

Sixty-second
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1018

Introduced by

Appropriations Committee

(At the request of the Governor)

1 A BILL for an Act to provide an appropriation for defraying the expenses of the department of
2 commerce; to create and enact section ~~15-69-07~~10-30.5-13, a new chapter to title 17, ~~and a~~
3 ~~new section~~three new sections to chapter 54-60, a new chapter to title 54, a new subdivision to
4 subsection 7 of section 57-38-30.3, and a new section to chapter 57-38 of the North Dakota
5 Century Code, relating to ~~the centers of excellence program,~~a small business technology
6 investment program, a biofuel blender pump incentive program, ~~and~~ the internship fund,
7 entrepreneurial centers development grants, an electronic portfolio program, centers of
8 research excellence, and income tax credits for purchases of manufacturing machinery and
9 equipment for the purpose of automating manufacturing processes; to amend and reenact
10 sections 10-30.5-02, 15-69-01, 15-69-03, 15-69-04, and 15-69-05 of the North Dakota Century
11 Code, relating to the North Dakota development fund, incorporated, and centers of excellence
12 program; to repeal chapter 15-69 of the North Dakota Century Code, relating to the centers of
13 excellence program; to provide for a legislative management study of population growth impact
14 on revenues and reduction of flaring of natural gas; to provide a vaccinology initiative grant; to
15 provide a continuing appropriation; to provide exemptions; to provide for transfers; to provide an
16 effective date; to provide an expiration date; and to declare an emergency.

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

18 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds
19 as may be necessary, are appropriated out of any moneys in the general fund in the state
20 treasury, not otherwise appropriated, and from special funds derived from federal funds and
21 other income, to the department of commerce for the purpose of defraying the expenses of the
22 department of commerce, for the biennium beginning July 1, 2011, and ending June 30, 2013,
23 as follows:

		Adjustments or	
	Base Level	Enhancements	Appropriation
1			
2			
3	Salaries and wages	\$10,020,840	\$851,139
4	Operating expenses	14,478,272	(595,012)
5	<u>Salaries and wages</u>	<u>\$10,020,840</u>	<u>\$1,094,688</u>
6	<u>Operating expenses</u>	<u>14,478,272</u>	<u>(245,012)</u>
7	Capital assets	25,000	45,018
8	Grants	65,411,058	851,936
9	<u>Grants</u>	<u>65,411,058</u>	<u>(5,033,064)</u>
10	North Dakota development fund	0	250,000
11	Discretionary funds	928,083	(1)
12	Workforce enhancement	0	2,000,000
13	Economic development initiatives	186,846	0
14	Agricultural products utilization	2,536,630	203,137
15	North Dakota trade office	2,064,000	489,000
16	Partner programs	2,022,044	0
17	<u>Centers of excellence</u>	<u>0</u>	<u>13,000,000</u>
18	<u>North Dakota trade office</u>	<u>2,064,000</u>	<u>549,400</u>
19	<u>Partner programs</u>	<u>2,022,044</u>	<u>100,000</u>
20	Federal fiscal stimulus funds	<u>0</u>	<u>24,496,750</u>
21	Total all funds	\$97,672,773	\$28,591,967
22	<u>Total all funds</u>	<u>\$97,672,773</u>	<u>\$36,460,916</u>
23	Less estimated income	<u>69,666,470</u>	<u>18,968,467</u>
24	Total general fund	\$28,006,303	\$9,623,500
25	Full-time equivalent positions	68.00	.25
26	<u>Total general fund</u>	<u>\$28,006,303</u>	<u>\$17,492,449</u>
27	<u>Full-time equivalent positions</u>	<u>68.00</u>	<u>1.25</u>

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO

SIXTY-THIRD LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-first legislative assembly for the 2009-11 biennium and the 2011-13 one-time funding items included in the appropriation in section 1 of this Act:

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1	<u>One-Time Funding Description</u>	<u>2009-11</u>	<u>2011-13</u>
2	Workforce enhancement fund	\$1,000,000	\$2,000,000
3	<u>American Indian business office</u>	<u>0</u>	<u>100,000</u>
4	Biofuel blender pumps	1,000,000	0
5	Promotion and marketing of USS North Dakota	100,000	0
6	Lewis and Clark foundation grants	1,500,000	0
7	Theodore Roosevelt Medora foundation grant	500,000	0
8	Tourism infrastructure grant	0	1,000,000
9	Child care grants and loans	1,820,000	370,338
10	Child care service providers	0	4,935,000
11	<u>Child care service providers</u>	<u>0</u>	<u>250,000</u>
12	recruitment, training, and retention grants		
13	Centers of excellence	19,500,000	0
14	<u>Centers of excellence</u>	<u>19,500,000</u>	<u>13,000,000</u>
15	<u>Electronic portfolio pilot project</u>	<u>0</u>	<u>150,000</u>
16	<u>2020 and beyond</u>	<u>0</u>	<u>50,000</u>
17	Great plains applied energy research center	5,000,000	0
18	Minot air force base realignment grant	0	250,000
19	Equine processing study	50,000	0
20	Federal fiscal stimulus	<u>68,594,635</u>	<u>24,496,750</u>
21	Total all funds	\$99,064,635	\$33,052,088
22	<u>Total all funds</u>	<u>\$99,064,635</u>	<u>\$40,417,088</u>
23	Less estimated income	<u>68,594,635</u>	<u>24,496,750</u>
24	Total general fund	\$30,470,000	\$8,555,338
25	<u>Total general fund</u>	<u>\$30,470,000</u>	<u>\$15,920,338</u>

26 The 2011-13 one-time funding amounts are not a part of the entity's base budget for the
 27 2013-15 biennium. The department of commerce shall report to the appropriations committees
 28 of the sixty-third legislative assembly on the use of this one-time funding for the biennium
 29 beginning July 1, 2011, and ending June 30, 2013.

30 **SECTION 3. AMENDMENT.** Section 10-30.5-02 of the North Dakota Century Code is
 31 amended and reenacted as follows:

1 **10-30.5-02. (Effective through July 31, 2011~~2013~~) Purpose and fund uses.**

- 2 1. It is the purpose of this chapter to create a statewide nonprofit development
3 corporation that will have the authority to take equity positions in, to provide loans to,
4 or to use other innovative financing mechanisms to provide capital for new or
5 expanding businesses in this state, or relocating businesses to this state. The
6 corporation's principal mission is the development and expansion of primary sector
7 business in this state. The corporation may form additional corporations, limited
8 liability companies, partnerships, or other forms of business associations in order to
9 further its mission of primary sector economic development.
- 10 2. The exclusive focus of this corporation is business development in this state; however,
11 it is not excluded from participation with other states or organizations in projects that
12 have a clear economic benefit to state residents in the creation of jobs or secondary
13 business. Emphasis should be to develop jobs that provide an income adequate to
14 support a family above the poverty level.
- 15 3. Moneys in the development fund may be used to provide working capital or for
16 financing the purchase of fixed assets but not to refinance existing debt. Moneys may
17 also be used to make matching grants to county-authorized or city-authorized
18 development corporations for the acquisition, leasing, or remodeling of real estate
19 facilities for locating a prospective new primary sector business. A grant must be made
20 as part of a package of financing in which the state is a participant.
- 21 4. The commissioner of commerce shall adopt rules, subject to the approval of the board
22 of directors, necessary to implement the administration of the fund. The rules to
23 implement the grant program must be developed to encourage local fundraising
24 initiatives for developing locations for businesses financed by the corporation.
- 25 5. Moneys in the development fund may be used to provide financing to early childhood
26 facilities licensed under chapter 50-11.1. Moneys also may be used to make grants or
27 loans to match grants or loans made by county-authorized or city-authorized
28 development corporations, job development authorities created under chapter 11-11.1
29 or 40-57.4, and regional planning councils for acquiring, leasing, or remodeling of real
30 estate facilities or for acquiring equipment for establishing or expanding a licensed
31 early childhood facility. In providing financing under this subsection, the corporation

1 shall ensure funds are distributed fairly among for-profit early childhood facilities,
2 nonprofit early childhood facilities, and public early childhood facilities. An award under
3 this subsection may not exceed ~~one~~two hundred thousand dollars per award.

