested leveraged \$34,601,396 from other funding sources resulting in a \$6.78 to 1 ratio-for every Development Fund dollar invested, \$6.78 was invested from other sources.
- The Development Fund continues to be self-funded. The Development Fund covered its operating expenses in 2007, totaling \$342,036.
- Of the \$5,102,600 invested, the NDDF has charged off \$48,297 (.94%)

Year July 1, 2007 to June 30, 2008

- Invested: 21 "Primary Sector" projects, which include 21 different "Primary Sector" businesses, of which, 12 were located in rural communities.
- Total investment: \$5,370,926
- Of the 21 "Primary Sector" businesses funded, 20 (95%) continue to operate today.
- 7 of the projects were ag. processing facilities, which utilize agricultural commodities.
- Development Fund contributed to the start-up of 8 businesses, of which, 4 were located in rural communities. 4 (100%) of the 4 businesses continue to operate today.
- The Development Fund continues to be self-funded. The Development Fund covered its operating expenses in 2007, totaling \$321,453.
- Of the \$5,370,926 invested, the NDDF has charged off \$0.00 (0%)

July 1, 2008 to November 14, 2008

The Development Fund has made 7 investments totaling \$3,973,183.

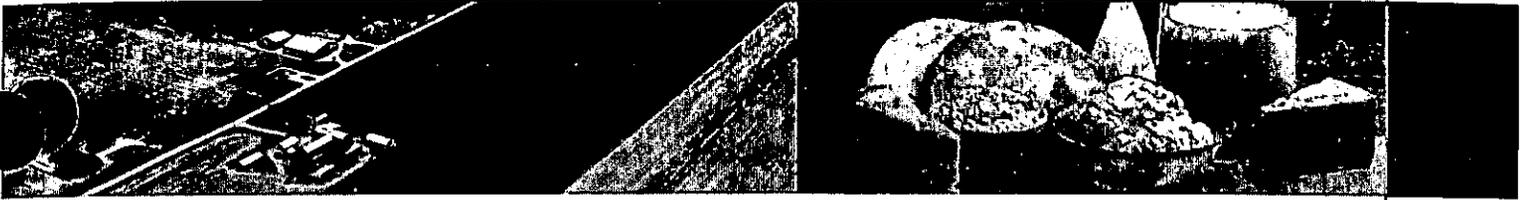
Of the 7 projects, 1 project was located in a rural community.

- All 7 projects continue to operate today.
- Of the \$3,973,183 invested, the NDDF has charged off \$0.00 (0%)

**NORTH DAKOTA
AGRICULTURAL PRODUCTS
UTILIZATION COMMISSION**

Supporting the
Dawn of a New Age
in Agriculture

GRANT REPORT 2006-2008



**The mission of the
Agricultural Products
Utilization Commission
is to create new wealth
and jobs through the
development of new
and expanded uses
of North Dakota
agricultural products.**

TABLE OF CONTENTS

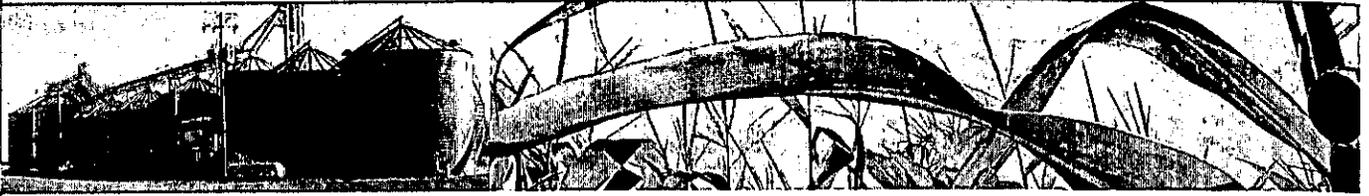


Map of Projects.....	4
Administration.....	5
Basic & Applied Research Grants	
NDSU Corn Study for Ethanol	6
North Dakota Corn Utilization Council.....	6
NDSU Field Peas as Ethanol Feedstock.....	6
NSB Valhalla.....	6
Oakes Bio-Energy Park.....	6
NDSU Vineyards.....	6
NDSU Department of Plant Science	6
NDSU Nanocomposite Biomaterials	7
West Dakota Feed & Seed.....	7
Refrigerated Dough from Hard Red Spring Wheat.....	7
Biofuel Feedstock in Central and Western North Dakota.....	7
<i>Success Story: NSB Valhalla</i>	7
Drought Corn Study for Ethanol Utilization.....	8
ComPAKco	8
Effects of Fibers on Frozen Dough.....	8
Marketing and Utilization Grants	
Feedlots of the Future	8
Yellowstone Ethanol Plant.....	8
North Dakota Branded Beef Packing.....	8
BTR Farmers Co-op	8
Myers Meats	8
Maple Valley Locker, Inc.	8
In the Potter's Hands	9
Flax USA	9
North Dakota Dairy Coalition	9
North Dakota Sow Center, LLLP	9
Pugsley's Premium	9
Northern Prairie EnviroFuels	9
S. F. Industries	9
WADF 03.....	9
Glovich Hunting Lodge	9
Tharaldson Ethanol Plant	9
US Omega3 Foods	9
<i>Success Story: Flax USA</i>	10
Northern Food Grade Soybeans.....	10
GIANTS Snacks.....	10
Renewable Commodities	10

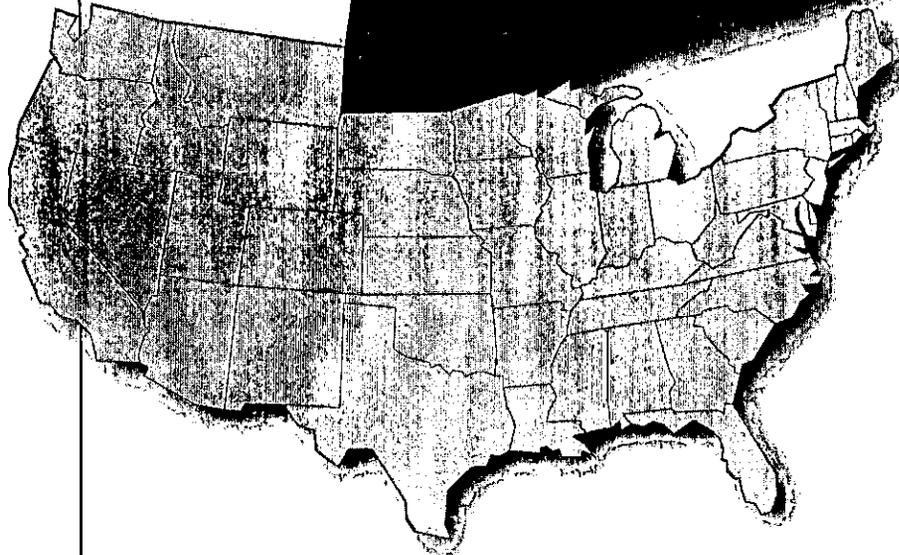
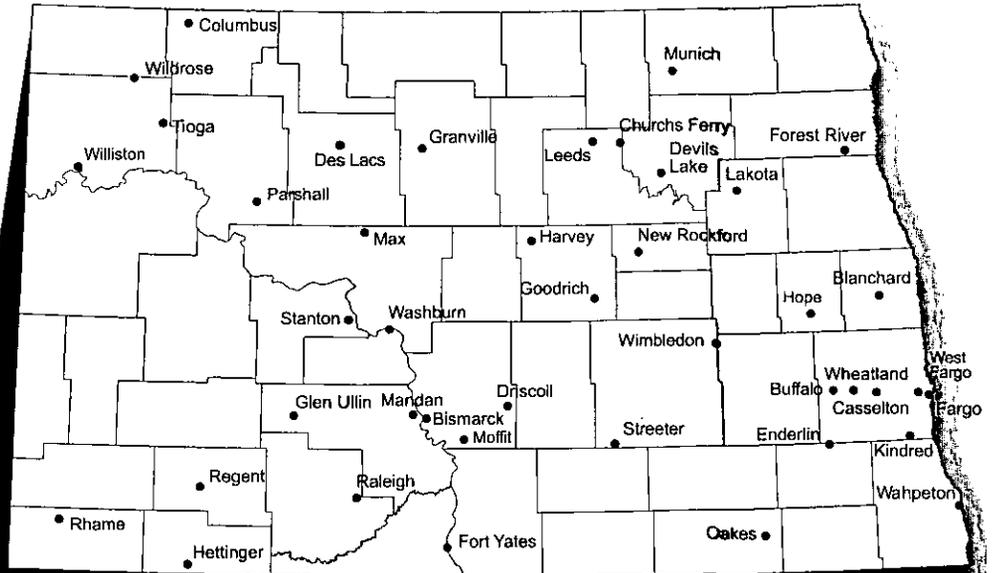
TABLE OF CONTENTS

Agri- & E Meats	10
North Dakota Branded Beef, Inc.	10
MAP 2008.....	10
Foursquare Feeders, LLLP	10
Standing Rock Equine Center	11
Lakota BioFuels, LLC	11
Buffalo Creek Energy, LLC.....	11
Rough Riders Renewable Fuels.....	11
Evergreen Dairy & Energy.....	11
Catherine's For Lamb	11
Maple River Winery	11
North Dakota Dairy Coalition	11
Red Trail Vineyard	11
Lifeline Farms	11
Ag Plus Cooperative, Inc.	11
Dakota Prairie Organic Flour Mill.....	12
West Dakota Feed & Seed, LLC	12
Farm Diversification Grants	
McLean Organic Rhubarb.....	12
Twisted Sisters Vineyard	12
Duppong Vines & Vineyard.....	12
Antelope Hill Lodging & Recreation	12
Many Prairie Farm	13
Alba Pines Ranch	13
Success Story: Central North Dakota Pastured Poultry Institute	13
Nature-Based Agri-Tourism	
Red Trail Grape Stomp.....	13
Prototype & Technology Grants	
Packet Digital.....	14
Gardendwellers Farms.....	14
Brookins Hybrid Drive System.....	14
Packet Digital.....	14
WISEnterprise.....	14
Brookins Hybrid Drive System.....	14
Technical Assistance Grant	
North American Bison Cooperative.....	15
Sponsorships	
Marketplace for Entrepreneurs 2008	15
2007 Ag Open.....	15
North Dakota Future Farmers of America.....	15
2008 Ag Open.....	15
Marketplace for Entrepreneurs 2009	15
Funding Sources	16

LOCATIONS OF APUC-SPONSORED PROJECTS



2006-2008



APUC sponsored 65 projects totalling over \$2.2 million in 40 communities located in 28 counties across the state. The grants listed in this report were awarded between November 2006 and November 2008.

ADMINISTRATION



The North Dakota Agricultural Products Utilization Commission (APUC) consists of nine members. The governor appoints five of the members to two-year terms each, arranged so that two terms expire in odd-numbered years and three in even-numbered years. Three of these appointees must be actively engaged in farming and two must be actively engaged in business. The Commissioner of Agriculture appoints one member to a two-year term that expires in odd-numbered years, and this member must also be actively involved in farming. All terms begin July 1.

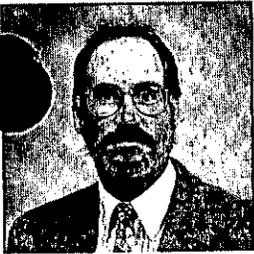
The board also includes three statutory members or their designees: Paul Lucy, director of Economic Development and Finance, a division of the Department of Commerce, Joseph Chapman, president of North Dakota State University, and Commissioner of Agriculture Roger Johnson.

Dan Kalil, a farmer from Williston and Gov. Schafer's appointee, has served as the Commission's chairman since July 2001.

Executive Director John F. Schneider and Administrative Assistant Inez Ryberg are responsible for administering APUC's programs and overseeing the daily operations of the Commission.

APUC is an office within Economic Development and Finance, a division of the North Dakota Department of Commerce.

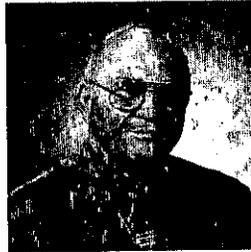
APUC COMMISSIONERS



Dan Kalil, Chairman
Governor's Appointee



Bruce Anderson, Vice Chair
*Agriculture
Commissioner's Appointee*



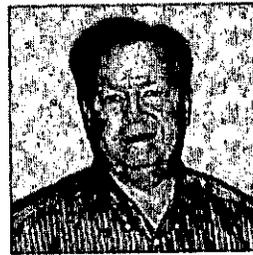
Bill Kingsbury
Governor's Appointee



Paul Lucy
*Economic Development
and Finance Representative*



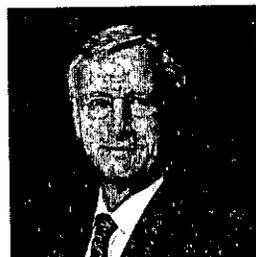
Bruce McLean
Governor's Appointee



Myron Thompson
Governor's Appointee



Theresa Tokach
Governor's Appointee



Jim Venette
NDSU representative



Jeff Weispfenning
*Agriculture
Commissioner's Designee*

APUC STAFF



John F. Schneider
Executive Director



Inez Ryberg
Administrative Assistant

BASIC & APPLIED RESEARCH GRANTS



A Basic & Applied Research Grant helps fund research for processing agricultural products and byproducts in North Dakota. This grant cannot be aimed at business expansion or creation without regard to agricultural products, must not include research that cannot reasonably be expected to result in a marketable product, or cannot have been duplicated by other research efforts. Grants are listed in order of distribution.

NDSU Corn Study for Ethanol

*Dr. Marcelo Carena, Fargo
NDSU Dept. of Plant Science*

Grant Amount: \$ 25,000.00
Total Budget: \$112,508.00

This project involves research for screening and identification of early-maturing ethanol-specific corn varieties targeted at improving the economics and efficiency of ethanol production. Corn hybrids will be utilized by the ethanol industry only if research for abiotic stresses such as drought, cold and salt tolerance with nitrogen use efficiency and other agronomic traits are addressed.

North Dakota Corn Utilization Council

Jocie Iszler, Fargo

Grant Amount: \$ 20,000.00
Total Budget: \$303,619.00

The Energy & Environmental Research Center at UND will research and develop an electrochemical process that utilizes ethanol co-product carbon dioxide to make urea fertilizer. This would result in lower cost for domestically produced fertilizer and promote rural economic development through establishment of fertilizer production facilities.

NDSU Field Peas as Ethanol Feedstock

*Dr. Cole Gustafson, Fargo
NDSU Dept. of Agribusiness & Applied Economics*

Grant Amount: \$ 42,420.00
Total Budget: \$ 59,140.00

This study is to determine the economic feasibility of using field peas as an ethanol feedstock in North Dakota. Results indicate plant efficiency increases, the value of co-products (DDGs) increases, and input supply risks are reduced when field peas replace corn.

NSB Valhalla

Scott Sjol, Des Lacs

Grant Amount: \$ 53,500.00
Total Budget: \$105,000.00

NSB Valhalla is refining the technology and manufacturing process for flax straw, an agricultural-based waste byproduct, for utilization as a commercially viable pellet-based heating source for use in residential, commercial and agricultural applications.

Oakes Bio-Energy Park

Charlie Kraemer, Oakes

Grant Amount: \$ 61,000.00
Total Budget: \$ 121,000.00

Oakes Enhancement Inc. and Great River Energy, among other partners, are performing a site design study to locate bio-energy industrial park in the Dickery-LaMoure County area. The industrial park would integrate multiple facilities such as biodiesel, ethanol and other agriculture processing with a combined heat and power plant.

NDSU Vineyards

*Harlene Hatterman-Valenti
NDSU Dept. of Plant Science*

Grant Amount: \$ 25,156.00
Total Budget: \$ 45,156.00

This research will compare crop performance and fruit quality of 16 grape cultivars at three NDSU locations. Both juice and wine cultivars are included. Vine data will be collected on winter hardiness, biomass and health. Grapes will undergo wine quality chemistry analysis and additional tests that will determine phytochemical concentrations for insight into the human nutrition value of locally grown grapes.

NDSU Department of Plant Science North Dakota Grape Growers Association

Harlene Hatterman-Valenti, Fargo

Grant Amount: \$100,000.00
Total Budget: \$450,000.00

NDSU and the North Dakota Grape Growers Association are working in a joint effort to research vineyards that were established in 2004 and 2006 to compare crop performance and fruit quality of 16 grape cultivars at three NDSU Agriculture Experiment Stations. Both juice and wine cultivars have been included in this experiment. Vine data will be measured and the grapes will undergo chemistry analysis for winemaking. Additional tests on the fruit will determine phytochemical concentrations, offering greater insights into the human nutrition benefits from locally grown grapes.

BASIC & APPLIED RESEARCH GRANTS

NDSU Nanocomposite Biomaterials Industry in Dakota

Larry Leistriz
Dept. of Agribusiness & Applied Economics

Grant Amount: \$ 26,500.00
Total Budget: \$1,500,000.00

This is Phase II of a project to use cellulose nanofibers derived from wheat straw to make a product that would substitute for fiberglass and plastics in many applications, including automotive parts. The technology will be integrated as part of a multi-product bio-refinery, which will produce ethanol and electricity as well as cellulose nanofibers for the nanocomposite material.

West Dakota Feed & Seed

Kevin Kvamme, Boss

Grant Amount: \$ 36,500.00
Total Budget: \$459,800.00

The purpose of this project is to continue to increase the market for field peas and field peas value-added products. West Dakota Feed & Seed is working with Northern Crops Institute to develop individual fractioned products.

Refrigerated Dough from Hard Red Spring Wheat

Dr. Senay Simsek
NDSU Dept. of Plant Science

Grant Amount: \$ 7,500.00
Total Budget: \$ 20,000.00

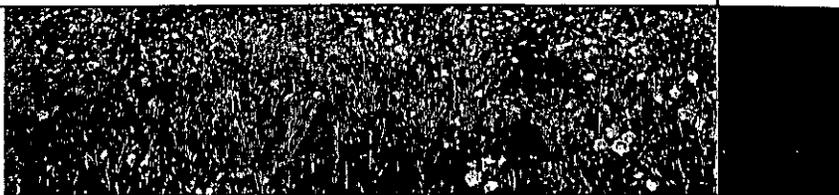
Refrigerated dough is more than a half-billion dollar industry in the U.S. Currently, hard red spring wheat is not used because of "dough syruing problem." This research will investigate the potential of using hard red spring wheat for refrigerated dough production based on cultivar-environment effect. The main objective is to expand end-use markets for North Dakota producers.

Biofuel Feedstock in Central and Western North Dakota

Paul Nyren, Streeter and
NDSU Central Grassland REC

Grant Amount: \$ 40,000.00
Total Budget: \$723,745.00

NDSU, in partnership with the North Dakota Natural Resources Trust, started a 10-year dedicated bio-energy crop study to determine the appropriate grass species, harvest method and management practices to maintain productive stands. These perennial grass feedstocks could potentially be grown on land not well suited for annual crops. The economics for production of a bio-energy crop will be evaluated, as well as the impact on soil organic matter and carbon storage. This research project will develop beyond its current funding capabilities and expand it to include economic evaluation and forage chemical analysis of species for use in bio-refineries.



SUCCESS NSB Valhalla Developing Flax Straw Heating Pellet Technology

NSB Valhalla is refining the technology and manufacturing process for flax straw, an agricultural-based waste byproduct, for utilization as a commercially viable pellet-based heating source for use in residential, commercial and agricultural applications.

The Des Lacs company received an APUC basic and applied research grant for \$53,500 to pursue the endeavor.

Over the course of 2007, the company obtained and assembled industrial equipment capable of processing and extruding the finished flax straw heating pellet product.

The technology to accomplish had not existed prior to NSB Valhalla's efforts. The company's equipment is currently under a provisional U.S. patent, which is in the process of converting into a formal patent.

The finished flax straw extruded pellet or cube heating product is a dense, firm alternative heating fuel product, intended for use in home heating pellet stove, pellet boiler, pellet furnace, commercial stoker boiler or commercial stoker furnace heating systems. Preliminary product testing indicates the initial product appears comparable with currently marketed hardwood sawdust heating pellets.

The product can be bagged for retail sales or sold bulk to larger commercial customers.

The newer residential and commercial pellet heating equipment technology systems on the horizon reinforce the commercial viability of the flax straw heating pellet technology.

Drought Corn Study for Ethanol Utilization

Dr. Marcelo Carena
NDSU Dept. of Plant Science

Grant Amount: \$ 75,000.00
Total Budget: \$151,652.00

This study is to obtain elite drought tolerance, high starch and early maturing corn hybrids at no expense to grain yield potential that are specific to North Dakota ethanol producer areas where the seed industry is not actively present. The results of this study would significantly enhance our ability to improve corn in the next decades by increasing the availability of quality food, feed and fuel as well as better corn ethanol relationships.

BASIC & APPLIED RESEARCH GRANTS

ComPAKco

Norm Miller, Fargo

Grant Amount: \$ 26,000.00

Total Budget: \$ 55,000.00

The company is building the JMF200 ComPAKer for agricultural applications. It will have the ability to blend additives as needed, so farmers can ComPAK grasses, etc., for feed or to use as fuel. The PAK's increase digestibility and nutrients absorbed by livestock. Funds will be used for further research and design to make it practical for use.

Effects of Fibers on Frozen Dough

Clifford Hall III

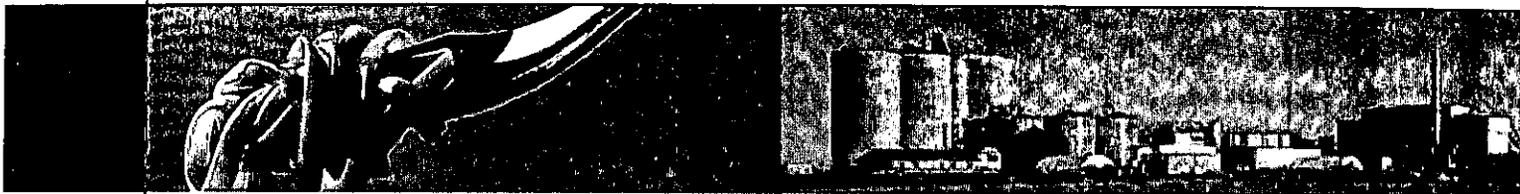
NDSU Dept. of Cereal & Food Sciences

Grant Total: \$ 25,000.00

Total Budget: \$ 34,000.00

This project will evaluate the effects of fibers from flaxseed, peas, soybean and oats on frozen dough stability and baked breads quality over a 20-30 week frozen storage. This research will identify the fiber or fibers that perform best in frozen dough and the prevention of dough breakdown during the frozen storage. Upon completion of the project, SunOpta will commercialize the fiber for application in frozen dough.

MARKETING & UTILIZATION GRANTS



A Marketing & Utilization Grant is to be used for the development or implementation of a sound marketing plan for North Dakota agricultural products and byproducts. Monies from this grant may be used for the purpose of marketing a product or to formulate or implement a marketing plan by individuals, a group of individuals or an individual on behalf of a group to organize a cooperative. Grants are listed in order of distribution.

Feedlots of the Future

Washburn Area EDA

Grant Amount: \$ 41,250.00

Total Budget \$ 79,250.00

This grant will help fund a feasibility analysis for a cattle feedlot and anaerobic digestion biogas facility co-located with Blue Flint Ethanol Plant.

BTR Farmers Co-op

Doug Dulmage, Leeds

Grant Amount: \$ 6,693.00

Total Budget: \$ 51,250.00

This grant will be used to study the economic feasibility of (1) selling the vegetable oil and byproducts produced in a small-scale oil seed crushing facility, and (2) the potential direct conversion of the vegetable oil into bio-diesel and marketing it and its byproducts.

Yellowstone Ethanol Plant

Bob Gannaway, Williston

Grant Amount: \$ 176,000.00

Total Budget: \$130,000,000.00

The Yellowstone Ethanol Plant, powered by North Dakota and Montana lignite, will convert grains (corn, barley and wheat) to ethanol and distilled grains. Ethanol sales will be targeted to West Coast markets and distilled grains to markets in North Dakota, Montana and neighboring states. Preliminary design is under way and process equipment specifications are nearly completed.

Myers Meats

Calvin Myers, Parshall

Grant Amount: \$ 23,000.00

Total budget: \$ 66,450.00

Myers Meats has developed a "pulled pork" product that is ready for commercialization. The purpose of this project is to make final adjustments in product development, create packaging and label materials and develop a comprehensive marketing plan to ensure success of the commercialization process.

North Dakota Branded Beef Packing

Alvin & Juanita Braun, Harvey

Grant Amount: \$ 46,750.00

Total Budget: \$ 98,350.00

The Brauns purchased the beef processing plant in Harvey and plan to market the company to prospective customers through trade shows, advertising and other marketing activities. The grant will also be used to develop a comprehensive integrated system for source verification.

Maple Valley Locker, Inc.

Kevin Hartl, Enderlin

Grant Amount: \$ 5,513.00

Total Budget: \$ 30,000.00

This grant will be used for marketing plan implementation. Plans are to update computers as well as expand the website and overall advertising to educate consumers about identity-preserved, source-verified locally raised and/or fed livestock. This effort will focus on the "farm to fork" connection.

MARKETING & UTILIZATION GRANTS

Potter's Hands

Wald & Christine Gillund, Wildrose

Grant Amount: \$ 18,900.00
Total Budget: \$101,470.00

The company will introduce and secure markets for a new line of natural specialty skin care and spa products. The Millennial Essential product line would reflect the high quality of products that would appeal to new markets in the East and West Coast metropolitan areas.

Flax USA

Jared Stober, Goodrich

Grant Amount: \$ 77,500.00
Total Budget: \$ 207,500.00

Flax USA is a fifth generation family farm business that is expanding its marketing on a national scale by developing new products and innovative competitive advantages. They have incorporated a proprietary True Cold Milled process to extend the shelf life of their flaxseed products.

North Dakota Dairy Coalition

Gary Hoffman, Mandan

Grant Amount: \$ 66,000.00
Total Budget: \$ 142,835.00

Phase III of the North Dakota Dairy Coalition's goal is to increase the number of dairy cows in the state by working with dairy producers who want to update or expand and recruiting dairy producers from other areas. An increase in the number of dairy cows will stabilize and enhance an industry that benefits rural North Dakota.

North Dakota Sow Center, LLLP

Craig Jarolimek, Forest River

Grant Amount: \$ 35,000.00
Total Budget: \$34,000,000.00

The company plans to build a 5,000-head sow unit. The unit will contain breeding, gestation and farrowing buildings along with an office and shower facilities. The unit will produce high quality piglets to be sold to pig producers under contractual arrangements.

Pugsley's Premium

Gary Senger, Devils Lake

Grant Amount: \$ 14,443.00
Total Budget: \$137,703.00

Pugsley's has developed 17 "Coffee House Gourmet Sandwiches" specifically for the specialty coffee industry. Marketing plans are to introduce the sandwiches through press releases and ads in trade publications, attendance at coffeehouse trade shows, direct mailings and increased advertising materials.

Northern Prairie EnviroFuels

Bryan Anderson, Munich

Grant Amount: \$ 54,000.00
Total Budget: \$ 91,000.00

A feasibility study on the economic viability of a large-scale oil seed crushing plant and a vegetable oil conversion to biodiesel facility showed potential for a plant. The grant will fund creation of a business plan.

S.F. Industries

Alan Juliuson, Hope

Grant Amount: \$ 56,585.00
Total Budget: \$ 186,200.00

S.F. Industries has developed a new product, Full Charge™ Supercharged™ Sunflower Seeds, the world's first fortified, high-energy sunflower seed product. Plans are to market the new product nationwide.

WADF 03

Larry Dewhirst, Williston

Grant Amount: \$ 101,000.00
Total Budget: \$ 150,000.00

This is the second phase of a site analysis to host a frozen potato processing plant. This analysis will determine the exact site for the processing plant and will consist of water in/out, soil bearing costs, best energy options and ingress/egress issues.

Glovich Hunting Lodge

Sandy Glovich, Moffit

Grant Amount: \$ 3,050.00
Total Budget: \$ 5,250.00

Website design is needed for a hunting and bird watching lodge that is rich with birds and wildlife.

Tharaldson Ethanol Plant

Russ Newman, Casselton

Grant Amount: \$101,000.00
Total Budget: \$321,625.00

The company is in the process of developing a 100-million-gallon per year ethanol plant located west of Casselton. The plant is expected to produce the ethanol using approximately 36 million bushels of corn per year.

US Omega3 Foods

Robert Oberlander, Wheatland

Grant Amount: \$ 26,000.00
Total Budget: \$373,833.00

A new company will launch a progressive in-state and regional multimedia marketing campaign introducing a new line of value-added products made from flax and produced in North Dakota. US Omega3 Foods will do in-store promotions, consumer education, web site creation and attend national trade shows.

MARKETING & UTILIZATION GRANTS



SUCCESS Flax USA Successfully Launching Product

Flax USA's specialty is developing and distributing flax seed products to be used as health food in consumers' daily diets. The Goodrich company secured and continued to develop their retail presence by adding key stores such as Sam's Club, Costco, Supervalu and many others to gain national and international exposure.

In April 2007, Flax USA was awarded a \$77,500 APUC marketing and utilization grant. Just over a year later, the company had grown its business over 650 percent and became a multi-million dollar business with the help from APUC funds. The company has also created a demand for North Dakota-grown flaxseed, which in turn created new jobs in the state.

The majority of APUC funding was used towards in-store demos for Costco Wholesale and Sam's Club, resulting in a huge success. Funding was also used for slotting fees, trade shows and marketing materials to grow the business. Flax USA, a fifth generation family farm business, established new national markets and also entered the international field.

Awareness for the benefits of flax is at an all time high and continues to increase every year, ensuring a strong demand for North Dakota-grown flax seed and continued success for Flax USA. This strong consumer awareness and the help from APUC funding have been key in the successful product launch for the company.

Northern Food Grade Soybeans

*Susan Geib, Fargo
North Dakota Trade Office*

Grant Amount: \$ 13,000.00
Total Budget: \$ 39,000.00

The North Dakota Trade Office/Northern Food Grade Soybean Association, in conjunction with major food grade soybean growers in North Dakota and American Soybean Association of Singapore, plan to bring 10 qualified soybean buyers to the state to attend seminars relating to the quality of North Dakota agriculture, tour soybean farms and further cement important ties to this all-important Asian market.

GIANTS Snacks

Jay Schuler, Wahpeton

Grant Amount: \$ 60,000.00
Total Budget: \$616,000.00

This grant will be used to expand marketing of GIANTS brand sunflower seeds from 25 states to over 40 states. This will also help the identity preserve program with the state's farmers, which ensures the company's products are grown on North Dakota farms at a premium price.

Renewable Commodities

Dale Beck, Kindred

Grant Amount: \$ 41,000.00
Total Budget: \$120,000.00

The company will conduct a feasibility study, prepare a marketing and business plan and complete preliminary engineering work for a 21,000-bushel, 30-million-gallon soybean crushing facility and refinery.

S & E Meats

Kathy Kunkel, Granville

Grant Amount: \$ 12,600.00
Total Budget: \$ 36,000.00

S & E Meats is creating a specialty pizza incorporating North Dakota buffalo meat rather than beef as a topping. The pizza will be marketed in north central North Dakota as well as Colorado and Florida. This project will create jobs in rural McHenry County.

North Dakota Branded Beef, Inc.

Juanita Braun, Bismarck

Grant Amount: \$ 36,530.00
Total Budget: \$ 95,265.00

This project is for the North Dakota Branded Beef store in Bismarck. The grant will be used to research and develop additional processed meat products utilizing the middle meats and trim, promote sales of gift package combinations locally and regionally and provide a strong centralized retail location for a growing number of products by expanding and improving the current retail space.

MAP 2008

ND Department of Agriculture, Bismarck

Grant Amount: \$ 15,000.00
Total Budget: \$ 60,000.00

This grant will defray a portion of the costs of North Dakota agriculture companies to travel to national and international tradeshows and trade missions. It will also assist the Market Builder Program in providing customized in-market research to companies. The grant will help fund the cost of Export Essentials Online, which helps U.S. food companies understand the complex steps of exporting.

Foursquare Feeders, LLLP

Wayne Buchholz, Rhame

Grant Amount: \$ 10,000.00
Total Budget: \$ 50,000.00

This study will assess the economics and technical feasibility of establishing a bison and beef cattle feedlot in the state that could potentially market bison and natural beef. It will also investigate the opportunity to purchase an existing site and develop a new greenfield site.

MARKETING & UTILIZATION GRANTS

Standing Rock Equine Center

Dunn, Fort Yates

Grant Amount: \$ 12,337.50
Total Budget: \$ 30,000.00

Plans are to conduct a feasibility study on an indoor horse arena for use by professional horse trainers, a college horsemanship instruction program, horse therapy, rodeos and horse shows, 4-H clubs and other youth organizations.

Lakota BioFuels, LLC

Bruce Anderson, Lakota

Grant Amount: \$ 50,000.00
Total Budget: \$ 171,000,000.00

Lakota BioFuels is a proposed 55-million-gallon per year ethanol plant to be located near Lakota. The plant, estimated to cost \$171 million, will employ 38 to 40 people.

Buffalo Creek Energy, LLC

Glenn Giese, Hettinger

Grant Amount: \$ 50,000.00
Total Budget: \$2,207,500.00

This proposed 55-million-gallon per year ethanol plant will be located near Gascoyne. The plant is estimated to cost \$190 million and will employ 39 to 40 people in southwestern North Dakota.

Riders Renewable Fuels

Markin, Washburn

Grant Amount: \$ 31,000.00
Total Budget: \$150,000.00

Rough Riders Renewable Fuels is a proposed multiple feedstock biodiesel plant in Mercer or McLean County. Plans are to do a site selection process, feasibility study and business plan.

Evergreen Dairy & Energy

Shaun Beauclair, Fargo

Grant Amount: \$ 31,000.00
Total Budget: \$1,000,000.00

This company is comprised of three integrated green renewable businesses: a 10-million-gallon ethanol plant, a 5-million-gallon anaerobic digester and a 12,000-head dairy. Combining these green agribusinesses maximizes the value of the products and byproducts and minimizes the environmental impact in addition to increasing profitability. Funds will be used for legal fees and accounting.

Catherine's For Lamb

Kate Pfenning, Driscoll

Grant Amount: \$ 38,000.00
Total Budget: \$155,270.00

Catherine's For Lamb is a family-operated farm-to-retail/restaurant/retail business. Pfenning, a native New Zealander, has an extensive knowledge of lamb production and marketing. She has selected Katahdin Hair Sheep, which are a meat breed only and known for low fat and exceptionally mild and flavorful taste.

Maple River Winery

Greg Kempel, Casselton

Grant Amount: \$ 8,925.00
Total Budget: \$ 45,000.00

This grant will be used to market and promote wines produced in and made with fruit grown in North Dakota. Plans are to market the wine in Minnesota through a distributor as well as to 30 states via the internet.

North Dakota Dairy Coalition

Gary Hoffman, Mandan

Grant Amount: \$ 66,000.00
Total Budget: \$142,835.00

Phase IV of the Coalition's goal is to increase the number of dairy cows in the state. An increase in the number of dairy cows will stabilize and enhance an industry that is good for rural North Dakota. Hoffman will work with state producers who want to update or expand their operation as well as recruit dairy producers from other areas who are considering relocating their dairies.

Red Trail Vineyard

Rodney & Steve Hogen, Buffalo

Grant Amount: \$ 13,125.00
Total Budget: \$ 47,479.00

Red Trail Vineyard, one of North Dakota's premier vineyards, will be sponsoring tours for all interested in viticulture (the process of growing grapes) for the production of wine. Individuals can participate in educational and relaxation tours and taste wines from North Dakota and the surrounding areas. Groups of up to 16 can reserve the tasting room at Red Trail for private gatherings and celebrations. The 3rd Annual Wine & Grape Harvest Festival and Grape Stomp was held in August.

Lifeline Farms

Craig Jarolimek, Forest River

Grant Amount: \$ 46,000.00
Total Budget: \$6,500,000.00

Lifeline Farms will produce 30-pound high-health pigs for use by Excorp Medical in their development of a medical system that will sustain patients critically ill with acute liver disease or liver failure. Livers harvested from donor pigs will be processed and used in a replaceable bioreactor cartridge as part of the medical system developed by Excorp Medical. Heart valves, skin and corneas will be harvested as Excorp Medical develops markets for these organs. Excess pigs will be sold commercially or into a niche market requiring antibiotic-free management practices.

Ag Plus Cooperative, Inc.

Dale Beck, Kindred

Grant Amount: \$ 51,000.00
Total Budget: \$250,000.00

This project is the development phase of a 42-million-bushel soybean crushing facility in southeast North Dakota. The facility would create 65 to 80 jobs and have an annual direct impact of \$45 million.

MARKETING & UTILIZATION GRANTS

Dakota Prairie Organic Flour Mill

Eric Hoberg, Harvey

Grant Amount: \$ 51,000.00
Total Budget: \$196,250.00

Dakota Prairie Organic has added a gluten-free facility within its building and is requesting assistance to market the products on a worldwide basis. There is increased awareness of allergies such as celiac disease, and the mill is seeking ways to differentiate themselves from the larger players of the gluten-free flour industry.

West Dakota Feed & Seed, LLC

Kevin Kvamme, Ross

Grant Amount: \$ 37,500.00
Total Budget: \$1,110,500.00

West Dakota Feed & Seed processes regular green or yellow peas through a wet fractionation that will create a pea protein concentrate that is 50 percent protein and a pea starch concentrate that is 99 percent starch. These products will be suitable to be used in the food industry. Plans are to attend trade shows throughout the United States, Germany and China.

FARM DIVERSIFICATION GRANTS



The Farm Diversification Grant category gives priority to projects dealing with the diversification of a family farm to non-traditional crops, livestock, or on-farm, value-added processing of agricultural commodities. Traditional crops and livestock are generally defined as those on which the North Dakota Agricultural Statistics Service maintains statistics. The project must have the potential to create additional income for the farm unit. Grants are listed in order of distribution.

McLean Organic Rhubarb

Tim & Kari McLean, Wheatland

Grant Amount: \$ 5,250.00
Total Budget: \$ 14,100.00

The project will diversify a 1500-acre farm by establishing and maintaining a two-thirds acre plot of organic rhubarb holding about 600 plants. The second year should produce 3000 to 3500 pounds of rhubarb. An agreement has been made with Maple River Winery, Casselton, to buy the rhubarb for use in North Dakota wine production.

Duppong Vines & Vineyard

Ken & Mary Ann Duppong, Glen Ullin

Grant Amount: \$ 10,500.00
Total Budget: \$ 38,618.00

The Duppongs will expand their vineyard to three acres, using grape varieties that will survive the North Dakota climate. They are exploring the feasibility of starting a nursery and doing retail sales of grapevines. Plans are to hold on-site educational experiences for various adult groups and school children and become a learning-based vacation site affiliated with North Dakota Agri-tourism. Future plans are to become qualified to host workshops and provide lectures on grape growing.

Twisted Sisters Vineyard

Val Anderson & Cheryl Elliott, Blanchard

Grant Amount: \$ 5,250.00
Total Budget: \$ 11,465.00

Twisted Sisters will plant 500 grapevines for a vineyard that will produce grapes for North Dakota wineries. Table grapes will also be grown to make jelly and grape juice. Plans are to open the vineyard for public tours.

Antelope Hill Lodging & Recreation

Diane Bachmeier, Raleigh

Grant Amount: \$ 5,250.00
Total Budget: \$ 30,000.00

This family owned and operated recreation facility promotes the family farm and the great outdoors. The lodge provides sleeping accommodations, home cooking, inexpensive family recreation, paid pheasant hunts and country living. Its many recreational opportunities make it an ideal location for family reunions.

FARM DIVERSIFICATION GRANTS

Bethany Prairie Farm

Grotberg, Wimbledon

Grant Amount: \$ 5,250.00
Total Budget: \$ 55,650.00

This small-scale renewable energy project involves the growing and on-farm custom pressing of oil crops for the production of oil and cake. The oil will be used for powering diesel engines and heating systems. The cake will be used as a protein supplement for livestock. This will make the farm more sustainable and less dependent on outside resources.

Kouba Pines Ranch

Brian Kouba, Regent

Grant Amount: \$ 5,250.00
Total Budget: \$ 40,250.00

Kouba Pines Ranch, a fee hunting business, is expanding to become a hunting lodge offering sleeping accommodations, housing for hunting dogs and bird cleaning facilities. The family has planted food plots and dug several wells to attract and keep the pheasants on their land.



SUCCESS Central North Dakota Pastured Poultry Institute Promoting Farm Sustainability

Central North Dakota Pastured Poultry Institute (CNDPPI) is a group of Wimbledon area farmers working together to teach and train others to raise pastured poultry. Pastured poultry is a means for farm families, retirees, homesteaders and hobby farmers to provide and improve food security, increase and maintain farm sustainability, and also increase sustainability of rural communities.

The group, with the leadership of Dick and Linda Grotberg, developed CNDPPI as an institute to provide the necessary tools for production of pastured poultry, including building pasture pens, caring for poultry, providing organic feed and rations and processing birds. They also maintain a feed center to grind a complete organic ration and make it available to be bagged and purchased by individual producers.

CNDPPI, located on the Grotberg's Bethany Prairie Farm, received a \$5,000 APUC farm diversification grant in 2006. The funds from this grant were used to move four granaries which comprise the feed center to the farm and make improvements necessary for use by the Institute.

NATURE-BASED AGRI-TOURISM



Nature-Based Agri-Tourism grants seek to attract visitors to a working farm or ranch, or any agricultural, horticultural or agribusiness operation to enjoy, be educated or be involved in activities. Eligible projects include, but are not limited to, farm or ranch tours, hands-on chores, self-harvesting of produce, hunting operations, fishing operations located on applicant's land, bird watching, trail rides and corn mazes.

Red Trail Grape Stomp

Steve & Rodney Hogan, Buffalo

Grant Amount: \$ 10,500.00
Total Budget: \$ 50,750.00

The vineyard will sponsor tours for those interested in viticulture (the process of growing grapes). In addition to touring the vineyard, participants will learn about the history of the area and vineyard as well as the process of starting and maintaining a cold-climate grape vineyard. The grant will be used for advertising and promotions.

PROTOTYPE & TECHNOLOGY GRANTS

APUC provides grants in two areas of agricultural innovations: Prototype Development and Technology Grants. A huge array of equipment can be useful in conducting business in rural living and agricultural economies. Prototype Grants are restricted to inventions improving the operations of food processing equipment and agricultural equipment. Technology Grants are to encourage innovation, and APUC will maintain a broad view of technology, such as hardware, software, devices or processes. Biotechnology will be considered as long as those advances improve agricultural product utilization as food, feeds, fuels and fiber. Grants are listed in order of distribution.

Packet Digital

Joel Jorgenson, Fargo

Grant Amount: \$ 26,863.00
Total Budget: \$ 145,957.00

Packet Digital is developing new electronics technology and hardware that will increase efficiency in farm management, particularly during harvest. The company has teamed with key individuals at American Crystal Sugar to create a system tailored for the harvest of sugar beets. The technical performance met or exceeded expectations. Customer acceptance has met or exceeded expectations. Packet Digital will expand its offering to other agricultural markets and industrial partners.

Gardendwellers Farms

Holly Mawby, Churchs Ferry

Grant Amount: \$ 9,000.00
Total Budget: \$ 23,840.00

This project uses steam distillation of eight herbs grown in temperature and soil conditions most frequently found in northeastern North Dakota. Distillation removes hydrosol and essential oil from chives, lemon basil, spearmint and basil. Hydrosol is a product that utilizes the oils in cosmetics and health and beauty products. The hydrosols collected from this project were sold to a North Dakota company at a profit.

Brooklins Hybrid Drive System

Ernie & Gail Brooklins, West Fargo

Grant Amount: \$ 26,100.00
Total Budget: \$125,540.00

This is a hybrid air/hydraulic drive system that allows the recapture of up to 80 percent of the vehicle's wasted energy. This design can be used in farm/grain trucks, tractors, combines, over-the-road trucks, etc. It can be installed in existing vehicles.

Packet Digital

Joel Jorgenson, Fargo

Grant Amount: \$ 25,000.00
Total Budget: \$264,700.00

The company is developing a new animal ear tag that combines radio frequency identification technologies with biomedical measurements. The ear tags provide producers a new means to determine the health of the herd and optimize the energy expenditure to improve the feeding efficiency and reduce costs and waste.

WISEnterprise

Gavin Skarphol, Tioga

Grant Amount: \$ 8,400.00
Total Budget: \$34,000.00

The grant will be used for the prototype development of the Waterspike, an automatic water conserving root feeding system that not only saves the consumer water, money and energy but also helps promote plant growth.

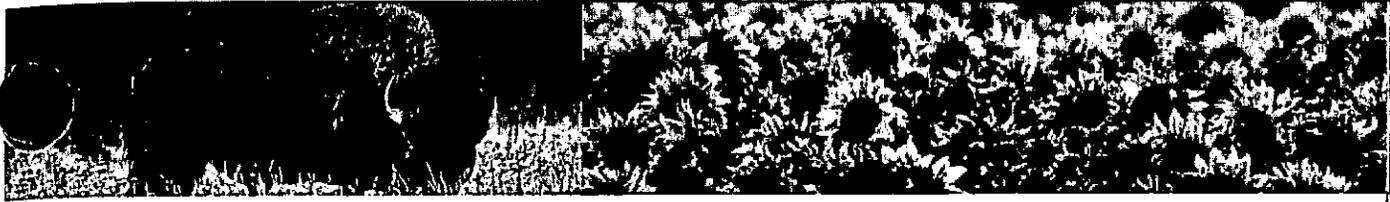
Brooklins Hybrid Drive System

Ernie & Gail Brooklins, West Fargo

Grant Amount: \$ 26,000.00
Total Grant: \$223,200.00

This project is Phase II of a prototype development of a hybrid air/hydraulic drive system that allows the recapture of up to 80 percent of the vehicle's wasted energy. This design can be used in farm/grain trucks, tractors, combines, over-the-road trucks, etc. This is the only hybrid design on record that can make an immediate impact on the fuel crisis.

TECHNICAL ASSISTANCE GRANT



A Technical Assistance Grant is designed to maintain and expand North Dakota's existing value-added businesses. The grant is intended to help these businesses become more competitive, productive and profitable. An eligible candidate for this grant is an existing company located, operated and registered in North Dakota that adds value to agricultural products, including food manufacturers and beverage manufacturers.

North American Bison Cooperative

Mary Gonsior, New Rockford

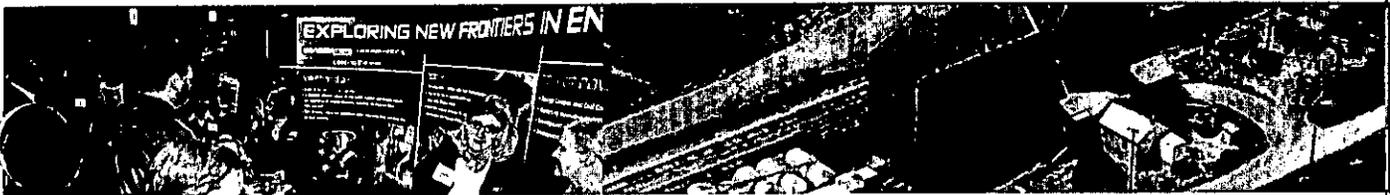
Grant Amount: \$26,000.00

Total Budget: \$63,213.00

Plans are to increase its production to process 50,000 head of bison and beef annually with the next 5 years.

Professional consultants will be hired to determine the actual infrastructure needs to meet this goal.

SPONSORSHIPS



Sponsorships are listed in order of distribution.

Marketplace for Entrepreneurs 2008

Marilyn Kipp

\$15,000.00 Sponsorship

Marketplace was held in Grand Forks at the Alerus Center. Its mission is to stimulate, encourage and assist North Dakotans of all ages and walks of life to envision and investigate ideas for supplementing income and creating new enterprises. It assists North Dakota's farmers and ranchers to become the trusted providers of the highest quality food in the world, add value to our products and diversify the uses of our land as the most promising way to raise net farm income, create employment and assure community growth.

2007 Ag Open

Tom Rolfstad, Williston Area Development

\$5,000.00 Sponsorship

The Ag Open is the region's key marketing tool in the implementation of a value-added agriculture strategy. The event focuses on attracting value-added processors and companies to the Mon-Dak region.

North Dakota Future Farmers of America

\$500.00 Sponsorship

APUC has been a 20-year sponsor of the FFA Proficiency Award for Value-Added Food Processing.

2008 Ag Open

Tom Rolfstad, Williston Area Development

\$5,000.00 Sponsorship

The event was held Aug. 5-7, 2008. Key research extension center specialists and county agents were available for questions. Information on high-value crops currently grown and developed in the area was provided.

Marketplace for Entrepreneurs 2009

Marilyn Kipp

\$15,000.00 Sponsorship

Marketplace 2009 will be held in Bismarck at the Civic Center, Jan. 13-14, 2009. Marketplace seeks to empower individuals and communities to pursue their individual economic development visions by providing new ideas, opportunities and encouragement. The ideas, resources and information gained at Marketplace are used throughout the year and beyond.

FUNDING SOURCES



APUC's appropriation for the 2007-2009 biennium totaled \$3,935,862 and was provided from the following sources:

- Up to \$575,000 was authorized to be collected from the Agricultural Fuel Tax Fund. The fund is created by a \$.02 "check-off" of farmers' off-road gas tax refunds.
- Up to \$500,000 may be collected in federal grants. APUC secured \$55,578 through the Rural Business Enterprise Grant from the USDA Rural Development Administration during the biennium.
- \$1,662,115 is appropriated directly from the state general fund. \$200,000 of these funds must be used for grape-related projects.
- \$271,078 was authorized as carryover authority from the previous biennium. At the beginning of the biennium, an additional \$927,669 was also authorized as carryover authority from the previous biennium.

Financial Information 2007-2009

Appropriation Sources

General Funds	1,662,115
Gas Tax Refund	575,000
Federal Funds	500,000
Carryover Authority	<u>1,198,747</u>
Total Appropriation	<u>\$3,935,862</u>

As of September 30, 2008

	<u>Expenditures</u>	<u>Budgeted</u>
Salaries & Benefits	\$ 157,979	\$ 254,035
Operating Expenses	40,502	92,113
Grant Commitments *	1,652,712	3,589,714
Total Expenditures	<u>\$1,851,193</u>	<u>\$3,935,862</u>
Remaining Appropriation	<u>\$2,084,669</u>	

* Includes carryover commitments

DEPARTMENT OF COMMERCE

Agriculture Consumer Refunds

Amount withheld from farmers' refunds (\$.08 per gallon)

.01 Township Highway Aid Fund

.02 Agricultural Fuel Tax Fund (Commerce account for APUC)

.01 Ethanol Production Fund (Commerce ethanol production incentive fund)

.04 Agricultural Research Fund (SBARE-Agricultural Research Fund)

Fuel Taxes and Disbursements

Fiscal Year	Total Disbursement	Highway Distribution Fund	Township Highway Aid Fund	Agricultural Fuel Tax Fund	Agricultural Research Fund	Aeronautics Commission	State General Fund	Refund Reserve & Cash Bonds
1998	\$112,566,368	\$98,871,799	\$5,337,068	\$380,824	\$606,790	\$617,768	\$759,724	\$5,992,395
1999	110,664,269	96,651,826	5,270,153	359,554	714,787	403,793	756,137	6,407,500
2000	114,861,740	103,873,179	5,193,618	335,040	666,253	752,894	877,782	2,884,500
2001	115,907,986	104,822,117	5,119,576	308,263	612,415	665,638	876,844	3,175,500
2002	114,131,923	103,789,792	5,092,540	286,162	568,231	738,856	864,879	2,448,000
2003	117,605,841	107,425,949	5,229,933	254,788	505,763	693,293	863,943	2,310,000
2004	121,466,700	111,644,818	5,393,334	236,786	470,999	769,785	889,130	1,757,500
2005	124,242,338	113,931,319	5,424,854	217,782	431,112	941,680	903,721	2,097,000
2006	135,038,662	124,741,234	5,311,819	196,400	389,528	1,130,261	881,277	2,115,000
2007	141,908,527	131,445,986	5,456,111	168,538	334,153	1,171,275	897,502	2,023,020
2008	146,250,694	135,121,096	5,618,871	130,928	259,118	1,276,210	848,165	1,973,028

Motor Vehicle Fuels - Gallons Taxed

Fiscal Year	Total Gallons	Fiscal Refund	Net Gallons
1998	365,493,671	20,189,232	345,304,439
1999	365,389,457	18,854,167	346,535,290
2000	364,472,028	17,610,696	346,861,332
2001	362,611,882	16,117,349	346,494,533
2002	359,176,664	14,965,893	344,210,771
2003	368,973,065	13,418,634	355,554,431
2004	370,923,822	12,338,689	358,585,133
2005	366,130,282	11,182,318	354,947,964
2006	350,779,757	10,510,356	340,269,401
2007	358,118,000	9,511,735	348,606,265
2008	359,794,778	8,206,542	351,588,236

Tribal Fuel Taxes & Fees Disbursement

Fiscal Year	Standing Rock	Spirit Lake	Three Affiliated Tribes
1999	100,519		
2000	278,474		
2001	327,633		
2002	343,463		
2003	322,172		
2004	304,349		
2005	294,870		
2006	273,142		
2007	308,073	103,869	
2008	292,102	257,124	474,053

Special Fuels - Gallons Taxed - Per Gallon Tax Rate

Fiscal Year	Total	Refund	Net
1998	169,591,976	12,449,849	157,142,127
1999	168,218,146	11,715,815	156,502,331
2000	162,411,793	4,658,342	157,753,451
2001	159,884,499	341,613	159,542,886
2002	159,899,715	0	159,899,715
2003	166,462,335	0	166,462,335
2004	177,164,572	0	177,164,572
2005	181,293,961	0	181,293,961
2006	165,456,167	17,221	165,438,946
2007	197,294,786	350,149	196,944,637
2008	208,741,260	659,803	208,081,457

Special Fuels - Gallons Taxed 2% or \$.04 or Heating Fuel

Fiscal Year	2% or \$.04/gas	Heating Fuel
1998	334,633,528	
1999	314,146,274	
2000	294,285,846	
2001	317,956,120	
2002	326,123,925	
2003	314,124,119	
2004	322,361,843	
2005	333,386,326	
2006	303,656,667	
2007	341,923,238	
2008	328,112,675	40,917,726

APUC		07-09 Appropriation	
Salaries (general fund)	\$	254,035.00	
Operating (general fund)	\$	92,113.00	
Grants	\$	2,662,045.00	
<i>Grants (general fund)</i>			\$ 1,315,967.00
<i>Grants (federal fund)</i>			\$ 500,000.00
<i>Grants (special fund)</i>			\$ 846,078.00
			\$ 2,662,045.00
	\$	3,008,193.00	
APUC		09-11 Recommendation	
Salaries (general fund)	\$	286,059.00	
Operating (general fund)	\$	96,790.00	
Grants	\$	2,153,781.00	
<i>Grants (general fund)</i>			\$ 1,303,781.00
<i>Grants (federal fund)</i>			\$ 300,000.00
<i>Grants (special fund)</i>			\$ 550,000.00
			\$ 2,153,781.00
	\$	2,536,630.00	



P.O. Box 2599
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MEMBERS

- AmeriFlax
- BNSF Railway Company
- Independent Beef Association of North Dakota
- Milk Producers Association of North Dakota, Inc.
- Minn-Dak Farmers Co-op
- North Dakota Ag Aviation Association
- North Dakota Ag Consultants
- North Dakota Agricultural Association
- North Dakota Agri-Women
- North Dakota Association of Soil Conservation Districts
- North Dakota Association of Agricultural Educators
- North Dakota Barley Council
- North Dakota Beef Commission
- North Dakota Corn Growers Association
- North Dakota Corn Utilization
- North Dakota Crop Improvement and Seed Association
- North Dakota Department of Agriculture
- North Dakota Dry Bean Council
- North Dakota Dry Edible Bean Seed Growers
- North Dakota Elk Growers
- North Dakota Farm Bureau
- North Dakota Farm Credit Council
- North Dakota Farmers Union
- North Dakota Grain Dealers Association
- North Dakota Grain Growers Association
- North Dakota Lamb and Wool Producers
- North Dakota Oilseed Council
- North Dakota Pork Producers
- North Dakota Soybean Council
- North Dakota Soybean Growers Association
- North Dakota State Seed Commission
- North Dakota State University Agriculture and University Extension
- North Dakota Wheat Commission
- North Dakota Canola Growers Association
- Northern Plains Potato Growers Association
- Northern Pulse Growers Association
- Red River Valley Sugarbeet Growers

**Testimony of Mike Beltz
North Dakota Ag Coalition
In Support of SB 2018
January 16, 2009**

Chairman Holmberg and members of the Senate Appropriations Committee:

I am Mike Beltz. I farm near Hillsboro and am here today as the chairman of the North Dakota Ag Coalition. On behalf of the Ag Coalition, I would encourage your support of SB 2018, specifically as it relates to funding for biofuels blender pumps.

The Ag Coalition has provided a unified voice for North Dakota agricultural interests for over 25 years. Today, we represent more than 35 statewide organizations and associations that represent specific commodities or have a direct interest in agriculture. The Ag Coalition takes a position on a limited number of issues brought to us by our members that have significant impact on North Dakota's agriculture industry.

The Ag Coalition supports the funding for the establishment of a cost-share program to encourage the installation of retail biofuels blender pumps as this bill initially included. It is our understanding the bill still includes the appropriation for that initiative, of which we urge your support. We will also be supporting the future bill that includes the policy language.

We appreciate your past support and would encourage your continued support of incentives for biofuels as they have been and will continue to be driving forces in the future of North Dakota's agriculture industry.

Beltz testimony in support of SB 2018.



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North Dakota Grain Dealers Association
North Dakota Grain Growers Association
North Dakota Lamb and Wool Producers
North Dakota Oilseed Council
North Dakota Pork Producers
North Dakota Soybean Council
North Dakota Soybean Growers Association
North Dakota State Seed Commission
North Dakota State University Agriculture and University Extension
North Dakota Wheat Commission
North Dakota Canola Growers Association
North Dakota Food Grade Soybean Association
Northern Plains Potato Growers Association
Northern Pulse Growers Association
Red River Valley Sugarbeet Growers

**Testimony of Mike Beltz
North Dakota Ag Coalition
In Support of SB 2018
March 3, 2009**

Chairman Delzer and members of the House Appropriations-Government Operations Committee:

I am Mike Beltz. I farm near Hillsboro and serve as the chairman of the North Dakota Ag Coalition. On behalf of the Ag Coalition, I encourage your support of SB 2018, specifically as it relates to funding for biofuels blender pumps.

The Ag Coalition has provided a unified voice for North Dakota agricultural interests for over 25 years. Today, we represent 38 statewide organizations and associations that represent specific commodities or have a direct interest in agriculture. The Ag Coalition takes a position on a limited number of issues brought to us by our members that have significant impact on North Dakota's agriculture industry.

The Ag Coalition supports the funding for the establishment of a cost-share program to encourage the installation of retail biofuels blender pumps. The blender pump initiative would result in the increased consumption of ethanol. This would benefit producers, consumers and the state as a whole. North Dakota producers would see increased demand and prices, consumers would have choices at the pump and the state would see expanded economic development opportunities.

We appreciate your past support and would encourage your continued support of incentives for biofuels, as they have been and will continue to be driving forces in the future of North Dakota's agriculture industry.

Beltz testimony in support of SB 2018.

**Testimony of Thomas S. Lilja
Executive Director
North Dakota Corn Growers
and
North Dakota Corn Utilization Council**

**Before the
North Dakota Senate
Committee on Appropriations
on
Senate Bill 2228**

February 6, 2009

Appropriations Committee of the North Dakota Senate

Thomas S. Lilja

Chairman Holmberg and Members of the Committee:

My name is Tom Lilja and I represent the North Dakota Corn Growers Association and the North Dakota Corn Utilization Council in supporting Senate Bill 2228.

Prior to representing North Dakota's corn growers, I contributed five years to the hybrid corn seed industry and another five years in grain marketing and crop insurance. I understand futures, options, forward contracts and the techniques farmers use to mitigate risk.

While contributing to the seed business during the mid 1990s, I witnessed biotechnology enter corn production and quickly recognized its resourcefulness to corn production. Since 1995, a solid trend of accelerating yields has transpired in corn production. I am here today to show that the legislation at hand is needed and serves our state's best interest.

The first chart illustrates how yields have accelerated specifically in North Dakota. This fact deserves your attention because it is often neglected in the food versus fuel debate. You'll see that corn yields are, in fact, increasing at an exponential rate. I am pleased to report that one North Dakota corn grower harvested 277 bushels per acre during 2008. This was certainly an ideal situation, but 180 bushel per acre yields are now commonplace in North Dakota. It shows that corn growers responded very well to a challenging growing season and produced yet another record corn crop at 285 million bushels.

Coming drought-tolerant genes will further enhance production and change the face of North Dakota agriculture for the better. It is also important to note that young producers are returning to production agriculture because of corn's profitability.

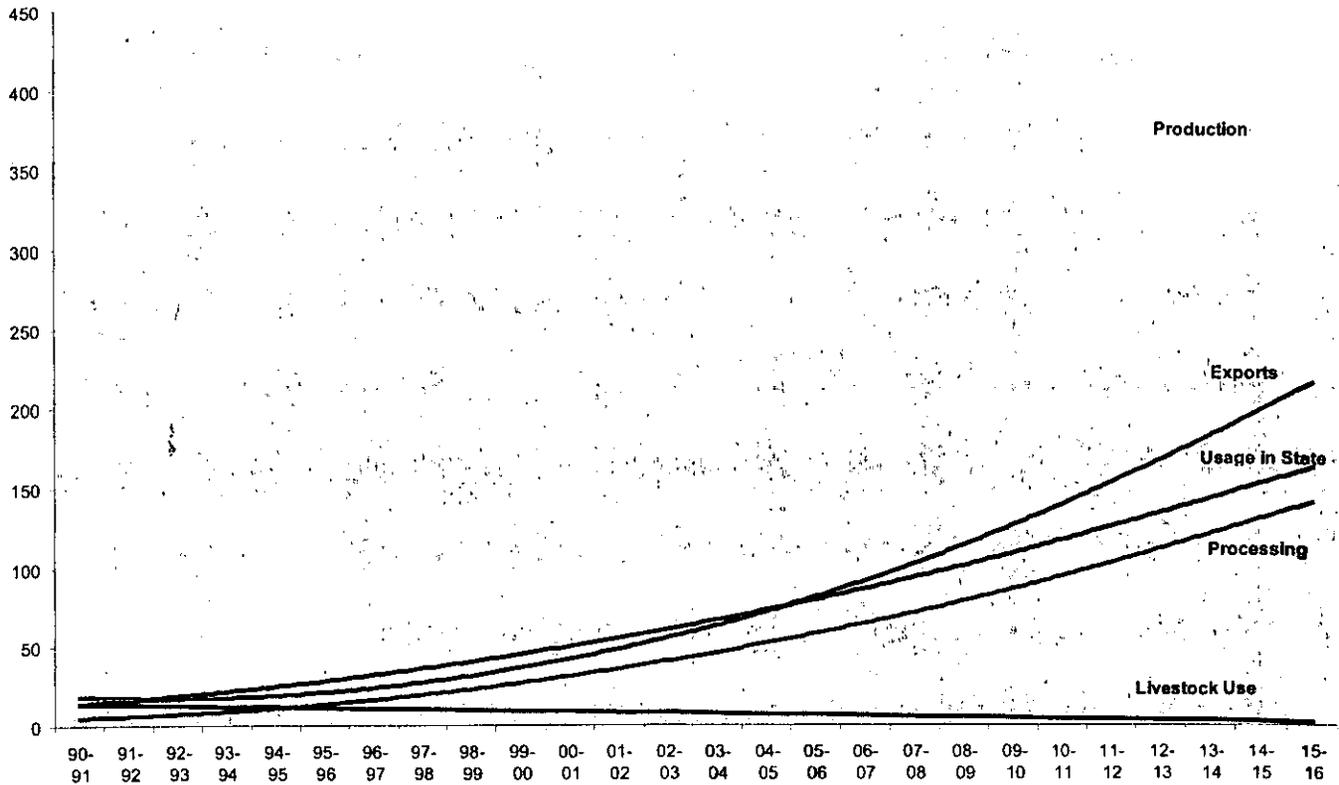
The Center for Agricultural Policy and Trade Studies at North Dakota State University concluded that the corn industry contributed nearly \$2.5 billion to North Dakota's economy over the past five years. Additionally, the University of North Dakota's Energy and Environmental Research Center released a study entitled "Optimal Ethanol Blend-Level Investigation." Chart two shows that fuel blends with ethanol between 20 to 40% do not significantly compromise fuel mileage, but actually increased in some instances.

South Dakota initiated a blender pump program and participating stations saw ethanol enhanced fuel sales increase from 4% of total volume to 22% in only a couple of months time. Now is North Dakota's opportunity to enjoy the same.

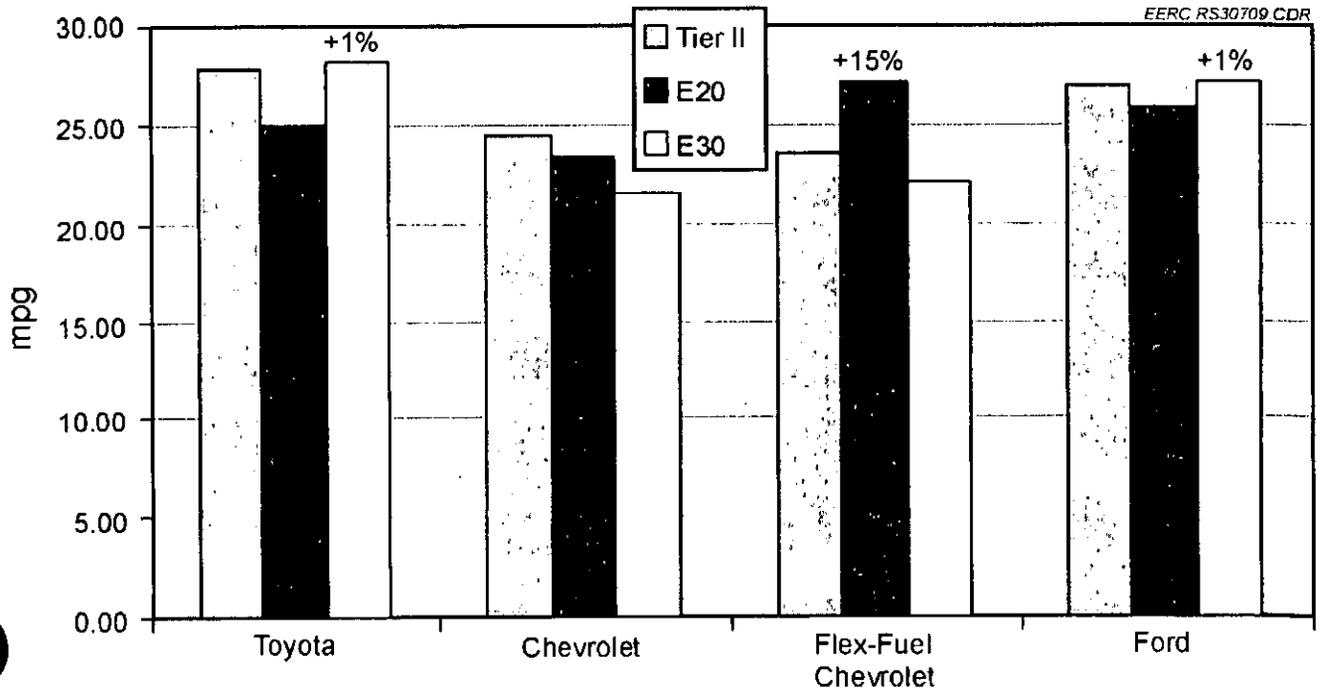
The North Dakota Corn Utilization Council has committed half a million dollars to this grant program to be administered by the North Dakota Department of Commerce.

The blender pump initiative will lead our state to energy independence, save consumers money at the pump and help retain young people in production agriculture. Therefore, the North Dakota Corn Growers Association supports Senate Bill 2228 and encourages you to as well.

NORTH DAKOTA TRENDS



Highway fuel economy improvement E20 and E30 vs. Tier 2 gasoline.



TESTIMONY
TO THE
GOVERNMENT OPERATIONS SUB-COMMITTEE
OF THE HOUSE APPROPRIATIONS COMMITTEE
OF THE
NORTH DAKOTA LEGISLATURE

RE: SENATE BILL 2018

TESTIMONY
BY
KENT SATRANG
GENERAL MANAGER, PETRO SERVE USA
MEMBER, NORTH DAKOTA CORN GROWERS BOARD

MARCH 3, 2009

Chairperson Delzer and Representatives of the Government Operations subcommittee of the House Appropriations Committee, I am Kent Satrang the manager at Petro Serve USA. An industry member of the ND Corn Growers Board, I have been a lifelong promoter of ethanol partnering with petroleum to bring America to energy independence. I've served on the Cenex Retail Advisory Board and I am a current member on Tesoro's Regional Jobber Council.

I respectfully ask for your support of Senate Bill 2018. This legislation asks for \$2,000,000 to switch from between 200 ~ 400 old gasoline pumps over to high tech bio-fuel blender pumps.

We have been developing this legislation for nearly 18 months. The Governor's Office, the North Dakota Department of Health, the Ethanol Producers, the American Lung Association, North Dakota Corn Growers and the North Dakota Petroleum Marketers have been active in the structuring of this bill from the very beginning. To date no one has spoken against this bill.

An old saying goes *give a man a fish and you feed him for a day, teach a man to fish and you feed him for a lifetime*. This bill doesn't ask for a fish, and it doesn't ask to teach anyone how to fish. This bill is an incentive to buy 25% of a new fishing pole (blender pump). Gas station owners don't care if they sell gas or ethanol; they just want to make \$.15 a gallon. Big Oil will not fund new pumps because it levels today's very slanted playing field that favors them. The Federal Government does have a small blender pump incentive to promote green energy. Corn Growers and Ethanol Producers can't afford to fund pumps in these economic times. It seems the answer is for every benefiting stakeholder chip in enough incentive to tempt the gas station owner to buy the pump that will level the competitive playing field and start ethanol flowing.

SB 2018 is innovative and instrumental in the battle to change the look of our nations gasoline pumps and gives consumers a choice at the pump which will result in change in their pockets.

1. Certified ND Petroleum Equipment installers CAN responsibly insure that site specific equipment is safe, suitable and legal for mid and higher blends of ethanol volumes.
2. Corn is ND's #1 bushel crop impacting our rural community tax bases, jobs, churches, schools, housing, implements, fertilizer and petroleum businesses with its crop inputs.
3. Profitable corn crops are bringing young men and women back to ND's family farms.
4. The Big 3 Automakers say they will have 50% of 2012 models and unit numbers E85 compatible (FFV), as long as the infrastructure of blender pumps takes shape by then.
5. North Dakota has 29,000 FFV's, but only 3 pumps west of Minot and Mandan. Grand Forks drivers purchased 2,000 FFV's and there is not a single ND E85 pump within 30 miles. Gas stations need the pump incentive of SB 2018 to make significant progress.
6. Corn will be the major source for Midwestern ethanol for many more years. Someday wood chips will fuel cellulosic ethanol plants on America's two coasts. And someday Midwestern ethanol will source their fuel from switch grass, corncobs and crop stocks.
7. 2018 allows ND Petroleum Marketers to partner regional petroleum refineries and the Bakken oil fields to partner with ND's family farmers and their high yield corn fields. Together we can build a bridge to lesson oil imports and grow ND's economy.
8. A pipeline to move ethanol out of state would cost billions and take years to complete. Doesn't it make sense to spend \$2,000,000 to complete a pipeline from our own family farmer's corn fields to our own automobile tanks? That is what a blender pumps does.

Gas station owners will still put up the significant net investment of the pump, but they will be doubling their pump offerings and creating a competitive infrastructure by offering ethanol vs. gasoline to our states driving public. Thank you for hearing the thoughtful ideas of this bills sponsors and supporters. I would be happy to answer any questions about blender pumps.



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March 3, 2009

SB 2018
House Appropriations Committee, Government Operations Section
Representative Delzer, Chairman

Chairman Delzer and members of the Committee,

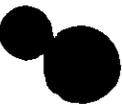
My name is Richard Schlosser; I am here to represent North Dakota Farmers Union. I am here to support SB 2018.

North Dakota Farmers Union supports the development of innovative ways to encourage the use of renewable energy. Our organization believes that the state has an opportunity to press forward and become one of the leading states who use ethanol. We see SB 2018's blender pump program as an innovative way to increase the use of renewable energy in North Dakota.

We have seen the benefits of programs such as this in South Dakota. As of November, 45 stations have filed applications to receive grants to install blender pumps and to date, 34 stations are operational in 27 cities across South Dakota (Ethanol Producer Magazine, February 2009 issue).

North Dakota, too, can reap the benefits of an Ethanol Blender Pump program. The use of blended fuels not only helps the environment and reduce our dependence on foreign oil, but can also provide a boost for farm income for our state's producers.

Thank you, Chairman Delzer and members of the committee. I will answer questions at this time.





North Dakota Small Business Development Center

Testimony in support of **SB 2018**
ND Department of Commerce Appropriation
February 25, 2009, 2:45 pm
House Appropriations Committee
Roughrider Room
Representative Ken Svedjan, Chairman

*Sumo Swen
to Senate
Approps 1-16-09*

Bon Wikenheiser, State Director, ND Small Business Development Centers

Mr. Chairman and members of the committee, serving as state director for the ND Small Business Development Center, I ask your support for SB 2018, the 2009-11 budget for the ND Dept. of Commerce, submitted at the request of the Governor.

The ND SBDC exists to provide high quality business assistance in the form of counseling, training, and research to existing and prospective small businesses which results in job creation or retention and economic wealth.

ND SBDC, hosted by UND College of Business & Public Admin., has served ND entrepreneurs and businesses since 1986. ND SBDC consultants assist with financial packaging, business start-up, restructure and succession planning, valuation, manufacturing process improvement, marketing studies and economic research. The program is funded through federal allocations matched with state dollars. These state matching funds are included in the Dept. of Commerce budget.

In 2003, ND SBDC service delivery was restructured to better serve clients through locally administered and staffed hosts. Eight regional offices and two tribal satellite centers serve over 1000 North Dakotans every year, in cooperation with local hosts supporting the program. SBDC funding partners include regional councils, regional and national banks, members of the ND University System, the Small Business Administration, state agencies and the Department of Commerce. Since this change, the ND SBDC has seen much greater success assisting start-up and existing businesses attain the funding and expertise they need to operate profitable businesses within the state.

In 2008, the ND SBDC state office began verifying its success measures with the use of nationally recognized software and intensive training. The results SBDC consultants report are hard numbers backed by real facts. In the biennium to date, effectiveness of the SBDC is evident by:

- 1,562 ND business clients served
- Over 12,000 hours of one-on-one consultation delivered to clients
- Clients served in 52 counties throughout the state
- 562 jobs created, 544 jobs retained
- 138 new business starts
- Over \$87 million in capital investment into ND small businesses
- Over 1,300 attendees at SBDC-sponsored business training events
- Return on state investment is 43:1, national SBDC average is 17:1

Primary Sector Involvement

ND SBDC clients include primary sector, service, lifestyle and retail businesses. In the 2007-2009 biennium to date, ND SBDC served 270 primary sector clients and delivered over 3,500 hours of consultation to those clients...an average of 13 hours per client.

Results of this consultation are reported as:

- 365 primary sector jobs created/retained
- Over \$38 million in capital infusion into primary sector businesses
- 24 new primary sector businesses started
- Primary sector economic impacts realized in 20 different counties in ND

Industry Specific Efforts

ND SBDC relies on the affiliation with UND's Bureau of Business & Economic Research, Department of Commerce and Job Service business data, as well as its own business research to target specific business sectors in ND that hold potential for economic impact. In the past biennium, ND SBDC has conducted these industry-specific efforts to enhance ND's economy:

- Food Works, aimed to foster value added food manufacturing through affiliation with Nebraska's Food Processing Center
- Art Up, affiliated with American Arts Institute, to foster artists in ND to sell their work through international wholesale outlets
- Click ND, affiliated with Intuit Technologies, to enable small businesses in ND create, host and utilize professionally hosted web sites and a minimal fee
- Moving Parts, research aimed at small metal manufacturers to acquire certifications to increase capacity to manufacture parts for larger companies
- E-Bay: affiliated with certified E-bay experts to instruct individuals in on-line sales through that company
- Lean and Value-Stream Mapping: individual client consultation with manufacturing process professionals to enhance the profitability of line manufacturing clients
- Creation of NW Regional Entrepreneurial Center in cooperation with Williston State College, Williston Star Fund, regional banks and Jobs Authority for enhancement of business services in the NW Region
- Participation in the Hometown Competitiveness Grant through the Strom Center at Dickinson State University

Disaster Recovery

ND SBDC has also successfully leveraged state and regional funds and efforts to acquire small business technical assistance grants to assist these communities:

- Northwood Recovery: participated in a successful \$165,000 project to assist the Northwood community in identifying necessary public infrastructure and business investments to rebuild after the tornado
- Imation and Industrial Plating Closures: wrote and received \$100,000 through SBA for a one-year office for business consultation to assist Richland County in recovery of economic relapse caused by the closure of Imation and Industrial Plating, to be delivered in 2009.

Economic Research

ND SBDC has offered specific economic research at the request of the state congressional delegation, state legislators, industry leaders and business professionals. These research reports include:

- Effect of military base downsizing in Grand Forks and Minot regions
- Cost comparisons of fluctuating oil prices on oil production in western ND
- Impact on health care costs for citizens pending proposed legislation
- Economic forecast for life, health and property insurance based on specific economic factors determined by the industry
- Intellectual property licensing and patent process for ND inventors

ND SBDC Funding

At the request of the Dept. of Commerce and the Governor, ND SBDC asks this committee to approve the 2009-2011 Dept. of Commerce biennium budget that includes funding for the ND SBDC as a portion of the Partner programs line item. This allocation increases the SBDC state funding by \$400,000 per biennium. The increase will restore ND SBDC funding to the level the legislature had funded the program in 1999, adjusted for inflation.

State funds are matched by both federal and local funds. The Small Business Administration allocates \$539,556 for ND SBDC program annually through a cooperative agreement. These funds must be matched by non-federal sources to be received. The SBA grant received its first increase since 1989 during the 2008 Congressional session and expects that the 2009 federal budget will again increase this allocation. ND SBDC network regional hosts contribute 20% of their SBDC office budgets in cash to deliver services to their regions. Each host has committed to maintaining this level of financial support for the program. Please refer to the statistics report included with this testimony for further detail.

ND SBDC Goals 2009-2011

This budget increase will be allocated to accomplish goals currently not possible with the current funding available. Goals include:

- Allowing hosts to increase salary and benefits to SBDC consultants to reach 81% of median wage for these positions. Current funding is 78% of median wage.
- Continue travel fund allocations to maintain level of service to clients at their place of business
- Streamline program accounting controls and update grant mandated electronic reporting resulting in reduction in number of federal audits and increased accuracy in SBDC statistics and performance
- Update SBDC website to include client accessible business plan and financial *pro forma* tools to better serve rural clients. This enhancement will result in over 1000 hours of consultation for business people per year, at no cost to the business.
- Create effective marketing and reporting materials to inform ND citizens of the ND SBDC resources available, and to more effectively communicate results to network stakeholders
- Provide 1220 hours of professional industry specific consultation to businesses through SBDC network offices, resulting in an additional \$6.3 million in capital infusion into ND businesses.

