

2009 SENATE APPROPRIATIONS

SB 2387

## 2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2387

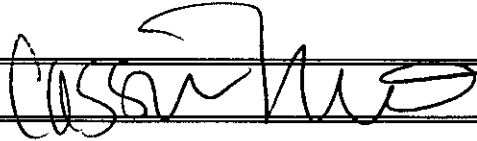
Senate Appropriations Committee

Check here for Conference Committee

Hearing Date: February 13, 2009

Recorder Job Number: 9452

Committee Clerk Signature



Minutes:

**V. Chair Sen. Bowman** called the committee hearing to order on SB 2387 which is an act to provide an appropriation to the department of commerce for a grant to assist in procuring contracts for North Dakota companies.

**Sen. Tom Seymour**, District 5, testified in favor of the bill. Submitted testimony, see attachment #1.

**Chris Sayler**, Killdeer Mountain Manufacturing, testified in favor of the bill on behalf of **Kristin Hedger**, Executive Director, Dakota Defense Alliance.

**Chris Sayler**- I wanted to put a little perspective to the bill in regards as an employee of one of these companies, it has shown me that there is a lot of funding that is needed up front to support these efforts. It is a effort to keep the people there and to bring more back and that is why I am in full support of this and wanted to make sure that we express that.

**Sen. Mathern**- can you give me an example of what you actually do?

**Chris Sayler**- What we do is that we are largely in military operations we do cable and wire harnesses on aircrafts. Our Killdeer facility does primarily circuit card work and it is a mixture of commercial and military products. Our Dickinson facility is all commercial based.

**V. Chair Sen. Bowman-** Tell us what exactly is going to happen with the \$50,000? Is it for one particular group to be able to go out and do this or is it a grant that any group could look at that wants to enhance those type of activities in their community?

**Sen. Seymour-** if you look at the last page of the testimony there is a budget put together for you, yes it is the defense alliance that handles this, it's the group that is trying to contracts for these companies in ND.

**V. Chair Sen. Bowman-** Can someone give me kind of an idea on when you start meeting with various companies to try and get these contracts, what is the bottom line to the investment that you have to make when you are communicating with these companies before you solicit a contract?

**Chris-** Primarily to start with it is making sure you emphasize quality, cost is easy to cut. A lot of the corporations that have these contracts have realized that quality can not be cut out because of cost. But the emphasize is on quality and once you get that point across and represent that to your customer, you are going to become eligible to be on the list that they submit.

**V. Chair Sen. Bowman-** What is the investment to your alliance when you go out to solicit a company to do business with, you must have a certain amount of money that it takes to do this?

**Chris-** A lot of the communication is electronic but it is primarily done in person. It is several marketing trips on site and with individuals because you don't always get access to everyone at once.

**V. Chair Sen. Bowman-** Is someone from the department of commerce here? I am just wondering if they have any money for this type of a program because it seems that like when

we are trying to get new business opportunities we should have some money in there some place to do that?

**V. Chair Sen. Grindberg-** Commerce has a grant line where they can administratively make decisions on whether they want to fund this or not and my concern is use that policy for funding private entities and knowing if the request has been made directly with the grants line that the commerce has?

**Brian Miller**, Chief operating officer at Agra cover in Jamestown, testified in favor of the bill.

**Brian Miller-** I am here to testify for the Dakota Defense Alliance, the 27 members that they mentioned we are one of them. The reason that we joined the alliance is so that we can look to diversify and have a stable environment for our people. Part of the expenses that you are asking about are such a learning curve for us as a manufacture to get into for this business and there is a real expense to it, there is trade shows there is contacts that we don't have.

This way we can pull our resources and talent together. Then we can get them here and have them come back to raise their families but we have to have those opportunities.

**Sen. Wardner-** if all of the companies gave up \$2,000 we'd have money to run that, do you have that kind of revenue that you can pay into an organization?

**Brian-** as a group for or membership we pay \$500 to join, we would have \$2,000 but much more than that is spent in the learning curve, making contacts and so on. We have a lot of expenses and I believe a lot of the expenses that you see in the report are for trade shows and that they have added a full time office person. We do spend a lot of money and a lot more than that, and just as a group we are looking for some added support.

**Curly Haugland**, resident and owner of a recreation supply company in Bismarck, testified in opposition of the bill.

**Curly Haugland-** I want to draw your attention to the fact that there is a constitutional amendment floating around and it needs a little amending but I urge you to support it. We should not be supporting private businesses as long as there is a clear saying in the constitution. I think that if you are going to appropriate money for private purposes you owe it to the public to be honest about it and put it on the ballot and everyone can go and register their opinion in the ballot box and we can decide this issue once and for all. This is a direct appropriation but whether it is direct or indirect it is still linked to a private enterprise. If it was easy everybody would be doing it, if the government does this for some it is going to have to do it for all and that is not practical.