4 **(Effective after July 31, 2011~~2013~~) Purpose and fund uses.**

- 5 1. It is the purpose of this chapter to create a statewide nonprofit development
6 corporation that will have the authority to take equity positions in, to provide loans to,
7 or to use other innovative financing mechanisms to provide capital for new or
8 expanding businesses in this state, or relocating businesses to this state. The
9 corporation's principal mission is the development and expansion of primary sector
10 business in this state. The corporation may form additional corporations, limited
11 liability companies, partnerships, or other forms of business associations in order to
12 further its mission of primary sector economic development.
- 13 2. The exclusive focus of this corporation is business development in this state; however,
14 it is not excluded from participation with other states or organizations in projects that
15 have a clear economic benefit to state residents in the creation of jobs or secondary
16 business. Emphasis should be to develop jobs that provide an income adequate to
17 support a family above the poverty level.
- 18 3. Moneys in the development fund may be used to provide working capital or for
19 financing the purchase of fixed assets but not to refinance existing debt. Moneys may
20 also be used to make matching grants to county-authorized or city-authorized
21 development corporations for the acquisition, leasing, or remodeling of real estate
22 facilities for locating a prospective new primary sector business. A grant must be made
23 as part of a package of financing in which the state is a participant.
- 24 4. The commissioner of commerce shall adopt rules, subject to the approval of the board
25 of directors, necessary to implement the administration of the fund. The rules to
26 implement the grant program must be developed to encourage local fundraising
27 initiatives for developing locations for businesses financed by the corporation.

28 **SECTION 4.** Section 10-30.5-13 of the North Dakota Century Code is created and enacted
29 as follows:

10-30.5-13. Small business technology investment program.

1. The corporation shall administer a small business technology investment program that provides matching investments to startup technology-based businesses.
2. The following provisions apply to small business technology investments:
 - a. A qualified applicant:
 - (1) Must be a North Dakota business that is at the startup stage;
 - (2) Must be a primary sector business in the technology field; and
 - (3) Shall meet underwriting guidelines established by the corporation.
 - b. Before the corporation distributes funds under this section, the recipient shall provide the department of commerce with detailed documentation of the availability of two dollars of angel fund investment matching funds for each dollar of state funds distributed under this section. The matching funds must be cash, must come from a North Dakota angel fund certified under section 57-38-01.26, and may not be an in-kind asset.
3. An investment under this section may not exceed fifty thousand dollars. Eligible use of the investment funds include developing a proof of concept. A recipient may not receive more than one award under this section.
4. An investment under this section is not a business incentive under chapter 54-60.1.

SECTION 5. AMENDMENT. Section 15-69-01 of the North Dakota Century Code is amended and reenacted as follows:

15-69-01. (Effective through July 31, 2011) Definitions.

In this chapter, unless the context otherwise requires:

1. "Board" means the state board of higher education.
2. "Center" means a center of excellence relating to economic development which has been designated or named under this chapter.
3. "Commission" means the centers of excellence commission.
4. "Department" means the department of commerce.
5. "Foundation" means the North Dakota economic development foundation.
5. "Industry cluster" means one of the following industries:
 - a. Advanced manufacturing;
 - b. Energy;

- 1 e. Information and technology;
 - 2 d. Tourism;
 - 3 e. Value-added agriculture; or
 - 4 f. An industry, including the aerospace industry, specifically identified by the
 - 5 department of commerce as an industry that will contribute to the gross state
 - 6 product.
- 7 6. "Infrastructure" means new building construction or major building renovation. The
- 8 term does not include a purchase of equipment or remodel of an existing building.

9 **SECTION 6. AMENDMENT.** Section 15-69-03 of the North Dakota Century Code is
10 amended and reenacted as follows:

11 **15-69-03. ~~(Effective through July 31, 2011)~~ Centers of excellence commission.**

12 The centers of excellence commission consists of six members. The foundation shall
13 appoint three of the foundation's members to serve on the commission and the board shall
14 appoint three of the board's members to serve on the commission. The commission members
15 shall designate a chairman and a vice chairman of the commission. Each member of the
16 commission shall serve for a term of three years, beginning July first; may be reappointed for
17 additional terms; and serves at the pleasure of the appointing entity. If a commission member
18 ceases to serve as a member of the appointing entity, that member's membership on the
19 commission ceases immediately and the appointing entity shall appoint a new member for the
20 remainder of the term. Terms of commission members must be staggered. On a
21 meeting-by-meeting basis, an appointing entity may substitute a member of that appointing
22 entity to serve in place of one of the regular members appointed by that entity. If the
23 commission chairman and vice chairman are not present at a meeting, the commission
24 members present at that meeting shall select a commission member to serve as chairman for
25 that meeting. A commission member may receive compensation and travel and expense
26 reimbursement from the appointing entity. The department of commerce shall provide the
27 commission with appropriate staff services as may be requested by the commission.

28 **SECTION 7. AMENDMENT.** Section 15-69-04 of the North Dakota Century Code is
29 amended and reenacted as follows:

1 **15-69-04. (Effective through July 31, 2011) Application -- Eligibility**
2 **requirementsCenters of excellence program.**

- 3 1. The department of commerce shall provide center application forms, accept
4 applications, review applications for completeness and compliance with board and
5 commission policy, forward complete applications to the commission in accordance
6 with guidelines established by the commission, and assist with preaward reviews and
7 postaward monitoring as may be requested by the commission. No more than two
8 applications per campus of an institution of higher education under the control of the
9 board may be submitted to the department of commerce for each round of center
10 funding.
- 11 2. The commission shall meet as necessary to review all complete applications; consider
12 the potential need for independent, expert review of complete applications; approve or
13 disapprove complete applications; make funding award recommendations for
14 commission approved proposed centers; direct the department of commerce
15 to administer the centers of excellence program; distribute funds to the centers;
16 monitor centers for compliance with award requirements; review changes in assertions
17 made in center applications; and conduct postaward monitoring of centers.
- 18 3. In considering whether to approve or disapprove an application, the commission shall
19 determine whether the applicant has conducted the due diligence necessary to put
20 together a viable proposal, the commission shall determine whether the applicant has
21 provided information in the application which clearly outlines how the matching fund
22 requirement will be met, and the commission shall consider whether the center will:
- 23 a. Use university or college research to promote private sector job growth and
24 expansion of knowledge based industries or use university or college research to
25 promote the development of new products, high-tech companies, or skilled jobs
26 in this state;
 - 27 b. Create high-value private sector employment opportunities in this state;
 - 28 c. Provide for public-private sector involvement and partnerships;
 - 29 d. Leverage other funding, including cash from the private sector;