Every legislative district in ND benefits from this program. Clients in all but one county in ND have used SBDC services, even though the program has but one brochure used to publicize its offerings. Local hosts have deemed the program worth their investment since the network was reorganized in 2003. Your support allows SBDC to continue its state-wide reach, as well as update its on-line services to accommodate the technology requirements necessary to deliver services today.

I would be pleased to answer any questions you may have.

Contact information:

Bon Wikenheiser
State Director
Bank of ND
1200 Memorial Highway
Bismarck, ND 58506-5509

Phone: 701-328-5375
Cell: 701-202-2679
E-Mail: bon@ndsfdc.org

1-16-09

North Dakota SBDC Performance Statistics

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	*2008
Total Budget	\$635,276	\$793,313	\$963,952	\$1,016,958	\$1,003,664	\$1,008,769	\$959,920	\$1,095,770	\$1,154,289	\$1,102,173	\$1,177,096
State Cash Contribution	\$192,413	\$293,312	\$237,071	\$276,177	\$250,000	\$163,175	\$163,186	\$163,250	\$161,750	\$169,414	\$184,523
Local Cash Contribution	\$0	\$0	\$0	\$0	\$0	\$131,140	\$115,190	\$153,408	\$150,058	\$143,282	\$186,666
% State Cash Match of Budget	30%	37%	25%	27%	25%	16%	17%	15%	14%	15%	16%
% Local Cash Match of Budget	0%	0%	0%	0%	0%	13%	12%	14%	13%	13%	16%
% In-kind Match	1%	1%	7%	5%	5%	12%	16%	17%	16%	13%	12%
Return on Investment for Cash Invested			10:1			17:1	54:1	65:1	56:1	72:1	43:1
SBDC National Average ROI										17:1	

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Activity											
Counseling Cases	611	721	663	481	620	975	1066	936	914	887	*1031
Counseling Hours	6610	10,073	4377	3618	4911	7666	6254	7083	6939	7716	*7947

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Economic Impacts											
% Economic Impact in Primary Sector			\$7,260,000			\$13,700,000	\$42,349,165	\$52,939,879	\$45,467,859	\$58,235,549	*\$50,500,966
				21%		46%	51%	38%	45%		*36%

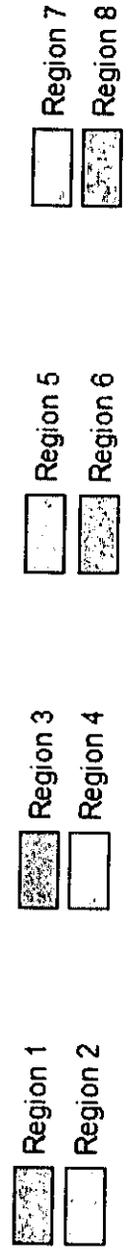
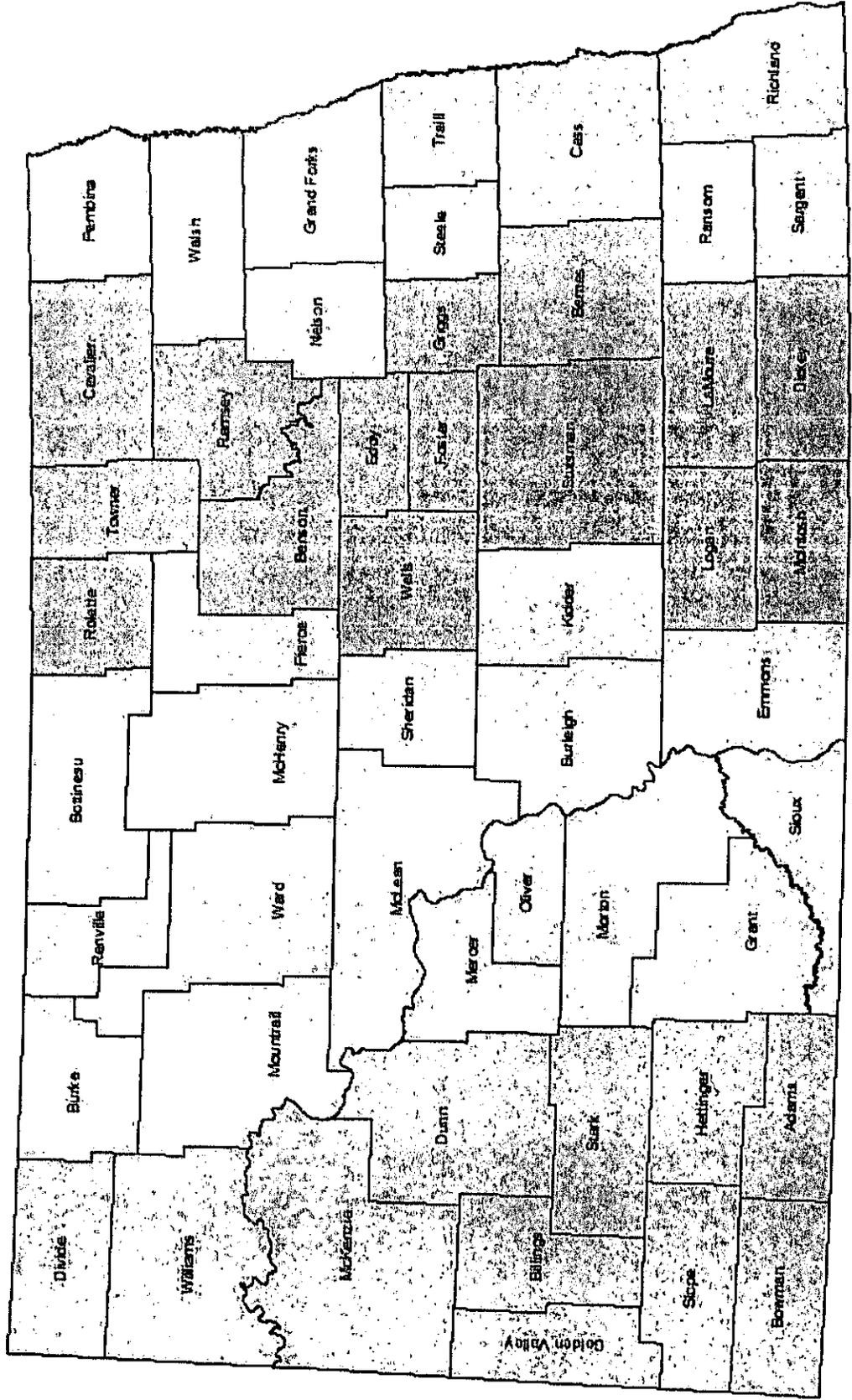
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Business Starts/Expansions											
% Primary Sector Businesses						107	217	226	185	268	*86
Jobs Created/Retained											
% Jobs Primary Sector			250	399	590	559	713	590	713	827	*630
				44%	43%	44%	42%	44%	44%	44%	*26%

Notes:

1. Program did not fully utilize available federal dollars 1998-2000, and in 2004
2. New state director 7-2002
3. Program re-organized to local hosts, 1st Quarter, 2003
4. SBDC with interim state director for 6 months, 2006
5. SBDC Federal funds increased \$39,556. First federal increase since 1989.
6. Return on investment calculated by dividing economic impacts by cash invested in program
7. Economic impacts are the actual dollars invested in client businesses
8. * Indicates 2008 numbers that are unverified as of this date. Final verification completed 1/31/09.

North Dakota's BDC Regions

1-16-09



2-25-09

North Dakota SBDC Comparative Results

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Total Budget	\$635,276	\$793,313	\$963,952	\$1,016,958	\$1,003,664	\$1,008,769	\$959,920	\$1,095,770	\$1,154,289	\$1,102,173	\$1,177,096
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Local Cash Contribution	\$0	\$0	\$0	\$0	\$0	\$131,140	\$115,190	\$153,408	\$150,058	\$143,282	\$186,666
% State Cash Match of Budget	30%	37%	25%	27%	25%	16%	17%	15%	14%	15%	16%
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Return on Investment for Cash Invested			10:1			17:1	54:1	65:1	56:1	72:1	43:1
SBDC National Average ROI										17:1	
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Business Starts/Expansions											
% Primary Sector Businesses						107	217	226	185	268	86
Jobs Created/Retained			250			399	559	590	713	827	630
% Jobs Primary Sector						44%	44%	43%	42%	44%	28%
Estimated ND Tax Revenue			\$530,077			\$3,900,000	\$22,684,244	\$19,736,318	\$23,759,055	\$24,201,862	\$4,104,861
Estimated Client Sales							\$330,176,393	\$462,788,906	\$444,871,810	\$543,276,356	\$54,818,146

Notes:

1. Program did not fully utilize available federal dollars 1998-2000, and in 2004
2. New state director 7-2002
3. Program re-organized to local hosts, 1st Quarter, 2003
4. SBDC with interim state director for 6 months, 2006
5. SBDC Federal funds increased \$39,556. First federal increase since 1989.
6. Return on investment calculated by dividing economic impacts by cash invested in program
7. Economic impacts are the actual dollars invested in client businesses

Mr. Chairman and committee members:

My name is Clara Sue Price from Minot. My family owns and operates Cal-Dak Cabinets, Inc., a custom cabinet manufacturing company that has done work in 26 states. In addition, I serve on the Board of Directors of Trinity Health in Minot and on the Regional Policy Board of the American Hospital Association.

We have been in business since 1975 and over the years have received job applications from other states. The relocation assistance is not something that I would access today but it definitely would have been helpful in the past. Of those applicants, only one made the choice to relocate. If we had been able to share in the costs, the outcomes may have been different.

We all are aware of the unfilled positions in healthcare all across our state. This is not unique to North Dakota but as the demand slows down in some areas of the country, this is an excellent time for us to recruit. The Mayo School of Nursing in Phoenix is graduating 400 nurses with 80 of them with guaranteed jobs. We have been trying to increase education slots for nursing the past few sessions but we are not graduating enough to fill the need at this time. We are also in need of more doctors in Northwest North Dakota. I am aware of one facility who is paying moving costs to recruit a physician from Juniper, Florida. This amendment would provide assistance in helping our healthcare facilities meet the staffing needs necessary to provide care for the citizens.

Mr. Chairman and committee members, I ask that you give favorable consideration to the amendment to provide relocation assistance to North Dakota businesses.

3/2/2009

Mr. Chairman and committee members:

My name is Jerry Chavez, I am the President/CEO of the Minot Area Development Corporation, which is an economic development corporation charged with the diversification of the Minot's local economy.

The result of a robust statewide economy, is that unemployment figures are low... Minot and MADC, like many other North Dakota communities have had to expanded to its economic development program to include a heighten effort towards the recruitment of out of the area workforce to assist area employers fill job openings. As we are aware, in many North Dakota communities...there are more job openings as there are people to fill these jobs.

I am aware of many businesses that currently direct part of their employment recruitment efforts towards seeking an out of area workforce... once again due a tight labor market statewide. As I visit with these business owners, to understand issues they are faced with... time and time again... the number one response or area they need assistance with is a statewide employee relocation funding program. In today's environment, these employers are recruiting a workforce that may have experienced a plant closing or in some circumstances an downsizing creating a situation where this potential employee has limited financial resources to move to a North Dakota community to work. The end result is a new financial burden to North Dakota businesses. This proposed program will provide assistance allowing ND business to continue to grow.

Mr. Chairman and committee members, I ask that you give favorable consideration to the amendment to provide relocation assistance to North Dakota businesses. I believe that support for this initiation supports economic development, supports North Dakota businesses, and will benefit North Dakota residents and this great state of North Dakota.

Thank you

Testimony of Doug Remboldt
Vice President of Technical Services, National Information Solutions Cooperative
In Support of SB 2018
January 16, 2009

Chairman Holmberg and members of the Senate Appropriations Committee:

My name is Doug Remboldt, and I am the vice president of technical services at National Information Solutions Cooperative (NISC) in Mandan. As a board member of the Information Technology Council of North Dakota (ITCND), I am voicing support of SB 2018, specifically as it relates to the expansion and increased funding of the Operation Intern and Innovate ND programs.

NISC has been a member of ITCND since its inception in 2000, when it was created by North Dakota business, government and university leaders who recognized the need to strengthen the state's information technology infrastructure and reposition the state as a national leader in IT. ITCND has nearly 90 member organizations, with representatives from both the public and private sector.

NISC is just one of 20 technology-based businesses taking advantage of the Operation Intern program. This program has allowed our company to provide six educational and employment internships, which is double what we would have been able to offer without the incentive.

With a need for more than 2,500 new and replacement IT employees over the next 10 years in just the core IT industries, the development of a high-quality workforce is vital to the future growth of North Dakota's IT industry. A key component in this process is engaging students in IT careers by providing internship opportunities, which many times lead to full-time, permanent employment.

ITCND also supports the expansion of the Operation Intern program to include apprenticeships and students in grades 11 and 12, which is included in SB 2110. The earlier we can expose students to opportunities in the state's target industries, the greater the chance we have of keeping them employed with our businesses post graduation.

One of ITCND's goals is Business Development and Entrepreneurship, which is why we also support the increased funding for expansion of the Innovate ND program.

Numerous North Dakota IT entrepreneurs have taken part in the program allowing them to start or expand their innovative business ventures.

We thank you for your support of Operation Intern and Innovate ND in the past, and hope you will support the funding for their expansion.

Remboldt testimony in support of SB 2018.



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office@itcnd.org • www.itcnd.org

**Testimony of Doug Remboldt
Vice President of Technical Services, National Information Solutions Cooperative
In Support of SB 2018
March 3, 2009**

Chairman Delzer and members of the House Appropriations-Government Operations Committee:

My name is Doug Remboldt, and I am the vice president of technical services at National Information Solutions Cooperative (NISC) in Mandan. As a board member of the Information Technology Council of North Dakota (ITCND), I am voicing support of SB 2018, specifically as it relates to the expansion and increased funding of the Operation Intern and Innovate ND programs.

NISC has been a member of ITCND since its inception in 2000, when it was created by North Dakota business, government and university leaders who recognized the need to strengthen the state's information technology infrastructure and reposition the state as a national leader in IT. ITCND has nearly 90 member organizations, with representatives from both the public and private sector.

NISC is just one of 21 businesses that is technology-based or is hosting a technology intern through the Operation Intern program. This program has allowed our company to provide six educational and employment internships, which is double what we would have been able to offer without the incentive.

With a need for more than 2,500 new and replacement IT employees over the next 10 years in just the core IT industries, the development of a high-quality workforce is vital to the future growth of North Dakota's IT industry. A key component in this process is engaging students in IT careers by providing internship opportunities, which many times lead to full-time, permanent employment.

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We thank you for your support of Operation Intern and Innovate ND in the past, and hope you will support the funding for their expansion.

Remboldt testimony in support of SB 2018.



9

Testimony of Gaylon Baker
Economic Development Association of North Dakota
SB 2018
January 16, 2009

Chairman Holmberg and members of the Senate Appropriations Committee:

My name is Gaylon Baker. I am an Economic Development Association of North Dakota (EDND) board member. EDND is the voice of the state's economic development community and provides networking for its 80 members, including development organizations, communities, businesses and state agencies. Our mission is to increase economic opportunities for North Dakota residents by supporting primary sector growth, professionalism among economic development practitioners and cooperation among development organizations. One of the organizations we partner with to further economic development in the state is the North Dakota Department of Commerce. We are asking you to support SB 2018 and support North Dakota's economic growth.

In 2001, EDND supported the creation of the North Dakota Department of Commerce. This department has since helped streamline the delivery of economic development programs, improved partnerships with developers across the state and provided business development services through ED&F within Commerce are very valuable to developers.

A significant amount of North Dakota's continued economic growth has been and will continue

to be a result of programs such as the North Dakota Development Fund and the Ag Products Utilization Commission. Both are long standing programs, funded within the Department of Commerce's budget, that have had a tremendous positive impact in our state for many years.

Our state is well-positioned to take advantage of current state economic trends to continue and expand efforts to create future economic opportunities. North Dakota's current financial strength, portfolio of economic development incentives, high-quality human capital, technology infrastructure and availability of natural resources are all in place to leverage these opportunities.

EDND supports the structure and resources of the Department of Commerce and its initiatives to attract and retain people, in addition to attracting business and addressing workforce training needs. A few key programs EDND supports include:

The North Dakota Trade Office

The North Dakota Trade Office has been working with North Dakota businesses to expand exports to high-demand foreign markets. As a partner with the Department of Commerce, increased funding will only help the Trade Office further aid in the exportation of North Dakota products. North Dakota businesses need to expand their customer base in order to continue to grow.

Business Attraction and Talent Development

Workforce development and training remains a top priority for economic development initiatives. Programs including the Workforce Enhancement

Grant Program and the Workforce Training Grants Program will help to strengthen and meet the needs of state's growing workforce. Operation Intern and the Career Promotions and Career Advisors Programs will help us better educate our students about the employment opportunities available in our state.

Marketing North Dakota

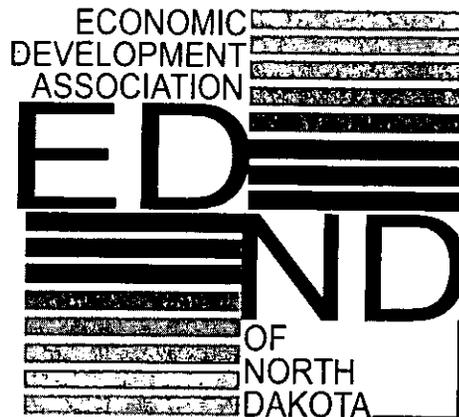
Marketing our state as a vacation destination is also an important economic development tool. Increased funding for the tourism industry will allow the Tourism Division to continue to build on its successful marketing campaign and bring new people and dollars into North Dakota.

I've highlighted only a few programs within the Department of Commerce. We also support several other Department of Commerce programs that are outlined in the attached EDND Legislative Agenda.

The Department of Commerce plays a significant role in North Dakota's economic development. We urge you to support Senate Bill 2018.



*Economic Development
Association of North Dakota*



"2020 Vision and Beyond"

2009 Legislative Agenda



Purpose

It is the mission of the Economic Development Association of North Dakota to increase economic opportunities for residents of the state by supporting;

- primary sector growth.
- professionalism among economic development practitioners.
- cooperation among development organizations.

The Association will support the membership in furthering primary sector economic growth in the state of North Dakota.

EDND is the voice of the state's economic development community. It provides networking for its 80 members, which include development organizations, communities, businesses and state agencies. EDND is a highly regarded source of information on economic development issues and connects legislators with professionals across the state.

Table of Contents

2009 Legislative Agenda

Goal #1 New Capital Wealth	4
Goal #2 Increase Per Capita Income	4
Position Statement	4
Priorities - Economic Development	
Agriculture Support & Development	4
Business Development Programs.....	4
Centers of Excellence.....	5
Core Knowledge Infrastructure.....	5
Department of Commerce Support.....	5
Energy.....	5
Entrepreneurship	5
Existing Companies.....	5
Higher Education.....	6
K-12 Education	6
Transportation Support & Development	6
Tribal Economic Development	6
Workforce Development.....	6
Workforce Recruitment.....	6
Priorities - Community Development	
Community Development Programs.....	7
Housing.....	7
Economic Development Priorities Index	
Numbers 1 Through 15	7
Numbers 16 Through 25	8
Community Development Priorities Index	
Numbers 1 Through 7	8
Legislative Accomplishments	9
Professional Development	11
Board of Directors	12
Membership	13

2009 Legislative Agenda

Goal #1 – TO PROMOTE CONTINUED CREATION OF NEW CAPITAL WEALTH IN NORTH DAKOTA

Goal #2 – TO INCREASE NORTH DAKOTA'S PER CAPITA INCOME

POSITION STATEMENT

North Dakota is well-positioned to take advantage of current state economic trends and global events to continue and expand efforts to create future economic opportunities. North Dakota's current financial strength, portfolio of economic development incentives, high-quality human capital, technology infrastructure and availability of natural resources are all in place to leverage these opportunities.

EDND recognizes factors such as safety, education, opportunity, and recreation and culture are what makes living, working, and conducting business in a community worthwhile and support legislation that enhances quality of life.

State of North Dakota economic development policy and resources should be limited to primary sector activities that create wealth for the State as a whole. The State of North Dakota should place the highest priority on the development of high-wage career opportunities that will retain state workforce and attract labor from areas outside the state.

State of North Dakota community development policy and resources should be focused on infrastructure, tourism and non-primary sector business activities that may improve a community's competitive position in capturing future revenue sources, or otherwise impact local quality of life.

PRIORITIES – ECONOMIC DEVELOPMENT

Agriculture Support & Development

EDND supports the passage of appropriate legislation to support the emergence of value added processing of North Dakota produced agricultural products involving food, fiber, and animal agriculture. EDND further supports identifying new markets and continued state-supported agricultural trade missions.

ED Index 2,5,6

Business Development Programs

EDND supports the continuation of existing and development of new business development programs that effectively create new wealth throughout the State of North Dakota.

*ED Index 1,3,4,5,7,8,9,10,13
CD Index 2*

PRIORITIES – ECONOMIC DEVELOPMENT (Continued)

Centers of Excellence

EDND supports a long-term sustained investment in the Centers of Excellence program to better serve technology-led economic development needs and opportunities. To leverage the research enterprise capacity of the North Dakota University System, EDND supports the creation of the next generation of Centers of Excellence funding at a nationally competitive level. Centers of Excellence funding should be reserved for projects that demonstrate substantial community and/or private sector support and emphasize and develop infrastructure and capacity to support ongoing research focused on commercialization of advanced technologies. EDND also encourages increased support of education and research expertise in target industries associated with existing and future Centers of Excellence.

Core Knowledge Infrastructure

EDND supports the enhancement of core knowledge infrastructure at the State's Research Institutions to build nationally renowned capability and expand the delivery of such expertise to communities across North Dakota. The initial area of interest centers on the enhancement of technology resources.

Department of Commerce Support

EDND supports the structure and resources of the North Dakota Department of Commerce. EDND also supports Commerce initiatives to attract and retain people in addition to attracting business and addressing under-employment training needs.

ED Index 13,15

CD Index 7

Energy

Energy development including oil, gas, coal and renewable are a major part of the economic strength of the State of North Dakota. It will be in the best interests of the State of North Dakota to study the impact of that development on the local units of government (including city, township & county) and provide the appropriate support that relieves those local units of government of the negative impacts. It is also recommended that the State of North Dakota support the cost of detailed analysis of the current and anticipated economic growth of the energy industry to be certain that all of the appropriate economic opportunities are being realized at all levels in the State of North Dakota.

ED Index 4,18,19,20,21

Entrepreneurship

To create new wealth for the State of North Dakota, EDND supports the expansion of capital and infrastructure to support entrepreneurship throughout the state. EDND also supports the expansion of new angel capital formation tools throughout the State as well as technical assistance grants to regions of the State to assist with entrepreneurial development.

ED Index 1,3,7,10,11,13

Existing Companies

To provide existing North Dakota companies the technology they need to enhance their competitiveness in the global economy, EDND supports the creation of tax credit and low interest loan programs to provide incentives to automate production processes. EDND also supports the creation of a lean manufacturing certification tax credit.

ED Index 1,7,8,9,12,13,14,25

PRIORITIES – ECONOMIC DEVELOPMENT (Continued)

Higher Education

EDND supports sustaining the Roundtable on Higher Education to provide the framework that will allow the North Dakota University System to continually meet the rapidly changing needs and opportunities of students and the state.

K-12 Education

To better enhance North Dakota's K-12 education system, EDND supports the creation of a post-secondary tuition waiver program based on student achievement. EDND also supports the increase of State of North Dakota investment in K-12 STEM (science, technology, engineering and mathematics) curriculum and supports STEM based educational incentives that will stimulate interest in populating the state with increased student enrollment.

ED Index 16,17

Transportation Support & Development

EDND recognizes the importance of all forms transportation associated with economic and community development and supports the further development of transportation infrastructure, which encourages business development growth, a goods distribution network and accessible tourism for the State of North Dakota.

ED Index 20,22

Tribal Economic Development

EDND supports the promotion of state and local tribal economic development programs.

ED Index 6

Workforce Development

To encourage further industry specific workforce training, EDND supports the creation of the next generation of Workforce Enhancement Grants at a substantive and nationally competitive funding level. The Workforce Enhancement Grants should be reserved for specific workforce training needs of individual businesses and industry sectors that demonstrate private sector support and collaboration, and emphasize the development of new skills and workplace aptitudes.

ED Index 23,24,25

Workforce Recruitment

To support the State of North Dakota's workforce needs, EDND endorses efforts to recruit foreign legal immigrants to fill skilled technical positions required by both existing business and new companies needing highly skilled technical employees. This effort would include being able to address the various social, cultural and educational needs of legal immigrants who are being encouraged to locate in North Dakota. EDND also recognizes the benefits of a post-secondary tuition waiver program to support increases in domestic immigration that will enhance the State's workforce.

ED Index 16

PRIORITIES – COMMUNITY DEVELOPMENT

North Dakota communities utilize the entire spectrum of economic development resources according to the needs of each individual project, regardless of community size. However, EDND recognizes that there are unique challenges specific to communities outside the major population centers. Economic development programs in smaller communities are almost always a blend of economic and community development needs and goals.

Community Development Programs

EDND supports the continuation and expansion of the North Dakota Renaissance Zone program. EDND also supports land use policies that provide for orderly and managed community growth.

CD Index 1,2,3,6

Housing

EDND endorses the expansion of housing programs and infrastructure initiatives to support population growth associated with current and future economic opportunities in the State of North Dakota.

CD Index 2,4,5

ED Index 8,12

ECONOMIC DEVELOPMENT PRIORITIES INDEX

1. ND PACE & FLEX PACE – Support current or expanded funding levels. Support \$75,000 in loan proceeds for each \$20,000 increase in payroll [not to be tied to strictly job creation]. Support extending from 1 year to 2 years to meet employment levels; *Business Development Programs, Entrepreneurship, Existing Companies*
2. AG-PACE - Leave the program as is presently structured and funded; *Ag Support & Dev*
3. Beginning Entrepreneur Loan Program - Support increase of loan guaranty from 'not to exceed \$100,000' to 'not to exceed \$150,000'; *Business Development Programs, Entrepreneurship*
4. BIO PACE – Support current or expanded funding; *Business Development Programs, Energy*
5. APUC – Support current or expanded funding; *Ag Support & Dev., Business Dev. Programs*
6. North Dakota Trade Office – Support current or expanded funding levels; *Ag Support & Dev*
7. North Dakota Development Fund – Support additional capitalization of the fund; *Business Development Programs, Entrepreneurship, Existing Companies*
8. Support existing property tax exemptions and support legislation that will change the 2-year property tax exemption on new home construction from the first \$75,000 of the home's value to the first \$100,000; *Business Development Programs, Existing Companies, Housing*
9. Sales & Use Tax Exemptions on Manufacturing, Processing and IT Equipment – Support existing application; *Business Development Program, Existing Companies*
10. Support existing seed capital tax credits; *Business Dev Programs, Entrepreneurship*
11. Support existing Research & Development tax credit; *Entrepreneurship*
12. Regional Councils – Support existing funding; *Existing Companies, Housing*
13. SBDCs – Strengthen SBDC services and program infrastructure. Restore SBDC funding to at least pre-2000 state contribution. *Business Dev Programs, Dept. of Commerce, Entrepreneurship, Existing Companies*
14. Maintaining the Manufacturers Extension Partnership and SBDC programs to assess the needs of ND businesses and deliver opportunities to support productivity; *Existing Companies*
15. Continuing support for educational programs, certification, and funding targeted at promoting professionalism and skills development for in-state economic development professionals; *Dept. of Commerce*

16. EDND supports the creation of in-state college scholarships and education tax credits; *K-12 Education, Workforce Recruitment*
17. EDND supports the creation of a program to provide Career Awareness Advisor and Technical Education positions in ND Schools; *K-12 Education*
18. EDND supports the promotion and implementation of clean coal energy conversion technology; *Energy*
19. Supporting research and publications that stimulate the market for renewable fuels, energy, and related products and projects; *Energy*
20. Supporting improved methods and financial structures for moving North Dakota energy products to market; *Energy, Transportation*
21. Maintain reasonable policies and programs designed to alleviate energy impact in counties, cities and schools. Support funding at the current or expanded level to those entities that will mitigate negative impact; *Energy*
22. EDND supports the need for the State of North Dakota to develop competitive railroad product/freight movement for North Dakota farmers/businesses as it pertains to agricultural products, transloading and intermodal freight systems; *Transportation*
23. Workforce 2020 – Increase current funding level and request additional funding for expanded training of ‘soft skilled’ workers [supervisory & management staff] as defined by primary sector businesses; *Workforce Development, Workforce Recruitment*
24. New Jobs Training Program - Maintain the program as presently designed; *Workforce Development, Workforce Recruitment*
25. ND Workforce Training – EDND supports current or expanded funding of workforce training quadrants. *Existing Companies, Workforce Development, Workforce Recruitment*

COMMUNITY DEVELOPMENT PRIORITIES INDEX

1. Renaissance Zones and Renaissance Fund Organizations – Recommend continuation and expansion of the existing program. EDND supports the expansion of the Renaissance Zone legislation to allow demolition as a part of the project tax incentive expenses; *CD Programs*
2. EDND supports Community Development Block Grant funds allocated to Regional Councils; *Community Development Programs, Housing, Business Development Programs*
3. EDND supports legislation to assist Rural North Dakota Communities with essential retail and service businesses, including child care services, that will provide a quality of life to their residents; *Community Development Programs*
4. EDND supports the development of new programs and expansion of existing programs that address market rate and “senior friendly” housing opportunities in Rural Communities as well as non-income based workforce housing; *Housing*
5. EDND supports increased funding incentives for infrastructure development in Rural Communities; *Housing*
6. EDND supports the expansion of parameters of the Department of Commerce Partners in Marketing Grants; *Community Development Programs*
7. EDND supports community leadership development and community planning programs; *Department of Commerce*

Legislative Accomplishments

- Supported legislation that provides \$468.4 million in general fund spending over two years for higher education, 5% limits on student tuition increases for each of the next two years, and money for 5% annual pay increases for University System workers during the next two years.
- Encouraged funding PACE at \$8 million level, \$4.2 million for Biofuels PACE and \$1.4 million for Ag PACE. This is a significant increase from the last session.
- Continued support of Small Business Development Centers throughout the state.
- Provided input for and supported a bill to fund the web site spider program to identify job listings available in North Dakota and centralize them. The bill also contained \$1.5 million for Workforce 20/20.
- Fully supported the Department of Commerce Appropriation for several development initiatives including, but not limited to, doubling North Dakota Trade Office funding (\$1.5 million); \$3 million to the North Dakota Development Fund; \$15 million for the Centers of Excellence; \$50,000 for the Workforce System Initiative; \$600,000 for Operation Intern; a number of studies, including a study of the effectiveness of the Department of Commerce, the Promise Grant Program, tax credit transfers, housing needs and wireless services; a \$200,000 increase for Agricultural Products Utilization Commission; and \$8.3 million for tourism.
- Continued support for funding of workforce training initiatives, including \$3 million for workforce training grants to institutions of higher education and \$2 million for the Workforce Enhancement Fund and Council.
- Supported the passage of Department of Career and Technical Education Appropriation; NDSU Research and Extension Appropriation; Department of Information Technology Appropriation; and the Department of Commerce Structure. The Structure places the ND American Indian business development office, the women's business development office, and the international business and trade office directly under the Department of Commerce commissioner. It also allows Commerce to contract services in these areas.
- Helped with the creation of the Renaissance Zone Program in 2003 and supported the expansion of the program in 2007 to allow developers to include a small area, no more than three square blocks, in a community that needs improvement, but is not contiguous with the city Renaissance Zone district. A Renaissance Zone conference was established under the Department of Commerce.
- Supported legislation relating to tax credits, such as Microbusiness Tax Credits where the business must have five or fewer employees to be considered a microbusiness and must operate in a community with a population of at least 100, but fewer than 2,000 and an Angel Fund Bill that provides a tax credit to the members of an angel fund if they invest in a seed capital business in North Dakota as a group.

- EDND further supported enhancements under the Department of Commerce Appropriation such as the Angel Fund Investment Tax Credit; the Internship Employment Tax Credit; changes to the Agricultural Business Investment Tax Credit; Workforce Recruitment Tax Credit for Hard-to-Fill Employment Positions; an increase to the Income Tax Credit for Research and Experimental Expenditures; and an increase in the Seed Capital Investment Tax Credit Limit from \$2.5 million to \$3.5 million per year.
- Assisted with SB 2149, which provides job development authorities with the power to take equity positions in, provide loans to or use other innovative financial mechanisms to provide capital for new, expanding or relocating businesses in the state.
- Provided input on legislation that increases housing opportunities in rural areas by allowing the county or city to provide bonds to help finance projects. Previously, only the Housing Authority had that power.
- Helped in the passage of a bill that simplifies the eligibility requirements in qualifying for the Beginning Entrepreneur Loan Guarantee Program. Applicants may have a net worth limit of up to \$200,000. Other properties, valuables or equity are no longer a factor in determining eligibility.
- Continued to raise awareness and support efforts that recognize tourism as a primary sector industry.
- Supported the continued maintenance and funding of workforce training and development programs in 2007. From July 2007 to August 2008, 46 participants were trained through the New Jobs Training Program and 117 participants were trained in the "Workforce 20/20 Program."

"It has become clear that EDND is considered more and more as one of the leaders for economic development activities across the state of North Dakota. Our strong partnerships and willingness to collaborate with the legislature, state government and the economic development community have created a stronger North Dakota."

*Kevin J. Magstadt
EDND President
Community Development Manager
Montana-Dakota Utilities Co.*

Professional Development

EDND supported legislation in 2005 that provided economic development professional courses for North Dakota developers. The National Development Council is the nation's leading not-for-profit corporation specializing in economic and housing development finance. The National Development Council conducted the training and awarded the certifications. Nearly 60 developers participated in the Economic Development Finance Professional Certification courses held September 2006, April 2007, September 2007 and April 2008. To date, 33 have completed the course and are certified as Economic Development Finance Professionals. North Dakota economic developers that have earned this certification are identified by the credentials EDFP in the membership listing on page 13.

" 'Wow' is the first thing that comes to mind when I think about the intense, fast-paced courses and all the practical information provided for economic development finance. The scholarships offered through the ND Dept. of Commerce and EDND were definitely the deal-maker for my board to allow me to attend. We could not have set aside the amount of money necessary for me to attend without the scholarships. Also having the series held in Bismarck and Mandan made the other expenses affordable for us. Thank you so much for this outstanding learning experience."

*Debra Walworth, EDFP
Prairie West Dev. Foundation, Beach*

EDND further recognizes the importance of new developer orientation. The North Dakota Commerce Department has held 11 New Professional's Days since Spring of 2006. The New Professional's Day is an opportunity for local economic development professionals, community leaders involved in economic development, new Commerce employees and others to learn more about the Department of Commerce. The Commerce leadership team and program managers meet with attendees to discuss their needs and interests, and how Commerce programs and services may help their efforts. The following economic development professionals have participated in New Professional's Day:

- Amber Schaan, Lake Agassiz Regional Council
- April Jepson, Dunn County JDA
- Ashley Andrews, Bowman County Economic Dev. Corp.
- Sandy Poitra, Turtle Mountain Renewal Community
- Brenda Dissette, Rugby Job Dev. Authority
- Christine Van Asperen, City of Underwood
- Cindy Sanford, Center for Technology & Business
- Danita Tysver, Stark Dev. Corp.
- Darwin Saari, City of Turtle Lake
- Dave Scott, City of Maddock
- Deb Kantrud, South Central Dakota Regional Council
- Kari Bies, Kenmare Community Dev. Corp.
- Kim Christianson, Underwood Economic Dev. Corp.
- Kimberly Murray, South Central Dakota Regional Council
- Lisa Hicks, Jamestown/Stutsman Economic Dev. Corp.
- Lu Mathison, City of Maddock
- Milissa Price, Washburn Area Economic Dev.
- Pat Tracey, City of Maddock
- Ralph Hoversten, Divide County Job Dev. Authority
- Shari Hanson, Cavalier Economic Dev.
- Shawn Wenko, Williston Economic Dev.
- Stacy Sandgren, Adams County Dev. Corp.
- Stuart Bernard, South Central Dakota Regional Council
- Tim Lingelbach, City of Riverdale

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United Tribes Technical College	Barbara Schmitt, EDFP	Bismarck	701-255-3285	bschmitt@uttc.edu
USDA Rural Development	Clare Carlson	Bismarck	701-530-2037	clare.carlson@nd.usda.gov
	Sterling Breuer, EDFP*	Bismarck	701-530-2042	sterling.breuer@nd.usda.gov
	Matt Burthold, EDFP*	Bismarck	701-530-2042	matt.burthold@nd.usda.gov
	Bill Davis	Bismarck	701-530-2042	bill.davis@nd.usda.gov
	Dale Van Eckhout, EDFP*	Bismarck	701-530-2065	dale.vaneckhout@nd.usda.gov
	Mark Wax, EDFP*	Bismarck	701-530-2029	mark.wax@nd.usda.gov
	Donald Warren	Bismarck	701-530-2044	donald.warren@nd.usda.gov
Valley City-Barnes County Dev. Corp.	Jennifer Feist, EDFP*	Valley City	701-845-1891	vdg@hellovalley.com
Wahpeton Economic Development	Jane Priebe, CEcD	Wahpeton	701-642-8559	janep@wahpeton.com
Walsh County Job Dev. Authority	Julie Campbell, EDFP*	Grafton	701-352-2171	jkcampbe@nd.gov
Williston Economic Development Partnership	Tom Rolfstad	Williston	701-577-8110	tomr@ci.williston.nd.us
Wishek Job Development Authority	Tom Lovik	Wishek	701-452-2371	tlbek@bektel.com
Xcel Energy	Mark Nisbet	Fargo	701-241-8607	mark.nisbet@xcelenergy.com

*** Participated in one or more of the National Development Council's Economic Development Finance Professional Certification classes held in North Dakota**

AICP - American Institute of Certified Planners issued by the American Planning Association

CEd - Community Economic Development Certification issued by the Neighborhood Reinvestment Training Institute

CEcD - Certified Economic Developer issued by the International Economic Development Council

EDFP - Economic Development Finance Professional issued by the National Development Council



*Sumner
given to
Senate
1-16-09*

Testimony of John Phillips
Economic Development Association of North Dakota
SB 2018
March 3, 2009

Chairman Delzer and members of the House Appropriations Government Operations Subcommittee:

My name is John Phillips. I am an Economic Development Association of North Dakota (EDND) board member. As part of a statewide economic development association, I have witnessed the many ways in which statewide partnerships and funding has strengthened the economic development of North Dakota. EDND acts as the voice for North Dakota's economic development community, and works to create economic development opportunities for the residents of our state. One of the ways the association accomplish this is through cooperation between development organizations, including a strong partnership with the North Dakota Department of Commerce. We are asking you to support SB 2018 and, in turn, support the economic growth of our state.

Working with the Beulah Job Development Authority as well. I take particular interest in Department of Commerce programs that help create economic development in communities across the state. These programs include the Small Business Development Centers, and the workforce development and training programs.

Funding for the Small Business Development Centers will encourage entrepreneurs to establish new businesses across the state, and will allow Small Business Development Centers to better serve developing businesses. Maintaining the Workforce Enhancement Grant Program, as well as, increasing funding for Workforce Training Grants will expand and strengthen our state's workforce. Funding the Operation Intern program and the Career Promotions and Career Advisors Program will educate students of the career opportunities in our state. Two long-standing programs, the North Dakota Development Fund and the Ag Products Utilization Commission, are also important in our efforts. All of these programs will help to keep North Dakota talent in the state and communities.

Although I've only highlighted a few of the programs in the Department of Commerce budget, these programs are important tools that support the work of economic developers across North Dakota. The Department of Commerce plays a significant role in North Dakota's economic development and EDND urges you to support Senate Bill 2018.



**Testimony of Kevin Magstadt
Economic Development Association of North Dakota
SB 2018
March 3, 2009**

Chairman Delzer and members of the House Appropriations Government Operations Division Subcommittee:

My name is Kevin Magstadt. I am president of the Economic Development Association of North Dakota (EDND). EDND is the voice of the state's economic development community and provides networking for its 80 members, including development organizations, communities, businesses and state agencies. Our mission is to increase economic opportunities for North Dakota residents by supporting primary sector growth, professionalism among economic development practitioners and cooperation among development organizations. One of the organizations we partner with to further economic development in the state is the North Dakota Department of Commerce. We are asking you to support SB 2018 including the Senate's \$20 million enhancement for the Centers of Excellence.

In 2001, EDND supported the creation of the North Dakota Department of Commerce. This department has since helped streamline the delivery of economic development programs, improved partnerships with developers across the state and provided business development services through ED&F within Commerce are very valuable to developers.

A significant amount of North Dakota's continued economic growth has been and will continue to be a result of programs such as the North Dakota Development Fund and the Ag Products Utilization Commission. Both are long standing programs, funded within the Department of Commerce's budget, that have had a tremendous positive impact in our state for many years.

Our state is well-positioned to take advantage of current state economic trends to continue and expand efforts to create future economic opportunities. North Dakota's current financial strength, portfolio of economic development incentives, high-quality human capital, technology infrastructure and availability of natural resources are all in place to leverage these opportunities.

EDND supports the structure and resources of the Department of Commerce and its initiatives to attract and retain people, in addition to attracting business and addressing workforce training needs. A few key programs EDND supports include:

The North Dakota Trade Office

The North Dakota Trade Office has been working with North Dakota businesses to expand exports to high-demand foreign markets. As a partner with the Department of Commerce, increased funding will only help the Trade Office further aid in the exportation of North Dakota products. North Dakota businesses need to expand their customer base in order to continue to grow.

Business Attraction and Talent Development

Workforce development and training remains a top priority for economic development initiatives. Programs including the Workforce Enhancement Grant Program and the Workforce Training Grants Program will help to strengthen and meet the needs of state's growing workforce. Operation Intern and the Career Promotions and Career Advisors Programs will help us better educate our students about the employment opportunities available in our state.

Marketing North Dakota

Marketing our state as a vacation destination is also an important economic development tool. Increased funding for the tourism industry will allow the Tourism Division to continue to build on its successful marketing campaign and bring new people and dollars into North Dakota.

I've highlighted only a few programs within the Department of Commerce. We also support several other Department of Commerce programs that are outlined in the attached EDND Legislative Agenda.

The Department of Commerce plays a significant role in North Dakota's economic development. We urge you to support Senate Bill 2018.

North Dakota
TRADE OFFICE

1-16-07

Mission

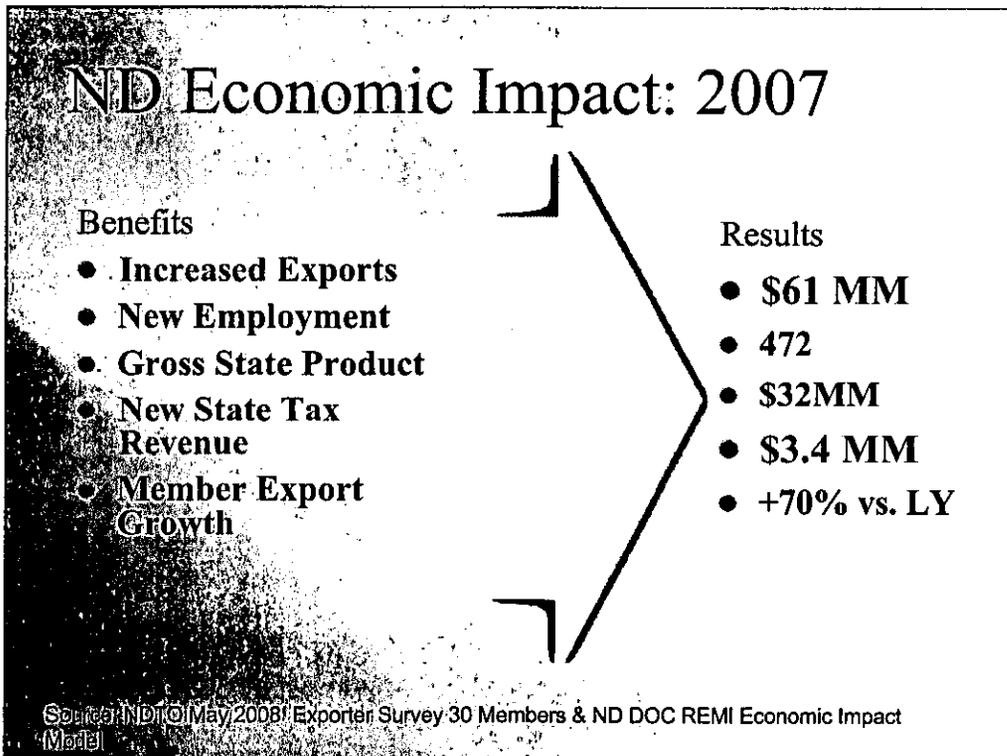
The ND Trade Office Mission is to expand export volume through advocacy, education and expertise.

State Funds: \$1.5MM

The North Dakota Trade Office has received \$1.5MM in state funding in the present biennium after first raising \$750,000 in matching private funds from exporters, export service providers and federal grant authorities.

Profitable Entity for the State

In the current biennium the Trade Office has been true to its mission and become a highly profitable entity for the state. REMI data based on surveys returned from half of the Trade Office's members, indicate that these companies' generated \$61MM in incremental export sales resulting in \$3.4 million in incremental state tax revenue. In addition, the state tax revenue generated from these members in 2007 represents more than twice the state funding provided the Trade Office during the biennium.



ND Export Growth outperforms the nation

North Dakota topped all other states in export growth in 2007, increasing the state's annual export growth by 34 percent – more than twice the national average – with a total of nearly \$5Billion in export sales.

The latest export statistics provided by the U.S. Department of Commerce, through September 2008, indicate manufacturing export growth of 55 percent versus this period last year, outperforming national export growth by nearly three-fold.

Export growth can be attributed to 4 major factors:

1. Low value of the dollar relative to other currencies, making U.S. products more affordable overseas
2. Emerging economies flush with foreign investment capital, petro dollars, and government aid for agriculture, aerospace, safety/ security, and infrastructure, development.
3. Proactive efforts on above industries in high-demand markets by the Trade Office and its international service provider network.

Specific Trade Office Accomplishments:

Delivered **9 Trade Missions** (vs. 5 in last biennium) with all missions developing new business for participants

1. Ukraine
2. Korea
3. Peru
4. Colombia
5. Turkey
6. Kazakhstan
7. Egypt
8. Mexico (February '09)
9. S. Africa (May '09)

Delivered **3 Reverse Missions** to enhance relationships and secure business among top buyers met on trade missions:

1. Korea: 20 buyers
2. Big Iron: 130 buyers
3. SE Asia: 11 buyers

Hosted approximately 800 exporters in **29 educational "Trade Talk" seminars** across the state (vs. 16 last biennium) on various trade issues and opportunities.

Advocated for trade issues important to exporters: Transportation, IC DISC tax legislation, Free Trade Agreements, access to growth capital

Increased Trade Office Membership by 50%

Launched initial/experimental Export Management Program (10-course series) to provide "hands on" expertise for international managers. Received positive reviews.

Contracted with two dedicated overseas representatives in key markets (Kazakhstan, Ukraine) who have enabled us to identify, recruit, and close customers and distributors, as well as troubleshoot on behalf of our exporters. Both markets hold significant opportunity for ND exporters. The Kazakhstan government has pledged \$4Billion to develop its agriculture economy

through 2011 and is relatively untouched by the financial crisis. Additionally, average farm size in Ukraine is 20,000 acres .The Ukraine Ministry of Agriculture estimates a need for 420,000 tractors and as many harvesters and tillage machines given that 40% of tractors are currently 15-25 years old. "On the ground representatives" are critical to advancing this success.

The Road Ahead:

The road ahead will be challenging given the current worldwide economic crisis:

1. Member donations will be increasingly scrutinized
2. Access to growth capital has become a significant issue
3. Access to and aid in finding qualified customers in priority markets will be prized
4. International management expertise/education must be increased significantly to enable export productivity – on both sides of the ocean
5. We recommend exploring ways to bring "smaller exporters into the fold"

Enhancement Recommendation: \$500,000

The Trade Office is recommending \$500,000 in enhanced budget to tackle the above and enable future export expansion:

1. Finance a resource management initiative to solicit, educate, and enable access to growth capital and wider supplier network for established ND companies with strong international expansion opportunities.
2. Replicate our successful overseas representative business model in one additional country to enhance/drive distributor and customer business discovered during trade missions in 2008.
3. Increase Reverse Trade missions from three to six, bringing qualified buyers to North Dakota.
4. In conjunction with universities establish a strong international management certification program that provides international management expertise for North Dakota export business professionals, as well as senior level/graduate students. This should be taught by seasoned international business professionals.
5. Develop a proactive student recruiting and internship program with select universities to recruit and train overseas students in areas that will fuel export growth. International agribusiness, agriculture equipment, and international management, are priorities. These students will become our future customers.

Kazakhstan alone, provides 3000 fully funded scholarships for overseas education annually, with agribusiness as a priority.

6. Establish an "international Internet marketing program" to help small exporters market their products internationally. Expertise in international Website enhancement, documentation procedures, shipping procedures, and outreach, must be put into place.
7. Enhance the customer database and Website to attract qualified overseas buyers to ND products
8. Given intensified membership scrutiny we recommend the \$500,000 enhancement not be subject to private match

Submitted by Susan Geib, Executive Director ND Trade Office
January 8, 2009

North Dakota TRADE OFFICE

Mission

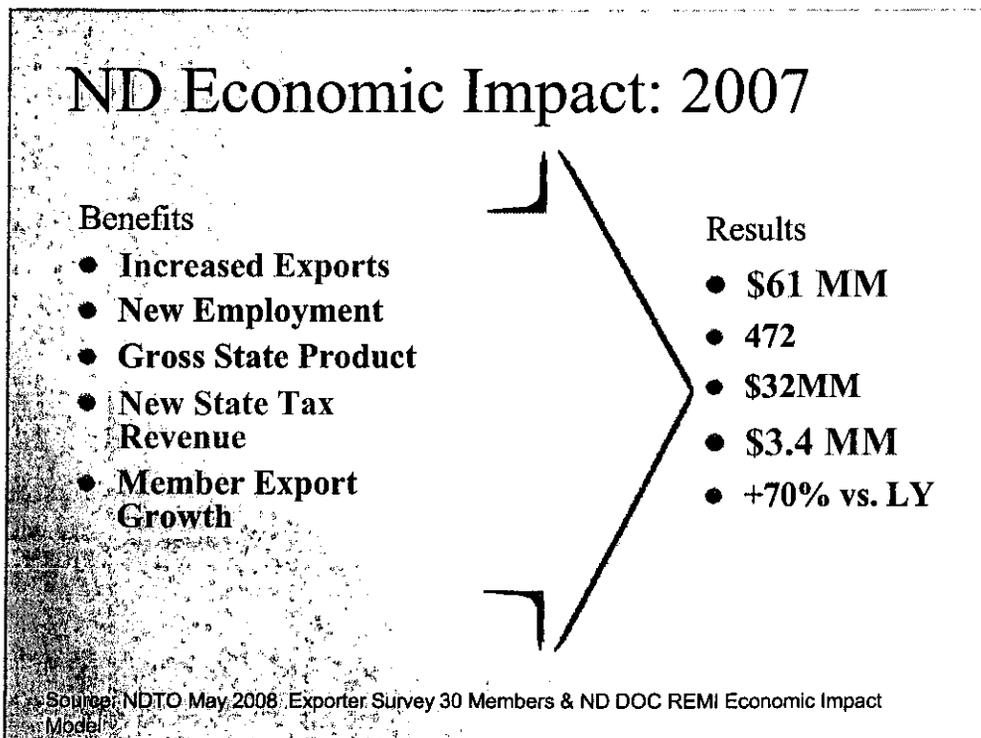
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In the current biennium the Trade Office has been true to its mission and become a highly profitable entity for the state. REMI data based on surveys returned in May 2008 from 30 Trade Office members (representative sample), indicate these companies' generated \$61MM in incremental export sales over the previous 12 months resulting in \$3.4 million in incremental state tax revenue. In essence, the annual state tax revenue generated from these members represents more than twice the state funding provided the Trade Office during the biennium.



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The Road Ahead:

The road ahead will be challenging given the current worldwide economic crisis:

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3. Access to and aid in finding qualified customers in priority markets will be prized
4. International management expertise/education must be increased significantly to enable export productivity – on both sides of the ocean
5. We recommend exploring ways to bring "smaller exporters into the fold"
6. Lack of skilled professionals in ND continues to be an issue despite U.S. recession.

Enhancement Recommendation: \$500,000

The Trade Office is recommending \$500,000 in enhanced budget to tackle the above and enable future export expansion:

1. Finance a resource management initiative to solicit, educate, and enable access to growth capital and wider supplier network for established ND companies with strong international expansion opportunities.

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Submitted by Susan Geib, Executive Director ND Trade Office
January 8, 2009

North Dakota
TRADE OFFICE

Expand International Business

Expedite ND Trade



Advocacy

Education

Collaboration

Expertise

**Key Accomplishments:
ND Trade Office Team**

9
Trade
Missions

3
Reverse
Missions

27
Trade
Talk
Seminars

\$750K
Matched

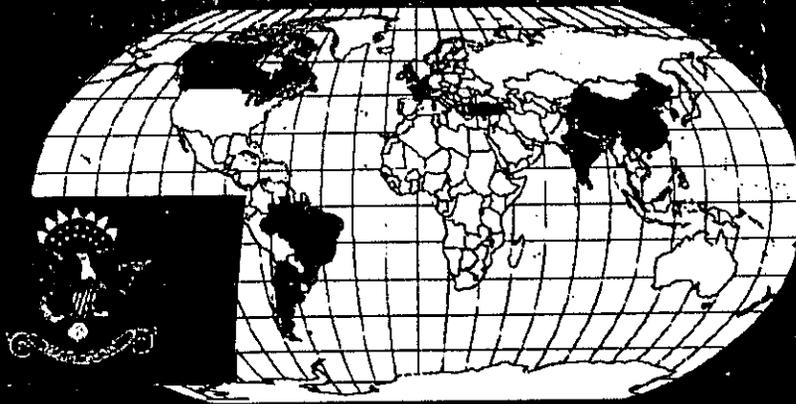
+50%
Membership

#1 Export
Growth State

\$ 5 Billion Industry +55%

North Dakota exported goods worth \$5 billion to 140 foreign markets

Merchandise Exports: \$2.5 Billion, Ag Exports: 2.5 Billion



Source: U.S. Department of Commerce, Exporter Locator Series; 2007 & USDA

ND Economic Impact: 2007

Benefits

- ▶ Increased Exports
- ▶ New Employment
- ▶ Gross State Product
- ▶ New State Tax Revenue
- ▶ Member Export Growth

Results

- ▶ \$61 MM
- ▶ 472
- ▶ \$32MM
- ▶ \$3.4 MM
- ▶ +70% vs. LY

Source: NDTO May 2008 Exporter Survey 30 Members & ND DOC REMI Economic Impact Model

Export Management Team



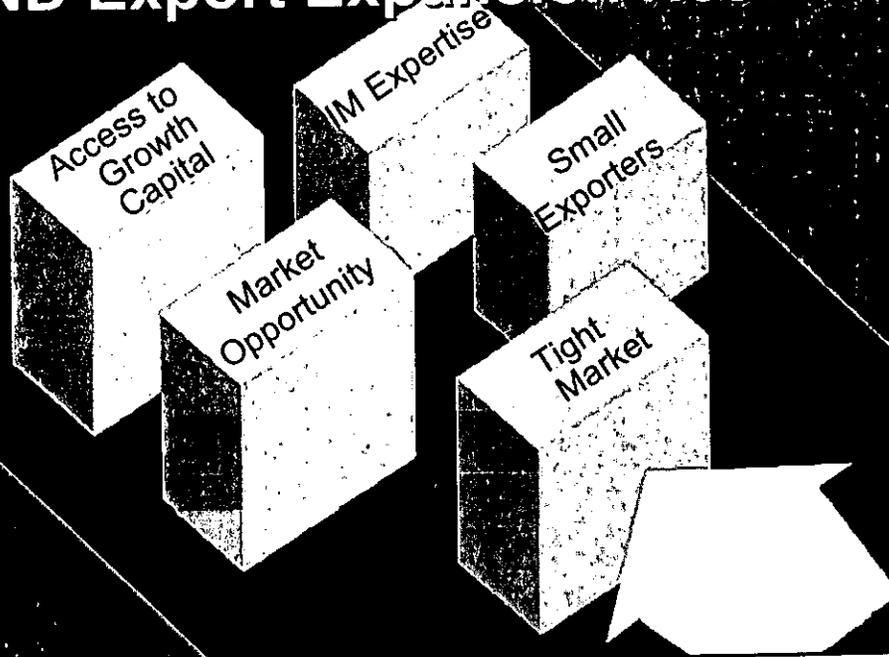
Mike Seifert	Larry White	Mark Johnson	Sergiy Polvenko	Beibit Yerabayev
Resource Mgmt.	Agri- business	Aero, Ed,	Ukraine	Kazakhstan

Export Assistants for Hire

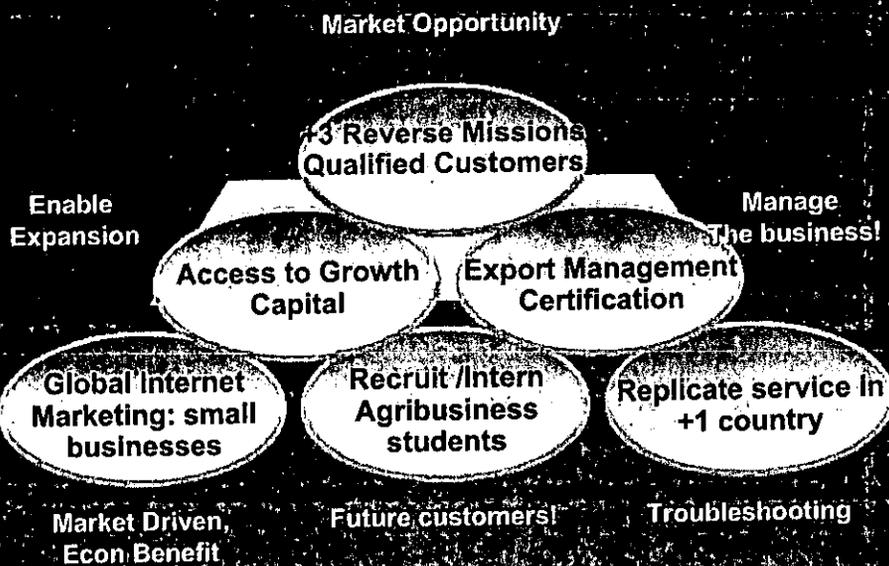


Vineet Saxena	Andrey Vasilyev	Rodrigo Cintra	Erica Peterson
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ND Export Expansion Needs



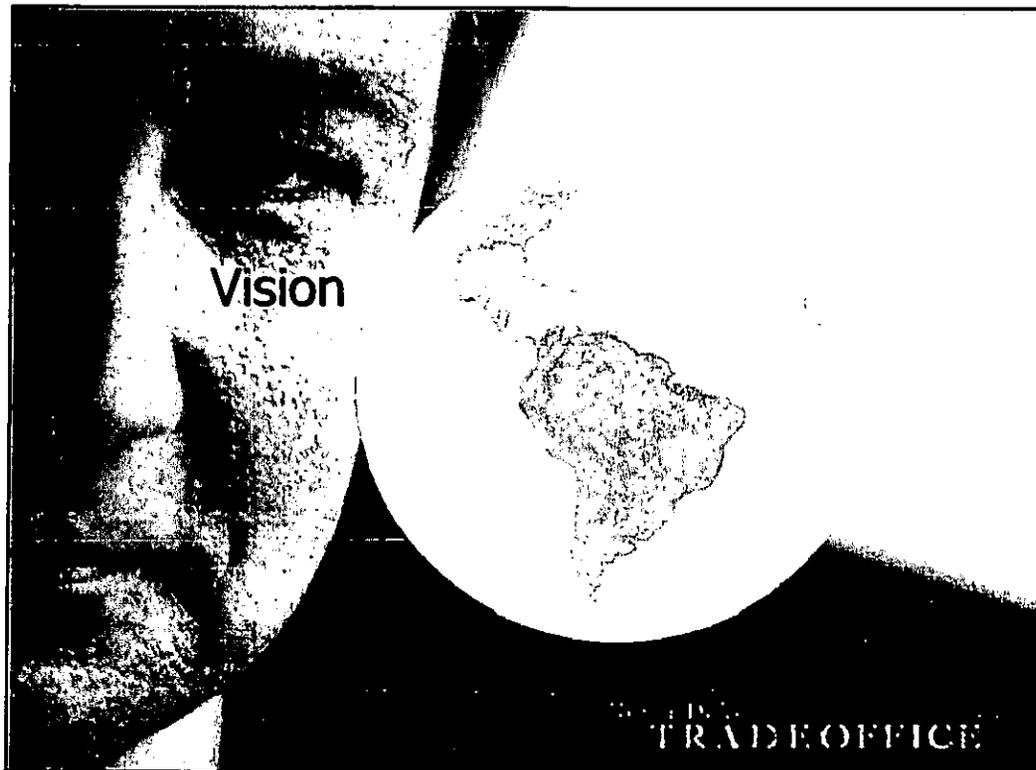
+\$500,000 ND Trade Office



ND Trade Office Customer Satisfaction

Based on 25 NDTO Member Surveys
May 2007

% expanding to new country	70%
Exceeded Expectation	46%
Met Expectation	54%
Service Utilization	72%
Service Significant/ Essential to business	75%
Exporter Renewal Rate*	90%
IBR Renewal Rate	90%





Regional Economic Models, Inc.

North Dakota

Impact of International Trade Office

Prepared By

North Dakota Department of Commerce

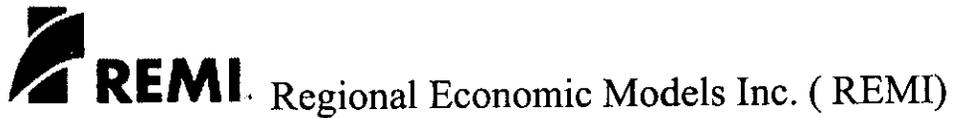
Using

Regional Economic Models, Inc.

June 27, 2008

306 Lincoln Avenue Amherst, MA 01002
Telephone: (413) 549-1169 Fax: (413) 549-1038
e-mail: info@remi.com

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Since 1980, **REMI** has become the **leading tool for economic impact and policy analysis**, providing users with detailed estimates of changes to national and local economies. It is widely used by state governments, consulting firms, universities, public utilities and others. North Dakota's model has been calibrated specifically to simulate the real economy of our state by using hundreds of historical economic data sets.

The following summary illustrates the **economic impacts** that are forecasted to North Dakota's economy as a result of increased exports during 2007 from companies that are working with the International Trade Office.

Additional Benefits

Year	2007
Increased Exports Millions \$	61
Total New Employment	472
Gross State Product Millions \$	32
Personal Income Millions \$	17
State Tax Revenues Millions \$	3.4

*Sumo
Saves to
Senate
Approps
1-16-09*

DEPARTMENT OF COMMERCE TESTIMONY ON SB 2018
FEBRUARY 25, 2009, 2:45 P.M.
HOUSE APPROPRIATIONS COMMITTEE
ROUGH RIDER ROOM
REPRESENTATIVE KEN SVEDJAN, CHAIRMAN

SHANE GOETTLE – COMMISSIONER, ND DEPARTMENT OF COMMERCE

The Department of Commerce works with other partners to accomplish our mission. I would like to provide you a brief overview of a few of these partner organizations including:

- Rural Development Council
- Center for Technology & Business
- American Indian Business Development Office
- Dakota Manufacturing Extension Partnership

In regards to these partners our aim is to maintain existing funding levels, which is exactly what the budget recommendation does.

Rural Development Council

The Rural Development Council was originally started with funding from the federal government. However, that funding has dried up and the Department of Commerce has used discretionary funds to provide resources for their work in rural North Dakota. It has resided with the Center for Technology & Business since 2004. Funds are used for website development, office expenses, rural outreach, and program cost sharing with rural communities.

Examples of accomplishments include:

- Initiated the Rural Young Professionals Network to become engaged with the statewide YP Network
- Rural Housing Awareness Outreach to bring housing program options into rural areas
- Initiated a Child Care Roundtables to bring child care business development resources to rural communities
- Created and maintain Rural Development Council's website

Center for Technology & Business

In addition to its work with the Rural Development Council, the Center for Technology & Business provides services to the Department of Commerce for the Women's Business Development Office.

Examples of accomplishments include:

- Increased rural payrolls by \$3,956,250
- 1,700 statewide students attended classes put on by the Center for Technology & Business
- \$154 Annual Return on Investment per state dollar invested

American Indian Business Development Office

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

Examples of accomplishments include:

- 101 Native American owned companies registered for services since May, 2006
- 153 jobs created by Native American firms
- \$65.4 million in contract dollars secured by Native American firms

Dakota Manufacturing Extension Partnership

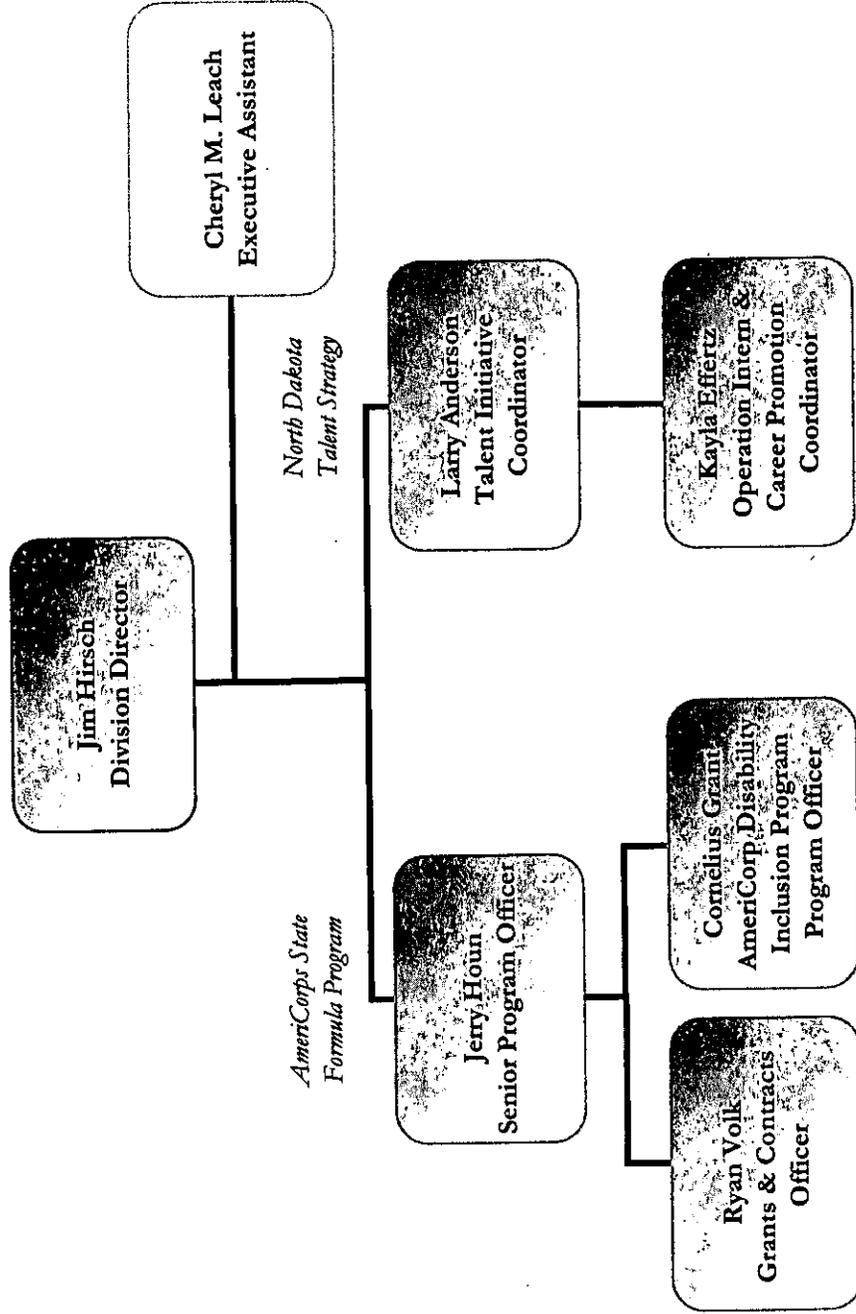
The purpose of Dakota MEP is to increase the competitiveness of manufacturing companies, other new wealth creating companies and related industries that impact such enterprises, in order to strengthen the Dakota's and our nation's economic vitality.

Examples of accomplishments include:

- Over the past two years, the Dakota MEP has served 184 manufacturers in North Dakota
- Sixty-nine companies responded to a 3rd party survey and reported \$67.8 million in quantifiable benefits and impacts through Dakota MEP assisted improvement projects

There is detailed information for each of these organizations in the binder. I would point you to that for an in-depth look at their accomplishments, as well as plans for the future.

Division of Workforce Development Organizational Chart



DEPARTMENT OF COMMERCE TESTIMONY ON SB 2018
FEBRUARY 24, 2009, 2:45 P.M.
HOUSE APPROPRIATIONS COMMITTEE
ROUGH RIDER ROOM
REPRESENTATIVE KEN SVEDJAN, CHAIRMAN

JAMES HIRSCH – DIRECTOR, WORKFORCE DEVELOPMENT DIVISION

Mr. Chairman and members of the Committee, my name is James Hirsch, Director of the Workforce Development Division with the North Dakota Department of Commerce.

First, I want to thank you for your support for workforce development and workforce training initiatives over the years.

Workforce continues to be a major concern for North Dakota business & industry! Many industries and nearly every area of the state are reporting worker shortages:

For the month of January 2009, there were 9,988 jobs listed with the www.FindJobsND.com web site.

Workforce shortages are limiting business growth and our ability to attract new businesses to the state.

All of this is occurring at a time when baby boomers begin to leave the job market.

Healthcare providers across the State are experiencing ongoing challenges in recruitment of nurses and other healthcare support staff. These shortages are particularly troubling in rural communities where some facilities have closed due to worker shortages.

A survey conducted in October 2008, by the Long Term Care Association provided the following information:

- Ashley Medical Center reported that 95% of RNs will retire in the next 5 yrs. They are currently short staffed
- Good Samaritan Society Hospital in Osnabrock will lose all their nursing staff in the next 5 yrs.

Many industries across the State are facing similar challenges. Where will business and industry get the talent they need to continue to operate?

At a time when we have skilled workforce shortages, we also have entry-level, low-wage workers who are available to retrain for higher skilled opportunities but they do not have the financial resources to cover the cost of training.

To address our critical skill shortages we need to aggressively promote the career opportunities which exist in our communities and provide targeted investments to achieve the outcomes we desire.

If we want more nurses available in our rural communities, we need to make targeted investments which support that goal. The same applies to skilled trades and other shortage occupations.

Workforce Intelligence is and will continue to be a critical component to achieving our goals of increasing both the quality and quantity of North Dakota's workforce.

The proposed Longitudinal Data Warehouse and maintaining funding for www.FindJobsND.com are critical components to this workforce intelligence.

- Business and industry needs to know the current availability of talent and the skills they possess. They need to know what is in the pipeline three and five years down stream.
- Education and Workforce needs to know by occupation, how many workers are currently needed and what the demand will be four and five years into the future. They need to know what skills are required and what will be required four and five years out.

This is a role that the Workforce Intelligence Council chartered by the Workforce Development Division is intended to fill.

The Workforce Development Division works in partnership with state agencies, local development organizations, trade associations, organized labor, and community groups to grow North Dakota's talent pool which helps support the State's growing economy.

We accomplish this by providing administrative support to Governor appointed Councils and Commissions and through direct delivery of State and Federal funded programs.

The Councils and Commissions that the division provides administrative support to include:

- North Dakota Workforce Development Council;
- North Dakota Youth Development Council;
- North Dakota State Commission on National and Community Service; and
- Office of Faith-Based and Community Initiatives

The Council and Commission members are appointed to three year terms by the Governor. The Workforce Development Council and the State Commission are required under federal law as a condition for the State to receive funding under the Workforce Investment Act of 1998 (**\$27.86 million each biennium**) and the Community Service act of 1990 (**\$1.6 million each biennium**).

The Council's and Commission are responsible for the planning and oversight for the use of these federal funds and for making recommendations on policy and system continuous improvements to the Governor.

A copy of our division organizational chart and the current membership for each of the Councils and the Commission along with the NDWDC Legislative Position is included as an attachment with my written testimony.

We also grow North Dakota's Talent pool through the delivery of programs supported by both federal and state funding.

The 2007-2009 Commerce Appropriation Bill, included important language which supports the North Dakota Talent Strategy and reinforces the requirement for effective coordination and collaboration by State Agencies, partners and stakeholders. Language was included which required the division of workforce development to:

- a. Develop a comprehensive, **consolidated biennial statewide strategic plan** for the State's system for workforce development, workforce training, and talent attraction;
- b. Develop and implement a **statewide intelligence coordination strategy**; and
- c. Develop and implement a **system of performance and accountability measures** for the state's workforce delivery system.

The 2007-2009 Commerce Appropriation Bill provided the division with several important tools which are being used to address the workforce challenges faced by North Dakota business and industry.

I want to report that all of the funding appropriated has been fully obligated and will be expended by the end of the biennium.

With your support, the division provides matching funds to communities for standardized **Community Labor Availability Studies**.

- These studies are a tool supporting community efforts to help expand and attract business, and assist in developing stabilization and growth strategies.
- 25 communities participated in the 2008 standardized Community Labor Availability Studies;
- Studies are posted on the www.ndworkforce.com website;
- Interest is growing in anticipation of the 2010 studies.

With your support the division provides matching funds to industries to conduct **Industry Sector Workforce Needs and Skill Assessment Studies**. The studies provide important information quantifying the current and projected workforce needs and required education, skills, and competencies for the demand occupations within the industry.

The results are used by:

- The State colleges and training providers to adjust current program offerings and identify new programs based on the needs of North Dakota employers; and
- State agencies administering workforce development and training programs to establish priorities and target the investment of state and federal workforce development and training funding;
- 2008 Study – Information Technology Industry.

The Higher Education Internship/Work Experience Opportunities Program “Operation Intern” encourages expansion of Internships and Work Experience Opportunities for North Dakota Higher Education students with North Dakota target industry employers. Matching funds equal to 50% of the wage paid to interns are available to businesses creating new or expanding internship and work experience opportunities in North Dakota.

\$600,000 appropriated has been fully obligated. The Governor’s budget request is to double funding and the Senate has put an emergency clause on the appropriation for this program. We ask your support for this emergency declaration.

To date we have over 90 businesses who have signed on with the program and over 209 new internship and work experience opportunities have been created. We have four internships with the Executive Branch Agencies in Washington, D.C.

Due to the success of the program, the North Dakota Workforce Development Council has passed a resolution supporting expansion of this program to include secondary students in the 11th and 12th grade who are interested in exploring skilled trades and technology careers. *A copy of the resolution is attached to the written testimony*) We ask for your favorable consideration of this expansion request.

The Career Specialist Initiative has led to the establishment of a **ND Works Career Promotion Steering Committee**. This committee strives to develop a comprehensive integrated network of state agencies, education, businesses, trade associations and organized labor that will result in transforming the way students, parents, educators and other career choice influencers are exposed to career opportunities which exist in North Dakota. The initiative is working to build closer relationships between education and business ensuring that students and parents are aware of career opportunities in North Dakota.

North Dakota career promotion efforts are specifically targeted at:

- Increasing the number of students whose career goals lead to employment with North Dakota target industry employers.
- Increasing the number of secondary students participating in career and technical education courses.
- Increasing the number of students retained in North Dakota.
- Changing beliefs among parents, educators and students that a 4-year degree is needed to succeed.
- Developing strategies to change perceptions about career opportunities in North Dakota.

Career Promotion is complementary with career education, career planning and career counseling.

It is important to distinguish “career promotion” from “career development, career planning, and counseling.” Career promotion strives to make our targeted audience more aware and better informed of career opportunities with ND business and industry to more effectively retain talent and grow businesses.

The Workforce Development Division serves as catalyst to bring business and industry to the table and resources to support career promotion activities. Career promotion was a common thread in the interim workforce committee focus groups and work force congress

Career Conversations uses web-cam technology to bring individuals working in high demand occupations into the classroom to visit with students, parents and educators. Through the use of technology a video link is created between the classroom and the business allowing the presenter to provide information on their occupation and answer questions from students.

The Career Conversations program has reached 800 participants in 6 schools: Bowman, Bismarck, Mandan, Linton, Fordville, and West Fargo. We partnered with ITCND to attend the Health, Career and Technology expo in Fargo and conducted career conversations which reached an estimated 2200 students teachers and parents.

3 videos are successfully posted on www.ndworkforce.com. YouTube reports 238 views of the three videos posted, and Teachertube reports 270 views. This combined is 518 online views of the current 3 posted videos.

Our initial goal was to reach 900 participants and 12 schools by May 2009. We are increasing our goal to reach 2,000 participants by May, 2009.

Conversations have been scheduled for a teacher professional development conference in Glenburn and Williston to bring awareness of the program in addition to educating them on some of the occupations. WE have had conversations with a handful of teachers who would like to have a career conversation in the upcoming months.

The **Workforce Enhancement Grants Program** is a \$2 million competitive grants program available to the State's four two-year colleges which are assigned responsibility for workforce training to be used to create or enhance training programs that address workforce needs of private sector companies.

Funds may be used for curriculum development, equipment, recruitment of participants, and training and certification for instructors. Funding applications must provide Commerce with detailed documentation of private sector participation, including the availability of one dollar of matching funds for each dollar of state funds.

A **Workforce enhancement council** consisting of the private sector members of the workforce development council, the director of the department of career and technical education, and the director of the division of workforce development, who shall serve as chairman reviews and makes funding recommendations to the commissioner. All of the funding available for this program has been obligate.

Projects funded to date include:

- Bismarck State College
 - Power Plant Technology Expansion
 - Lineworker Training Enhancement

- Williston State College
 - Oil and Gas Technician Training
- North Dakota State College of Science
 - Transportation & Construction Advanced Technology Program
 - Automation Integration for Precision Machining
- Lake Region State College
 - Wind Energy Technician Program

The division also administers the federal funded AmeriCorps Program.

Under the **AmeriCorps*State program** we are expanding volunteer and civic engagement opportunities to meet community service needs and provide opportunities for youth to become connected and involved with their communities.

- We have expanded the number of AmeriCorps projects in North Dakota from 1 in 2002 to 5 in 2008 with a total of 119 AmeriCorps member position across the State.
 - ◆ Cooperstown Community Activities
 - ◆ City of Grand Forks Housing Authority
 - ◆ Kids on the Block Inc. – Maddock North Dakota
 - ◆ Fargo Moorhead YMCA
 - ◆ Youthworks – Bismarck and Fargo

The division has taken a lead in establishing a **Jobs for America's Graduates Program** to serve youth who are at risk of dropping out of High School. JAG is currently operational in over 700 High Schools across the United States. The JAG Model is designed to provide course curriculum and mentoring to encourage youth to stay in school, complete a high school diploma, secure an entry level quality job that leads to a career, and/or pursue a postsecondary education.

Today, ND-JAG operates 1 pilot program with Williston Public School District #1 serving students in grades 9 to 12. JAG ND-JAG Specialists, work with 25 in-school students in grades 9 to 12.

This is a pilot program which is showing early signs of success. Our challenge is finding funding to support expansion to additional school districts in the future.

Funding for pilot programs comes from the Governor's Workforce Investment Act Set Aside (\$100,000 over two years) and the National Jobs for Americas Graduates a private non-profit organization (\$50,000 one time funding).

The Division is making a difference:

It is all about providing opportunities for our employers to prosper and grow their local workforce and providing the local workforce with opportunities to grow in their careers.

