

Sixty-first  
Legislative Assembly  
of North Dakota

ENGROSSED SENATE BILL NO. 2110

Introduced by

Industry, Business and Labor Committee

(At the request of the Department of Commerce)

1 A BILL for an Act to create and enact two new sections to chapter 54-60 of the North Dakota  
2 Century Code, relating to the rural development office and the North Dakota rural development  
3 council; to amend and reenact sections 10-30.5-04, 54-34.3-01, 54-34.3-03, and 54-34.3-04,  
4 subsection 2 of section 54-34.3-13, sections 54-34.3-15, 54-34.4-01, and 54-34.4-02,  
5 subsection 1 of section 54-34.4-03, section 54-60-03, subsection 3 of section 54-60-04, and  
6 sections 54-60-06 and 54-60-17 of the North Dakota Century Code, relating to the powers of  
7 the North Dakota Development Fund, Incorporated, the department of commerce division of  
8 economic development and finance, the department of commerce division of tourism, the state  
9 tourism policy, the commissioner of commerce, the North Dakota economic development  
10 foundation, the North Dakota commerce cabinet, and the department of commerce division of  
11 workforce development; and to repeal sections 54-34.3-05, 54-34.4-04, and 54-60-11 of the  
12 North Dakota Century Code, relating to the finance office, the motion picture development  
13 office, and target industries.

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

15 **SECTION 1. AMENDMENT.** Section 10-30.5-04 of the North Dakota Century Code is  
16 amended and reenacted as follows:

17 **10-30.5-04. ~~(Effective through July 31, 2009)~~ Powers.** The corporation must be  
18 organized as a nonprofit corporation. In addition to the powers in chapter 10-33, the  
19 corporation may:

- 20 1. Cooperate and contract with any private or public entity.
- 21 2. Receive appropriations from the legislative assembly and other public moneys as  
22 well as contributions from other private or public contributors.
- 23 3. ~~Borrow funds not to exceed ten million dollars from the Bank of North Dakota for~~  
24 ~~the purpose of investing in North Dakota alternative and venture capital~~

1           ~~investments and early stage capital funds. The corporation may provide~~ Provide  
2           management services for the Bank's alternative and venture capital investments  
3           and early-stage capital funds.

4           **~~(Effective after July 31, 2009) Powers.~~** ~~The corporation must be organized as a~~  
5   ~~nonprofit corporation. In addition to the powers in chapter 10-33, the corporation may:~~

- 6           1. ~~Cooperate and contract with any private or public entity.~~  
7           2. ~~Receive appropriations from the legislative assembly and other public moneys as~~  
8           ~~well as contributions from other private or public contributors.~~

9           **SECTION 2. AMENDMENT.** Section 54-34.3-01 of the North Dakota Century Code is  
10   amended and reenacted as follows:

11           **54-34.3-01. Department of commerce division of economic development and**

12 **finance established - Mission.** The department of commerce division of economic  
13 development and finance is established to assume the functions, powers, and duties of the  
14 department of economic development and finance with respect to programs and other efforts  
15 intended to enhance the economic development of the state. The mission of the division is to  
16 develop strategies and programs to:

- 17           1. Facilitate the growth, diversification, and expansion of existing enterprises and the  
18           attraction and creation of new wealth-generating enterprises in the state;  
19           2. Promote economic diversification and innovation within the basic industries and  
20           economic sectors of this state, including strategies and programs designed to  
21           specialize and focus the state's economy on ~~advanced agriculture and food~~  
22           ~~processing, energy byproduct development, export services and tourism, and~~  
23           ~~advanced manufacturing~~ identified target industries;  
24           3. Promote increased productivity and value-added products, processes, and  
25           services in the state, and the export of those goods and services by North Dakota  
26           enterprises to the nation and to the world;  
27           4. Maintain and revitalize economically depressed rural areas by working in close  
28           collaboration with local communities and by encouraging communities to enter into  
29           cooperative relationships for more efficient and effective education, health care,  
30           government service, and infrastructure maintenance;

- 1           5. Forge a supportive partnership with the Bank of North Dakota, the board of higher  
2           education and the state's institutions of higher education, regional planning  
3           councils, local development organizations and authorities, the ~~Myron G. Nelson~~  
4           ~~Fund, Incorporated~~, the state's nonprofit development corporations, and other  
5           appropriate private and public sector organizations in achieving the economic  
6           goals of the state; and
- 7           6. Identify those statutes, administrative rules, and policies that impede the attraction,  
8           creation, and expansion of businesses and job creation in this state.