- 1 e. Increase research and development activities that may involve federal funding
 - 2 from the national science foundation experimental program to stimulate
 - 3 competitive research;
 - 4 f. Foster and practice entrepreneurship;
 - 5 g. Promote the commercialization of new products and services in industry clusters;
 - 6 h. Become financially self-sustaining; and
 - 7 i. Establish and meet a deadline for acquiring and expending all public and private
 - 8 funds specified in the application.
- 9 4. In considering whether to approve an application, the commission may provide for an
 - 10 independent, expert review of the application to determine whether the proposed
 - 11 center is viable and whether the proposed center is likely to have the desired
 - 12 economic impact. As necessary, the commission may contract for additional technical
 - 13 review of applications. The commission may not approve an application unless the
 - 14 commission determines the proposed center has a high likelihood of viability and
 - 15 success in positively impacting economic development in the state.
 - 16 5. For no fewer than six years and no more than ten years following center designation,
 - 17 the commission shall monitor the center's activities in order to determine whether the
 - 18 center is having the desired economic impact.

19 **SECTION 8. AMENDMENT.** Section 15-69-05 of the North Dakota Century Code is
20 amended and reenacted as follows:

21 **15-69-05. (Effective through July 31, 2011) Use of funds - Terms of funds -**

22 **Distribution of funds.**

- 23 1. A center shall use funds awarded under this chapter to enhance capacity and leverage
- 24 state, federal, and private sources of funding. A center awarded funds under this
- 25 chapter may not use the funds for infrastructure, to supplant funding for current
- 26 operations or academic instructions, or to pay indirect costs.
- 27 2. As a condition for receipt of funds under this chapter, a center shall agree to provide
- 28 the ~~board~~department, foundation, and budget section of the legislative management
- 29 with annual audits on all funds distributed to the center under this chapter. The annual
- 30 audits must be provided until the completion of the ~~commission's~~department's
- 31 postaward monitoring of the center. As a condition for receipt of funds under this

1 chapter, a center shall agree to provide the ~~commission~~department with the
2 information necessary to monitor the postaward activities of the center. ~~Effective on~~
3 ~~the effective date of this Act, the department shall assume the postaward monitoring~~
4 ~~duties previously fulfilled by the commission and the center shall provide the~~
5 ~~department, rather than the commission, with the information necessary to monitor the~~
6 ~~postaward activities of the center.~~Instead of requiring annual audits under this
7 subsection, the commission may require that the center be audited on all funds
8 distributed to the center under this chapter at the halfway point of the postaward
9 monitoring and at the end of the postaward monitoring and that for all other years
10 during the postaward monitoring the center contract with an independent accountant
11 for an agreed-upon procedures engagement. A center may use funds distributed to the
12 center under this chapter to pay for audits required under this subsection or for an
13 agreed-upon procedures engagement. At a minimum, an agreed-upon procedures
14 engagement under this subsection must include:

- 15 a. Verification of the accuracy of jobs data regarding jobs claimed created by the
16 center, distinguishing between the creation of private sector jobs and jobs within
17 the institution of higher education;
- 18 b. Verification of compliance with the centers of excellence program matching fund
19 requirements;
- 20 c. Verification awarded center funds were used for authorized uses;
- 21 d. Verification the center complied with the center's application timeline and any
22 authorized revisions;
- 23 e. Verification the center complied with the center's scope of activities as provided
24 under the center's application and any authorized revisions;
- 25 f. Review of a sample of center expenditures to verify the expenses were
26 approved, supported with documentation, and made in accordance with the
27 scope identified in the center's application;
- 28 g. Verification of a sample of labor charged to the center; and
- 29 h. Comparison of the center's application budget to the center's actual
30 expenditures, including documentation explaining any material differences.

- 1 3. Before the ~~commission directs the~~ department of commerce ~~to distribute~~~~distributes-~~
2 funds awarded under this chapter, the center shall provide the ~~commission~~~~department-~~
3 with detailed documentation of private sector participation and the availability of two
4 dollars of matching funds for each dollar of state funds to be distributed under this
5 chapter. Of the two dollars of matching funds, at least one dollar must be cash, of
6 which at least fifty cents must be from the private sector. The matching funds may
7 include funds facilitated through the collaboration of the private sector participants with
8 other funding entities. The noncash matching funds may include in-kind assets with
9 itemized value. Private sector participation may be established through equity
10 investments or through contracts for services with private sector entities. ~~In making~~
11 ~~funding recommendations and designation determinations, the commission, board,~~
12 ~~foundation, and budget section shall give major consideration to the portion of the~~
13 ~~matching funds provided in cash by the private sector.~~
- 14 4. The ~~commission shall direct the~~ department of commerce ~~to~~~~shall~~ distribute the funds
15 awarded under this chapter in disbursements consistent with the center's budget and
16 timeframe outlined in the approved award. The ~~commission~~~~department~~ may not direct
17 distribution of funds under this chapter if there are no private sector partners
18 participating or if the statutorily required matching funds are not available.
- 19 5. If, before funds are distributed by the department of commerce, a center undergoes a
20 change in the terms of or assertions made in its application, the ~~commission may~~
21 ~~direct that the~~ department of commerce ~~may~~ withhold all or a portion of any
22 undistributed funds pending ~~commission~~~~department~~ review of the changes.
- 23 6. The ~~commission~~~~department~~ may use funds appropriated ~~for~~~~available within the~~
24 centers of excellence ~~program~~~~fund~~ to pay for the ~~commission's~~~~department's~~
25 administrative expenses, ~~which may include contracting for independent, expert~~
26 ~~reviews of complete applications and centers of excellence forums~~~~related to this~~
27 ~~program~~. The amount of funds the commission uses each biennium for administrative
28 expenses may not exceed two and one-half percent of the funds appropriated for the
29 program that biennium.

30 ~~SECTION 7. Section 15-69-07 of the North Dakota Century Code is created and enacted as~~
31 ~~follows:~~

~~15-69-07. Centers of excellence postaward monitoring.~~

~~1. For no fewer than six years and no more than ten years following center designation, the department shall monitor a center's activities in order to determine whether the center is having the desired economic impact.~~

~~2. Instead of requiring annual audits under subsection 2 of section 15-69-05, the department may require that the center be audited on all funds distributed to the center under this chapter at the halfway point of the postaward monitoring and at the end of the postaward monitoring and that for all other years during the postaward monitoring the center contract with an independent accountant for an agreed-upon procedures engagement. A center may use funds distributed to the center under this chapter to pay for audits required under subsection 2 of section 15-69-05 or for an agreed-upon procedures engagement.~~

~~3. At a minimum, an agreed-upon procedures engagement under subsection 2 must include:~~

~~a. Verification of the accuracy of jobs data regarding jobs claimed related by the center, distinguishing between the creation of private sector jobs and jobs within the institution of higher education;~~

~~b. Verification of compliance with the centers of excellence program matching fund requirements;~~

~~c. Verification awarded center funds were used for authorized uses;~~

~~d. Verification the center complied with the center's application timeline and any authorized revisions;~~

~~e. Verification the center complied with the center's scope of activities as provided under the center's application and any authorized revisions;~~