North Dakota, because of our growing economy and the economic recession across the country has potential to grow our population and expand our pool of talent by recruiting workers and talent from out-of-state.

But recruitment of workers from areas of high-unemployment and plant closings presents unique challenges.

1. Many do not have the financial resources to get to job interviews and cover the cost of relocating.
2. Many of our communities, especially in Western North Dakota, do not have available temporary or permanent housing available to accommodate out-of-state workers willing to relocate.
3. We do not have established state or federal funded programs which can assist with relocation and provide temporary financial assistance until they receive a paycheck.

And again, we cannot forget or ignore the fact that we have State residents who are underemployed or employed in low wage jobs and would retrain for higher wage opportunities if they could afford the training or tuition costs.

We have made significant progress over the years, but we still have challenges which need to be addressed.

The Workforce Development Division changes in our 2009 -2011 Appropriations request include the following:

1. Transfer of \$25,000 Operation funds from the Office of Faith-Based and Community Initiatives to the Division Salary line to be used as match to leverage additional federal funding from the Corporation for National and Community Services
2. A General Fund Request of \$32,250 to our Operating Budget to be used to leverage additional federal funding expand the scope of services which can be delivered by the State Commission and the Office of Faith-Based and Community Initiatives.
3. A Special Fund Request of \$75,000 for the State Commission which would be used to support activities of the Office of Faith-Based and Community Initiatives.
4. Request for one additional FTE for the Division to support to work of the North Dakota State Commission on National and Community Services. No additional Salary is requested for this position.
5. A General Fund Request of \$600,000 to increase funding for the Operation Intern Program.
6. A General Fund Request of \$2.0 million to continue the Workforce Enhancement Program.

Thank you. I would be happy to answer any questions.

Attachments: Membership List:

North Dakota Workforce Development Council
North Dakota Youth Development Council
North Dakota Workforce Development Council – State Commission on
National and Community Service
Office of Faith-Based and Community Initiative
North Dakota Workforce Development Council Legislative Position
Resolution Supporting Expansion of Operation Intern

**THE NORTH DAKOTA WORKFORCE DEVELOPMENT COUNCIL
2009**

NAME	CATEGORY	APPOINTMENT
Mr. Jim Walker Missouri Slope Labor Council 520 Gary Avenue Bismarck ND 58501 701-223-9594 irwalk41@msn.com	Organized Labor and Professional Groups	July 1, 2008 – June 30, 2011 Ex-Officio (Executive Committee) (Planning Committee)
Mr. Alvin “Butch” Brandt Organized Labor 617 6 th Street Wyndmere ND 58081 701-439-2557 butch_b42@hotmail.com	Organized Labor and Professional Groups	July 1, 2005 - June 30, 2011
Mr. David Farnsworth Great River Energy 2875 Third Street SW Underwood, ND 58576-9659 Phone: 701-442-7002 dfarnsworth@GREnergy.com	Business – Region VII	May 6, 2008 - June 30, 2011
Ms. Candice Dietz Preference Personnel 2600 9 th Avenue SW Fargo ND 58103 701-293-6905 candice@preferencepersonnel.com	Business – Region V	July 1, 2007 - June 30, 2010 (Planning Committee)
Mr. Shane Goettle, Commissioner North Dakota Department of Commerce P.O. Box 2057 Bismarck ND 58502-2057 701-328-7284 sgoettle@nd.gov	State Agency – Commissioner	Open-ended
Ms. Jane Priebe, Director Wahpeton Economic Development P.O. Box 490 Wahpeton, ND 58074 701-642-8559 janep@waheton.com	Community Group - (Economic Development)	July 1, 2007 - June 30, 2010 (Planning Committee)
Mr. Paul Steffes, President Steffes Corporation 3050 Hwy 22 North Dickinson ND 58601 701-483-5400 psteffes@steffes.com	Business – Region VIII	July 1, 2007 - June 30, 2010

Mr. William "Bill" Goetz, Chancellor North Dakota University System 600 East Boulevard Ave, Dept. 215 Bismarck ND 58505-0230 701-328-2963 William.goetz@ndus.nodak.edu	State Agency – Chancellor	Open-ended
Dr. David Gipp, President United Tribes Technical College 3315 University Drive Bismarck ND 58504 701-255-3285 Ext. 8 dmgipp@aol.com	Community Group - (Vocational Education)	July 1, 2007 - June 30, 2010 (Planning Committee)
Mr. David Kemnitz, President ND AFL-CIO 1323 East Front Avenue Bismarck ND 58504 701-223-0784 dkemnitz@ndaflcio.org	Organized Labor and Professional Groups	July 1, 2006 - June 30, 2009 (Executive Committee)
Ms. Maren Daley, Executive Director Job Service North Dakota 1000 East Divide Avenue Bismarck ND 58502-5507 701-328-3030 mdaley@nd.gov	State Agency	Open-ended Ex-Officio (Executive Committee) Ex-Officio (Planning Committee)
Mr. Wayne L. Kutzer, State Director State Board for Career & Technical Education 600 East Boulevard Avenue, 15 th Floor Bismarck ND 58505-0610 701-328-2259 wkutzer@nd.gov	State Agency	Open-ended (Executive Committee) Ex-Officio (Planning Committee)
Ms. Rosella Grant Organized Labor 1006 West Capitol Avenue Bismarck ND 58501 701-426-2284 grantrosella@hotmail.com	Organized Labor and Professional Groups	July 1, 2008 – June 30, 2011
Mr. Leo Cummings, 477 Administrator Three Affiliated Tribes North Segment Community Board Box 391 Newtown ND 58763 701-627-4756 program477@hotmail.com	Community Group	July 1, 2007 - June 30, 2010 (Planning Committee)

Mr. T. J. Russell, President/CEO Cloverdale Foods, Inc. 3015 34 th Street NW Mandan, ND 58554 701-663-9511 Ext. 217 tjr@cloverdalefoods.com	Business – At Large Chairperson	July 1, 2008 - June 30, 2011 CHAIRPERSON (Executive Committee)
Mr. Charles Axtman Business - Retired 302 16th Avenue NE Jamestown ND 58401 701-952-6908 axtman@daktel.com	Business - Region VI	July 1, 2006 - June 30, 2009 (Executive Committee)
Mr. Lee Lampert, Principal Divide County High School 605 SE 4 Crosby ND 58730 701-982-3324 lee.lampert@sendit.nodak.edu	Community Group - (Secondary Education)	July 1 2008 – June 30, 2011
Mr. Jim Melland Sure Foot Corporation 1401 Dyke Avenue, PO Box 12049 Grand Forks, ND 58508-2049 701-775-9560 (w) 701-610-3787 (c) jim.melland@surefoot.net	Business-Region IV	July 1, 2008 – June 30, 2011
Vacant Department of Public Instruction 600 East Boulevard Avenue Bismarck ND 58505-0440 701-328-2393 dmassey@nd.gov	State Agency	Open-ended Ex-Officio (Planning Committee)
Ms. Carol Olson, Executive Director Department of Human Services 600 East Boulevard Avenue Bismarck ND 58505-0250 701-328-2538 socols@nd.gov	State Agency	Open-ended
Dr. Joseph McCann, President Williston State College PO Box 1326 Williston, ND 58802-1326 (701) 774-4200 Joe.mccann@wsc.nodak.edu	Community Group - (Higher Education)	July 1, 2007 - June 30, 2010

Mr. Jerry Jurena, CEO Heart of America Medical Center 800 Main Avenue South Rugby, North Dakota 58368-2198 701-776-5261 gsha@gondtc.com	Business – Region III	July 1, 2006 – June 30, 2009
Mr. Bruce Walker Coldwell Banker, 1 st Minot Realty 219 South Main Minot ND 58701 701-852-0136 Bruce@coldwellbanker.com	Business – Region II	July 1, 2005 - June 30, 2008 July 1, 2008 – June 30, 2011 VICE-CHAIRPERSON (Executive Committee)
Ms. Jackie Velk, School Board Minot Public School District 1317 11 th Street SW Minot ND 58701-5744 701-857-4771 velk@web.ci.minot.nd.us	Community Group	July 1, 2006 - June 30, 2009
Ms. Cathy Kruse GeoResources, Inc. P.O. Box 1505 Williston ND 58802-1505 701-572-2020 Ext. 113 cathyk@geoi.net	Business – Region I	July 1, 2008 – June 30, 2011 (Planning Committee)
EX-OFFICIO NON-VOTING		
Mr. James J. Hirsch, Director ND Workforce Development Council 1600 East Century Avenue, Suite 2 P.O. Box 2057 Bismarck ND 58502-2057 701-328-5345 jhirsch@nd.gov	Ex-Officio Member/No Vote	Open-ended (Executive Committee) (Planning Committee)
Ms. Cheryl M. Kulas Executive Director North Dakota Indian Affairs Commission 600 East Boulevard, 1 st Floor Judicial Wing Bismarck ND 58505-0300 701-328-2432 ckulas@nd.gov	Ex-Officio Member/No Vote	Open-ended
Mr. Robert Fode Department of Transportation 608 East Boulevard Avenue Bismarck, ND 58505-0700 701-328-1937 bfode@nd.gov	Ex-Officio Member/No Vote Veterans	April 15, 2008 – June 30, 2009 (Veterans)

THE NORTH DAKOTA YOUTH DEVELOPMENT COUNCIL
July 1, 2006 - June 30, 2010

NAME	CATEGORY	APPOINTMENT
<p>Ms. Beth Zander Job Service North Dakota 1000 East Divide Avenue Bismarck ND 58506 701-328-2852 betzande@nd.gov</p>	<p>One-Stop Center Operator (Job Service North Dakota)</p>	<p>April 15, 2008 - June 30, 2009</p>
<p>Ms. Ann Pollert SENDCAA Region V 3233 South University Fargo ND 58104-6221 701-232-2452 ndcaa@sendcaa.org</p>	<p>Public Housing and Community Block Grants</p>	<p>July 1, 2005 - June 30, 2008 July 1, 2008 – June 30, 2011</p>
<p>Mr. Dave Ellingson Burdick Job Corps Center 1500 University Avenue West Minot ND 58703 701-857-9602 701-833-4650 (cell) Ellingson.Dave@jobcorps.org</p>	<p>Job Corps</p>	<p>July 1, 2006 - June 30, 2009 COUNCIL CHAIRPERSON</p>
<p>Mr. Tim Eissinger Dakota Boys & Girls Ranch 1641 - 31st Avenue South Fargo ND 58103 701-237-3123, Ext 1322 teissngr@cableone.net</p>	<p>Alternative Schools</p>	<p>July 1, 2004 - June 30, 2010</p>
<p>Ms. Anita Kostek 819 4th Street SW Minot ND 58701 701-833-5054 (h) 701-858-2267 (w) ajkostek@yahoo.com</p>	<p>Job Corps Graduate – ING Insurance</p>	<p>July 1, 2006 - June 30, 2009</p>
<p>Joseph W Harr 411 N. 20th St. Bismarck, ND 58501 605-460-1453 jwharr1@umary.edu</p>	<p>Youth Program Student – Graduate</p>	<p>July 1, 2005 - June 30, 2008</p>
<p>Mr. Wayne L. Kutzer State Director State Board for Career & Technical Education 600 East Boulevard, 15th Floor Bismarck ND 58505-0610 701-328-2259 wkutzer@nd.gov</p>	<p>Department of Career & Technical Education</p>	<p>July 1, 2004 – June 30, 2010</p>

<p>Mr. Kent Ellis Bismarck Public Schools Bismarck Technical Center 1200 West College Drive Bismarck ND 58506 701-224-5513 kent_ellis@educ8.org</p>	<p>Education</p>	<p>July 1, 2004 - June 30, 2010</p>
<p>Ms. Gloria Maragos Juvenile Court PO Box 1741 Minot ND 58702-1741 701-857-6650 (w) 701-838-6078 (h) Gmaragos@ndcourts.com</p>	<p>Judiciary Juvenile Court</p>	<p>July 1, 2005 - June 30, 2008 July 1, 2008 – June 30, 2011</p>
<p>Ms. Gaylene Massey ND Youth Corrections 701 16th Avenue SW Mandan ND 58554 701-667-1402 gmassey@nd.gov</p>	<p>ND Youth Corrections</p>	<p>July 1, 2005 - June 30, 2008 July 1, 2008 – June 30, 2011</p>
<p>Mr. Leo Cummings Three Affiliated Tribes Box 391 Newtown ND 58763 701-627-4756 701-421-1432 CELL program477@hotmail.com</p>	<p>Workforce Investment Act Director</p>	<p>July 1, 2004 – June 30, 2010 Vice-Chairperson</p>
<p>Ms. Debbie Painte United Tribes Technical College 3315 University Drive Bismarck ND 58504 701-255-3285 Ext. 1232 dpainte@uttc.edu</p>	<p>Workforce Investment Act Director</p>	<p>July 1, 2006 – June 30, 2009</p>
<p>Ms. Cheryl Penny Standing Rock Sioux Tribe Box D Fort Yates ND 58538 701-854-3874 cpenny@standingrock.org</p>	<p>Workforce Investment Act Director</p>	<p>July 1, 2004 – June 30, 2010</p>

<p>Ms. Patty Allery Turtle Mountain Band of Chippewa Box 900 Belcourt ND 58316 701-477-8732 ma_allery@yahoo.com</p>	<p>Coordinator - Youth Alcohol & Other Drug Prevention</p>	<p>July 1, 2005 – June 30, 2011</p>
<p>Jolene Crosswhite PO Box 344 Fort Totten, ND 58335-0344 701-766-1200 jolene1@stellarnet.com</p>	<p>Workforce Investment Act Director Spirit Lake Nation</p>	<p>July 1, 2006 – June 30, 2009</p>
<p>Mr. Al Austad 4104 35th Avenue NW Mandan ND 58554 701-663-1476 (h) 701-471-1824 (c) alan@ndaj.org</p>	<p>Organized Labor</p>	<p>July 1, 2004 – June 30, 2010</p>
<p>Ms. Wanda Bye Department of Human Services 1237 West Divide Avenue, Suite 1B Bismarck ND 58501-1208 701-328-8955 wbye@nd.gov</p>	<p>Department of Human Services</p>	<p>July 1, 2006 – June 30, 2009</p>
<p>Mr. James Hirsch Council Director P.O. Box 2057 Bismarck ND 58502-2057 701-328-5345 jhirsch@nd.gov</p>	<p>Ex-Officio Member/No Vote</p>	<p>Open-ended</p>

**THE NORTH DAKOTA WORKFORCE DEVELOPMENT COUNCIL
STATE COMMISSION ON NATIONAL AND COMMUNITY SERVICE**

July 1, 2006 - June 30, 2011

19 Voting Members

NAME	CATEGORY	APPOINTMENT
Brad Williams 4336 Carrie Rose Lane, South Fargo, ND 58104 701-232-6789 701-200-1919 - Cell ----- brad@lbwpartners.com	Business	November 15, 2007- June 30, 2011
Alan Klein 9200 Forest Drive Bismarck, ND 58503-6538 701-222-0846 ----- aklein@bis.midco.net	Business	November 1, 2007 – June 30, 2010
Mr. T. J. Russell, President/CEO Cloverdale Meats 3015 34 th Street NW Mandan ND 58554 701-663-9511 Ext. 217 tjr@cloverdalefoods.com	Business	July 1, 2005 - June 30, 2008
Cynthia Lindquist, President Fort Totten Community College Box 269 Totten, ND 58335 701-766-4055 president@littlehoop.edu	Representative of American Indian Tribes	November 1, 2007 - June 30, 2009
Dr. David Gipp, President United Tribes Technical College 3315 University Drive Bismarck ND 58504 701-255-3285 Ext. 8 dmgipp@aol.com	Educator	July 1, 2004 - June 30, 2010
Mr. Wayne L. Kutzer, State Director State Board for Career & Technical Education 600 East Boulevard, 15 th Floor Bismarck ND 58505-0610 701-328-2259 wkutzer@nd.gov	Educator - State Agency	July 1, 2006 - June 30, 2009 Vice-Chairperson
Ms. Rosella Grant Organized Labor 1006 West Capitol Avenue Bismarck ND 58501 701-426-1202 rosella@hotmail.com	Local Organized Labor and Professional	July 1, 2005 - June 30, 2008 July 1, 2008 – June 30, 2011 Chairperson

<p>Mr. Charles Axtman 302 16th Avenue NE Jamestown ND 58401 -952-6908 axtman@daktel.com</p>	<p>Business - Region VI</p>	<p>July 1, 2005 - June 30, 2009</p>
<p>Mr. David Massey, Assist. Superintendent Department of Public Instruction 600 East Boulevard Avenue Bismarck ND 58505-0440 701-328-2393 dmassey@nd.gov</p>	<p>State Education Agency</p>	<p>July 1, 2005 - June 30, 2008 July 1, 2008 – June 30, 2011</p>
<p>Ms. Carol Olson, Executive Director Department of Human Services 600 East Boulevard Avenue Bismarck ND 58505-0250 701-328-2538 socols@nd.gov</p>	<p>Older Adults Service & Volunteerism - State Agency</p>	<p>July 1, 2006 - June 30, 2009</p>
<p>Dr. Joseph McCann President Williston State College PO Box 1326 Williston, ND 58802-1326 (701) 774-4200 Joe.mccann@wsc.nodak.edu</p>	<p>Educators – Higher Education</p>	<p>July 1, 2004 - June 30, 2010</p>
<p>Ms. Jackie Velk Minot Public School District 11th Street SW Minot ND 58701-5744 701-857-4771 velk@web.ci.minot.nd.us</p>	<p>Local Government</p>	<p>July 1, 2006 - June 30, 2009</p>
<p>Jill Deitz, AmeriCorps Coordinator Fargo-Moorhead Family YMCA 400 1st Ave South, Fargo ND 58103-1901 701-364-4138 deitz@fmymca.org</p>	<p>National Service Program</p>	<p>July 1, 2005 - June 30, 2008</p>
<p>Mr. Lee Lampert Divide County High School 605 SE 4 Crosby ND 58730 701-982-3324 lee.lampert@sendit.nodak.edu</p>	<p>Education - Principal</p>	<p>July 1, 2005 - June 30, 2008 July 1, 2008 – June 30, 2011</p>
<p>Ms. Gloria Maragos Juvenile Court PO Box 1741 Minot ND 58702-1741 701-857-6650/H 701-838-6078 gmaragos@ndcourts.com</p>	<p>Educational Training & Development of Youth</p>	<p>July 1, 2004 - June 30, 2010</p>

Joseph W Harr 411 N. 20th St. Bismarck, ND 58501 701-328-460-1453 harrl@umary.edu	Youth age of 16-25 who is a participant or supervisor of a service program for school-aged youth, a campus-based or national service program	June 1, 2007 - June 30, 2009
Mr. Leo Cummings Three Affiliated Tribes Box 391 Newtown ND 58763 701-627-4756 program477@hotmail.com	Community Based Organization	July 1, 2004 - June 30, 2010
Senator Tim Mathern 419 16th Avenue South Fargo, ND 58103-4329 701-235-9817 tmathern@nd.gov	State Legislature	
Representative Bette Grande 3510 42 nd Ave. S Fargo, ND 58104-6669 701-293-1729 bgrande@nd.gov	State Legislature	
Leann Bertsch ND Dept. of Corrections and Rehabilitation Box 1898, Bismarck, ND 58502-1898 701-328-6362 lebertsc@nd.gov	ND Department of Corrections and Rehabilitation	November 1, 2007
EX-OFFICIO MEMBERS		
Ms. Debra Schiefelbein State Director Corporation for National and Community Service 225 South Pierre Street #225 Pierre SD 57501 605-224-5996 Ext. 12 dschiefe@cns.gov	Ex-Officio Member/No Vote	Open-ended
Mr. James J. Hirsch Council Director ND Department of Commerce P.O. Box 2057 Bismarck ND 58502-2057 701-328-5345 jhirsch@nd.gov	Ex-Officio Member/No Vote	Open-ended

Staff Contact Information:

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Director

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Jerry Houn

Senior Programs Officer

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Rene Gonzalez

Administrative Officer

Phone: 701-328-7266

Facsimile: 701-328-5320

Email: rgonzalez@nd.gov

Ryan Volk

Grants/Contract Officer

Phone: 701-328-604

Facsimile: 701-328-5320

Email: rdvolk@nd.gov

NORTH DAKOTA DEPARTMENT OF COMMERCE
WORKFORCE DEVELOPMENT DIVISION
1600 EAST CENTURY AVENUE, SUITE 2
P.O. BOX 2057
BISMARCK ND 58502-2057

**THE NORTH DAKOTA WORKFORCE DEVELOPMENT DIVISION
OFFICE OF FAITH-BASED & COMMUNITY INITIATIVE
ADVISORY COMMISSION
JULY 1, 2007 – JUNE 30, 2011**

NAME	CATEGORY	APPOINTMENT
Leann Bertsch ND Dept. of Corrections and Rehabilitation PO Box 1898, Bismarck, ND 58502-1898 701-328-6362 lebertsc@nd.gov	ND Department of Corrections and Rehabilitation	
Representative Bette Grande 3510 42 nd Ave. S Fargo, ND 58104-6669 701-293-1729 bgrande@nd.gov	State Legislature	
Alan Klein 9200 Forest Drive Bismarck, ND 58503-6538 701-222-0846 aklein@bis.midco.net	Retired Accountant	June 19, 2007 – June 30, 2010
Cynthia Lindquist, President Fort Totten Community College PO Box 269 Fort Totten, ND 58335 701-766-4055 president@littlehoop.edu	Education	July 1, 2005 – June 30, 2009
Senator Tim Mathern 419 16 th Avenue South Fargo, ND 58103-4329 701-235-9817 tmathern@nd.gov	State Legislature	
Carol Olson, Executive Director North Dakota Department of Human Services 600 East Boulevard - Judicial Wing Bismarck, ND 58505-0250 701-328-2538 socols@nd.gov	ND Department of Human Services	
Brad Williams 4336 Carrie Rose Lane, South Fargo, ND 58104 701-232-6789 701-200-1919 - Cell brad.williams@goldmark.com	Business	July 1, 2008 – June 30, 2011

**DEPARTMENT OF COMMERCE TESTIMONY ON SB 2018
JANUARY 16, 2009, 8:30 A.M.
SENATE APPROPRIATIONS COMMITTEE
HARVEST ROOM
SENATOR RAY HOLMBERG, CHAIRMAN**

JAMES HIRSCH – DIRECTOR, WORKFORCE DEVELOPMENT DIVISION

Mr. Chairman and members of the Committee, my name is James Hirsch, Director of the Workforce Development Division with the North Dakota Department of Commerce.

First, I want to thank you for your support for workforce development and workforce training initiatives over the years.

Workforce continues to be a major concern for North Dakota business & industry! Every industry and nearly every area of the state are reporting worker shortages:

For the month of November 2008, there were 12,683 jobs listed with the www.FindJobsND.com web site.

Workforce shortages are limiting business growth and our ability to attract new businesses to the state.

All of this is occurring at a time when baby boomers begin to leave the job market.

Healthcare providers across the State are experience challenges in recruitment of nurses and other healthcare support staff. These shortages a particularly troubling in rural communities where some facilities have closed due to worker shortages.

A survey conducted in October 2008, by the Long Term Care Association provided the following information:

- Ashley Medical Center reported that 95% of RNs will retire in the next 5 yrs. They are currently short staffed
- Good Samaritan Society Hospital in Osnabrock will lose all their nursing staff in the next 5 yrs.

Most industries across the State are facing similar challenges. Where will business and industry get the talent they need to continue to operate?

At a time when we have skilled workforce shortages, we also have entry-level, low-wage workers who are available to retrain for higher skilled opportunities but they do not have the financial resources to cover the cost of training.

To address our critical skill shortages we need to aggressively promote the career opportunities which exist in our communities and provide targeted investments to achieve the outcomes we desire.

If we want more nurses available in our rural communities, we need to make targeted investments which support that goal. The same applies to skilled trades and other shortage occupations.

Workforce Intelligence is and will continue to be a critical component to achieving our goals of increasing both the quality and quantity of North Dakota's workforce.

The proposed Longitudinal Data Warehouse and maintaining funding for www.FindJobsND.com are critical components to this workforce intelligence.

- Business and industry needs to know the current availability of talent and the skills they possess. They need to know what is in the pipeline three and five years down stream.
- Education and Workforce needs to know by occupation, how many workers are currently needed and what the demand will be four and five years into the future. They need to know what skills are required and what will be required four and five years out.

This is a role that the Workforce Intelligence Council chartered by the Workforce Development Division is intended to fill.

The Workforce Development Division works in partnership with state agencies, local development organizations, trade associations, organized labor, and community groups to grow North Dakota's talent pool which helps support the State's growing economy.

We accomplish this by providing administrative support to Governor appointed Councils and Commissions and through direct delivery of State and Federal funded programs.

The Councils and Commissions that the division provides administrative support to include:

- North Dakota Workforce Development Council;
- North Dakota Youth Development Council;
- North Dakota State Commission on National and Community Service; and
- Office of Faith-Based and Community Initiatives

The Council and Commission members are appointed to three year terms by the Governor. The Workforce Development Council and the State Commission are required under federal law as a condition for the State to receive funding under the Workforce Investment Act of 1998 (**\$27.86 million each biennium**) and the Community Service act of 1990 (**\$1.6 million each biennium**).

The Council's and Commission are responsible for the planning and oversight for the use of these federal funds and for making recommendations on policy and system continuous improvements to the Governor.

A copy of the current membership for each of the Councils and the Commission along with the NDWDC Legislative Position is included as an attachment with my written testimony.

We also grow North Dakota's Talent pool through the delivery of programs supported by both federal and state funding.

The 2007-2009 Commerce Appropriation Bill, included important language which supports the North Dakota Talent Strategy and reinforces the requirement for effective coordination and collaboration by State Agencies, partners and stakeholders. Language was included which required the division of workforce development to:

- a. Develop a comprehensive, **consolidated biennial statewide strategic plan** for the State's system for workforce development, workforce training, and talent attraction;
- b. Develop and implement a **statewide intelligence coordination strategy**; and
- c. Develop and implement a **system of performance and accountability measures** for the state's workforce delivery system.

The 2007-2009 Commerce Appropriation Bill provided the division with several important tools which are being used to address the workforce challenges faced by North Dakota business and industry.

I want to report that all of the funding appropriated has been fully obligated and will be expended by the end of the biennium.

With your support, the division provides matching funds to communities for standardized **Community Labor Availability Studies**.

- These studies are a tool supporting community efforts to help expand and attract business, and assist in developing stabilization and growth strategies.
- 25 communities participated in the 2008 standardized Community Labor Availability Studies;
- Studies are posted on the www.ndworkforce.com website;
- Interest is growing in anticipation of the 2010 studies.

With your support the division provides matching funds to industries to conduct **Industry Sector Workforce Needs and Skill Assessment Studies**. The studies provide important information quantifying the current and projected workforce needs and required education, skills, and competencies for the demand occupations within the industry.

The results are used by:

- The State colleges and training providers to adjust current program offerings and identify new programs based on the needs of North Dakota employers; and
- State agencies administering workforce development and training programs to establish priorities and target the investment of state and federal workforce development and training funding;
- 2008 Study – Information Technology Industry.

The Higher Education Internship/Work Experience Opportunities Program “Operation Intern” encourages expansion of Internships and Work Experience Opportunities for North Dakota Higher Education students with North Dakota target industry employers. Matching funds equal to 50% of the wage paid to interns are available to businesses creating new or expanding internship and work experience opportunities in North Dakota.

\$600,000 appropriated has been fully obligated. To date we have over 87 businesses who have signed on with the program and over 205 new internship and work experience opportunities have been created. We have four internships with the Executive Branch Agencies in Washington, D.C.

Due to the success of the program, the North Dakota Workforce Development Council has passed a resolution supporting expansion of this program to include secondary students in the 11th and 12th grade who are interested in exploring skilled trades and technology careers. *A copy of the resolution is attached to the written testimony*). We ask for your favorable consideration of this expansion request.

The Career Specialist Initiative has led to the establishment of a **ND Works Career Promotion Steering Committee**. This committee strives to develop a comprehensive integrated network of state agencies, education, businesses, trade associations and organized labor that will result in transforming the way students, parents, educators and other career choice influencers are exposed to career opportunities which exist in North Dakota. The initiative is working to build closer relationships between education and business ensuring that students and parents are aware of career opportunities in North Dakota.

North Dakota career promotion efforts are specifically targeted at:

- Increasing the number of students whose career goals lead to employment with North Dakota target industry employers.
- Increasing the number of secondary students participating in career and technical education courses.
- Increasing the number of students retained in North Dakota.
- Changing beliefs among parents, educators and students that a 4-year degree is needed to succeed.
- Developing strategies to change perceptions about career opportunities in North Dakota.

Career Promotion is complementary with career education, career planning and career counseling.

It is important to distinguish “career promotion” from “career development, career planning, and counseling.” Career promotion strives to make our targeted audience more aware and better informed of career opportunities with ND business and industry to more effectively retain talent and grow businesses.

The Workforce Development Division serves as catalyst to bring business and industry to the table and resources to support career promotion activities. Career promotion was a common thread in the interim workforce committee focus groups and work force congress

Career Conversations uses web-cam technology to bring individuals working in high demand occupations into the classroom to visit with students, parents and educators. Through the use of technology a video link is created between the classroom and the business allowing the presenter to provide information on their occupation and answer questions from students.

The Career Conversations program has reached 800 participants in 6 schools: Bowman, Bismarck, Mandan, Linton, Fordville, and West Fargo. We partnered with ITCND to attend the Health, Career and Technology expo in Fargo and conducted career conversations which reached an estimated 2200 students teachers and parents.

3 videos are successfully posted on www.ndworkforce.com. YouTube reports 238 views of the three videos posted, and Teachertube reports 270 views. This combined is 518 online views of the current 3 posted videos.

Our initial goal was to reach 900 participants and 12 schools by May 2009. We are increasing our goal to reach 2,000 participants by May, 2009.

Conversations have been scheduled for a teacher professional development conference in Glenburn and Williston to bring awareness of the program in addition to educating them on some of the occupations. WE have had conversations with a handful of teachers who would like to have a career conversation in the upcoming months.

The **Workforce Enhancement Grants Program** is a \$2 million competitive grants program available to the State's four two-year colleges which are assigned responsibility for workforce training to be used to create or enhance training programs that address workforce needs of private sector companies.

Funds may be used for curriculum development, equipment, recruitment of participants, and training and certification for instructors. Funding applications must provide Commerce with detailed documentation of private sector participation, including the availability of one dollar of matching funds for each dollar of state funds.

A **Workforce enhancement council** consisting of the private sector members of the workforce development council, the director of the department of career and technical education, and the director of the division of workforce development, who shall serve as chairman reviews and makes funding recommendations to the commissioner.

Projects funded to date include:

- Bismarck State College
 - Power Plant Technology Expansion
 - Lineworker Training Enhancement
- Williston State College
 - Oil and Gas Technician Training
- North Dakota State College of Science
 - Transportation & Construction Advanced Technology Program
 - Automation Integration for Precision Machining
- Lake Region State College
 - Wind Energy Technician Program

The division also administers the federal funded AmeriCorps Program.

Under the **AmeriCorps*State program** we are expanding volunteer and civic engagement opportunities to meet community service needs and provide opportunities for youth to become connected and involved with their communities.

- o We have expanded the number of AmeriCorps projects in North Dakota from 1 in 2002 to 5 in 2008 with a total of 119 AmeriCorps member position across the State.
 - ◆ Cooperstown Community Activities
 - ◆ City of Grand Forks Housing Authority
 - ◆ Kids on the Block Inc. – Maddock North Dakota
 - ◆ Fargo Moorhead YMCA
 - ◆ Youthworks – Bismarck and Fargo

The division has taken a lead in establishing a **Jobs for America's Graduates Program** to serve youth who are at risk of dropping out of High School. JAG is currently operational in over 700 High Schools across the United States. The JAG Model is designed to provide course curriculum and mentoring to encourage youth to stay in school, complete a high school diploma, secure an entry level quality job that leads to a career, and/or pursue a postsecondary education.

Today, ND-JAG operates 1 pilot program with Williston Public School District #1 serving students in grades 9 to 12. JAG ND-JAG Specialists, work with 25 in-school students in grades 9 to 12.

This is a pilot program which is showing early signs of success. Our challenge is finding funding to support expansion to additional school districts in the future.

Funding for pilot programs comes from the Governor's Workforce Investment Act Set Aside (\$100,000 over two years) and the National Jobs for Americas Graduates a private non-profit organization (\$50,000 one time funding).

The Division is making a difference:

It is all about providing opportunities for our employers to prosper and grow their local workforce and providing the local workforce with opportunities to grow in their careers.

North Dakota, because of our growing economy and the economic recession across the country has potential to grow our population and expand our pool of talent by recruiting workers and talent from out-of-state.

But recruitment of workers from areas of high-unemployment and plant closings presents unique challenges.

1. Many do not have the financial resources to get to job interviews and cover the cost of relocating.
2. Many of our communities, especially in Western North Dakota, do not have available temporary or permanent housing available to accommodate out-of-state workers willing to relocate.
3. We do not have established state or federal funded programs which can assist with relocation and provide temporary financial assistance until they receive a paycheck.

And again, we cannot forget or ignore the fact that we have State residents who are underemployed or employed in low wage jobs and would retrain for higher wage opportunities if they could afford the training or tuition costs.

We have made significant progress over the years, but we still have challenges which need to be addressed.

The Workforce Development Division changes in our 2009 -2011 Appropriations request include the following:

1. Transfer of \$25,000 Operation funds from the Office of Faith-Based and Community Initiatives to the Division Salary line to be used as match to leverage additional federal funding from the Corporation for National and Community Services
2. A General Fund Request of \$32,250 to our Operating Budget to be used to leverage additional federal funding expand the scope of services which can be delivered by the State Commission and the Office of Faith-Based and Community Initiatives.
3. A Special Fund Request of \$75,000 for the State Commission which would be used to support activities of the Office of Faith-Based and Community Initiatives.
4. Request for one additional FTE for the Division to support to work of the North Dakota State Commission on National and Community Services. No additional Salary is requested for this position.
5. A General Fund Request of \$600,000 to increase funding for the Operation Intern Program.
6. A General Fund Request of \$2.0 million to continue the Workforce Enhancement Program.

Thank you. I would be happy to answer any questions.

Attachments: Membership Lists:

North Dakota Workforce Development Council
North Dakota Youth Development Council
North Dakota Workforce Development Council – State Commission on
National and Community Service
Office of Faith-Based and Community Initiative
North Dakota Workforce Development Council Legislative Position
Resolution Supporting Expansion of Operation Intern

THE NORTH DAKOTA WORKFORCE DEVELOPMENT COUNCIL
July 1, 2006 - June 30, 2011

NAME	CATEGORY	APPOINTMENT
Mr. Jim Walker Communication Workers of America 520 Gary Avenue Bismarck ND 58501 701-223-9594 jrwalk41@msn.com	Organized Labor and Professional Groups	July 1, 2005 - June 30, 2008 July 1, 2008 – June 30, 2011 Ex-Officio (Executive Committee) (Planning Committee)
Mr. Alvin "Butch" Brandt Organized Labor 617 6 th Street Wyndmere ND 58081 701-439-2557 butch_b42@hotmail.com	Organized Labor and Professional Groups	July 1, 2005 - June 30, 2011
Mr. David Farnsworth Great River Energy 2875 Third Street SW Underwood, ND 58576-9659 Phone: 701-442-7002 dfarnsworth@GREnergy.com	Business – Region VII	May 6, 2008 - June 30, 2011
Ms. Candice Dietz Preference Personnel 2600 9 th Avenue SW Fargo ND 58103 701-293-6905 candice@preferencepersonnel.com	Business – Region V	July 1, 2007 - June 30, 2010
Mr. Shane Goettle, Commissioner North Dakota Department of Commerce P.O. Box 2057 Bismarck ND 58502-2057 701-328-7284 ssgoettle@nd.gov	State Agency – Commissioner	Open-ended
Mr. James Dahlen Vice President, Business Development Bismarck-Mandan Dev. Association PO Box 2615 Bismarck ND 58502 701-222-5530 jdahlen@bmda.org	Community Group - (Economic Development)	July 1, 2007 - June 30, 2010
Mr. Paul Steffes, President Steffes Corporation 3050 Hwy 22 North Dickinson ND 58601 701-483-5400 psteffes@steffes.com	Business – Region VIII	July 1, 2007 - June 30, 2010

Mr. William "Bill" Goetz, Chancellor North Dakota University System 600 East Boulevard Ave, Dept. 215 Bismarck ND 58505-0230 701-328-2963 William.goetz@ndus.nodak.edu	State Agency – Chancellor	Open-ended
Dr. David Gipp, President United Tribes Technical College 3315 University Drive Bismarck ND 58504 701-255-3285 Ext. 8 dmgipp@aol.com	Community Group - (Vocational Education)	July 1, 2007 - June 30, 2010 (Planning Committee)
Mr. David Kemnitz, President ND AFL-CIO 1323 East Front Avenue Bismarck ND 58504 701-223-0784 dkemnitz@ndaflcio.org	Organized Labor and Professional Groups	July 1, 2006 - June 30, 2009 (Executive Committee)
Ms. Maren Daley, Executive Director Job Service North Dakota 1000 East Divide Avenue Bismarck ND 58502-5507 701-328-3030 mdaley@nd.gov	State Agency	Open-ended Ex-Officio (Executive Committee)
Mr. Wayne L. Kutzer, State Director State Board for Career & Technical Education 600 East Boulevard Avenue, 15 th Floor Bismarck ND 58505-0610 701-328-2259 wkutzer@nd.gov	State Agency	Open-ended (Executive Committee)
Ms. Rosella Grant Organized Labor 1006 West Capitol Avenue Bismarck ND 58501 701-426-1202 grantrosella@hotmail.com	Organized Labor and Professional Groups	July 1, 2005 - June 30, 2008 July 1, 2008 – June 30, 2011
Mr. Leo Cummings, 477 Administrator Three Affiliated Tribes North Segment Community Board Box 391 Newtown ND 58763 701-627-4756 program477@hotmail.com	Community Group	July 1, 2007 - June 30, 2010 (Planning Committee)

Mr. T. J. Russell, President/CEO Cloverdale Foods, Inc. 3015 34 th Street NW Mandan, ND 58554 701-663-9511 Ext. 217 tjr@cloverdalefoods.com	Business – At Large Chairperson	July 1, 2005 - June 30, 2008 July 1, 2008 - June 30, 2011 Chairperson (Executive Committee)
Mr. Charles Axtman Business - Retired 302 16th Avenue NE Jamestown ND 58401 701-952-6908 axtman@daktel.com	Business - Region VI	July 1, 2006 - June 30, 2009
Mr. Lee Lampert, Principal Divide County High School 605 SE 4 Crosby ND 58730 701-982-3324 lee.lampert@sendit.nodak.edu	Community Group - (Secondary Education)	July 1, 2005 - June 30, 2008 July 1 2008 – June 30, 2011
Mr. Jim Melland Sure Foot Corporation 1401 Dyke Avenue, PO Box 12049 Grand Forks, ND 58508-2049 701-775-4867 jim.melland@surefoot.net	Business-Region IV	July 1, 2008 – June 30, 2011
Mr. David Massey, Assistant Superintendent Department of Public Instruction 600 East Boulevard Avenue Bismarck ND 58505-0440 701-328-2393 dmassey@nd.gov	State Agency	Open-ended
Ms. Carol Olson, Executive Director Department of Human Services 600 East Boulevard Avenue Bismarck ND 58505-0250 701-328-2538 socols@nd.gov	State Agency	Open-ended
Dr. Joseph McCann President Williston State College PO Box 1326 Williston, ND 58802-1326 (701) 774-4200 Joe.mccann@wsc.nodak.edu	Community Group - (Higher Education)	July 1, 2007 - June 30, 2010

Mr. Jerry Jurena, CEO Heart of America Medical Center 800 Main Avenue South Rugby, North Dakota 58368-2198 701-776-5261 gsha@gondtc.com	Business – Region III	July 1, 2006 – June 30, 2009
Mr. Bruce Walker Coldwell Banker, 1 st Minot Realty 219 South Main Minot ND 58701 701-852-0136 Bruce@coldwellbanker.com	Business – Region II	July 1, 2005 - June 30, 2008 July 1, 2008 – June 30, 2011 Vice-Chairperson (Executive Committee)
Ms. Jackie Velk, School Board Minot Public School District 1317 11 th Street SW Minot ND 58701-5744 701-857-4771 velk@web.ci.minot.nd.us	Community Group	July 1, 2006 - June 30, 2009
Ms. Cathy Kruse GeoResources, Inc. P.O. Box 1505 Williston ND 58802-1505 701-572-2020 Ext. 113 cathyk@geoi.net	Business – Region I	July 1, 2005 - June 30, 2008 July 1, 2008 – June 30, 2011
EX-OFFICIO NON-VOTING		
Mr. James J. Hirsch, Director ND Workforce Development Council 1600 East Century Avenue, Suite 2 P.O. Box 2057 Bismarck ND 58502-2057 701-328-5345 jhirsch@nd.gov	Ex-Officio Member/No Vote	Open-ended (Executive Committee) (Planning Committee)
Ms. Cheryl M. Kulas Executive Director North Dakota Indian Affairs Commission 600 East Boulevard, 1 st Floor Judicial Wing Bismarck ND 58505-0300 701-328-2432 ckulas@nd.gov	Ex-Officio Member/No Vote	Open-ended
Mr. Robert Fode Department of Transportation 608 East Boulevard Avenue Bismarck, ND 58505-0700 701-328-1937 bfode@nd.gov	Ex-Officio Member/No Vote Veterans	April 15, 2008 – June 30, 2009 (Veterans)

THE NORTH DAKOTA YOUTH DEVELOPMENT COUNCIL
July 1, 2006 - June 30, 2010

NAME	CATEGORY	APPOINTMENT
<p>Ms. Beth Zander Job Service North Dakota 1000 East Divide Avenue Bismarck ND 58506 701-328-2852 betzande@nd.gov</p>	<p>One-Stop Center Operator (Job Service North Dakota)</p>	<p>April 15, 2008 - June 30, 2009</p>
<p>Ms. Ann Pollert SENDCAA Region V 3233 South University Fargo ND 58104-6221 701-232-2452 ndcaa@sendcaa.org</p>	<p>Public Housing and Community Block Grants</p>	<p>July 1, 2005 - June 30, 2008 July 1, 2008 – June 30, 2011</p>
<p>Mr. Dave Ellingson Burdick Job Corps Center 1500 University Avenue West Minot ND 58703 701-857-9602 701-833-4650 (cell) Ellingson.Dave@jobcorps.org</p>	<p>Job Corps</p>	<p>July 1, 2006 - June 30, 2009 COUNCIL CHAIRPERSON</p>
<p>Mr. Tim Eissinger Dakota Boys & Girls Ranch 1641 - 31st Avenue South Fargo ND 58103 701-237-3123, Ext 1322 teissngr@cableone.net</p>	<p>Alternative Schools</p>	<p>July 1, 2004 - June 30, 2010</p>
<p>Ms. Anita Kostek 819 4th Street SW Minot ND 58701 701-833-5054 (h) 701-858-2267 (w) ajkostek@yahoo.com</p>	<p>Job Corps Graduate – ING Insurance</p>	<p>July 1, 2006 - June 30, 2009</p>
<p>Joseph W Harr 411 N. 20th St. Bismarck, ND 58501 605-460-1453 jwharr1@umary.edu</p>	<p>Youth Program Student – Graduate</p>	<p>July 1, 2005 - June 30, 2008</p>
<p>Mr. Wayne L. Kutzer State Director State Board for Career & Technical Education 600 East Boulevard, 15th Floor Bismarck ND 58505-0610 701-328-2259 wkutzer@nd.gov</p>	<p>Department of Career & Technical Education</p>	<p>July 1, 2004 – June 30, 2010</p>

<p>Mr. Kent Ellis Bismarck Public Schools Bismarck Technical Center 1200 West College Drive Bismarck ND 58506 701-224-5513 kent_ellis@educ8.org</p>	<p>Education</p>	<p>July 1, 2004 - June 30, 2010</p>
<p>Ms. Gloria Maragos Juvenile Court PO Box 1741 Minot ND 58702-1741 701-857-6650 (w) 701-838-6078 (h) Gmaragos@ndcourts.com</p>	<p>Judiciary Juvenile Court</p>	<p>July 1, 2005 - June 30, 2008 July 1, 2008 – June 30, 2011</p>
<p>Ms. Gaylene Massey ND Youth Corrections 701 16th Avenue SW Mandan ND 58554 701-667-1402 gmassey@nd.gov</p>	<p>ND Youth Corrections</p>	<p>July 1, 2005 - June 30, 2008 July 1, 2008 – June 30, 2011</p>
<p>Mr. Leo Cummings Three Affiliated Tribes Box 391 Newtown ND 58763 701-627-4756 701-421-1432 CELL program477@hotmail.com</p>	<p>Workforce Investment Act Director</p>	<p>July 1, 2004 – June 30, 2010 Vice-Chairperson</p>
<p>Ms. Debbie Painte United Tribes Technical College 3315 University Drive Bismarck ND 58504 701-255-3285 Ext. 1232 dpainte@uttc.edu</p>	<p>Workforce Investment Act Director</p>	<p>July 1, 2006 – June 30, 2009</p>
<p>Ms. Cheryl Penny Standing Rock Sioux Tribe Box D Fort Yates ND 58538 701-854-3874 cpenny@standingrock.org</p>	<p>Workforce Investment Act Director</p>	<p>July 1, 2004 – June 30, 2010</p>

<p>Ms. Patty Allery Turtle Mountain Band of Chippewa Box 900 Belcourt ND 58316 701-477-8732 ma_allery@yahoo.com</p>	<p>Coordinator - Youth Alcohol & Other Drug Prevention</p>	<p>July 1, 2005 – June 30, 2011</p>
<p>Jolene Crosswhite PO Box 344 Fort Totten, ND 58335-0344 701-766-1200 jolene1@stellarnet.com</p>	<p>Workforce Investment Act Director Spirit Lake Nation</p>	<p>July 1, 2006 – June 30, 2009</p>
<p>Mr. Al Austad 4104 35th Avenue NW Mandan ND 58554 701-663-1476 (h) 701-471-1824 (c) alan@ndaj.org</p>	<p>Organized Labor</p>	<p>July 1, 2004 – June 30, 2010</p>
<p>Ms. Wanda Bye Department of Human Services 1237 West Divide Avenue, Suite 1B Bismarck ND 58501-1208 701-328-8955 wbye@nd.gov</p>	<p>Department of Human Services</p>	<p>July 1, 2006 – June 30, 2009</p>
<p>Mr. James Hirsch Council Director P.O. Box 2057 Bismarck ND 58502-2057 701-328-5345 jhirsch@nd.gov</p>	<p>Ex-Officio Member/No Vote</p>	<p>Open-ended</p>

**THE NORTH DAKOTA WORKFORCE DEVELOPMENT COUNCIL
STATE COMMISSION ON NATIONAL AND COMMUNITY SERVICE**

July 1, 2006 - June 30, 2011

19 Voting Members

NAME	CATEGORY	APPOINTMENT
Brad Williams 4336 Carrie Rose Lane, South Fargo, ND 58104 701-232-6789 701-200-1919 - Cell ----- brad@lbwpartners.com	Business	November 15, 2007- June 30, 2011
Alan Klein 9200 Forest Drive Bismarck, ND 58503-6538 701-222-0846 ----- aklein@bis.midco.net	Business	November 1, 2007 – June 30, 2010
Mr. T. J. Russell, President/CEO Cloverdale Meats 3015 34 th Street NW Mandan ND 58554 701-663-9511 Ext. 217 tjr@cloverdalefoods.com	Business	July 1, 2005 - June 30, 2008
Cynthia Lindquist, President Fort Totten Community College PO Box 269 Fort Totten, ND 58335 701-766-4055 president@littlehoop.edu	Representative of American Indian Tribes	November 1, 2007 - June 30, 2009
Dr. David Gipp, President United Tribes Technical College 3315 University Drive Bismarck ND 58504 701-255-3285 Ext. 8 dmgipp@aol.com	Educator	July 1, 2004 - June 30, 2010
Mr. Wayne L. Kutzer, State Director State Board for Career & Technical Education 600 East Boulevard, 15 th Floor Bismarck ND 58505-0610 701-328-2259 wkutzer@nd.gov	Educator - State Agency	July 1, 2006 - June 30, 2009 Vice-Chairperson
Ms. Rosella Grant Organized Labor 1006 West Capitol Avenue Bismarck ND 58501 701-426-1202 grantrosella@hotmail.com	Local Organized Labor and Professional	July 1, 2005 - June 30, 2008 July 1, 2008 – June 30, 2011 Chairperson

Mr. Charles Axtman 302 16th Avenue NE Jamestown ND 58401 701-952-6908 axtman@daktel.com	Business - Region VI	July 1, 2005 - June 30, 2009
Mr. David Massey, Assist. Superintendent Department of Public Instruction 600 East Boulevard Avenue Bismarck ND 58505-0440 701-328-2393 dmassey@nd.gov	State Education Agency	July 1, 2005 - June 30, 2008 July 1, 2008 – June 30, 2011
Ms. Carol Olson, Executive Director Department of Human Services 600 East Boulevard Avenue Bismarck ND 58505-0250 701-328-2538 socols@nd.gov	Older Adults Service & Volunteerism - State Agency	July 1, 2006 - June 30, 2009
Dr. Joseph McCann President Williston State College PO Box 1326 Williston, ND 58802-1326 (701) 774-4200 Joe.mccann@wsc.nodak.edu	Educators – Higher Education	July 1, 2004 - June 30, 2010
Ms. Jackie Velk Minot Public School District 17 11 th Street SW Minot ND 58701-5744 701-857-4771 velk@web.ci.minot.nd.us	Local Government	July 1, 2006 - June 30, 2009
Jill Deitz, AmeriCorps Coordinator Fargo-Moorhead Family YMCA 400 1st Ave South, Fargo ND 58103-1901 701-364-4138 deitz@fmymca.org	National Service Program	July 1, 2005 - June 30, 2008
Mr. Lee Lampert Divide County High School 605 SE 4 Crosby ND 58730 701-982-3324 lee.lampert@sendit.nodak.edu	Education - Principal	July 1, 2005 - June 30, 2008 July 1, 2008 – June 30, 2011
Ms. Gloria Maragos Juvenile Court PO Box 1741 Minot ND 58702-1741 701-857-6650/H 701-838-6078 maragos@ndcourts.com	Educational Training & Development of Youth	July 1, 2004 - June 30, 2010

Joseph W Harr 411 N. 20th St. Bismarck, ND 58501 605-460-1453 jwharr1@umary.edu	Youth age of 16–25 who is a participant or supervisor of a service program for school-aged youth, a campus-based or national service program	June 1, 2007 - June 30, 2009
Mr. Leo Cummings Three Affiliated Tribes Box 391 Newtown ND 58763 701-627-4756 program477@hotmail.com	Community Based Organization	July 1, 2004 - June 30, 2010
Senator Tim Mathern 419 16th Avenue South Fargo, ND 58103-4329 701-235-9817 tmathern@nd.gov	State Legislature	
Representative Bette Grande 3510 42 nd Ave. S Fargo, ND 58104-6669 701-293-1729 bgrande@nd.gov	State Legislature	
Leann Bertsch ND Dept. of Corrections and Rehabilitation PO Box 1898, Bismarck, ND 58502-1898 701-328-6362 lebertsc@nd.gov	ND Department of Corrections and Rehabilitation	November 1, 2007
EX-OFFICIO MEMBERS		
Ms. Debra Schiefelbein State Director Corporation for National and Community Service 225 South Pierre Street #225 Pierre SD 57501 605-224-5996 Ext. 12 dschiefe@cns.gov	Ex-Officio Member/No Vote	Open-ended
Mr. James J. Hirsch Council Director ND Department of Commerce P.O. Box 2057 Bismarck ND 58502-2057 701-328-5345 jhirsch@nd.gov	Ex-Officio Member/No Vote	Open-ended

Staff Contact Information:

James J. Hirsch

Director

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Facsimile: 701-328-5320

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Jerry Houn

Senior Programs Officer

Phone: 701-328-7263

Facsimile: 701-328-5320

Email: jhoun@nd.gov

Rene Gonzalez

Administrative Officer

Phone: 701-328-7266

Facsimile: 701-328-5320

Email: rgonzalez@nd.gov

Ryan Volk

Grants/Contract Officer

Phone: 701-328-6048

Facsimile: 701-328-5320

Email: rdvolk@nd.gov

NORTH DAKOTA DEPARTMENT OF COMMERCE
WORKFORCE DEVELOPMENT DIVISION
1600 EAST CENTURY AVENUE, SUITE 2
P.O. BOX 2057
BISMARCK ND 58502-2057



North Dakota Workforce Development Council

"Making Good Things Happen for North Dakotans"

Workforce Legislative Position

The North Dakota Workforce Delivery System consist of eight State Agencies delivering over 18 separate federal and state funded workforce development, workforce training and talent attraction programs. Tribal and other non-state agency partners and stakeholders administer additional programs. All use common terminology such as "workforce development" and "workforce training". The number of programs and use of common terminology results in a very confusing and sometimes misunderstood delivery system.

In order to help clarify the terminology used by all of the partners and stakeholders of the workforce development, workforce training and talent attractions providers the following definitions have been adopted by the North Dakota Workforce Development Council.

Working definitions:

Workforce Development refers to education and training whereby students or individuals are direct customers of the service delivery system. This includes education and training provided to and through: 1) K-12, post-secondary, and proprietary institutions; 2) the existing workforce that is unemployed, displaced, disadvantaged or underemployed, and; 3) the existing employed workforce served through life-long learning and continuing education.

Workforce training, or jobs training, refers to the more immediate service relationships involved in responding to short term business and industry needs. It is business and industry driven and often involves customized or contracted training. The business is usually the direct client of the services delivered.

The differentiation. The primary factor that differentiates workforce development from workforce training is the primary customer being served. Workforce development is oriented toward meeting the education and training needs of individuals, including providing continuing education and life-long learning. Workforce training is oriented toward serving the training needs of business and industry.

Within this context, the major state agencies partnering to provide workforce development, workforce training and talent attraction include the North Dakota State University System, Job Service North Dakota, North Dakota Department of Commerce, State Department of Career & Technical Education, Department of Public instruction, Department of Human Service and the North Dakota Workforce Development Council.

North Dakota's workforce development, workforce training and talent attraction programs include a number of specific federally funded programs complemented by several State funded programs. The State funded programs fill 'gaps' in workforce training and are targeted toward addressing employer needs for keeping their workforce trained and competitive.

Background:

Workforce is a major concern for North Dakota business and industry. All industries and nearly every area of the State are reporting workforce and skill shortages. These shortages are limiting business expansion, retention and attraction in the State.

For the near future, North Dakota will be faced with tight labor markets resulting from an expanding economy, decline in the number of new job entrants and an aging workforce.

North Dakota has a number of unique Human Resource challenges which include: 1) low population density; 2) Low Unemployment rates; 3) High Labor Force participation rates; 4) Declining number of new job entrants; and 4) an aging workforce.

A well trained highly skilled workforce is essential to the future economic growth and vitality of North Dakota and to the global competitiveness of the businesses and industries located in the state.

The North Dakota Legislature has continually enacted legislation to address workforce and training needs of businesses and industries in the state.

- 1991 – Workforce 2000 Program
- 1993 – North Dakota New Jobs Training Program
- 1999 – Workforce Training Quadrants
- 2005 – High Tech Learning Cooperatives (Emerging Technologies)
- 2007 – Internship/Work Experience Expansion
- 2007 – Workforce Enhancement Grants

There is a high level of cooperation and coordination among the agencies who administer workforce development, workforce training, and talent attraction programs at the local and state level.

In order to meet the workforce and talent requirements of North Dakota business and industry the State needs to maintain its current commitment and funding levels for State funded workforce development, workforce training, and talent attraction programs.

North Dakota should consider pursuing a permanent funding source for the Workforce 2020 Program and the Workforce Training Quadrants Program.

North Dakota must make life-long learning opportunities available, accessible and affordable to North Dakota workers.

Recommendations:

1. State funding for workforce development, workforce training and talent attraction programs which support the expansion and enrichment of North Dakota's Talent Pool should be continued at the current levels and strategically expanded to achieve specific objectives.
2. State funding to support the development of a Statewide Longitudinal Data Warehouse for the North Dakota's secondary, postsecondary and workforce system.
3. Continue to support accessibility, availability and affordability of training opportunities for underutilized populations, underemployed and low wage workers to prepare them for high demand and high wage jobs that exist in North Dakota.
4. *Support increased State funding for technical training and facilities to expand the capacity of the States two-year colleges.*
5. *Support increased funding for incentives which address the States highest talent needs and target industries.*
6. Support funding a program which provides funding assistance to underutilized populations:, underemployed and low wage workers, and youth to support them in pursuit of technical training and short-term skill upgrade training to prepare for employment in target industry and high demand, high wage targeted occupations which provide an average annual wage of \$35,000 or more, in return for a commitment to work in North Dakota.
7. Support the legislative recommendations of the Workforce Congress.

Attachment I

Workforce Development and Workforce Training Funding Sources and Delivery System

An effective and responsive workforce development and workforce training system has the capacity to deliver employer focused training in a timely manner and provides incentives for North Dakota businesses to invest in training for their incumbent workers. Both the delivery system and the funding sources are important and work together in providing needed training to meet employer and worker training needs.

Funding Sources:

Workforce 2020 Program. Workforce 2020 provides matching funds to assist North Dakota employers in upgrading the skills of current workers (North Dakota residents) when new technologies or new work methods are introduced. The program also provides pre-employment training when new companies located to the state or North Dakota businesses are expanding. Workforce 2020 is administered by Job Service North Dakota. Program funding is used to provide a “match” to employers to help reduce the cost of training and thereby make the training more affordable.

North Dakota New Jobs Training Program. North Dakota New Jobs Training provides funding to “primary sector” business by capturing the State Income Tax Withholding generated from new jobs created by eligible businesses in the state. The program is administered through Job Service North Dakota. Administrative fees for the program are paid by businesses participating in the program. Businesses can access funding by either obtaining a loan, repayable grant or a self-finance option. Under the loan or repayable grant option, 100% of the eligible state income tax withholding each quarter would be applied to repayment of loans and repayable grants. Under the self-finance option, 60% of the eligible state income tax withholding each quarter would be reimbursed back to the business to cover cost of training individuals filling new job positions.

Delivery System:

Workforce Training Quadrants Program. Workforce Training Quadrants Program provides funding to the two year state colleges assigned primary responsibility for workforce training in their respective quadrant to develop the delivery system for needed training. The training providers include the four-year colleges and universities, tribal colleges, vocational and technical centers, comprehensive high schools and other private and public training providers. The location, time, and content of the training provided will be determined by the business and industry receiving the training. Development and support of the infrastructure is important to an effective workforce training delivery system in North Dakota.

**A RESOLUTION REGARDING
EXPANION OF OPERATION INTERN**

WHEREAS, all students will eventually enter the workforce sometime in their lives, and

WHEREAS, in order for North Dakota business to remain competitive in a global economy, they need access to an available and trained workforce, and

WHEREAS, employers have identified shortages in the skilled trades and a lack of secondary students electing to pursue skilled trades as a career, and

WHEREAS, Cooperative work experience is an integral part of career and technical education instructional programs which may be offered for credit to meet graduation requirements, and

WHEREAS, before a student can make an informed career decision, they need to be aware of the career opportunities that North Dakota employers have available, and

WHEREAS, youth apprenticeship, work experience, cooperative work experience, job shadowing, and internships are tools to assist students make career choices and are proven work based learning activities that help students develop the skills, competencies, work attitudes and work ethic, and

WHEREAS, the North Dakota Youth Development Council and the North Dakota Workforce Development Council recognizes the importance of career promotion and universal access to supporting activities to expand to talent pipeline for skilled trades and technology occupations, and

WHEREAS, the North Dakota Workforce Development Council has gone on record in support of expanding the Operation Intern program to secondary students in the 11th and 12th grade who are pursuing careers in skilled trades or technology occupations , and

THEREFORE BE IT RESOLVED that the North Dakota Department of Commerce Division of Workforce Development actively work with the USDOL Office of Apprenticeship, the Department of Career and Technical Education, the Governor's Office and the North Dakota State Legislature to seek expansion of Operation Intern to include secondary students in the 11th and 12th Grades who express interest in pursuing careers in skilled trades and technology occupations.

CERTIFICATION:

We, the undersigned, hereby certify that the North Dakota Workforce Development Council is comprised of 25 members, of whom 15 members, constituting a quorum were present at a meeting duly and regularly called, noticed, convened and held this 12th day of June, 2008, and that the foregoing Resolution was duly adopted at said meeting by the affirmative vote of 15 members, and opposed by 0 members, and that said Resolution has not been rescinded or amended in any way.

Signed this 12th Day of June, 2008

T. J. Russell, Chairperson



North Dakota Legislative Council

STATE CAPITOL, 600 EAST BOULEVARD, BISMARCK, ND 58505-0360 (701) 328-2916 TTY: 1-800-366-6888

AL CARLSON
State Representative
Chairman

JIM W. SMITH
Director

JAY E. BURINGRUD
Assistant Director

ALLEN H. KNUDSON
Legislative Budget
Analyst & Auditor

JOHN WALSTAD
Code Revisor

March 4, 2009

MEMORANDUM

TO: House Appropriations Committee - Government Operations Division
FROM: Roxanne Woeste, Assistant Legislative Budget Analyst and Auditor *RW*
RE: Workforce 20/20 Program

The Workforce 20/20 program is a state-funded job training program designed to assist North Dakota business and industry in retraining and upgrading workers' skills to meet demands brought about by the introduction of new technologies and work methods into the workforce.

The 2007 Legislative Assembly provided a \$1,499,906 general fund appropriation to Job Service North Dakota for the Workforce 20/20 program for the 2007-09 biennium. Information regarding Workforce 20/20 program contracts to date for the 2007-09 biennium is attached.

RW/CS
ATTACH:1

Workforce 20/20 Contract for the 2007-2009 Biennium

CONTRACT	ADDRESS	TRAINING	CONTRACT	BUDGET	EXPENSE	BALANCE
			END DATE			
KILLDEER MOUNTAIN MFG. INC.	KILLDEER ND	Lean Enterprise Certification	09/30/07	1,900.00	1,900.00	-
AMBER WAIVERS INC	RICHARDTON ND	Lean Enterprise Certification	09/14/07	760.00	760.00	-
SOLAR BEE	DICKINSON ND	Lean Enterprise Certification	09/14/07	1,900.00	1,900.00	-
STEFFES CORPORATION	DICKINSON ND	Lean Enterprise Certification	09/14/07	3,420.00	3,420.00	-
KUSTOM MACHINE INC	OAKES ND	ISO Compliance Training-2nd Stage	03/01/08	4,875.00	4,875.00	-
SOLID COMFORT INC	FARGO ND	Process Improvement Training	09/28/07	15,100.00	15,100.00	-
GREMADA INDUSTRIES	WEST FARGO ND	Training Within Industry--Jobs Methods	11/30/07	3,000.00	3,000.00	-
PHOENIX INTERNATIONAL	FARGO ND	PC 610 Instructor Course	09/28/07	3,950.00	3,950.00	-
ALL AMERICAN BODIESEL	YORK ND	Understanding/Implementing BQ-9000	07/15/07	880.00	880.00	-
GOODRICH CORPORATION	JAMESTOWN ND	Boeing Enovia	09/25/07	5,800.00	5,800.00	-
BOBCAT COMPANY	GWINNER ND	PC-DMIS CMM I	03/30/08	9,778.37	9,778.37	-
BOBCAT COMPANY	GWINNER ND	PC-DMIS CMM II	09/30/07	-	-	-
PHOENIX INTERNATIONAL	FARGO ND	MathWorks Model Based Code Gen.	08/15/07	16,000.00	16,000.00	-
PRIBBS STEEL & MFG	GRAND FORKS ND	Faro Arm Training	08/15/07	950.00	950.00	-
JLG INDUSTRIES	OAKES ND	Developmental Welding	08/31/07	3,347.00	3,347.00	-
GREMADA INDUSTRIES	WEST FARGO ND	6 Sigma Black Belt Training	09/01/07	5,000.00	5,000.00	-
PHOENIX INTERNATIONAL	FARGO ND	Microsoft Windows CE 6.0 Training	08/20/07	7,999.98	7,999.98	-
BOBCAT COMPANY	GWINNER ND	Print Reading, GD & T I Training	08/15/07	-	-	-
BOBCAT COMPANY	GWINNER ND	Faro Arm plus CAM 2 x Software	08/25/07	-	-	-
GLOBAL ELECTRIC MOTORCARS	FARGO ND	Reverse Engineering using Pro "E"	08/25/07	900.00	900.00	-
GOODRICH CORPORATION	JAMESTOWN ND	Teamcenter Engineering Training	08/20/07	10,800.00	10,800.00	-
WORKFORCE ROI	FARGO ND	Database Theory	12/20/07	387.60	387.60	-
SOLID COMFORT INC	FARGO ND	TDMEP Process Improvement	09/15/07	-	-	-
SOLID COMFORT INC	FARGO ND	Autodesk Inventor Suite	10/15/07	3,000.00	3,000.00	-
PHOENIX INTERNATIONAL	FARGO ND	Advanced Psipce Training	09/15/07	7,350.00	7,350.00	-
UNITED ASSOCIATION OF PLUMBERS	MINOT ND	Backflow Prevention Device Cert.	09/28/07	4,175.00	4,175.00	-
NERTHERTZ CORPORATION	FARGO ND	CISCO PIX and VPN Security Implem.	09/25/07	4,198.00	4,198.00	-
STEFFES CORPORATION	DICKINSON ND	Weld Innovation Training	09/15/07	1,195.20	1,195.20	-
BAKER BOY	DICKINSON ND	CISCO Boot Camp	09/14/07	1,600.00	1,600.00	-
SOLID COMFORT INC	FARGO ND	Biesse CNC Panel Machining	10/31/07	-	-	-
PHOENIX INTERNATIONAL	FARGO ND	Setup Reduction/Quick Changeover	09/30/07	2,125.00	2,125.00	-
SOLID COMFORT INC	FARGO ND	CNC Machining/Wide Belt Sander	10/31/07	7,100.00	7,100.00	-
PACKET DIGITAL, LLC	FARGO ND	Mentor Graphics IC Design Flow	10/26/07	7,293.00	7,293.00	-
GOODRICH CORPORATION	JAMESTOWN ND	Unigraphics NX 3 to NX 5 Update	10/16/07	4,500.00	4,500.00	-
APPAREO SYSTEMS LLC	FARGO ND	RTCA DO-178B, Software Considerations	10/31/07	1,909.59	1,909.59	-
AGRI-COVER, INC.	JAMESTOWN ND	Alignex Training (Drive Works)	10/17/07	3,319.92	3,319.92	-
NORTH DAKOTA ENVELOPE CO	KENMARE ND	Advanced Graphics	01/30/08	395.00	395.00	-
GOODRICH CORPORATION	JAMESTOWN ND	Microsoft Project 2003 Training	10/22/07	4,800.00	4,800.00	-
STEFFES CORPORATION	DICKINSON ND	Mig Welding	10/31/07	2,289.00	2,289.00	-
JLG INDUSTRIES	OAKES ND	CNC Operator Training	06/30/08	2,500.00	2,500.00	-
UNITED PRINTING	BISMARCK ND	3M Installer Training Project	10/30/07	600.00	600.00	-
GRANT'S MECHANICAL	FARGO ND	Power Limited Technician Exam Course	11/30/07	2,975.00	2,975.00	-
PRECISION RESULTS MFG.	JAMESTOWN ND	Exact JobBOSS Software Training	02/28/08	4,903.75	4,903.75	-
KILLDEER MOUNTAIN MFG. INC.	KILLDEER ND	Lean Enterprise Certification	03/30/08	17,000.00	17,000.00	-
NISS ENTERPRISES INC	MINOT ND	ISO 9000 Training Program	05/30/08	2,000.00	2,000.00	-
FORTE USA LLC	VALLEY CITY ND	SolidWorks Essentials Training	12/31/07	700.00	700.00	-
SEO PRECISION INC	CROSBY ND	Bear Directors Training	11/04/07	900.00	900.00	-
MALACH USA LLP	VALLEY CITY ND	AWS Welder Performance	11/15/07	4,146.29	4,146.29	-
GRANT'S MECHANICAL	FARGO ND	Duct Designer 3D Session	01/15/08	5,250.00	5,250.00	-
GOODRICH CORPORATION	JAMESTOWN ND	Machinist Training	03/15/08	12,000.00	12,000.00	-

Workforce 20/20 Contracts for the 2007-2009 Biennium

CONTRACT	ADDRESS	TRAINING	CONTRACT	BUDGET	EXPENDED	BALANCE
			END DATE			
GREMADA INDUSTRIES	WEST FARGO ND	PDM Works	02/15/08	\$ 3,600.00	\$ 3,600.00	\$ -
TECTON PRODUCTS	FARGO ND	Basic GMAW Welding Training	01/30/08	\$ 3,672.00	\$ 3,672.00	\$ -
PRIMEWOOD	FARGO ND	Lean Enterprise Certification	03/30/08	\$ 1,500.00	\$ 1,500.00	\$ -
MARVIN WINDOWS AND DOORS	WAHPETON ND	Lean Enterprise Certification	03/30/08	\$ 2,000.00	\$ 2,000.00	\$ -
GRANT'S MECHANICAL	FARGO ND	Lean Enterprise Certification	05/01/08	\$ 9,500.00	\$ 9,500.00	\$ -
WCCO BELTING INC	FARGO ND	TCS Basys Controls	01/18/07	\$ 2,500.00	\$ 2,500.00	\$ -
ALIEN TECHNOLOGY	WAHPETON ND	Lean Enterprise Certification	03/20/08	\$ 3,500.00	\$ 3,500.00	\$ -
BAKER BOY	FARGO ND	Lean Enterprise Certification	03/20/08	\$ 500.00	\$ 500.00	\$ -
RAY-MAC, INC.	DICKINSON ND	AIB Doughnuts and Donuts	01/29/08	\$ -	\$ -	\$ -
PRIBBS STEEL & MFG	GWINNER ND	Faro Arm Cam 2X	02/28/08	\$ 3,197.00	\$ 3,197.00	\$ -
JSM WOODWORKS LLP	GRAND FORKS ND	OEM Lasers-CO2 Turbo Lasers	02/28/08	\$ 4,600.00	\$ 4,600.00	\$ -
BAKER BOY	WEST FARGO ND	Advanced Estimating & Bidding	03/15/08	\$ 2,378.62	\$ 2,378.62	\$ -
ALIEN TECHNOLOGY	DICKINSON ND	Advanced Ammonia Refrigeration	05/30/08	\$ 1,185.00	\$ 1,185.00	\$ -
CLOVERDALE FOOD COMPANY	FARGO ND	PLC Training	08/01/08	\$ 1,750.00	\$ 1,750.00	\$ -
APPAREO SYSTEMS LLC	MANDAN ND	Advanced Multivac Rollstock Packaging	03/30/08	\$ 1,790.00	\$ 1,790.00	\$ -
APPAREO SYSTEMS LLC	FARGO ND	C++ Programming, Java, & Net Track	03/15/08	\$ 2,704.49	\$ 2,704.49	\$ -
PL MFG.	FARGO ND	MathWorks-Simulink for System	03/20/08	\$ 2,394.99	\$ 2,394.99	\$ -
ROMMESMO COMPANIES	COOPERSTOWN ND	Machinist Upgrade II	06/15/08	\$ 3,800.40	\$ 3,800.40	\$ -
SUMMERS MFG. CO. INC.	FARGO ND	Fabrol Mfg. Software Training	04/30/08	\$ 1,314.00	\$ 1,314.00	\$ -
GREMADA INDUSTRIES	DEVILS LAKE ND	Welder Training	04/15/08	\$ 5,812.00	\$ 5,812.00	\$ -
BOILERMAKERS LOCAL 647	WEST FARGO ND	Cranes and Conveyers	06/15/08	\$ 3,774.41	\$ 3,774.41	\$ -
AGRI-COVER, INC.	BISMARCK ND	Automated and Advanced Welding	07/30/08	\$ 28,109.40	\$ 28,109.40	\$ -
APPAREO SYSTEMS LLC	JAMESTOWN ND	GP Deluxe eConnect Workshop	04/30/08	\$ 2,400.00	\$ 2,400.00	\$ -
CHAMP INDUSTRIES USA Inc.	FARGO ND	Embedded Systems Development	04/30/08	\$ 2,295.00	\$ 2,295.00	\$ -
PHOENIX INTERNATIONAL	JAMESTOWN ND	TruPunch 2020 Operator Training	04/25/08	\$ 1,590.00	\$ 1,590.00	\$ -
PHOENIX INTERNATIONAL	FARGO ND	Infrared Camera Applications	11/15/08	\$ 1,395.00	\$ -	\$ 1,395.00
PHOENIX INTERNATIONAL	FARGO ND	RF Transceiver Architecture, Design	05/30/08	\$ 2,195.00	\$ -	\$ 2,195.00
PHOENIX INTERNATIONAL	FARGO ND	Epicore Vantage Software Training	10/31/08	\$ 25,500.00	\$ -	\$ 25,500.00
PRIBBS STEEL & MFG	GRAND FORKS ND	Trumpf TruTops Press Brake Trng.	04/30/08	\$ 4,600.00	\$ 4,600.00	\$ -
WOODSIDE INDUSTRIES	FARGO ND	IPC-A-610 CIT Instructor Course	04/10/08	\$ 1,800.00	\$ 1,800.00	\$ -
FORTE USA LLC	CAVALIER ND	Lean Manufacturing Training	08/30/08	\$ 525.00	\$ 525.00	\$ -
TECTON PRODUCTS	VALLEY CITY ND	CNC Machinist Development	10/30/08	\$ -	\$ -	\$ -
CARDINAL IG	FARGO ND	Lean Enterprise Certification	06/30/08	\$ 1,750.00	\$ 1,750.00	\$ -
MALACH USA LLP	FARGO ND	Lean Enterprise Certification	07/30/08	\$ 3,500.00	\$ 3,500.00	\$ -
SIoux MANUFACTURING CORP	VALLEY CITY ND	AWS Welder Performance	04/30/08	\$ 3,979.76	\$ 3,979.76	\$ -
MALACH USA LLP	FORT TOTTEN ND	Lean Enterprise Certification	07/30/08	\$ 875.00	\$ 875.00	\$ -
GRANT'S MECHANICAL	VALLEY CITY ND	AWS Welder Performance	08/08/08	\$ -	\$ -	\$ -
JLG INDUSTRIES	FARGO ND	Tracker Light Commercial Systems	08/30/08	\$ 2,700.00	\$ 2,700.00	\$ -
PHOENIX INTERNATIONAL	OAKES ND	Faro Arm plus CAM 2 x Software	06/15/08	\$ 2,081.89	\$ 2,081.89	\$ -
CAVENDISH FARMS	FARGO ND	IPC 7711/721A Rework & Repair	08/15/08	\$ 2,400.00	\$ -	\$ 2,400.00
CNH (Case New Holland)	JAMESTOWN ND	Adobe Photoshop	09/15/08	\$ 398.00	\$ 398.00	\$ -
BOBCAT COMPANY	FARGO ND	Basic Blue Print Reading	06/15/08	\$ 2,599.00	\$ 2,599.00	\$ -
WCCO BELTING INC	BISMARCK ND	CNC Operator Training	03/15/09	\$ 123,844.65	\$ -	\$ 123,844.65
LEAN TECHNOLOGIES LLC	WAHPETON ND	Epicore Vantage-Collect 2000	12/31/08	\$ 45,000.00	\$ 45,000.00	\$ -
BORDER TOWN WIRE PRODUCTS	GRAFTON ND	Certified Welding Instructor Trng.	06/08/08	\$ 1,812.44	\$ 1,812.44	\$ -
GOODRICH CORPORATION	NECHE ND	Principles of Lean Enterprise Trng.	06/30/08	\$ 525.00	\$ 525.00	\$ -
ARROW INDUSTRIES LLC	JAMESTOWN ND	Machinist Program Training	07/31/08	\$ 7,500.00	\$ 7,500.00	\$ -
MIDWESTERN MACHINE	FARGO ND	Calibration and Repair Training	06/30/08	\$ 975.00	\$ 975.00	\$ -
	NECHE ND	Principles of Lean Enterprise Trng.	06/15/08	\$ 350.00	\$ 350.00	\$ -
	JAMESTOWN ND	Geometric Dimensioning & Tolerancing	11/15/08	\$ -	\$ -	\$ -

Workforce 20/20 Contract for the 2007-2009 Biennium

CONTRACT	ADDRESS	TRAINING	CONTRACT	BUDGET	EXPENSE	BALANCE
			END DATE			
LM GLASS (ND) INC.	GRAND FORKS ND	Manufacturing Skills	03/07/09	\$ 18,224.00	\$ 696.00	\$ 17,528.00
CNH (Case New Holland)	FARGO ND	CNC Operator and Welding	01/30/09	\$ 46,250.00	\$ 46,250.00	\$ -
NORTHERN GRAIN EQUIPMENT	WEST FARGO ND	Crane Operator Training	08/15/08	\$ 1,350.00	\$ 1,350.00	\$ -
PS DOORS	GRAND FORKS ND	Value Stream Mapping	08/15/08	\$ 2,000.00	\$ 2,000.00	\$ -
PHOENIX INTERNATIONAL	FARGO ND	ANSYS Workbench-Simulation	07/14/08	\$ 4,000.00	\$ -	\$ 4,000.00
CAVENDISH FARMS	JAMESTOWN ND	Genius Optical Sorter Training	07/31/08	\$ 8,100.00	\$ 8,100.00	\$ -
CNH (Case New Holland)	FARGO ND	Basic Blue Print Reading	07/15/08	\$ 1,020.00	\$ 1,020.00	\$ -
CAVENDISH FARMS	JAMESTOWN ND	Wexar Bel Automatic Top/Bottom Glue	07/31/08	\$ 2,375.00	\$ 2,375.00	\$ -
CAVENDISH FARMS	JAMESTOWN ND	Columbia Case Palletizer Training	07/31/08	\$ 3,450.00	\$ 3,450.00	\$ -
PHOENIX INTERNATIONAL	FARGO ND	VxWorks Edition 3.6 (Workbench/VxWorks)	07/30/08	\$ 1,440.00	\$ -	\$ 1,440.00
R & R CONTRACTING, INC.	GRAND FORKS ND	Thermite Welding	02/28/09	\$ 2,000.00	\$ 2,000.00	\$ -
STEFFES CORPORATION	DICKINSON ND	Pro-Engineering eLearning	03/30/09	\$ 8,640.00	\$ -	\$ 8,640.00
WIL-RICH LLC	WAHPETON ND	Welding-GMAW & Arc	12/31/08	\$ 1,875.00	\$ 1,875.00	\$ -
SPACE AGE SYNTHETICS	FARGO ND	Certified Composite Technician Trng.	06/15/09	\$ 900.00	\$ -	\$ 900.00
DMI INDUSTRIES	WEST FARGO ND	Intermediate Welding Training	08/04/08	\$ 12,600.00	\$ 12,600.00	\$ -
PHOENIX INTERNATIONAL	FARGO ND	Permanent Magnet Machines and Drives	08/30/08	\$ 1,950.00	\$ -	\$ 1,950.00
REITER INDUSTRIES	DICKINSON ND	Autodesk Inventor 2009	09/30/08	\$ 1,295.00	\$ -	\$ 1,295.00
PLUMBERS & PIPEFITTERS LOCAL	MINOT ND	Apprenticeship Training	04/30/09	\$ 18,911.00	\$ -	\$ 18,911.00
JSM WOODWORKS LLP	WEST FARGO ND	Microvellum Software	09/30/08	\$ 2,869.00	\$ -	\$ 2,869.00
APPAREO SYSTEMS LLC	FARGO ND	FFA Production Quality & Airworthiness	09/30/08	\$ 1,710.00	\$ -	\$ 1,710.00
CNH (Case New Holland)	FARGO ND	Welder Training Program	06/30/09	\$ 50,000.00	\$ -	\$ 50,000.00
CAVENDISH FARMS	JAMESTOWN ND	ADR5-G6 Upgrade Equipment Trng.	10/31/08	\$ 3,600.00	\$ 3,600.00	\$ -
BAKER BOY	DICKINSON ND	Advanced Ammonia Refrigeration-II	11/15/08	\$ 1,185.00	\$ -	\$ 1,185.00
STEFFES CORPORATION	DICKINSON ND	Lean Enterprise Certification	01/30/09	\$ 5,250.00	\$ -	\$ 5,250.00
BAKER BOY	DICKINSON ND	Lean Enterprise Certification	01/30/09	\$ 5,250.00	\$ 5,250.00	\$ -
MALACH USA LLP	VALLEY CITY ND	Laser Operator Training	12/31/09	\$ 1,150.00	\$ 1,150.00	\$ -
CAVENDISH FARMS	JAMESTOWN ND	Ishida Equipment Training	10/31/08	\$ 5,780.00	\$ 5,780.00	\$ -
PRIMEWOOD INC.	WAHPETON ND	Lean 101 and Value Stream Mapping	11/30/08	\$ 2,000.00	\$ 2,000.00	\$ -
GRANT'S MECHANICAL	FARGO ND	Trane Automation Building Controls	12/15/08	\$ 2,700.00	\$ 2,700.00	\$ -
PRIBBS STEEL & MFG	GRAND FORKS ND	IGM Robotic Welding Training	10/31/08	\$ 1,000.00	\$ -	\$ 1,000.00
TMI SYSTEMS DESIGN CORPORATION	DICKINSON ND	Lean Enterprise Certification	01/31/09	\$ 1,750.00	\$ -	\$ 1,750.00
CLOVERDALE FOOD COMPANY	MANDAN ND	Lean Enterprise Certification	01/30/09	\$ 875.00	\$ 875.00	\$ -
PHOENIX INTERNATIONAL	FARGO ND	Acceptability of Electronic Assemblies	11/30/08	\$ 1,700.00	\$ -	\$ 1,700.00
APPAREO SYSTEMS LLC	FARGO ND	RTCA DO-178B, Software Considerations	11/30/08	\$ 1,000.00	\$ -	\$ 1,000.00
DMI INDUSTRIES	WEST FARGO ND	Intermediate Welding Training	12/30/08	\$ 4,200.00	\$ 4,200.00	\$ -
CAVENDISH FARMS	JAMESTOWN ND	Building and Sustaining a Lean Culture	12/30/08	\$ 3,860.00	\$ -	\$ 3,860.00
MARVIN WINDOWS AND DOORS	GRAFTON ND	Lean Enterprise Certification	03/30/09	\$ 13,125.00	\$ -	\$ 13,125.00
PHOENIX INTERNATIONAL	FARGO ND	Shielding Design for EMC Compliance	12/30/08	\$ 685.00	\$ -	\$ 685.00
SOLID COMFORT INC	FARGO ND	Manufacturing Software (Implementation)	06/30/09	\$ 43,000.00	\$ -	\$ 43,000.00
TRAIL KING	FARGO ND	Lean Manufacturing Training	06/30/09	\$ 88,200.00	\$ 4,725.00	\$ 83,475.00
NORTHWOOD MILLS LLLP	WEST FARGO ND	Canola Crushing Conversion	06/15/09	\$ 14,500.00	\$ -	\$ 14,500.00
MARVIN WINDOWS AND DOORS	NORTHWOOD ND	New Ultimate Casement Window Prod.	04/30/09	\$ 21,848.70	\$ -	\$ 21,848.70
PL MANUFACTURING	GRAND FORKS ND	Machinist Apprenticeship Upgrade	06/04/09	\$ 4,185.00	\$ -	\$ 4,185.00
PHOENIX INTERNATIONAL	COOPERSTOWN ND	AutoCAD 2009 Fundamentals	02/12/09	\$ 500.00	\$ -	\$ 500.00
STEFFES CORPORATION	FARGO ND	PLC (Programmable Logic Controls)	02/15/09	\$ 2,010.54	\$ -	\$ 2,010.54
SILOUX MANUFACTURING CORP	FORT TOTTEN ND	Blueprint Reading for Quality Inspectors	02/28/09	\$ 1,109.37	\$ -	\$ 1,109.37
SILOUX MANUFACTURING CORP	FORT TOTTEN ND	PC-DMIS CMM Metrology-Operation	02/28/09	\$ 2,001.14	\$ -	\$ 2,001.14
MID-AMERICA AVIATION, INC.	WEST FARGO ND	PC-DMIS CMM Metrology-Operation	04/30/09	\$ 3,547.04	\$ -	\$ 3,547.04
MID-AMERICA AVIATION, INC.	WEST FARGO ND	Blueprint Reading for Quality Inspectors	04/30/09	\$ 4,117.69	\$ -	\$ 4,117.69
MIID-AMERICA AVIATION, INC.	WEST FARGO ND	Value Stream Mapping/Kaizen Blitz	05/30/09	\$ 5,057.16	\$ -	\$ 5,057.16

Denise Spanjer
North Dakota Rural Development Council

January 9, 2009

Background Information on the Rural Development Council

The North Dakota RDC was initiated in 1992 by USDA as a rural outreach tool; one for each state. RDCs are charged with providing seamless interaction between state, federal, county, community and regional programs to provide rural communities have access to funds and program assistance. a way to connect to beneficial programs. Cornelius Grant was the first and only director. In November 2004, it was relocated to the Center for Technology and Business after Mr. Grant retired.