**Chairman Sen. Holmberg-** What is the number of that constitutional amendment that you are talking about?

**Curly Haugland-** I didn't bring it but it was heard in the house.

**V. Chair Sen. Grindberg-** was it 3019?

**Curly Haugland-** I will take your word for it.

**Sen. Mathern-** it is interesting how you speak of the path of this money and it still being seen as public money to a private business, are there public and school pools that give you money to work there, doesn't it kind of go the same way, what's the difference?

**Curly Haugland-** there is a slight difference, if I am doing business with the government there is a list for that. And I do business with the government everyday and many of our customers are government but they buy stuff from us. This is a grant of money, otherwise money for nothing. Doing business with the government is not the same as getting a gift or grant or loan or such on that I am talking about. There is a difference between a gift and payment.

**Sen. Mathern-** I would see funding this for the return of jobs in ND and income for people.

**Curly Haugland**- I employee people too, that's my point. If the government wants to be in the business of running the economy we just need to make that choice that is why I urge you to get that language out of there, discuss it and vote on it.

**Chairman Sen. Holmberg** closed the hearing on SB 2387.

## 2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2387

Senate Appropriations Committee

Check here for Conference Committee

Hearing Date: February 18, 2009

Recorder Job Number: (no audio available)

Committee Clerk Signature

*Rae Loring*

Minutes:

Chairman Holmberg opened discussion on SB 2387.

**V. Chair Grindberg moved MOVED DO NOT PASS.**

**Senator Fischer seconded.**

**A Roll Call vote was taken. Yea: 12 Nay: 2 Absent: 0**

**Chairman Holmberg will carry the bill.**

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

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 2387

Senate Senate Appropriations Committee

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Legislative Council Amendment Number \_\_\_\_\_

Action Taken  Do Pass  Do Not Pass  Amended

Motion Made By Grindberg Seconded By Fischer

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 0

Floor Assignment Holmberg,

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

DNP



**REPORT OF STANDING COMMITTEE (410)**  
February 18, 2009 1:20 p.m.

**Module No: SR-32-3302**  
**Carrier: Holmberg**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**SB 2387: Appropriations Committee (Sen. Holmberg, Chairman) recommends DO NOT PASS (12 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). SB 2387 was placed on the Eleventh order on the calendar.**

2009 TESTIMONY

SB 2387

**Testimony of  
Senator Tom Seymour  
Chair – Business Information Technology  
Minot State University  
Minot, North Dakota 58707  
On**

**Senate Bill 2387**

**A BILL for an Act to provide an appropriation to the department of commerce for a grant to assist in procuring contracts for ND companies.**

**Hearing held by  
Senator Ray Holmberg, Chair  
Senate Appropriations Committee North Dakota State Capital  
Bismarck, North Dakota**

My name is Tom Seymour, State Senator from District 5 in Minot. I began working with economic development projects over 30 years ago. This included obtaining funds for various economic development projects in Minnesota, Iowa, Wisconsin, Montana and North Dakota. While at Minot State University I worked with our business and community development center with various entrepreneurs and brought projects to the Minot Magic fund which included working with the Minot Area Development Corporation and Souris Basin Planning. John Hoeven, Orlin Backes, and I were on an economic development task force during this time.

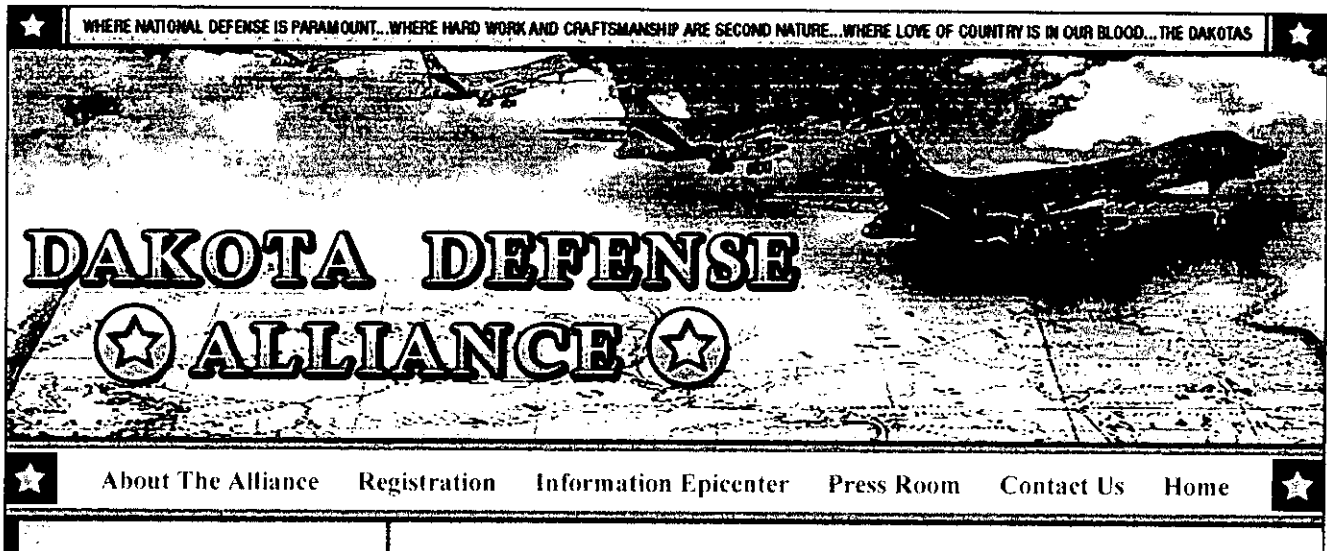
There are tremendous opportunities in the defense manufacturing sector and real talent to contribute here in North Dakota. These companies have been operating in relative isolation until this Dakota Defense Alliance was formed to maximize on our collective contacts and production/engineering strengths to enable us to partner on contracts and keep the dollars in our state. The founders recognized that other states have developed these alliances, and that our state could benefit from pooling our business development efforts in a targeted fashion. That is how our alliance began – with only three companies – and it has grown to comprise a 27 member entity that has already realized successes in fielding contracts and garnering greater visibility for our state's manufacturers. We are a registered 501 C 7 organization with tax exempt status. Kristin Hedger is the Executive Director of the Dakota Defense Alliance. Please view the website at [www.dakotadefensealliance.com](http://www.dakotadefensealliance.com).