~~f. Review of a sample of center expenditures to verify the expenses were approved, supported with documentation, and made in accordance with the scope identified in the center's application;~~

~~g. Verification of a sample of labor charged to the center;~~

~~h. Verification business incentive agreements comply with chapter 54-60.1; and~~

~~i. Comparison of the center's application budget to the center's actual expenditures, including documentation explaining any material differences.~~

1 **SECTION 9.** A new chapter to title 17 of the North Dakota Century Code is created and
2 enacted as follows:

3 **Definitions.**

4 For purposes of this chapter, unless the context otherwise requires:

- 5 1. "Biodiesel" means any non-petroleum-based diesel fuel made from a renewable
6 resource such as vegetable oil or animal fat.
- 7 2. "E85 fuel" means a petroleum product that:
 - 8 a. Is a blend of agriculturally derived denatured ethanol and gasoline or natural
9 gasoline;
 - 10 b. Typically contains eighty-five percent ethanol by volume but must at a minimum
11 contain sixty percent ethanol by volume; and
 - 12 c. Complies with the American society for testing materials specification D 5798-96.
- 13 3. "Motor fuel retailer" means a person that acquires motor vehicle fuel from a supplier or
14 distributor for resale to a consumer at a retail location.
- 15 4. "Retail location" means a site at which motor vehicle fuel is dispensed through a pump
16 from an underground or aboveground storage tank into the supply tank of a motor
17 vehicle.

18 **Biofuel blender pump incentive program - Administration.**

- 19 1. The department of commerce shall administer the biofuel blender pump incentive
20 program to provide cost-share grants of up to ~~fourteen thousand dollars per retail~~
21 ~~location to motor fuel retailers for the installation of biofuel blender pumps and~~
22 ~~associated equipment at retail locations, including the piping system and storage~~
23 ~~components.~~a maximum of twenty thousand dollars per retail location to motor fuel
24 retailers for the installation of biofuel blender pumps and up to fourteen thousand
25 dollars per retail location for the installation of associated equipment, including the
26 piping systems and storage components, when blender pumps are installed for a
27 maximum grant of thirty-four thousand dollars per location.
- 28 2. In determining eligibility for grant funds, the department shall establish by rule criteria
29 governing:
 - 30 a. The verification of costs for biofuel blender pumps and associated equipment,
31 including the piping system and storage components;

- 1 b. The eligibility of grant recipients;
- 2 c. The application and grant award procedure; and
- 3 d. Reporting and accountability procedures for grant recipients.

4 ~~3. The amount of incentives payable to any retail location under this chapter may not~~
5 ~~exceed two percent of the total amount appropriated for the biofuel blender pump~~
6 ~~incentive program.~~

7 **Blender pumps - Requirements.**

- 8 1. To qualify for a grant under this chapter, a retailer must install an ethanol blender
9 pump and an associated storage and piping system. The pump must be the type that:
 - 10 a. Dispenses at retail a blend of gasoline and ethanol in the ratio selected by the
11 purchaser;
 - 12 b. Is manufactured to an industry standard and carries a warranty for compatibility
13 with dispenser components and storage and piping systems;
 - 14 c. Has at least four hoses and dispenses the following:
 - 15 (1) Either a blend of ten percent ethanol or the minimum blend percentage
16 approved for all vehicles by the United States environmental protection
17 agency;
 - 18 (2) A blend of at least twenty percent ethanol; and
 - 19 (3) E85 fuel; and
 - 20 d. Complies with all alternative fuel, biofuel, and flexible fuel requirements
21 established by law.
- 22 2. In order to qualify for a grant under this chapter, a retailer must install a biodiesel
23 blender pump that:
 - 24 a. Dispenses at retail varying blends of biodiesel and mineral diesel in the ratio
25 selected by the purchaser; and
 - 26 b. Complies with all alternative fuel, biofuel, and flexible fuel requirements
27 established by law.

28 **Biofuel blender pump incentive program - Administrative costs.**

29 The department may use up to five percent of any amount appropriated to the biofuel
30 blender pump incentive program for administration, the dissemination of information regarding

1 the biofuel blender pump incentive program, and the dissemination of information regarding the
2 benefits of biofuels.

3 **SECTION 10.** A new section to chapter 54-60 of the North Dakota Century Code is created
4 and enacted as follows:

5 **Internship fund - Continuing appropriation.**

6 The internship fund is a special fund in the state treasury. All funds in the internship fund are
7 appropriated to the department of commerce on a continuing basis for the purpose of
8 implementing and administering section 54-60-17. Interest earned by the fund must be credited
9 to the fund.

10 ~~— **SECTION 10. GRANT – DIVISION OF TOURISM – TOURISM INFRASTRUCTURE**~~

11 ~~**GRANTS.** The grants line item in section 1 of this Act includes the sum of \$1,000,000 from the~~
12 ~~general fund for providing a tourism infrastructure grant.~~

13 ~~— **SECTION 11. GRANT – MINOT AIR FORCE BASE REALIGNMENT GRANT.** The grants~~
14 ~~line item in section 1 of this Act includes the sum of \$250,000 from the general fund for~~
15 ~~providing a base realignment grant to enhance economic development and employment~~
16 ~~opportunities associated with the Minot air force base resulting from action by the federal~~
17 ~~defense base closure and realignment commission.~~

18 **SECTION 11.** A new section to chapter 54-60 of the North Dakota Century Code is created
19 and enacted as follows:

20 **Entrepreneurial centers development grants.**

21 The department shall administer an entrepreneurial centers development grant program to
22 provide grants to institutions under the control of the state board of higher education which are
23 not research universities as defined under section 13 of this Act. The centers of excellence
24 commission established under chapter 15-69 shall make grant award determinations under this
25 section. A recipient's appropriate use of funds may include awarding a grant to establish a new
26 entrepreneurial center within an eligible institution or to enhance the ability of an existing
27 entrepreneurial center to assist an entrepreneur in growing the entrepreneur's businesses. The
28 department shall work with the centers of excellence commission in establishing guidelines to
29 qualify for a grant under this section which may include preference for an applicant that
30 establishes the availability of matching funds. The centers of excellence commission shall

1 consider how a proposed grant award would help achieve the goals outlined in the North
2 Dakota economic development strategic plan.

3 **SECTION 12.** A new section to chapter 54-60 of the North Dakota Century Code is created
4 and enacted as follows:

5 **Division of workforce development - Pilot program - Higher education electronic**
6 **portfolio system.**

7 1. The division of workforce development, the North Dakota university system, job
8 service North Dakota, and representatives of the institutions of higher education under
9 the control of the state board of higher education shall work together to establish a
10 pilot program through which an electronic portfolio system will be implemented by
11 selected institutions of higher education under the control of the state board of higher
12 education in order to address the needs of students, faculty, and employers. The pilot
13 program may include Valley City state university and the North Dakota state college of
14 science. If Valley City state university or the North Dakota state college of science
15 chooses not to participate, any other institution of higher education under the control
16 of the state board of higher education may participate in this pilot program.