\$50,000 state investment/biennium - \$ 0 Federal match

Funding has been zeroed out of the Farm Bill. The Partnership for Rural America has submitted supporting legislation that would fund the Rural Development Councils, but there is no guarantee that funding will take place.

Use of Funds

- electronic commerce-web site development and hosting fees
- office, equipment, supplies, phone, etc.
- rural outreach
- program cost sharing with rural communities

Accomplishments

- **Initiated the *Rural* Young Professionals Network to become engaged with the statewide YP Network**
 - **Results:** 1,200 young professionals from 11 communities have signed up to date and the organization continues to grow. Plans are underway for a statewide leadership summit in February, 2009.
 - **NDYP Network is the first state-wide Young Professionals Network in the nation to link rural and urban groups.**
 - **Governor's Workforce Summit** featured Young Professionals Workshop Track
- **Rural Housing Awareness Outreach to bring housing program options into rural areas**
 - **13 Rural Regional Housing Roundtables** – Williston, Stanley, New England, Grafton, Cooperstown, Rugby, Beulah, Rutland, Steele, Powers Lake, Jamestown, Park River & a statewide Online Seminar
 - **Mentored 433 rural leaders from 134 Communities**
 - **\$1 Billion invested in housing to date in single family homes, 4-plexes, 8-plexes, senior living units, and affordable housing**
 - **14 ND cities and 5 counties conducted formal demand analyses to access state and federal programs introduced at Roundtables**
 - **Created Housing Statewide Technical Assistance Team to assist rural leaders.** HUD, USDA Rural Development, Department of Commerce - HOME, ND Housing and Finance Agency, Community Works ND, ND Public Finance Agency, Lutheran Social Services and formerly Fannie Mae. **Saves rural leaders time and travel expense. Promotes regional solutions when leaders from broad geography hear the same message.**
 - **Community Research.** Activities include Palm Pilot Surveys and resulting demographics which are used to measure both long-term and short-term residence for young folks and senior citizens. RDC surveyed Stanley to find that many residents were being priced out of their rental housing due to demand for oil field housing. Based on the survey results, the city has been able to begin planning to diversify available rental property with affordable rental housing and independent senior living units.

- **North Dakota is facing a critical shortage of childcare businesses – especially Rural Child Care.** Organized to grow the numbers of childcare businesses in North Dakota
 - Initiated Child Care Roundtables to bring child care business development resources to rural communities.
 - Presenters NDRDC, HHS, LSS, SBDC, USDA Rural Development, Community Action, County Social Services, businesses and rural economic developers
 - **Results:** First held in Rugby – Participants: 37 parents, child care providers, county social services, business owners, economic developers, pastors, and chambers of commerce.
 - Pierce County providers organizing to host the required continuing education for licensed providers instead of waiting for CCR&R training.
 - Hazen Child Care Roundtable scheduled for January 21.
- **Rural Financial Literacy Program Delivery in partnership with North Dakota JumpStart Coalition.**
 - **Results:** Hosted first statewide financial literacy conference in 2008. 2009 conference scheduled April 16.
 - Scholarships for rural teachers who will extend financial literacy into rural communities
- **Created and maintain RDC's website which is home to:**
 - Economic Development Calendar
 - Directory of Private, State and Federal Housing Entities for community research
 - Directory of Child Care Resources
- **Created Procurement Professionals Directory to:**
 - Enhance business profitability through government contracting
 - Ease confusion for rural contractors
 - Create curriculum for Hands on Training for potential contractors
- RDC helped expand capacity in rural areas where senior citizens didn't have help **signing up for Medicare Part D.** Assistance included production of written curriculum and networking to provide computer assistance.
- **At Standing Rock the RDC organized a Native American Arts Group to sell at the Pride of Dakota Holiday Showcase.** Six artists learned how to set up a booth, interact with customers, charge sales tax, and work together as a team. Contact: person is Margaret Carry Moccasin.
 - **Results: 19 artisans from Standing Rock signed up as part of the organization, and five sold merchandise (\$2,000 total sales) at the POD Holiday Showcase.**

PROGRAM & SERVICES SUMMARY:

- Houses the Rural Young Professionals Network to link Urban and Rural Young Professionals
- Provides technical assistance and support for rural child care business development
- Provides technical assistance and facilitation for rural housing development
- Provides support and training for conducting community-based surveys
- Created and maintains the Central Economic Development Electronic Calendar
- Provides outreach for state, federal, and local programs and facilitates dialogue among program providers to prevent duplication of services and create efficiencies in government.

PREPARED BY:

Denise Spanjer
Center for Technology & Business

for the
North Dakota Department of Commerce
1600 East Century Avenue
PO Box 2057
Bismarck, ND 58502-2057

January 9, 2009

Background Information on the Center for Technology & Business

The Center for Technology and Business (CTB) was founded in 1999 as Women and Technology and has been funded by the US Small Business Administration with annual match from Commerce. The Center for Technology and Business has assisted more than 18,500 students from 218 North Dakota communities from program inception to date.

Federal Match

US Small Business Administration \$100,000

Use of Funds

Salaries and administration
Curriculum development
Travel
Printing computer manuals
Electronic Commerce-Internet, etc.
Rural Outreach and marketing
Office rent and equipment

Accomplishments

The Center for Technology and Business has focused on providing technology outreach to rural North Dakota.

- **\$11,991,394 generated** in economic impact with \$77,500 Commerce investment
- **\$154 Annual Return on investment** per state dollar invested

Since 1999, CTB has helped rural people get jobs, upgrade their work skills, and increase their income.

- **2,850 rural jobs** created which produced **\$53 million in wages** resulting in \$28.5 million more economic benefit to rural communities
- **2,061 small rural businesses** increased productivity - e-Commerce, online purchasing, banking
- **18,500 rural workers** upgraded workforce skills

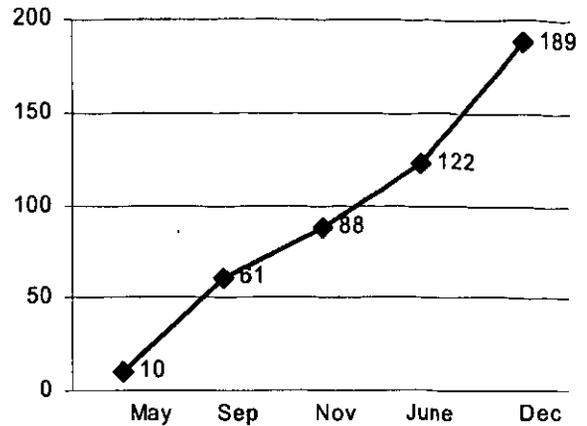
2008 accomplishments include:

- **Increased rural payrolls by \$3,956,250** - 422 rural home-based jobs-working with Verety created a unique home-based business model-taking orders for McDonald's Restaurants which generated jobs in Wishek, Fessenden, Rugby, Steele, Kenmare and Hazen.
 - \$83,081 in income tax/payroll taxes
 - \$39,563 in additional sales tax revenue
 - \$4.22 million resulting in new job value to their rural communities (*Value of 1 Job: NDSU*)
- **Increased Telco Revenues by \$7,850,000** - creating more rural Internet customers (cumulative over six years).
- **1,700 statewide students** – classes in Introductory and Intermediate Computers, Excel, Access; adults of all ages participated. Some classes were structured for specific user groups. Professional and career development for Young Professionals.
- **136 students entered the rural workforce** by teaching them how to use a computer. 8% of all CTB students re-enter the workforce or go to work for the first time. For example, CTB trained an enrolled member of the Standing Rock Sioux Tribe as a computer trainer. She was hired as a trainer to teach single mothers to type, use a computer and Office software - giving them skills to get jobs for the first time.
- **144 jobs retained** through increased workforce intelligence (8.5%). This was done by bringing technology into businesses, non-profits and government entities. (Grocery store workers in Dickinson learned to use computers when their employer upgraded cash registers and inventory controls.)
- **\$78,250 in classroom revenues paid to rural computer trainers**-revenues from community classes pay trainers. Trainers generate more than \$20 an hour.
- **133 injured workers were re-trained for Vocational Technical Education and Workforce Safety Insurance since 2006.** All re-entered the workforce in new jobs utilizing technology as a job component.

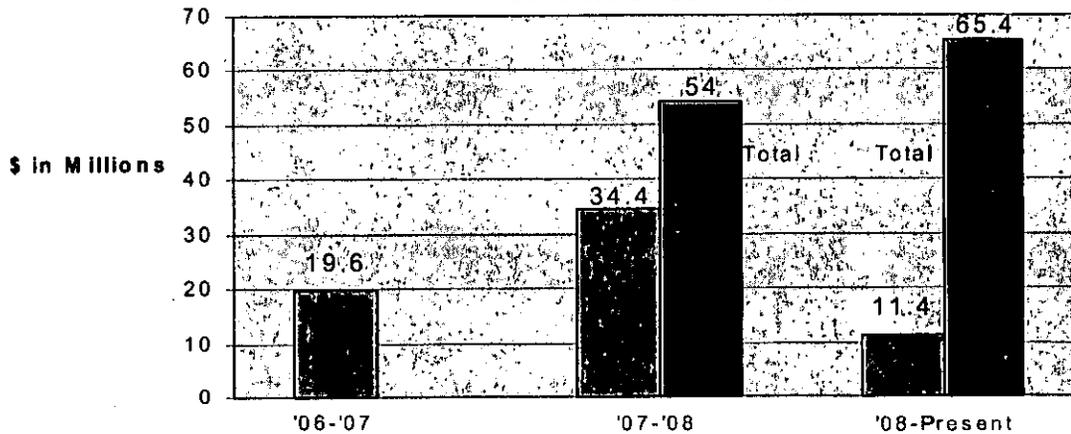
Progress Report

2006-2008 Clients

189 (101 of these are Native American owned) companies registered for services since May 2006. This represents 90% of the current 8(a)/SDB certified companies in North Dakota and 70% of the companies registered in www.CCR.gov as owned by Native Americans.



Native American Procured \$



Project Monitoring Data:

Jobs Created/Retained	209 (153 jobs created by N.A firms)
Contracts Obtained	65
Contract Dollars	\$91.4 million (\$65.4 million by N.A firms)
Workshops	14
Attendees	197
Business Contacts	301
Gov't Sales Leads Provided	101,782
Bids Submitted	152
Business Introductions	58 (3 JV in progress) (9 GSA Schedules in progress)
Business Starts(Re)Starts	22
IRP Referrals	38
IRP Approvals	2
E Businesses Created	3

TESTIMONY

To: North Dakota Senate Appropriations Committee
Cc: North Dakota Department of Commerce
From: Dakota MEP
Date: January 16th, 2009
Subject: State of North Dakota Support for Dakota MEP (2009 – 2011 Biennium)

The testimony provided in this document is only specific to the work of the Dakota MEP in carrying out the work of the national Manufacturing Extension Partnership (MEP¹) in North Dakota. It does not include the work of the Dakota MEP in South Dakota, in assisting in carrying out the Small Business Development Center program in North Dakota or in providing support to other MEP programs throughout the country.

Background

The purpose of Dakota MEP is to increase the competitiveness of manufacturing companies, other new wealth creating companies² and related industries that impact such enterprises, in order to strengthen the Dakota's and our nation's economic vitality. We are a non-profit, private / public partnership providing assistance to any company seeking to become more competitive, more productive and more profitable. We currently have sixteen full time employees operating in the Dakotas. The governance of the Dakota MEP is led by a Board of Directors that includes:

- Bob Askew, Phoenix International, Fargo
- Chuck Crary, J5 Oil & Transport, West Fargo (founder of Crary Industries, West Fargo)
- Don Hedger, Killdeer Mountain Manufacturing, Killdeer
- Dan Hoefs, Padgett Business Services, Fargo (formerly of Gremada Industries, Fargo)
- Lee Shervheim, Imation, Oakdale, MN (formerly of Imation, Wahpeton)

¹ MEP is a relatively small program within the National Institute of Standards and Technology (NIST) – officially an agency within the US Department of Commerce.

² New wealth creating companies, including many manufacturers, drive economic prosperity by importing wealth to the local or regional economy through the production of goods and the development of intellectual products and processes exported to national or international markets. These companies are not constrained by the size of the local market.

- Jerry Thomsen, Carlisle Companies, Charlotte, NC (formerly of Trail King, Mitchell)³
- Marianne Von Seggern, Bell Incorporated, Sioux Falls
- Bob Wilmot, Rugby (founder of Turtle Mountain Corporation, Dunseith).

In addition the Board includes several ex-officio members representing our federal and state investors: MEP NIST (current Federal Program Officer), the State of North Dakota / Department of Commerce (Shane Goettle) and the State of South Dakota / Governor's Office of Economic Development (Richard Benda).

Next Biennium Baseline Funding

The State of ND funding level in the table below is identical to that provided during the current biennium (2007 to 2009). The baseline budget for each MEP program generally consists of 1/3 federal (MEP NIST); 1/3 state and 1/3 supports from the private sector (i.e. fees for service).

Dakota MEP Biennium Baseline Funding		State of ND	MEP NIST	Private Sector	Total
1	2009 – 2010 Baseline Budget	\$475,000	\$475,000	\$475,000	\$1,425,000
2	2010 – 2011 Baseline Budget	\$475,000	\$475,000	\$475,000	\$1,425,000
3	2009 – 2011 Baseline	\$950,000	\$950,000	\$950,000	\$2,850,000

Dakota MEP Services

The Dakota MEP provides assessment, technical assistance and training services to companies in manufacturing and related industries, particularly but not exclusively small and medium sized enterprises (SMEs). The Dakota MEP supports a business improvement roadmap that helps companies identify where improvements may need to be made and helps them implement these improvements. Most services are provided by Dakota MEP staff. Additional services draw on the expertise of other MEP programs and on the expertise of approved third party service providers that work – under the guidance of the MEP – successfully with companies we partner with.

Services are designed to help companies improve financial performance, expand in profitable markets and build greater capacity and competitiveness through improved processes and people.

³ Jerry Thomsen's term officially ended 12-31-2008. He is now responsible for global operational improvement for all Carlisle industry subsidiary companies.

Examples of services provided by Dakota MEP staff include:

- Applying 'lean thinking' to how a company does business
- Building capacity to become a preferred provider (supplier of choice)
- Developing and sustaining continuous improvement
- Developing leaders at all levels
- Developing financial packages
- Improving processes (flow of value in an organization at the demand of customer)
- Improving productivity (improving value of output per employee)
- Improving profitability
- Increasing sales (especially in a tough economy)
- Making new investments (i.e. plant, equipment, information systems, and workforce).

A popular service to support the development of manufacturing in the Dakotas has been an annual Conference. The program following this Memo describes the third MEP 08 Conference sponsored by Dakota MEP in Fargo on October 8th and 9th. The Conference is an opportunity to provide exposure to best practices and to provide cost effective services of value to manufacturers. It is also a way to promote manufacturing.

Dakota MEP is an affiliate of the Shingo Prize – known as the “Nobel Prize” for Business Excellence. It currently has two of the nation’s two hundred Shingo examiners trained to evaluate the progress that organizations are making in world class performance. This is particularly critical as developing a roadmap and measuring progress in becoming “lean” is difficult within most organizations.

Dakota MEP Two Year Performance

Over the past two year period, the Dakota MEP has served 184 manufacturers in North Dakota. These companies have a primary or secondary manufacturing industrial classification code. See **Attachment I - Dakota MEP Manufacturing Companies Served in North Dakota** for a list of those companies.

One way that companies are served is through improvement projects. Improvement projects are designed to address specific company issues, needs or opportunities. Over the past two years, eighty two companies partnered with Dakota MEP on improvement projects in North Dakota. Sixty nine of those companies responded to an independent 3rd party survey on the benefits and impacts they realized through the Dakota MEP assisted improvement projects.

These companies reported **\$67.8 million in quantifiable benefits and impacts (\$982.9 thousand on average per company)**. See **Attachment 2 - Dakota MEP Manufacturing Company Benefits and Impacts in North Dakota** for more information on these benefits, impacts and customer satisfaction with Dakota MEP – including comparisons to the national MEP system.

These same companies reported that **279 manufacturing jobs** were created or retained. These jobs have an estimated economic impact of **\$10.7 million⁴**. Given the State of North Dakota support for Dakota MEP, this would reflect an investment of **\$3,405 per job** in manufacturing.

Manufacturing is one of our state's new wealth creators whose specialty is adding value to agricultural commodities, other manufactured parts, as well as raw materials. It has one of the highest potential impacts on an economy as it competes in larger markets, leads technology development and requires significant investment. Manufacturing has grown in North Dakota from 6% to nearly 10% of the state's total economy since the 1990's. Although many consider North Dakota an agricultural state whose economy rises and falls with grain prices and the weather we would encourage the State to utilize its economic consulting and forecasting services to determine what the direct and indirect impact manufacturing has on the state's economy.

Next Biennium Optional Funding

The optional funding level in the table below is being requested as a potential match in the future should the national MEP program continue to develop. This optional funding proposal was approved by the North Dakota Department of Commerce and by the Governor's office in 2008. Since this option is contingent on the further development of the MEP program in 2009, it was not made part of the Governor's Executive Budget. If it is not provided as a contingency during this legislative session, we would ask that it be made available at some point during the next biennium should it be needed. Perhaps this request could be accommodated through the legislature's Emergency Commission.

Dakota MEP Biennium Optional Funding		State of ND	MEP NIST	Private Sector	Total
1	2009 – 2010 Optional	\$160,000	\$160,000	\$160,000	\$480,000
2	2010 – 2011 Baseline Budget	\$160,000	\$160,000	\$160,000	\$480,000
3	2009 – 2011 Optional	\$320,000	\$320,000	\$320,000	\$960,000

⁴ Manufacturing jobs have 'average wages' (\$38,177) **22% higher** than the 'average wage' for jobs provided by all other employers in the state (\$31,310).

See **Attachment 3 - Next Generation Manufacturing and Next Generation MEP** for more information into the future of manufacturing and the potential role of the MEP in supporting that development. These are initiatives that the optional funding above is based on and would be used to advance.

**Attachment I - Dakota MEP Manufacturing Companies Served in North Dakota
(2007 - 2008)**

Manufacturer	Community	State
Aaseby Industrial Machining, Inc.	Wahpeton	ND
Agri-Cover Inc	Jamestown	ND
Airgas North Central, Inc.	Grand Forks	ND
Aldevron, LLC	Fargo	ND
Alien Technology Corp.	Fargo	ND
Alloway Ag Systems	Horace	ND
Amber Waves, Inc.	Richardton	ND
Amberland Foods Inc	Harvey	ND
Amity Technology, LLC	Fargo	ND
Applied Products, Inc	Grand Forks	ND
Arrow Industries	Neché	ND
Arrow-Tech, Inc.	Rolla	ND
Arthur Ventures	Fargo	ND
B & L Masonry	Bismarck	ND
Baker Boy Supply	Dickinson	ND
Benchmark Electronics	Dunseith	ND
Big Woods Electric Motors, Inc.	Wahpeton	ND
Bobcat - Bismarck	Bismarck	ND
Bobcat - West Fargo	West Fargo	ND
Bobcat Ingersoll-Rand	Gwinner	ND
Bordertown Wire	Neché	ND
Bourgault Industries	Minot	ND
Branick Industries, Inc	Fargo	ND
Bri-Ton Mfg.	Lisbon	ND
Brookings Hybrid Drive	West Fargo	ND
BTS Manufacturing	Fargo	ND
Buffalo City Wood Products	Jamestown	ND
Camden Naturals	Anamoose	ND
Cardinal IG	Fargo	ND
Cargill Malt	Spiritwood	ND
Castles Curbing	Bismarck	ND
Cavendish Farms	Jamestown	ND
Central Machining & Pump Repair, Inc.	Minot	ND
Chaffee Wind Farms	Amenia	ND
Chameleon Concrete	Fargo	ND
Cherrington Enterprises, Inc.	Jamestown	ND
Chocolatopia	Minot	ND
Cloverdale Foods Company	Mandan	ND

Dakota MEP Testimony to Senate Appropriations Committee, 61st Legislative Assembly

Manufacturer	Community	State
Case IH - New Holland	Fargo	ND
Cobra Hose, Inc.	Fargo	ND
Composites America, LLC	Fargo	ND
Concrete, Inc.	Grand Forks	ND
Crane Creek Gardens	Stanley	ND
Crary Co.	West Fargo	ND
Cretex Concrete Products North	Grand Forks	ND
Custom Graphics	Fargo	ND
D M I Industries, Ottertail Corp.	West Fargo	ND
Dakota Fence Co.	Fargo	ND
Dakota Growers Pasta Co.	Carrington	ND
Dakota Micro, Inc.	Cayuga	ND
Dakota Molding	Fargo	ND
Dakota Rubber Stamp	Dickinson	ND
Dakota Specialty Milling	Fargo	ND
DakTech, Inc.	Fargo	ND
Dave's Welding and Metal Fabrication	Fargo	ND
Davidson's Processing Plant	Bottineau	ND
Drayton Enterprises	Fargo	ND
EARTH-KIND, Inc.	Minot	ND
Edward's Brother's Custom Tiling	Butte	ND
Enduraplast	Neché	ND
Engine Rebuilders	Oakes	ND
EZ-Spot-UR, Inc.	West Fargo	ND
Fargo Assembly Co., Inc. (HQ)	Fargo	ND
Fargo Automation	Fargo	ND
Fargo Metal Fabrication	Fargo	ND
Fargo Tank & Steel	Fargo	ND
Farmers Union Oil of Berthold	Berthold	ND
Fiberglass Specialties - Minot	Minot	ND
Forte Tool & Die Ltd	Valley City	ND
FRS Industries, Inc. Fargo	Fargo	ND
Gate's Manufacturing	Lansford	ND
General Equipment & Supplies	Fargo	ND
General Woodwork	Columbus	ND
Giant Snacks, LLC	Wahpeton	ND
Global Electric Motorcars, LLC	Fargo	ND
Goodrich Corp., Cargo Systems	Jamestown	ND
Gremada Industries - West Fargo	West Fargo	ND
Grizzly Wire Rope & Chain	Williston	ND

Dakota MEP Testimony to Senate Appropriations Committee, 61st Legislative Assembly

Manufacturer	Community	State
Grotberg Electric	Valley City	ND
Ground Source Technologies Inc.	Hankinson	ND
Guderian Business Forms	Fargo	ND
Hague Elevator Co.	Hague	ND
Helmer's Apiaries	Souris	ND
Hillman Manufacturing	Mapleton	ND
i Design	Rugby	ND
IDA Corp.	Fargo	ND
Imation Corp.	Wahpeton	ND
Integrity Windows From Marvin	Fargo	ND
Interior Woodworks, Inc.	Bismarck	ND
IPC	Pembina	ND
J.R. Simplot Co.	Grand Forks	ND
Jackalope Conversions, LLC	Leeds	ND
Jawaski Dead Blow Hammer	Wahpeton	ND
JMV Inc.	Hebron	ND
John Deere Seeding Group	Valley City	ND
Johnson Mfg Inc	Kulm	ND
JSM Woodworks	West Fargo	ND
Keller Paving & Landscaping	Minot	ND
Killdeer Mountain Manufacturing	Killdeer	ND
King Coal Furnace Corp.	Bismarck	ND
Kringstad Ironworks, Inc.	Hoople	ND
Kustom Machine, Inc.	Oakes	ND
Laure's Banner, Sign & Paint	Bismarck	ND
Lean Technologies LLC	Grafton	ND
Leonardite Products, LLC	Williston	ND
LM Glasfiber, Inc. - Grand Forks	Grand Forks	ND
MAC, Inc	Glenburn	ND
Malach	Valley City	ND
Marvin Windows & Doors	Grafton	ND
Microsoft Business Solutions	Fargo	ND
Midland Garage Door Mfg. Co.	West Fargo	ND
Minnkota Windows	Fargo	ND
Minot Welding	Minot	ND
Minuteman Press	Wilton	ND
Mojo Coffee	Westhope	ND
Motor Coach Industries	Pembina	ND
Newman Signs, Inc.	Jamestown	ND
Niess Enterprises LLP	Minot	ND

Dakota MEP Testimony to Senate Appropriations Committee, 61st Legislative Assembly

Manufacturer	Community	State
North Dakota Innovations	West Fargo	ND
Northern Grain Equipment	West Fargo	ND
Northern Pipe Products, Inc	Fargo	ND
Northern Plains Steel Co.	Fargo	ND
Northland Products	Finley	ND
Novation Product Development	Fargo	ND
O'Day Equipment, Inc.	Fargo	ND
O'Day Equipment, Inc. - Minot	Minot	ND
O'Keeffe Oil Co	Mohall	ND
Paradise Spas & Motorsports	Minot	ND
Pedigree Technologies	Fargo	ND
Phoenix International Corp.	Fargo	ND
Pierce Printing & Office Supplies	Fargo	ND
Pond Doctor Inc	Bismarck	ND
Prairie Outpost Log Homes, Inc	Mandan	ND
Precision Manufacturing	Fargo	ND
Precision Results Mfg., Inc.	Jamestown	ND
Precision Weld and Design Inc.	Oakes	ND
Pride Apparel Inc	Fargo	ND
Primewood, Inc	Wahpeton	ND
Pro Source Audio	Cooperstown	ND
Production Specialties Corp.	Grand Forks	ND
Pugsley's Sandwiches	Devils Lake	ND
Pump Systems, Inc. (Solar Bee)	Dickinson	ND
Quality Landscaping	Minot	ND
Rackulator, Inc	Golden	ND
Rimco, Inc.	Neché	ND
Roman Meal Milling Co.	Fargo	ND
Rommismo Companies	Fargo	ND
Rough Rider Industries	Bismarck	ND
Sandhills Dairy	Towner	ND
Sandhills Saddlery	Denbigh	ND
Seeba Construction	Horace	ND
Seibel Masonry LLC	Bismarck	ND
Sew & Tell, Inc	Bismarck	ND
Sioux Manufacturing Corporation	Fort Totten	ND
Smurfit Stone Container Corp.	Fargo	ND
Solid Comfort, Inc.	Fargo	ND
Sonja's Old Fashioned Delicacies	Mohall	ND
Spectrum Aeromed	Fargo	ND

Dakota MEP Testimony to Senate Appropriations Committee, 61st Legislative Assembly

Manufacturer	Community	State
Standard Industries, Inc.	Fargo	ND
Steele Ready Mix	Bismarck	ND
Steffes Corporation	Dickinson	ND
Stellar Trenching	Fargo	ND
Summers Manufacturing Co Inc - Devils	Devils Lake	ND
Sunopta Dakota Gourment	Wahpeton	ND
Superior Structures, LLC	Bismarck	ND
Sure-Grip America	Minot	ND
Swanson Health Products, Inc.	Fargo	ND
Tecton Products, LLC	Fargo	ND
The Flower House	Mohall	ND
The Oscar Can	Fargo	ND
The Quilted Bean	Velva	ND
TMI Systems Design Corp	Dickinson	ND
Trail King Industries, Inc.	West Fargo	ND
Treasures of Sea & Earth	Bismarck	ND
Turtle Mountain Mfg.	Belcourt	ND
Twin City Construction	Wahpeton	ND
Valley Crete Products	Pembina	ND
W C C O Belting, Inc.	Wahpeton	ND
Whoa, Cowgirl!	Flasher	ND
Wholesale Supply Co	Minot	ND
Williams' Apiaries	Souris	ND
Woodside Industries	Cavalier	ND
Young Mfg., Inc.	Grand Forks	ND
Zorell's Jewelry	Bismarck	ND

**Attachment 2 - Dakota MEP Two Year Performance
(2007 – 2008)**

From the total number of companies served in Attachment 1, eighty two were involved in improvement projects with Dakota MEP that resulted in quantifiable benefits and impacts. Of those eighty two, sixty nine responded to an independent third party follow-up. **This follow-up is performed quarterly with all improvement projects. It is a significant component of the accountability and measurement that every MEP program is held to by the national MEP.**

Dakota MEP measures success by the success it has in helping manufacturing achieve business results. The sixty nine company respondents represent an 84% response rate. On the tables below are the results of those responses for the two year period ending Quarter 3 of 2008. The next to last column represents the aggregate results of all sixty nine companies while the average benefit is the total results divided by the sixty nine manufacturers.

Did the services your company receive result in:		Total Results Reported	Average Benefit
1	An increase in sales?	\$18,459,184	\$267,524
2	Retention of sales that would have otherwise been lost?	\$17,591,000	\$254,942
3	Cost savings?	\$12,647,756	\$183,301
Did the services your company receive increase investment in:		Total Results Reported	Average Benefit
4	Plant or equipment?	\$11,238,164	\$162,872
5	Information systems or software?	\$1,142,101	\$16,552
6	Workforce practices or employee skills?	\$1,269,700	\$18,401
7	Other areas of business?	\$716,501	\$10,384
Did the services your company received lead to:		Total Results Reported	Average Benefit
8	Avoid any unnecessary investments?	\$3,719,000	\$53,899
9	Save on any investments that were made?	\$1,037,001	\$15,029
ND MEP Only - Total company benefits and impacts (sum of 1 – 9)		\$67,820,415	\$982,904

Also from third party follow-ups the Dakota MEP is able to report the following feedback from companies it has assisted over the past two years. **These responses directly support increasing the competitiveness of the manufacturers we work with. For the most part these (see ND MEP column) are higher than responses experienced by the rest of the MEP system (see National MEP column).**

Did the services your company received lead you to:	ND MEP	National MEP
Take actions that you would otherwise not have taken?	81%	81%
Take actions more quickly?	88%	86.5%
Take actions at a lower cost?	75%	78%
Did the services your company received lead you to a change in manufacturing systems?	ND MEP	National MEP
- Reduced lead time	68%	60%
- Reduced work in process inventory	68%	55%
- Reduced defect rate	56%	54%
- Increased inventory turns	60%	50%

Due to the relatively small size of the manufacturing base in North Dakota, the Dakota MEP has a 'market penetration rate' that is three to four times higher than the national MEP. The length of improvement projects with companies varies from several days to several weeks. About seventy percent of improvement projects are with 'repeat companies' – those that the Dakota MEP has served in the past. Over ninety percent of companies served have fewer than 500 employees.

The table below reflects customer satisfaction on the quality of services that Dakota MEP provided, based on information gathered from third-party follow-ups over the past two years. The Dakota MEP guarantees business results are achieved with each improvement project.

Are you satisfied with the quality of services your company received?	ND MEP	National MEP
Very Satisfied	57%	69%
Satisfied	33%	26%
Neutral	9%	4%
Dissatisfied	1%	1%
Very Dissatisfied	-----	-----

Would you use this program's services again in the future?	ND MEP	National MEP
Definitely Would	57%	70%
Probably Would	32%	22%
Not Sure	9%	6%
Probably Would Not	3%	2%
Definitely Would Not	-----	-----

North Dakota SBDC

In addition to the performance described here for the MEP in North Dakota, Dakota MEP has also been the **principal sub-recipient** for the Small Business Development Center (SBDC) program in North Dakota. In partnership with the University of North Dakota, the Dakota MEP has provided the SBDC program through Dakota MEP staff operating from regional offices in **Bismarck, Fargo and Minot**. The results of that program are being provided in a separate testimony.

However, the Dakota MEP has been able to develop synergies between these two programs in order to (1) serve entrepreneurs and small manufacturers that may not otherwise be able to afford services, (2) provide additional business and financial counseling services to the organization that are outside of the core competencies of the MEP, and (3) build and improve on the overall competencies, skills and talents of all Dakota MEP staff.

MEP NIST Federal Partnerships

There are a number of partnerships that MEP NIST has developed including:

- Department of Agriculture
- Department of Energy
- Department of Labor
- Economic Development Administration
- Environmental Protection Agency
- Small Business Administration
- United States Commercial Service

These partnerships serve to leverage missions and resources where appropriate to best provide assistance to entrepreneurs, small businesses and manufacturers across the country – including in the Dakotas. Dakota MEP can provide additional description of how several of these national partnerships have been utilized to support the growth of manufacturing in North Dakota.

Attachment 3 - Next Generation Manufacturing and Next Generation MEP

The Dakota MEP is actively engaging manufacturers in 2009 in an initiative called Next Generation Manufacturing (NGM). Next Generation Manufacturing is involving many of the leading MEP programs throughout the country with their manufacturers. Our collective goal is to have 5,000 manufacturers involved throughout the country by the end of February, 2009. We hope to have up to 200 participate in the Dakotas.

Next Generation Manufacturing seeks to define where manufacturers are today, as compared to the characteristics that many manufacturers are developing to better compete globally. Indeed, the transition of manufacturers and the manufacturing industry from the current state to the future state is what Next Generation Manufacturing is all about. This initiative complements the support of Advanced Manufacturing as a target industry that North Dakota and other states are seeking to develop.

Manufacturers will be asked to respond to questions on how they are performing in these major areas:

- Customer Focused Innovation
- Engaged People / Human Capital Development
- Superior Processes / Improvement Focus
- Supply Chain Management & Collaboration
- Green / Sustainability
- Global Engagement

Each manufacturer will be provided with a confidential benchmark report that indicates how well they are doing compared to other manufacturers in their region as well as in the country.

As a result of Next Generation Manufacturing, the Dakota MEP, other MEP programs, and the national MEP will aggressively move to develop a "Next Generation MEP" to further support a larger number of companies seeking to improve in these areas. Dakota MEP is already working on a number of related initiatives to support a "Next Generation MEP" that is successfully able to operate in rural America.

Major areas that "Next Generation MEP" will expand into in order to better support the growth of Next Generation Manufacturers include (1) strengthening supply chains, (2) helping manufacturers grow their 'top line' through innovation, and (3) seeking to bring new technologies to manufacturers -- especially in areas of green and sustainability. Much of this will also include effective national, regional, state and local partnerships.

To develop the "Next Generation MEP", additional federal funding was recommended in the America Competes Act passed by Congress in 2007. This Act was signed into law by President Bush. Written support for that additional level of federal funding (\$122 Million) was provided by Governor Hoeven and all of the members of the North Dakota Congressional delegation in 2008.

It should also be noted that President Elect Obama advocated during the presidential campaign for a doubling of federal funds (\$200 million +) to make the MEP program a focal point for reviving and strengthening U.S. manufacturing.

Given the performance that MEP NIST has demonstrated with the manufacturing industry this is a relatively small investment with the potential for a very large return. And since the MEP requires manufacturing investment, participation and support along with accountability and measurement it has proven to be a smart decision for most policy makers to support.

Should the national funding also require state level match (as has been the case in the past) and additional funds are allocated at levels similar to current allocations, the Dakota MEP estimates that it may need to develop match in North Dakota of another \$320,000 per biennium. This supports the Next Biennium Optional Funding Request provided at the end of the Testimony (pages 4 and 5) to the ND Senate Appropriations Committee.

Learn from the experts in
continuous improvement.



Best Practices Conference *for* Manufacturing & Business

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James C. Hunter
Keynote Speaker

International Best-Selling Author and leadership
consultant to some of America's most successful companies.



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Who Should Attend?

Anyone responsible for helping organizations create value and achieve business results, including:

- CEO, Executive Director or President
- CFO, Accounting or Finance Director
- COO, Operations, Plant or Value Stream Manager
- CIO, Information Systems or Technology Coordinator
- Director of Continuous Improvement, Quality, or LEAN Leader
- Director of Engineering or Product / Service Development
- Director of Marketing or Sales Manager
- Director of Human Resource Development, Personnel or Training Manager
- Director of Planning, Procurement, Safety or Supplier Development
- Manager, Supervisor or Team Leader

Which Industries Will Benefit?

Any organization seeking to achieve higher levels of performance and value for its customers, its employees and its investors, including:

- Manufacturing firms
- Construction companies
- Distribution and wholesale companies
- Education, government, and non-profit organizations
- Energy and utility companies
- Healthcare providers, information-based and technology-based businesses
- Transportation, hospitality, and retailers

Governors' Invitation

Dear Friends,

If you're a progressive leader serving the Dakotas, we encourage you to attend MEP 08, a two-day Best Practices Conference scheduled for October 8-9, in Fargo.

In order to grow our businesses and economies throughout the Dakotas, we need to be better than ever. We need to pursue best practices and continuous improvement strategies in order to achieve excellence. When it comes to remaining competitive in today's global market, there is nothing more important than creating a culture of continuous improvement in organizations throughout the Dakotas.

This first of its kind conference will bring together leaders from a diverse array of business and industry sectors to learn from one another about best practices in organizational performance.

The event is expected to attract hundreds of business and industry leaders, including owners, entrepreneurs, executives, and public officials. Professionals in attendance will include CEOs, CFOs, COOs, as well as directors of engineering, marketing, and human resources.

By attending this conference, you'll gain valuable insights about how to take your organization to the next level. Sessions include presentations by nationally-recognized speakers on topics ranging from servant leadership and product development to LEAN marketing and balanced scorecards.

MEP 08 is designed to give you new tools to help your organization operate more efficiently and profitably. Plan to attend. We guarantee it will be time well spent.



John Hoeven

JOHN HOEVEN
Governor of North Dakota



Mike Rounds

MIKE ROUNDS
Governor of South Dakota

CONFERENCE SPONSORS:



Dakota MEP is a non-profit organization committed to helping business and industry create new wealth, increase productivity, and improve profitability. Dakota MEP is supported by state and federal agencies, including the North Dakota Department of Commerce, the South Dakota Department of Economic Development, and the National Institute of Standards and Technology, a network of nearly 60 MEP centers located throughout the nation.



a NIST | Network
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08



James Hunter
World's Most Powerful Leadership Principle

Description: The challenges of leadership are so great these days that many ask whether it's worth taking on a leadership role. Leaders are, as Teddy Roosevelt said, "In the arena, whose face is marred with dust and sweat and blood...that can come only by daring greatly." How would one deny the pleasure that results from leading a group of people to achieve a worthy goal? When you cross the finish line together, there's a deep satisfaction that it was your leadership that made the difference. How do you become this type of leader? In today's world, what kind of leader is required to transform an organization?

Speaker: Learn more about the world's most powerful leadership principle from James Hunter, international best selling author and servant dedicated to helping develop leadership at some of the most successful organizations in this country. Jim's message applies to everyone in any position or organization because leadership is influence - and we all influence people.



Michael Hoseus
Toyota Culture - The Heart And Soul Of The Toyota Way

Description: Lean describes a strategic and sustainable approach to satisfying customers that maximizes resources. Many companies utilize Lean tools to help them cut costs or stop the bleeding of quality defects or to solve late delivery problems. However for those organizations inspired to create a great enterprise, which is more important: the technical systems or the human systems? What is required to build a culture committed to building quality people that work together to continually improve?

Speaker: Your presenter, Michael Hoseus, leads the Center for Quality People and Organizations - a Toyota supported nonprofit organization dedicated to sharing the Toyota Way with education, community and business organizations. In 2008, with Jeffrey Liker, Michael authored Toyota Culture - The Heart And Soul Of The Toyota Way.

Gain valuable knowledge and insights by participating in one of a four professionally-guided tours of world class companies in the Fargo-Moorhead area. Transportation will be provided. Tour sizes are limited. Pre-registration is required.

Microsoft

Microsoft:

The Microsoft campus in Fargo is home to over 1,000 employees and a variety of teams, including major development and support centers, a growing Microsoft Office support team, a large Microsoft IT team, as well as the America's Shared Services organization. Areas to be covered as part of the tour include shared services, payroll processing, an automated testing lab and the Executive Briefing Center, one of only eight such centers in the world.



Phoenix International:

Phoenix International, a John Deere Company, is a leader in the design and manufacture of custom, integrated electronic solutions for Original Equipment Manufacturers (OEM's). Since beginning its Lean journey in 2004, over 1200 projects have been completed to improve quality, reduce scrap, and increase productivity, allowing business to double. The tour will highlight best practices in lean and six sigma methodologies.



Northern Pipe Products

Northern Pipe Products:

Northern Pipe Products, an Ottertail Company, operates a world class manufacturing facility for PVC pipe. The company serves as a model of continuous improvement and employee involvement. It is well known for its computerized compounding center, one of the most highly automated facilities in the industry. The tour will also feature information regarding Northern Pipe Product's innovative use of self-directed work teams.



Swanson Health Products:

Dubbed "America's Vitamin Superstore," Swanson Health Products offer high quality vitamins, minerals and herbal supplements at discount prices. They recently moved into a new, 120,000 sq. ft. facility that allows the company to house its call center, customer care center, marketing, manufacturing, storage and shipping under one roof. The tour will address the topic of best practices in supply chain management.

08

Leadership & Strategy

Developing a Balanced Scorecard

Organizations are traditionally measured on their financial performance. However value has moved beyond the financial statement. How do you develop and deploy all of your company's assets into strategies that are well developed, well understood and well executed? Introduced in 1990, the Balanced Scorecard has emerged as a proven tool, used by thousands of for-profit and not-for-profit organizations around the globe, for developing and executing strategy and to provide for well-rounded measures of performance. This session is designed to help you determine how the Balanced Scorecard will help your company better integrate all assets into strategies to improve performance. In this practical and hands-on session, leading Balanced Scorecard practitioner Dennis Barnhart will provide a simple and easy to understand introduction to the Balanced Scorecard.

Learning to Lead - Learning from Toyota's Culture

The Toyota company-wide culture is the key ingredient in its success as the global leader in operational excellence. What may we learn from the 'human systems' that Toyota has put in place? In this session, Michael Hoseus will help your company develop the 'human systems' required to support and sustain high levels of performance. Tools will be presented to help you (1) find competent, able, and willing employees, (2) start training and socializing your people as you hire them, (3) establish and communicate key business performance indicators at every level of your organization, (4) train your people to solve problems and continuously improve processes in their daily work, (5) develop leaders who live and teach your company's philosophy, (6) reward top performance and offer help to those who are struggling. This session is for all responsible for leading organizational development.

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Servant Leadership: Serving Leadership

Servant leaders know that serving people and thereby engaging hearts and minds results in a team that understands the benefits of striving for the greater good. Servant leaders put their emphasis on building authority, not power; on exerting influence, not intimidation. However the process of breaking old, worn-out leadership styles and habits is difficult. In this session, James Hunter will provide an uncomplicated, straightforward look at the specifics of implementing a three-step change process he has successfully implemented with more than one thousand leaders to effect change in their lives and in their organizations. James has worked with many of Fortune Magazine's most admired companies and best companies to work for. In addition to businesses of all types and sizes, James has assisted education, government, health care and military organizations. This session is for all responsible for the development of leadership in their organizations.

Lean Product Development

High performing companies realize that their products' development costs and time-to-market impact competitiveness and their eventual success. How do you best reduce your time-to-market and maximize profits? This presentation demonstrates how "Lean" principles are applied to the product engineering environment to help companies attain significant improvements in project flow, time-to-market, resource utilization, and product cost. This session is designed for all responsible for their company's growth and success in the marketplace with a special emphasis on those charged with developing products and services. Ed Maier, one of the leading practitioners in the national Manufacturing Extension Partnership (MEP), will introduce you to an array of practical, hands-on tools and methods to help your company make their development resources more productive, streamline project execution, optimize new product portfolios, and reduce product and development costs.

Marketing & Sales in a Recession

During this session, you will learn from Richard Johnson how to grow your business 25% to 100% with assets and resources you already have. The session will cover the new definition of marketing and the marketing mindset that's required today, how to identify new sources of cash and profit opportunities hidden in your business, how to identify marketing and sales wastes within your company and three ways to grow your business fast in the next 60 - 90 days. This session is designed for all responsible for marketing and sales in your company so that you may thrive in today's economy. For the past three years, Dakota MEP in partnership with Richard Johnson, Chief Executive Officer of 21st Century Marketing Systems, have helped companies in both Dakotas significantly grow profitable sales.

Standards & Continuous Improvement

ISO, Lean, Lean Sigma, Six Sigma, Theory of Constraints, Total Quality Management ...international standards, domestic standards, parent company standards, customer standards, supply chain standards. Where does it end and how does our company best select, accommodate and coordinate various improvement methodologies and standards that provide us with a road map we can follow to achieve the business results we're seeking? This session describes the differences between continuous improvement practices and various regulations, offering participants a clear methodology to integrate each within a single management system. Presenter Paul Palmes, a senior member of the American Society of Quality, is President of Business Standards Architects. Paul is very active in the International Standards Organization and has published two books by ASQ Press: Process Driven Comprehensive Auditing and The Magic of Self-Directed Work Teams, as well as numerous articles in both national and international publications.

Featured Speakers



Dennis Barnhart
Senior Manager, Business Development
Balanced Scorecard, Inc.



Richard Johnson
Chief Executive Officer
21st Century Marketing Systems, Inc.



Edmund (Ed) Maier
General Manager, Product Development
Manufacturing Extension Partnership



Paul Palmes
President, Business Standards Architects, Inc.

08

Cancellations Cancellations must be made in writing to: **Dakota MEP, 1929 N. Washington St., Suite M Bismarck, ND 58501**
Fax to: 701.328.5478. If cancellation notice is received on or before October 3, you will be refunded your registration fee minus a \$25 processing fee. All approved refunds will be mailed after the conference. No refunds will be given after October 3.

Please complete a separate registration form (sections one and two) for each attendee. Feel free to duplicate this form.

Section One: Registrant Information

Name (First, MI, Last): _____ E-Mail: _____
Company: _____ Title/Position: _____ Work Phone: _____
Address: _____ City, State, Zip: _____

4 Easy Ways to Register:

WEB: dakotamep.com/conference
FAX: 701.328.5478
MAIL: Dakota MEP, Northbrook Professional Center
1929 N Washington St., Suite M Bismarck, ND 58501
Phone: 866.297.8250 (toll free) 701.328.5476

Section Two: Concurrent Session & Company Tours (All sessions will be held at the FARGODOME - 1800 N. University Drive, Fargo, ND 58102)

Wednesday, Oct. 8 at 1:45 p.m. (Check only one option)

Dennis Barnhart: Balanced Scorecard - Maximizing Performance And Maintaining Results
Mike Housseus: Building A Lean Enterprise - Learning From Toyota's Culture
James Hunter: How To Implement Servant Leadership
Ed Maier: Lean Product Development
Richard Johnson: Building Your Business in Today's Economy

Thursday, Oct. 9 at 8:30 a.m. (Check only one option)

Dennis Barnhart: Balanced Scorecard - Maximizing Performance And Maintaining Results
Mike Housseus: Building A Lean Enterprise - Learning From Toyota's Culture
Paul Palmes: Successful Integration Of Best Practices
Ed Maier: Lean Product Development
Richard Johnson: Building Your Business in Today's Economy

Wednesday, Oct. 8 at 9:00 a.m.

Company Tour (Check only one option)
Microsoft
Northern Pipe Products
Phoenix International
Swanson Health Products
(Company tours are optional)

Section Three: Participation Packages

Individual/Group Participation (Check all that apply.)

One-day attendance @ **\$150.00/participant** x the total number of participants. (Check which day you plan to attend) \$ _____ 10/8/08
10/9/08

Early bird registration @ **\$245.00/participant** x the total number of participants. (Registration(s) must be postmarked by Friday, September 5) \$ _____

Regular registration @ **\$295.00/participant** x the total number of participants. (Registration(s) postmarked after Friday, September 5) \$ _____

Note: A group discount of @ \$25.00/participant is offered to any organization that registers four or more participants for the full conference. Discount doesn't apply to One-Day Attendance

\$25.00 x the total number of participants who qualify for the discount. (Apply your discount) \$ (_____)

Total Due: \$ _____

Trade Show + Participation

Market your organization to conference attendees by securing a 8' x 10" display booth at the MEP 08 Trade Show @ **\$500.00**. As part of the fee, you receive one (1) complimentary full registration to the conference. Additional registrations are available at the rates listed under the individual participation category. Please complete additional registration forms to reflect other attendees. \$ _____

Optional booth supplements Electricity **\$20.00** \$ _____

Internet Access **\$150.00** \$ _____

Total Due: \$ _____

Sponsorship + Participation Receive maximum exposure and benefit by becoming a sponsor of the conference. (Check only one option)

Advocate @ \$500.00 • One complimentary, full registration to the conference • Company name and logo included in the conference program materials and the sponsor's PowerPoint presentation. \$ _____

Partners @ \$1000.00 • Two complimentary, full registrations to the conference • Company name and logo included in the conference program materials and the sponsor's PowerPoint presentation. \$ _____

Champions @ \$2000.00 • Four complimentary, full registrations to the conference • Company name and logo included in the conference program materials and the sponsor's PowerPoint presentation. • Your company will also receive pre and post conference recognition during opening and closing sessions \$ _____

Total Due: \$ _____

Section Four: Method of Payment

Bill me at the above address:

Check: # _____

is enclosed for \$ _____

(Please make checks to Dakota MEP)

Please charge my credit card:

Mastercard Visa

Card # _____

Expiration Date: _____

Security Code: _____

Name as it appears on card: _____

Signature: _____

Section Five: Hotel Information

To make accommodations, please contact the hotel directly. Refer to "Dakota MEP block." Rooms released Sept. 5.

Days Inn and Suites (Fargo)
1507 19th Avenue North
701-232-0000 or 866-287-5344
www.daysinnfargo.com

Candlewood Suites (Fargo)
1830 NDSU Research Drive
701-235-8200
www.candlewoodsuites.com

Homewood Suites (Fargo)
2021 16th St. North
(701) 235-3150
www.homewoodsuites.com

08

Benefits of Attending the MEP08 Conference

- Network with leaders from multiple industries to gain "best practice" insights to be applied to your organization.
- Transform your organization through principles and practices advocated by a leading authority on servant leadership.
- Learn how to develop your people to support and sustain your company's commitment to becoming a high performance enterprise.
- Learn innovative marketing strategies to grow sales without spending more money.
- Receive an introduction to the principles associated with the International Organization for Standardization (ISO).
- Discover new ways to improve the bottom line and increase cash flow.
- Discover how to inspire innovation, develop new products and more effectively support long-term strategic growth within your company.
- Acquire valuable management tools to support and sustain a culture of continuous improvement.

Early Bird Discount

Save \$50 by
registering before
Friday, September 5.

8:00 a.m.	Registration Opens FARGODOME, 1800 North University Drive
9:00 – 11:00 a.m.	World Class Company Tours (optional) (Buses depart from the FARGODOME at 8:30 a.m.)
11:30 – Noon	News Conference
12:15 – 1:30 p.m.	Opening Luncheon & Keynote Address James Hunter: The World's Most Powerful Leadership Principle
1:45 – 4:45 p.m.	Concurrent Sessions Dennis Barnhart: Balanced Scorecard - Maximizing Performance & Maintaining Results Mike Hoseus: Building A Lean Enterprise - Learning From Toyota's Culture James Hunter: How to Implement Servant Leadership Ed Maier: Lean Product Development Richard Johnson: Building Your Business In Today's Economy
5:00 – 6:30 p.m.	Trade Show & Social: Cash Bar and Hors d'oeuvres
7:30 – 8:15 a.m.	Welcome & Breakfast Buffet
8:30 – 11:30 a.m.	Concurrent Sessions Dennis Barnhart: Balanced Scorecard - Maximizing Performance & Maintaining Results Mike Hoseus: Building A Lean Enterprise - Learning From Toyota's Culture Paul Palmes: Successful Integration of Best Practices Ed Maier: Lean Product Development Richard Johnson: Building Your Business In Today's Economy
11:45 – 1:00 p.m.	Closing Luncheon & Keynote Address Mike Hoseus: Heart and Soul Of A Lean Enterprise
1:00 p.m.	Conference Adjourns



Northbrook Professional Center
1929 North Washington, Suite M
Bismarck, ND 58501

Branch offices and staff located throughout North Dakota and South Dakota

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FAQ - Next Generation Manufacturing Strategies Survey

What is Next Generation Manufacturing?

Next Generation Manufacturing (NGM) is providing an opportunity for manufacturers across the country to review their company's performance in six key areas that reflect world class strategies now and into the future. This effort began last year with a pilot project in Wisconsin. Over 500 manufacturing firms took part in the program and the results received national exposure in media outlets including *Forbes magazine*, *CNBC*, *MSN Money*, *Industry Week* and the *Chicago Tribune*.

Each company will be able to participate in a confidential online Next Generation Manufacturing survey. This online survey will be available to complete **February 10th through March 15th**. *About mid-April, each participating company will receive a Next Generation Manufacturing Performance Report that will include their responses and compare those responses to other manufacturers in the state and nation.*

This opportunity is provided as a no cost service to manufacturers in North and South Dakota by the Dakota MEP in partnership with the nation's manufacturers and other MEP centers across the country.

What are the goals for Next Generation Manufacturing?

- (1) Over 5,000 manufacturers will have an opportunity to compare their companies to world class strategies that are reflective of current and future success in manufacturing.
- (2) Through their participation in the Next Generation Manufacturing survey and with information from their confidential and customized Performance Report, manufacturers can further develop their own strategies to improve their competitiveness in the future.
- (3) Following the close of the survey, aggregate information will be used by the MEP programs to educate others nationally, regionally and locally about the strategies that manufacturers are implementing and to help describe the transition that the manufacturing industry is going through.

To help your company get the greatest value from participating in Next Generation Manufacturing we recommend the following:

1. Distribute copies of the NGM Strategies Survey to your key managers responsible for Finance, Human Resources, Marketing, Operations, Product Development, Sales, and Continuous Improvement. Provide them with no more than one week to review and prepare responses to the questions most relevant to their department. You may download the survey at www.dakotamep.com/NGM.
2. Hold a NGM meeting including the key managers above. At that meeting, we suggest coming up with your final set of responses that you will use in responding to the online survey at www.NGMStudy-Dakota.com.
3. Participate in the online survey as soon as you can. Dakota MEP will be following up with companies that have not participated beginning in late February so that they are not excluded from this important opportunity.

Key Dates

Feb. 10 - Online Survey Opens
www.NGMStudy-Dakota.com

Feb. 25 - Informational Webinar • 12:30 p.m.
Register at: www.dakotamep.com/calendar

March 3 - Informational Webinar • 9:30 a.m.
Register at: www.dakotamep.com/calendar

March 15 - Online Survey Closes

April - Customized Company Reports Distributed

April-May - Community Meetings to review aggregate findings and identify next steps

FAQ: Next Generation Manufacturing Strategies Survey

How will our company benefit from Next Generation Manufacturing?

Next Generation Manufacturing will provide a framework for understanding competitive performance and best management practices. As a result, use NGM as an opportunity to review and benchmark your company's performance. **You will receive a confidential Customized Performance Report comparing your company to others in the Dakotas and in the Nation.** Use the survey and strategies as opportunities to review your company's current plans for the future. In what areas are you doing relatively well? Where may you need to improve? Are there Next Generation Manufacturing measures that you can use in the future to help guide your company's performance?

Based on the response from manufacturers in the Dakotas to Next Generation Manufacturing, Dakota MEP will host community meetings to review the aggregate findings of the Strategies Survey. Manufacturers will be asked to identify actions that can be implemented to further develop and grow Next Generation Manufacturers in this region.

How do we participate?

To participate, you will be asked to complete a free, confidential survey either online or by downloading it and returning the completed survey by mail to NGMS, PO Box 4330, Dublin, OH 43016.

Download a sample survey at: www.dakotamep.com/NGM
Complete the Online Survey at: www.NGMStudy-Dakota.com

Note: You will need to complete the survey in one online session. If you exit the questionnaire site prior to submitting your responses, your responses will be lost. If you require help from others to complete the survey, we suggest you download a pdf version, share the survey with staff and then complete online.

When can we participate?

The survey will be available online on **February 10, 2009** and will close on **March 15th, 2009**.

How much time will it take to complete the online survey?

The online survey should take 20-30 minutes. There may be some information that you will need to gather prior to completing the survey. We recommend that you review, either online or print, the actual survey prior to completing it online so that you're prepared with the answers to the questions.

Will my company information remain private and confidential?

Absolutely! Your responses will remain confidential. Only the organizations conducting the study (MPI and Dakota MEP) will have access to your specific responses. Data will be disseminated only in aggregate form; no company-specific responses will be released. You will receive a customized performance report that compares your responses to all survey respondents in your state, and survey respondents across the nation, and survey respondents across the nation similar to your organization (e.g., annual revenues, number of employees).

You will also have the option of participating anonymously. After completing the survey, you will provide contact information at a separate website. In this case you will receive a data report which will include aggregate statistics on all survey questions. You will receive no specific company benchmarking information. No information will be connected to your responses.

FAQ: Next Generation Manufacturing Strategies Survey

If my company has several plant locations in North and South Dakota, should we complete one survey for the entire company or one survey for each plant?

You should complete one survey for each plant as the results are location-based.

There are 300 parent companies with manufacturing subsidiaries in the Dakotas. Even though these parents are officed outside the Dakotas, they may still participate in Next Generation Manufacturing through our national site at www.NGMStudy.com.

What are the six key strategies included in Next Generation Manufacturing?

Customer-Focused Innovation - How well are manufacturers developing, making and marketing new products and services that meet customers' needs at a pace faster than the competition?

Engaged People / Human Capital Acquisition, Development and Retention - How well are manufacturers securing a competitive performance advantage by having superior systems in place to recruit, hire, develop and retain talent?

Superior Processes / Improvement Focus - How well are manufacturers recording annual productivity and quality gains that exceed the competition through a company wide commitment to continuous improvement?

Supply-Chain Management & Collaboration - How well are companies developing and managing supply chains and partnerships that provide flexibility, response time and delivery performance that exceeds the competition?

Green / Sustainability - How well are manufacturers designing and implementing waste and energy-use reductions at a level that provides superior cost performance and recognizable customer value?

Global Engagement - How well are manufacturers securing business advantages by having people, partnerships and systems in place capable of engaging global markets and targets better than the competition?

How were these Next Generation Manufacturing Strategies determined?

These Strategies are the result of years of research by the Manufacturing Performance Institute based on best practices and strategies being implemented by high performing manufacturing companies.

What can manufacturers do to develop these Strategies?

First complete the survey. We recommend following the approach described on the first page to get the greatest value from your efforts. As you learn more about these strategies, seek a balance between doing business today in these tough times and what you'll need to be doing to compete successfully in the future. Even in a challenging economy, there are manufacturers who will be able to identify and develop new opportunities.

FAQ: Next Generation Manufacturing Strategies Survey

Who is conducting the NGM Strategies Survey?

The survey will be conducted by the Manufacturing Performance Institute (MPI).

Who is the Manufacturing Performance Institute (MPI)?

The Manufacturing Performance Institute is the country's knowledge leader in manufacturing performance and best practices. Along with Industry Week and Advanced Manufacturing, MPI produces annually the Census of Manufacturers which compares performance and best practices of manufacturing facilities in both the United States and Canada. In addition, they have produced the only study of best practices and performance of manufacturers in China. Other notable research includes: Manufacturing Beyond The Margin: Changing the Customer Conversation From Price to Value; Super Human Resources; Benchmarking: An Executive Primer to Locating and Leveraging Manufacturing Best Practices and Powerful Performance Measures: An Executive Primer to Performance Measures That Drive Improvement.

MPI is led by John Brandt, former editor and publisher of Industry Week and Chief Executive magazines. Brandt was one of the keynote presenters at the Where Manufacturing Matters Conference hosted by Dakota MEP in Fargo in 2006.

Why is Next Generation Manufacturing Important to the Dakotas?

Manufacturing has grown in South Dakota to become 10.5% of the state's total economy. In North Dakota, has grown from 6% to nearly 10% of the state's total economy since the 1990's. Every day manufacturers are transitioning to today's economy. In nearly all cases it has meant adjustment to a slowdown in sales, cash flow and profitability. Dakota MEP is also seeking to accommodate these companies with greater flexibility and value in how we can assist during these difficult times.

However, Dakota MEP believes that manufacturing has a bright future - even though it is changing in profound ways. What may be considered as high performance best practices today will be standard practice in 2015. Fierce competition, changing workforce demographics, and the need to manage complex global supplier networks are just a few of the challenges manufacturers face today. To succeed in the 21st Century, manufacturers must adapt to the fast-changing realities of the global marketplace and make the transition to Next Generation Manufacturing.

Who is Dakota MEP?

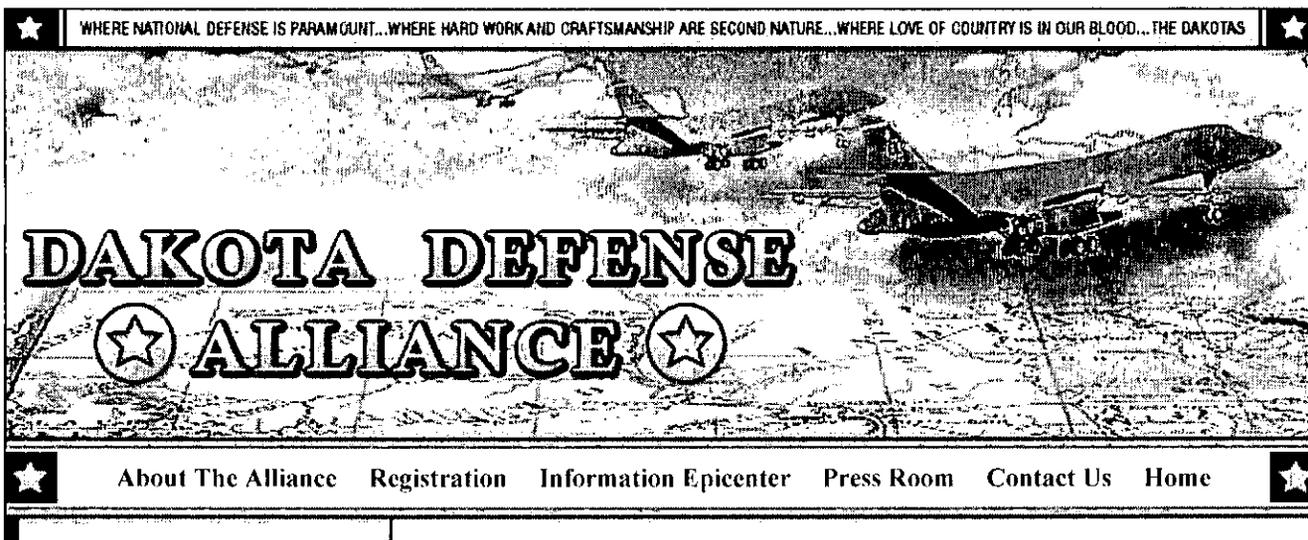
Dakota MEP is a non-profit organization that helps small-to-medium sized manufacturers in North and South Dakota become more productive and profitable. We guarantee results and measure our success based on your success. We're one of 59 such MEP centers across the nation, and part of the national NIST MEP system.

Who should I contact if I'd like more information?

Please contact Randy Schwartz at Dakota MEP by phone (toll free) 1-866-297-8250, 701-328-5471 or e-mail randys@dakotamep.com with your questions. You may also visit our website at www.dakotamep.com/NGM for more information.



Maximizing Enterprise Performance

**Alliance Members:**

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- [Williston Economic Development Corp](#)
- [XIO Strategies, Inc.](#)

Dakota Defense Alliance:

Building Business, Strengthening Community, Bettering Our Country.

Our Mission

To network and expand defense industry job opportunities in both North and South Dakota and provide greater visibility for our heartland manufacturers.

Greater Marketplace Visibility

As so many of our manufacturing jobs go over seas, we understand the importance of working to preserve opportunities here at home. Given the high capabilities of the Dakotas, we believe a focused effort on defense sector jobs can bolster manufacturing positions in both government and private employment sectors. Many of our companies are suppliers who would benefit from higher visibility with prime contractors headquartered in coastal regions of our country. Still more of our companies could benefit from networking throughout the global marketplace. The Dakota Defense Alliance will provide its membership a new and important venue to obtain greater visibility, to promote capabilities, and to increase work opportunities.

Prime Contract Opportunity Awareness

The Dakotas are, without a doubt, one of the most patriotic of regions in our country. We are dedicated to quality of work and to our armed forces. Often times, military sectors are in need of certain advancements in technology or product lines. Insofar as Dakota companies are made aware of some of these marketplace opportunities we will be able to bid on and obtain specific Requests for Proposals from military departments. The Dakota Defense Alliance will work hard to ensure that Dakota business don't miss out on these opportunities.

Research and Development Opportunities

As an alliance we can identify complementary initiatives with Defense Research Agencies.

Provide a Bridge to Our State and Federal Government Policy Makers

The Dakota Defense Alliance will provide enhanced communication to policy makers

Associates:

- Maxson Law
- Ohnstad Twichell Law

to ensure that we work together in identifying opportunities for advancement. By pooling our resources in our region we can more effectively work to ensure policymakers are promoting policy that benefits Dakota defense business.

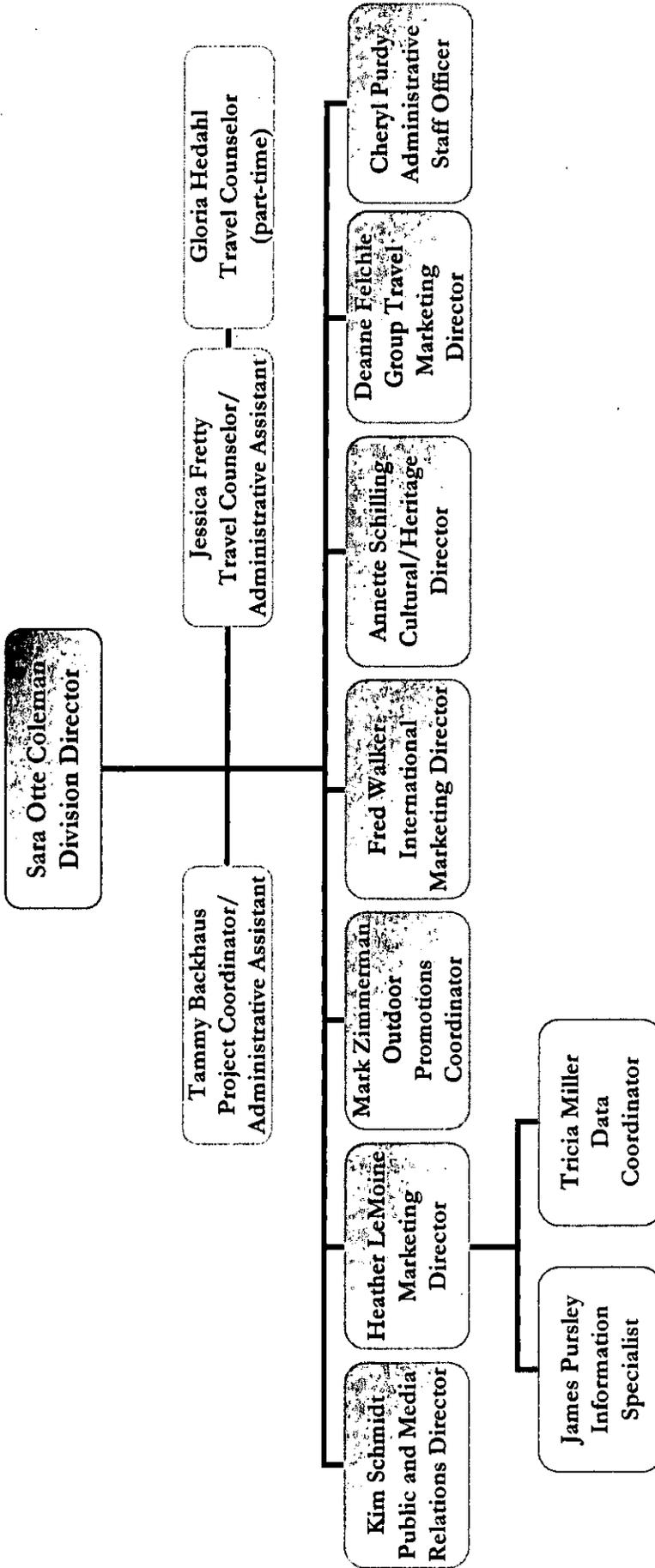
The Dakotas have a strong tradition of supplying our military with the tools they need -- our goal is to help continue and expand that tradition. The Dakota Defense Alliance will raise the visibility of our defense-related manufacturers with the prime government contractors, increase their awareness of RFP opportunities coming out of DoD, and help facilitate collaboration on complementary objectives. The alliance will be a networking venue for businesses, particularly small and medium-sized manufacturers, in the Dakotas.

[Privacy Policy](#)

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Division of Tourism Organizational Chart



DEPARTMENT OF COMMERCE TESTIMONY ON SB 2018
JANUARY 16, 2009, 8:30 A.M.
SENATE APPROPRIATIONS COMMITTEE
HARVEST ROOM
SENATOR RAY HOLMBERG, CHAIRMAN

SARA OTTE COLEMAN -- DIRECTOR, TOURISM DIVISION

Mr. Chairman and members of the committee, I am Sara Otte Coleman, Director of the Tourism Division of the Department of Commerce.

As mentioned, our mission at the Department of Commerce is to lead North Dakota's efforts to attract, retain and expand wealth. In the tourism division we primarily work to invest in marketing efforts that attract new dollars from out-of-state visitors and retain our residents' travel dollars by encouraging them to travel in-state.

I would like to give you a snapshot of the tourism industry today: its makeup, impact and some results we have measured. I will then talk about the outlook for tourism in our current economic situation, the challenges we face and opportunities we have to use tourism to further North Dakota's economy.

Tourism Industry Snapshot

Makeup:

Tourism is one of the few industries that affects the entire state. There are tourism businesses in all legislative districts including:

283 hotel/motels

197 other lodging facilities

393 campgrounds

603 attractions

426 events held in 65 communities

Plus hundreds of art shops, restaurants and caterers, outfitters, farms and retailers

3 National Park areas

63 National Wildlife Refuges

14 State Parks

56 State Historic Sites and the North Dakota Heritage Center

3 National Grasslands

11 Scenic Byways

And more than 100 golf courses

Impact:

A number of sources quantify the value of tourism. (See enclosure for a glossary and summary of current impact numbers.)

NDSU research ranks tourism as North Dakota's second largest industry with \$3.8 billion spent by non-residents. This information is useful in comparing tourism to other industries in-state.

Global Insight did a tourism satellite account (TSA) project analyzing 2006 tax receipts. This data told us that visitors spent \$2.23 billion in 2006. The tax impact of these visits was \$355 million with \$168 million going direct to local and state governments. If tourism did not exist their research says every ND household would pay an additional \$636 per year in taxes. Each visitor generates \$150 in expenses of which \$71 goes to businesses that don't touch the visitor. The analysis is all based on tax data and is not subjective. TSAs are the most popular method for gathering economic data on the industry. This also gave us insight at the county level and showed that tourism benefits all counties in ND. Cass County leads the state with \$346 million in expenditures. Oliver County ranked last- but the county still had \$1.4 million in visitor spending in 2006.

The U.S. Travel Association (formerly TIA) says ND has \$1.42 billion in visitor spending in 2005. Their methodology is consistent across all states and allows us to compare our growth to other states.

Longwoods 2006 Visitor Study: tells us that there were 14.9 million trips to ND (6 million overnight). These visitors spent \$1.9 billion. The study also provides us breakdowns and insight to make informed strategic marketing decisions.

Results:

The U.S. Travel Association research shows that between 2000 and 2005 tourism in the states, on average, grew 17.1%. During this same period North Dakota showed growth of 23.2%.

ROI research done by Longwoods showed that money invested in tourism advertising is an excellent investment and that in fact tourism is self-sustaining.

- \$1.66 million in media advertising resulted in \$203.9 million in increased visitor spending.
A \$123 return on investment for every dollar spent on advertising.
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A \$7.65 return for every state dollar invested.

The efficiency of the ad campaign was also improved by 24% over 2005, costing the state only \$1.35 to generate a trip to ND, far below the \$2.00 benchmark used for rural states. An example

of our efficiency is the use of Direct Response (DR) TV advertising. In 2007 we spent \$76,500 on DR TV ads which aired 1,805 times in order to generate the 2,500 inquiries we purchased. If we would have purchased these spots traditionally, it would have cost us \$2.2 million dollars – more than our entire media budget. I heard many reports from North Dakotans who were excited to see us on TV networks such as the CNBC, MSNBC, The Weather and Travel Channels.

Other Leisure travel results:

We have 62,774 current subscribers to our E-blast electronic marketing. During 2008 we e-mailed 168 E-blasts in 15 interest areas.

NDTourism.com has seen many enhancements, such as: RSS feeds, improved search capabilities and easy partner access functions for tourism partners. We currently offer 6,500 links to tourism providers and have had nearly one-million visitors to the site in 2008. Our Web site was recently ranked the 12th best state government site promoting tourism by buildinternet.com.

Public and media relations have netted us over \$12.3 million in value on media like USA Today, People Magazine and CNN. Our annual freelancers training, customized familiarization (FAM) trips and interactive media kits have helped to increase the number of good stories appearing on ND. You have a USB port in your packet with our general media kit and many of our materials including our TV and print ads. Niche pitches allow us to showcase all that is unique about North Dakota. Social media, like our Legendary channel on the popular site YouTube.com and our fan page on facebook.com, have begun to leverage the masses in telling the North Dakota story.

In Group Travel more than 600 new tour companies were contacted and provided with itinerary information. The new group travel sales piece (see packet) was produced and distributed to work in concert with the Web site which will offer fresh, updated tour information 24/7. The RV and Motorcycle markets continue to be a focus as well. A cooperative sales event continues to be held in a target market each year with tourism partners.

International marketing hosted 12 FAM tours (4 German tours alone in September). These FAM's are showing results with more than 27 feature stories placed on North Dakota. North Dakota attractions are also in tour operator catalogs in nine European markets and we began marketing in Australia along with our regional partner states.

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Hotel occupancy rates measure by Smith Travel Research showed:

US -4%

WNC US -2.4%

ND +3.6%

Local lodging taxes collected in ND were up 18%

Airline boarding's:

US - 4.8%

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Major attraction attendance across the US was down; specifically attractions in SD and MT were down .6% to 4.6%, while in ND our major attractions showed a 2% increase.

Canadian border crossings continue to increase with ND crossings up 16% year-to-date.

- Interest in ND is growing as shown by a 43% increase in unique visitors to our Web site. Nearly ½ million new visitors spent time on NDTourism.com in 2008.
- Requests for information ahead of the trip are down, but distribution of our guide is up due to on-road demand and use at shows and promotions.