9           **SECTION 3. AMENDMENT.** Section 54-34.3-03 of the North Dakota Century Code is  
10          amended and reenacted as follows:

11          **54-34.3-03. Division structure.** The division consists of:

- 12           1. ~~A finance office;~~  
13           2. ~~An international business and trade office;~~  
14           3. ~~Offices established by statute; and~~  
15          4. 2. Offices the director organizes and establishes as necessary to carry out most  
16           efficiently and effectively the mission and duties of the division.

17          **SECTION 4. AMENDMENT.** Section 54-34.3-04 of the North Dakota Century Code is  
18          amended and reenacted as follows:

19          **54-34.3-04. Director - Compensation - Duties.** A director shall supervise and control  
20          the division. The director shall:

- 21           1. Manage the internal operations of the division and establish policies that promote  
22           the orderly and efficient administration of the division;
- 23           2. Appoint personnel as may be determined necessary to carry out this chapter and  
24           fix their compensation within the limits of legislative appropriations;
- 25           3. Assume central responsibility to develop, implement, and coordinate within state  
26           government a comprehensive program of economic development consistent with  
27           the mission of the division;
- 28           4. Coordinate that program of economic development with all other appropriate state  
29           and local government departments, agencies, institutions, and organizations that  
30           perform research, develop and administer programs, gather statistics, or perform  
31           other functions relating to economic development, and those government entities

- 1 shall advise, cooperate, and provide reasonable assistance to the director in  
2 carrying out this chapter;
- 3 5. Advise, and cooperate with, departments and agencies of the federal government  
4 and of other states, private business and agricultural organizations and  
5 associations, research institutions, and any individual or other private or public  
6 entity, and call upon those entities or individuals for consultation and assistance in  
7 their respective fields of endeavor or interest in order that the division and the state  
8 may benefit from up-to-date technical advice, information, and assistance;
- 9 6. Cooperate with individuals and both public and private entities, including the state's  
10 congressional delegation, in identifying and pursuing potential sources of funding  
11 and to receive those funds to be expended for purposes consistent with this  
12 chapter;
- 13 7. Have authority to enter into contracts upon terms and conditions as determined by  
14 the director to be reasonable and to effectuate the purposes of this chapter; ~~and~~
- 15 8. Identify and coordinate sources of capital and financial assistance, including  
16 lending programs of the Bank of North Dakota, and administer programs of  
17 financial assistance placed under the administration of the division, to business  
18 and industry, local governments, and other entities and individuals in the state  
19 consistent with the mission of the division; and
- 20 9. Have authority to do any and all other things necessary and proper to carry out this  
21 chapter.

22 **SECTION 5. AMENDMENT.** Subsection 2 of section 54-34.3-13 of the North Dakota  
23 Century Code is amended and reenacted as follows:

- 24 2. The department shall designate an applicant city as a rural growth incentive city  
25 eligible for a loan if the city raises funds in the amount of a dollar-for-dollar match  
26 for the amount requested in the loan, ~~prepares an economic development strategie~~  
27 ~~plan~~; and meets any additional program requirements provided by rule. The  
28 source of city funds used for loan matching funds may be any combination of  
29 public and private funds. If the department designates a city as a rural growth  
30 incentive city eligible for a loan under this section, subject to the availability of  
31 funds, the state shall make a loan to the city in an amount not less than twenty-five

1 thousand dollars and not more than seventy-five thousand dollars. The  
2 department shall establish the amount of the interest rate for loans provided to a  
3 city under this subsection. The funding source of the state loan is the North  
4 Dakota development fund. The city shall distribute the city and state funds to  
5 qualifying new or expanded primary sector businesses in the city. A qualifying  
6 business in the city includes a business that provides essential services to the city.  
7 For purposes of this subsection, a business that provides essential services does  
8 not include a public utility. The governing body of the city determines whether a  
9 new or expanded primary sector business qualifies for funding, and the director of  
10 the department determines whether a business that provides essential services to  
11 the city qualifies for funding. The state shall distribute a loan to a rural growth  
12 incentive city once the city establishes the city has chosen a specified qualified  
13 business to receive funding.