17 2. The pilot program must provide for an electronic portfolio system that:

18 a. Is online;

19 b. Is a multimedia system that enables the user to create and manage the user's
20 education and career information;

21 c. Enables students, job seekers, and professionals to showcase education and
22 skills to potential employers;

23 d. Provides for creation of and access to lifelong personal electronic portfolio
24 accounts and services to students, job seekers, and professionals seeking to
25 advance their careers in the state;

26 e. Provides access to job seekers residing outside the state who may be interested
27 in relocating or returning to the state; and

28 f. Allows employers and economic developers to conduct online searches to
29 determine workforce potential by geographic region, skill, education, experience,
30 and other factors.

- 1 3. Under this pilot program, the North Dakota university system, job service North
2 Dakota, and the division of workforce development shall work together to:
3 a. Facilitate the effective integration of future workers into the workforce system and
4 to enhance the ability of state and local economic development officials to
5 effectively access North Dakota's skilled workforce through the system; and
6 b. Ensure the system is complementary to the state's workforce system and higher
7 education system.

8 4. The division of workforce development shall administer the pilot program.

9 **SECTION 13.** A new chapter to title 54 of the North Dakota Century Code is created and
10 enacted as follows:

11 **Definitions.**

12 In this chapter, unless the context otherwise requires:

- 13 1. "Center" means a center of research excellence that has been designated under this
14 chapter.
- 15 2. "Commission" means the centers of excellence commission as defined under chapter
16 15-69.
- 17 3. "Department" means the department of commerce.
- 18 4. "Industry cluster" means one of the following industries:
19 a. Advanced manufacturing;
20 b. Energy;
21 c. Information and technology;
22 d. Tourism;
23 e. Value-added agriculture; or
24 f. An industry, including the aerospace industry, specifically identified by the
25 department of commerce as an industry that will contribute to the gross state
26 product.
- 27 5. "Infrastructure" means new building construction or major building renovation. The
28 term does not include a purchase of equipment or remodel of an existing building.
- 29 6. "Research university" means an institution under the control of the state board of
30 higher education which has a full-time student enrollment in excess of nine thousand
31 students.

Centers of research excellence - Application - Eligibility.

1. The department shall establish a centers of research excellence program. The commission shall make funding award determinations under this program. A center must be a research university or a nonprofit university-related or college-related foundation of a research university which is working in partnership with the private sector.

2. The department shall provide center application forms, accept applications, review applications for completeness and compliance with 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 a research university institution may be submitted to the department for each round of center funding.

3. 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 department 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.

4. In considering whether to approve or disapprove a center 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 research to promote private sector job growth and expansion of knowledge-based industries or use university 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;

1 d. Leverage other funding, including cash from the private sector;

2 e. Promote the commercialization of new products and services in industry clusters;

3 f. Become financially self-sustaining; and

4 g. Establish and meet a deadline for acquiring and expending all public and private
5 funds specified in the application.

6 5. In considering whether to approve an application, the commission may provide for an
7 independent, expert review of the application to determine whether the proposed
8 center is viable and whether the proposed center is likely to have the desired
9 economic impact. As necessary, the commission may contract for additional technical
10 review of applications. The commission may not approve an application unless the
11 commission determines the proposed center has a high likelihood of viability and
12 success in positively impacting economic development in the state.

13 6. The board rules adopted under subsection 9 of section 15-10-17, relating to ownership
14 of intellectual property, inventions, and discoveries, must address activities and issues
15 unique to centers.

16 **Use of funds - Terms of funds - Distribution of funds - Postaward monitoring.**

17 1. A center shall use center grant funds to enhance capacity and leverage state, federal,
18 and private sources of funding. A center awarded center funds under this chapter may
19 not use the funds for infrastructure, to supplant funding for current operations or
20 academic instructions, or to pay indirect costs.

21 2. For no fewer than six years and no more than ten years following center designation,
22 the commission shall monitor the center's activities in order to determine whether the
23 center is having the desired economic impact.

24 3. As a condition for receipt of funds under this chapter, a center shall agree to provide
25 the board, foundation, and budget section of the legislative management with annual
26 audits on all funds distributed to the center under this chapter. The annual audits must
27 be provided until the completion of the commission's postaward monitoring of the
28 center. As a condition for receipt of funds under this chapter, a center shall agree to
29 provide the commission with the information necessary to monitor the postaward
30 activities of the center. Instead of requiring annual audits under this subsection, the
31 commission may require that the center be audited on all funds distributed to the

1 center under this chapter at the halfway point of the postaward monitoring and at the
2 end of the postaward monitoring and that for all other years during the postaward
3 monitoring the center contract with an independent accountant for an agreed-upon
4 procedures engagement. A center may use funds distributed to the center under this
5 chapter to pay for audits required under this subsection or for an agreed-upon
6 procedures engagement. At a minimum, an agreed-upon procedures engagement
7 under this subsection must include:

- 8 a. Verification of the accuracy of jobs data regarding jobs claimed created by the
9 center, distinguishing between the creation of private sector jobs and jobs within
10 the institution of higher education;
11 b. Verification of compliance with the centers of excellence program matching fund
12 requirements;
13 c. Verification awarded center funds were used for authorized uses;
14 d. Verification the center complied with the center's application timeline and any
15 authorized revisions;
16 e. Verification the center complied with the center's scope of activities as provided
17 under the center's application and any authorized revisions;
18 f. Review of a sample of center expenditures to verify the expenses were
19 approved, supported with documentation, and made in accordance with the
20 scope identified in the center's application;
21 g. Verification of a sample of labor charged to the center; and
22 h. Comparison of the center's application budget to the center's actual
23 expenditures, including documentation explaining any material differences.

- 24 4. Before the commission directs the department to distribute center funds awarded
25 under this chapter, the center shall provide the commission with detailed
26 documentation of private sector participation and the availability of two dollars of
27 matching funds for each dollar of state funds to be distributed. Of the two dollars of
28 matching funds, at least one dollar must be cash, of which at least fifty cents must be
29 from the private sector. The matching funds may include funds facilitated through the
30 collaboration of the private sector participants with other funding entities. The noncash
31 matching funds may include in-kind assets with itemized value. Private sector

1 participation may be established through equity investments or through contracts for
2 services with private sector entities. In making funding recommendations and
3 designation determinations, the commission shall give major consideration to the
4 portion of the matching funds provided in cash by the private sector.

5 5. The commission shall direct the department to distribute the center funds awarded
6 under this chapter in disbursements consistent with the center's budget and timeframe
7 outlined in the approved award. The commission may not direct distribution of center
8 funds under this chapter if there are no private sector partners participating or if the
9 statutorily required matching funds are not available.

10 6. If, before center funds are distributed by the department, a center undergoes a change
11 in the terms of or assertions made in its application, the commission may direct that
12 the department withhold all or a portion of any undistributed funds pending
13 commission review of the changes.

14 7. The commission may use funds appropriated for the centers of research excellence
15 program to pay for the commission's administrative expenses.

16 **Eminent researcher recruitment grants.**

17 As part of the centers of research excellence program, the department of commerce shall
18 establish and administer an eminent researcher recruitment grant program to provide challenge
19 grants to raise funds to be used by research universities and foundations established to further
20 the work of such research universities in attracting an eminent researcher to join the faculties of
21 the research universities. Under this program, the commission shall make grant award
22 determinations. The commission shall adopt standards relative to the award of a grant under
23 this section which must require that a foundation contribute at least fifty percent and not more
24 than seventy-five percent of the total amount the commission deems necessary to attract an
25 eminent researcher. The commission may revise the contribution formulas at any time in order
26 to maximize the benefits that may result from recruiting one or more eminent researcher in the
27 biennium and depending on the total funds available to the grant program. In determining
28 whether to make a grant award under this section, the commission may consider the existing
29 programs of the North Dakota university system, the necessity for such an eminent researcher,
30 and any duplication the recruitment of the eminent researcher might cause. The department

1 shall work with the commission in establishing guidelines to qualify for a grant under this
2 section.