Opportunity:

Due to the world economy travelers are shopping for value. They are looking on-line and they are looking for destinations close to home. To position ND as the place to vacation, ND Tourism is using the AAA's "most affordable destination" in our call-to-action and throughout our

promotional efforts. We also will continue working our database to do more one-to-one marketing, more lower cost on-line marketing and social networking. But this alone is not enough to keep the tourism industry growing. The tourism division has made program adjustments for the past three biennium's in order to allocate more money for paid advertising. Although we have continued to increase the dollars spent, we are not increasing the exposure we are getting from these ads due to increasing media, printing and postage costs. The cost of US media has increased about 5% per year. Canadian media has increased tremendously when you factor in the Canadian exchange rates. With a 30% increase due to the exchange rate difference and the additional 15% inflationary increase, Canadian media increases are approximately 45%. As an example, these dollars lost are the equivalent of eight full page magazine ads or two weeks of Minneapolis television in the US and a loss of our newspaper inserts going to 471,172 Canadian households. We have also cut printing (eliminated one newspaper insert and 25,000 fewer travel guides). In order to make budget our program managers have cut FAM tours, tradeshows, associated travel as well as postage and needed IT work. We have trimmed our research, photography, production, IT and media budgets in order to comply with the budget guidelines. I have enclosed a breakdown of these figures in your packet.

The Governor's \$912,000 increase to our budget will allow the continuation of our advertising and marketing programs at previous levels. Our budget currently ranks 47th among other state tourism office budgets. This increase may move us up one notch above Kansas to 46th - but still far from MN, SD, and MT whose \$10.5+ million annual budgets allow them to penetrate our markets with much larger ads and better frequencies. Our regional market share shows this opportunity; in 2005 our market share peaked at 6% in 2006 we dropped to 5.5%.

As many states struggle with deficit budgets, the media is reporting much disparity in how states are looking at tourism. In Michigan, one of the hardest hit states, the legislature added \$10 million to tourism marketing in 2008 to help curtail job losses. Hawaii, which is proposing a \$900 million budget shortfall, is increasing its marketing budget by 12 million through March to lure additional visitors. Other states are cutting. Like Nevada where they curtailed their TV advertising and Vermont where they are looking at closing their four state-run highway visitor centers. But the experts agree, those who advertise during hard times are most likely to weather an economic downturn. Over 600 tourism partners attending the statewide tourism congress meetings ranked increased marketing dollars as their top priority. We may have an opportunity to make some gains over our competition this next year. I urge you to support this increase in our budget so we may continue to grow North Dakota's Economy.

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- 393 campgrounds
- 603 attractions
- 426 events held in 65 communities
- Plus hundreds of art shops, restaurants and caterers, outfitters, farms and retailers
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Major attraction attendance across the US was down; specifically attractions in SD and MT were down .6% to 4.6%, while in ND our major attractions showed a 4% increase.

Canadian border crossings continue to increase with ND crossings up 6% year-to-date, despite a huge decline in December due to weather.

- Interest in ND is growing as shown by a 41% increase in unique visitors to our Web site. Over ½ million new visitors spent time on NDTourism.com in 2008.
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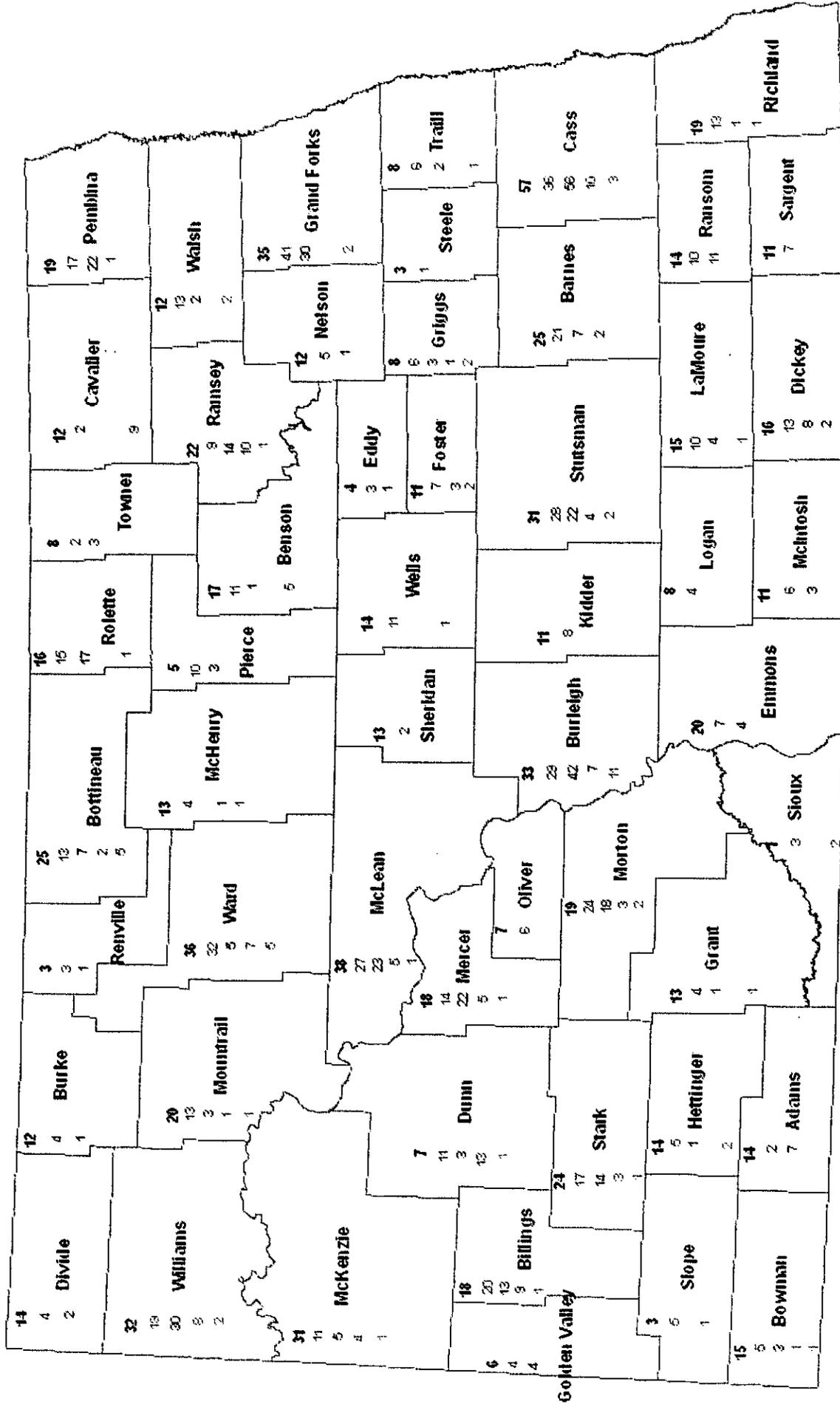
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Tourism Business Partners



Partner Numbers by Color

- Accommodations
- Attractions
- Events
- Vacation Packages
- Education
- Vacation

Tourism At-A-Glance



North Dakota Tourism: By the Numbers

- Travel and tourism is a \$3.78 billion industry in North Dakota. (NDSU)
- More than 16 million visitor trips are spent in North Dakota each year. (Longwoods and Statistics Canada)
- North Dakota travel generated \$368 million in taxes. (Global Insight)
- If tourism didn't exist, each North Dakota household would pay an additional \$636 in taxes. (Global Insight)
- Each visitor adds \$81 to the gross state product. (Global Insight)
- Advertising North Dakota is a 1:8 return to the state's tax base. (Longwoods)
- Out-of-state visitors represent the largest portion of tourism expenditures in North Dakota. Sixty-eight percent (68%) of visitors are from out-of-state / out-of-country. (Global Insight)
- One out of every 12 workers owes their job to tourism in North Dakota. (Global Insight)
- Approximately \$733 million in wages and salaries are generated through North Dakota tourism. (Global Insight)

What Is Tourism?

Tourism: Travel to enjoy recreational and leisure activities, partake in business, visiting friends and relatives and activities outside of one's normal working or living area.

Leisure Travel: A trip composed primarily for fun and recreation, including visiting friends/relatives, touring, outdoor trips, special events, seasonal vacations, resorts, and more.

Business Travel: A trip composed of work related duties.

Business/Pleasure Travel: A trip taken for business where the visitor also enjoyed leisure activities.

Visitor: Person or travel party touring together.

Overnight Visitor: Person who spent one (1) or more nights away from home.

Day Trip/Visitor: Any trip for business or pleasure that does not include an overnight stay and involves travel of more than 50 miles from home.

How is Tourism Measured?

The North Dakota Tourism Division benefits from a multitude of research types and methodologies. In brief, these research methods include:

- **Economic Base** = Comparative analysis provided by North Dakota State University (NDSU) of the state's six primary industries; measures non-resident spending.
- **Tourism Satellite Account** = A measurement of the economic impact of travel and tourism, contracted by Global Insight. Uses jobs, wages and taxes to quantify the contribution tourism makes to the gross state product (GSP).
- **Domestic Travel Expenditures** = Comparative data provided by the United States Travel Association, using tax revenue from the U.S. Bureau of Labor Statistics.
- **Return on Investment (ROI)** = Contracted through Longwoods International, measures the awareness and effectiveness of advertising campaigns.
- **Visitor Studies** = A survey of recent visitors to North Dakota, documenting their travel habits and spending and comparing to U.S. travel data; contracted through Longwoods International.
- **Canadian Travel** = Provided by Statistics Canada, measures travel and spending by Canadians to the United States; gathered through Stats Canada's International Travel Survey.

Tourism At-A-Glance



Economic Base (2006)

North Dakota State University

- \$3.78 billion industry in North Dakota
- 2nd largest industry in state
- 14.7% growth since 2000

Tourism Satellite Account (2006)

Global Insight

- Tourism expenditures total \$2.23 billion
- 68% of travelers are non-resident
- Each visitor adds \$81 to Gross State Product
- 30,240 jobs were created by travel and tourism economic activity
- Approximately \$733 million in wages and salaries was generated by travel and tourism in 2006
- Tourism generated \$368 million in federal, state, and local government taxes in 2006

Return on Investment (2007)

Longwoods International

- The 2007 advertising campaign returned \$203.9 million in visitor spending that year
- \$12.7 million in state taxes generated
- The state invested \$1.66 million in advertising, giving a return of 1:123
- The campaign was 24% more efficient, with cost-per-trip decreasing to \$1.35

Domestic Visitor Profile (2006)

Longwoods International

- 6 million overnight trips; 14.9 million total trips
- Tourism expenditures total \$1.9 billion
- 25% growth in overnight-visitor spending (01-06)
- Trip Seasonality
 - January-March 18.25%
 - April-June 28%
 - July-September 28%
 - October-December 25.75%

Canadian Travel to ND (2007)

Statistics Canada & Longwoods International

- 625,000 overnight trips; 1,105 million total trips
- 1,286,000 nights spent in-state
- Expenditures total \$163 million
- Trip Seasonality
 - January-March 19.5%
 - April-June 24.5%
 - July-September 33%
 - October-December 23%

Domestic Travel Expenditures (2005)

U.S. Travel Association &

U.S. Bureau of Labor Statistics

- Tourism expenditures total \$1.4 billion
- 23.2% growth since 2000 - outpacing national growth of 17.1%

Additional Statistics

The Department of Commerce Tourism Division tracks inquiries, fulfillment, border crossings, airport boarding's, attraction visitation, hotel occupancy rates and much more. Quarterly and annual reports can be found in the Tourism Division newsletter, through the annual report, and online. The following are some 2008 highlights:

Unique Web site visits:	43%
Major attraction visitation:	2%
Airport passengers:	3.6%
Canadian border crossings:	16%
Hotel occupancy:	3.6%

Top 5 states requesting visitor information:

1. Illinois
2. Minnesota
3. Wisconsin
4. Ohio
5. Michigan



North Dakota Tourism is on YouTube!

Everyone has heard of YouTube. Millions of people are using it every single day to learn more about the things and places they are interested in. Millions more are sharing their stories, uploading their adventures and promoting their ideas. North Dakota Tourism and our partners have teamed up to create our own Legendary page.

Check out our site and connect with LegendaryND.

<http://www.youtube.com/LegendaryND>

The screenshot shows the YouTube channel page for 'LegendaryND'. The channel is located at <http://www.youtube.com/LegendaryND>. The channel profile includes a profile picture, the name 'LegendaryND', and a bio that reads: 'One trip to North Dakota and you'll understand why it's known as the friendliest and safest state to visit. In fact, from agricultural products to quality of life, North Dakota is often at the top of the charts.' The channel has 177 views, 9 subscribers, and 361 channel views. Below the bio, there are social media links for YouTube, Facebook, and MySpace. The 'Recent Activity' section shows that 'LegendaryND' became friends with 'p333 BURST' and favorited a video titled 'New Beer Trail in Fargo, North Dakota'. The 'Videos (4)' section displays a list of videos, including 'New Beer Trail in Fargo, North Dakota'.

AMERICA

AMERICA

JOURNAL

Rocky Mountains Spezial

Yellowstone im Winter
Wyoming – Montana
Dakotas – Idaho

Country Music

Entdeckungsreise durch die Südstaaten

NEW YORK

Bowery: Neugeburt eines Viertels

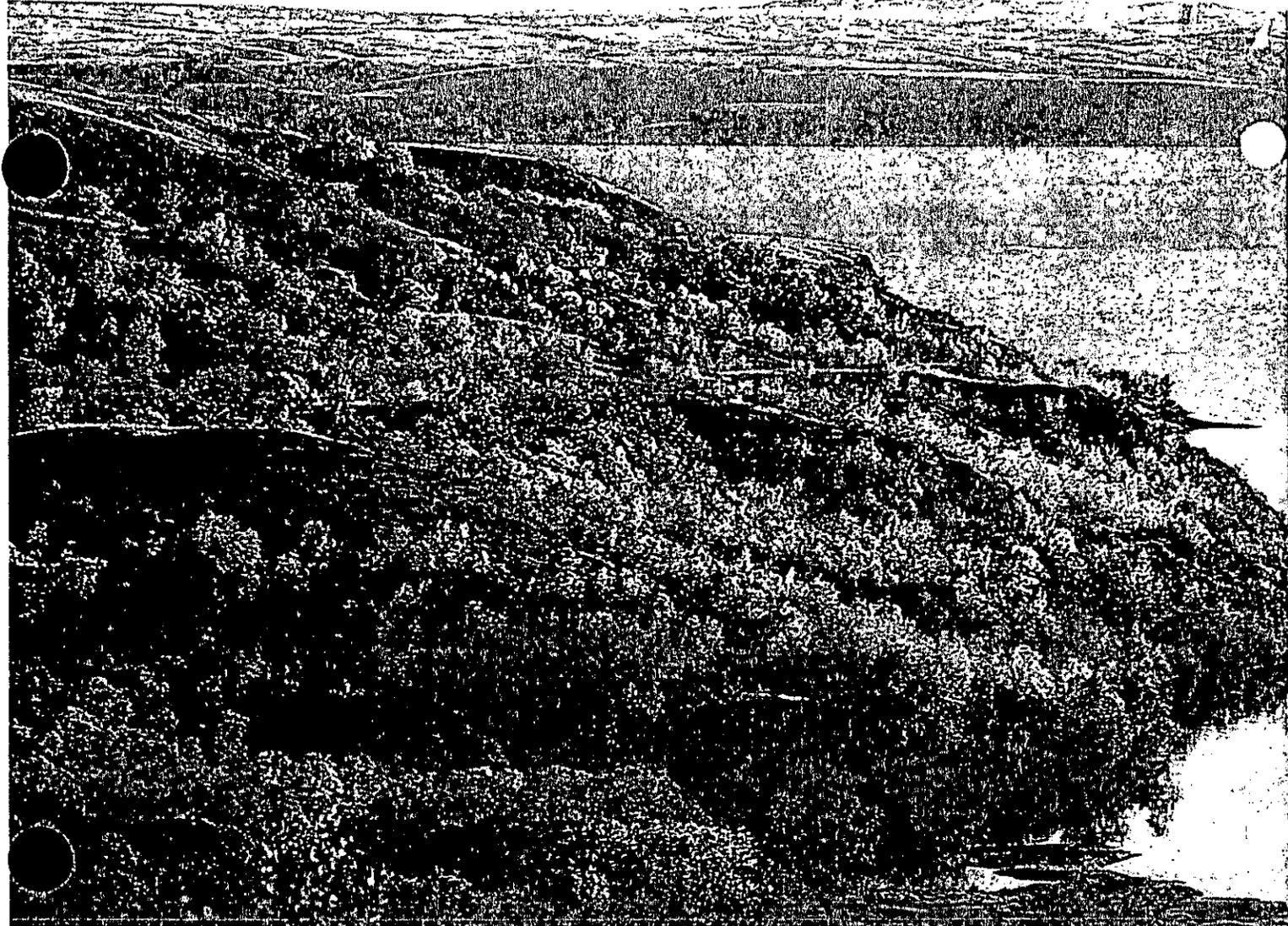
NEUE SERIE

Der Wilde Westen

Amerika heute

Hispanics Today · Obamas Wahl · Moderne Cowboys





Lebensader der Prärie

Einmal ließen sich Deutsche in dem damaligen Dakota Territorium nieder. Hier überwachte General Custer die Bauarbeiten der North Pacific Railroad rechts und links des Missouri erinnern heilige Plätze an die Prärie-Indianer. Zwischen der Hauptstadt Bismarck und dem malerischen Lake Sakakawea lebt North Dakotas Vergangenheit.

Schon Meilen im Voraus kündigt sich der nahe Zug an und hält das ohrenbetäubende, typische amerikanische Lokomotiv-Signal noch lange, obwohl die Gefahr längst vorüber ist. Dann folgen die Waggons. Einer, zwei, drei... zehn... zwanzig... mindestens hundert Waggons rattern durch die Nacht. Die Band im Gartenlokal irritiert der durchrauschende Güterzug nicht, auch die Gäste halten nur kurz in ihrer Unterhaltung inne.

Im „Fiesta Villa“ ist der Zug Programm. Der Standort des mexikani-

schen Restaurants ist die ehemalige Bahnstation der Northern Pacific Railroad in Bismarck, North Dakotas Hauptstadt. In lauen Sommermonaten steuert die halbe Stadt das Lokal an, genießt unter freiem Himmel Caipirinha, Margarita und Musik, die fast jeden Abend live stattfindet.

Hier im Bahngelände manifestiert sich die erst junge Geschichte North Dakotas als 39. Bundesstaat der USA. Lange Zeit bestimmte die Northern Pacific Railroad die Geschichte des spätkolonialen Staates. In Erwartung

ihrer Ankunft entstand 1872 am Missouri Fluss die Stadt Edwinton. Bereits ein Jahr später änderte die Bahngesellschaft den Namen in Bismarck und wollte so den Fürsten und sein neu gegründetes Reich umschmeicheln.

Otto von Bismarck zeigte sich nie, doch zahlreiche Deutsche kauften das Land der Bahngesellschaft und ließen sich in dem damaligen Dakota Territorium nieder. So entstanden Orte wie Hanover, Bremen, Hamberg, Berlin und Karlsruhe. Das Bahnhofsgebäude an der Main Avenue entstand 1901, als



Herbst am Lake Sakakawea. Der mächtige See ist für seinen Fischreichtum bekannt, an seinen Ufern kann man campen und wandern.

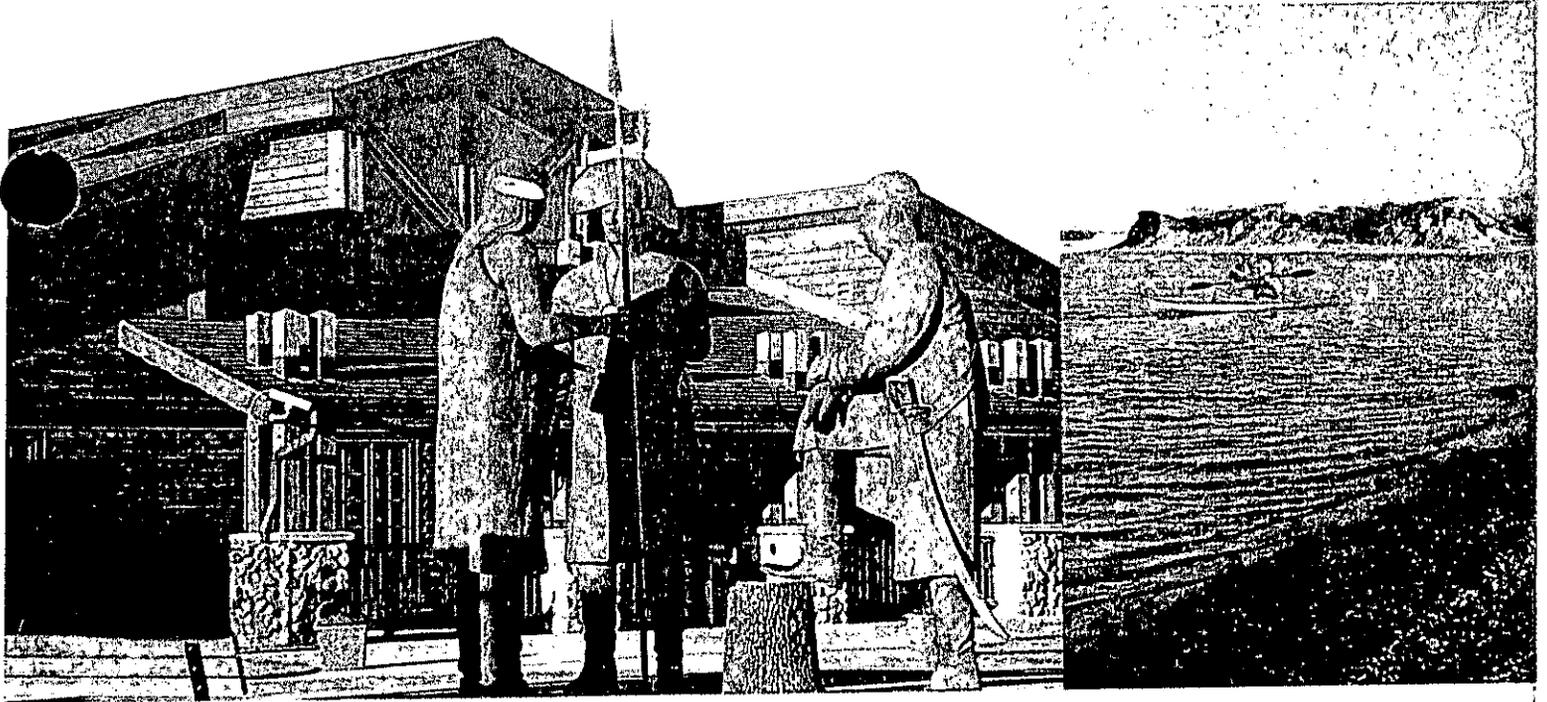
auch in North Dakota die neue Zeit anbrach, als die blutigen Schlachten zwischen Indianern und Siedlern vorüber waren. Als sich die wenigen verbliebenen Indianer bereits in die Reserven zurückgezogen hatten. General George Armstrong Custer ist wohl die schillerndste Figur aus den Wild-West-Ären. Im Herbst 1876 rückten er und die Kavallerie im Fort Abraham Lincoln, wenige Meilen südlich von Bismarck auf der anderen Seite des Mis-

souri, ein. Sie sollten die Gleisbauarbeiten der Northern Pacific Railroad schützen. Der Fort Abraham Lincoln State Park ist guter Ausgangspunkt für eine Reise auf den Spuren der Prärie-Indianer, der Siedler, der Cowboys und Cowgirls.

200 Jahre, bevor Custer das Fort zur historischen Schlacht am Little Big Horn in Montana verließ, lebte auf dem Gebiet des heutigen State Parks an den Ufern des Missouri das Volk

der Mandan-Indianer. Als Ackerbauern bauten sie Mais, Bohnen und Kürbisse an, trieben Handel mit Saatgut, Tabak, Fellen und Werkzeugen und wohnten in für sie charakteristischen runden Erdhütten.

1781, nach Kämpfen mit anderen Indianerstämmen und großen Verlusten durch die von den Weißen mitgebrachten Pocken lebte kein Bewohner mehr im Dorf am Hang „On-A-Slant“. Die wenigen Überlebenden waren



nach Norden zu den Hidatsa-Indianern gezogen. Von ihrem Leben beichtet die „Knife River Indian Villages National Historic Site“. Die Entdecker Lewis und Clark dokumentierten die verlassenen Erdhütten auf ihrer Reise den Missouri stromaufwärts am 20. Oktober 1804 in einem Tagebuch-Eintrag.

Rechts und links des Missouris, von der Grenze zu South Dakota bis zum

Lake Sakakawea, erinnern umfangreiche Ausstellungen an heiligen Plätzen und ehemaligen Siedlungen an die Tradition, das Gemeinschaftsleben und die Lebenseinstellung der Prärie-Indianer. Dazu kommen die historischen Museen in Bismarck (North Dakota Heritage Center), New Town (Three Museum), das „Lewis & Clark Interpretive Center“ und die Replik vom

„Lewis & Clark Interpretive Center“ bei Washburn (oben links). Der Lake Sakakawea ist ein beliebtes Naherholungsgebiet für Wassersportler (oben rechts).

Fort Mandan, beide in Washburn, in dem Lewis und Clark den Winter 1804/1805 verbrachten. Sie runden das Bild der immer noch lebendigen Vergangenheit North Dakotas ab.

Die Erforschung Amerikas

Das „Lewis & Clark Interpretive Center“ sammelt Material rund um die berühmte Expedition der beiden Forscher.

Diese Genauigkeit, dieses Auge – eine Kamera hätte dieses Motiv nicht besser einfangen können, als es Karl Bodmer mit seinen Aquarellen vermochte. Der Zürcher Landschaftsmaler war gerade mal 23 Jahre alt, als er 1832 „ins innere Nord-America“ aufbrach. Anführer der Expedition war Maximilian Prinz zu Wied von Neuwied. Auf der dreijährigen Reise entstanden die wohl besten zeitgenössischen Porträts der Ureinwohner Nordamerikas.

Die Bergquist Gallery im Lewis & Clark Interpretive Center in Washburn, 38 Meilen nördlich von Bismarck in North Dakota, verfügt über eine der vier weltweit existierenden Sammlungen Bodmers. Weitere gibt es nur noch in Berlin, Stuttgart und Zürich.



2009 zeigt die Bergquist Gallery, wie sich die Kreise zwischen alter und neuer Welt zusammenfügen, wenn es um Maximilians Schriften, Bodmers Gemälde und den Schriftverkehr zwischen Alexander

Mandan-Häuptling Mato-Topé, gezeichnet von Karl Bodmer.

von Humboldt und Thomas Jefferson geht. Maximilian war ein großer Bewunderer von Humboldt, von ihm wurde er zu seiner ersten Expedition nach Brasilien inspiriert. Humboldt wiederum war mit dem amerikanischen Präsidenten Thomas Jefferson befreundet. Auch, wenn Museumsleiter David Boulaug ebenso viel zu den anderen zwei Schwerpunkten des Museums erzählen kann, liegt sein ganzer Stolz doch bei Bodmers Radierungen. Mit liebevoller Detailkenntnis erläutert Boulaug die Bräuche und Tänze der hier ansässigen Prärie-Indianer Mandan und Hidatsa, wie sie Bodmer eindrucksvoll in Szene setzte. Ein Bild zeigt Pehriska-Ruhpa, den Anführer der Hidatsa Hundegesellschaft, in seinem Hunde-Tanz-Kostüm, ein anderes den Mandan-Häuptling Mato-Topé mit den Insignien seiner kriegerischen Heldentaten.

Foto: Wikimedia

Die Lebensader für die Menschen North Dakotas ist der Missouri. Viele Jahrhunderte wurden auf ihm Waren transportiert. Heute liefert er Strom. In einer Bauzeit von sieben Jahren entstand 1954 der Garrison Dam, der den Missouri-Fluss vom Audubon See im Osten bis nach Williston im Westen zurück staut. Benannt ist er nach der indianischen Führerin von Lewis und Clark, Sakakawea. Unter seinen Fluten wurden weite Gebiete von Farm- und Weideland, aber auch Dörfer begraben. New Town entstand und die neue Brücke an der nordwestlichen Grenze des Fort Berthold Reservats.

Lake Sakakawea ist das größte Wassererholungsgebiet in North Dakota zum Segeln und Motorboot fahren. An seinen Ufern im Fort Stevenson State Park kann man campen und wandern, angrenzend liegt ein großer Golfplatz. Der mächtige See ist für seinen Fischreichtum bekannt. Der kleine Ort Garrison rühmt sich, die Hauptstadt des Walleye-Fisches zu sein. In dem klaren Wasser gedeihen Forellen, aber auch Lachs und der State Fish, der Northern Pike, der Hecht. An den westlichen Ufern kündigen die bunten Farben der Erde die schönen Badlands an. mf

„Bereits 500 Jahre bevor die Pilger auf den Kontinent kamen, gab es hier schon Ackerbau und Handel“, erläutert David Borlaug die Geschichte. Seinerzeit lebten hier 50 verschiedene Stämme, weit mehr Menschen als heute. Nur wenig blieb von ihrer Zeit zurück. Was hätten Lewis und Clark wohl dafür gegeben, schon auf ihrer Expedition den Missouri hinauf zum Pazifik einen so begnadeten Dokumentar wie Bodmer bei sich gehabt zu haben? Von ihren Entdeckungen und Erlebnissen zeugen nur Tagebucheintragungen. Doch auch hier hat Borlaug ein besonderes Ausstellungsstück vorzuweisen: Originalschriften von Lewis und Clark, zusammengehalten mit einer Originalklammer. mf

Informationen

Das Lewis & Clark Interpretive Center liegt an der Kreuzung von US Highway 83 und ND Highway 200A am McLean County Highway 17. Washburn, North Dakota.

DIE WELT ERFAHREN

Mit drei Magazinen in spannende Weltregionen reisen. Erhältlich im gut sortierten Zeitschriftenhandel und als Abo direkt vom J.Latka Verlag.

Oder unter www.sued-afrika.de
www.americajournal.de
www.australien.net

Dickinson, North Dakota EXPLORE

The Western Edge

Dickinson Convention & Visitors Bureau
 72 East Museum Drive
 Dickinson, North Dakota 58601
 United States of America

1-800-279-7391
 cvb@dickinsoncvb.com
 http://www.dickinsoncvb.com

Info-Karte 13 ankreuzen

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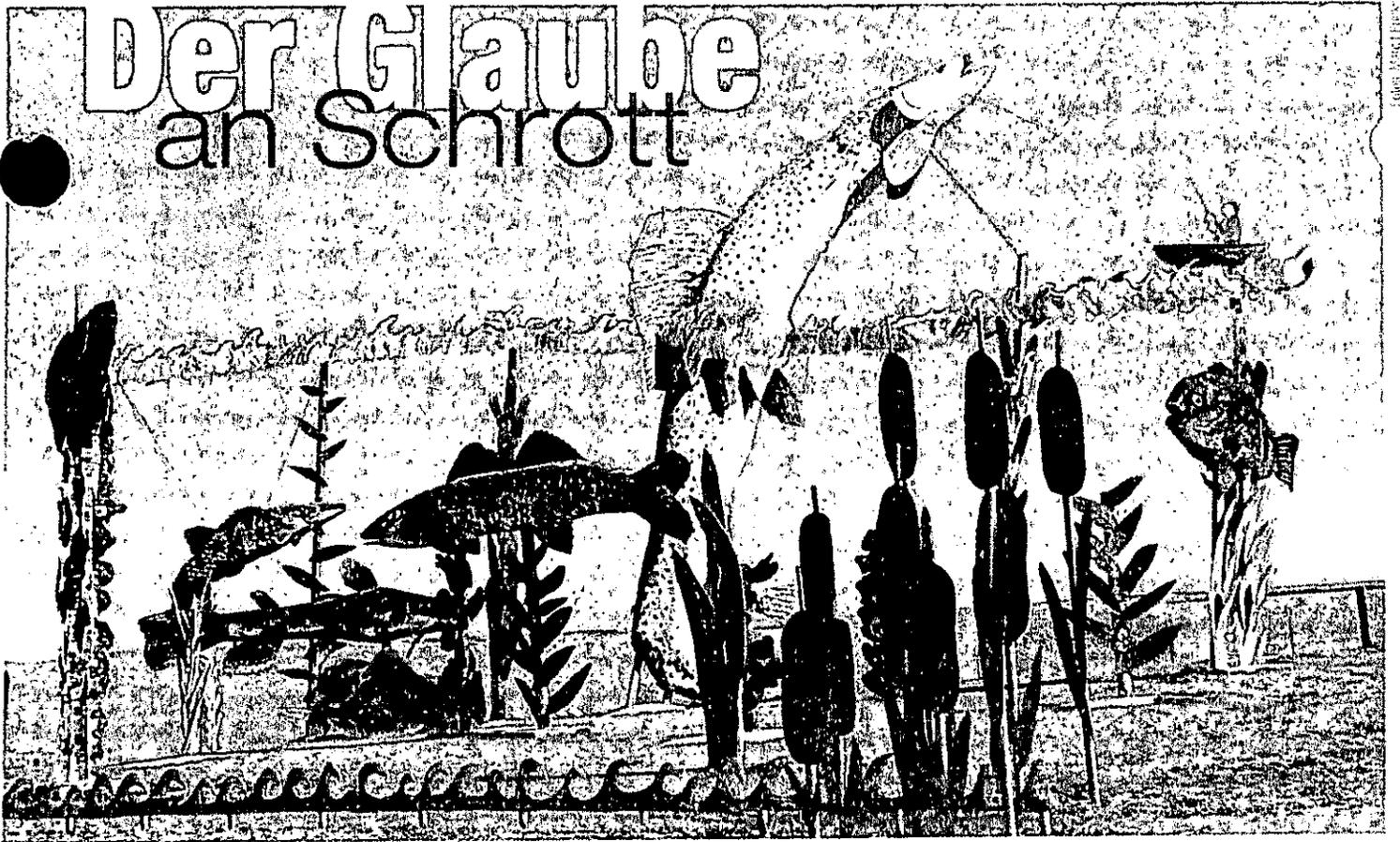
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Info-Karte 31 ankreuzen

Der Glaube an Schrott



Gary Greff/HPW

Eine verrückte Idee und ein Mann, der sie umsetzt: Mehr braucht es nicht für einen überdimensionalen Skulpturengarten, einen Eintrag ins Guinness Buch der Rekorde und den „Enchanted Highway“ in North Dakota. Eine Begegnung mit Gary Greff ist zugleich eine zutiefst amerikanische Lehrstunde in grenzenlosem Optimismus.

North Dakotas Hauptstadt Bismarck haben wir längst hinter uns gelassen. Bald müssten an der Interstate 94 die ersten Häuser von Dickinson auftauchen. Doch stattdessen bevölkern plötzlich Gänse den Horizont: ein ganzer Schwarm, riesig – und aus Metall ...

„Als ich mit diesen Riesenskulpturen anfang, hatte ich weder Ahnung vom Schweißen, noch von Kunst, und

dazu keinen Cent in der Tasche“, sagt Gary Greff. Doch solche „Kleinigkeiten“ konnten ihn nicht wirklich beeindrucken: „What the heck, go for it!“ sagte er sich 1992 und so ragen heute sieben gigantische Blechskulpturen in den weiten blauen Himmel über der Prärie North Dakotas.

Eine davon sind die „Geese in Flight“, die Reisende von der Autobahn weglocken sollen. Dieses 33 mal 46 Meter große Kunstwerk, 2002 vollendet, stellt für Greff einen Teil der Heimat dar: „Jedes Frühjahr und jeden Herbst bevölkern die Gänse den Himmel über der Prärie auf ihrem Weg aus dem oder in den Süden“, erklärt er. Vier Jahre benötigte er für diese 2002 ins Guinness Buch der Rekorde als weltgrößte Metallskulptur aufgenommene Skulpturengruppe, und über 150.000 Dollar – alles Spenden, wie er betont.

Künstler Gary Greff bei der Arbeit.

In der Tat, Greff ist kein reicher Mann. Abgesehen von einem alten Wohntrailer und einem rostigen Auto besitzt der 59-Jährige nicht viel. „Manchmal weiß ich nicht, wie es weitergehen soll, doch dann tauchen plötzlich ein paar Hundert Dollar in einer der Spendenboxen bei den Skulpturen auf oder ein Nachbar bringt Schrott vorbei und die Arbeit geht weiter.“

Gottvertrauen, Arbeitsmoral und unerschütterlicher Optimismus – uramerikanische Eigenschaften – prägen den stets gut gelaunten Künstler. Lange Jahre war er als Lehrer an verschiedensten Orten im Mittleren Westen tätig. Dann zog es ihn vor fast zwanzig Jahren wieder zurück in seine Heimat, das 200-Seelen-Dorf Regent, wo er auf einer Farm mit neun Geschwistern aufgewachsen war.

„Dieser Ort sollte nicht dasselbe Schicksal erleiden wie so viele in North Dakota.“ betont Gary. Und so begann er zu überlegen, wie er Regent



„Fisherman's Dream“ heißt diese über zehn Meter hohe Skulptur von Gary Greff bei Regent, North Dakota.

zu mehr Attraktivität verhelfen könnte. Eine von einem Bauern aufgestellte und von Passanten fotografierte Figur eines Landmannes mit Heuballen brachte ihn auf die Idee, entlang der 30 Meilen langen Strecke vom Abzweig der I-94 nach Regent überdimensionale Metallskulpturen aufzustellen, die Touristen anlocken sollten.

Die Idee vom „Enchanted Highway“ – einer Märchenwelt in der Prarie – war geboren. 1993 wurde als erstes Kunstwerk die „Tin Family“ aufgestellt. Wie Gulliver im Land der Riesen steht man vor dem über 13 Meter hohen Familienoberhaupt. Zuletzt, Anfang 2007 aufgestellt, folgte das beeindruckendste Werk von Greff: „Fisherman's Dream“.

Vier weitere Skulpturen sind entlang des Highways geplant, im Drei-

Meilen-Abstand sollen am Ende die Gruppen stehen. Die Plätze sind bestimmt, die Pachtverträge über einen symbolischen Dollar geschlossen. Greff träumt davon, dass Regent, der Endpunkt, einmal die „Metal Art Capital of the World“ werden soll und es dann auch neben dem kleinen Giftshop ein Motel, ein Café, einen Vergnügungspark und ein Theater geben wird.

Gary ist ein Mann der Visionen, der selbst anpackt. Er schweißt in einem Lagerschuppen oder auf dem freien Feld. Nur gelegentlich geht ihm einer der Schüler, denen er sonntags Religionsunterricht erteilt, zur Hand. „Mein Material besorge ich mir großteils von Schrottplätzen oder bei Ölfirmen“, erzählt Gary. „Es gibt natürlich ein paar Leute, die mich für verrückt halten, doch beim Transport und Aufstellen helfen dann doch alle mit: Nachbarn, Rancher, Polizei und Feuerwehr.“ Er mäht den Rasen rings um die Skulptu-

ren, sorgt für Sauberkeit der zugehörigen Picknickplätze und streicht die Figuren bei Bedarf neu.

Derzeit ist als achttes Werk ein überdimensionales Spinnennetz in Arbeit und Gary träumt von einem Denkmal für die Ureinwohner. Doch bis dahin werden noch ein paar Jahre vergehen. Greff, dessen Kunstwerke bereits als große Folk Art gerühmt werden, ist mit sich, der Welt und Gott im Reinen. „Habe ich etwas Geld, kann ich weiterarbeiten. Wenn nicht, dann hoffe ich auf ein Zeichen von oben, denn“, davon ist Gray überzeugt, „Gott hat mir diese Aufgabe zugewiesen und so wird er auch dafür sorgen, dass ich sie zu Ende bringe.“

mb/pk

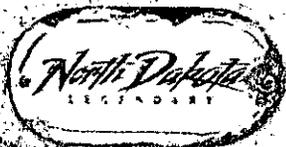
AMERICA TIPP

AMERICAN WESTERN ARTS

Informationen im Internet:
www.regentnorthdakota.com

Ich besuche
der Geist des
Westen leben
ICH B...

Wenn Sie Geschichten aus dem Wilden Westen mögen, dann kommen Sie nach North Dakota, wo der amerikanische Westen noch lebt und gedeiht! Von Rodeos bis zu Ausritten, von echten Cowboys bis zu den Powwows der Indianer. Machen Sie aus Ihren Träumen eine wahres Abenteuer!



Wenn Sie Ihren Urlaub in North Dakota verbringen, besuchen Sie www.ndtourism.com

Seite 28



Using the North Dakota Legendary Hospitality Training Program

The North Dakota Department of Commerce Tourism Division has created this statewide Hospitality Program to help educate front-line service employees and volunteers about the impact and value their job has on retaining dollars in their community. Examples of front-line employees may be those in the hotel, food and transportation services, attractions and events sites, as well as many other jobs throughout the state.

This free program is available to everyone in the tourism industry and can be used for new employee or volunteer orientation programs, seasonal employees or as a refresher for those who have been with a business for a while.

This training kit includes the following:

North Dakota Leader's Guide

The North Dakota Tourism Division wants to ensure that all tourism industry partners recognize how important their role is in their state and local economies. Keeping a visitor in the area or the state one day longer makes a significant impact in a community. This guide offers information on how business leaders can benefit by providing this training program for their employees and/or volunteers.

North Dakota Legendary Hospitality Training DVD

The DVD features the history, culture, experiences and attractions in North Dakota, as well as information about tourism-related resources and materials available to them, and tips for offering exceptional customer service. The training program is in a "chapter" format so it can be played continuously (approx. 120 minutes) or chapter by chapter which can be stopped and resumed as needed. The DVD can be viewed from a computer, on a projector for larger groups, or with a television and DVD player.

Legendary Hospitality Playbook

The Playbook is an accompanying guide designed to be used in conjunction with the DVD. Program participants should have a Playbook, a state map, and current North Dakota Travel Guide to use to help them follow along while viewing the DVD. If you need additional guides and maps, please contact your local Chamber of Commerce, Convention and Visitor Bureau or the North Dakota Department of Commerce Tourism Division.

Additional Playbooks may be printed from the North Dakota Tourism Division website: www.ndtourism.com and click on the "Industry" tab and the "Hospitality Training" menu options.

Please contact Annette Schilling with the North Dakota Tourism Division at 1-800-435-5663 or by E-mail at aschilling@nd.gov with any questions about your North Dakota Legendary Hospitality Training kit.

Thank you for your participation!

TOURISM 2009/2011 - INFLATIONARY BUDGET

Group Travel	Travel expenses	\$ 5,045
	Familiarization Tours (FAM's)	\$ 4,000
	Postage	\$ 1,000
	Professional Development	\$ 2,000
	Paid Advertising	\$ 3,000
	Professional Services	\$ 1,500
	Printing	\$ 2,000
		\$ 18,545
International	Travel expenses	\$ 2,000
	FAM's	\$ 2,000
	Professional Development	\$ 3,000
	Printing	\$ 10,000
	Exchange rate	\$ 2,500
	Advertising	\$ 20,600
	RMI Round-up Marketplace	\$ 2,000
		\$ 42,100
Outdoor	Printing	\$ 10,000
	Travel expenses	\$ 2,000
	Lease/Rent	\$ 2,000
	Advertising	\$ 12,000
	Freight	\$ 750
	Art Design	\$ 600
	Display Supplies	\$ 1,250
		\$ 28,600
Cultural & Heritage	Travel expenses	\$ 800
	Postage	\$ 2,500
	IT-Network	\$ 6,000
	Art design	\$ 13,500
		\$ 22,800
Public Relations	FAM's	\$ 10,000
	Art Design	\$ 2,500
	Printing Media Kits/Pitches	\$ 2,500
		\$ 15,000
Admin	Professional Development	\$ 7,000
Tourism Marketing	Travel	\$ 3,500
	Professional Development	\$ 1,000
	Research	\$ 165,000
	TV/Media Production	\$ 24,000
	Photography	\$ 6,000
	Advertising—Media Buy only	\$ 552,890
	- US (07) \$422,292	
	- Canada (06) \$130,598	
	IT	\$ 26,000
		\$ 778,390
		\$ 912,435



Marketing North Dakota

The primary competition for North Dakota's tourism industry is neighboring and nearby states. In 2007, North Dakota ranked 47th in the nation in tourism funding and exhibited the smallest tourism budget compared to its neighbors and competitors.

State	2006-2007	2007-2008	Source
North Dakota	\$4.0 million	\$4.2 million	95% General Fund 4.5% Special Fund
Montana	\$9.5 million	\$10.5 million	99% Lodging Facilities Tax .5% Ad Sales, Conference Registration
Minnesota	\$10.5 million	\$10.9 million	99% General Fund 1% Federal Scenic Byways Fund
South Dakota	\$9.4 million	\$10.8 million	50.4% Tourism Promotion Tax 28.9% Gaming Tax 18.6% General Fund
Wisconsin	\$10.7 million	\$11.7 million	61.2% Gaming Revenue 24.2% General Fund 14.5% Rental Car Fee
Wyoming	\$7.0 million	\$7.4 million	100% General Fund

Source: Travel Industry Association of America



Tourism is one of North Dakota's largest and fastest-growing industries,

offering some of the best opportunities for economic development. North Dakota's diverse and unspoiled travel destinations attract visitors from all over the nation. New interest in North Dakota is due to the emergence of nature tourism, agri-tourism, and culture and heritage tourism. It provides strong incentives for industry growth.

AN ESTABLISHED FORCE

- Tourism is one of the state's largest industries and contributed over \$3.78 billion to the state's economic base in 2006 (NDSU).
- In 2007, domestic travel spending in North Dakota created over 32,886 jobs (Job Service North Dakota).
- Domestic travel spending in North Dakota generated \$368 million in tax revenue for federal, state, and local governments in 2006 (U.S. Travel Association).

A GROWING INDUSTRY

- Visitors spent \$203.9 million in 2007 due to the Tourism Division's Legendary brand message and a \$1.66 million investment in advertising (Longwoods International).
- Since 1990, tourism expenditures have grown 655%, more than any other North Dakota industry (NDSU).
- According to Job Service North Dakota, the leisure and hospitality industry saw a 4.2% increase in jobs in 2007, outpacing the state average.

A SURE SUCCESS

- The tourism industry in North Dakota rests on a strong foundation. The state boasts a fully functioning travel industry, together with a well developed system of state parks, wildlife refuges, historical sites, and gaming and convention facilities.
- Investments in tourism generate money for North Dakota. According to Longwoods International, every dollar spent on advertising returned \$123 in spending in 2007. The same dollar returned \$9 in state tax revenue.
- Many different segments of local economies benefit from the visitors the tourism industry brings to the state. Investing in North Dakota tourism is an investment in the entire state.
- Research shows that the Legendary branding campaign is bringing people to North Dakota, especially the eastern gateway cities (Longwoods International).

Table of Contents

Abstract Page 4

Acknowledgements Page 5

Executive Summary Page 6

Background Page 7

Key Findings Page 8

 Vision and Structure Page 8

 Major Challenges Page 9

 Growth Opportunities and Strategies Page 10

 Statewide Initiatives for Advancement Page 11

 Legislative Action Items Page 12

Outcomes Page 13

Next Steps Page 14

Appendices Page 15

 Regional Meeting Challenges A

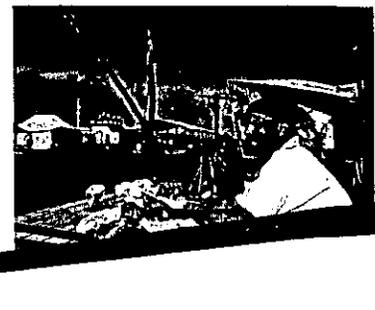
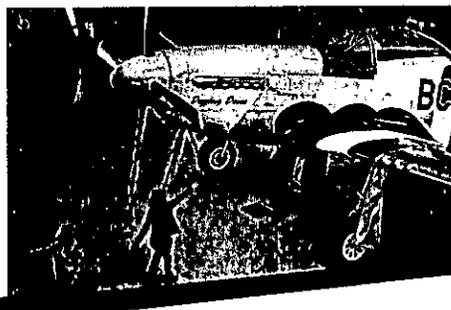
 Regional Meeting Initiatives B

 Regional Meeting Strategy and Initiative Summaries C

 Regional Meeting Local Hosts D

 Statewide Meeting Roundtable Leaders E

Contacts Page 23



Abstract

This 2008 Tourism Congress Report was prepared by the North Dakota Tourism Alliance Partnership (TAP), the Destination Marketing Association of North Dakota (DMAND) and the North Dakota Department of Commerce Tourism Division (Tourism Division).

The purpose of the report is to:

- Identify the toughest challenges and growth opportunities shared by tourism stakeholders.
- Offer targeted, flexible strategies for tourism growth based on economic research and data that builds on North Dakota's natural strengths and tourism as a target industry with strong future growth potential.
- Identify tourism advancement initiatives with champions and objectives shared by the majority of tourism stakeholders.
- Mobilize tourism stakeholders to take action that will enhance the growth, sustainability and credibility of the industry.

A diverse group participated in the Tourism Congress process including federal, state and local elected officials; state agency heads; economic development representatives; university officials; legislators; students; and private and nonprofit business owners including convention and visitors bureaus, chambers of commerce, lodging establishments, food and beverage purveyors, retailers, and attractions and festivals.

Acknowledgements

The 2008 Tourism Congress was made possible by the collaborative efforts of several individuals and organizations committed to growing the industry. We extend our sincere thanks to those who contributed their time, talent and/or resources, including:

North Dakota Tourism Alliance Partnership (TAP) – TAP was one of the coordinating organizations driving the Tourism Congress. TAP staff organized meetings and materials, promoted attendance, and prepared reports to document Congress results.

Destination Marketing Association of North Dakota (DMAND) – DMAND, also a coordinating organization, provided local hosts for the regional meetings and financial support for the overall effort.

North Dakota Department of Commerce Tourism Division (Tourism Division) – The Tourism Division, also a coordinating organization, provided industry information for regional and state meetings, compiled mailing lists, led registration efforts, paid facilitator travel expenses, and donated staff time and supplies.

Local Hosts – DMAND members (convention and visitors bureau staff) from across the state volunteered their time to coordinate facilities and media efforts for eight regional Tourism Congress meetings. Their organizations also assisted with expenses by covering refreshment and lodging fees (Appendix D).

Facilitators/Speakers – Dana Bohn, TAP executive director, facilitated the regional and state meetings. Sara Otte Coleman, Tourism Division director, addressed each regional meeting delegation, sharing research findings and providing a look at the economic impact of tourism on the state. Bill Shalhoob, TAP chairman, also traveled to each of the regional meetings and explained to participants the background and purpose of the Tourism Congress.

Roundtable Leaders – These individuals volunteered to lead roundtable discussions at the statewide Tourism Congress meeting. They demonstrated both their knowledge and leadership ability as they worked with colleagues to develop initiatives for advancing the industry (Appendix E).

Last but certainly not least, thanks to all of the tourism industry stakeholders who completed the online survey and participated in regional and/or state meetings, offering their expertise and creativity for the betterment of the industry. More than 500 participants came together to identify challenges and to brainstorm strategies for industry growth. This commitment from the grassroots level is an indication of the strength and future success of North Dakota tourism.

Executive Summary

Tourism is one of the largest and fastest growing industries in North Dakota. The Travel Industry Association reports that from 2000-2005, the state experienced 20.8 percent growth in visitor spending, outpacing the national average of 14.7 percent. The economic effects of this growth are new jobs, higher wages and fewer taxes for residents. Each visitor to North Dakota adds approximately \$81 to the Gross State Product, according to Global Insight, a leading economic researcher.

To ensure these benefits for the state, its businesses and families into the future, industry stakeholders united during the 2008 Tourism Congress with the purpose of identifying common challenges and developing short- and long-term strategies to further grow the industry.

The effort was coordinated by the North Dakota Tourism Alliance Partnership (TAP), the Destination Marketing Association of North Dakota (DMAND) and the North Dakota Department of Commerce Tourism Division (Tourism Division).

More than 500 stakeholders participated via an online survey and/or regional and state meetings in March and April. Participants used economic impact and other Tourism Division research as a foundation for strategy development.

Results from participant input at each step of the process reveal that stakeholders view marketing, physical infrastructure, industry development and workforce as the greatest industry challenges. Four core strategies for addressing the challenges and growing the industry were developed. They are presented below, along with key initiatives that stakeholders proposed and prioritized for setting the strategies into motion.

Marketing – Secure the funds to be competitive regionally in marketing/technology and to support both in- and out-of-state marketing efforts

Initiative: Double the governor's tourism budget (Champions: TAP, DMAND)

Physical Infrastructure – Create opportunities for additional tourism business development through grants, loans and entrepreneur assistance; obtain tourism-friendly signage

Initiative: Increase Tourism Infrastructure and Expansion Grant program funding/eligibility and add a technology component; develop flexible loan programs (Champion: Kyle Blanchfield, Woodland Resort)

Initiative: Create tourism development specialist position(s) (Champions: Jodeen Bergstrom-Dean, City of Tioga, and Mary Lee Nielson, Sheyenne River Valley National Scenic Byway/Valley City CVB)

Initiative: Increase signage on state and federal highways, including the addition of logo signage on four-lane highways (Champion: Bobby Koeplin, Cass County Electric)

Industry Development – Increase regional collaboration to generate more visitors and longer stays

Initiative: Create regional alliances and virtual partnerships to cross-sell offerings and market destination vacation areas (Champions: Terri Thiel, Dickinson CVB, and Amy Krueger, Williston CVB)

Workforce – Initiate and support statewide efforts to increase available workforce

Initiative: Develop tourism workforce training programs (Champion: Rene' LaFrance, Northeast Workforce Training)

Tourism Congress coordinators will continue to work with champions to turn these initiatives into action. Some will become proposed legislation; others will be driven by interested individuals, groups or state agencies. Progress will be monitored and reported at the 2009 Tourism Conference.

To learn how you can get involved in the Tourism Congress movement, visit www.ndtourism.com/industry or contact Dana Bohn, Tourism Congress coordinator, at 701-355-4458 or clearh2o@btinet.net.

Background

Tourism Industry

Tourism has a tremendous impact on North Dakota's economy. It is one of the largest private-sector employers and draws in visitors who make significant contributions to the prosperity of the state and its people.

Global Insight, a leading economic researcher, reports:

- Every 493 visitors to North Dakota create a job.
- Each visitor generates \$39 in wages for workers employed across an array of industries.
- The average visitor contributes about \$24 in tax receipts. (If tourism didn't exist, each household would pay on average \$636 more in taxes annually.)
- Each visitor adds approximately \$81 to the Gross State Product.

This impact is increasing with the industry's advancement. Travel Industry Association data shows that North Dakota experienced 20.8 percent growth in visitor spending from 2000-2005, outpacing the national average of 14.7 percent.

Continued growth requires an engaged and proactive industry. The 2008 Tourism Congress brought stakeholders together to identify common challenges and develop short- and long-term growth strategies, thus ensuring tourism's benefits into the future.

Regional Meetings

The Tourism Congress regional meetings were a huge success with about 400 people, including legislators, mayors, local officials and business owners, attending the eight meetings throughout the state March 4-6 and 11-12 in the following locations:

- | | | | |
|---------------|---------------|-------------|-------------|
| ■ Minot | ■ Williston | ■ Dickinson | ■ Bismarck |
| ■ Devils Lake | ■ Grand Forks | ■ Fargo | ■ Jamestown |

During the meetings, stakeholders discussed tourism's economic impact, identified industry challenges and growth opportunities, developed strategies for growth, and prioritized programs and action items for the 2009 Legislative Session.

Statewide Meeting

Findings from the Tourism Congress regional meetings and an online survey were presented at the North Dakota Tourism Conference April 22 in Mandan. More than 200 attendees had an opportunity to further identify and develop growth strategies and initiatives, and vote on priorities.

The ideas and data collected are contained in this report and will help shape plans for future growth of the tourism industry. Key initiatives will either become proposed legislation or be championed by interested individuals, groups or state agencies.

Coordinators

The Tourism Congress was coordinated by the North Dakota Tourism Alliance Partnership (TAP), the Destination Marketing Association of North Dakota (DMAND) and the North Dakota Department of Commerce Tourism Division (Tourism Division).

Key Findings

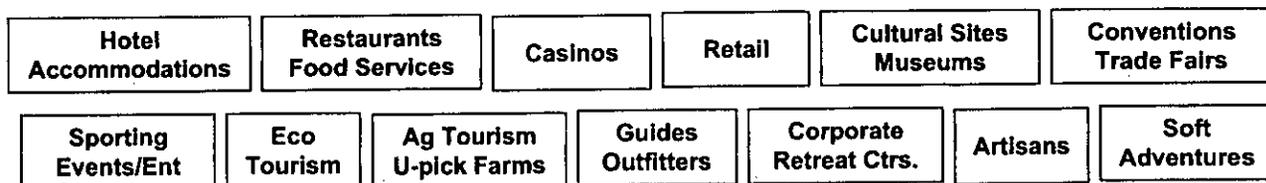
Vision and Structure

The opportunity that tourism development presents to North Dakota has been fully embraced by tourism stakeholders who attended the nine Tourism Congress meetings during March and April of 2008. They established a vision statement to guide the industry's growth and developed the tourism industry structure map below.

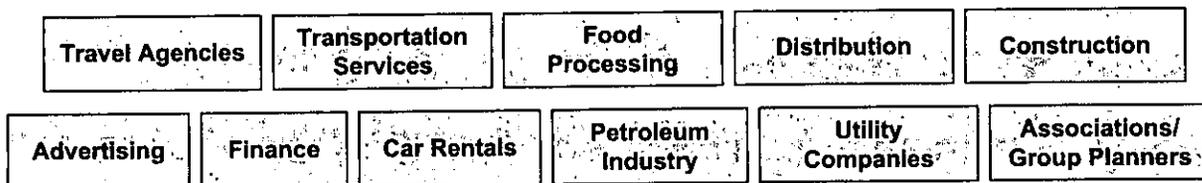
North Dakota is the destination of choice for a global population wishing to have an authentic, customized, safe, quality experience in the unique cities and the wide-open spaces of the American West.

TOURISM INDUSTRY STRUCTURE

Outward Oriented Industries



Supporting Industries



Economic Infrastructure



Major Challenges

Tourism Division

Sara Otte-Coleman, Tourism Division director, shared a state perspective on industry challenges with Tourism Congress regional meeting participants. Highlights are presented below.

Image – North Dakota often has no image to outsiders and is assumed to be cold and flat. Media and paid advertising is creating a better image for North Dakota, as measured in advertising effectiveness research.

Location – Since North Dakota's geographic location puts it hundreds of miles from target markets and population centers, it is difficult to bring visitors into the state. North Dakota is also a large state with many miles between attractions or activities, which presents another challenge.

Product Strengths – In many areas where North Dakota has a strong image or awareness, there is no depth of offering for the traveling public. One example is agriculture-based attractions, tours and activities.

Limited Expansions – Although demand for adventure-based vacations is growing nationally, North Dakota's offering is not expanding to meet the demand. Liability insurance is one deterrent of growth in this sector.

Retirements – Like the energy industry, tourism is seeing many small business owners retire. Bed-and-breakfasts, retail outlets, etc., are not always being sold at retirement and, therefore, become industry losses. This is especially concerning in rural areas.

Resources – The Tourism Division is continually working to improve the efficiency of its marketing programs to compete with much larger budgets and staffs of other states. North Dakota ranks 47th in the nation in tourism funding and has the smallest budget compared to its neighbors and competitors.

Stakeholders

Following are the top five challenge areas that industry stakeholders identified at the regional meetings and the top five challenge areas identified via the online survey. All challenges reported at the regional meetings are listed in Appendix A.

<u>Regional Meetings</u>	<u># of Votes</u>
1. Marketing	575
2. Physical infrastructure	362
3. Industry development	270
4. Workforce	222
5. Finance	99

<u>Online Survey</u>	<u>Rating</u> (low #, high priority)
1. Human resources	3.72
2. Business resources	4.16
3. Adequate marketing for my business and finance (tie)	4.34
4. Business climate	4.40
5. Adequate marketing for the North Dakota Tourism Division	4.56

Growth Opportunities and Strategies

Tourism Division

Tourism is one of the largest and fastest growing industries in North Dakota and has much potential for advancement. Listed below are several growth opportunities that were presented at the regional meetings by Sara Otte Coleman, Tourism Division director.

- Increased marketing will yield increased visitor spending and will improve the image of the state. This has been proven through numerous research studies.
- As the U.S. population (and that of the world) becomes more urban, there will be increased interest in rural landscapes and experiences.
- The better trained front-line tourism employees are, the higher the payback will be to the state through longer stays and repeat visits.
- Although the weak U.S. dollar has presented challenges, it helps attract Canadians as well as other international visitors.
- The "build it and they will come" philosophy can be debated, but the more attractions and experiences the state has to sell, the better the results will be.
- Online sales of travel now exceed traditional sales. If North Dakota has more product for sale online, the state will sell more trips.
- Visitors are time-challenged. The easier it is for them to buy North Dakota trips, the more visits there will be. The industry should continue to package offerings.
- There are many untold North Dakota stories to pitch to the media. Their return will be millions of dollars in earned regional and national media.
- North Dakota has some of the best outdoor resources in the country. The industry needs to recognize this as an asset and work together to promote the outdoors, while simultaneously managing the resources to maintain their future value.

Stakeholders

Tourism industry stakeholders ranked recreation and accommodations as the top two sectors that need emphasis in order to grow.

Online Survey	Rating (low #, high priority)
1. Recreation	2.21
2. Accommodations	2.51
3. Retail	3.12
4. Food	3.38
5. Transportation	3.67

A summary of the strategies and initiatives for advancing tourism from the regional meetings and the online survey can be found in Appendix C. A complete list of all initiatives from each region can be found in Appendix B.



Fargo



Devils Lake



Bismarck



Jamestown

Statewide Initiatives for Advancement

Stakeholders at the statewide Tourism Congress meeting further developed promising regional initiatives and identified new initiatives. Then, they voted on the initiatives to establish priorities. Following is the list of statewide initiatives grouped by challenge areas in order of votes. The top five initiatives are highlighted.

I. Marketing and Technology (351 votes)

- (155) **Convince the governor to double the tourism budget**
- (54) **Develop an online campaign, a "Legendary Insiders" competition to invite visitors and North Dakotans to tell their "Legendary Stories"**
- (45) **Expand technological access to North Dakota communities**
- (42) Market destination vacation areas
- (27) Market the diversity of North Dakota
- (18) Develop a significant in-state marketing campaign
- (10) Develop the North Dakota YouTube channel and industry blog

II. Physical Infrastructure (252 votes)

- (83) **Secure logo signage for four-lane highways throughout North Dakota**
- (68) **Place North Dakota Tourism representatives in Regional Council offices across the state**
- (36) Secure funding for Theodore Roosevelt Expressway study for Highway 85 expansion; fund and expand scenic byway programs
- (34) Create a development position at North Dakota Tourism
- (31) Enhance the physical infrastructure grant program and add a technology component

III. Industry Development (71 votes)

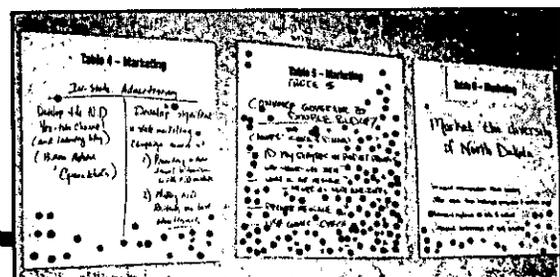
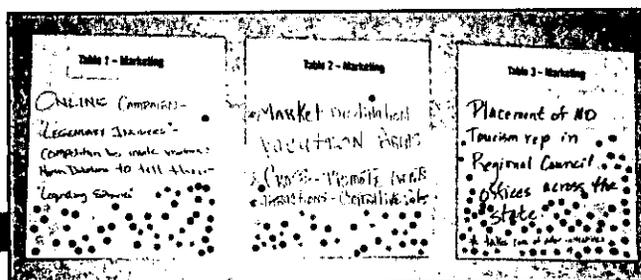
- (37) Create regional alliances with existing marketing tools (websites) and be sure tools all work together
- (34) Create virtual partnerships

IV. Workforce (35 votes)

- (35) Develop a high school curriculum/class/training for tourism-based opportunity

V. Finance (23 votes)

- (23) Increase funding from legislature; develop programs (grants, loans with more flexibility)



Legislative Action Items

Following is a list of possible legislation derived from challenges, strategies and initiatives identified during the Tourism Congress meetings and from survey results. Based on the overwhelming number of votes for initiatives to gain more money for marketing, TAP will make this its number one priority in the 2009 Legislative Session.

Marketing

- Double the governor's tourism budget to allow the resources needed to be competitive regionally in marketing and technology
- Create a formula-based funding source for tourism marketing and research
- Budget state funding for the implementation of an organized system of Visitor Information Centers (VICs)

Tourism Enhancements/Product Development

- Increase the Tourism Infrastructure and Expansion Grant program funding/eligibility and add a technology component
- Create tourism development specialist position(s)
 - Create a development position at North Dakota Tourism
 - Place North Dakota Tourism representatives in Regional Council offices across the state
- Create more opportunities for tourism as a primary sector business to access state and local funding
 - Increase funding from legislature
 - Develop programs (grants, loans with more flexibility)
- Support North Dakota Heritage Center expansion legislation
- Secure funding for Theodore Roosevelt Expressway study for Highway 85 expansion
- Fund and expand scenic byway programs (includes signage)

Workforce

- Support legislation and statewide efforts to increase and enhance the tourism workforce
 - Develop high school curriculum/class/training for tourism-based opportunities

Signage

- Create a highway signage program that would allow identification of local hospitality businesses to travelers
 - Secure logo signage for four-lane highways throughout North Dakota
 - Increase signage on state and federal highways

Hunting and Fishing

- Support hunting and fishing legislation that promotes free enterprise, encourages additional public access and has a positive economic impact on North Dakota

Liability and Insurance

- Support legislation regarding liability and affordable insurance issues for recreational/nature-based tourism businesses

Outcomes

The Tourism Congress outcomes are as follows:

- Created a vibrant environment of engaged and proactive tourism leaders
- United stakeholders by bringing them together to identify common challenges and opportunities
- Built and implemented a framework for developing short- and long-term growth strategies
- Identified four core strategies for industry growth
- Developed tourism advancement initiatives with champions and objectives shared by the majority of tourism stakeholders

Core Strategies

The combined results from each step of the Tourism Congress process revealed four core strategies for industry growth. They are presented below, along with key initiatives that stakeholders proposed and prioritized for setting the strategies into motion.

Marketing – Secure the funds to be competitive regionally in marketing/technology and to support both in- and out-of-state marketing efforts

Initiative: Double the governor’s tourism budget (Champions: TAP, DMAND)

Physical Infrastructure – Create opportunities for additional tourism business development through grants, loans and entrepreneur assistance; obtain tourism-friendly signage

Initiative: Increase Tourism Infrastructure and Expansion Grant program funding/eligibility and add a technology component; develop flexible loan programs (Champion: Kyle Blanchfield, Woodland Resort)

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Workforce – Initiate and support statewide efforts to increase available workforce

Initiative: Develop tourism workforce training programs (Champion: Rene´ LaFrance, Northeast Workforce Training)



Next Steps

After reviewing tourism economic impact research, identifying common challenges and opportunities, and developing and prioritizing strategies and initiatives for industry growth, it's time for action! Between now (Summer 2008) and the next Tourism Conference (April 20-22, 2009), several action steps will be taken by a "network of responsables" to address the four core strategies and implement key initiatives.

Network of Responsibles

The coordination team, local hosts and initiative champions will serve as the "network of responsables" and will support each other in following through with the initiative development phase (May – August 2008) and the implementation phase (September 2008 – October 2009).

Initiative Champions – Individuals are encouraged to take action to implement initiatives that are priorities within their community, organization or business.

Local Hosts – Convention and visitors bureaus (CVBs) in the eight cities where regional meetings were held have already started and will continue to support the efforts of initiative champions that are consistent with the mission and goals of the local CVB.

Coordination Team – TAP, DMAND and the Tourism Division have already started and will continue to work with champions to refine action plans and implement initiatives that coincide with their missions.

The coordination team will also develop an overall implementation strategy that keeps the legislative actions, initiatives and ongoing tourism outreach efforts moving forward and monitors the implementation of major initiatives.

Legislative Agenda – TAP will develop a legislative action team comprised of key legislators and industry leaders to develop a legislative agenda for industry growth based on the Tourism Congress findings. TAP will also lead in further developing and implementing the tourism legislative agenda and work with the Tourism Division on future studies to determine the economic growth and impacts of the industry.

Reporting Success

The coordination team, local hosts and initiative champions will be invited to share their individual, community and statewide accomplishments and implementation progress at the 2009 North Dakota Tourism Conference.

2009 Tourism Conference
Canad Inn, Grand Forks
April 20-22

Get Involved

Join the Tourism Congress movement today!

Visit www.ndtourism.com/industry to:

- Read this report
- Sign up for the Tourism Division newsletter, which will include periodic Tourism Congress updates.
- Volunteer to assist champions with specific initiative implementation
- Support tourism outreach efforts.

Contact **Dana Bohn** at 701-355-4458 or clearh2o@btinet.net to:

- Volunteer to assist with legislative efforts by contacting legislators or providing testimony.

● Appendices

- A – Regional Meeting Challenges**
- B – Regional Meeting Initiatives**
- C – Regional Meeting Strategy and Initiative Summaries**
- D – Regional Meeting Local Hosts**
- E – Statewide Meeting Roundtable Leaders**

Appendix A: Regional Meeting Challenges

	Votes	Region
Marketing	575	
Small marketing budgets	4	Minot
Don't market variety	3	Minot
Direct focus, best use of limited advertising	3	Minot
Lack of image, identification of attractions	6	Minot
Stereotype/image	15	Williston
Regional marketing	5	Williston
Better marketing to improve image & existing attractions	13	Williston
Better marketing of local attractions	10	Dickinson
Year-round marketing	5	Dickinson
Increase budget for all marketing	11	Dickinson
Better storytellers	8	Dickinson
More in-state marketing	15	Dickinson
Image/awareness	9	Dickinson
Marketing money	28	Bismarck
Image in and out of state	22	Bismarck
In-state awareness	18	Bismarck
Niche marketing	8	Bismarck
Draw more visitors	12	Bismarck
National awareness	25	Devils Lake
Marketing/education in and out of state	10	Devils Lake
Highway 2 in materials for promotion	9	Devils Lake
Marketing International Peace Gardens	7	Devils Lake
Money for more marketing	16	Devils Lake
Advertising	17	Devils Lake
More online marketing	11	Devils Lake
Image of ND (knowledge/value)	30	Grand Forks
Dollars for marketing	21	Grand Forks
Innovative marketing tools	5	Grand Forks
Help planning/coordinating marketing	8	Grand Forks
More dollars	24	Fargo
Perception of ND and tourism industry	30	Fargo
Major competition	8	Fargo
Marketing entire state	14	Fargo
Celebrate central lowlands (regional marketing)	11	Fargo
Image (internal/external)	45	Fargo
Marketing - nothing to do - pass through state attitude	6	Fargo
Funding for regional promotion	12	Jamestown
Money for more marketing	16	Jamestown
Image of ND - negative perception	24	Jamestown
Promotion (in-state awareness/education)	16	Jamestown
Packaging co-op promotions	3	Jamestown
Promotion of nationally known sites (e.g., Peace Gardens)	12	Jamestown

	Votes	Region
Physical Infrastructure	362	
Lack of attractions	7	Minot
Hotels, food, airports, etc.	15	Minot
Location, access/transportation	11	Williston
Lack of hotels	15	Williston
Lodging	5	Dickinson
Icon signs	25	Dickinson
Accessibility	8	Dickinson
Lodging	4	Bismarck
High cost of gas, air...	16	Bismarck
Aging infrastructure	4	Bismarck
Lack of rural lodging near attractions	11	Bismarck
State funding to replace federal earmarks	4	Bismarck
More attractions to hold people	20	Bismarck
New niches and services	17	Devils Lake
Airline service	13	Devils Lake
Fuel prices	8	Devils Lake
Lodging	2	Devils Lake
General infrastructure	26	Devils Lake
Cost of travel	9	Grand Forks
Lack of attractions/events	16	Grand Forks
Airline service	5	Grand Forks
Funding for arts/attractions	26	Fargo
Lack of lodging in west	3	Fargo
Lodging near points of interest	10	Fargo
Few airports	2	Fargo
Lack of city experiences	5	Fargo
Transportation costs	20	Fargo
Few attractions	7	Fargo
Travel costs	4	Jamestown
Lack of nationally recognized parks	7	Jamestown
Image	12	Jamestown
Attraction development	11	Jamestown
Additional services at facilities (parks...)	4	Jamestown
Airlines, businesses, roads, etc.	2	Jamestown
Signage	8	Jamestown

	Votes	Region
Industry Development	270	
Tourism culture	6	Minot
Recognizing economic impact of tourism	14	Williston
Marketing partnerships	14	Williston
Educate on value of tourism	18	Dickinson
Need regional subdivision	11	Dickinson
Unified tourism businesses	6	Dickinson
Develop tourism entrepreneurship program	1	Dickinson
Attitude toward tourism opportunities	20	Dickinson
Implement action plan	15	Devils Lake
Support tourism-related agencies/businesses	21	Devils Lake
Regional destination	38	Devils Lake
Cohesiveness	11	Grand Forks
Lack of entrepreneurs	2	Grand Forks
Cooperative efforts/scheduling	27	Grand Forks
Industry unity	2	Fargo
More partnerships	2	Fargo
Perception of industry	36	Fargo
Local support of tourism industry	8	Jamestown
Lack of recognition of tourism potential	18	Jamestown

	Votes	Region
Workforce	222	
Workforce	10	Minot
Quality employees	8	Minot
Labor shortage and quality	25	Williston
Need for employees	21	Dickinson
Customer service attitude	12	Dickinson
Workforce	14	Bismarck
Competitive salaries	2	Bismarck
Staff buy-in (training)	12	Bismarck
Workforce	22	Devils Lake
Front-line training	18	Devils Lake
Salaries	17	Devils Lake
Labor shortage	10	Grand Forks
Training of staff	4	Grand Forks
Quantity/quality labor	26	Fargo
Lack of volunteers	3	Jamestown
Labor - lack of quality and quantity	18	Jamestown

	Votes	Region
Finance	99	
More money	2	Bismarck
Financial support	37	Devils Lake
Insurance	11	Devils Lake
Money in general	7	Grand Forks
Money for development	15	Fargo
Lack of money in general	27	Jamestown

	Votes	Region
Business Climate	58	
Unidentified	1	Williston
Insurance/liability	4	Dickinson
"Mom-and-pop" vs. chains	4	Bismarck
Public and legislative support	16	Bismarck
Support	1	Fargo
Hunting issues	6	Fargo
Legislative support	26	Fargo

	Votes	Region
Other	45	
Short seasons	11	Devils Lake
Weather	9	Grand Forks
Population	2	Fargo
East vs. West	20	Fargo
Resistance to change	3	Jamestown

	Votes	Region
Quality of Life	19	
Lake level's impact	19	Williston

	Votes	Region
Technology	12	
Technology used for better sales, communication	6	Minot
Adequate technology	1	Dickinson
Access to information	5	Fargo

Appendix B: Regional Meeting Initiatives

	Votes	Region
Marketing	356	
Tell/show story on the national level (research production, other states' examples, resources, partner with energy/private)	7	Minot
Agency coordination (promotion together, news/public together)	3	Minot
Legislative - request more state marketing dollars	3	Williston
Promotion of what we have	9	Williston
Partner in marketing and education opportunities in ND	3	Dickinson
Continue to motivate travelers after they arrive in the state (VIC - staffing/funding, technology)	22	Dickinson
Define our image	13	Dickinson
Training for tour guides	4	Bismarck
Marketing to our youth	13	Bismarck
Use natural resources to extend stays	7	Bismarck
Expand ND Heritage Center to be the hub to link travel experiences	13	Bismarck
Tourism website template for day trips with linkage to significant sites	5	Bismarck
Marketing (good price/value relationship, good weather)	9	Bismarck
Market region (packages, fill gaps in services available, DMAS for region)	25	Devils Lake
Online advertising (search engine optimization, technical assistance to help develop web site, expand listings)	13	Devils Lake
Money for tourism marketing (grants, state sales tax, license plates for fee)	12	Devils Lake
Money for year-round promotions (snow is sexy, winter-time activities)	12	Devils Lake
In-state advertising (kiosk - touch screen in rest areas, signage - brown highway signs)	21	Devils Lake
Feature International Peace Garden in promotions/expand infrastructure at gardens	7	Devils Lake
Stretch marketing (collaboration/cooperative, theme-based linkage, centralized data collection for use in marketing)	12	Grand Forks
Linking events with attractions (cross-selling)	6	Grand Forks
Weather (change perceptions, show all seasons in ads)	8	Grand Forks
Selling in humor (Fargo style)	3	Grand Forks
Kiosks to cross sell	2	Grand Forks
Market diversity of ND (experiences, ecotourism)	12	Fargo
Internal cheerleading (improve self image, front-line hospitality training, centralized calendars)	22	Fargo
Marketing strategies (survive ND, combine country with city)	8	Fargo
Additional money to market ND (sales tax)	8	Fargo
Promote agriculture (sell experiences in both east and west, laid-back getaway)	19	Fargo
Marketing - positives (formal tours offered, packages)	10	Jamestown
Increasing local money for marketing (co-ops with other cities, attractions, trade-offs, collaborations)	11	Jamestown
Need to engage locals through regional tourism (reps - through ND Dept. of Commerce Tourism)	34	Jamestown

	Votes	Region
Industry Development	78	
Develop local tourism toolbox	9	Minot
Creating stronger partnerships	7	Williston
More cooperative ventures (rural associations, more packages, golf, fishing, arts....niches)	22	Bismarck
Develop niche businesses to support visitors (e.g., birding)	20	Devils Lake
Spread out major events	7	Grand Forks
More partnerships	6	Fargo
Packages to help with distances between sites (coordinated planning)	7	Fargo

	Votes	Region
Workforce	64	
Increasing tourism industry wages	5	Minot
Out-of-state marketing, state and local (HR/housing)	9	Williston
Increase workforce by providing flexible schedules for tourism training	1	Bismarck
Enable senior workforce (part-time interest, sunbirds, rural interest)	6	Bismarck
Hospitality training (front-line vs. careers, offering incentives and better pay for professional service)	9	Devils Lake
Hospitality training (seminars)	2	Grand Forks
Keep young people in ND for tourism jobs (educate on variety of opportunities)	15	Fargo
Human resources issues (training, educate on quality of place/life)	7	Fargo
Better trained workforce for tourism (volunteer trainers - hospitality training)	10	Jamestown

	Votes	Region
Physical Infrastructure	59	
Tourism entrepreneurship (infrastructure grants, tourism development specialist, inventory of tourism businesses)	6	Minot
Funding to expand, maintain Highway 85 and promote	8	Williston
Icon advertising (logo signs for business promotion)	24	Dickinson
Build attractions (linking attractions/events...regionally)	5	Devils Lake
Funding for attraction development (state funding, foundation)	11	Grand Forks
Affordable signs for tourism businesses (interstate signs - logo - off-interstate signs)	5	Jamestown

	Votes	Region
Finance	25	
Financial assistance for tourism businesses (public funding for public facilities)	5	Devils Lake
Increase funding for tourism (implement tax, more grants)	20	Jamestown

	Votes	Region
Business Climate	13	
Strong voice for industry (legislators)	13	Fargo

	Votes	Region
Technology	4	
Funding support to expand technology (train tourism operators to use technology)	4	Fargo

	Votes	Region
Quality of Life	0	
Seek federal lake dollars for infrastructure development	0	Williston
48-inch pipeline to Colorado	0	Williston

Appendix C: Regional Meeting Strategy and Initiative Summaries (Page 1)

Marketing

Use various media to tell North Dakota's stories

- Research the possibility of a North Dakota-based television program
- Increase and improve online national advertising
- Use airport terminals, trains and bus stations as marketing avenues
- Implement a cell-phone-driven "Highways to North Dakota History Program"
- Initiate a competition for a series of booklets on little-known, but fun, aspects of our state

Collaborate for more efficient/effective marketing

- Work together (public and news agencies) to tell about tourism attractions and accommodations
- Market destination vacation "areas" with various day trips
- Work together to asset map the state and compare it to national/statewide data to identify linkages for use in theme-based marketing
- Cross-promote events and attractions
- Promote community packages/tours
- Combine local event calendars to create one-stop access to events

Educate North Dakotans for image improvement

- Educate service industry (gas station, hotel) employees about tourism offerings
- Develop checklists (passports) of attractions
- Create partnerships to market and educate people about the opportunities in North Dakota
- Educate North Dakota youth on the state's assets so that they become spokespersons
- Train tour guides
- Initiate regional tourism offices to engage North Dakotans
- Get hard numbers to tell business leaders how tourism affects their bottom line

Advertise within North Dakota

- Seek incremental budgeting to fund visitor centers
- Expand North Dakota Heritage Center to be the hub to link travel
- Create a tourism template for day trips with linkage
- Develop a searchable kiosk system to market tourism offerings for use in rest areas, travel centers, chambers of commerce, hotels, etc.
- Put laptops in hotel lobbies with links to tourism information
- Design a campaign to get North Dakotans to visit their own attractions

Obtain more money to market tourism

- Convey to legislators the dollars that tourism brings in versus what is paid for in marketing
- Use a percentage of all sales tax for tourism marketing
- Use a percentage of license plate fees for tourism marketing
- Appoint someone to research out-of-state grant opportunities
- Pursue dollars for year-round promotion (including winter-time activities)
- Reinstate the Lewis and Clark lodging tax (possibly lowering the rate and expanding the base to car rentals, bars, restaurants, etc.)
- Form marketing package deals to trade promotions and get discounts

Appendix C: Regional Meeting Strategy and Initiative Summaries (Page 2)

Marketing continued

Evaluate/change marketing strategies

- Define industry image
- Market natural resource packages to extend stays
- Promote high-value/low-cost vacationing
- Gather statistics to promote good weather
- Feature International Peace Garden in all promotions
- Show all seasons in ads
- Use humor to sell (Fargo style)
- Market diversity of North Dakota
- Market "experiences" (agriculture, winter, etc.)
- Market ecotourism
- Embrace extreme weather and sell it to adventurous markets
- Market laid-back getaways

Physical Infrastructure

Build more attractions/encourage tourism entrepreneurship

- Get more funding and promotion for the North Dakota Tourism Infrastructure and Expansion Grants
- Initiate a Department of Commerce tourism development specialist position
- Develop community assets profiles
- Create a foundation to support attraction development
- Pursue funding for increased lodging accommodations (possibly used for other purposes in the off-season)

Improve transportation routes

- Study other highway development projects and secure funding to properly expand and maintain highways (e.g., Highway 85)
- Make county road improvements in scenic areas

Improve signage for visitors

- Pursue affordable signage options

Enhance existing infrastructure

- Investigate options for beneficial uses of lake water (pipelines) to maintain more water in Lake Sakakawea
- Seek federal lake dollars for infrastructure development at lake sites

Industry Development

Form partnerships

- Develop stronger partnerships within communities and among businesses
- Create local/regional hospitality associations
- Create cooperative ventures (packages)
- Coordinate planning throughout city/area to spread out major events
- Increase partnerships between arts and attractions
- Facilitate tours to transport visitors between sites
- Pursue Allegiant Air tourist packages

Appendix C: Regional Meeting Strategy and Initiative Summaries (Page 3)

Industry Development *continued*

Develop industry tools

- Create local tourism "toolboxes" to identify and promote attractions
- Develop state software for bookings and reservations

Increase/expand niche offerings

- Seek dollars/advertising help to develop/sell offerings unique to the area
- Develop family recreation to support hunting, fishing, etc.