14 **SECTION 6. AMENDMENT.** Section 54-34.3-15 of the North Dakota Century Code is  
15 amended and reenacted as follows:

16 **54-34.3-15. Local economic developer ~~certification~~ education program.** The  
17 director shall implement ~~a certification~~ an education program through which the division  
18 provides training to assist local economic developers and community leaders in meeting the  
19 needs of businesses. The director may contract with a third-party service provider to assist in  
20 implementing the program. The director may set and charge a fee for the receipt of services  
21 under this program.

22 **SECTION 7. AMENDMENT.** Section 54-34.4-01 of the North Dakota Century Code is  
23 amended and reenacted as follows:

24 **54-34.4-01. Division of tourism - Director.** The division of tourism is established to  
25 foster and promote tourism to, and within, the state and the full development of the state's  
26 tourism resources and to serve as a planning and coordinating agency for tourism-related  
27 programs of the state and the state's ~~political subdivisions~~ tourism partners. The director shall  
28 supervise and control the division of tourism.

29 **SECTION 8. AMENDMENT.** Section 54-34.4-02 of the North Dakota Century Code is  
30 amended and reenacted as follows:

- 1           **54-34.4-02. Duties of director.** The director of the department of commerce division  
2 of tourism, within the limits of legislative appropriations, shall:
- 3           1. Implement the state's tourism policy;
- 4           2. Prepare and update annually a tourism ~~master~~ marketing plan for the ~~development~~  
5 promotion and expansion of tourism in the state which identifies the state's tourism  
6 resources, estimates the impact of tourism on the state's economy, and proposes  
7 a ~~five-year plan~~ marketing strategy for activities of the division;
- 8           3. Work with industry groups to prepare a long-term strategic plan each biennium.
- 9           4. Measure and forecast visitor volume, receipts, and related social and economic  
10 impacts;
- 11       4. 5. Work with the private sector and local, state, and federal agencies to develop the  
12 state's tourism-related infrastructure, facilities, services, and attractions, including  
13 the state's highways ~~and~~, parks, and historic sites;
- 14       5. 6. Organize and coordinate programs designed to promote tourism to, and within, the  
15 state through various means. Those means may include:
- 16           a. ~~Display~~ Print advertising in magazines ~~and~~, newspapers, and direct mail;
- 17           b. Advertising on radio ~~and~~, on television, online, in displays, or using other  
18 advertising media;
- 19           c. Publishing pamphlets, brochures, and other graphic and pictorial materials;  
20 ~~and~~
- 21           d. Designing the tourism side of the state highway map;
- 22           e. Aiding and assisting representatives of the media to ensure greater coverage  
23 of the state's visitor attractions, events, and recreational opportunities; and
- 24           f. Other marketing activities and events aimed at increasing visitor volume.
- 25       6. ~~Participate in travel shows~~;
- 26       7. ~~Supervise and administer visitor information centers that receive funding from the~~  
27 ~~state~~ Work with the department of transportation to improve visitor services along  
28 highways in the state and in state rest areas;
- 29       8. Develop opportunities for professional and technical education and training in the  
30 visitor industry;

- 1           9. Foster an understanding among the state's residents of the economic importance  
2           to the state of hospitality and tourism;
- 3           10. ~~Cooperate with local, state, and federal agencies and organizations and the private~~  
4           ~~sector for the promotion and development of tourism to, and within, the state;~~
- 5           44. Provide advice and technical assistance to local, public, and private tourism  
6           organizations in promoting and developing tourism; and
- 7    42. 11. Monitor the policies and programs of state agencies that significantly affect the  
8           visitor industry, notify those agencies of the effects of their actions on travel to, and  
9           within the state, and if necessary recommend programs or policy changes to those  
10          agencies.