3 **Base realignment grants.**

4 As part of the centers of research excellence program, the department of commerce shall
5 establish and administer a base realignment grant program to provide grants to a research
6 university or a nonprofit university-related foundation to enhance economic development and
7 employment opportunities associated with the Grand Forks air force base resulting from action
8 by the federal defense base closure and realignment commission and infrastructure and
9 economic development projects or programs to accommodate growth in proximity to or at the
10 Grand Forks air force base. Under this program, the commission shall make grant award
11 determinations. The department shall work with the commission in establishing guidelines to
12 qualify for a grant under this section.

13 **Centers of research excellence fund - Continuing appropriation.**

14 The centers of research excellence fund is a special fund in the state treasury. All moneys
15 in the centers of research excellence fund are appropriated to the department of commerce on
16 a continuing basis for the purpose of implementing and administering this chapter. Interest
17 earned on moneys in the fund must be credited to the fund.

18 **SECTION 14.** A new subdivision to subsection 7 of section 57-38-30.3 of the North Dakota
19 Century Code is created and enacted as follows:

20 Automating manufacturing processes tax credit under section 15 of this Act.

21 **SECTION 15.** A new section to chapter 57-38 of the North Dakota Century Code is created
22 and enacted as follows:

23 **Income tax credit for purchases of manufacturing machinery and equipment for the**
24 **purpose of automating manufacturing processes.**

25 1. A taxpayer that is a primary sector business is allowed a nonrefundable credit against
26 the tax imposed under section 57-38-30 or 57-38-30.3 for purchases of manufacturing
27 machinery and equipment for the purpose of automating manufacturing processes in
28 this state. The amount of the credit under this section is twenty percent of the costs
29 incurred in the taxable year to purchase manufacturing machinery and equipment for
30 the purpose of automating manufacturing processes. Qualified expenditures under this

1 section may not be used in the calculation of any other income tax deduction or credit
2 allowed by law.

3 2. For purposes of this section:

4 a. "Manufacturing machinery and equipment for the purpose of automating
5 manufacturing processes" means new or used automation and robotic
6 equipment.

7 b. "Primary sector business" means a business certified by the department of
8 commerce which, through the employment of knowledge or labor, adds value to a
9 product, process, or service that results in the creation of new wealth.

10 3. The taxpayer shall claim the total credit amount for the taxable year in which the
11 manufacturing machinery and equipment are purchased. The credit under this section
12 may not exceed the taxpayer's liability as determined under this chapter for any
13 taxable year.

14 4. If the amount of the credit determined under this section exceeds the liability for tax
15 under this chapter, the excess may be carried forward to each of the next five
16 succeeding taxable years.

17 5. The aggregate amount of credits allowed under this section may not exceed two
18 million dollars in any calendar year. Credits subject to this limitation must be
19 determined based upon the date of the qualified purchase.

20 6. If a taxpayer entitled to the credit provided by this section is a member of a group of
21 corporations filing a North Dakota consolidated tax return using the combined
22 reporting method, the credit may be claimed against the aggregate North Dakota tax
23 liability of all the corporations included in the North Dakota consolidated return.

24 7. A partnership, subchapter S corporation, limited partnership, limited liability company,
25 or any other passthrough entity entitled to the credit under this section must be
26 considered to be the taxpayer for purposes of calculating the credit. The amount of the
27 allowable credit must be determined at the passthrough entity level. The total credit
28 determined at the entity level must be passed through to the partners, shareholders, or
29 members in proportion to their respective interests in the passthrough entity. An
30 individual taxpayer may take the credit passed through under this subsection against
31 the individual's state income tax liability under section 57-38-30.3.

1 8. The department of commerce shall provide the tax commissioner the name, address,
2 and federal identification number or social security number of the taxpayer approved
3 as qualifying for the credit under this section, and a list of those items that were
4 approved as a qualified expenditure by the department. The taxpayer claiming the
5 credit shall file with the taxpayer's return, on forms prescribed by the tax
6 commissioner, the following information:

7 a. The name, address, and federal identification number or social security number
8 of the taxpayer who made the purchase; and

9 b. An itemization of:

10 (1) Each item of machinery or equipment purchased for automation;

11 (2) The amount paid for each item of machinery or equipment if the amount
12 paid for the machinery or equipment is being used as a basis for calculating
13 the credit; and

14 (3) The date on which payment for the purchase was made.

15 9. Notwithstanding the time limitations contained in section 57-38-38, this section does
16 not prohibit the tax commissioner from conducting an examination of the credit
17 claimed and assessing additional tax due under section 57-38-38.

18 **SECTION 16. CHILD CARE GRANTS - WORKFORCE DEVELOPMENT - QUALITY**

19 **IMPROVEMENT - TECHNICAL ASSISTANCE - CAPACITY BUILDING.** The grants line item in
20 section 1 of this Act includes the sum of ~~\$\$\$4,935,000~~250,000 from the general fund for
21 providing grants to child care service providers for workforce development, quality
22 improvement, technical assistance, and capacity building in collaboration with the department of
23 human services under section 50-11.1-14.1.

24 ~~— **SECTION 13. INNOVATION 2020 AWARD.** The department may administer an innovation-~~
25 ~~2020 award program to provide proof-of-concept funding to a qualified entrepreneur to assist in~~
26 ~~moving a new technology from academia into the commercialization cycle, for the biennium~~
27 ~~beginning July 1, 2011, and ending June 30, 2013. The following provisions apply to an award~~
28 ~~under this section:-~~

29 ~~— 1. An applicant must be an individual who is associated with a North Dakota institution of~~
30 ~~higher education as a student, an employee, or other relationship the department may~~
31 ~~authorize.~~

- 1 ~~2. The applicant must have an early-stage technology with high commercial potential.~~
- 2 ~~3. The department shall establish the qualified uses of funds received under this section.~~
- 3 ~~4. As a term for receipt of funds under this section, the recipient shall agree to the~~
4 ~~department's repayment terms equal to two times the amount of the award.~~
- 5 ~~5. The department's repayment terms may include the department taking an equity~~
6 ~~position in, providing a loan to, or using any other innovative financing mechanism to~~
7 ~~provide the funds to the recipient. The terms of repayment may be conditioned on the~~
8 ~~new technology becoming income-generating.~~
- 9 ~~6. An award under this section may not exceed fifty thousand dollars. A recipient may not~~
10 ~~receive more than one award under this section.~~
- 11 ~~7. An award under this section is not a business incentive under chapter 54-60.1.~~
- 12 ~~**SECTION 14. TECHNOLOGY AWARD EQUITY INVESTMENT PROGRAM.** The~~
13 ~~department may administer a technology award equity investment program that provides~~
14 ~~matching equity investments to technology-based businesses, for the biennium beginning~~
15 ~~July 1, 2011, and ending June 30, 2013. The following provisions apply to technology award~~
16 ~~equity investments:~~
- 17 ~~1. An applicant must:~~
- 18 ~~a. Be a North Dakota business that is at the startup stage;~~
- 19 ~~b. Be a primary sector business in the technology field; and~~
- 20 ~~c. Have a legal structure that was established following comprehensive vetting,~~
21 ~~development of proof of concept, and a completed business plan.~~
- 22 ~~2. Before funds are distributed under this section, the recipient shall provide the~~
23 ~~department with detailed documentation of the availability of two dollars of angel fund~~
24 ~~investment matching funds for each dollar of state funds distributed under this section.~~
25 ~~Matching funds must come from a North Dakota angel fund certified under section~~
26 ~~57-38-01.26 and be in cash. Matching funds may not be in-kind assets.~~
- 27 ~~3. An equity investment under this section may not exceed fifty thousand dollars. A~~
28 ~~recipient may not receive more than one award under this section.~~
- 29 ~~4. An award equity investment under this section is not a business incentive under~~
30 ~~chapter 54-60.1.~~