Workforce

Increase the quantity/quality of workers

- Complete a study to determine attractive wages
- Bring in new, larger businesses with higher wages
- Recruit workers through out-of-state marketing
- Increase available housing for workers
- Offer hospitality training (actual college program or customer service sessions)
- Provide flexible (off-season) education schedules for college tourism students
- Create and market job opportunities for young people to keep them in state
- Enable the senior workforce
- Train volunteers to be trainers for other tourism employees
- Reform international workforce policy
- Provide state incentives to attract entry-level workers/retain young people
- Provide education incentives/loan waivers for 2-year, 4-year and trade schools

Finance

Find sources of financial assistance for tourism businesses

- Seek public funding for public facilities
- Increase number and size of local grants
- Implement tourism-specific taxes (lodging, restaurants, etc.)
- Establish or increase user fees

Business Climate

Create a stronger voice for the industry among legislators

- Meet with legislators to educate them on issues and to propose legislation
- Voice the impact of liability issues on agri-tourism and small/start-up tourism businesses
- Educate a group of ourselves to appeal to and lobby our legislators
- Explain the importance of a legislative change in out-of-state hunting policy/prices

Technology

Increase technology knowledge/infrastructure throughout the state

- Seek funding for technology tools/trends education
- Form partnerships to exchange technology knowledge
- Seek funding for expansion of technology infrastructure
- Expand technological access to smaller communities

Appendix D: Regional Meeting Local Hosts

Wendy Howe, Minot

Minot Convention & Visitors Bureau

(701) 857-8206

wendy@visitminot.org

Amy Krueger, Williston

Williston Convention & Visitors Bureau

(701) 774-9041

cvbsales@ci.williston.nd.us

Terri Thiel, Dickinson

Dickinson Convention & Visitors Bureau

(800) 279-7391

terri@dickinsoncvb.com

Terry Harzinski, Bismarck

Bismarck-Mandan Convention & Visitors Bureau

(701) 222-4308

terry@discoverbismarckmandan.com

Judy Hoffer, Devils Lake

Devils Lake Convention & Visitors Bureau

(701) 662-4903

judy@deviislakend.com

Julie Rygg, Grand Forks

Greater Grand Forks Convention & Visitors Bureau

(800) 866-4566

julie@visitgrandforks.com

Cole Carley, Fargo

Fargo-Moorhead Convention & Visitors Bureau

(701) 282-3653

cole@fargomoorhead.org

Nina Sneider, Jamestown

Buffalo City Tourism

(701) 251-9145

nina@csicable.net

Organizational	Event of Program	Region	2003 Mkg/Event	2004 Mkg/Event	2005 Mkg/Event	2007 Mkg/Event	2007 Infr & Exp Grant	2008 Mkg/Event	2008 Infr & Exp	2009 Mkg/Event	2009 Infr & Exp	Total Awarded
Grand Forks	03 1st Knight, 04 - \$5000 artfsvl & \$5000 Twm Sq Frmts MK1, 05 - \$2000 Artfsvl & Rvrs Edns Empires L&C \$2000.	NE	\$ 2,000.00	\$ 10,000.00	\$ 4,000.00	\$ 250.00						\$ 16,000.00
Grand Rapids	06 Gr Rpds Days	SC									\$ 18,000.00	\$ 250.00
Griggs County	09 Hst Soc exhibit	E										
Hazen	05 Praise on Prmie, 06 Prar Rs Drg races, 07 Milln \$ Run	SW			\$ 2,000.00	\$ 3,000.00						\$ 5,250.00
Highway 281 Association	04 Prog Camp	SC/NC	\$ 3,500.00			\$ 4,250.00		\$ 5,000.00				\$ 3,500.00
International Peace Garden	07-EV, 08 Hort Boot Camp	NC										\$ 9,250.00
Jamestown	05, 06 & 07 Cultir Fest	SC			\$ 4,000.00	\$ 3,000.00						\$ 10,000.00
Kenmare	06, 07 & 09 Goosefest	NW			\$ 2,000.00	\$ 2,000.00				\$ 2,000.00		\$ 6,000.00
Knife River Ranch	05 vaci prog	SW			\$ 2,000.00			\$ 5,000.00				\$ 2,000.00
KTM Adventure	08 Prog	SC, SW										\$ 5,000.00
Lakeview Meadows	07 Prog	SC				\$ 4,000.00						\$ 4,000.00
Langdon	06 Music Fstvl	NE			\$ 1,000.00							\$ 1,000.00
Lund's Landing	07 -Blubrd & Jnby Prog	NW				\$ 2,000.00						\$ 2,000.00
Maah Daah Hey Trail Association	04 prog	SW/NW	\$ 3,000.00									\$ 3,000.00
Mandan	04 Gov Cup Auto Race	SW	\$ 1,000.00			\$ 5,000.00						\$ 1,000.00
McLean County Tourism	07 Prog	SW									\$ 15,000.00	\$ 5,000.00
McLeod Historical Society	09 Rec Park	SE										\$ 1,500.00
Michigan Heritage	04 Arts & Gairy Grls	NE	\$ 1,500.00									\$ 1,500.00
MIND - Museums in North Dakota	03 Prog statewide	statewide	\$ 5,000.00									\$ 5,000.00
Minnewaukan	06 Broch	NC				\$ 1,500.00						\$ 1,500.00
Minot	04 Depot, 07 Scandln Hrrg, 08 & 09 State Fair	NC		\$ 1,500.00			\$ 24,000.00	\$ 5,000.00		\$ 5,000.00		\$ 35,500.00
Missouri River Breaks Lodge	07 Prog	NW				\$ 4,000.00						\$ 4,000.00
B&B Motorcycle Guide	06 & 08 Broch	statewide				\$ 5,000.00		\$ 5,000.00				\$ 10,000.00
Mott	07 Stop Smi Roses	SW				\$ 1,250.00						\$ 1,250.00
ND Cowboy Hall of Fame	06 Int Pjct, 07 Exhibit	SW				\$ 800.00	\$ 24,000.00					\$ 27,300.00
ND Live Wet & Wild	07 Prog	Statewide				\$ 2,500.00	\$ 24,000.00					\$ 5,000.00
New Rockford	06 Broch	NC				\$ 1,500.00						\$ 1,500.00
New Town	06 L&C Days	NW				\$ 2,500.00						\$ 2,500.00
Oscar Zero	09 Celebration	SC								\$ 5,000.00		\$ 5,000.00
Prairie West Development	07 remodel.	SW				\$ 2,000.00	\$ 24,000.00					\$ 24,000.00
Foundation/Prairie Fire	07 - Prog	NE				\$ 750.00						\$ 2,000.00
Pottery	06 & 07 Prog.	SE				\$ 5,000.00						\$ 5,000.00
Raney's Vacation for a Day	08 Prog.	SE					\$ 2,500.00					\$ 2,500.00
Ransom County	08 Infr							\$ 5,000.00	\$ 2,500.00			\$ 5,000.00
Red River Attractions	04 North Its twr, 07 nrthn Its shbut	NC		\$ 3,000.00								\$ 4,250.00
Rolla - Coghlan Castle	03 Prog	SW	\$ 5,000.00		\$ 4,615.00							\$ 9,615.00
Rugby	05 Event	SE	\$ 3,500.00									\$ 3,500.00
Sakakwea South Shore	08 Broch	statewide						\$ 5,000.00				\$ 5,000.00
Scandinavian Hjemkomst	04 Prog	NC	\$ 2,500.00				\$ 20,000.00					\$ 2,500.00
Scenic Byways	07 Pageant	SC										\$ 20,000.00
Shenene Valley Lodge	09 Expansion	NE										\$ 11,000.00
Sitting Bull College	07 Pms Clttr Fest	SW				\$ 750.00						\$ 750.00

YEAR	DESCRIPTION	L&C/FT MANDAN FNDN	TRMF
2001	Co-op Marketing	\$ 10,000	
2003-05	Legislative Appropriation	\$ 150,000	
2004	Tourism Matched grant		\$ 3,000
2004	Tourism Events Matched grant	\$ 2,500	
2004	L&C Merchandise grant program	\$ 750	
2005-07	Legislative Appropriation	\$ 100,000	
2005	L&C Merchandise grant program	\$ 800	
2006	Tourism Matched grant		\$ 5,000
2006	Tourism Events Matched grant	\$ 2,000	
2007-09	Legislative Appropriation	\$ 100,000	
2007	Tourism Events Matched grant	\$ 2,000	
2007	Tourism Infrastructure Grant	\$ 12,000	\$ 24,000
2008	Tourism Matched grant	\$ 5,000	
2008	Tourism Events Matched grant	\$ 5,000	
2009	Tourism Matched grant	\$ 2,850	*
2009	Tourism Matched grant		\$ 5,000
		\$ 392,900	\$ 37,000

*This was a co-op of TRMF; L&C Fndn & Ft Lincoln (Dakota Trails)

ND DEPARTMENT OF COMMERCE
TOURISM DIVISION

	OPERATING FEES	MARKETING	NON-MKTG
Advertising Services	\$ 155,000	\$	5,000
Awards/Prizes	\$ 3,500		
Freight	\$ 2,750		
Licenses & Taxes	\$ 5,000		
Misc. Contractual Fees	\$ 11,400		
Other Operating Fees	\$ 13,000	\$	150,000
Photography	\$ 30,000		
Cooperative Agreements	\$ 2,500		
P-card purchases	\$ 5,500		
Radio/TV/Newspaper Services	\$ 2,626,003		
Research	\$ 276,000		
Storage/Handling	\$ 31,000		
	\$ 3,161,653	\$	155,000
TOTAL	\$ 3,316,653		

North Dakota

Tourism Alliance Partnership

P.O. Box 2599
Bismarck, ND 58502
(701) 355-4458
FAX (701) 223-4645

2008-2009 MEMBERS

Basin Electric
Power Cooperative

Bismarck-Mandan CVB

Buffalo City Tourism

Destination Marketing
Association of North Dakota

Devils Lake CVB

Dickinson CVB

Fargo-Moorhead CVB

Abraham
Foundation

Grand Forks CVB

International Peace Garden

Lewis & Clark Fort
Mandan Foundation

Municipal Airport Authority
of the City of Fargo

ND Aeronautics Commission

ND Tourism Division

Newman Outdoor Advertising

Norsk Hostfest Association

Odney Communications Group

Select Inn of Bismarck

Spirit Lake Casino and Resort

State Historical Society of
North Dakota Foundation

Woodland Roosevelt
Museum Foundation

Woodland Resort, Inc.

Testimony of Bill Shalhoob
Tourism Alliance Partnership Chairman
SB 2018

Chairman Holmberg and members of the committee, my name is Bill Shalhoob.

As chairman of the Tourism Alliance Partnership (TAP), I am here today asking for your support for the tourism portion of SB 2018. TAP is a coalition of tourism-related industries, including CVBs, state attractions, businesses and other interested stakeholders in this viable and growing sector of North Dakota's economy.

The tourism industry in North Dakota has seen tremendous growth in recent years. Tourism is one of the Governor named target industries, and in 2007 the 4.2 percent rate of job growth within the industry was more than double the state average. From 2005 to 2007, visitor spending per advertising dollar jumped nearly 52 percent from \$81 to \$123.

While these results are exceptional, a greater potential remains for the tourism sector. Increased interest in nature tourism, agri-tourism, and culture and heritage tourism provides an outstanding opportunity for North Dakota's tourism industry. Taking advantage of this opportunity begins with the marketing budget for the Tourism Department. While we are encouraged by the Governor's budget recommendation, it falls short of what the North Dakota tourism industry needs to be competitive. North Dakota's tourism budget has been relatively flat since 2003, while advertising costs increased by about five percent each year. Please refer to the attachment that includes a state spending summary. North Dakota's current annual tourism marketing budget of \$4.1 million per year puts us in last place among our neighboring states. We are trailing the \$10.5 million

per year spent by Montana as the next lowest amount, and are drastically far behind the \$15.1 million spent annually by Wisconsin. Even with the Governor's additional \$912,000 for marketing, we still lag behind our competitors.

More than 500 industry stakeholders participated in the 2008 Tourism Congress. The lack of marketing dollars was the number one challenge in every part of the state. Physical infrastructure, industry development, and workforce issues were also identified as major challenges. They said a budget of \$16.4 million would give the department the resources necessary to effectively compete and succeed in the regional, national and international marketplace. TAP feels it would also provide the resources needed to support infrastructure development.

Tourism marketing is one of the few parts of the budget that can show a positive return on investment for the state. The \$1.66 million investment in advertising in 2007 returned more than \$12 million to the state's general fund and \$2 million to local funds. The outlook for our industry is bright and the future limited only by a few dollars and our imagination in developing the marketing necessary to attract visitors. Led by the Tourism Division and working together in our cities, attractions and businesses, we can continue to drive more sales into our state, more sales into the economy and more tax collections into the state treasury. It's a true win-win for everyone.

In addition to the state spending summary, I have also attached to my testimony:

- information regarding the economic impact of tourism;
- the 2008 Tourism Congress report; and
- letters of support.

Thank you for your consideration and I would be happy to answer any questions.



DEVILS LAKE AREA Four Seasons Adventure

P.O. Box 879 • Devils Lake, North Dakota 58301
(701) 662-4903 • Fax (701) 662-2147

Tuesday, January 06, 2009

Ms. Dana Bohn, Executive Director
Tourism Alliance Partnership
PO Box 2599
Bismarck, ND 58502

Dear Ms. Bohn:

I am writing this letter to encourage the North Dakota Senate Appropriations Committee to increase Governor Hoeven's budget to \$16.4 million for tourism marketing.

Tourism is one of our state's leading industries and, as the Tourism Congress meetings held around the state in 2008 found, it is vital that North Dakota remain competitive in the region in the marketing and technology arenas. The Tourism Congress' number one recommendation is to double the state's tourism budget.

As one of North Dakota's premier vacation destinations, the Devils Lake Area Convention and Visitors Bureau solidly supports the recommendations of the Tourism Congress, and Governor Hoeven's request to increase the tourism marketing budget.

Kind Regards,

Susan Johnsrud
Executive Director
Devils Lake Area Convention and Visitors Bureau

DICKINSON MUSEUM CENTER

188 MUSEUM DRIVE EAST
DICKINSON, ND 58601



January 8, 2009

Dear Members of the Senate Appropriations Committee:

Please accept this letter as my testimony in favor of increasing the allocations of the North Dakota Tourism Division to \$16.4 million in SB 2018 for tourism marketing.

As the Director of the Dickinson Museum Center, I work with tourists to our region on a daily basis. I also have served on a variety of non-profit boards throughout the state that rely, to a large extent on tourism; including Preservation North Dakota and Museums in North Dakota.

The historic sites and museums throughout North Dakota depend to a large extent on the marketing activities undertaken by the Tourism Division, especially the out-of-state marketing that we simply cannot afford to do on our own on any type of large scale effort. This type of marketing is a huge investment that always results in strong returns. While there are always people with a negative concept of North Dakota, an overwhelming number of them simply have no reference point at all to inspire them to visit. Our marketing efforts create a desire to visit our state, as well as counter some of the negative ideas people may have about our climate.

I strongly support an increase in the Tourism Divisions marketing budget to \$16.4, and believe that we need to make this investment on behalf of our tourism-based businesses to stimulate our continued economic growth and success.

Sincerely,

A handwritten signature in black ink that reads "Danielle Stuckle". The signature is fluid and cursive, with the first name being more prominent.

Danielle Stuckle, Museum Director
Dickinson Museum Center
188 Museum Drive East
Dickinson, ND 58601
701-456-6225 (P)
701-456-7994 (F)
Danielle.Stuckle@dickinsongov.com
dickinsonmuseumcenter.org

701-456-6225 (P) • 701-456-7994 (F) • info@dickinsonmuseumcenter.org • dickinsonmuseumcenter.org



January 9, 2009

North Dakota Senate Appropriations Committee

Chairman Holmberg and Members of the Committee:

When, in the same year, commodity prices skyrocket and then drop, tourism is a strong, steady source of income to the general fund.

When, in the same year, the price of oil rollercoasters up and down, tourism stays consistent and high-yielding.

When, however, the tourism industry asks *with a united voice* for a significant raise in marketing budget, we receive a modest increase. I'm having a difficult time understanding the logic.

In a state that needs to increase population, only 2 organizations, tourism promotion and EDC, reach out beyond our borders to tell the story of North Dakota and invite people here. Yet, repeated pleas for crucial strategic increases to spread the message yield only marginal gains.

Can we agree on tourism's value to North Dakota's economy?

Tourism has been consistently recognized as one of our state's top 3 industries and no matter what statistics one chooses the payoff to the general economy and general fund are huge. Assuming agreement on that, let's then agree that this essential industry is worth a larger investment in its results.

We ask the Senate to give tourism the tools to broaden the base of people that visit our state, enjoying its culture and its people, and leaving billions of dollars in the process.

Thanks very much for your consideration.

Yours truly,

A handwritten signature in black ink, appearing to read "Cole Carley", with a long, sweeping flourish extending from the end.

Cole Carley, CDME
President/CEO

Fargo-Moorhead
Convention & Visitors Bureau
2001 44th St. S.
Fargo, ND 58103
800-235-7654
701-282-3653
701-282-4366 (fax)
info@fargomoorhead.org
www.fargomoorhead.org

*Sume
given to
House Approps
2-26-09*

January 12, 2009

Senate Appropriations Committee
North Dakota State Capitol
Bismarck, ND 58501

Dear Committee Members,

I write in support of a significant increase in state support for the North Dakota Tourism Department. I write, not to ask for a piece of the state's budget surplus, but to ask you to invest in a department that has provided a healthy return on the investment you have made in past budgets.

You know full well the important position of tourism in the state. My writing is intended to make sure you're fully aware of the magnitude of the industry's impact on our economy.

As an example, the state's very successful "Legendary" advertising campaign cost \$1.66 million in 2007 but returned more than \$12 million to the state's general fund and more than \$2 million to local governments by generating nearly \$204 million dollars in visitor spending. That combined \$14 million dollars in tax revenue was produced with a state investment of about \$2 million; an amazing return on our investment.

At present, North Dakota is spending well under half of what our neighboring states devote to tourism. I trust you will join me in my desire to make sure that North Dakota does not lose precious income to other states simply because we are not willing to invest enough to get our word to potential visitors.

Thank you for your devotion to this great state through your service in the legislature. And thank you also for seriously considering a substantial increase in this critical portion of our economy.

Sincerely,

Chester Reiten, President
Norsk Høstfest
Minot, ND 58701

BIJOU
Show House
A Division of
Yonder Window Productions, LLC
821st Street SE, Beach, ND 58621-0982
701-872-2444
homcheal@pacbell.net
www.beach-movie.com

January 13, 2009

Attention of
North Dakota Legislature

Ref.: Tourism Budget

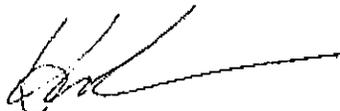
Dear Sirs/Mesdames:

I am writing to encourage as large an increase in Tourism budgeting as possible. Operating an entertainment establishment makes me highly conscious of the need for additional traffic besides local residents.

Living and working in Beach, being right beside the State Line with Montana, and beside the I-94 Highway, I am extra aware of the need to draw in traffic to boost my business and those of my fellow Beach Area Chamber of Commerce members. One excellent way is the Tourist Information Office on SH 16. How that office is manned - business hours during the summer, no one the rest of the year - makes a sizable difference to what extra traffic is generated. It makes an even greater difference to the ND hinterland beyond Beach.

My recommendation is to man the Tourism Office at the westernmost gateway minimally 12 hours per day, year-round. From my viewpoint, if my theatre were automated for ticket purchase and concession sales, few people will attend. The same goes for tourism. People want to interface with knowledgeable humans, not literature. It makes an enormous difference. Spend a dollar to make many times more back!

Thanks for your consideration.



Emanuel Culman
Owner

DESTINATION MARKETING
ASSOCIATION
of
North Dakota

Testimony of Wendy Howe – President
Destination Marketing Association of North Dakota
Senate Bill 2018
January 16, 2009

Chairmen and members of Senate Appropriations Committee:

I am here to speak to you today on behalf of the Destination Marketing Association of North Dakota to request your support for Governor Hoeven’s proposed budget for the North Dakota Tourism Division along with an increase of that budget that will result in a total allocation of \$16.4 million for the 2009-2011 biennium.

North Dakota’s tourism industry has become the state’s fastest growing industry and is second only to agriculture. North Dakota’s Tourism division is tasked with the great responsibility of attracting visitors to our state. These visitors have a tremendous economic impact on communities across the state as they shop, dine, purchase gas, take in many of our attractions and events, as well as experience the vast outdoor beauty of North Dakota. They leave their economic footprints behind as they explore our legendary state. But attracting these visitors has become more competitive as advertising costs are rising and technology is quickly advancing. We must supply the Tourism Division with the funding and tools they need to remain competitive.

I would like to show you a quick comparison. North Dakota’s Tourism budget for 2007-2008 is \$4.1 million. The budgets for Montana, South Dakota, Minnesota, Wyoming, and Wisconsin are: \$10.5, \$10.8, \$10.9, \$11.7, and \$15.1 million. As I said we cannot allow North Dakota to take a back seat and risk losing our visitors and the economic impact from those visitors, to our competitors. The increase being proposed would not match these competitors’ budgets but it would narrow the gap in contending for the same audiences and visitor dollars.

We must also remember that as we look to attract businesses and workforce to our state one of their considerations will be quality of life. What will be available for their families when they relocate here? The North Dakota Tourism Division answers that question with their marketing and advertising. They show the beauty of our state and the many reasons to not only visit, but why you would want to stay.

Again I ask for your support of tourism and vote to increase the Tourism Division’s budget to \$16.4 million. It is crucial to the survival and growth of North Dakota’s Tourism industry.

Thank you for your time and consideration.



Same given to House approx on 3-2-09

Testimony of Julie Rygg
Greater Grand Forks Convention & Visitor Bureau Executive Director
Senate Bill 2018
January 16, 2009

Chairman and members of the Senate Appropriations Committee:

Please accept this written testimony, on behalf of the Greater Grand Forks Convention & Visitors Bureau (GGFCVB), as a request of your support for Governor Hoeven's proposed North Dakota Tourism Division budget, along with an increase to that budget resulting in a total allocation of \$16.4 million for the 2009-11 biennium.

At a time when advertising costs are rising and technology is advancing rapidly, it is crucial our state's tourism industry meet and exceed those demands in order to stay competitive. Promotions and cooperative programs will eventually have to be cut if the tourism budget continues to remain flat, as it has since 2003.

The GGFCVB utilizes a number of the cooperative advertising programs offered by State Tourism, particularly those in Canada. These programs allow us to stretch our dollars further and better promote our community. In a city that has a population of just over 50,000, we are filling world-class venues such as the Ralph Engelstad Arena, Betty Engelstad Sioux Center and the Alerus Center, as well as small, independent businesses like the Red Pepper, Dakota Harvest Bakers and the legendary Widman's Candy Shop. This cannot be achieved without marketing dollars and support from the State.

With so many recent advancements in web-based advertising and promotions, in addition to the demand for booking travel online, the options are endless. However, the enormous time, staff and initial monetary investment required to take advantage of these advancements exceeds what a smaller CVB's budget permits. In plain terms, we need the resources to make our web offerings a top priority.

Again, I ask for your support of tourism, and that you vote to increase the Tourism Division's budget to \$16.4 million. It is imperative for the success and survival of North Dakota's tourism industry. In fact, many experts believe tourism plays a crucial role in staving off hard economic times. If travel can be stimulated, it will undoubtedly help to benefit the whole economy on local, state and national levels.

Thank you for your time and consideration.

simplygrand
4251 Gateway Drive, Grand Forks, ND 58203
701.746.0444 (ph) 800.866.4566 (toll free) 701.746.0775 (fax)
www.visitgrandforks.com



Convention & Visitors Bureau

January 7, 2009

Testimony of Terri Thiel, Executive Director of the Dickinson Convention & Visitors Bureau

Senate Bill: 2018

Chairman and members of the Senate Appropriations Committee, my name is Terri Thiel and I am the Executive Director of the Dickinson Convention & Visitors Bureau. The Dickinson Convention & Visitors Bureau is in support of the governor's proposed budget for the ND Tourism Division 2007-2009 biennium marketing along with an increase to \$16.4 million dollars.

On March 4 - 6 and 11 - 12, 2008, meetings were held across the state with local tourism entities and hospitality businesses attending to give their input as to the ideas and feelings they had regarding the future of the state's tourism industry. Over 400 people attended the meetings in Minot, Devils Lake, Williston, Grand Forks, Dickinson, Fargo, Bismarck and Jamestown. And during the 2008 annual ND Tourism Conference in Mandan, an additional 200 plus attendees voiced their opinions and ideas regarding Marketing, Physical Infrastructure, Industry Development and Workforce for the tourism industry.

The 2008 Tourism Congress Report represents the individuals who are not able to be standing in front of you; however, they each made a conscious decision to attend those regional meetings, participating in discussions regarding the states future. Should they all be here today? Yes, probably. But, while they may not be here today, they still took the time to participate in the meetings that were not five minutes in front of all of us, but several hours of group discussions and voting processes. That commitment is the testimony that you should consider today.

The \$16.4 million dollars support for the ND Tourism Division is the voice of those attending the regional and state meetings. The Dickinson Convention & Visitors Bureau supports the industry and the growth that tourism provides to the local economy and the state. Please support the governor's proposed tourism marketing budget, along with seriously considering investing a total of \$16.4 million for the biennium.

Sincerely,

Terri Thiel
Executive Director

North Dakota

Tourism Alliance Partnership

P.O. Box 2599
Bismarck, ND 58502
(701) 355-4458
FAX (701) 223-4645

2008-2009 MEMBERS

Basin Electric
Power Cooperative

Bismarck-Mandan CVB

Buffalo City Tourism

Destination Marketing
Association of North Dakota

Devils Lake CVB

Dickinson CVB

Fargo-Moorhead CVB

Ham
Foundation

Greater Grand Forks CVB

International Peace Garden

Lewis & Clark Fort
Mandan Foundation

Municipal Airport Authority
of the City of Fargo

ND Aeronautics Commission

ND Tourism Division

Newman Outdoor Advertising

Norsk Hostfest Association

Odney Communications Group

Select Inn of Bismarck

Spirit Lake Casino and Resort

State Historical Society of
North Dakota Foundation

Roosevelt
Me... Foundation

Woodland Resort, Inc.

Testimony of Bill Shalhoob Tourism Alliance Partnership Chairman SB 2018

Chairman Delzer and members of the committee, my name is Bill Shalhoob. As chairman of the Tourism Alliance Partnership (TAP), I am here today asking for your support for the tourism portion of SB 2018. TAP is a coalition of tourism-related industries, including CVBs, state attractions, businesses and other interested stakeholders in this viable and growing sector of North Dakota's economy.

The tourism industry in North Dakota has seen tremendous growth in recent years. Tourism is one of the Governor's target industries. In 2007, the job growth rate of 4.2 percent within the industry was more than double the state average. From 2005 to 2007, visitor spending per advertising dollar jumped nearly 52 percent, from \$81 to \$123.

While these results are exceptional, a greater potential remains for the tourism sector. Increased interest in nature tourism, agri-tourism, and cultural and heritage tourism provides an outstanding opportunity for North Dakota's tourism industry. Taking advantage of this opportunity begins with the marketing budget for the Tourism Division. While we are encouraged by the Governor's budget recommendation, and applaud the additional \$500,000 added by the Senate, it falls short of what the North Dakota tourism industry needs to be competitive. North Dakota's tourism budget has been relatively flat since 2003, while advertising costs increased by about 5 percent each year. Please refer to the attachment that includes a state spending summary. North Dakota's current annual tourism marketing budget of \$4.1 million per year puts us in last place among our neighboring states. We are trailing the \$10.5 million per year spent by Montana as the next lowest amount, and are drastically far behind the \$15.1 million spent annually by Wisconsin. Even with the Governor's additional \$912,000 for marketing and the Senate's additional \$500,000, we still lag behind our competitors.

More than 500 industry stakeholders participated in the 2008 Tourism Congress. The lack of marketing dollars was the number one challenge in every part of the state. Physical infrastructure, industry development and workforce issues were also identified as major challenges. Industry stakeholders said a budget of \$16.4 million would give the Tourism Division the resources necessary to effectively compete and succeed in the regional, national and international marketplace. Although we understand this would be a big stretch for the legislature, this is where the industry feels we need to be. Getting the budget to that level would also provide the resources needed to support the many infrastructure development requests we heard.

North Dakota is the most affordable vacation state, according to AAA. We need to continue to invest in marketing ourselves as an affordable and must see destination. During this downturn in the economy, we have an opportunity to take advantage of our position with more marketing dollars.

Tourism marketing is one of the few parts of the budget that can show a positive return on investment for the state. The \$1.66 million investment in advertising in 2007 returned more than \$12 million to the state's general fund and \$2 million to local funds. The outlook for our industry is bright, and the future limited only by a few dollars and our imagination in developing the marketing necessary to attract visitors. Led by the Tourism Division and working together in our cities, attractions and businesses, we can continue to drive more sales into our state, more sales into the economy and more tax collections into the state treasury. It's a true win-win for everyone.

In addition to the state spending summary, I have also attached to my testimony:

- information regarding the economic impact of tourism;
- the 2008 Tourism Congress report; and
- letters of support.

Thank you for your consideration, and I would be happy to answer any questions.

Same
given to
for approps
1-15-09



March 3, 2009

House Appropriations Committee
Government Operations Division
North Dakota State Capitol
Bismarck, ND 58505

Chairman Delzer and Committee Members:

I write to you in support of SB 2018 which includes the Tourism Division appropriation.

The Governor's budget recommendation includes about \$1.1 million more than the 2007-2009 biennium appropriation for the Tourism Division. This includes \$912,000 more for tourism marketing and \$100,000 to promote the U.S.S. North Dakota. The Senate appropriated an additional \$500,000 to the Tourism Division for marketing.

The Governor's and the Senate's recommended increases in the Tourism Division's budget is a step in the right direction. Increasing the budget of a revenue generator for all of us and for state and local governments is a sound decision.

The Tourism Division's \$1.66 million advertising campaign returned \$203.9 million in visitor spending in 2007. Each dollar spent on advertising returned \$123.00 in visitor spending. The same dollar returned \$9.00 in taxes. The \$1.66 million investment returned over \$12 million to the state's general fund and \$2 million to local entities. In addition, the Tourism Division's campaign provides many cooperative advertising opportunities for us as a Convention and Visitors Bureau so that we can get our message out to a bigger market at a more reasonable price, creating a win-win situation for all of us. The Tourism Division's "Legendary" brand message is definitely working!

Now is the time to invest in the Tourism Industry. We're asking you to consider increasing the Governor's budget for the Tourism Division to \$16.4 million for tourism marketing. Let's turn this industry loose and let it work for our economy.

Best regards,

A handwritten signature in cursive script that reads "Terry Harzinski".

Terry Harzinski
Executive Director
Bismarck Mandan Convention & Visitors Bureau

Woodland Resort

1012 Woodland Drive
Devils Lake, ND 58301
701-662-5996

March 3, 2009

House Appropriations Committee
North Dakota State Capitol
Bismarck, ND 58501

*Same
given to
Senate Approps
1-5-09*

Dear Committee Members:

Managing North Dakota's budget and spending is understandably challenging. I urge you to consider the State Tourism budget as an investment in North Dakota and fully fund this entity to 16.4 Million dollars. Fully funding this department will enhance our ability to market our state and maintain and grow our rightful market share of tourism dollars.

Tourism is North Dakota's fastest growing industry and is now second only to Agriculture. Understanding this industry can be more than confusing. Our business is a tangible entity that has prospered from aggressive local and state marketing. We are a full service lakeside resort that has gone from 4 employees to over 125 seasonal and full time staff. Our growth is one that mirrors many of the state wide private and public attractions. North Dakota can grow this natural asset we have in this state, but it takes commitment from both the private and public sectors.

Our state gets a terrific bang-for-our-buck return on dollars invested. I hope you can see that your commitment to enhancing our state's ability to compete will improve our ability to market our strengths as a destination for a variety of travelers. My community, Devils Lake, depends on tourism to maintain our local tax base and employment. Many small communities statewide are just beginning to enjoy the tourism trade and the opportunities that come with it. These communities are investing in infrastructure and local dollars to attract travelers. North Dakota Tourism needs your support so we can keep and grow our tourism industry.

Our industry is at a crossroad. One turn is status quo and hope to maintain what we have fought for, or the other option is to take the turn that will lead North Dakota to a bigger and better share of people wanting to experience what states like ours has to offer. We have quality experiences people are looking for, we just need to let people know about it. Let's tell them!

Thank you for the chance to offer my view of this very important issue.

Sincerely,

Kyle Blanchfield
Woodland Resort

**Buffalo City Tourism Foundation
404 Louis L'Amour Lane
Jamestown, ND 58401**

March 3, 2009

*Same
given to
Senate approps
1-8-09*

House Appropriations Committee
North Dakota State Capitol
Bismarck, ND 58501

Dear House Appropriations Committee,

I am unable to attend the hearing, however, I would like to express the support of the Buffalo City Tourism Foundation to increase the budget to the Tourism Division significantly in this legislative session.

As the fastest growing industry in North Dakota and second only to agriculture, I am convinced that we have only begun to garner the rewards of this market. Imagine what could be done if instead of ranking 47th in tourism dollar spending, we move up four or even five steps to keep pace with our closest regional competitors.

The Tourism Congresses held across the state in 2008 indicated very strong support from communities large and small to increase our marketing efforts and finally begin to expand these efforts into Illinois, Ohio, Iowa and Nebraska. The dollars funded in the past have helped immensely to improve the image of our wonderful state. As the saying goes, "We are on a roll" and I am hopeful we can all keep up the forward momentum together.

Thank you for this opportunity to share my thoughts with you on this important issue. Good luck in the new session.

Respectfully,

Nina Sneider, Executive Director
Buffalo City Tourism Foundation



Convention & Visitors Bureau

February 27, 2009

Senate Bill: 2018

Chairman and members of the House Appropriations Committee, my name is Terri Thiel and I am the Executive Director of the Dickinson Convention & Visitors Bureau. The Dickinson Convention & Visitors Bureau is in support of the governor's proposed budget for the ND Tourism Division 2007-2009 biennium marketing along with an increase to \$16.4 million dollars.

On March 4 - 6 and 11 - 12, 2008, meetings were held across the state with local tourism entities and hospitality businesses attending to give their input as to the ideas and feelings they had regarding the future of the state's tourism industry. Over 400 people attended the meetings in Minot, Devils Lake, Williston, Grand Forks, Dickinson, Fargo, Bismarck and Jamestown. And during the 2008 annual ND Tourism Conference in Mandan, an additional 200 plus attendees voiced their opinions and ideas regarding Marketing, Physical Infrastructure, Industry Development and Workforce for the tourism industry. **The results are published in the 2008 Tourism Congress Report.**

The 2008 Tourism Congress Report represents the individuals who are not able to be standing in front of you; however, they each made a conscious decision to attend those regional meetings, participating in discussions regarding the states future. Should they all be here today? Yes, probably. But, while they may not be here today, they still took the time to participate in the meetings that were not five minutes in front of all of us, but several hours of group discussions and voting processes. That commitment is the testimony that you should consider today.

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Sincerely,

Terri Thiel
Executive Director

PRAIRIE WEST DEVELOPMENT FOUNDATION

P. O. BOX 784 55 1ST ST. SE BEACH, ND 58621 701-872-3121

Debra Walworth
Executive Director
Prairie West Development
Foundation

President
Cory McCaskey
Missouri Basin
Well Service
Beach, ND

Vice President
Tama Smith
Prairie Fire Pottery
Beach, ND

Treasurer
David Helsper
Beach, ND

Board Member
Duane Maus
First State Bank
Golva, ND

Board Member
Cheryl Planert
Dakota Lights
Beach, ND

ECONOMIC
DEVELOPMENT
CORPORATION
FOR

GOLDEN VALLEY
COUNTY

THE CITY OF
BEACH

BILLINGS
COUNTY

THE CITY OF
GOLVA

House Appropriations Committee
State Capitol
600 East Blvd.
Bismarck, ND 58505-0360

Re: HB2018

March 2, 2009

*Same
from to
Senate Approps
1-13-09*

Dear Chairman and Members of the House Appropriation Committee:

In Beach, business owners daily see the influence of tourism. Beach is a small rural community that has services generally not seen in towns of similar size—such as three gas stations, four restaurants, a veterinary clinic, two clothing stores, two banks, a credit union, and many more than I have time to mention here. The reason these businesses remain in a community with a population of 1,100 is due to the outside dollars coming into our community through tourism.

As an economic development director, I know that for every outside dollar brought into the area, it generates at least \$7 additional dollars in the community. This formula is also true for the state. Therefore, by increasing the state tourism budget to \$16.4 millions dollars, seven times that number will be generated in the state. There is no doubt that this request is a large amount of money, but it is an avenue that will bring a huge amount of money back to the state. This formula has been used for decades and still remains a true calculation of economic impact.

Please give consideration to the recommendations heard from the citizens of North Dakota through the Tourism Congress and increase the state's investment into the future of North Dakota. Tourism is good for business across the state.

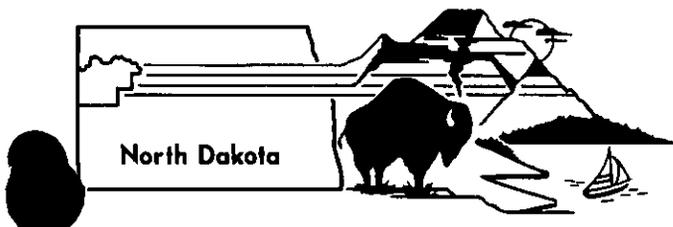
Sincerely,

Debra Walworth
Executive Director

Email: prairiewest@midstate.net

website: www.beachnd.com

This institution is an equal opportunity provider and employer



McKenzie County

Tourism Bureau

100 2nd Ave SW
PO Box 699
Watford City, ND 58854
Web Site: <http://www.4eyes.net>

Telephone 701-444-5804
Toll Free: 800-701-2804
Fax: 701-444-5804

E-mail: jdodge@co.mckenzie.nd.us

March 2, 2009

House Appropriations Committee
State Capitol
600 East Blvd.
Bismarck, ND 58505-0360

Re: SB2018

*Save
given to
Senate
Approps
1-13-09*

Dear Chairman and Members of the House Appropriation Committee:

My name is Jan Dodge; I am the Director of Tourism for McKenzie County located in Watford City, ND. The reason I am writing to you today is to request your consideration, support and favorable vote to increase the governor's budget to \$16.4 million for tourism marketing(SB2018).

Based on the 2008 North Dakota Tourism Congress results, the North Dakota Tourism Alliance Partnership requests that the tourism marketing appropriations needs to be increased to 16.4 million. As a member of the partnership I urge you to consider the need to provide resources for us, as tourism entities, to fairly compete regionally in marketing /technology. The tourism marketing grows North Dakota's economy statewide and locally. The State Tourism Division's "Legendary" brand message and a \$1.66 million advertising campaign returned \$203.9 million in visitor spending in 2007, according to Longwoods International, a leading travel industry market research company. Each dollar spent on paid advertising generated \$123 in visitor spending. The same dollar returned \$9 in taxes. Thus the \$1.66 million investment returned more than \$12 million to the state's general fund and \$2 million to local funds! Mr. Chairman and House Representatives, what a wonderful investment into our state!

North Dakota ranks 47th in the nation in tourism funding and has the smallest budget compared to its neighbors and competitors. The 2007-2008 ND Tourism budget was \$4.1 million. The budgets of primary regional competitors Montana, South Dakota, Minnesota, Wyoming and Wisconsin are \$10.5, \$10.8, \$10.9, \$11.7 and 15.1 million, respectively for the same years. The tourism budget increases for North Dakota have not even kept pace with inflation thus North Dakota falls even farther behind in marketing. Please help us stay competitive in this ever growing market for North Dakota.

The funding would be used to market to existing out of state audiences to increase visitor spending; key markets would include neighboring states and Canada and also including several new markets as well. Also, importantly, grow in-state marketing efforts by improving identified image and awareness for tourism opportunities. And finally, improve existing and create new web-based marketing opportunities. Online sales of travel now exceed traditional sales. If North Dakota (and McKenzie County!) has more tourism offerings for sale online, the state will sell more trips. Rural communities, such as ours, could be a primary benefactor as local attractions become marketed on a global basis.

Mr. Chairman and House Representatives, you will hear and read much information on the facts and figures that the North Dakota Tourism Division of the Department of Commerce will show to you and request your support, as I have also reiterated in my letter to you. Please know that your support of this budget increase truly does have far reaching consequences to both the urban and the rural corners of North Dakota. North Dakota Tourism truly does make a difference for our state and my community. Please vote "yes" to increase the governor's budget to 16.4 million for tourism marketing.

Sincerely,

Jan Dodge

Jan Dodge

Tourism Director, McKenzie County Tourism Bureau

It's What's Beyond the Horizon That May Surprise You....

March 2, 2009

*Same
given to
Senate Appropriations
1-14-09*

Dear Honorable Members of the House Appropriations Committee

As a two-year old transplant from Los Angeles, I have a slightly different eye toward tourism than most locals might, but maybe not; to me, it is an absolutely essential part of a State's Picture. In this part of the world, (the extreme southwest corner of the State) agriculture may be the largest industry, but tourism ought to be given its honest due. Frankly, without the tourism dollar, many of us store owners don't have much chance of surviving much beyond the poverty level.

We need you to take a good hard look at the issue of survival for our businesses, for as a business owner dependent on locals alone, I simply cannot survive. I need the tourist dollar, we all do. And if we are to grow larger rather than dwindle to smaller numbers, we need to draw folks off I-94 and bring them to town.

I urge you to consider funding our Tourism Center. We provide the gateway to North Dakota, the first look. Where is our hospitality? It is said that you only have one chance to make a first impression. Our little town cannot do it alone, we need your help to support an industry that can grow and wants to grow. Please allocate a generous allotment of monies to keep the Tourist Center open and bring us beyond survival. We want to thrive and be able to make that first impression, one that compels people to say, "Wow! That was a great invitation! Let's stay a while and see the whole State!"

Thank you for your consideration to this very important matter,

Cheryl Planert

Owner, Dakota Lights

701-872-2667

A

**Senate Bill: 2018 – Tourism Division Budget
Senate Appropriations Committee**

**Hearing – Friday, January 16, 2009 – 8:30 am – Harvest Room
State Capitol Building, Bismarck, ND**

**Virginia Nelsen, Executive Director, State Historical Society of North Dakota Foundation
PO Box 1976, Bismarck, ND 58502 701-222-1966 nelsenva@btinet.net Lobbyist #267**

Chairman, Senator Ray Holmberg and Committee Members:

As Executive Director of the State Historical Society of North Dakota Foundation, we support the needs and services of the State Historical Society. One of the primary functions of state historic sites, interpretive centers, museums and the state's largest museum—the North Dakota Heritage Center—is to be a conduit to encourage heritage tourism across North Dakota.

The \$21 million investments that have been made by the Legislature in historic properties in the last 10 years have set in place a working network that is benefiting big cities and small towns all over the state—Medora, Williston, Fargo, Wahpeton, Devils Lake, Cooperstown, Bismarck, Mandan, Pembina and every community of the way to these sites.

48% of the visitors to our sites are out-of-state visitors---visitors directly influenced by the marketing of the ND Tourism Division. We all understand that Tourism has a high return on investment. Until we begin to see that rate of return dramatically turn south, it makes very good business sense to keep adding to the Tourism budget to enhance out of state tourism travel in our state.

It is also important to give North Dakota Tourism a similar level of marketing dollars to keep up with neighboring states. North Dakota Tourism is under funded by this marker.

As a state entity our marketing is primarily done by the State Tourism division. Private attractions in our state depend on State Tourism to bring in additional out of state clients. Community restaurants, gas stations, motels, retail stores, on or near the trail of state historic sites or private attractions, benefit from increased travel by out of state visitors. We all benefit from continued tourism investments.

We support raising Tourism's budget from \$9.3 million to \$16.4 million. Investments give returns, this is a classic investment for the state---bringing solid, tangible returns to every community that has a main street and open doors to visitors and travelers.



February 27, 2009

Dear North Dakota State Representatives:

At a time when elements of our economy are fluctuating, it is good to invest in the “third leg” of our economic stool in North Dakota – tourism. The state historic sites and Heritage Center visitors are 48% out of state families and individuals. The tourism budget speaks to those travelers.

We are pleased to see the Governor has increased the tourism budget, however, I know from reading tourism statistics that their budget is not at par with other states in the region and needs additional funds to keep up its work. We all benefit from these investments.

Thanks for considering an increase to SB 2018 for the Tourism Budget.

Virginia A. Nelsen, Executive Director
State Historical Society of North Dakota Foundation
PO Box 1976, Bismarck, ND 58502-1976
701-222-1966 phone 701-328-3710 fax
email nelsenva@btinet.net Lobbyist #267

6

**North Dakota Senate Appropriations Committee
Testimony of Dennis Boyd, Vice-Chairman
Lewis & Clark Fort Mandan Foundation
In Support of an Amendment to
SB 2018, Department of Commerce and Tourism Division
Friday, January 16, 2009**

Good morning Chairman Holmberg and Members of the Committee. My name is Dennis Boyd and I am Vice-Chairman of the Lewis & Clark Fort Mandan Foundation. I am here today to urge you to consider amending the Tourism Division's budget within SB 2018, to include \$1.5 million as a grant to our Foundation in Washburn.

This grant will provide 50 percent funding for exciting enhancements to the North Dakota Lewis & Clark Interpretive Center in Washburn, a state-owned facility managed and maintained by this non-profit foundation. The handout will provide you with more details, but the project is divided between two components:

A complete makeover of the exhibits in the Interpretive Center devoted to the story of the Lewis & Clark Expedition and the Fort Clark fur trading post. You will see in the handout that the Foundation is in the process of acquiring a remarkable collection that includes books, guns, instruments and other artifacts that are identical to what was carried on the Expedition.

The same books, of the same year and edition. The same variety of guns, including a rare air rifle that alone is valued at over \$50,000. The same octant, sextant, compass and other instruments, all manufactured by the same firms and in the same year as those used by Lewis and Clark.

Imagine the world-class exhibit that will result from combining these artifacts with state of the art, interactive technology. Without question, the North Dakota Lewis & Clark Interpretive Center will have the most important expedition exhibits anywhere in the world.

The other half of this grant will help fund an addition to the Interpretive Center, providing an auditorium to accommodate up to 300 people for programs and special events; a new technology media center that will allow interpretive programs developed by the foundation staff to be broadcast to classrooms and individuals across the state and the world via the internet and

distance learning, plus classrooms, offices and other badly-needed space will be added with this enhancement.

As it has been doing for the past 12 years, the Lewis & Clark Fort Mandan Foundation will more than match this grant with private fundraising, all the while enhancing a facility that is owned by the State of North Dakota in this unique public-private partnership. The Foundation has a solid track record of raising the funds needed for this incredible facility, which is the pride of our state and indeed nation.

I am asking you today to continue this partnership with the Foundation to further enhance our crown jewel of the Lewis & Clark Trail. David Borlaug, Foundation President, is present today to answer any specific questions you may have. I encourage you to consider this request, along with others that you are hearing about from fellow attractions that are part of what we call The Dakota Trail. We are the “foundations of cultural and heritage tourism” in North Dakota. Thank you.

**Lewis & Clark Fort Mandan Foundation
Dollar Investments to Date in the State-Owned
Lewis & Clark Interpretive Center, Washburn, ND**

1997 Construction
Federal Share, \$1.2 million
State Share, \$300,000

2000 Expansion
Federal Share, \$1.2 million
Foundation Share, \$300,000

2003 Parking Lot Expansion
Federal Share, \$250,000
Foundation Share, \$50,000

Art and Exhibits Installed
No State or Federal Dollars
Foundation Share, \$800,000
(Statues, Karl Bodmer art collection, new exhibits, etc.)

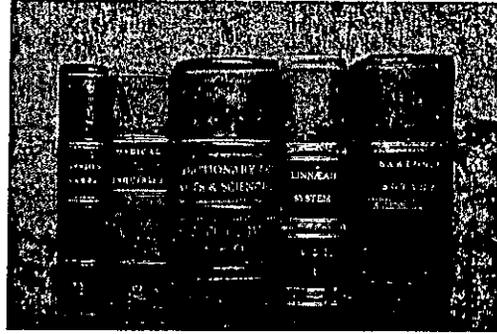
NOTE: The Foundation has invested millions in annual operating expenses, equipment, offices, etc. along with the daily expense of operating an official ND Rest Area on US Highway 83.

Preliminary Budget for Planned Enhancements/Expansion

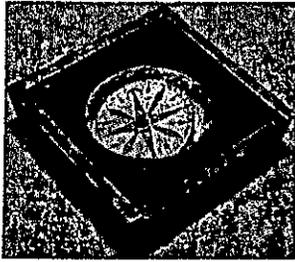
Exhibit Design, Interior Remodeling and Construction, \$1 million
Interactive Kiosks Design and Installation, \$500,000
Design and Construction of Expansion, \$1.5 million
Total Cost, \$3 million
State Share, \$1.5 million
Foundation Share, \$1.5 million

The John Fisher Collection

Over the past decade, John Fisher, a retired science teacher in Idaho, has been researching the Lewis & Clark Expedition to acquire, piece by piece, the same books, guns, instruments and other items carried by Captains Lewis & Clark.

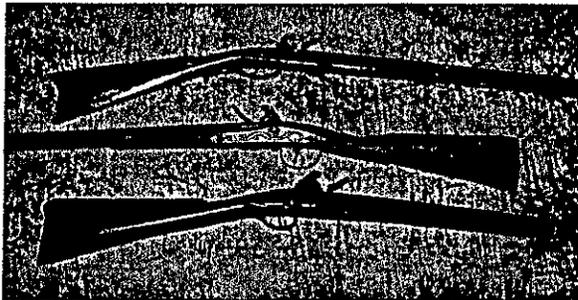


His collection became a world-class interpretation of the Expedition story and is now being acquired by the Lewis & Clark Fort Mandan Foundation of Washburn to form a dramatic new exhibit at the North Dakota Lewis & Clark Interpretive Center.



Imagine the same editions of the same books used by Meriwether Lewis on the Expedition in the areas of botany, medicine and more. Even Baron von Steuben's famous Revolutionary War Drill Manuel is included in this fascinating library.

Now imagine an interactive, flat-screen kiosk placed in front of the display of books, and with the touch of your finger, you may select each book, paging through its contents, discovering examples of when the Captains relied on the book!



This same technology will be put to work on the guns, instruments and medical supplies that are included in the collection. An incredible variety of other accouterments, from clothing to trade goods to crates and barrels, is also part of this vast collection.

Melding actual artifacts with new-age technology will create a world-class exhibit, right here in North Dakota that will gain world-wide attention!

Interpretive Center Addition

The North Dakota Lewis & Clark Interpretive Center was constructed in 1997, utilizing Department of Transportation "Transportation Enhancement" funding. From the beginning, this has been a public-private partnership between the State of North Dakota, which owns the facility and the Foundation, which is responsible for its operation and maintenance. Three years later another round of TE funding allowed the Foundation to double the size of the building. For both projects, the Foundation raised millions of dollars to more than match state and federal funding. Through the past 12 years, the Foundation has raised over \$13 million through non-state government sources. This is a partnership that has served the people of North Dakota well!

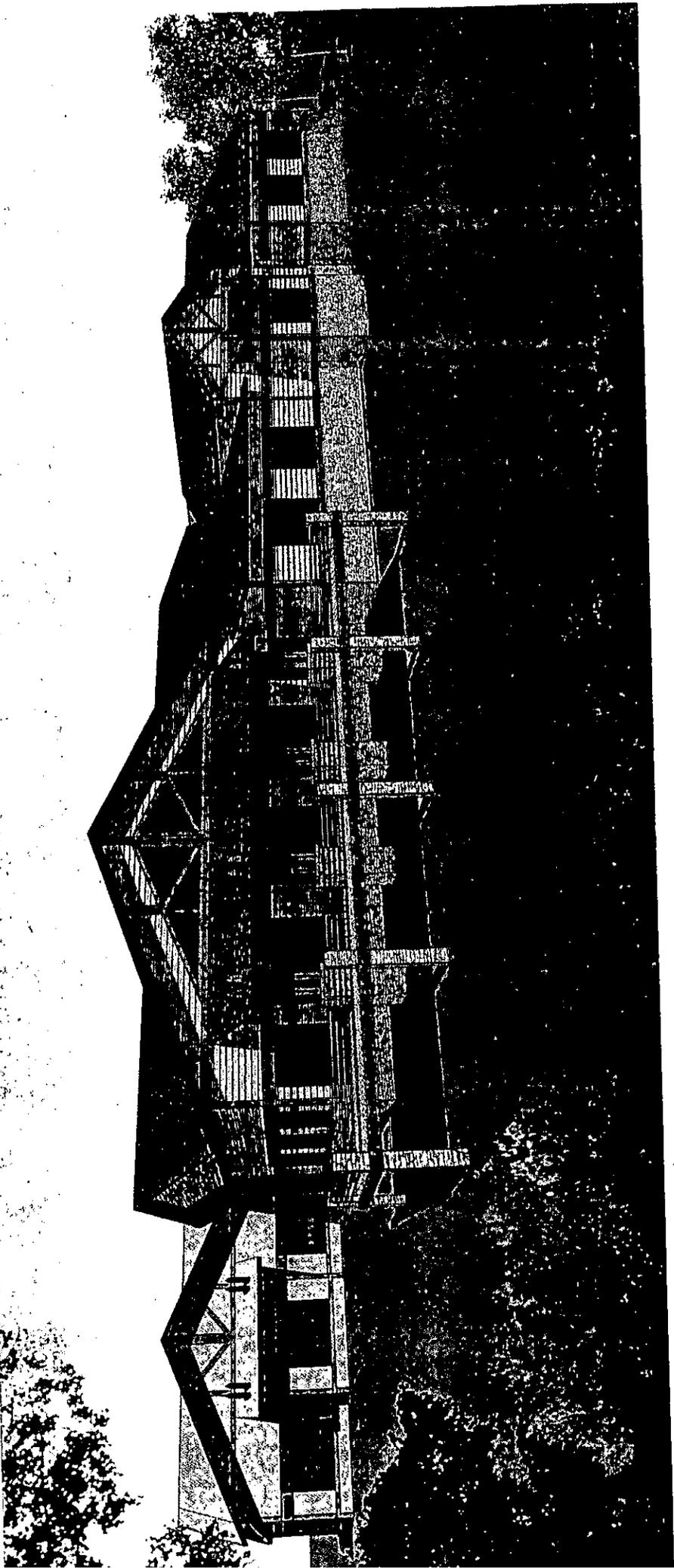
Now, the Foundation has developed another expansion plan that along with the exhibit makeover comes to \$3 million. The expansion includes a 300-seat auditorium designed for a wide variety of functions. The addition will offer a sweeping view of the "Big Bend" of the Missouri River on the back side of the Interpretive Center.

A "new technology media center" will be added, allowing all of the Foundation's interpretive work to be broadcast via the internet to classrooms and individuals around the state, country and world. A studio will facilitate the Foundation's growing work in film documentaries and enhance distance learning capabilities. Classroom space will be added to benefit visiting teachers and scholars, allowing the Foundation to further leverage its good work for other museums, non-profits, government agencies and more.

Much of the Foundation's new facilities will also be available for rent, enhancing the future sustainability of the organization.

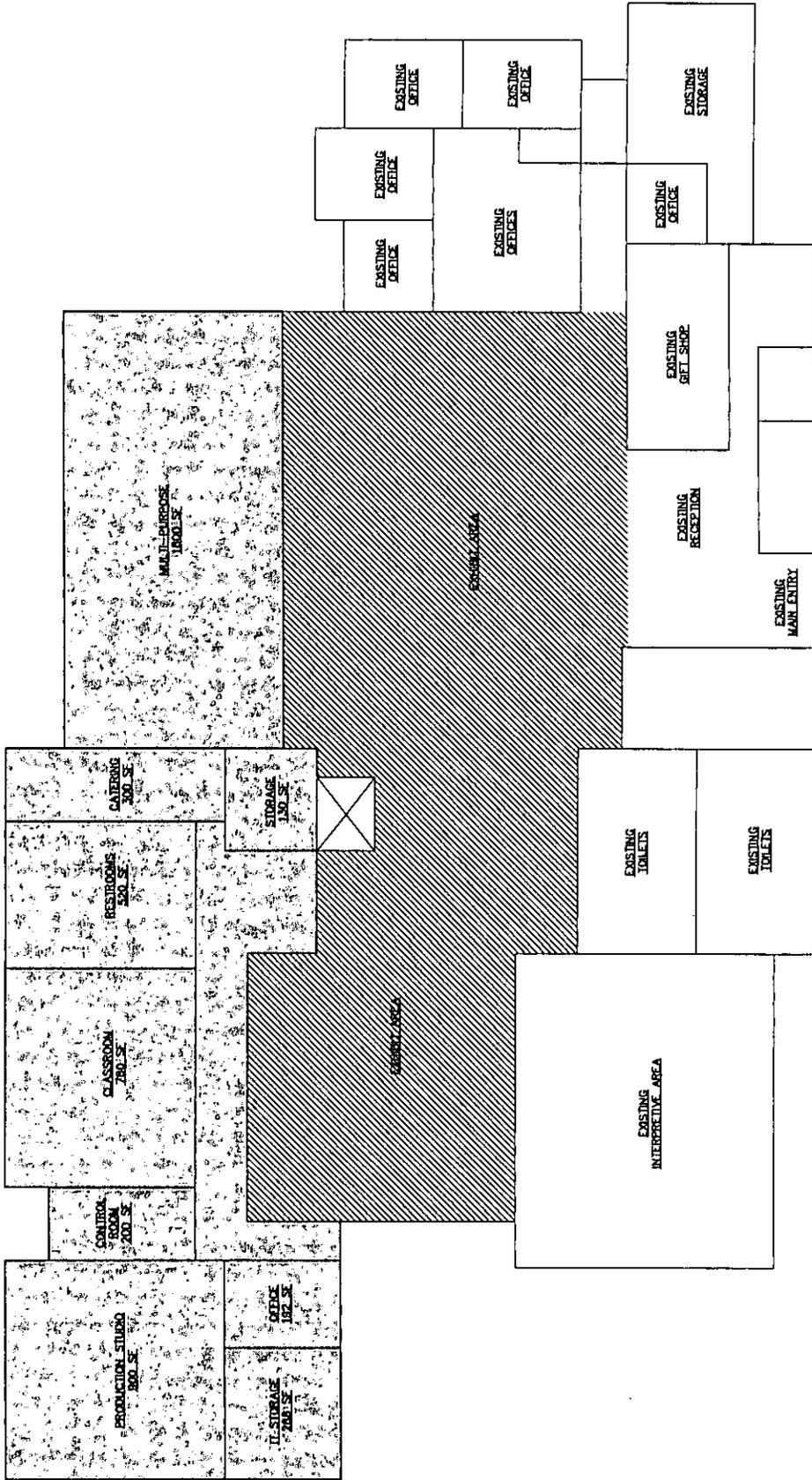
The Lewis & Clark Fort Mandan Foundation has enjoyed its 11 year partnership with the State of North Dakota, responsible for every aspect of the North Dakota Lewis & Clark Interpretive Center, including the 24-hour highway rest area component. It is a partnership that has proven itself of great value for the people of North Dakota and the hundreds of thousands of visitors served from all 50 states and over 50 foreign countries since 1997.

The Foundation appreciates the opportunity to again partner with the State of North Dakota through this Legislative appropriation!



LEWIS & CLARK INTERPRETIVE CENTER ADDITION
NORTHWEST PERSPECTIVE





Lewis & Clark Interpretive Center Addition





THE WINTERING POST

The Official Publication of the Lewis & Clark Fort Mandan Foundation

Volume 13, Issue 1

March, 2009

Foundation Acquires World-Class Collection

The Lewis & Clark Fort Mandan Foundation has acquired an incredible, world-class collection of Lewis & Clark Expedition era artifacts which will eventually form the nucleus for a complete makeover of the Foundation's exhibits at the Lewis & Clark Interpretive Center and Fort Mandan.

The collection of books, weapons, instruments and other items has been meticulously put together by Lewis & Clark historian and scholar John Fisher of Juliaetta, Idaho. "With the fastidiousness of a true scholar, John has created the most remarkable collection of its kind in the world," according to Foundation President David Borlaug. "Our Foundation has been blessed with the opportunity to acquire John's collection and we are honored to be chosen to house these treasures, many dating back to the 1700's," he adds.



John Fisher with the air gun from his collection.

Institute Director Clay Jenkinson is working now with the Foundation's interpretive staff and board of directors on a plan for the collection.

The Foundation board of directors has approved a multi-million dollar enhancement of the Interpretive Center's exhibits, including an expansion to include a 300-seat auditorium. A \$1.5 million request to the North Dakota Legislature has been approved in the Senate and is now being considered by the House. "Since the Interpretive Center is a state-owned facility, maintained and administered by our Foundation in a special public-private partnership, the Legislature is agreeing that state support is appropriate," says Borlaug.

After the Legislature has completed its work and approved the grant

The Foundation now intends to create fresh, new exhibits, showcasing these artifacts, complemented by interpretive panels and new-age technology. A team of Borlaug, Foundation Vice-President Wendy Spencer and Dakota

to the Foundation, private-sector fundraising will complete the funding necessary for these enhancements. Foundation members will be notified when this takes place, with more details of the project, according to Borlaug.

STAY CONNECTED! www.fortmandan.com

Delzer, Jeff W.

From: David Borlaug [dborlaug@fortmandan.org]
Sent: Tuesday, March 03, 2009 9:19 PM
To: Delzer, Jeff W.
Cc: dennisboyd@bis.midco.net; achristianson@greenergy.com; Wendy Spencer
Subject: Information you requested today
Attachments: Foundation Share of Interpretive Center Projects.docx

Rep Delzer

Attached is a breakdown of funding that has gone into the Lewis & Clark Interpretive Center from State and Federal sources, and what our Foundation has matched along the way. This will reinforce how we have put a lot of cash, from our members and donors, into this State-owned facility. Currently, we have a nearly \$1.5 million annual budget to operate the Center along with Fort Mandan and the other work of our Foundation.

We have raised millions from our nearly 1,000 members in 35 states and three provinces through the years and if you like, I can get you more information on our funding sources. But suffice to say for now that individual donors have by far been our greatest supporters. As you are well aware, we have also enjoyed wonderful support from Great River Energy, MDU Resources, Headwaters Inc. and other energy-related companies among other corporate interests that value our work. Our latest major contribution came from FPL Energy of Florida.

Beyond the Interpretive Center, down at Fort Mandan, we built a \$1 million visitor center without ANY state funding at all, in partnership with members of the Lignite Energy Council. We now have not only a service for our visitors, but a dramatic showcase of the environmental stewardship of our state's energy industry, through the use of coal combustion products. That's in addition to hundreds of thousands of dollars put into the Fort itself, bringing it to life with period reproductions; creating walking trails under the cottonwoods along the Missouri River and installing a children's playground in the adjacent Fahlgren Park.

Rep. Delzer, all of this has been accomplished in just these past 12 years. Imagine what the future holds, as we continue to serve as the conduit for the visionary generosity of many individuals, companies and yes, the State Legislature! Thank you so much for all that you are doing to make this latest enhancement possible. I hope you can make our reception on Thursday, and encourage other committee members to come along, to see for themselves the richness of our work.

Please let me know anything else that I can provide you to assist your committee's work.

David

**North Dakota House Appropriations Government Operations Division
Testimony of Dennis Boyd, Vice-Chairman
Lewis & Clark Fort Mandan Foundation
In Support of SB 2018, Department of Commerce
Tuesday, March 3, 2009**

Good morning Mr. Chairman and Members of the Committee. My name is Dennis Boyd. I am speaking this morning as the Vice-Chairman of the Lewis & Clark Fort Mandan Foundation to urge you to fully support the Tourism Division's budget within Senate Bill 2018, to include \$1.5 million as a grant to our Foundation in Washburn.

This grant will provide 50 percent funding for exciting enhancements to the North Dakota Lewis & Clark Interpretive Center in Washburn, a state-owned facility managed and maintained by our non-profit foundation. The handout will provide you with more details, but the project is divided between two components:

First, a complete makeover of the exhibits in the Interpretive Center devoted to the story of the Lewis & Clark Expedition and the Fort Clark fur trading post. You will see in the handout that the Foundation is in the process of acquiring a remarkable collection that includes books, guns, instruments and other artifacts that are identical to those carried on the Expedition.

The same books, of the same year and edition. The same variety of guns, including a rare air rifle that alone is valued at over \$50,000. The same octant, sextant, compass and other instruments, all manufactured by the same firms and in the same year as those used by Lewis and Clark.

Imagine the world-class exhibit that will result from combining these artifacts, along with others already acquired, with state of the art, interactive technology. Without question, the North Dakota Lewis & Clark Interpretive Center will have the most important expedition exhibits anywhere in the world.

Second, the other half of this grant will help fund an addition to the Interpretive Center, providing an auditorium to accommodate up to 300 people for programs and special events; a new technology media center that will allow interpretive programs developed by the foundation staff to be broadcast to classrooms and individuals across the state and the world via the internet and distance learning, plus classrooms, offices and other badly-needed space which will be added with this enhancement.

I'd like to also mention other exciting projects we have undertaken. We have reached an agreement to manage and host the definitive, pre-eminent website in the world on Lewis and Clark. Currently hosted in Missoula, Montana, we will be operating that site from Washburn.

We have developed partnerships and relationships with historians and authors such as Stephenie Ambrose Tubbs, the daughter of Stephen Ambrose, author of *Undaunted*

Courage and painters such as Michael Haynes and Vern Erickson. And last fall, we hosted a symposium on the next great expedition up the Missouri River about 30 years after Lewis and Clark—Prince Maximilian and artist Karl Bodmer. That event attracted about 200 participants from all over the world and included presentations by outstanding and premiere historians and authors. We even received support and participation from a museum in Stuttgart, Germany and from the Federal Republic of Germany. We videotaped everything and want to make it available to the world on our website. Imagine viewing these presentations and our exhibits on your computer in your own home!

As we have been doing for the past 12 years, the Lewis & Clark Fort Mandan Foundation will more than match this grant with private fundraising, all the while enhancing a facility that is owned by the State of North Dakota in this unique public-private partnership. The Foundation has a solid track record of raising the funds needed for this incredible facility, which is the pride of our state and indeed nation.

I am asking you today to continue this partnership with the Foundation to further enhance our crown jewel of the Lewis & Clark Trail. David Borlaug, Foundation President, is present to answer any specific questions you may have. Finally, Mr. Chairman and Members of the committee, we invite you to visit our facility. If you haven't been there in the past year or so, you will find much has changed—and if you have never been there, you will be very pleased. We are hosting a legislative reception at the Center this Thursday and I encourage you to come. You'll see portions of the Fisher Collection on display, along with incredible exhibits on Prince Maximilian and Karl Bodmer.

Everything we have done is first class, and some of the things we have done are world class, which is our goal. But in order to continue and move forward toward that goal, we need your financial assistance.

I encourage you to keep the Senate enhancements to the Commerce Department's Tourism Division intact, including more dollars for marketing and a \$500,000 grant to our fellow non-profit organization, the Theodore Roosevelt Medora Foundation. Together, and with other non-profits, we are the "foundations of cultural and heritage tourism" in North Dakota.

FORT ABRAHAM LINCOLN

Project Proposal For:

Tom Custer's Company
Officers Quarters
Reconstruction



Prepared by the Fort Abraham Lincoln Foundation, Jan 2009
www.fortlincoln.com

FORT ABRAHAM LINCOLN

COMPANY OFFICERS QUARTERS PLANS EST. 1873

In the fall of 1873, the 7th U.S. Cavalry moved into newly constructed Fort Abraham Lincoln. Lt. Col. George Armstrong Custer and his wife Libbie took up residence in the Commanding Officers Quarters in the center of Officers Row. The Brevet General Custer's brother Tom was in the Company Officers Quarters on the south end of the row. Captain Tom Custer had risen to the Brevet rank of Colonel during the Civil War, in which he was awarded two Medals of Honor.

In February 1874, the Commanding Officers Quarters went up in a blaze. From February to July, George and Libbie lived with brother Tom. A Company Officers Quarters was essentially a duplex. The Custers knocked a hole in the wall between the two halves of the duplex and shared it as one big happy family while the new Custer House was being built. A classic photo of George and Libbie studying together was taken in that house.

The Company Officers Quarters and all the other buildings at Fort Lincoln were dismantled in 1892. Ninety-seven years later, the Fort Abraham Lincoln Foundation (FALF) opened the doors on a second-time reconstructed Custer House – built entirely with private funds. Subsequent federal grants and private sector fundraising built Barracks, Granary,

Commissary and Stables at Fort Lincoln, the last a joint project of FALF, ND Parks and Recreation, and the ND National Guard Combat Engineers.

The next project at Fort Lincoln is to rebuild Tom Custer's Company Officers Quarters. This is a \$1.2 million project which will help tell the story of the bachelor officers of the 7th Cavalry, as well as some of the families who served with Custer: Captain Myles Keogh, the Irish soldier-of-fortune who fought for the Pope in Italy, for the Union in the Civil War and who died with Custer, while his horse Comanche survived to become a legend. Captain Yates, Lt. James Calhoun, Lt. Algernon Smith; Lt. William Cooke and others will get their due in the interpretation provided in the reconstructed house.

But the building will add far more to Fort Lincoln than another layer of interpretation. This will house a state-of-the-art research library, a small working kitchen to aid in catered events, and very importantly, it will provide decent offices for FALF interpretive staff and quality storage for precious artifacts. Currently, the offices and storage are in the basement of the 1934 Visitors Center. These offices have been flooded regularly in recent years. At the best of times, they are inadequate. At the worst of times, they are unhealthy and even uninhabitable.

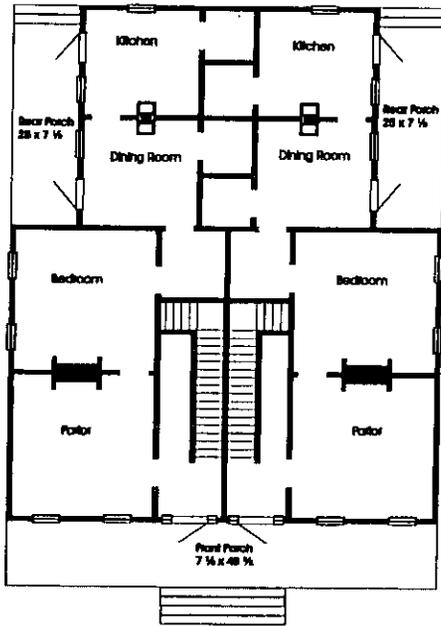


Officers row, Fort Abraham Lincoln

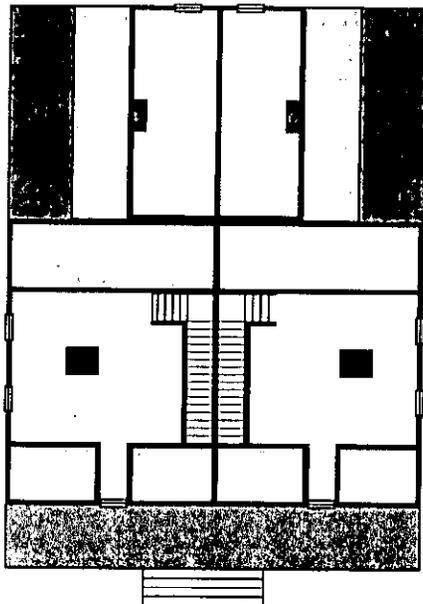
FORT ABRAHAM LINCOLN

COMPANY OFFICERS QUARTERS PLANS EST. 1873

First floor plan of Fort Abraham Lincoln, Company Officers Quarters



Second floor plan of Fort Abraham Lincoln, Company Officers Quarters



A set of War Department blueprints exists for the company officers quarters at Fort Lincoln. Unfortunately, it only shows the main floor of the building, without regard to either a root cellar or second story.

Floor plans from Fort Lincoln may shed some light on these issues. Information is lacking in regard to which officers quarters were inhabited by which officers. We know that Tom Custer shared his house with his sister and her

husband (Margaret and Lt. James Calhoun) at one time, and with his brother George and sister-in-law Libbie at another time, specifically February to June 1874. In each case, Tom would have been on one side of the duplex quarters and the married couple on the other. When George and Libbie were forced to share the house with Tom, after a February 1874 fire destroyed the Commanding Officers Quarters, a doorway was cut through the walls to turn the duplex into one large home.