11           **SECTION 9. AMENDMENT.** Subsection 1 of section 54-34.4-03 of the North Dakota  
12 Century Code is amended and reenacted as follows:

- 13          1. The legislative assembly declares that:
- 14           a. This state is endowed with scenic beauty, historical sites, cultural resources,  
15           local festivals, attractions, recreational facilities, and a population whose  
16           ethnic diversity and traditions are attractive to visitors;
- 17           b. These human and physical resources should be preserved and nurtured, not  
18           only because they are appreciated by other Americans and by visitors from  
19           other lands, but because they are valued by the state's residents;
- 20           c. Tourism contributes to economic well-being by creating job opportunities,  
21           generating revenues for local businesses, and creating new wealth in the  
22           economy;
- 23           d. Tourism is an educational and informational medium for personal growth  
24           which informs residents about their state's geography and history, their  
25           political institutions, their cultural resources, their environment, and about  
26           each other;
- 27           e. Tourism instills state pride and a sense of common interest among the state's  
28           residents;
- 29           f. Tourism enhances the quality of life and well-being of the state's residents by  
30           affording opportunities for recreation, new experiences, and relief from job  
31           stress;

- 1           g. Tourism advertising and marketing improves the image of North Dakota;  
2           h. Tourism promotes international understanding and good will, and contributes  
3           to intercultural appreciation;  
4           h. i. Tourism engenders appreciation of the state's cultural, architectural,  
5           technological, agricultural, and industrial achievements and is helpful in  
6           attracting new residents;  
7           i. j. The development and promotion of tourism to and within the state is in the  
8           interest of the people of this state;  
9           j. k. Tourism should develop in an orderly manner in order to provide the  
10          maximum benefit to the state and its residents;  
11          k. l. The development of a strong and competitive state visitor industry depends  
12          upon the availability of trained personnel, necessary infrastructure, and a  
13          receptive climate for tourism investment; and  
14          l. m. A comprehensive tourism policy is essential if tourism in the state is to grow in  
15          an orderly manner.

16           **SECTION 10. AMENDMENT.** Section 54-60-03 of the North Dakota Century Code is  
17 amended and reenacted as follows:

18           **54-60-03. Commissioner of commerce - Duties.** With the advice and counsel of the  
19 North Dakota development foundation, the governor shall appoint a commissioner to supervise,  
20 control, and administer the department. The commissioner serves at the pleasure of the  
21 governor and receives a salary set by the governor within the limits of legislative appropriations.  
22 The commissioner:

- 23           1. Shall file an oath of office in the usual form before commencing to perform the  
24           duties of the commissioner;  
25           2. Shall serve as chairman of the cabinet;  
26           3. ~~Shall prepare the cabinet's list identifying economic development moneys included~~  
27           ~~in budget requests of cabinet agencies;~~  
28           4. Shall appoint personnel as may be determined necessary to carry out the duties of  
29           the department;  
30           5. 4. Shall manage the operations of the department and oversee each of the divisions;



- 1       ~~6.~~ 5. Shall assume central responsibilities to develop, implement, and coordinate a  
2                   working network of commerce service providers;
- 3       ~~7.~~ 6. Shall coordinate the department's services with commerce-related services of  
4                   other state agencies;
- 5       ~~8.~~ 7. Shall advise and cooperate with departments and agencies of the federal  
6                   government and of other states; private businesses, agricultural organizations, and  
7                   associations; research institutions; and with any individual or other private or public  
8                   entity;
- 9       ~~9.~~ 8. May enter contracts upon terms and conditions as determined by the  
10                  commissioner to be reasonable and to effectuate the purposes of this chapter;
- 11      ~~10.~~ 9. Shall report between the first and tenth legislative days of each regular legislative  
12                  session to a standing committee of each house of the legislative assembly as  
13                  determined by the legislative council and shall report annually to the foundation:
- 14                  a. On the department's goals and objectives since the last report;
- 15                  b. On the department's goals and objectives for the period until the next report;
- 16                  c. On the department's long-term goals and objectives;
- 17                  d. On the department's activities and measurable results occurring since the last  
18                  report; and
- 19                  e. On commerce benchmarks, including the average annual wage in the state,  
20                  the gross state product exclusive of agriculture, and the number of primary  
21                  sector jobs in the state;
- 22      ~~11.~~ 10. Shall adopt rules necessary to implement this chapter; and
- 23      ~~12.~~ 11. May take any actions necessary and proper to implement this chapter.

24                  **SECTION 11. AMENDMENT.** Subsection 3 of section 54-60-04 of the North Dakota  
25 Century Code is amended and reenacted as follows:

- 26                  3. The foundation shall seek funding for administrative expenses from private sector  
27                  sources and shall seek and distribute private sector funds for use in  
28                  commerce-related activities ~~in~~ of the state.