1 **SECTION 17. EXEMPTION.** The amount appropriated for the agricultural products
2 utilization commission in section 1 of chapter 46 of the 2009 Session Laws is not subject to
3 section 54-44.1-11 and any unexpended funds from this line item for grants are available for
4 grants during the biennium beginning July 1, 2011, and ending June 30, 2013.

5 **SECTION 18. EXEMPTION.** The amount appropriated for the discretionary funds line item
6 in section 1 of chapter 46 of the 2009 Session Laws is not subject to section 54-44.1-11 and any
7 unexpended funds from this line item are available during the biennium beginning July 1, 2011,
8 and ending June 30, 2013.

9 **SECTION 19. EXEMPTION - TRANSFER.** The amount appropriated for internships
10 contained in the operating expenses line item in section 1 of chapter 46 of the 2009 Session
11 Laws is not subject to section 54-44.1-11. The office of management and budget shall transfer
12 any unexpended funds from this appropriation to the internship fund at the end of the 2011-13
13 biennium.

14 **SECTION 20. EXEMPTION - TRANSFER.** ~~Up to \$665,000 of the~~The amount appropriated
15 for the great plains applied energy research center in section 1 of chapter 26 of the 2009
16 Session Laws is not subject to section 54-44.1-11. The department of commerce may spend
17 these funds for the purposes provided for in this section, for the biennium beginning July 1,
18 2011, and ending June 30, 2013. The department of commerce may use up to
19 ~~\$600,000~~\$4,000,000 of these funds for ~~a grant to assist in the acquisition of the antiballistic-~~
20 ~~missile site at the Stanley R. Mickelson safeguard complex in Nekoma~~entrepreneurial centers
21 development grants under section 11 of this Act. The ~~department of commerce may use up to~~
22 ~~\$65,000~~office of management and budget shall transfer \$1,000,000 of these funds ~~for grants to~~
23 ~~child care service providers for workforce development, quality improvement, technical~~
24 ~~assistance, and capacity building in collaboration with the department of human services under~~
25 ~~section 50-11.1-14.1.~~to the North Dakota development fund, incorporated, for the purpose of
26 providing investments to startup stage technology-based businesses under section 4 of this Act.

27 **SECTION 21. EXEMPTION.** The amount appropriated for the technology-based
28 entrepreneurship grant program contained in the grants line item in section 1 of chapter 46 of
29 the 2009 Session Laws is not subject to section 54-44.1-11 and any unexpended funds from
30 this line item are available during the biennium beginning July 1, 2011, and ending June 30,
31 2013.

1 **SECTION 22. EXEMPTION.** The amount appropriated for early childhood facility grants in
2 section 6 of chapter 108 of the 2009 Session Laws is not subject to section 54-44.1-11 and any
3 unexpended funds from this line item are available during the biennium beginning July 1, 2011,
4 and ending June 30, 2013.

5 **SECTION 23. EXEMPTION.** The amount appropriated for the biofuel blender pump
6 incentive program in sections 1 and 2 of chapter 46 of the 2009 Session Laws is not subject to
7 section 54-44.1-11 and any unexpended funds from this line item are available during the
8 biennium beginning July 1, 2011, and ending June 30, 2013.

9 **SECTION 24. EXEMPTION.** The amount appropriated for the promotion and marketing of
10 the USS North Dakota contained in the grants line item in section 1 of chapter 46 of the 2009
11 Session Laws is not subject to section 54-44.1-11 and any unexpended funds from this line item
12 are available during the biennium beginning July 1, 2011, and ending June 30, 2013.

13 **SECTION 25. TRANSFER - WORKFORCE ENHANCEMENT FUND.** The office of
14 management and budget shall transfer the amount appropriated in the workforce enhancement
15 line item in section 1 of this Act to the workforce enhancement fund for the purpose of
16 implementing and administering sections 54-60-21 and 54-60-22 for the biennium beginning
17 July 1, 2011, and ending June 30, 2013.

18 **SECTION 26. TRANSFER - CENTERS OF RESEARCH EXCELLENCE FUND.** The office
19 of management and budget shall transfer the amount appropriated in the centers of excellence
20 line item in section 1 of this Act to the centers of research excellence fund for the purpose of
21 implementing and administering the centers of research excellence grants, for the biennium
22 beginning July 1, 2011, and ending June 30, 2013. The department of commerce may use up to
23 \$1,000,000 of the funds transferred to the centers of research excellence fund for eminent
24 researcher recruitment grants. During the biennium beginning July 1, 2011, and ending June 30,
25 2013, the centers of excellence commission may not award more than one-half of the amount
26 available for centers of research excellence grants, including base realignment grants, to one
27 research university or nonprofit foundation related to that research university.

28 **SECTION 27. TRANSFER - EARLY CHILDHOOD FACILITY LOANS.** The office of
29 management and budget shall transfer \$250,000 of the amount appropriated in the North
30 Dakota development fund line item in section 1 of this Act to the North Dakota development

1 fund, incorporated, for the purpose of providing financing to early childhood facilities for the
2 biennium beginning July 1, 2011, and ending June 30, 2013.

3 **SECTION 28. TRANSFER - INTERNSHIP FUND.** The office of management and budget
4 shall transfer \$900,000 of the amount appropriated in the operating expenses line item in
5 section 1 of this Act to the internship fund.

6 **SECTION 29. TRADE OFFICE - MATCHING FUND REQUIREMENT.** The total North
7 Dakota trade office special line and the general fund appropriation in section 1 of this Act
8 include \$2,553,000 of funding relating to the North Dakota trade office. The department of
9 commerce may spend seventy percent of this amount without requiring any matching funds
10 from the trade office. Any additional amounts may be spent only to the extent that the North
11 Dakota trade office provides \$1 of matching funds from private or other public sources for each
12 \$1 provided by the department for the biennium beginning July 1, 2011, and ending June 30,
13 2013. Matching funds may include money spent by businesses or organizations to pay salaries
14 to export assistants, provide training to export assistants, or buy computer equipment as part of
15 the North Dakota trade office's export assistance program.

16 **SECTION 30. APPROPRIATION.** There is appropriated out of any moneys in the lands and
17 minerals trust fund in the state treasury, not otherwise appropriated, the sum of \$600,000, or so
18 much of the sum as may be necessary, to the department of commerce for the purpose of
19 providing a grant to assist in the acquisition of the antiballistic missile site at the Stanley R.
20 Mickelson safeguard complex in Nekoma.