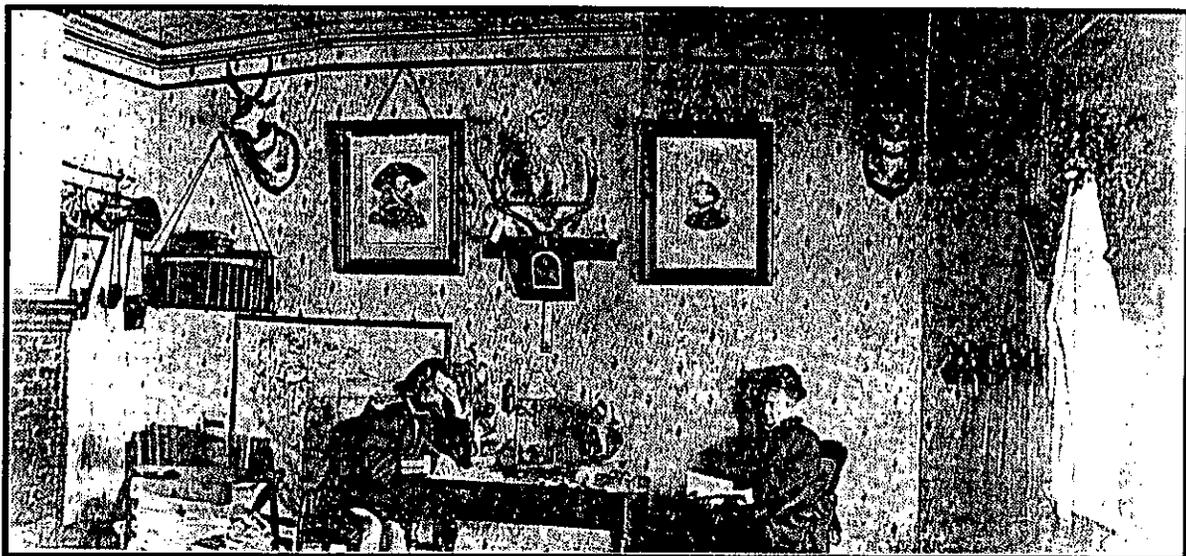
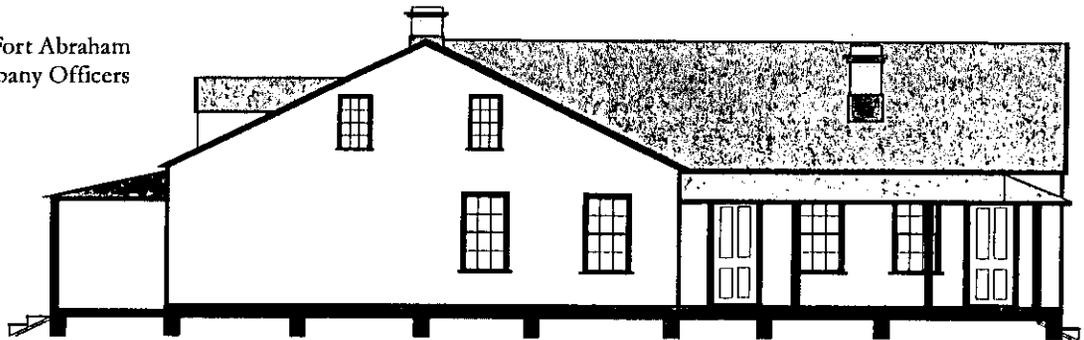
FORT ABRAHAM LINCOLN

COMPANY OFFICERS QUARTERS PLANS EST. 1873



Front view of Fort Abraham Lincoln, Company Officers Quarters

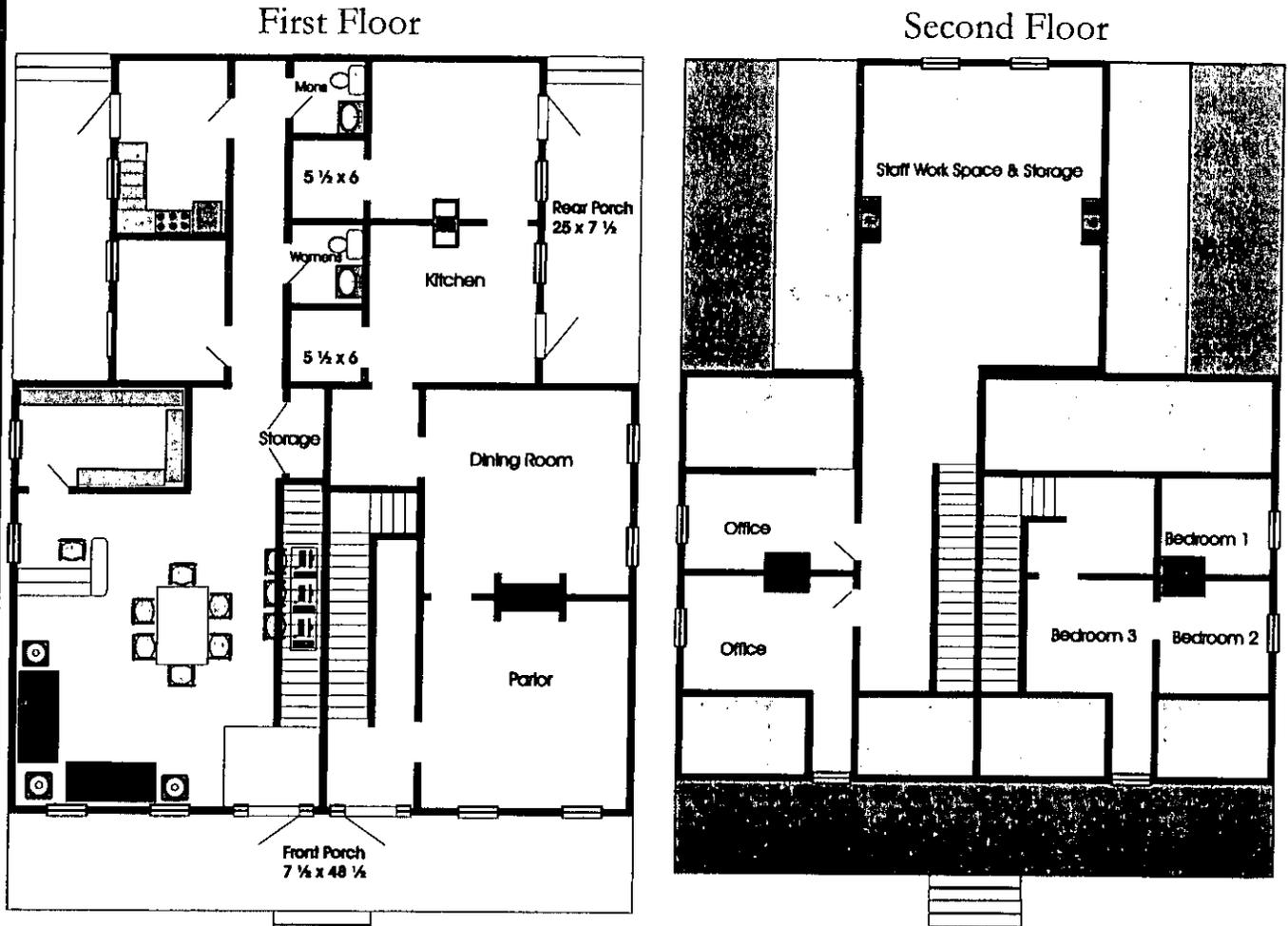
Side view of Fort Abraham Lincoln, Company Officers Quarters



General Custer and his Wife seated in the Parlor of the Company Officers Quarters

FORT ABRAHAM LINCOLN

COMPANY OFFICERS QUARTERS PLANS EST. 1873



Proposed floor plans for reconstructed Tom Custer's Quarters at Fort Abraham Lincoln

The reconstruction will serve as a multi-purpose facility. One half of the duplex will be laid out and furnished as Tom Custer's quarters. Living history interpretation will take place in that side. The Fort Abraham Lincoln Foundation has been conducting living history tours of the George and Libbie Custer House since 1989. Tours were expanded to include the Barracks in 1994. The Company Officers Quarters will be added as a tour option.

The other half of the reconstruction will contain a small modern research library; and a reading room/visitor lounge on the main floor. The upper floor of the building will serve as Interpretive Staff offices and provide storage space for valuable uniforms, precious items used to furnish Fort Lincoln's earthlodges and other historic buildings which require climate controlled storage.

**Testimony of Randy Hatzenbuhler
President, Theodore Roosevelt Medora Foundation
Department of Commerce, Tourism Division Budget Hearing
January 16, 2009**

Chairman Holmgren and members of the Senate Appropriations Committee:

My name is Randy Hatzenbuhler; I am the president of the Theodore Roosevelt Medora Foundation in Medora and among those who helped form the North Dakota Tourism Alliance Partnership (TAP). I am here to ask you to support an increase to the Department of Commerce budget for increased marketing dollars for its Department of Tourism.

TAP has worked diligently to meet across the state with the people who make their living in the tourism industry in this state. We wanted to learn how they are doing, what their needs are to become more successful. Eight meetings were held, over 600 people in the industry attended. These are the people who create the good impression for visitors to the great state of North Dakota. They were surveyed and a tremendous amount data and feedback on a wide range of subjects was gained. The clearest message to TAP was "marketing works and we need the state's help in a much bigger way". The specific request quantified to ask the state to make a bold investment in tourism marketing by doubling the department budget from \$8.2 million to \$16.4 million. Considerable research supports this aggressive industry request.

Many studies have shown that during difficult economic times, most businesses reduce their advertising budget; businesses that increase their advertising gain a competitive advantage and are more likely to succeed. Those businesses are noticed and gain market share and they come through stronger. **North Dakota has a rare opportunity to market to the traveling public** at a time when others may be pulling back, and our state has the good fortune to be aggressive. Please consider our industry's request to significantly increase the Tourism Department's marketing budget.

I have been in the tourism business for twenty years. Visitors love our state. One of greatest challenges is our limited marketing reach that lets them know North Dakota is a great place to visit. We may never have this opportunity again where the market principles, difficult national economy, and a strong state economy are aligned as they are right now. North Dakota will become a much more recognized option for the traveling public and that will has many positive economic benefits for the citizens of our state. Thank you for investing in our industry.

Respectfully,



Randy Hatzenbuhler

**Testimony of Randy Hatzenbuhler
President, Theodore Roosevelt Medora Foundation
House Appropriations Committee Government Operations Division
SB 2018 Department of Commerce Budget Hearing
March 3, 2009**

Chairman Delzer and members of the Committee:

My name is Randy Hatzenbuhler; I am the president of the Theodore Roosevelt Medora Foundation in Medora, North Dakota. I ask you to support SB 2018 for the Department of Commerce's funding for tourism in total, and specifically to support the \$500,000 included in the bill to assist the Theodore Roosevelt Medora Foundation's restoration and expansion of the Historic Rough Riders Hotel in Medora, North Dakota. Attached to my written testimony is a one page fact sheet on the project.

We are investing \$12.5 million in this historic property to make it a small full-service conference facility. This type of facility is much-needed in the community of Medora. We host hundreds of thousands of visitors annually and are the gateway community to the Theodore Roosevelt National Park. Your investment of \$500,000 will return over \$700,000 in new state and local sales tax directly from the facility within the first five years of operation. Those figures do not include anticipated increased state and local sales tax revenues from other businesses in the community. This project will lead the effort to make Medora a viable place to live and work on a year-round basis.

Tourism is a growing part of the North Dakota economy, and it provides valuable and healthy activities for the residents of our state. We are proud of the role that we have played in helping to grow this industry. We have consistently chosen projects in Medora that have benefited the whole community and our state. Since 1986 our Foundation has generated over \$25 million for expansion and improvement of the Historic Medora experience. The Rough Riders Hotel project will have a similar positive impact as past projects like the Burning Hills Amphitheatre and the Bully Pulpit Golf Course.

We appreciate that the Senate chose to enhance the tourism department's budget for marketing by \$500,000 above the Governor's budget and that it has included funding for our project and funds for other excellent tourism infrastructure projects including an expansion of the facilities at the Lewis & Clark Interpretive Center. We hope that your committee will similarly support our industry and these projects.

Thank you,



Randy Hatzenbuhler

Questions and Answers about the Rough Riders Hotel project in Medora

What's going on at the Rough Riders Hotel?

The Theodore Roosevelt Medora Foundation is restoring and expanding the historic Rough Riders Hotel in downtown Medora, North Dakota. The project will provide 68 new guest rooms and meeting/conference/banquet facilities, greatly expanding Medora's ability to host visitors and having a substantial impact on the economy of southwest North Dakota. This project will result in at least 10,000 new overnight guests in Medora each summer, and potentially an equal number in the off-season.

Making Medora a year-around destination enhances the viability of small businesses which now operate on a seasonal basis, and will add millions of dollars in new wealth to the region.



What's it cost? How's it being paid for?

The project will cost \$12.5 million, and is being built mostly with gifts, grants, Theodore Roosevelt Medora Foundation cash reserves, and debt. Debt will be serviced by pledge payments and income from the historic hotel when it becomes operational in June of 2010. The business plan, conservatively written, projects the project to run at a break-even level, including debt service, when it is operational.

How much government funding will go into this project?

As of February 2009, TRMF has received a Community Development Block Grant of \$425,000, to help pay for equipment and furniture in the hotel addition, and a Department of Energy grant of \$10,600 to drill test wells for the geothermal system which will supply an energy efficient source of heat and air conditioning to this project. The North Dakota Senate has approved a grant of \$500,000 to assist with construction, and that grant is now before the North Dakota House of Representatives. TRMF hopes when the project is complete, approximately 15-20 per cent of it will have been paid for with state and federal funds, and 80-85 per cent with private funds.

What's the timetable?

Phase 1 of the project, the restoration of the dining room and the 8 historic rooms at the hotel, and addition of a new kitchen and lobby, will open in June of 2009. The conference center and 68 new rooms will open in June of 2010.

What will it look like?

40-year-old cedar siding has been removed from the exterior of the historic hotel and new cedar siding is replacing it, retaining the historic look of the hotel. Expansion is to the rear of the hotel, so the view from the front will look much as it does today.

Why should state funds be used for restoration of the Rough Riders Hotel?

Medora is North Dakota's number 1 visitor destination with 400,000 visitors annually. Medora is home to numerous historic visitor attractions, including seven National Historic Register sites, and sits at the gate of Theodore Roosevelt National Park. This project will create numerous new jobs as it enables Medora to become a year-around destination rather than just a seasonal (summer) destination.

In 1986, after investing many millions of dollars in the restoration of Medora, Harold Schafer sold his Gold Seal Company, utilizing the Medora assets to create a new public foundation, the Theodore Roosevelt Medora Foundation, to carry on his work. Since then, the TRMF has generated more than \$25 million for expansion and improvement of the Historic Medora experience.

Will the Rough Riders Hotel provide a return on the state's investment?

During the first five years of operation the facility forecasts to generate approximately \$400,000 in state sales tax and \$300,000 in local sales tax. In subsequent years, the project will generate about \$90,000 annually in sales tax. This does not include any estimates for residual economic activity in the community that are certain to occur as a result of the expansion of the Hotel.

16.5 FTE positions will be created by this project. These are after the facility is opened and unrelated to the construction of the project. The state will also receive revenue from payroll taxes on the new employees at this facility and any new residual jobs created in the community as a result of the expansion of the Hotel.

What's so special about Medora?

This project will allow Medora to continue to provide North Dakotans a first class vacation destination of their own. In the eyes of most North Dakotans, Medora truly does belong to all the people of our state. They visit it, and talk of it, with pride, and scarcely an aunt, uncle, cousin, grandchild or in-law comes to visit in the summer without being taken to Theodore Roosevelt National Park and the Medora Musical. Medora has become an affordable family vacation destination for North Dakotans, but in recent years, Medora has turned away hundreds of families each week because there are no guest rooms available for them. This project will provide accommodations for 68 additional families each night in Medora.



NORTH DAKOTA COWBOY HALL OF FAME

Center of Western Heritage and Cultures: Native American, Ranching and Rodeo
January 14, 2009

Bismarck Office
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701-250-1835 (FAX)
120 N. 3rd St., Ste 85
Bismarck, ND
58501-1207

Medora Office
701-623-2000
701-623-2001 (FAX)
PO Box 137
Medora, ND
58545-0137

Members of the Senate Appropriations Committee:

Thanks for the opportunity to appear before you today.

We came to the legislature in 2001 and thanks to the help from Senator Bowman and others, we were provided with a \$100,000 grant. We were able to turn that seed money into a \$5 million heritage center that last year was named North Dakota's Tourist Attraction of the Year.

The initial grant proved to be a great investment for the State of North Dakota. We now pay thousands a year in sales taxes, thousands more in local taxes and provide 3 substantial full-time jobs and 12 others during our five month tourist season. Our jobs are not minimum wage jobs. They are excellent jobs that pay well. Our biggest problem with employees is finding places for them to live in the Medora area.

The Hall of Fame is seeking \$425,000 to get our facility shovel ready for a 5,000 square foot expansion program and enhance our present building. The money will be used as follows:

- A. \$100,000 to complete our archival area: We now have access to an incredible history of rodeo for the state of North Dakota. The research is the work of historian and academician Phil Baird, and we want to put it on computers that can be used by the public to trace the history of rodeo, those who participated in the sport, and then print copies of the information. We also have several other sources of information and the material needs to be catalogued so it can be used by historians and others. Our limited archival area is already used by researchers looking into the state's rich western history.
- B. \$125,000 for architectural planning for the proposed 5,000 square foot addition.
- C. \$75,000 for environmental upgrades for our heating, cooling and humidity systems. We now have trouble maintaining the recommended humidity levels and the ground water source system needs to be expanded to accommodate the proposed addition.
- D. \$125,000 for exhibit design and security enhancements. The exhibit design will be necessary to accommodate two new multi-million dollar artifact collections that could become available to the Hall of Fame once an addition is complete.

The funding we seek will be used to get the Hall of Fame shovel ready for federal funding that is likely to become available shortly.

Preserving Yesterday and Today for Tomorrow in Historic Medora, ND

Website: www.northdakotacowboy.com

heritage@northdakotacowboy.com

However, to qualify, projects will need to be ready to begin work within a year. If the federal money does not become available, we will be ready to build when other funding sources become available.

The North Dakota Cowboy Hall of Fame was organized as a non-profit in 1995. It took years to build the organization and raise the money, but construction on the multi-million dollar project began in 2003.

The objective was simple. The Hall of Fame was designed to educate students, tourists and others about North Dakota's rich western heritage and plains horse culture.

The Hall of Fame is the interpretive center for Native Americans, ranching, rodeo and the western lifestyle of the plains and Badlands. It houses galleries for art, sculpture and photos and is a major attraction for the 400,000 visitors who utilize the Theodore Roosevelt National Park yearly for tourism and recreation.

The Hall of Fame has non-profit 501(c)(3) status. The membership of 1,200 includes ranchers, cowboys, two Governors, Native Americans, historians, kids with a dream, a Federal Judge, two U.S. Senators and an internationally acclaimed opera soprano and at least five members of the State Senate (Tim Flakoll, Bob Horne, Ryan Taylor, George Nodland, Connie Triplett, and Tracy Potter).

In addition to the general membership, there are 15 members on the Board of Directors and more than 200 others who contribute \$200 a year to act as Trustees and aid in making key decisions and selecting honorees for the Hall.

This is not a museum. This is a living, breathing and highly interactive focus on western culture and history, centered on the horse culture of the plains and the people who live here. This land and its horse culture have a character unique to the world, and it begs to be preserved.

The rugged North Dakota Badlands is where an American President discovered the fortitude that would propel him to the White House. It's also where Sitting Bull, Four Bears and Big White lived in harmony with nature before the coming of the trail drivers, ranchers, and homesteaders.

... "What the Western Folklife Center in Elko, Nevada, has done for country life in the nation at large, the North Dakota Cowboy Hall of Fame will do for one of the finest areas in North America. It is not only interesting history, but it is history important to any full understanding of the northern Great Plains."

Clay Jenkinson
National Public Humanities Scholar

This is a highly visible project that provides a bridge to a new millennium for the heritage of the west and demonstrates a continued commitment to rural America. It is located in Medora, a historic ranching community at the entrance to the Theodore Roosevelt National Park.

..."The significant feature shared by the center's focus on Native American, ranching, and rodeo cultures is indeed the "horse culture." By focusing on this common cultural aspect, the center becomes an important educational institution..."

Dr. David Gipp
President,
United Tribes Technical College

..."This outfit knows how to help people tell their own story, this is a heritage that could be lost forever were it not for the kinds of public programs and research supported by the Hall of Fame."

Ev Albers
Executive Director,
The North Dakota Humanities Council

Key aspects of the 15,000-square-foot Hall of Fame include a Hall of Honorees to highlight the lives of people and events instrumental in settling the plains. To date, about 100 people, events and animals have been inducted into the Hall of Honorees.

There is also an archival library that will hope soon to connect via the Internet with others including the Library of Congress. The Library will allow for research by writers, historians and others interested in western history and genealogy.

Another major part of the project is the Tom Leach Theater that is used for lectures, orientation videos and movies documenting the plains horse culture. The theater enables us to use our audio and video capabilities to record the rich histories of people and events that helped shape the character of the plains. There is also a special exhibit gallery that changes each year.

An adjoining 5,000-square-foot patio is used for entertainment, social events, art shows and demonstrations of traditional arts.

Videos, computers, the Internet, live presentations, hands-on demonstrations, art and special exhibits provide visitors with a feeling of what has made the West unique for trail drivers, homesteaders, cowboys and ranchers and Native Americans.

In addition to our orientation video that plays every 15 minutes during the summer months, I believe you have all been furnished with brochures, and copies of our newsletter. If you have any additional questions, I can be reached at 701-226-4431.

Thank You for your time.


Darrell Dorgan
Executive Director

North Dakota Centers of Excellence 2008 Annual Report

John Hoeven, Governor
Shane Goettle, Commerce Commissioner
William Goetz, Chancellor of ND University System

Centers of Excellence Commission Members

Mark Nisbet, Chairman
Tim Hennessy, Vice Chairman
Kathy Gaddie
Sue Andrews
Pam Kostelecky
Duaine Espegard

TABLE OF CONTENTS

1. Introduction.....	4
2. Centers of Excellence Summary.....	5
3. Background.....	6
4. Advanced Manufacturing Centers of Excellence	
NDSU Center for Advanced Electronics Design and Manufacturing.....	10
NDSU Center for Surface Protection.....	12
NDSU Center for Integrated Electronic Systems.....	14
5. Aerospace Centers of Excellence	
UND Unmanned Aircraft Systems (UAS).....	16
UND Center of Excellence in Space Technology and Operations.....	18
6. Agricultural Centers of Excellence	
LRSC Dakota Center of Technology-Optimized Agriculture.....	20
NDSU Center of Excellence for Agbiotechnology.....	22
NDSU Beef Systems Center of Excellence.....	24
MSUB Entrepreneurial Center for Horticulture.....	25
7. Energy Centers of Excellence	
UND – EERC National Center for Hydrogen Technology.....	27
BSC National Energy Center of Excellence.....	29
WSC Petroleum Safety and Technology Center.....	31
UND Petroleum Research, Education, and Entrepreneurship Center of Excellence.....	32
UND SUNRISE BioProducts: A Center of Excellence for Chemicals, Polymers, and Composites from Crop Oils.....	33
8. Life Sciences Centers of Excellence	
UND Research Foundation – Center of Excellence in Life Science and Advanced Technologies.....	35
NDSU Center for Biopharmaceutical Research and Production.....	36
UND Research Foundation Center of Excellence for Passive Therapeutics.....	37
9. Technology & Entrepreneurial Centers of Excellence	
UND Center for Innovation.....	39
NDSU Technology Incubator.....	40
VCSU Institute for Customized Business Solutions – Enterprise University.....	41
DSU Center for Entrepreneurship and Rural Revitalization – Institute for Technology and Business.....	42
6. Appendix A: Economic Impact Study.....	43

Introduction

In 2005, the Hoeven Administration proposed and the Legislative Assembly passed authority for a Centers of Excellence concept to combine education and economic development across the state at North Dakota's 11 public colleges and universities.

What follows is a report to date on North Dakota's Centers of Excellence program activities. Included is an economic impact study, performed by NDSU professor of applied economics Dr. Larry Leistritz, detailing the Centers' direct and secondary effects on the larger state economy. It provides information about private sector investments, direct job creation, and when available, total payroll.

The concept behind a Center of Excellence is simple: Partner our campuses with business. Invest in the infrastructure and research capacity at our state's colleges and universities and then unleash our world-class students and scientists to find ways to commercialize new ideas into products, skills and services that can create and attract new businesses and career-path jobs.

These hubs of research and technology provide a nucleus for new business growth in our state. This model is new to North Dakota but the first Centers of Excellence program originated more than 50 years ago in California and spawned the world-famous cluster of technology research, innovation and business concentration known as the Silicon Valley.

Today, this model is being aggressively pursued across America. Centers of Excellence are engines of new economic activity in North Carolina, Texas, Connecticut, Massachusetts, Oregon, California, and Minnesota. The state of Utah, a relatively small state like North Dakota, has a Centers of Excellence program. Their research universities have produced the Jarvik artificial heart and CD-ROM technology.

In establishing this program, legislators spelled out a long-term vision with a 10-year time-frame for evaluation. This report shows the results to date of the state's investment in the Centers of Excellence program.

Fourteen Centers currently exist throughout North Dakota, but three of these were started with direct appropriations from the state legislature prior to the official creation of the Centers of Excellence Program in 2005. The total state investment in the 11 Centers is \$25.4 million which has been leveraged by approximately \$100 million in matching funds from the private sector and other sources.

North Dakota's Centers have helped attract funds to state campuses for public-sector and private-sector projects dealing with renewable fuels development, energy workforce training and technology, aerospace, electronics, advanced manufacturing and other technical research and development areas.

Investments in the Centers of Excellence to date have resulted in 16 new or expanded businesses: five new spin-off companies, seven companies with a new presence in North

Dakota, and four expansions of existing North Dakota companies. In addition, 493 direct, new jobs have been created with another 866 new jobs currently supported through partnerships and collaborative relationships with the Centers. The economic impact study estimates the program has had a direct impact of \$59 million with a total impact of \$169 million through 2007 (Appendix A).

Centers of Excellence Summary

Funding:

- \$25.4 million in state funding is leveraged with over \$100 million in private sector support for a total investment in excess of \$125 million.

Private Sector Partners:

- A total of 107 private sector companies are participating in the Centers of Excellence program.

New Businesses:

- 16 new or expanded businesses
- 12 new companies have been created to date as a result of the Centers of Excellence (five spin-offs and seven companies with a new location in North Dakota)
- 4 companies have expanded as a result of the Centers of Excellence program.

Jobs:

- 493 new direct jobs have already been created
- The Centers currently support another 866 new jobs through partnerships
- Total employment: 1,359

Economic Impact:

- The direct economic impacts of Centers and partner activities: \$59 million
- Total economic impact: \$169 million
- Estimated sale and use tax collections: \$1.8 million
- Estimated personal income tax collections: \$1.9 million

Centers of Excellence at Work:

A closer look at a few of the Centers provides greater insight into some of the promising work to support new start-ups, generate private-sector driven research, and provide workforce support for North Dakota businesses that are hungry for trained talent.

- The Center for Innovation at UND and the NDSU Technology Incubator are housing a combined 27 tenants and supporting more than 250 jobs.
- Canola research at the NDSU Center of Excellence for Agbiotechnology will help North Dakota canola growers increase revenues by up to \$66 million per year at current planting levels. This is the equivalent of 400 direct high-paying jobs.

- A partnership between the NDSU Center for Advanced Electronics Design and Manufacturing (CAEDM) and Appareo Systems resulted in three projects involving the building of prototypes for seven unique printed circuit boards. Appareo indicated that CAEDM is the first partner able to keep up with the fast pace of product development and prototyping.
- Valley City State University's Institute for Customized Business Solutions has provided customized training resulting in the creation of 92 jobs at Eagle Creek Software and eight other North Dakota jobs for total annual payroll of nearly \$4.4 million.
- Marvin Windows & Doors has been able to retain their jobs and business activities in a downward, contracting industry with assistance from the NDSU Center for Surface Protection.
- Dickinson State University's Strom Center for Entrepreneurship and Innovation has provided support for 140 jobs with \$3.28 million in total annual payroll at Killdeer Mountain Manufacturing (KMM), the Center's primary private sector partner.
- A total of 4,230 (duplicated) individuals have participated in 375 training sessions at the Williston State University Petroleum Safety and Technology Center.
- The UND Energy & Environmental Research Center's National Center for Hydrogen Technology has over \$42 million in new sponsored research contracts.
- The UND Unmanned Aircraft Systems Center of Excellence has collaborative working relationships with the Department of Homeland Security/Customs Border Protection and the North Dakota National Guard in Fargo through which 410 public sector UAS industry related positions have been established in North Dakota.

Background

North Dakota legislators authorized funding for several pilot Centers of Excellence projects in the 2003 session before authorizing the full program. Those were the UND Center for Innovation in Grand Forks, the NDSU Center for Technology Enterprise and the NDSU Beef Systems Center of Excellence in Fargo. The Beef Center obtained its required private sector match in 2006, which only then allowed it to receive the previously authorized state funds.

In 2005, the Legislature approved Senate Bill No. 2032 expanding this concept into the Centers of Excellence in Economic Development program. It was proposed by Governor Hoeven and included in a package of initiatives advanced by House Majority Leader Rick Berg and the interim Economic Development Committee. The package called for a

\$50 million state investment over multiple biennia to be leveraged on a 2-to-1 basis with private sector and federal dollars.

The Legislature approved \$20 million in the 2005-07 biennium, which launched 11 Centers throughout the state. During the 2007-09 biennium, the Centers of Excellence Commission approved \$19.45 million in awards, including seven new Centers. Some of these funds have not been distributed yet. The new projects are expected to leverage nearly \$39 million in matching funds from the private sector and other sources.

Management and Oversight of Centers of Excellence

The Centers of Excellence project is overseen by a Commission comprised of members from the State Board of Higher Education and the North Dakota Economic Development Foundation. The Centers of Excellence Commission manages the application process and makes funding recommendations for projects.

North Dakota Economic Development Foundation:

Mark Nisbet, Chairman, North Dakota Principal Manager for Xcel Energy, Fargo
Tim Hennessy, Vice Chairman, Regional President for U.S. Bank in Western North Dakota, Bismarck
Kathy Gaddie, Dealer Operator of Ryan Chevrolet, Minot

State Board of Higher Education members:

Duaine Espesgard, retired Regional President, Bremer Financial, Grand Forks
Pam Kostelecky, President and General Manager of Sax Motor Co., Dickinson
Sue Andrews, Executive Director of the YMCA of NDSU, Fargo

Selection Process

Each proposed Center must complete an extensive application and approval process. The Centers of Excellence Commission reviews each proposal first, recommends whether or not it should be funded and stipulates any conditions for funding.

The Centers of Excellence Commission approves proposals based on the extent to which they meet the following criteria:

- Uses university or college research to promote private sector job growth, expansion of knowledge-based industries and development of new products, high-tech companies, or skilled jobs.
- Promotes commercialization of new products and services;
- Fosters and practices entrepreneurship;
- Creates high-value private-sector employment opportunities in the state;
- Provides public-private sector involvement and partnerships;
- Leverages other funding;
- Increases research and development activities that involve federal funding;
- Will become financially self-sustaining; and
- Establishes and meets deadlines for acquiring and expending all public and private funds specified in application.

Proposals must include detailed documentation of private-sector participation and the availability of \$2 in matching funds for each \$1 of state funds. Matching funds may

include dollars raised in collaboration with private-sector partners and other funding entities and may include cash, in-lieu of cash, and in-kind assets with itemized value. Private sector participation may be established through equity investments or through contracts for services with private sector entities. In making recommendations, the commission, board, foundation, and budget section will give major consideration to the portion of the matching funds provided in cash by the private sector.

Each approved proposal is passed to the North Dakota Economic Development Foundation Board, the State Board of Higher Education and the Legislature's Budget Section for approval.

Accountability

A Center must use the funds to enhance capacity and infrastructure and leverage state, federal, and private funding sources. A Center may not use the funds to supplement funding for current operations or academic instructions or to pay indirect costs. Each Center is allowed only one round of funding per biennium.

The Centers of Excellence Commission is responsible for monitoring the Centers with assistance from the North Dakota Department of Commerce. The process includes site visits, third party audits and an in-depth annual review of each Center. Additionally, the Centers provide Commerce reports on major developments, timelines and substantial variations from their proposal.

The University of North Dakota Center for Innovation in Grand Forks and the North Dakota State University Center for Technology Enterprise and the Beef Systems Center of Excellence both in Fargo were funded prior to the creation of the Centers of Excellence Commission. They received funding direct from the legislature and therefore the Centers of Excellence Commission has no jurisdiction over them.

These three projects are not required to complete the annual review, but voluntarily submit to Commerce status reports of their key activities.

Important Developments

Two of the Centers approved in October 2007, the Minot State University Great Plains Knowledge and Data Center and the UND Center of Excellence for Biomedical Device Research, Development and Commercialization, have become unable to operate.

The Great Plains Knowledge and Data Center encountered a problem regarding ownership of equipment utilized during the COE project. The Center could not structure itself in a manner that accommodated its private sector partner's interests while at the same time remained consistent with the COE program legislation and requirements.

The Center of Excellence for Biomedical Device Research, Development and Commercialization was unable to secure the matching funds it had outlined in its application. The proposed center's primary private sector partner was unable to raise the capital it had committed as a match for the project. The partner cited the downturn in economic conditions as the reason it was unable to participate in the project.

Neither Center had received a disbursement on their COE awards which totaled \$4.6 million. As a result, funds from the two Centers were made available to applicants in the fall 2008.

Advanced Manufacturing
Centers of Excellence

**North Dakota State University
Center of Advanced Electronics Design and Manufacturing**

Purpose of Center

The Center of Advanced Electronics Design and Manufacturing (CAEDM) performs research and development for private sector partners and collaborators. CAEDM designs and tests wireless sensors, electronic systems and miniaturized electronics to address commercially relevant industrial problems posed by companies.

State and Matching Funds

Total COE Award: \$3,000,000
Match Received to Date: \$9,906,778
Anticipated Total Match: \$9,907,039

Approved: December 5, 2005
Funded: February 2006

Private Sector Partners

Crane Wireless Monitoring Solutions, Appareo Solutions, Aldevron, Pedigree Technologies, Doosan Infracore (formerly Bobcat Company), Alien Technology

Project Summary and Highlights

- A relationship with NDSU and Crane Wireless Monitoring Solutions on Department of Defense projects enabled the transition of NDSU-Crane micro sensor fabrication methodology to Killdeer Mountain Manufacturing (KMM) in Killdeer, ND. KMM has been manufacturing these military sensors for nearly a year.
- CAEDM's projects with Crane Wireless Monitoring Solutions (WMS) resulted in a supply agreement with Crane WMS and Phoenix International. The volume of manufacturing may lead to an increase in workforce of Phoenix International.
- A partnership with Appareo Systems resulted in three projects involving building small quantities of prototypes for seven unique printed circuit boards for initial market opportunity analysis. Appareo indicated that CAEDM is the first partner able to keep up with their fast pace of product development and prototyping. With recent FAA certification and sales of its Alerts™ (Aircraft Logging and Events Recording for Training and Safety) product, Appareo is growing fast and adding jobs. Ground was recently broken on a new building for Appareo in the NDSU Research and Technology Park. The Alerts™ product was cited as the "Aviation Week & Space Technology 2007 Product Breakthrough of the Year."
- Aldevron, LLC and CAEDM launched a project aimed at developing an automated robotic system and process that will enable Aldevron to achieve higher production rates with reduced variability between samples.
- Doosan Infracore, formerly Bobcat Company, teamed up with CAEDM on 11 projects since May 2006 to investigate advanced electronics that could result in manufacturing improvements or improved products to materials characterization relating to new product introduction.
- CAEDM personnel assisted Pedigree Technologies in the early phase of a major defense contract that Pedigree won and which has required significant additions to the Pedigree workforce.
- CAEDM personnel and facilities have been involved in seven small projects in support of Alien Technology's manufacturing site in Fargo.

- The Center has been involved in a partnership that has won a large federal RFID project. Terms of the contract preclude naming the private-sector partner or the source funding. The project was initiated in 2007 and is nearly complete.
- NDSU added two employees at \$170,000 total annual payroll as a result of the Center.
- CAEDM continues to co-sponsor and facilitate NDSU's Annual Technology Transfer and Entrepreneurship Workshop at the Research and Technology Park.
- CAEDM has assisted North Dakota State College of Science (NDSCS) launch the Center for Nanoscience Technician Training (CNTT). The CNTT's objective is to produce more technicians in nanoscience and microelectronics. CAEDM and NDSU have assisted NDSCS by training faculty and providing facilities and guidance.

**North Dakota State University
Center for Surface Protection**

Purpose of Center

The Center for Surface Protection (CSP) is focused on research that addresses industrial problems for North Dakota companies. Research on surface protecting coatings will enhance the durability of manufactured products. The Center creates, designs, and develops organic and inorganic soft and hard coatings and application methods to meet industry needs.

The CSP's second Center of Excellence award focuses on working with private sector partners to develop new materials, improve industrial products, and provide technical services such as testing. Research continues to focus on creating, designing, and developing new hard and soft coatings. The new coatings systems proposed will have improved corrosion, erosion, and wear properties.

The CSP was approved for its initial Centers of Excellence award of \$2 million in March 2006. The Center was approved for a second Centers of Excellence award of \$2 million in fall 2007.

State and Matching Funds

Total COE Award: \$4,000,000

Match Received to Date: \$3,632,122

Anticipated Total Match: \$8,000,000

Approved: March 8, 2006

Funded: May 2006

Private Sector Partners

Gremada Industries (now Caterpillar, Inc.), Marvin Windows and Doors, Akzo Nobel Aerospace Coatings

Project Summary and Highlights

- The Center for Surface Protection and Akzo Nobel Aerospace Coatings personnel are working collaboratively to advance a unique magnesium-rich coating material in both the laboratory and in large field studies. This primer technology could be used worldwide to protect aluminum used in airplanes and other aerospace applications from corrosion.
- A successful initial project with the CSP has prompted Marvin Windows and Doors to request a second set of experiments. Discussions regarding long-term research programs with NDSU have occurred. The CSP has been instrumental in helping Marvin retain its North Dakota workforce in an industry that is contracting during a downturn in the U.S. economy.
- Gremada Industries was purchased by Caterpillar, Inc. effective July 1, 2008. Caterpillar, Inc. recognizes the value of the established partnership with NDSU and continues to honor the terms and conditions of the original COE project agreement with Gremada. To date, Gremada/Caterpillar has created one job as a result of its partnership with the CSP.
- Research demands at the CSP have created six jobs at NDSU at \$365,500 total annual payroll. An additional research associate has been hired and is expected to begin employment in 2008.

- CSP personnel have given presentations at the European Coatings Expo in Nuremburg, Germany, and the International Coatings Expo in Toronto, Canada. Such presentations give the Center and the State of North Dakota a significant presence in the global marketplace.

**North Dakota State University
Center for Integrated Electronic Systems**

Purpose of Center

The Center for Integrated Electronics Systems will perform research and development projects to integrate electronic hardware and software systems. Such projects will enable private sector partners to create and manufacture new and/or improved high technology products, generate more revenue and profit, and/or be more competitive in the global marketplace.

State and Matching Funds

Amount Approved: \$2,050,000

Anticipated Match: \$4,100,000

Approved: September 2008

Funded: n/a

Private Sector Partners

Bobcat, Pedigree Technologies, Intelligent InSites, Datacom International

Project Summary and Highlights

- This Center was authorized for a Centers of Excellence Grant in September 2008. It was initially approved by the Centers of Excellence Commission and ultimately received approval from the Legislative Budget Section.
- The Center currently is working to secure the required match and has not yet received its first disbursement of state funds.

Aerospace Centers of Excellence

**University of North Dakota
Unmanned Aircraft Systems Center of Excellence**

Purpose of Center

The Unmanned Aircraft Systems Centers of Excellence (UAS COE) performs research and development of UAS technologies and applications and promotes commercialization of new UAS-related products and services. The UAS COE strives to attract new UAS-related business ventures to North Dakota and to promote private sector job growth within the state.

The UAS COE's second Center of Excellence award focuses on education and training for integration of UASs into civilian airspace, flight performance research for pilots and ground station cockpit environments, and research and development on UAS payload sensors.

The UAS COE was approved for its initial Centers of Excellence award of \$1 million in March 2006. The Center was approved for a second Centers of Excellence award of \$1.5 million in fall 2007.

State and Matching Funds

Total COE Award: \$2,500,000
Match Received to Date: \$6,351,486
Anticipated Total Match: \$7,994,919

Approved: March 8, 2006
Funded: May 2006

Private Sector Partners

AAI/Aerosonde, American Crystal Sugar Company, Appareo Systems, Boeing, Cirrus Design, Composite Engineering, Crew Training International (CTI), Diamond Aircraft, Frasca International, General Atomics, General Dynamics, Ideal Aerosmith, Killdeer Mountain Manufacturing, Laserlith Corporation, Lockheed Martin, Mayo Clinic, Microsoft Corporation, Micro Systems Technology, Northrup Grumman, Raytheon, Science Applications Intl. Corp., SEO Precision, Unmanned Applications Group

Project Summary and Highlights

- The UAS COE reports that it has created 26 jobs with an additional 23 graduate and undergraduate positions.
- The UAS COE has collaborative working relationships with the Department of Homeland Security/Customs Border Protection and the North Dakota National Guard in Fargo through which 410 public sector UAS industry related positions have been established in North Dakota.
- Laserlith Corporation, based in California, has established a presence in Grand Forks and projects up to 100 manufacturing jobs will be created by year five of the Centers of Excellence project. Senator Dorgan has sponsored two \$3 million pieces of legislation in FY08 and FY09 Defense bill for Laserlith of Grand Forks to develop and manufacture UAS steering antennas.
- The UAS COE has met with the Grand Forks Region Base Realignment Impact Committee (BRIC) to seek ways for the UAS civilian industry development to compliment the realignment of the Grand Forks Air Force Base mission.

- Two UAS Action Summits were facilitated by UND in conjunction with the Red River Valley Research Corridor. A third summit is planned for spring, 2009. These summits draw national and international attention to UND as well as the state of North Dakota as a leader in the development of the civilian UAS industry.
- The UAS COE has attended/presented at 16 national and international UAS conferences and has published/presented over 170 scientific research papers. These efforts have enhanced the Center's reputation within the industry.
- The UAS COE has completed successful trials at Camp Grafton (N.D.) and Camp Ripley (Minnesota) where several different payloads were tested.
- The United States Air Force Battle Lab funded a \$3.76 million contract to research the UAS sense and avoid issue. An additional \$7 million has been secured through FY09 to continue the effort.
- The UAS COE partnered with Science Applications International Corporation and Crew Training International to win a five year \$50 million USAF contract to train Air Force predator pilots at Creech AFB, Nevada.

**University of North Dakota
Center of Excellence in Space Technology and Operations**

Purpose of Center

The Center of Excellence in Space Technology and Operations will conduct research using a network of satellites that continually take atmospheric measurements simultaneously in hundreds of places around the world. This technique is new, yet well demonstrated, and will dramatically improve weather forecasts and provide data of unrivalled accuracy and resolution.

State and Matching Funds

Amount Approved: \$1,000,000

Anticipated Match: 3,778,266

Approved: September 2008

Funded: n/a

Private Sector Partners

GeoOptics LLC and Broad-Reach Engineering

Project Summary and Highlights

- This Center was authorized for a Centers of Excellence Grant in September 2008. It was initially approved by the Centers of Excellence Commission and ultimately received approval from the Legislative Budget.
- The Center currently is working to secure the required match and has not yet received its first disbursement of state funds.

Agricultural Centers of Excellence

**Lake Region State College
Dakota Center for Technology-Optimized Agriculture**

Purpose of Center

The Dakota Center for Technology-Optimized Agriculture (DCTOA) aims to become the premier center for technological applications in North American agriculture. This Center supports entrepreneurship and the creation of technologies that generate new jobs in North Dakota agriculture. Products generated by this Center will help North Dakota farmers and ranchers lower input costs, increase profitability and increase net margins.

The DCTOA's second Centers of Excellence award focuses on developing technologies that increase knowledge of soil profiles, crop needs and the use of manure nutrients.

The DCTOA was approved for its initial Centers of Excellence award of \$450,000 in December 2005. The Center was approved for a second Centers of Excellence award of \$400,000 in fall 2007.

State and Matching Funds

Total COE Award: \$850,000
Match Received to Date: \$806,345
Anticipated Total Match: \$2,160,050

Approved: December 5, 2005
Funded: February 2006

Private Sector Partners

Agri ImaGIS Technologies., Total Crop Farming Systems, Verdi-Plus, Airborne Data Systems, Inc., Farmers Edge Precision Consulting, Inc., J.R. Simplot Company, Twete Incorporated

Project Summary and Highlights

- The DCTOA has been involved in trials at four different farms over the past three years to test and demonstrate the effectiveness of variable-rate placement of crop nutrients. Two additional farms will participate in trials to be held in 2009. The trials respond to research questions posed by the DCTOA's private sector partners.
- New projects expected to be initiated by the DCTOA during 2009 include: a soybean oppositional seeding trial, a manure slurry injection tool field test, and a collaborative study with the University of Iowa.
- The Center has developed 16 educational modules for use by farmers who are considering implementing precision farming techniques. Upon completion, the modules will be placed on e-College, LRSC's distance learning platform.
- The DCTOA and its private sector partners conduct instructional seminars, training sessions, demonstrations and field days to create awareness and to educate potential users of the technology employed by the Center.
- The Center reports that 5 jobs have been created thus far at \$206,560 total annual payroll.
- Two start-up companies, Verdi-Plus and Site-Specific Agriculture, have been generated by the Center's efforts.
- Two existing companies have benefited from their relationship with the DCTOA. Agri ImaGIS Technologies has dramatically expanded the services it offers while

Total Crop Farming Systems Inc., based in Langdon, has opened another office in Washburn.

**North Dakota State University
Center of Excellence for Agbiotechnology**

Purpose of Center

The Center of Excellence for Agbiotechnology concentrates on the long-term research, development and outreach needed to improve technology, increase farm income and support growth of oilseed agriculture in North Dakota. The Center focuses on encouraging commercial issues and commercializing traits in grains and oilseeds for food and nonfood uses. The Center will make available lines of canola that have potential as biofuels, specialty lubricants and health care products.

The Center's second Centers of Excellence award focuses on improving canola growth to meet the increasing demand of bio-fuel and on evaluating products for commercial use. This project will expand the Center by developing lines of canola that are adapted to acres south and west of the traditional canola growing region.

The NDSU Center of Excellence for Agbiotechnology was approved for its initial Centers of Excellence award of \$2 million in March 2006. The Center was approved for a second award of \$1.5 million in fall 2007.

State and Matching Funds

Total COE Award: \$3,500,000

Match Received to Date: \$10,875,000

Anticipated Total Match: \$16,803,439

Approved: March 8, 2006

Funded: May 2006

Private Sector Partners

Monsanto Co., Archer Daniels Midland, Inc. (ADM)

Project Summary and Highlights

- The Center's canola research is helping to increase yields, reduce risks, and improve profits for North Dakota canola producers. Economic modeling shows that the value of the work to date would result in an increase to North Dakota canola growers of \$20-\$66 million per year at current planting levels. This is the equivalent of 400 direct high-paying jobs.
- 2007 trials saw an increase in oil content per acre of more than 12 percent. Trials conducted in 2008 resulted in similar increases.
- On Oct. 10, 2007 the first canola crushing and biodiesel plant in North Dakota held its ribbon cutting. The plant owned by ADM and located in Velva, N.D., employs 85 people. Research at the Agbiotechnology Center of Excellence will help North Dakota farmers grow crops necessary to support biofuels and other value-added agriculture products.
- The Center reports that five jobs at \$216,000 total annual payroll have been created.
- The COE partners meet 3 times per year to review progress, outstanding issues, and initiatives for the forthcoming period. Private sector partners also provide ideas in terms of future efforts, suggest ways to improve on the Center's operations and make specific recommendations for research topics.

- As a result of the Center's collaborative efforts, elite canola lines adapted to North Dakota have been identified. Those lines are superior for seed oil content and yield of oil per acre when compared with commercial hybrid checks. Six of those lines are being prepared and tested for potential release in 2009. The elite material can be used either as commercial cultivars or source of germplasm to enhance private canola breeding efforts in the region.
- The Center coordinated a project with Monsanto where the goal is to manage and evaluate a field trial that compares the elite canola release for multiple companies. This project enhances North Dakota agricultural production practices by providing an unbiased evaluation of the best germplasm to be used for canola production.
- New elite canola germplasm lines are being advanced and increased in counter-season in Chile under a cooperative agreement with Monsanto.
- The Center collaborates with Research Extension Centers in Minot, Langdon and Carrington.
- The Center has shifted its focus from open pollination to hybrids, which offer higher yields and have begun to dominate the industry.

North Dakota State University Beef Systems Center of Excellence

Purpose of Center

Legislation in 2003 authorized the Beef Systems Center of Excellence (BSCE) to create a model for developing an integrated meat processing industry; to enhance North Dakota State University's animal sciences research, training and outreach capabilities; and to provide training, education and outreach to the wide variety of people involved in the beef business. The Center takes a 'pasture to plate' approach with expertise in a variety of disciplines involved in beef cattle production and meat science.

The purpose of the Center is to create a model for a coordinated meat processing industry that could be implemented in other parts of the state, region or country. The Center also looks to enhance NDSU's ability to provide leading research, evaluate new and emerging technologies, and provide data on meat and meat marketing.

State and Matching Funds

State Funds: \$800,000

Funded: October 2007

Total Match: \$2 million

Private Sector Partners

North Dakota Natural Beef, LLC; North American Bison Cooperative

Project Summary and Highlights

- The BSCE is co-located at North Dakota Natural Beef's new processing plant in Fargo. The processing plant is nearing completion with operations expected to begin in early 2009.
- The new processing plant will use animals slaughtered at the Bison plant in New Rockford, N.D. The completed facility will accommodate 250 animal carcasses per day.
- The Center will provide North Dakota students educational opportunities that were previously unavailable in the state.
- The creation of the BSCE has allowed NDSU faculty to be more competitive for a variety of grant proposals and to better serve the needs of the meat processing industry in the state.

**Minot State University Bottineau
Entrepreneurial Center for Horticulture**

Purpose of Center

The Entrepreneurial Center for Horticulture will research and demonstrate production methods and provide new opportunities for product commercialization and distribution networks in North Dakota and the region.

State and Matching Funds

Amount Approved: \$400,000

Anticipated Match: \$830,854

Approved: September 2008

Funded: n/a

Private Sector Partners

North Star Organic Farm, North Dakota Farmers Market and Growers Association

Project Summary and Highlights

- This Center was authorized for a Centers of Excellence Grant in September 2008. It was initially approved by the Centers of Excellence Commission and ultimately received approval from the Legislative Budget Section.
- This Center is currently working to secure the required match and has not yet received its first disbursement of state funds.

Energy Centers of Excellence

UND Energy & Environmental Research Center National Center for Hydrogen Technology

Purpose of Center

Designated as the National Center for Hydrogen Technology (NCHT) by the U.S. Department of Energy, this Center of Excellence is conducting technology research, development, demonstration, and commercialization projects for the production and use of hydrogen as a practical fuel. In conjunction with private sector partners, the EERC is leading the way to develop the hydrogen gas station of the future, to produce hydrogen from fossil and renewable fuels, and to use hydrogen in combustion engines and turbines. Working with private companies to develop and commercialize hydrogen technology will provide future employment and economic development opportunities in North Dakota through new corporate offices in North Dakota as well as new businesses.

State and Matching Funds

Total COE Award: \$2,500,000
Match Received to Date: \$42,200,756
Anticipated Total Match: \$42,200,756

Approved: December 5, 2005

Funded: February, 2006

Private Sector Partners

TXU Generation Company, Air Products and Chemicals, Inc., Xcel Energy, MN Corn Research Council, ND Corn Utilization Council, Basin Electric Power Cooperative, Pratt & Whitney Rocketdyne, Inc., BMC Construction, North American Coal Corporation, Siemens Power Generation, Inc., SGL Carbon Group, IdaTech, Great River Energy, Rio Tinto, Diversified Energy Corporation, Advanced Biomass Gasification Technologies, Inc., Biomass Energy Solutions, Inc., Xethanol Corporation, Westmoreland Coal Sales Company, Agricultural Utilization Research Institute, ePower Synergies, Catacel Corporation, Franklin Fuel Cells, United Technologies, Chippewa Valley Ethanol, Resurface Corporation, Stelios Arvelakis, Electric Power Research Institute, Porvair plc., Energy Conversion Devices, Inc., ThermoChem Recovery International, Inc., Clean Earth Solutions, Inc., Aboriginal Cogeneration Corporation, Conoco Phillips, CH2MHill, Inc.

Project Summary and Highlights

- The EERC reports it has added 25 jobs at \$1,320,217 total annual payroll.
- The NCHT dedicated its new building September 5, 2008. The 15,000 square foot, \$3.5 million facility was designed to significantly enhance the research, development, testing, and commercialization of hydrogen and fuel cell technologies at the EERC. The facility includes a 30 foot high demonstration area and highly specialized laboratory space with state-of-the-art equipment.
- Sponsored research activities total over \$42 million in new funding.
- The EERC is a completely self-sustaining institution.
- Development of a new biomass gasification company located in Grand Forks is currently under way and is expected to be finalized in 2009.
- The NCHT is working with the North Dakota Corn Utilization Council to create a new North Dakota business to commercialize a technology to produce fertilizer from North Dakota resources.

- Pratt & Whitney Rocketdyne established a corporate partner office at the EERC in Grand Forks as a direct result of its NCHT projects.

Bismarck State College National Energy Center of Excellence

Purpose of Center

The National Energy Center of Excellence's (NECE) vision is to be a worldwide leader in energy education and training for the energy industry. Partnerships with the North Dakota energy industry allow the facility to meet the demands of the 21st Century workforce by building a pipeline of multi-skilled workers. The efforts of this Center enable students and energy companies to succeed in a competitive, ever-changing industry.

State and Matching Funds

Total COE Award: \$3,000,000

Match Received to Date: \$5,884,169

Anticipated Total Match: \$7,342,000

Approved: December 5, 2005

Funded: February, 2006

Private Sector Partners

Archer Daniels Midland Co., Basin Electric Power Cooperative, Great Northern, Headwaters, Montana Dakota Utilities, North Dakota Biodiesel, Red Trail Energy, Spiritwood Station, Tesoro

Project Summary and Highlights

- The National Energy Center of Excellence held its ribbon cutting ceremony on Sept. 29, 2008 celebrating the completion of the \$18.3 million facility. The Center boasts 106,200 square feet of highly energy efficient space.
- In 2007 the U.S. Secretary of Energy officially designated BSC as the National Power Plant Operations Technology and Education Center. The designation recognizes BSC as the premier national center of education and training for operators and technicians in the energy industry.
- The simulation system WebLab[®], developed by BSC, is incorporated in the curriculum and allows students to control energy technology laboratory equipment via the Internet. Students build hands-on skills and experience as they take control of the power generation and distribution system of a model city.
- BSC now offers a Bachelor of Applied Science Degree in Energy Management in addition to five Associate Degree energy programs and non-credit training.
- The Center has partnered with Basin Electric Power Cooperative to implement a "Grow Your Own" internship program. Eligible students may apply for internships at Basin's three power plants. Upon completion of the program, students may be offered a position. If offered full-time employment, tuition reimbursements will be awarded based upon pre-established guidelines.
- BSC has partnered with Turtle Mountain Community College (TMCC) to offer its Process Plant Technology Program online to TMCC students. The partnership graduated its first students in 2008.
- BSC has developed separate education and training partnerships with the U.S. Navy, U.S. Army, and U.S. Air Force.
- Private sector partners work alongside BSC to refine the instructional curriculum to assure it reflects the demands of the 21st Century energy industry.

Additionally, six private sector companies have provided job shadow opportunities for BSC students at North Dakota Energy facilities since 2006.

- Over the next 10 years, the Center reports that 728 new jobs are projected as new or expanded facilities become operational. Additionally, the Center reports that 3,350 energy construction jobs are projected through the year 2014.

Williston State College Petroleum Safety and Technology Center

Purpose of Center

The Petroleum Safety and Technology Center (PSTC) trains workers for the oil and gas industry. The Center works closely with its industry partners to develop and maintain state-of-the-art training programs. The hands-on training sessions are designed to help oil and gas production workers work safely and efficiently.

State and Matching Funds

Total COE Award: \$400,000

Match Received to Date: \$1,183,044

Anticipated Total Match: \$1,183,044

Approved: March 8, 2006

Funded: May 2006

Private Sector Partners

Hess Corporation, Vetco Gray, Marathon Oil, Nabors Drilling, Key Energy, St. Mary Land and Exploration (aka: Nance Petroleum), Halliburton Energy Services, Weatherford Services, Baker Oil Tools, Schlumberger, National Oilwell Inc., Howard Supply, Capital Safety, Modern Machine, Interstate Powersystems, Stewart and Stevenson, Hickman Sales and Service, Williston Fire and Safety, GC Products

Project Summary and Highlights

- The Center reports that its private sector partners have created 66 new jobs so far.
- Over 100 oilfield-related businesses have requested training from the PSTC.
- The 40-Hour New Hire Training Program has had 322 participants in 35 classes.
- The 8-16-24-Hour Safety Awareness classes have educated 1,070 individuals in 106 classes.
- 4,230 participants have taken part in over 375 safety training classes offered by the PSTC.
- The Center has partnered with Turtle Mountain Community College and Fort Berthold Community College in the delivery of the Floorhand for Well Servicing Program. The 40-Hour Safety Training program was also delivered at each of these two colleges.
- The Center reports that 1,200 people are projected to be hired through 2010 to fill the industry need.

University of North Dakota
Petroleum Research, Education, and Entrepreneurship Center of Excellence

Purpose of Center

The focus of the Petroleum Research, Education, and Entrepreneurship Center of Excellence is to improve our understanding of the Williston Basin oil deposit, with special attention to the Bakken Formation. The Center aims to develop enhanced oil recovery techniques as well as techniques for CO₂ sequestration. Other Center objectives are to develop geothermal systems using oil field waters to generate electrical power and to address other challenges and opportunities relating to petroleum exploration and production.

State and Matching Funds

Amount Approved: \$3,000,000
Anticipated Match: \$7,958,373

Approved: September 2008
Funded: n/a

Private Sector Partners

Schlumberger, HIS, American Petroleum Institute, Five ND petroleum operators: Encore Acquisition Company, Hess Corporation, Marathon Oil Corporation, St. Mary Land & Exploration Co., Whiting Petroleum Corporation

Project Summary and Highlights

- This Center was authorized for a Centers of Excellence Grant in September 2008. It was initially approved by the Centers of Excellence Commission and ultimately received approval from the Legislative Budget.
- This Center is working to secure the required match and has not yet received its first disbursement of state funds.

University of North Dakota
Sunrise BioProducts: A Center of Excellence for Chemicals, Polymers, and Composites from Crop Oils

Purpose of Center

The purpose of SUNRISE is to invent, develop and commercialize green industrial chemicals, polymers, and fiber composites using crop oils as the primary raw material. The mission of SUNRISE is to, 1) conduct research that contributes to solving energy-related problems, 2) research and develop improved crop-based options for fuels, chemicals, and polymers that are currently produced from fossil fuels, 3) increase UND and NDSU research competitiveness in chemicals, polymers and composites from crop oils, 4) and produce graduates to support growth in this industry in North Dakota.

State and Matching Funds

Amount Approved: \$2,950,000

Anticipated Match: \$9,165,132

Approved: September 2008

Funded: n/a

Private Sector Partners

SUNRISE Renewables; Bayer CropScience; Northwood Mills; Kadrmas, Lee, and Jackson; and Global Agricultural Solutions

Project Summary and Highlights

- This Center was authorized for a Centers of Excellence Grant in September 2008. It was initially approved by the Centers of Excellence Commission and ultimately received approval from the Legislative Budget Section.
- This Center is working to secure the required match and has not yet received its first disbursement of state funds.

Life Sciences Centers of Excellence

University of North Dakota
Research Foundation – Center of Excellence in Life Science and
Advanced Technologies

Purpose of Center

The Center of Excellence in Life Science and Advanced Technologies (COELSAT) is focused on commercializing research into products that are developed and made in North Dakota.

State and Matching Funds

Total COE Award: \$3,500,000

Match Received-to-Date: \$10,606,298

Anticipated Total Match: \$11,047,425

Approved: March 8, 2006

Funded: March 2007

Private Sector Partners

PCL/Perkins & Will, UNDRF/BORDERS, Avianax, Alion Science and Technology, Ideal Aerosmith, Novadigm, Laserlith, Sunrise Renewable Company, DMD, Dakota Harvest

Project Summary and Highlights

- Construction of the 50,000 sq. ft., state-of-the-art, secured facility is nearing completion. The first tenants have begun moving into the building. Center leadership reports the COELSAT is near capacity and will have room for only one additional tenant.
- UNDRF/BORDERS is a North Dakota company successful in creating eight jobs at \$440,000 total annual payroll and anticipates 120 jobs to be created between corporate partners and UNDRF by 2009 as a result of continued partnerships.
- Avianax is a North Dakota startup company and Sunrise Renewable Company has formed a presence in North Dakota as a result of their partnership with COELSAT.
- Avianax and Aldevron are partnering on research projects that have lead to the formation of Schiltz Farms in Tolna, N.D. Three employees have been hired and 12 to 14 more employees are projected.
- Ideal Aerosmith and Laserlith have identified a project to collaborate on, which grew out of their co-presence in the COELSAT facility.

**North Dakota State University
Center for Biopharmaceutical Research and Production**

Purpose of Center

The Center for Biopharmaceutical Research and Production will design, develop and produce biopharmaceutical products including efficient DNA vaccines. The Center will fuel biopharmaceutical and life sciences sectors to discover and develop new vaccines and other biopharmaceuticals to treat some of the most challenging diseases facing humankind. The Center's long-term goal is to develop vaccines and biopharmaceutical products as well as encompass pre-clinical and clinical studies in conjunction with its private sector partners.

State and Matching Funds

Amount Approved: \$2,000,000

Anticipated Match: \$4,742,000

Approved: September 2008

Funded: n/a

Private Sector Partners

Aldevron, Clinical Supplies Management (CSM), ParaClin, PRACS Institute, and MeritCare

Project Summary and Highlights

- This Center was authorized for a Centers of Excellence Grant in September 2008 after receiving approvals from the Centers of Excellence Commission and the Legislative Budget Section.
- This Center is working to secure the required match and has not yet received its first disbursement of state funds.

**University of North Dakota Research Foundation
Center of Excellence for Passive Therapeutics**

Purpose of Center

The purpose of the Center of Excellence for Passive Therapeutics is to develop passive (antibodies) therapeutics from agriculture products for people exposed to or infected with viral infections or diseases. Once shown effective in pre-clinical and clinical trials, therapeutic products using antibodies from goose eggs will be produced in their entirety in North Dakota.

State and Matching Funds

Amount Approved: \$2,650,000

Approved: September 2008

Anticipated Match: \$8,400,000

Funded: n/a

Private Sector Partners

Mayo Clinic; Avianax; Aldevron; Schiltz Goose R&D; Schiltz Goose Farms, North

Project Summary and Highlights

- This Center was authorized for a Centers of Excellence Grant in September 2008 after receiving approvals from the Centers of Excellence Commission and the Legislative Budget Section.
- This Center is working to secure the required match and has not yet received its first disbursement of state funds.

Technology & Entrepreneurial
Centers of Excellence

UND Center for Innovation

Purpose of Center

The first North Dakota Center of Excellence, the Ina Mae Rude Entrepreneur Center, was opened in January 2005 and supports North Dakota entrepreneurs by helping launch new ventures, commercialize new technologies and secure access to capital from private and public sources. In 2003, the Legislature allocated \$800,000 to support the Entrepreneur Center at the Center for Innovation Foundation.

State and Matching Funds

State Funds: \$800,000

Funded: October 2003

Total Match: \$3.5 million of which \$2.65 million is from entrepreneur donors

Project Summary and Highlights:

- Since January 2005, the Center for Innovation has helped create 172 jobs with an estimated total payroll of \$8.21 million in 51 businesses.
- The Center is currently housing 19 businesses and has incubated 62 businesses (with student ventures) in the past three years.
- The Center has developed nine angel funds around the state engaging more than 110 angel investors.
- The Center hosts the Dakota Venture Group, the nation's first student-run venture fund which has a triple-bottom line function of investment return, entrepreneur finance education for students, and funding new ventures in North Dakota including syndication with angel investors.
- The Center has been ranked in the top 1 percent of 2,300 entrepreneurship programs nationwide by Entrepreneur Magazine and Princeton Review and has received six National Awards for Excellence in innovation and entrepreneurship. The Center is one of twelve incubators worldwide designated as a "Soft Landings International Incubator" by the National Association of Business Incubators because of its assistance to companies expanding internationally.
- The Center provides educational content for the Innovate ND program as well as assists program participants with entrepreneur development such as business planning, financial projections and gaining access to capital.
- The Center houses 14 offices with over 140 workstations featuring an extensive IT infrastructure and Wet Lab. The Center's average occupancy is 85-90 percent. The incubator is known as the most high-tech, multi-tenant facility in North Dakota.
- Two profile companies are Datacom International, which has operations at the incubator and in Cooperstown, N.D.; and Ntractive, a top five winner of the Innovate ND competition, which has a dedicated server room in the incubator. Both companies received a majority of their start-up funds from angel investors.

North Dakota State University Technology Incubator

Purpose of Center

The Technology Incubator, located in the NDSU Research & Technology Park, houses high growth start-up companies doing research and development while offering students an opportunity to gain real-world experience working for entrepreneurs. Originally called the Center for Technology Enterprise, The Technology Incubator received \$1.25 million in funding from the North Dakota Development Fund in 2005.

The Technology Incubator currently has eight tenants. The incubator staff offers technical assistance in numerous areas such as developing business and marketing plans, financing/venture capital, commercialization services, university relationships, and strategic planning.

State and Matching Funds

State Funds: \$1.25 million

Funded: November 2004

Total Match: \$6,150,000

Project Summary and Highlights:

- The Technology Incubator opened its 52,600 sq. ft. building in March 2007.
- The incubator and its 8 tenants have 96 total employees with a total annual payroll of \$5.87 million.
- The Technology Incubator will see its first “graduate” invest in its own facility in 2009 when incubator tenant, Appareo Systems, moves into its new, multi-tenant facility to be located in the NDSU Research and Technology Park.
- The incubator increases entrepreneurial awareness by hosting regular educational events and forums.
- The incubator has an advisory board consisting of various professional disciplines that provide a link to the business community.
- A new coaching and mentoring program is being developed to provide assistance to entrepreneurs located in The Technology Incubator.
- A Virtual Incubator will soon be launched to provide rural entrepreneurs with access to The Technology Incubator’s programs and services.
- Over 20 students are working directly with clients in The Technology Incubator.

Valley City State University
Institute for Customized Business Solutions—Enterprise University

Purpose of Center

The basic purpose of the Enterprise University (EU) at VCSU is to support private sector partners through the training of people who are highly skilled with software that is designed to support an entire enterprise. The Center develops customized coursework and training programs targeted at the specific needs of its business partners. Program graduates have the skills to pursue careers in high-demand technology fields. The Center's Enterprise Application Model (EAM) is a unique approach to information technology services used to attract, grow, and create information technology businesses to meet national demand for high-quality and reasonable costs in enterprise IT services.

State and Matching Funds

Total COE Award: \$1,000,000

Match Received to Date: \$5,020,703

Anticipated Total Match: \$5,020,703

Approved: March 8, 2006

Funded: May, 2006

Private Sector Partners

Alliance Pipeline, Microsoft, Atidan

Project Summary and Highlights

- Eagle Creek Software is a Minnesota company that, with the help of the Enterprise University, has expanded to Valley City. Eagle Creek has 92 employees of which 51 have successfully completed the training program offered by the EU.
- An advisory council of regional industry leaders was formed to identify IT talent needs, shape the business plan, and identify growth opportunities for the Center.
- The EU has influenced and supported an effort at VCSU to add SAP and Microsoft business process management software applications to the curriculum. VCSU students have gained valuable experience and have enhanced their ability to meet the needs of North Dakota businesses.
- The EU has a pending contract with Microsoft to deliver training courses to Microsoft's partners.
- The EU has established a partnership with Alliance Pipeline to provide SAP training to their employees.
- The Center has partnered with Atidan, LLC to develop training materials for an update to one of its client's Customer Relationship Management software.
- The EU has partnered with the NDSU Research Technology Park to develop a Virtual Incubator website based on Microsoft SharePoint. The Center will create SharePoint training based on the knowledge acquired in the project.
- The EU has collaborated with the Information Technology Council of North Dakota and contributed towards their "IT Career Awareness Program."

Dickinson State University
Strom Center for Entrepreneurship and Innovation – Institute for
Technology and Business

Purpose of Center

The Strom Center for Entrepreneurship and Innovation – Institute for Technology and Business is focused on helping technology-based businesses start or expand in rural North Dakota. The Institute identifies new technology-related opportunities and helps businesses adapt and implement new technologies and leadership strategies for growth.

The Center has developed a customized leadership program and delivered it to private-sector partner Killdeer Mountain Manufacturing. The program is designed to be adaptable to other companies that may be interested in the program.

State and Matching Funds

Total COE Award: \$1,150,000
Match Received to Date: \$4,144,293
Anticipated Total Match: \$4,501,293

Approved: June 14, 2006
Funded: October, 2006

Private Sector Partners

Killdeer Mountain Manufacturing (KMM)

Project Summary and Highlights

- The customized leadership program has been expanded to include a certificate program in entrepreneurial leadership. The program will help present leaders and help identify potential leaders. A communications course was also developed and added to the program. The program enhancements were developed following a recommendation from Boeing Corporation, one of KMM's chief clients.
- The first course in the customized entrepreneurial leadership program was offered in fall semester 2007 with the second course offered spring semester 2008. A total of 95 participants attended one or both courses.
- The Center reported that it has supported 140 new jobs at \$3.2 million total annual payroll through their partnership with KMM. The Center has supported KMM's expansion in the areas of accounting, human resources, information technology, and leadership development.
- A Pre-Engineering Program has been developed in cooperation with North Dakota State University (NDSU). Students will enroll at Dickinson State University for their first two years of engineering education and then transfer to NDSU to complete the program. The intent is that their senior project may involve KMM or another company in the Dickinson region. The objective of the program is not only to produce more engineers, but to encourage engineering students from western North Dakota to return to the region upon graduation.
- The Center redesigned and maintains a local website, www.dickinsonnd.com, which was developed as a recruiting tool for Dickinson and the southwest area.
- The Center has spearheaded the revision and expansion of the Dickinson Community Profile which is used by a variety of organizations as a marketing tool for relocation.

Appendix A

Economic Impact of North Dakota Centers of Excellence Program, 2007

F. Larry Leistritz, Dean A. Bangsund, and Nancy M. Hodur¹

In recent years, economic development has become increasingly linked to technology and information. As a result, policy makers have attempted to facilitate partnerships between universities and private sector businesses. The success of public-private partnerships in areas like the Silicon Valley of California, the Research Triangle of North Carolina, and the Austin, Texas area offers support for the concept of technology-based development. The Centers of Excellence program is North Dakota's initiative to participate in technology and information-based economic development.

The 2003 Legislative session authorized funding for three pilot Centers of Excellence projects. Then in 2005, the Legislature approved Senate Bill No. 2032 expanding the concept into the Centers of Excellence in Economic Development program. The legislation called for a \$50 million state investment over multiple biennia, to be leveraged on a 2-to-1 basis with private sector and federal funds. The Legislature approved \$20 million for the initiative in the 2005-07 biennium, which launched 11 different Centers throughout the state. These Centers are located in Fargo (3), Grand Forks (3), Bismarck, Valley City, Devils Lake, Dickinson, and Williston (for additional information, see Goettle 2008). The 2007 Legislature approved additional funding for the program. As of March, 2008, two Centers were fully operational, nine Centers were in the early stages of their planned activities, and three Centers were under development. In addition, two Centers had been authorized for new funding, but had not yet received funds.

The purpose of this report is to estimate the economic impacts of the Centers of Excellence program for 2007. The analysis is based on payroll and associated costs reported by each Center in their 2007 annual reports, as well as start up costs reported by the Centers.

Methods

The initial task in any impact assessment is estimating the direct impacts (or "first-round effects") of the activity being studied. In this study, information on payroll and start up costs, as well as direct employment, were drawn from the 2007 report from each Center. Other expenditures by the Centers and/or their private sector partners were assumed to bear the same relationship to payrolls as has been found in past studies of the economic impact of R&D activities (Leistritz and Coon 2008), exported services (Coon and Leistritz 2001), and manufacturing (Coon and Leistritz 1997). The North Dakota Input-Output Model was used to estimate the secondary economic impacts based on these data.

The North Dakota Input-Output Model consists of interdependence coefficients or

¹The authors are respectively professor and research scientists in the Department of Agribusiness and Applied Economics, North Dakota State University, Fargo.

multipliers that measure the level of business activity generated in each economic sector from an additional dollar of expenditures in a given sector. (A sector is a group of similar economic units, e.g., the firms engaged in retail trade make up the retail trade sector.) For a complete description of the input-output model, see Coon and Leistritz (1989). The model estimates the changes in gross business volume (gross receipts) for all sectors of the area economy resulting from the direct expenditures associated with the Centers of Excellence program. The increased gross business volumes are used to estimate secondary employment and tax revenues based on historic relationships. The procedures used in the analysis are parallel to those used in estimating the impact of other facilities and activities (Leistritz and Coon 2008; Bangsund and Leistritz 2004 & 2007, Hodur et al. 2006). Empirical testing has confirmed the model's accuracy in estimating changes in levels of economic activity in North Dakota. Over the period 1958-2006, estimates of statewide personal income derived from the model averaged within 4 percent of comparable values reported by the U.S. Department of Commerce (Leistritz et al. 1990, Coon and Leistritz 2008).

Results

The economic impact of the Centers of Excellence program was analyzed in four segments. The first of these examined impacts associated with the R&D, training, and educational activities of the Centers. Two Centers had developed important private sector partners, one in exported services and the other in manufacturing. These activities were analyzed separately. Finally, several Centers had major one-time start-up expenditures in 2007, which formed the basis for the fourth component of the analysis.

Table 1 summarizes economic impacts of the Centers' R&D and related activities. The 2007 estimated direct expenditures by the 12 Centers that reported some level of activity totaled \$27.3 million. The Centers' direct expenditures illustrate the high level of leveraging associated with the program. As of March, 2008, the total state investment of \$23 million had been leveraged with nearly \$100 million in matching funds from private and other sources (Goettle 2008). The Centers also reported 296.25 jobs, including Center and partner employees. The Centers' direct expenditures resulted in estimated secondary effects of \$55.2 million for a total impact of \$82.5 million. Estimated secondary employment was 408 jobs, for a total employment effect of almost 800.

The estimated economic impacts of the Center partner engaged in exported services are summarized in Table 2. The partner firm had direct employment of 102 and annual direct expenditures to North Dakota entities of \$7.9 million. These resulted in secondary economic impacts of almost \$16.2 million, for a total economic impact of \$24.1 million. The total employment impact was estimated at 220.

A second Center partner was engaged in manufacturing, and the economic impacts of its operations are summarized in Table 3. The firm had 95 employees and 2007 expenditures to North Dakota entities of \$4.9 million. These resulted in an estimated secondary impact of \$10.9 million for a total impact of \$15.8 million. Secondary employment was estimated at 76 jobs, for a total employment effect of 171.

The economic impacts associated with the Centers' one-time start-up expenditures in 2007 are summarized in Table 4. The one-time expenditures totaled \$18.8 million, of which \$17.7 million were to the construction sector. Four Centers had multi-million dollar construction expenditures in 2007. Total economic impacts associated with these expenditures were \$46.7 million. This level of economic activity would support about 169 jobs.

The economic impacts associated with the Centers of Excellence program in 2007 are summarized in Table 5. The direct economic impacts of Center and partner activities total \$59 million. The total economic impact (contribution) was \$169 million. Direct employment by Centers and partners totaled 493.25 and total employment effects totaled 1,359.25. These levels of increased economic activity also generate additional state tax collections. Sales and use tax collections are estimated to increase by \$1.8 million while personal income tax collections increase by \$0.9 million.

Discussion

The Centers of Excellence program is North Dakota's major initiative to participate in technology and information-based economic development. Although the program is still in its early stages and most Centers are in early stages of development, the economic effects of the program to date are encouraging. With a direct economic impact of \$59 million and total impact of \$169 million in 2007, the program's contribution to the North Dakota economy is already substantial. Further, it is noteworthy that the two operational Centers (UND Center for Innovation and NDSU Technology Incubator) are already making impressive contributions. In 2007, these two Centers combined for 233 direct jobs (Center staff plus tenants) and a payroll of \$10.7 million. As the other Centers become fully established and partner facilities are developed, the program's economic contribution can be expected to increase considerably.

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Table 1. Direct, Secondary, and Total Economic Impacts of North Dakota Centers of Excellence R & D Activities, 2007

Sector	Expenditures/Receipts		Total
	Direct	Secondary	
	-----	\$000	-----
Communications& public utilities	730	2,796	3,526
Retail trade	4,773	17,203	21,876
Finance, insurance & real estate	5,550	3,815	9,365
Business & personal services	876	1,509	2,385
Professional & social services	876	2,188	3,064
Households	14,604	18,744	33,348
Other ¹	0	8,961	8,961
Total	27,309	55,216	82,525
Employment	296.25	408	799.25

¹ Includes agriculture, mining, construction, transportation, manufacturing, and government.

Table 2. Direct, Secondary, and Total Economic Impacts of North Dakota Centers of Excellence Partner Activities, Exported Services, 2007

Sector	Expenditures/Receipts		Total
	Direct	Secondary \$000	
Transportation	132	81	213
Communications & public utilities	264	815	1,079
Ag. Processing & manufacturing	44	399	443
Retail trade	1,144	5,052	6,196
Finance, insurance, & real estate	1,584	1,124	2,708
Business & personal services	264	445	709
Professional & social services	88	638	726
Households	4,400	5,425	9,825
Other ¹	0	2,213	2,213
Total	7,920	16,192	24,112
Employment	102	118	220

¹ Includes agriculture, mining, construction, and government.

Table 3. Direct, Secondary, and Total Economic Impacts of North Dakota Centers of Excellence Partner Activities, Manufacturing, 2007

Sector	Expenditures/Receipts		
	Direct	Secondary	Total
	-----	\$000	-----
Construction	270	361	631
Transportation	67	52	119
Communications & public utilities	112	485	597
Ag. processing & manufacturing	607	649	1,256
Retail trade	517	3,100	3,617
Finance, insurance & real estate	1,011	683	1,694
Business & personal services	45	273	318
Professional & social services	22	374	396
Households	2,247	3,503	5,750
Other ¹	0	1,410	1,410
Total	4,898	10,890	15,788
Employment	95	76	171

¹ Includes agriculture, mining, and government.

Table 4. Direct, Secondary, and Total Economic Impacts of North Dakota Centers of Excellence, One-time Impacts of Startup Activities, 2007

Sector	Expenditures/Receipts		
	Direct	Secondary	Total
	-----	\$000	-----
Construction	17,747	978	18,725
Communications & public utilities	117	1,185	1,302
Retail trade	132	7,998	8,130
Finance, insurance & real estate	26	1,649	1,675
Business & personal services	44	568	612
Professional & social services	66	807	873
Households	744	11,495	12,239
Other ¹	0	3,131	3,131
Total	18,876	27,811	46,687
Employment	0	169	169

¹ Includes agriculture, mining, transportation, manufacturing, and government.

Table 5. Summary of Economic Impacts of the Centers of Excellence Program, 2007

Item	R&D Activities	Partner Exported Services	Partner Manufacturing	One-time Start-up	Total
Direct Impact (\$000)	27,309	7,920	4,898	18,876	59,003
Total Impact (\$000)	82,525	24,112	15,788	46,687	169,112
Direct Employment (FTE jobs)	296.25	102	95	0	493.25
Total Employment (FTE jobs)	799.25	220	171	169	1,359.25
Sales & use taxes (\$000)	1,013	287	167	376	1,843
Personal income taxes (\$000)	500	147	86	184	917

North Dakota University System
SB 2018

House Appropriations Committee, Government Operations Division
March 3, 2009

Dr. Marsha Krotseng, Vice Chancellor for Strategic Planning, NDUS

Good morning, Mr. Chairman and members of the Committee.

On behalf of the North Dakota University System, we deeply appreciate your investment in Centers of Excellence during previous biennia and are pleased to offer strong support for the \$20,000,000 that SB 2018 includes to establish new Centers of Excellence in 2009-11. The Centers of Excellence clearly demonstrate the power of partnerships and collaboration. They bring college and university faculty together with representatives of the private sector and state government to address North Dakota's critical needs through cutting-edge research and development. Their collaborative efforts produce remarkable innovations and inventions that, in turn, fuel the state's economic development through commercialization and spin-off companies.

The University System's contribution to economic development was among the key policy issues considered by the Legislative Interim Committee on Higher Education during 2007-08. Specifically, the Committee's recommended goals for higher education included increasing the number of high-wage jobs in North Dakota, in part through *"The research conducted at the state's universities [which] will contribute to the expansion and diversification of the state's economy."* The Centers of Excellence directly align with this goal.

The Legislative Interim Committee's goal also anticipated a report that was recently published by the National Council of State Legislatures. According to NCSL's Blue Ribbon Commission,

"Economic development is . . . about having adequate talent. . . Nations that have figured this out have become our strongest competitors in the global marketplace.

States that do not realize this will see shrinking economies, disappearing jobs and lost opportunities for their residents."

Thanks to the funding you have provided, North Dakota has, indeed, recognized the importance of talent development and created dynamic new opportunities. These opportunities not only help retain our current residents but expand our population by attracting highly skilled, creative individuals to the state. They also generate and attract entrepreneurial business ventures.

At the Marketplace for Entrepreneurs held in January, executives of several North Dakota businesses addressed the important role innovation plays in the state's continued economic growth and vitality. Innovation is essential; it cannot be left to chance. If we're not constantly generating new ideas and

developing original solutions throughout the state, we're losing ground. Our Centers of Excellence have become those sources of innovation for North Dakota, and the pace will continue to accelerate as additional centers become fully operational. As of 2007, their total economic impact was \$169 million. In addition, 493 direct, new jobs have been created with another 866 new jobs currently supported through partnerships and collaborative relationships. The Centers of Excellence enable North Dakota to remain competitive in the national and global market. They are attracting world class scientists to North Dakota. These individuals are engaged in groundbreaking research projects that hold the potential to make a tremendous difference in the world – for example, the development of renewable energy sources and of vaccines to combat viruses such as avian flu and West Nile.