The DDA will use these grant funds as business development seed dollars to grow beyond our current state. To truly be a world-class alliance much like those in Alabama, New Mexico, and Utah, we need a solid operating budget. There are complementary funds currently in place. Each member has contributed \$500 annually to create a minimal operating budget. We have also had sponsorships for many of our

activities. Last year, the alliance flew to Washington, D.C. to strategize with leaders in the Pentagon on contracts for our small to medium sized companies. We talked with leaders in the industry and Raytheon sponsored a breakfast with the director of surface warfare, Alien sponsored a lunch, E-copernicus in D.C. has provided us with free office space. We are also looking to hold fund raisers this year given our federal tax exempt status.

Our targeted goal is to educate, engage, and empower our businesses to have greater efficiency and greater marketplace opportunities. We are also committed to bolstering internship opportunities in the state and helping to shape curriculum for our universities. We are working with NDSU, BSC, and DSU to help form an e-commerce curriculum.

Diversity in our North Dakota economy is key. To better empower our manufacturing and high tech industries it is critical for our state to target those industries that provide a stable customer base. The defense industry is one of the only current day industries that is not experiencing reductions in work force or struggles in financing. In fact, defense remains one of the strongest market sectors and is projected to do well into the future. We need to target these industries to help diversify our economy and provide stable revenue that can complement our boom bust cyclical industries such as agricultural commodities and oil in Bowman County.



### Alliance Members:

Click on any member to view more information

- Alien Technologies
- Allion Science & Technologies
- Access International, Inc.
- Cavalier County JDA
- Chiptronics, Inc.
- Com Del Innovation
- Cross Products, Inc.
- Dakota Micro, Inc.
- Engineered Surface Center (UND)
- General Atomics-Aeronautical Systems, Inc.
- Grand Forks Economic Development Corp.
- Ideal Aerosmith
- Info Tech.
- KMM
- Minot Area Development Corp
- Patriot Systems USA
- Pedigree Technologies
- Precision Equipment Mfg.
- Ray-Mac
- Technology Applications Group, Inc.
- The Printers, Inc.
- Upper Great Plains Transportation Institute (UGPTI)
- Williston Economic

### Welcome to the Dakota Defense Alliance

Welcome to our site.

We are striving to create greater business development opportunities for our companies in the Dakotas. By reaching beyond the borders of our Red River and our beautiful badlands we will ensure the global marketplace is aware of our ability to contribute to the production needs for our armed forces.

I invite you to check out our services and to contact me with your thoughts. Our DDA board is made up of a great team with a wide breadth and depth of knowledge and experience. Together, we can provide even more opportunity for our businesses better products for our forces.

Best regards,

*Kristin Hedger*

Kristin Hedger  
Executive Director,  
Dakota Defense Alliance  
Kristin@DakotaDefenseAlliance.com

**SB 2387 DAKOTA DEFENSE ALLIANCE GRANT**

**PROJECTED ANNUALIZED BUDGET**

Income:

Membership Dues. .... 9,000.00

Expenses:

General office administration expenses, website  
phone, internet, member's meetings, news letter..... 10,000.00

Business Development:

Trade shows, conferences, industry events. .... 10,000.00  
Promotion and liaison activities..... 5,000.00  
Marketing materials and supplies. .... 2,500.00  
Washington, DC office - sharing costs. .... 3,600.00

Curriculum Development:

Help state colleges develop curriculums to train students  
in technology, product development, RFID/E-Commerce,  
forecasting and supply chain transparency..... 2,500.00

Youth initiatives such as internships and promotion of careers in  
small and medium sized ND defense and energy sector companies. .... 2,500.00

TOTAL..... \$36,100.00

BALANCE..... (\$27,100.00)