29                  **SECTION 12. AMENDMENT.** Section 54-60-06 of the North Dakota Century Code is  
30 amended and reenacted as follows:

1           **54-60-06. Commerce cabinet.** The North Dakota commerce cabinet is created. The  
2 cabinet is composed of the directors of each of the department divisions and of the executive  
3 heads, or other authorized representatives, of the state board for career and technical  
4 education, the state board of higher education, the Bank of North Dakota, the department of  
5 agriculture, workforce safety and insurance, the department of transportation, job service North  
6 Dakota, the game and fish department, and of any other state agency appointed by the  
7 commissioner. The commissioner is the chairman of the cabinet and shall determine which  
8 agencies are members of the cabinet. The cabinet shall:

- 9           1. Coordinate and communicate economic development and tourism efforts of the  
10           agencies represented.
- 11           2. Meet at times determined by the commissioner.
- 12           3. ~~Develop and make available before each regular session of the legislative~~  
13           ~~assembly a list that identifies economic development moneys included in budget~~  
14           ~~requests of cabinet agencies.~~

15           **SECTION 13. AMENDMENT.** Section 54-60-17 of the North Dakota Century Code is  
16 amended and reenacted as follows:

17           **54-60-17. Division of workforce development - ~~Higher education internships~~**  
18 **Internships, apprenticeships, and work experience opportunities.** The division of  
19 workforce development shall administer a program to increase use of ~~higher education~~  
20 internships, apprenticeships, and work experience opportunities for higher education students  
21 and high school students enrolled in grade eleven or twelve. The primary focus of this program  
22 must be higher education internships in target industries. This program shall provide services  
23 to employers, communities, and business organizations to increase ~~higher education~~  
24 internship, apprenticeship, and work experience opportunities.

25           **SECTION 14.** A new section to chapter 54-60 of the North Dakota Century Code is  
26 created and enacted as follows:

27           **Rural development office.**

- 28           1. The commissioner shall administer the rural development office. The purpose of  
29           the office is to assist in the development of rural North Dakota communities.
- 30           2. The commissioner may contract with a third party for the provision of services for  
31           the rural development office. If the commissioner contracts with a third party under

1           this subsection, all data and databases collected and created by the third party in  
2           performing services for the office are the property of the department and the third  
3           party.

4           3. The department may seek and accept any gift, grant, or donation of funds,  
5           property, services, or other assistance from public or private sources for the  
6           purpose of furthering the objectives of the rural development office.

7           **SECTION 15.** A new section to chapter 54-60 of the North Dakota Century Code is  
8 created and enacted as follows:

9           **North Dakota rural development council - Composition.** The North Dakota rural  
10 development council is created.

11          1. The North Dakota rural development council is composed of a minimum of nine  
12 and a maximum of seventeen members. The commissioner is an ex officio voting  
13 member of the council. The governor shall appoint council members for two-year  
14 terms, except the governor shall appoint approximately one-half of the initial  
15 council members to one-year terms in order to initiate a cycle of staggered terms.  
16 Appointment of the council members must ensure representation from eight  
17 regions designated by the commissioner. Members of the council serve at the  
18 pleasure of the governor.

19          2. The council shall select its own officers who shall serve for a term of two years  
20 commencing on October first of each year.

21          3. The council shall have at least two meetings each year and such additional  
22 meetings as the chairman determines necessary at a time and place to be fixed by  
23 the chairman. Special meetings must be called by the chairman on written request  
24 of any four members. A simple majority of the council constitutes a quorum and  
25 may act upon any matter coming before the council. Members of the council are  
26 entitled to reimbursement in the same manner and at the same rate provided by  
27 law for other state officials.

28          4. The council, in cooperation with the rural development office, shall:

29           a. Facilitate collaboration among federal, state, local, and tribal governments  
30 and the private and nonprofit sectors in the planning and implementation of  
31 programs and policies that have an impact on rural areas of the state;

- 1            b. Monitor, report, and comment on policies and programs that address, or fail to  
2            address, the needs of the rural areas of the state; and
- 3            c. Facilitate the development of strategies to reduce or eliminate conflicting or  
4            duplicative administrative or regulatory requirements of federal, state, local,  
5            and tribal governments.

6            **SECTION 16. REPEAL.** Sections 54-34.3-05, 54-34.4-04, and 54-60-11 of the North  
7 Dakota Century Code are repealed.