The January 2009 issue of *State Legislatures* magazine described a new report about states that are leading the transformation to a "global, entrepreneurial and knowledge- and innovation-based" economy. The report concludes, "*States with leaders who challenge their institutions and businesses and who follow through with bold new policies focused on innovation, learning, and constant adaptation will be the ones that succeed and prosper.*"

Mr. Chairman, Thank you for your leadership and your strategic investment in North Dakota's future through such programs as the Centers of Excellence. I will be happy to address any questions you may have.

**House Appropriations' Government Operation Division
Senate Bill 2018
Medora Room**

March 3, 2009, 8:30-11:30 am

NDSU Center of Excellence for Agbiotechnology: Oilseed Development I and II

Partners

- NDSU and NDAES Research and Extension Centers
- Monsanto
- Archer Daniels Midland

Goals

- Improve genetics and processing of canola grown in ND
- Expand and accelerate development effort using
 - Improved testing capabilities and molecular breeding tools

Customers

- Ag producers in North Dakota

Objective and Focus

- The improvement of canola to meet the growing demand of bio-fuel and the evaluation of products for commercial use
- Develop materials with high oil content per acre

Activities in Past 17 Months

- Breeding, quality analysis, agbusiness, and field evaluation team in place
- Two full years of year-round breeding (North Dakota and Chile) and evaluation completed

Future Activities

- Release open pollinated lines (2010 growing season) that outperform the average of hybrid checks
- Shift to *hybrid breeding program*
 - Why??
 - Yields generally higher than with open pollinated lines
 - Incorporate the latest genetic technologies

Agreements

- Research agreement
 - Nearly complete
- Commercialization agreement
 - General framework has been defined

Important Outcome

- Generate new income for ND producers (and the economy)



Enterprise University

VALLEY CITY STATE UNIVERSITY

Enterprise University status 2/27/09

Enterprise University is a Center of Excellence funded by North Dakota Legislature through ND Department of Commerce and located in Valley City State University. EU offers standardized and custom-built courses for beginning or advanced business solutions specialists. Since we are located in Valley City State University, we have access to a wealth of expert instructors who understand complex ERP, CRM, and BI enterprise management solutions. We provide training on-campus or on-site or online. EU training makes North Dakota companies more efficient and profitable.

- SAP • Oracle Siebel • Microsoft CRM • Microsoft SharePoint • Microsoft Sure Step • Project Management
- Customized training for other products is available

Enterprise University has modified its focus from purely custom training for enterprise software and Soft Skills / Professional Skills Training to a combination of custom and prepackaged training focused on enterprise ERP, CRM, and SharePoint software. These efforts are beginning to bear fruit. Our new focus has brought some revenue and much opportunity.

We have taken advantage of and promoted and invested in VCSU faculty's expertise and interest in SAP. SAP is world class enterprise ERP software. SAP makes this software available to Universities for use in the classroom via a University Alliance agreement for a fee each year, half of which EU funds. VCSU uses the software in several business courses. Students get firsthand experience with the software, which enhances their resume, which in turn enhances VCSU's reputation. Having access to the software increases VCSU's Instructor's knowledge of the software, which in turn enhances their ability to provide commercial training to ND businesses, to increase the competitiveness of those businesses, and provide a revenue stream for EU. We believe all SAP training engagements will be very profitable for EU.

We have taken advantage of the proximity of and contacts within Microsoft in Fargo, and have invested in and have established expertise in Microsoft CRM, SharePoint, Project Management, and Sure Step. This has led to a collaboration project with NDSU Research Technology Park regarding SharePoint, to another separate SharePoint opportunity at NDUS, and to contracts with Microsoft to deliver training in Project Management and Sure Step.

EU also has Siebel expertise on campus, and we continue to watch for opportunities to offer Siebel training.

EU has an Advisory Council that meets every three to six months. We have approximately 10 active members, and half dozen more that we talk with regularly. We consider all these to be trusted knowledgeable supporters.

The latest ICBS/Enterprise University grant annual report to ND Department of Commerce counted 100 jobs attributed to this grant: 92 at Eagle Creek (down from 100 in last year's report), 2 at Volt/VMC, 1 at Eide Bailly, 4 at BCBSND, and 1 at GEM car. The Eagle Creek job count includes 51 that were trained directly by ICBS/EU, and the remainder as secondary jobs generated after Eagle Creek was able to become self sustaining.

www.enterpriseuniversity.com

Enterprise University is a business unit of Valley City State University. Contact 800-532-8641 x37181



Enterprise University

VALLEY CITY STATE UNIVERSITY

Activities and Opportunities

1. Alliance Pipeline
 - 1.1. EU provided training this summer for AP's SAP implementation. This was a profitable engagement.
 - 1.2. AP recently inquired about MS Office training for their office staff in Eden Prairie MN.
2. SharePoint training for NDUS
 - 2.1. Discussions are in process with Randall Thursby, NDUS CIO, to provide SharePoint training to his staff.
 - 2.2. First engagement estimated for April 09.
 - 2.3. Mr Thursby has much influence on the use of SharePoint in the ND Higher Ed community, so we anticipate further engagements.
3. SAP training for MeritCare's upcoming SAP installation
 - 3.1. This is likely a combination of EU and traditional VCSU courseware – tbd.
 - 3.2. First meeting was January 8 to discuss the opportunity. We've had some intermediate meetings with specific groups in MeritCare. We have a large group meeting scheduled for March 2.
 - 3.3. This seems like an ideal partnership. We can help MeritCare IT with training of MeritCare's employees on this very complex management software. And MeritCare will gain recruiting advantages for VCSU students that have SAP experience.
 - 3.4. This has expanded to include some discussion of SharePoint and Project Management Methodology.
4. NDSU Research Technology Park Virtual Incubator SharePoint software
 - 4.1. EU has one third ownership in a SharePoint software package developed in partnership with NDSU RTP (Tony Grindberg) and Development Horizons (DH).
 - 4.2. We are investigating an opportunity to sell this product to other Business Incubators. There are roughly 1000 business incubators in the US and 3500 worldwide. This opportunity has the potential to generate significant revenue from sales, plus residual revenue from product support agreements.
 - 4.3. However, the product needs some tweaking for public sale, to remove NDSU RTP specifics and to upgrade some functions for generic/public use. This will require additional investment. We are analyzing the opportunity.
5. Atidan LLC
 - 5.1. EU provided guidance and help with content to Atidan for a Microsoft CRM training manual for their client's MS CRM installation. That project was accomplished successfully.
 - 5.2. The relationship is solid. There will likely be additional opportunities in the future.
6. Microsoft Project Management and Sure Step Training
 - 6.1. EU has a contract in place to provide Project Management and Sure Step Training to Microsoft Partners, although the schedule has been rearranged twice as Microsoft responds to a softening of the training market.
 - 6.2. EU is one of only about a dozen orgs that can provide the Sure Step training.
7. Enterprise University name has been trademarked.
8. We will rebuild the existing www.enterpriseuniversity.com website in SharePoint.
 - 8.1. This will facilitate less dependence on a marketing firm to manage our content, and will greatly increase the functionality of the site.
9. We have engaged Spider and Company, a Fargo marketing company with much experience with Microsoft and similar software companies, to help us promote EU.

www.enterpriseuniversity.com

Enterprise University is a business unit of Valley City State University. Contact 800-532-8641 x37181

To: North Dakota State Legislature

From: Alliance Pipeline, Valley City, ND

Re: Letter of support for Enterprise University at Valley City State University

March 2, 2009

Valley City State University's Center of Excellence, Enterprise University, has provided valuable training to Alliance Pipeline that has helped our company grow and be more competitive.

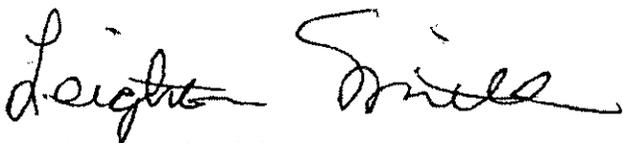
Alliance Pipeline owns and operates a 2300 mile high-pressure natural gas transmission system which delivers natural gas from the Western Canadian Sedimentary Basin to the Chicago market hub. We have an office in Valley City, ND.

Alliance Pipeline recently implemented SAP in all offices. SAP is a complex enterprise management software, and successful adoption and efficient use by our staff was critical to the investment we made in this software.

Enterprise University worked with our staff to refine a training curriculum and then delivered the training to four US corporate office locations, including Valley City. We appreciate the knowledge of SAP at VCSU, and the ability to gain access to that skill and experience through Enterprise University.

We hereby express our support of the North Dakota Legislature's investment in Enterprise University, the Center of Excellence at Valley City State University.

Sincerely,



Leighton Smith
Area Manager
Alliance Pipeline
1520 8th St SE
Valley City ND 58072
(701) 845-1929

NEXUS

INNOVATIONS

March 2, 2009

1110 College Drive
Suite 206
Bismarck, ND 58501
Tel: 701 - 258 - 7072
Fax: 701 - 258 - 7699



North Dakota State Legislature

Re: Letter of support for Enterprise University at Valley City State University

Nexus Innovations is a Microsoft Gold Certified Partner in Bismarck offering software, expertise, and solutions that harness information technology.

Valley City State University's Center of Excellence, Enterprise University, is a valuable partner. Enterprise University provides VCSU students with exposure to software and process that are not usually available to college students. This experience provides a pool of competent graduates with hands-on practical experience in the technologies that are valuable to our future growth. One of our services is Microsoft SharePoint application design, build, and implementation. We appreciate the knowledge of SharePoint in Enterprise University staff and students, and we believe there is opportunity to partner with Enterprise University on future SharePoint service offerings.

We hereby express our support of the North Dakota Legislature's investment in Enterprise University, the Center of Excellence at Valley City State University.

Sincerely,

Robert J. Pope

LINKING PEOPLE WITH SOLUTIONS



W W W . N E X U S I N N O V A T I O N S . C O M

**Testimony on SB2018 to the House Appropriations Government Operations
Division**

In reference to Section 10 - Centers of Excellence

03 March 2009

Testimony by Dr. Greg McCarthy, North Dakota State University

My name is Greg McCarthy. I am NDSU's Associate Vice President for Interdisciplinary Research in the Office of Vice President Boudjouk. I am also the founding director of the Center for Nanoscale Science and Engineering, a Department of Defense Center of Excellence for wireless electronics and sensors. As a member of the management board of the **Center for Advanced Electronics Design and Manufacturing**, CAEDM, and am here today to report on progress and successes of this Economic Development Center of Excellence.

CAEDM is the private-sector counterpart of our Department of Defense COE. CAEDM performs economically significant and market-driven research and development with private sector partners and collaborators. CAEDM designs and tests wireless sensors and electronic systems and addresses commercially relevant industrial problems posed by companies. CAEDM was awarded \$3,000,000 in the first round of Center of Excellence funding in December 2005.

After receiving its funding in February, CAEDM began its first project in April 2006. As of 31 January 2009, CAEDM had expended or encumbered about half of its State funds. *Two-to-one matching* (\$3M) of these expenditures has come from the private sector, along with \$7.3M in leveraged Federal infrastructure funds for equipment and technology transfer. Recently, the Federal investment has allowed NDSU to open an RFID and Wireless Sensor Laboratory in the NDSU Technology Incubator. This specialized facility will serve the radio and antenna development needs of RFID and sensor companies.

CAEDM Accomplishments

Not long after its founding, CAEDM executed a relatively small, but very time-sensitive, project with Appareo Solutions at a critical stage of their new product development. Some of you may have seen last Saturday's *FM Forum* front page story on Appareo's award-winning data recording product, its job growth, and its new building under construction in the NDSU Tech Park.

CAEDM is housed within the NDSU Center for Nanoscale Science and Engineering, whose partnerships with the private sector on Defense contracts have led to enhancements of those partnerships in the commercial sector.

For example, when CAEDM was conceived, Crane Wireless Monitoring Solutions (WMS), which had already partnered with NDSU on Defense contracts for three years, welcomed the opportunity provided by North Dakota's COE program to grow the partnership into its commercial-sector business. New economic activity in North Dakota has resulted. CAEDM's vending machine wireless sensor projects with Crane have resulted in a supply agreement between Crane and Phoenix International. Successful pilot studies have been completed, and the volume of manufacturing may lead to an increase in workforce of Phoenix, because Crane Company has a major share of vending machine manufacturing in the U.S. Additionally,

CAEDM has just partnered with Crane on a new business opportunity involving sensors for the petroleum industry.

In another example of this interplay between Federal and private-sector initiatives, when PPG Industries came to NDSU to assess its latest technology for Navy ship hull coatings, it learned of CAEDM and its capabilities in electronics. That visit resulted in a new \$375,000 CAEDM project on electronics packaging for a business in which PPG wishes to grow its market share. That PPG would commit \$200,000 in cash matching to this new project in today's economic climate is certainly notable.

CAEDM has eight current private-sector partners with projects underway. A few words about the five projects with North Dakota companies:

- West Fargo's Doosan Infracore-Bobcat, has teamed with CAEDM on eleven projects since May 2006. These projects on advanced electronics were aimed at manufacturing improvements or improved products, and materials characterization relating to new product introduction.
- Fargo's Aldevron and CAEDM are engaged in a project to design and develop an automated robotic system and process that will enable Aldevron to achieve higher production rates with reduced variability between samples.
- CAEDM is evaluating the ruggedness of automotive safety electronics invented by Deceleration Technologies of Reynolds ND.
- CAEDM personnel assisted Fargo's Pedigree Technologies in launching a major Federal (DoD) contract that Pedigree won and which has required significant additions to the Pedigree workforce. CAEDM continues to provide technical leadership on researching, writing and submitting Federal proposals on behalf of, and in conjunction with Pedigree.
- CAEDM personnel and facilities have been involved in numerous small projects in support of Alien Technology's manufacturing site in Fargo.

Thank you for this opportunity to report on progress and successes with the NDSU Center for Advanced Electronics Design and Manufacturing.

DEDICATION OF

● The Center of Excellence in Life Sciences and Advanced Technologies



● **February 16, 2009**

Research Enterprise and Commercialization Park

West Campus UND

Grand Forks, ND

UND

UND

Program

Welcome

Jim Petell
Executive Director

UND Research Foundation

Remarks

The Honorable
John Hoeven
Governor

State of North Dakota

The Honorable
Byron Dorgan
U.S. Senator

State of North Dakota

The Honorable
Kent Conrad
U.S. Senator

State of North Dakota

The Honorable
Earl Pomeroy
Congressman

State of North Dakota

Mike Brown
Mayor

City of Grand Forks

Hal Gershman
President

Grand Forks City Council

Shane Goettle
Commissioner

ND Department of Commerce

Robert Kelley
President

University of North Dakota

John Langstaff
Board Member

UND Research Foundation

Closing

Jim Petell
Executive Director

UND Research Foundation

A 'Cluster of Creativity'

Engineering and biotech firms beat a path to UND's new research incubator

By David Dodds

The "REAC 1," which houses the University of North Dakota's Center of Excellence in Life Sciences and Advanced Technologies (COELSAT), is the culmination of several years of planning.

Now nearing reality, the \$16 million-plus, 50,000-square-foot REAC 1 will provide a research and development hub to increase UND's output of innovative patents and get them commercialized with corporate partners.

It also signals the brick-and-mortar launch of the UND Research Foundation's (UNDRF) Research Enterprise and Commercialization (REAC) Park, a place where high-tech businesses can set up shop, grow, and build production operations close by.

It's all about "clustering," according to Petell, UNDRF executive director.

"The whole idea is to bring new companies here to North Dakota to develop new growth market segment clusters," Petell said. It is anticipated that 70 new jobs will be created in North Dakota within the next year alone as a result of the onset of REAC 1 and the companies it hosts.

Within REAC 1, the COELSAT will feature six companies working in one of two research clusters: life sciences or advanced technology. The companies all have ties to UND researchers and students. Four are a mix of established and burgeoning engineering firms; the other two specialize in the development of innovative vaccines and therapeutics for infectious diseases.

The companies are Avianax, Inc., Grand Forks; NovaDigm Therapeutics, Inc., Los Angeles; Ideal Aerosmith, East Grand Forks; Alion Science and Technology, McLean, Va.; Laserlith Corp., Grand Forks; and SUNRISE Renewables, Grand Forks. The UND units working with these partners include the School of Engineering and Mines' Engineered Surfaces Center and the School of Medicine and Health Sciences' Department of Microbiology and Immunology.

Even before the first experiment is conducted in REAC 1, Petell's clustering vision has taken firm hold. The new COELSAT tenant companies are rubbing elbows with each other, working collaboratively on new business developments that one day could be patented, and possibly mass produced, in new centers in the REAC Park or elsewhere in North Dakota.

The opportunity to explore partnerships with other high-tech engineering companies is exactly what drew the attention of Ideal Aerosmith, a world leader in motion simulation and navigational testing.

Synergies abound

Ideal Aerosmith comes highly regarded in the defense industry for its perfor-

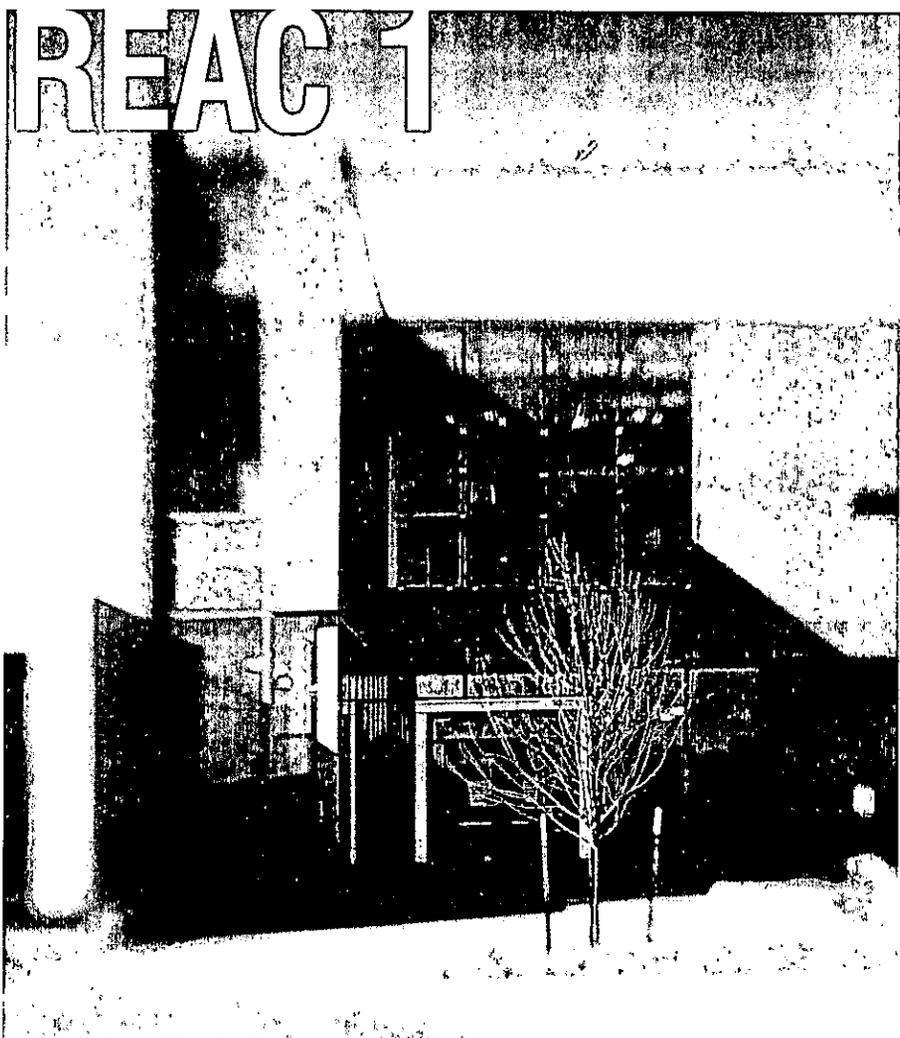
mance tests of instruments on airplanes, rockets and missile systems. By teaming with another REAC 1 tenant, Laserlith, it has found a whole new niche to apply its expertise.

"We've already begun working with them on what could become a huge project for both of us in the oil industry," said Lonnie Rogers, Ideal Aerosmith president. Rogers has been a strong supporter of the project and has accompanied Petell on several important trips to Bismarck for visits with governmental groups.

Laserlith president Cassindy Chao said her company's expertise in wireless micro-machined components, or MEMS (micro-electromechanical systems), is a natural fit

(Continued on next page)

LIFE SCIENCES AND ADVANCED TECHNOLOGIES



for collaboration with Rogers' company in the extreme environmental sensors market.

"We expect to find a lot of synergistic opportunities out there by working together," Chao said.

Chao also looks forward to working with UND's School of Engineering and Mines in designing, testing and demonstrating MEMS communication linkages on Unmanned Aircraft Systems (UAS).

"UND has the expertise," Chao said. "We have tremendous rapport with the professors at UND. They are very knowledgeable and very experienced."

Eventually, Laserlith plans to manufacture defense communication antennas and cell phone transmitter modules in Grand Forks using MEMS technology.

Chao said REAC 1 has everything her company needs for a successful launch in North Dakota, from security and surveillance for technology protection to ready-made office and conferencing spaces.

Just 'makes sense'

Jim Richtsmeier, an Ideal Aerosmith senior vice president and a UND graduate, said REAC 1 is a perfect place to expand the research and development side of the company. Most of Ideal Aerosmith's work there will be in the area of mechanical and electrical engineering. There may be some collaboration opportunities with UAS research as well, he said.

"There are two things that come to mind right off the bat why this makes sense for us," Richtsmeier said. "First, there's the chance to network with other technology companies so that we can find ways to explore projects together. Second, there's the proximity to UND and the opportunity to work on projects with different government agencies, such as the Departments of Energy and Defense."

The close working relationship with UND's engineering school also should translate into a steady pool of high-quality employees for the company, Rogers said.

"We have worked with UND on similar projects previously," he said. "Several of our senior managers worked with Ideal as interns while studying at the University. Ideal has real opportunity for growth, but to grow successfully, an excellent resource for additional people is always needed."

Built to suit

Ideal Aerosmith officials also like how

carefully the REAC 1 was designed by Perkins & Will and built by PCL Construction Services, Inc., both out of Minneapolis. They incorporated special controls into the structure for vibration-sensitive equipment. It's an important consideration for the accuracy-dependent work that the company does for the U.S. military and other global customers.

The REAC 1's design and components also have attracted companies such as NovaDigm Therapeutics, Inc., from the West Coast to the prairies of North Dakota. The facility is equipped with several laboratories, including the only biosafety level-3 (BSL-3) research labs in North Dakota.

Special air-handling systems, which in some instances require four separate pressure changes before researchers can enter, are key features that make REAC 1 labs uniquely equipped to accommodate research on antibodies and vaccines for infectious diseases.

NovaDigm was founded in 2005 by six National Institutes of Health-funded academic scientists from the Division of Infectious Diseases at Harbor-University of California-Los Angeles Medical Center. The company is developing a vaccine that targets both *Candida* and *Staphylococcus aureus*, which have been linked to thousands of deaths and hospital bills totaling \$4 billion each year.

Tuomas Holmberg, NovaDigm vice president, said a discussion a few years ago with a group of researchers in Fargo led to the company's involvement in the REAC 1.

"There is a push out there right now to put infrastructure in areas that don't typically have it," Holmberg said. "What makes the REAC 1 and North Dakota stand out for us is their passion and the vision. It's something we don't see as greatly in states on either coast."

The right formula

As with the relationship Laserlith and Ideal Aerosmith have developed, NovaDigm officials see similar opportunities to collaborate with Avianax, Inc., the other biotech firm going into REAC 1.

Petell adds that both NovaDigm and Avianax will benefit from UND's strong relationships with Winnipeg-based Cangene Corp., a major manufacturer of vaccines and antibodies for clinical testing, and the Mayo Clinic in Rochester, Minn.

"Who could believe what we're seeing here today?" Petell asks rhetorically. "I

don't think you even have these kinds of opportunities on the coasts."

Another great example of the clustering phenomenon in action is the strategic alliance of Avianax with Aldevron, Fargo, to develop avian antibodies on a larger platform. Aldevron's DNA vaccine system, ParallelaVax, is an excellent fit for Avianax to more rapidly produce therapeutic antibodies.

Petell points out that none of the synergies would have occurred without REAC 1. He touts a formula for success needed to develop cutting-edge research centers. He calls it "The Four 'I's": intellectual capital, intellectual property, infrastructure and investment.

UND and partners such as the UNDRF have the ingredients in abundance. The University supplies the intellectual and creative capital; the school's technology transfer and commercialization office turns it into intellectual property and protects it; REAC 1 is the infrastructure that nurtures the technology and prepares it for mass production; and it's all supported by investment from city, state and federal government.

What made REAC 1 a reality is a strong partnership between Gov. John Hoeven's Centers of Excellence for Economic Development program and the city of Grand Forks, with the Grand Forks Region Economic Development Corp. being an early and active partner. About \$8.5 million was funded through bank loans and bonds; the remainder was supplied by investments from the Centers of Excellence program (\$3.5 million), U.S. Economic Development Administration (\$1.5 million), North Dakota Development Fund (\$750,000), and the City of Grand Forks Growth Fund (\$500,000).

Sen. Byron Dorgan's vision for the Red River Valley Research Corridor was critical to attracting these companies to North Dakota. Dorgan helped secure funding for these companies to develop and make their products in North Dakota.

Among those who will most immediately benefit from these partnerships are UND students through potential research experience and job prospects.

"We need to educate them," said Petell, "and provide real-world research experience so we can help them succeed and, hopefully, stay here to work at these new companies that we're growing in North Dakota. That is the circle." ■

SUNRISE shines on efforts to turn crop oils into biofuels for jet aircraft

By David Dodds

The area is affectionately known among "REAC 1" (Research Enterprise and Commercialization) builders and tenants as "Wayne's World," a reference to a classic — but worn — *Saturday Night Live* skit from the 1990s and a play on the name of Wayne Seames, University of North Dakota professor of chemical engineering.

But there's no joking around when it comes to the work going on there or its official name. The SUNRISE Renewables Co., a new UND spinoff, will be using the space as a fuels and chemical pilot facility to convert crop oils into a 100-percent renewable, 100-percent compatible jet fuel and other products using technology developed by Seames and his co-workers.

SUNRISE is a student-centered, faculty-led research program at UND, North Dakota State University and other North Dakota universities. The mission of SUNRISE is to conduct research that contributes to solving complex energy problems, investigations of sustainable energy options, and economic development and job creation for North Dakota. It also aims to increase UND and NDSU research competitiveness in sustainable energy and, finally, produce graduates who will develop and promote sustainable energy in North Dakota, the region and the nation.

All this is done within a unified, interdisciplinary program that translates fundamental research into commercial solutions, Seames said.

The initiative also was awarded a North Dakota Center of Excellence, called SUNRISE BioProducts, which will focus on developing chemicals, polymers and composite materials based on "cracked" crop oils. SUNRISE is one of only two state research groups included in the 2008-2013 North Dakota National Science Foundation (NSF) Experimental Program to Stimulate Competitive Research (EPSCoR) infrastructure improvement research grant.

Student focused

Student involvement is an essential



Paul Overby describes his position with SUNRISE Renewables as a remarkable opportunity for a recent engineering graduate, one that allows him to work on an entire process rather than in a compartmentalized area with a narrow range of duties.

component in SUNRISE Renewables, Seames said.

"I left the industry in 1995 and enrolled in graduate school to become a professor to a great extent because I was concerned that the fraction of engineering faculty with applied engineering experience had seriously declined," Seames said. "Engineering students need exposure to real-world opportunities."

SUNRISE Renewables will employ seven people in its offices located at the Skalicky Tech Incubator in UND's Center for Innovation. An additional eight people, many UND students, will be working at the new REAC 1 pilot center turning crop oils into a jet fuel that meets federally mandated standards, as well as chemicals and polymers that are direct replacements for products currently derived from crude oil or natural gas.

"I came to UND to teach and train students — not to build a commercial company," Seames said. "If I couldn't involve students in these endeavors, I would not be at UND. Fortunately, UND and particularly Jim Petell have provided an environment where we can accommodate student training into our commercialization activities."

SUNRISE Renewables is one of six new companies moving into REAC 1, and one of two new companies formed

in North Dakota under the guidance of Petell, formerly associate vice president for intellectual property commercialization and economic development at UND. Petell now serves as the executive director of the UND Research Foundation (UNDRF), which is affiliated with the University and oversees management of REAC 1 and the surrounding 20-acre Research Enterprise and Commercialization park.

Collegial duo

Paul Overby, who just graduated from UND's School of Engineering and Mines in August, already is a key player in the SUNRISE Renewables team that is designing the special thermal-cracking and acid neutralizing reactors that aid in the production of hydrocarbons used to fuel jet aircraft.

"It's a great opportunity and one of the more exciting things that I've been involved in," Overby said. "Most chemical engineering graduates go to work for a large petroleum company and they get kind of pigeonholed in one particular area. But what I get to do here is work on the entire process of something that's never been done before."

Overby, 24, a graduate of Reynolds (N.D.) High School, is working on the

(Continued on next page)

(Continued from Page 3)

project with Bill McDonald of Crown Iron Works, Inc., Roseville, Minn.

Crown Iron Works (CIW) has extensive experience in the biodiesel industry, having supplied process equipment to more than 20 industrial-scale facilities worldwide. SUNRISE approached CIW to work with its production process and help with the detailed engineering of its technology.

Overby keeps in regular communication with McDonald. He refers to McDonald as the more experienced engineer of the duo and, in many ways, a mentor.

But, McDonald, who in 1987 also graduated from UND with a degree in chemical engineering, said he views the relationship as one of colleagues, and one in which he has actually learned a thing or two from the younger engineer.

"He (Overby) has done a great job on the computer model of the process, including creating chemical species in the software and outlining unit operations used to get from the raw material (vegetable oil) to the product (renewable jet fuel), so that others, especially myself, can make our contributions," McDonald said.

A new paradigm

Overby said his job is to find ways to optimize the process to make it better.

"There might be some new things that we find out along the way," he said. "It's kind of a big science project in that sense."

Overby lives in Grand Forks with his wife, Maria, and their two boys, Marques, 2, and Faron, 1.

Unlike years past, when major multinational companies and their research and development organizations were the only ones churning out innovations, today most of that activity happens in universities, Seames observed. The best of these innovations are turned into commercially viable technologies in small companies, such as SUNRISE Renewables.

"SUNRISE Renewables provides a model for this new world paradigm and enriches our ability to equip students to participate in this exciting future," Seames said. ■

www.und.edu/org/sunrise/index.html

www.undrf.org

What's good for the goose is good for UND and Avianax

Biotech venture seeks West Nile virus treatment from antibodies in geese

By David Dodds

Jim Schiltz, a straight-talking entrepreneur from South Dakota, doesn't mince words when explaining why a partnership between the fledgling goose operation and the University of North Dakota is a match made in heaven.

"Had it not been for UND and the support of that University, we would never be where we are now," he said.

Schiltz's referring to a collaboration between Interglobal Biologics, Inc., a biotech offshoot of Schiltz Foods, Inc., Sisseton, S.D., and the University of North Dakota Research Foundation (UNDRF), a UND-affiliated development organization, that's creating an innovative new treatment for West Nile virus (WNV) using the antibodies drawn from geese.

The two entities have combined forces to form a new business, known as Avianax, to nurture the biotechnology and get it to market. The development also could prove to be an economic shot in the arm for Tolna, N.D., about 90 miles west of Grand Forks, where the largest research goose farm in North America has been established to supply the sera needed to produce the vaccines.

Schiltz said UND microbiology and immunology experts, along with UNDRF folks who know their way around the biotech industry, gave the new business instant legitimacy and credibility in its quest to get the promising new vaccine tested and licensed.

"We're goose herders out of northeast South Dakota," Schiltz said. "We didn't know anything when we started doing this, and what we did know we learned from the Internet or by making calls to the (Food and Drug Administration)."

Regional partners

Avianax is poised to move into the new REAC 1, which contains the Center of Excellence for Life Sciences and Advanced Technology (COELSAT). The company also has purchased a former turkey farm near Tolna and renovated it into a goose operation that will hold more than 2,500 birds.

Just as importantly, Avianax is collaborating with industry partners, including fellow REAC 1 tenant NovaDigm Therapeutics, Inc.; Winnipeg-based Cangene Corp., which specializes in manufacturing vaccines and antibodies for clinical testing; and the Mayo Clinic in Rochester, Minn.

At REAC 1, Avianax also enjoys the experience of Dr. David Bradley, UND associate professor of microbiology and immunology, an expert in preclinical tests needed to turn goose antibodies into therapies to treat humans infected with West Nile virus.

Bradley, with Barry Milavetz, UND interim vice president for research and economic development, and Jim Petell, executive director of the UND Research Foundation, joined Jim Melland, formerly of the Grand Forks Region Economic Development Corp., to bring a local



Dr. David Bradley, UND associate professor of microbiology and immunology, plans to use antibodies drawn from goose eggs to produce a human-ready vaccine for West Nile virus. The principal industry partner in the project is Avianax.

economy focus to the project. Melland contacted the parent company of Avianax, Schiltz Foods, three years ago when the school was asked to figure out how to deal with a virus that infected the company's domestic geese flock.

Now, Bradley is the principal scientist for Avianax in the laboratory, extracting antibodies from geese. The antibodies are the key ingredient in the immune response to West Nile virus.

"The use of goose antibodies is unique in that avian antibodies do not bind to other cells of the immune system in the way that mammalian — mouse and human — antibodies do, and thus do not need significant modifications to prevent unwanted inflammatory responses," Bradley said.



Jim Petell



Jim Melland

Shorter commutes

The opening of REAC 1 and its state-of-the-art biosafety level-3 (BSL-3) laboratories greatly assist Bradley's ongoing research. Previously, much of his work had to be sent to Iowa State University in Ames for testing, as there was no suitable BSL-3 at UND or in the region.

"REAC 1 will allow us to perform all of these studies on site in the BSL-3 and animal BSL-3 facilities," he said. "BSL-3 space is very limited nationwide, and there are long waits to do studies elsewhere."

"Without a BSL-3 facility, we would never get out of the preclinical stage of the project and would not be in North Dakota," Schiltz said.

A finicky bird

Then there's the Avianax operation in Tolna. Schiltz said that having a goose farm within 90 miles of UND saves Avianax time and money. Before, raw materials had to be shipped up from Schiltz Foods in Sisseton, a 350-mile round trip.

Avianax found just what it needed when it purchased a former turkey opera-

tion from a local farmer. The farm was renovated to accommodate geese, a highly intelligent and social animal that needs about five square feet of space per bird.

"If you try to pen them up too much, they die," Schiltz said. "They are a hard avian to raise because they are so finicky."

What made the situation in Tolna even better was that the community still had a defunct poultry processing plant that presented a perfect spot for off-site experiments and preparation before the raw materials are brought to the clean laboratories inside REAC 1.

"The city of Tolna continued to maintain it after it closed in 1994," Schiltz said. "They kept the heat on and did a lot of things so it didn't go to wrack and ruin in the hope that some day they would be able to open it up to another business."

Economic boost

Schiltz said there are clear economic development opportunities in Tolna. Two farm families have been hired to maintain the Avianax goose farm, feeding the birds, keeping them cool and protecting them from predators.

"It gives them a good ancillary income," Schiltz said.

Avianax also plans to hire people to work in the preparation facility in Tolna. Eventually, the business would like to get to the point where it is drawing antibodies from goose eggs as well as the geese.

Schiltz explains that one goose egg can produce at least six doses of vaccine, compared to only two from chicken eggs. One dose of small pox vaccine costs about \$33. Using those figures, one goose egg potentially could net Avianax \$190. Each goose typically lays 30 to 40 eggs per season.

Bradley said his work in REAC 1 also will provide opportunities for North Dakota's graduate students and possibly for undergraduates to be involved in real, meaningful research. It provides a solid foundation on which to build an even more focused infectious disease research program at the University, he said.

"I see the work being done collaboratively between UND, UNDRF and Avianax, as well as the work by NovaDigm, as just the first step in this growing research area that will benefit the area economically and provide excellent opportunities for UND and North Dakota State students and graduates." □

Partners

 Looks for ways to make gearboxes of military helicopters more resistant to corrosion. The company is tapping into the experience and expertise of researchers at the Engineered Surfaces Center, part of UND's School of Engineering and Mines.

 Researches antibody therapy and vaccines for West Nile virus. Antibody therapy attempts to boost the natural immunity of the human body. The company has purchased a farm and is looking at utilizing a former poultry processing plant in Tolna, N.D., (about 90 miles southwest of Grand Forks) to supply the company with goose eggs for eventual production.

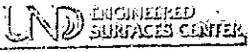
 Develops extremely precise machines to measure the accuracy of aircraft navigation devices and missile guidance systems. The company hopes to find a ready source of highly educated engineers from the UND School of Engineering and Mines.

 Works with researchers at UND's School of Engineering and Mines to develop ultra-small, energy-efficient and electronically controlled antennae that can be mounted on Unmanned Aircraft Systems.

 Develops vaccines for a type of staph bacteria that causes thousands of deaths each year in the United States, and that has grown resistant to antibiotics. It also researches vaccines for candida, a kind of yeast infection in hospitals that strikes patients with compromised immune systems.

 The Biochemical Organic Radiological Disaster Alert and Ready Educational Response System is an innovative education and training program designed to meet the individual and collective ability of all healthcare professionals to recognize, report and respond to acts of terrorism, naturally occurring disasters, and/or other public health emergencies.

 Conducts education and communications research/evaluation for non-profits, foundations, industry, and state/federal agencies (NIH, NSF, HRSA, SAMHSA, DOE).

 The mission of the Center includes undertaking research and development in the area of surface wear and corrosion. To accomplish this, fundamental and applied research and development (R&D) with an emphasis on advanced surface engineering is being undertaken.

 CONSTRUCTION LEADERS
**PERKINS
WILL**

Special Thanks

Governor John Hoeven	State of North Dakota
U.S. Senator Byron Dorgan	State of North Dakota
U.S. Senator Kent Conrad	State of North Dakota
Congressman Earl Pomeroy	State of North Dakota
Mark Nisbet	Centers of Excellence Commission
Shane Goettle	ND Department of Commerce
Ray Holmberg	ND State Senator
Ken Svedjan	ND State Representative
Mayor Mike Brown	City of Grand Forks
Rick Duquette	City of Grand Forks
Hal Gershman	President of GF City Council
Art Bakken	GF City Council
Terry Bjerke	GF City Council
Doug Christensen	GF City Council
Eliot Glasheim	GF City Council
Curt Kreun	GF City Council
Mike McNamara	GF City Council
Klaus Thiessen	GF Region Economic Development Corporation
h Lund	GF Region Economic Development Corporation
C & Board of Directors	GF Region Economic Development Corporation
Greg Hoover	GF Urban Development
Jon Ramsey	Assurity Finance & Development, LLC
Russ Erickson	Bremer Bank
Angie Baumann	Bremer Bank
Alberto Ibarguen	John S. & James L. Knight Foundation
Trabian Shorters	John S. & James L. Knight Foundation
Anne Corrison	John S. & James L. Knight Foundation
Rick Tonder	UND Facilities
Peter Johnson	UND University Relations
David Dodds	UND University Relations
Bill Goetz	ND University System
Duaine Espegard	ND State Board of Higher Education
Grant Shaft	ND State Board of Higher Education
Bev Clayburgh	ND State Board of Higher Education - Former

UND Research Foundation Board Members

Melland	General Manager, Surefoot Corporation
Langstaff	President & CEO, Cangene Corporation
John Jasper	President & CEO, SEI Information Technology
Robert Kelley	President of University of North Dakota, Ex-officio
Barry Milavetz	UND VP for Research and Economic Development, Ex-officio
Alice Brekke	UND VP for Finance and Operations, Ex-officio

North Dakota University System
SB 2018 – House Appropriations Committee
February 25, 2009

Dr. Marsha Krotseng, Vice Chancellor for Strategic Planning, NDUS

Good afternoon, Mr. Chairman and members of the Committee.

On behalf of the North Dakota University System, I appreciate this opportunity to support the funding included in SB 2018 for innovative economic development initiatives such as the Centers of Excellence and Workforce Enhancement Fund. Both of these programs demonstrate the power of partnerships and collaboration. They bring college and university personnel together with representatives of the private sector and state government to meet North Dakota's critical needs through cutting-edge research and programs.

One of the important policy issues advanced by the Legislative Interim Higher Education Committee was the University System's contribution to economic development. Specifically, the Committee recommended the following goal:

"North Dakota will have an increasing number of high-wage jobs through the following methods:

- *The University System will produce graduates who are educated to meet the needs of the state's economy.*
- *The University System will be responsive to the training needs of the state's employers.*
- *The research conducted at the state's universities will contribute to the expansion and diversification of the state's economy."*

The Centers of Excellence and Workforce Enhancement Fund directly address elements of this goal – responding to the training needs of business and industry and conducting research that contributes to the success of North Dakota's economy.

This goal also anticipated a report that has just been published by the National Council of State Legislatures. According to NCSL's Blue Ribbon Commission,

"Economic development is . . . about having adequate talent. . . Nations that have figured this out have become our strongest competitors in the global marketplace.

States that do not realize this will see shrinking economies, disappearing jobs and lost opportunities for their residents."

Thanks to the funding you provided for the current biennium, North Dakota has recognized the importance of talent development and created exciting new opportunities. These opportunities not only help retain our residents but expand our population by attracting highly skilled individuals to the state.

Centers of Excellence: At the Marketplace for Entrepreneurs last month, executives of several North Dakota businesses addressed the important role innovation plays in the state's continued economic

growth and vitality. Innovation is essential in today's global business climate; it cannot be left to chance. If we're not continuously generating new ideas and developing original solutions throughout the state, we're losing ground to other states. Our Centers of Excellence have become those sources of innovation for North Dakota, and the pace will continue to accelerate as additional centers become fully operational. As of 2007, their total economic impact was \$169 million. The Centers of Excellence enable North Dakota to remain competitive in the national and global markets. They are attracting world class scientists to North Dakota. These individuals are engaged in groundbreaking research projects that hold the potential to make a tremendous difference in the world – for example, the development of vaccines to combat viruses such as avian flu and West Nile.

Workforce Enhancement Grants: The funds you provided this current biennium are making a critical difference in training workers for high growth, targeted fields – particularly in the energy sector and advanced manufacturing. All four community colleges have benefitted from these grants based on proposals they developed in conjunction with their business partners. The private sector is integral to this program just as it is to the Centers of Excellence because matching funds are required.

The grants have played a significant role in developing curriculum and, especially, in obtaining state-of-the-art equipment for educating workers. Bismarck State College, for example, was able to equip its power and process laboratories. This type of equipment is incredibly expensive (in some instances costing hundreds of thousands of dollars) and would be extremely difficult to acquire without the availability of funds such as this. I would encourage you to visit with the faculty and administrators involved with the program. It is clear how much this support means to them. With the power plant training equipment, they can provide their students with top-notch preparation for the workplace and help meet the needs of the state.

On behalf of those students and faculty and on behalf of the numerous employees associated with the Centers of Excellence, we deeply appreciate your support and significant investment in the future. Their work is contributing to North Dakota's economic advancement and producing returns on this investment many times over.

Does the need exist for these resources in 2009-11? Absolutely. Institutions are in the process of defining research proposals and seeking potential matching grant funds that could be used in developing new Centers of Excellence. If the Workforce Enhancement funds were available today, Commissioner Goettle already would have additional applications in his hand – complete with matching funds.

Thank you for your consideration and support. I will be happy to address any questions you may have.

April 22, 2009

NORTH DAKOTA UNIVERSITY SYSTEM

The Vital Link to a Brighter Future

TO: Members, SB 2018 Conference Committee
 Senators Grindberg, Holmberg, Robinson
 Representatives Delzer, Thoreson, Kaldor

FROM: William Goetz, Chancellor

DATE: April 22, 2009

RE: Proposed Changes to House Appropriations Version of SB 2018

The North Dakota University System is very appreciative that SB 2018 includes funding for the Centers of Excellence and Workforce Enhancement Grant programs. **The NDUS supports the recommendation by the Department of Commerce to restore the original \$20 million requested for the Centers of Excellence and \$2 million for the Workforce Enhancement Grant program.**

In addition, I would call your attention to several provisions in the current version of SB 2018 that may produce unintended consequences. The North Dakota University System respectfully requests your consideration of these proposed changes.

- **Remove the amended language (page 10, lines 1 through 6) relating to the private sector partner's right to receive first royalties from research done by the Centers of Excellence**

Rationale: This provision is inconsistent with federal law and would jeopardize NDUS institution tax-exempt status and eligibility for federal research funding. Federal law, including provisions of the Tax Reform Act of 1986, the Bayh-Dole Act and other federal laws and implementing regulations, dictate terms of agreements regarding use of institution research facilities. These laws and regulations also dictate terms of agreements between the institutions and private sector sponsors relating to licensing and royalties generated from intellectual property or technology developed at institution facilities. Establishing royalty rates and terms in advance of research discoveries is prohibited. Private sector sponsors of research funded in part with federal funds are entitled only to a nonexclusive, royalty-free license to use the product of the research. In addition, the amendment as stated violates federally mandated terms and conditions for research agreements to be in compliance with federal tax laws (Rev. Proc. 2007-47).

- **Remove the amended language (page 11, lines 20-21) "of which one dollar must be cash from the private sector"**

Rationale: The in-kind match provided by the private sector can be of much greater value than cash. For example, no amount of cash could equal the access to germplasm that Monsanto has provided to researchers with the Center for Agbiotechnology at NDSU. In addition, cash match will be increasingly difficult to obtain from the private sector in the current economic climate.

State Capitol - 600 E. Boulevard Ave., Dept. 215, Bismarck, ND 58505-0230
 Phone: 701.328.2960 • Fax: 701.328.2961
 E-mail: NDUS.office@ndus.nodak.edu • Web: www.ndus.nodak.edu

The North Dakota University System is governed by the State Board of Higher Education and includes:
 Bismarck State College • Dickinson State University • Lake Region State College • Mayville State University •
 Minot State University • Minot State University-Bottineau Campus • North Dakota State College of Science •
 North Dakota State University • University of North Dakota • Valley City State University • Williston State College.

- **Remove the amended language on page 14, lines 4-8 relating to acceptance of the agencies' biennial budget request by the workforce development council**

Rationale: This language is inconsistent with article VIII, section 6 of the state constitution that assigns responsibility for approving and presenting the NDUS budget to the State Board of Higher Education. The process that produced the Consolidated Statewide Strategic Plan for Workforce Development did, in fact, bring all the partner agencies to the table. The North Dakota workforce development council is an existing structure that includes all partner agencies and is an appropriate forum for each partner to share current and proposed initiatives, including potential budget requests.

If the language on page 14, lines 4-8 is not removed, replace it with the following:

"Before November first of each even-numbered year, the respective agencies will present anticipated workforce-related budget initiatives for the upcoming biennium, including alignment of these initiatives with the Consolidated Statewide Strategic Plan, to the North Dakota workforce development council. The workforce development council members will consider potential areas for collaboration."

- **Amend page 13, line 29 to read "submit a report to the North Dakota workforce development council" rather than the "division of workforce development."**

Rationale: Each of the agencies referenced in that section (job service North Dakota, department of career and technical education, state board of higher education and division of workforce development) is a member of the North Dakota workforce development council, and the division itself must submit a report.

Please feel free to contact me at 328-2963 if you have questions or would like further detail related to these comments. Thank you for your consideration.

xc: Commissioner Shane Goettle, DOC
Chancellor's Cabinet
Administrative Affairs Officers
Chancellor's Senior Staff

Testimony on the Department of Commerce Bill
Kelvin L. Hullet, President
Representing the Bismarck Mandan Chamber

Mr. Chairman and members of the Committee, good afternoon, I am Kelvin Hullet and I am here representing the Bismarck Mandan Chamber of Commerce. I would like to talk with you specifically about the \$100,000 that is being appropriated through the Department of Commerce budget for support of the U.S.S. North Dakota activities. Today, I wanted to provide you with just a brief background on why this is included as part of the budget and how it will support the U.S. S. North Dakota.

About this time last year, Judge Robert Wefald approached the Bismarck Mandan Chamber and asked if we could assist in having a new Navy vessel named for the state. Over the years, many attempts were made but never successful to have a Navy vessel named after the state. In fact, it's been almost a century since there was any warship named after the state. A new set of Virginia Class submarines were going to be named by the Secretary of the Navy, Donald Winter over the summer.

At the Chamber, we undertook the challenge. In cooperation with the Governor and our Congressional delegation, we formed a naming committee that was chaired by former Secretary of State Warren Christopher, all of the former living Governor's and a who's who of North Dakota Alumni.

Then we engaged a series of public relations activities. This included a letter writing campaign, a coloring contest for all the grade schools across North Dakota (of which over 1,000 kids submitted a colored submarine picture) and a Submarine Sandwich week. The culmination of our activities was a meeting with the Secretary of the Navy, Donald Winter, in June of last year. At this meeting, we presented the support from across the state and discussed with him our hope of having a boat named after North Dakota.

In late July of last year, Secretary Winter honored our state and named U.S.S. 784 for North Dakota. Just a few weeks ago, the Navy released the appropriation of over \$2 billion dollars to build the submarine. As part of our discussion with the Secretary, he asked how, as a state, we would support the boat. We provided the Secretary with a public relations outline and committed to him that we would find funding to support the activities over the short-term and the long term.

Today, we are here asking you to assist us in fulfilling that commitment to the Secretary of the Navy. We are at the beginning of a 30-year commitment to the boat. As we begin our journey, there are really four important events over the next few years.

- The first event will come this summer when the keel is laid for the boat.
- The second event will be the launching of the boat
- The third event will be the christening of the boat
- The last event will be the commissioning of the boat to the Navy

A specific timeline for each of these events is still being determined but we do know the goal is to commission the boat in 2014.

One of your key questions is how will the \$100,000 from the state be utilized. The answer has a few key points.

- First it will be used to support the four, key activities I just identified. There are a variety of events and duties required by the Navy, of the state as we go through the process. One of our thoughts is to utilize the silver from the original U.S. North Dakota, now in the Heritage Center, as part of the reception at the ships launch. We will need to secure and transport this silver back and forth.
- Second, with each key event, our intent is to ensure all our residents are aware of the process and have some events across the state to celebrate the submarine.
- Third, over the long-term, we will need funding to assist us in coordinating state contact with the ship. As I mentioned earlier, the Secretary named a boat for Minnesota as well. One of our ideas is to coordinate with Minnesota and have the boats officers visit during the North Dakota, Minnesota Hockey game and create a friendly rivalry.

From the private sector, the Bismarck Mandan Chamber has committed to raising private dollars to support the boat through our foundation.

In closing, I want to tell you just a bit about how we intend to move forward on this project. I have provided for you a page that shows the honorary and working committee for the submarine. Last month, if you recall, Admiral Bill Owens and Admiral Jeffery Fowler were introduced on the House floor. These gentlemen were back as part of our first submarine support meeting.

That concludes my testimony, I would be happy to answer any questions you might have regarding this project.



Testimony on the Department of Commerce Bill
Senate Bill 2018
Katie Moore Aitchison

Representing the Bismarck-Mandan Chamber

Chairman Holmberg and members of the Senate Appropriations Committee, good morning. I am Katie Moore Aitchison and am here today representing the Bismarck-Mandan Chamber of Commerce. I would like to talk with you specifically about the \$100,000 that is being appropriated through the Department of Commerce budget for support of the U.S.S. North Dakota activities. Today, I wanted to provide you with just a brief background on why this is included as part of the budget and how it will support the U.S. S. North Dakota.

About this time last year, Judge Robert Wefald approached the Bismarck-Mandan Chamber and asked if we could assist in the effort to have a new Navy vessel named for the state. Over the years, many attempts were made but never successful. Over the summer, a new set of Virginia Class submarines were slated to be named by the Secretary of the Navy, Donald Winter. It had been 86 years since a vessel named for our state has sailed the ocean.

At the Chamber, we undertook the challenge. In cooperation with the Governor and our Congressional delegation, we formed a naming committee chaired by former Secretary of State Warren Christopher, all of the former living Governors and a who's who of North Dakota Alumni.

Then we engaged a series of public relations activities. This included a letter writing campaign spanning the state, a coloring contest engaging children statewide (of which over 1,000 kids submitted a colored submarine picture) and a Submarine Sandwich week. The culmination of our activities was a meeting with the Secretary of the Navy, Donald Winter, in June of last year. At this meeting, we presented the support from across the state and discussed with him our hope of having a boat named after North Dakota.

In late July of last year, Secretary Winter honored our state and named one Virginia Class submarine (SSN- 784) for North Dakota. On December 22, 2008, the Navy released the appropriation of over \$2 billion dollars to build our submarine, along with seven others. I would also note that the Secretary named another boat in this group for Minnesota and in a moment, I'll tell you why that is important. As part of our discussion with the Secretary, he asked how, as a state, we would support the boat. We provided the Secretary with a public relations outline and committed to him that we would find funding to support the activities over the short and long term.

Today, we are here asking you to assist us in fulfilling that commitment to the Secretary and our submarine. We are at the beginning of a 30-year commitment to the boat. As we begin our journey, there are three important events over the next few years that we will focus on.

- The first event will come this summer when the keel is laid for the boat.
- The second event will be the christening of the boat
- The last event will be the commissioning of the boat to the Navy

A specific timeline for each of these events is still being determined but we do know the goal is to commission the boat in 2014.

One of the key questions is how will the \$100,000 from the state be utilized. The answer has a few points.

- First, it will be used to support the four significant activities I just identified. There are a variety of events and duties required by the Navy, of the state as we go through the process. One of our thoughts is to utilize the silver service from the original U.S.S. North Dakota, now in the Heritage Center, as part of the reception at the ships launch. We will need to secure and transport this silver back and forth.
- Second, with each key event, our intent is to ensure North Dakota residents are aware of the process by holding events across the state to celebrate the submarine and the progress being made on it.
- Third, over the long-term, we will need funding to assist us in coordinating state contact with the ship. As I mentioned earlier, the Secretary named a boat for Minnesota as well. One of our ideas is to coordinate with Minnesota and invite the officers of our respective boats to visit during the North Dakota, Minnesota Hockey game and create a friendly rivalry.

From the private sector, the Bismarck-Mandan Chamber has committed to raising private dollars to support the boat through our foundation. In fact, you will see the first of our fundraising activity's next month as a part of our annual meeting. However, please understand that this is not purely an effort by Bismarck-Mandan; this has been and will continue to be a project to engage the entire state.

In closing, I want to tell you just a bit about how we intend to move forward on this project. I have provided for you a page that shows the honorary and working committee for the submarine. We have invited the initial honorary and working committee to come to North Dakota on Thursday, February 12.

On that day, we will be inviting them to a luncheon and then holding a meeting in the Byrnild Haughland room to discuss the Public Relations plan and make some assignments on the different components of the plan. We just sent out our invitations but do know that Admiral Bill Owens and Vice Admiral Jeffery Fowler will attend that day. It is this group that will be assisting us in coordinating the public and private spending on this project.

Vice Admiral Fowler, who is from Bismarck and is the Superintendent of the Naval Academy, will be our keynote speaker that evening at the Chamber's annual dinner. We will be inviting the Legislature to participate in much of our activity that day and intend on providing an opportunity for you to visit with our U.S.S. North Dakota Sub Club Committee Members.

A small group saw the potential in the project and led the charge. The US Navy saw the potential and honored our state. Now we, the citizens of North Dakota have the opportunity to support that faith in our state and our citizens. We have the opportunity to take the geographical center of North America to the sea.

That concludes my testimony, I would be happy to answer any questions you might have regarding this project.

The North Dakota Sub Club

Honorary Committee

Former Secretary of State Warren Christopher
Governor John Hoeven
Senator Byron Dorgan
Senator Kent Conrad
Congressman Earl Pomeroy
Former Governor George Sinner
Former Governor Bill Guy
Former Governor Ed Schafer
Former Governor Art Link
Admiral Bill Owens
Rich Karlgaard
Doug Burgham
Sister Thomas Welder
Brian Kroshus
Harry Pearce

Initial Working Committee

Judge Robert Wefald, Chair
Admiral Bill Owens
Vice Admiral Jeffery Fowler
Major General Mike Haugen (Ret.)
General David Sprynczynatyk
Duane Sand
Curt Kesselring
Bill Butcher
Bill Townsend
Kelvin Hullet
Katie Moore Aitchison

State of North Dakota

DISTRICT COURT
SOUTH CENTRAL JUDICIAL DISTRICT
P. O. BOX 1013
BISMARCK, NORTH DAKOTA 58502

ROBERT O. WEFALD
JUDGE

(701) 222-6682
FAX (701) 222-6689

January 15, 2009

Honorable Senator Ray Holmberg, Chair
Senate Appropriations Committee
North Dakota Senate
600 East Boulevard Avenue
Bismarck ND 58505

Dear Senator Holmberg and members of the Senate Appropriations Committee:

I am writing in support of Senate Bill 2018, Section 2, specifically the appropriation of \$100,000 for the Promotion and Marketing of U.S.S. North Dakota. I have been working on this project since 1985, and I am extremely pleased and proud that a second ship in the world's greatest Navy has been named after the Great State of North Dakota. The first of the Block III **VIRGINIA** Class submarines has been named:

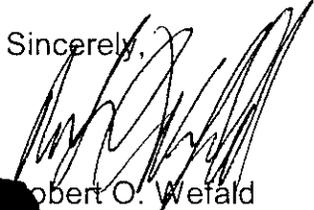
USS NORTH DAKOTA (SSN-784)

This is a proud accomplishment for our entire state, and we need to support it like the citizens of North Dakota supported the first **USS NORTH DAKOTA**, a battleship which was the first steam turbine driven ship in the United States Navy. That proud ship was commissioned on April 11, 1910, and she was decommissioned on November 22, 1923, and sold for scrap on March 16, 1931. The new **USS NORTH DAKOTA (SSN-784)** will be fully fueled when it goes into service with one "tank of gas" that will last throughout its expected service life.

The enactment of Section 2 of SB 2018 will start the ball rolling for North Dakota's close involvement with **OUR** ship. The Navy expects all of us in North Dakota to rally round **USS NORTH DAKOTA (SSN-784)** to take her and her crew into our hearts, thoughts, prayers and communities throughout her service. These funds will help us promote **OUR** ship and build public excitement and support.

Our state needs to support the keel laying, christening, and commissioning ceremonies, and we need to present to **OUR** ship an appropriate gift as a token of our appreciation and respect. You all know that a magnificent silver service was presented to the first **USS NORTH DAKOTA**, which is now owned again by the State of North Dakota and part of which is on display at the Historical Society. With these funds we will begin a new tradition of North Dakota, our nation's most landlocked state, being tied to the sea. It's going to be a great adventure!

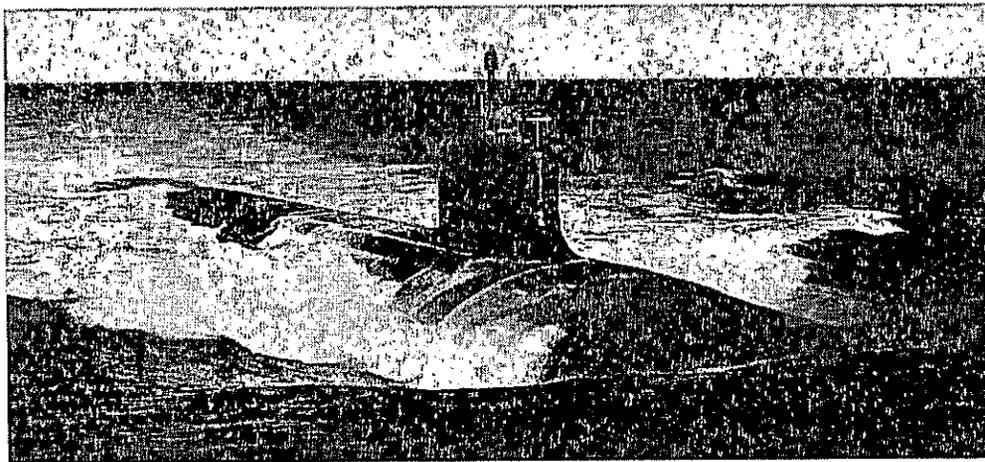
Sincerely,



Robert O. Wefald

NORTH DAKOTA SUB CLUB

A State Committed to Supporting SSN 784



THE CHAMBER
Your Future Is Our Focus

<p> <small>dl</small> NORTH DAKOTA SUB CLUB Bismarck-Mandan Chamber of Commerce </p>	  <p> THE CHAMBER <i>Your Future Is Our Focus</i> </p>
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<p> The Sub Club </p> <p> The North Dakota Sub Club was created to ensure the long-term viability and on-going relationship with the Navy personnel on the USS North Dakota. </p> <p>  </p> <p> Welcome to the meeting. </p>	  <p> THE CHAMBER <i>Your Future Is Our Focus</i> </p>
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USS NORTH DAKOTA

<p>The Honorary Committee</p> <p>Former Secretary of State Warren Christopher Governor John Hoeven Senator Byron Dorgan Senator Kent Conrad Congressman Earl Pomeroy Former Governor George Sinner Former Governor Bill Guy Former Governor Al Olson Former Governor Ed Schafer Former Governor Art Link Admiral Bill Owens Rich Karlgaard Doug Burgham Sister Thomas Welder Brian Kroshus</p>	<p>The Working Committee</p> <p>Judge Robert Wefald, Chair Admiral Bill Owens Vice Admiral Jeffery Fowler Major General Mike Haugen Major General David Sprynczynatyk Duane Sand Kurt Kesserling Bill Butcher Bill Townsend Kelvin Hullett Katie Moore Aitchison</p>
---	---

Float the Boat!

Group to try to persuade naming of naval ship

Retired N.D. admiral talks up 'USS North Dakota' campaign

Time for the state to set sail

Leaders floating USS N.D. proposal

Effort is under way to get another USS North Dakota

Push under way for new USS North Dakota

Float the Boat!

DEER ARMY

SSN 783 - USS *North Dakota*

Timeline:

- 2009-2011: Link with the pre-commissioning crew
- Late 2011: Keel Authentication
- Late 2012: Christening
- Late 2013: Commissioning
- 2014-2043: Periodic events in Norfolk & North Dakota
- Circa 2043: Decommissioning

A long-term commitment

5

2009 Timeline

- Organization of Effort
- Begin Fundraising Activities
- Sponsor Announcement by Secretary of the Navy
- Laying of the Keel



Public Relations Activities

- Crest Design Contest
- ND Sub Club Web Site Launched
- Support the Laying of the Keel
- Determine the Timeline for the Boat
- USS North Dakota Curriculum developed by NDSHS and ND Center for Distance Education



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USS North Dakota Curriculum

- Dr. Barbara Handy-Marchello, Retired Faculty from UND History Department
- Lesson Plans on USS North Dakota for Grades 4, 8 and High school
- Lessons Available Online at www.nd.gov/hist or www.nd.studies.org



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Long Term PR Plan

- Web Site with Regular Updates
- Sailor Pen Pal Program for 6th Graders Statewide
- Support Crew that Matches ND Families with Crew
- USS North Dakota Officers and Crew In-State for Special Occasions
- Visitation Program for Submarine

Share the Deeds of Victory



Join the WAVES

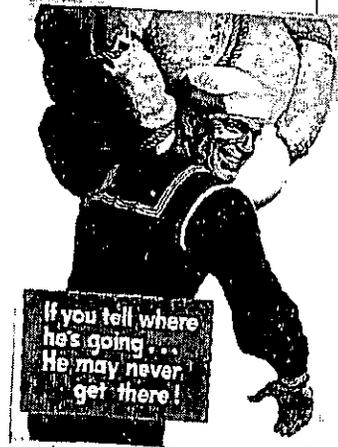
NAVY RECRUITING STATION AN OFFICE OF NATAL OTHER PROFESSIONS



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Funding

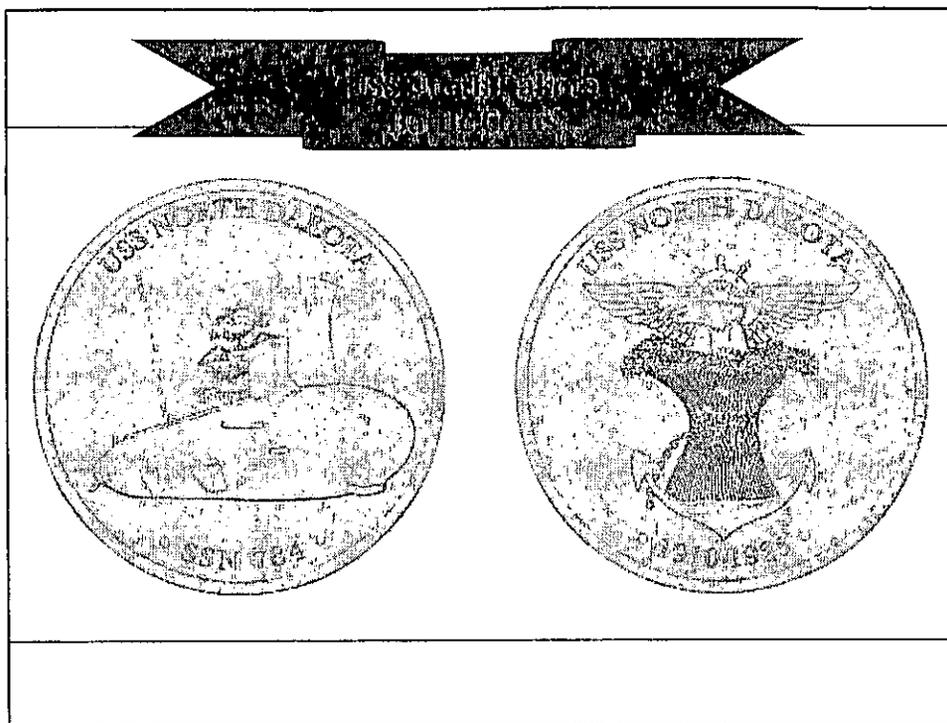
- \$100,000 Legislative Request
- Battle Coin Sales



If you tell where
he's going...
He may never
get there!



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Next Steps

- Formulation of Committees
- Assign Workers to Committees
- Spread the Word in ND
- Regular Meetings of "Crew ND"



Man the
GUNS
Join the **NAVY**



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NORTH DAKOTA SUB CLUB

PUBLIC RELATIONS / LONG TERM CONTACT PLAN

Background

North Dakota is asking the Secretary of the Navy, Donald Winter to name a U.S. Navy Submarine after the state of North Dakota. As part of this request, the following plan is being put forth to ensure the long-term relationship with the submarine.

North Dakota Sub Club

To ensure the long-term viability and on-going relationship with the Navy personnel on the Submarine, the North Dakota Sub Club will be created. This committee will be housed through the Bismarck-Mandan Chamber of Commerce with funding to support on-going activities routed through the Bismarck Mandan Chamber Foundation. While there will be no formal by-laws, the committee will develop a set of governing and operating procedures.

To get the organization off the ground, the North Dakota Sub Club permanent working committee will be created with advice and recommendations from the Navy, Military Community, Congressional Delegation and Governor. To get the organization underway, the following people will serve as the organizational chairs.

Honorary Chair, Former Secretary of State, Warren Christopher

Honorary Chair, Former Governor and Navy Veteran, Bill Guy

Working Committee Co-Chair Admiral Bill Owens

Working Committee, Co-Chair Judge Robert Wefald

Treasurer Kelvin Hullet

Immediately after the naming, the steering committee will select 15 to 20 people from across North Dakota representing the broad interests of the Navy, Military, Civic, and Business to serve on the permanent working committee. The working committee will then be charged with fundraising, executing on public relations plans and establishing the relationship between the U.S.S. North Dakota and the people of the state of North Dakota.

It is anticipated that as this effort moves forward, the permanent working committee will be able to identify Navy veterans from across North Dakota to help with all the various facets of the project short and long term.

PUBLIC RELATIONS ACTIVITIES

Mid-Term Public Relations Plan

In the time following the kick-off, leading to the Commissioning of the Submarine, the following activities will take place.

- The permanent working committee will be selected and begin meetings to start working with the Navy and other key audiences to plan the commissioning ceremony for the U.S.S. North Dakota.

The committee will look to former Admiral Bill Owens and Navy Veteran, Judge Robert Wefald to lead this effort in cooperation with in-state Navy Veterans and organizations such as the Fargo Area CPO Mess, VFW, Eagles, AMVETS, Legion and other service organizations along with the elected officials.

- The permanent working committee, in cooperation with the honorary commissioning committee, will also be charged with raising funds for the Commissioning ceremony for the Boat. The Bismarck-Mandan Chamber Foundation will provide fiduciary oversight of all fundraising activities.
- Plans will be made in-state for the Commissioning of the submarine. This could include a variety of activities such as an in-state commissioning ceremony. The working committee will also direct in-state public relations activities to create awareness such as conducting a public design contest for the ship's crest.

The working committee will also work with the state to secure use of the Silver Service from Heritage Center for use at the commissioning of the Submarine.

- After the announcement, the Bismarck Mandan Chamber will create and host as part of its website, the North Dakota Sub Club home page. This web presence will have an overview, information and all relevant data, facts, trivia, etc.

- The permanent working committee will appoint two representatives charged with regular contact and meetings with the appropriate Navy Departments and the Officers and crew of the U.S. North Dakota.
- The permanent working committee will also craft a long-term membership plan to ensure the continuation of communications and the relationship with the boat for the next 30 to 40 years.

Long Term Relationship Plan

Obviously, the kick off announcement and Mid-term public relations plan represent the first few years of the boats relationship with the state of North Dakota. We view relationship as a 30 to 40 year commitment, thus a permanent organizational structure will be created.

First, the permanent working committee is viewed as an on-going, long term group to ensure the public is aware of the U.S.S. North Dakota and to facilitate communications between the Navy, the Submarine and the state. The Bismarck Mandan Chamber is willing to serve as the long-term host for the working committee with assistance from across the state.

Over the long term, it is anticipated the state could work with the Submarine in the following ways.

1. Bring Officers and Crew back to the state for special occasions. Including:
 - a. The 4th of July
 - b. University Football Games
 - c. Memorial Day
 - d. The Fargo Marathon
 - e. Other Special Events

2. Establishment of a visitation program for representatives of the state to visit the Submarine when arriving in port or other times to visit the boat as arranged with the Navy.
3. With the terrific response from the students of North Dakota to the coloring contest, the committee will create a "Sailor" pen pal program targeting 6th graders across the state to correspond with the sailors on the boat.
4. Maintenance of an on-going web site presence with information about the U.S.S. North Dakota, Officers and Crew.
5. Creation of a U.S.S. North Dakota "Support Crew" to allow for people of North Dakota to interact and sponsor the families of the Officers and Crew of the North Dakota while the boat is at sea.

Other ideas as suggested by the Submarine or the Navy can be implemented. The goal would be to host one or two activities a year between the State and the Officers and Crew of the Submarine.

FUNDING

How to pay for the activities of required for the Commissioning Ceremonies and other activities will be funded in a variety of ways. It will be the duty of the working committee and the Honorary Commissioning committee to ensure funding for the short and long term plans. The majority of funding will be through personal and corporate contributions.

Other funding will come from:

1. The North Dakota Legislature will be asked to allocate funding towards the commissioning ceremony in the 2009 Legislative Session.
2. The Chamber has developed N.D. Battle Coins and will sell them across the state with proceeds going towards support of the activities of the committee, submarine and its officers and crew.

Press Conference Agenda
Governor's Conference Room
Thursday, February 12, 2009

Agenda

1. Welcome and Introductions Governor John Hoeven
2. Overview of Submarine Activities Judge Robert Wefald
3. What the Boat means to N.D. Admiral Fowler and Owens
4. Unveiling the USS ND Battle Coin Judge Wefald and Governor Hoeven
5. Presentation to Heritage Center Admiral Fowler and Owens

Chamber Unveils Commemorative “Battle Coins”

A series of four coins celebrating the USS North Dakota will be available in limited quantities

February 12, 2009 (Bismarck, ND) – The Bismarck-Mandan Chamber of Commerce (Chamber), an organization that played a critical role in securing the naming of a Virginia class submarine after the state helped to unveil a commemorative battle coin to celebrate the accomplishment.

Chamber President Kelvin Hullet, along with Gov. John Hoeven, Vice Admiral Jeffrey Fowler, Admiral William “Bill” Owens, and Judge Robert Wefald unveiled the first design in a series of four coins in the Governor’s Conference Room to celebrate the U.S.S. North Dakota.

The first coin in the series depicts a submarine with a North Dakota flag flying in the background on the front. On the back of the coin, the original U.S.S. North Dakota battleship crest is rendered. Four coins will be produced over the course of the submarine’s building cycle from the naming through commissioning.

“We joined forces with the Congressional Delegation, the Chamber and representatives from across the state to ask Secretary Winter to name a submarine for North Dakota,” said Governor John Hoeven. “It is a legacy for our state and a tribute to all our military men and women that serve North Dakota.”

Two coins will be minted for each milestone and both are of limited quantity. Fifty, fine-silver coins that contain one troy ounce of .999 fine silver will be available, along with 1,500 verbronze coins. The silver coins will sell for \$100 and the verbronze coins for \$20. Proceeds will be utilized by the Chamber to support activities related to the submarine.

The Chamber has reserved the first silver coin in each series for the North Dakota Heritage Center. “The naming of a submarine after our state is a historical achievement and we want to preserve the process through this series of coins,” said Judge Robert Wefald, Chairman of the USS North Dakota working Committee. “We are honored to present the first silver coin to an organization that will make this moment accessible to future generations in North Dakota.”

“It is apparent that the state is taking great pride in the USS North Dakota,” said Vice Admiral Jeffery Fowler, a native of Bismarck and current Superintendent of the United States Naval Academy. “As an active duty Navy Officer, I look forward to the day the USS North Dakota is commissioned and serves in the defense of America.”

In July of 2008, United States Secretary of the Navy, Donald Winter, honored North Dakota by naming S.S.N-784 for North Dakota. The nuclear submarine is due to be launched in 2014 and will serve America for approximately 30 years. The Chamber organized a meeting in Bismarck with the honorary and steering committee to discuss support of the boat and how to communicate with the public on this important occasion.

"North Dakota has a long tradition of sending its best and brightest to serve the Navy," said retired Admiral Bill Owens. "This is a tremendous honor for the state and I hope all North Dakota will rally behind this boat during and after construction. As a submariner, it is heartening to know that an entire state is supporting your mission.

The honorary and working committee members received an overview of the plan to support the boat and the crew over the life of the boat. The kickoff celebration culminates at the Bismarck Mandan Chamber annual meeting where Vice Admiral Fowler will serve as the keynote speaker.

"Our organization was honored to serve as a catalyst in naming a submarine after North Dakota," said Kelvin Hullet, President of the Chamber. "With great pride, we continue to assist our state in building support for the USS North Dakota."

The public is invited to purchase the commemorative coins. Orders for the coins will be processed through the Bismarck-Mandan Chamber of Commerce, located at 1640 Burnt Boat Drive in Bismarck. All proceeds from the sales will support activities related to the USS North Dakota.

The USS North Dakota is scheduled to be under construction over the course of the next few years, with a tentative commissioning date of 2014.

FOR SB 2018, Section 17 - One Time source of Funds for Base Realignment Opportunities at Grand Forks AFB. Funding should be increased to \$10 M as originally in SB 2408, and remove 1:1 matching funds requirement as local cities and counties do not have that funding capacity for AFB purposes.

1. North Dakota relies heavily on the economic impact of military missions, as we serve our nation. The Grand Forks AFB tanker refueling mission is completed in 2010, causing a "bathtub" period of significant losses of base personnel and jobs as the Unmanned Aircraft Systems (UAS) mission slowly develops.

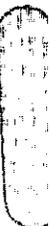
2. Lost Jobs: When the 2005 BRAC decision was made, more than 3000 personnel were directly employed at the GFAFB with a payroll of \$139 M plus \$186 M in local contracts. BRAC projects job losses of 4,929 jobs (2,645 direct and 2,284 indirect jobs) or 7.4% decrease in local jobs, which includes uniformed, civilian and contract jobs related to the base. Job losses were across the five-county region - both rural and urban. The Grand Forks AFB was a significant economic generator in our state and that needs to be built again.

3. The GFAFB has outstanding facilities and infrastructure for growth. In the last decade GFAFB has benefited from \$438 M in infrastructure project investment, which includes a new runway, quality housing, and several new buildings. Currently the base is undergoing a significant upgrade in communication systems to handle the constant stream of data and images from the UAS fleet of Predator Bs and Global Hawks. New missions can be attracted.

4. GFAFB has lots of room to grow, having the second most total available buildable acreage for airfield operations and maintenance of all the flying bases in the Air Force, behind only Eglin AFB. Grand Forks AFB has over 1,200 acres available for potential development, and the base will soon have a surplus of 224 dorm rooms and 273 family housing units (500 units).

5. There are opportunities to secure high paying jobs by leasing space to DOD and DHS contractors and subcontractors as well as private entities to attract high paying, high tech jobs. There's a chance to make lemons into lemonade. Because of high paying jobs, the repayment in sales and income tax should be significant. Thus this is a good investment and the state will receive all funds back in sales and income taxes. Opportunities will be in maintenance, training, energy sources, advanced data, sensors, intelligence & surveillance, manufacturing, cold weather testing, etc. Some may have university connection, most will not. There are nine current opportunities identified in the categories above that will require \$17 to \$32 million in local support to capitalize, but they also will employ thousands within five years. \$5 M is not enough to capitalize on the opportunities at the Air Force Base.

6. We are competing with other states for opportunities on military bases, such as NM, MO, KS, CO, CA, and more. Some opportunities will require matching funds, others will require construction or reconstruction, and some may require acquiring specialized equipment or infrastructure - opportunities need flexibility. Just 7 states have not weathered a base closure or realignment since 1988, as 150 military bases have been closed or downsized. Texas alone has appropriated \$190 M to attract new



missions at their military bases. We have a lot of competition. We need \$10 M in investment to compete. There will be local leverage and match, though the capacity is limited by taxation levels.

7. Current state economic development programs do not have the capacity to handle large development projects on military bases. Need another one-time source of funds to capture opportunities during the "bathtub period." North Dakota should do the same for Minot AFB if they ever face realignment or closure.

8. Significant base infrastructure, strategic advantages and political clout are very helpful in attracting and securing opportunities with an underutilized asset, but significant one-time investments of \$10 M will be needed to capture the significant opportunities while competing with others for the same opportunities. This is about high tech for North Dakota.

9. Process provides accountability. This fund to enhance economic development on the GFAFB makes sure there will be local review and approval, state review and approval, and accountability.

10. Requiring 1:1 Matching Funds will not work as the cities and counties in the 5 county region around the Grand Forks AFB do not have the taxing or reserve capacity to match \$5 M. To maximize the opportunities, the counties and communities will step up to the plate as they have funding capacity, but a 1:1 requirement is a deal-killing burden that makes potential projects more uncertain, thus more likely to go to other states which do not have restrictions requiring local entities to fund above their capacity to do so.

Emerging opportunities at GFAFB:

- Department of Homeland Security
- Air National Guard
- Air Force Research Labs
- University of North Dakota
- Intelligence Fusion Center
- Incident Response Management Training
- Cold-weather Test Center
- Private Entities

Available space for new missions/opportunities:

- 225,000 sq ft of administrative, warehouse and hangar space
- 1200 acres of real estate for potential development
- 224 dorm rooms
- 273 new military family housing units

Bruce Gjovig

Member, Base Realignment Impact Committee (BRIC)