21 **SECTION 31. DEPARTMENT OF COMMERCE - GRANTS FOR EARLY CHILDHOOD**
22 **FACILITIES.**

- 23 1. During the biennium beginning July 1, 2011, and ending June 30, 2013, the
24 department of commerce shall establish and implement a grant program to provide
25 matching grants to North Dakota early childhood facilities.
- 26 2. A recipient of a grant under this section shall use the grant funds for technical
27 assistance, a business plan, or infrastructure. A grant awarded under this section for
28 infrastructure may not exceed \$5,000 per recipient and a grant awarded under this
29 section for technical assistance or a business plan may not exceed \$10,000 per
30 recipient.

1 3. To receive a grant under this section, an applicant shall establish the applicant has
2 available \$1 of matching funds for every \$3 of grant funds. The matching funds must
3 be in cash and may come from private or public sources, or from a combination of
4 private and public sources.

5 4. In making awards under this program, the department shall ensure funds are fairly
6 distributed between for-profit early childhood facilities, nonprofit early childhood
7 facilities, and public early childhood facilities.

8 **SECTION 32. CENTERS OF RESEARCH EXCELLENCE LIMITED**

9 **DEPLOYMENT-COOPERATIVE AIRSPACE PROJECT GRANT.** The department of commerce
10 may use \$4,000,000 of the funds transferred to the centers of research excellence fund in
11 section 26 of this Act for grants to the North Dakota university system's research institutions for
12 the purpose of leveraging private and federal funding to advance state opportunities associated
13 with a limited deployment-cooperative airspace project in the state during the biennium
14 beginning July 1, 2011, and ending June 30, 2013. Up to \$2,700,000 of this amount may be
15 awarded to the university of North Dakota and up to \$1,300,000 to North Dakota state
16 university. The commissioner of commerce shall develop application criteria, review submitted
17 applications, and recommend applications for approval to the centers of excellence
18 commission.

19 **SECTION 33. NORTH DAKOTA ECONOMIC DEVELOPMENT FOUNDATION - 2020 AND**
20 **BEYOND INITIATIVE.**

21 1. During the 2011-12 interim, the North Dakota economic development foundation shall
22 contract with an organization with North Dakota business membership which is
23 statewide in scope and represents business interests across the state in order to
24 conduct a 2020 and beyond initiative. The 2020 and beyond initiative must include
25 periodic meetings of six legislators appointed by the chairman of the legislative
26 management, with two members of the senate, one of whom must be from the
27 majority party and one of whom must be from the minority party and two members of
28 the house of representatives, one of whom must be from the majority party and one of
29 whom must be from the minority party; individuals representing North Dakota business
30 interests, individuals representing North Dakota education interests, and individuals
31 representing state and local government interests.

- 1 2. The 2020 and beyond initiative must:
 - 2 a. Assess current assets and resources of the state and whether these assets and
 - 3 resources match the emerging opportunities and trends in the state;
 - 4 b. Study and assess successful models of other states and countries in creating
 - 5 economic growth and whether those models could be replicated and improved
 - 6 upon in this state;
 - 7 c. Evaluate the effectiveness of programs and investments in the state designed to
 - 8 develop the state's workforce and to attract and retain businesses in the state;
 - 9 d. Identify impediments to and opportunities for economic growth and job creation in
 - 10 the state;
 - 11 e. Consider what new investments in infrastructure and changes to the state's tax
 - 12 and regulatory environment could be made to maintain and increase the state's
 - 13 standing as a business-friendly state;
 - 14 f. Evaluate the state's higher education model to determine whether maximum
 - 15 opportunities for synergy between public and private sectors are being realized;
 - 16 g. Consider how higher education institutions in the state could spur economic
 - 17 development in the state through innovation, knowledge transfer, and community
 - 18 engagement;
 - 19 h. Find ways to unite public, nonprofit, and business interests behind common goals
 - 20 and solutions for faster, better results; and
 - 21 i. Make recommendations to the North Dakota economic development foundation
 - 22 based on the outcome of the initiative.
- 23 3. The legislative members of the 2020 and beyond initiative are entitled to receive
- 24 compensation and expenses from the legislative council in the same manner as
- 25 provided for members of the legislative management committees under section
- 26 54-35-10.
- 27 4. The grants line item in section 1 of this Act includes the sum of \$50,000 from the
- 28 general fund for providing a grant to implement the 2020 and beyond initiative.

29 **SECTION 34. DEPARTMENT OF COMMERCE GRANT - INSTITUTION OF HIGHER**
30 **EDUCATION VACCINOLOGY INITIATIVE.** Of the funds appropriated in the grants line item in
31 section 1 of this Act, \$50,000 from the general fund may be used by the department of

1 commerce to provide a matching grant to an institution of higher education for a vaccinology
2 initiative. The department shall require one dollar of matching funds from the institution for each
3 one dollar of state funds awarded as a grant.

4 **SECTION 35. LEGISLATIVE MANAGEMENT STUDY - EXAMINATION OF POPULATION**
5 **GROWTH IMPACT ON REVENUES.** During the 2011-12 interim, the legislative management
6 shall consider studying the development of a reliable means of estimating the effect of future
7 population growth on state and local government revenues. The legislative management shall
8 report its findings and recommendations, together with any legislation required to implement the
9 recommendations, to the sixty-third legislative assembly.

10 **SECTION 36. LEGISLATIVE MANAGEMENT STUDY - REDUCTION OF FLARING OF**
11 **NATURAL GAS.** During the 2011-12 interim, the legislative management shall study methods
12 to encourage reduction or restrict allowance of flaring of natural gas. The legislative
13 management may gather input from the tax department, oil and gas division of the industrial
14 commission, state department of health, petroleum industry representatives, and interested
15 members of the public and representatives of political subdivisions to identify and implement a
16 method of reducing flaring of natural gas, including improved methods for capturing or using the
17 natural gas. The interim committee to which this study is assigned shall meet as often as
18 necessary before November 2011 to determine if it is feasible and desirable to seek introduction
19 of legislation to implement any preliminary recommendation of the interim committee during the
20 November 2011 special legislative session. The interim committee shall include in its
21 deliberations an examination of each legislative proposal to reduce flaring of natural gas
22 considered by the sixty-second legislative assembly. The legislative management shall report its
23 findings and recommendations, together with any legislation required to implement the
24 recommendations, to the sixty-third legislative assembly.

25 **SECTION 37. REPEAL.** Chapter 15-69 of the North Dakota Century Code is repealed.

26 **SECTION 38. EFFECTIVE DATE.** Section ~~26~~37 of this Act becomes effective on August 1,
27 2023.

28 **SECTION 39. EXPIRATION DATE.** Section ~~8~~9 of this Act is effective through July 31, 2013,
29 and after that date is ineffective.

1 | **SECTION 40. EFFECTIVE DATE - EXPIRATION DATE.** Sections 14 and 15 of this Act are
2 | effective for the first three taxable years beginning after December 31, 2011, and are thereafter
3 | ineffective.

4 | **SECTION 41. EMERGENCY.** Funding of \$900,000 in the operating expenses line item in
5 | section 1 of this Act, relating to the operation intern program, and sections ~~8~~, ~~9~~, 10, and ~~18~~20 of
6 | this Act are declared to be an emergency measure.