

11.8160.03000

Sixty-second
Legislative Assembly
of North Dakota

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

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		Adjustments or		
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>	
1				
2				
3	Salaries and wages	\$10,020,840	\$1,094,688	\$11,115,528
4	Operating expenses	14,478,272	(245,012)	14,233,260
5	Capital assets	25,000	45,018	70,018
6	Grants	65,411,058	(5,033,064)	60,377,994
7	North Dakota development fund	0	250,000	250,000
8	Discretionary funds	928,083	(1)	928,082
9	Workforce enhancement	0	2,000,000	2,000,000
10	Economic development initiatives	186,846	0	186,846
11	Agricultural products utilization	2,536,630	203,137	2,739,767
12	Centers of excellence	0	13,000,000	13,000,000
13	North Dakota trade office	2,064,000	549,400	2,613,400
14	Partner programs	2,022,044	100,000	2,122,044
15	Federal fiscal stimulus funds	<u>0</u>	<u>24,496,750</u>	<u>24,496,750</u>
16	Total all funds	\$97,672,773	\$36,460,916	\$134,133,689
17	Less estimated income	<u>69,666,470</u>	<u>18,968,467</u>	<u>88,634,937</u>
18	Total general fund	\$28,006,303	\$17,492,449	\$45,498,752
19	Full-time equivalent positions	68.00	1.25	69.25

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:

	<u>One-Time Funding Description</u>	<u>2009-11</u>	<u>2011-13</u>
24			
25	Workforce enhancement fund	\$1,000,000	\$2,000,000
26	American Indian business office	0	100,000
27	Biofuel blender pumps	1,000,000	0
28	Promotion and marketing of USS North Dakota	100,000	0
29	Lewis and Clark foundation grants	1,500,000	0
30	Theodore Roosevelt Medora foundation grant	500,000	0
31	Child care grants and loans	1,820,000	370,338

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1	Child care service providers	0	250,000
2	recruitment, training, and retention grants		
3	Centers of excellence	19,500,000	13,000,000
4	Electronic portfolio pilot project	0	150,000
5	2020 and beyond	0	50,000
6	Great plains applied energy research center	5,000,000	0
7	Equine processing study	50,000	0
8	Federal fiscal stimulus	<u>68,594,635</u>	<u>24,496,750</u>
9	Total all funds	\$99,064,635	\$40,417,088
10	Less estimated income	<u>68,594,635</u>	<u>24,496,750</u>
11	Total general fund	\$30,470,000	\$15,920,338

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

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

18 **10-30.5-02. (Effective through July 31, 2011~~2013~~) Purpose and fund uses.**

- 19 1. It is the purpose of this chapter to create a statewide nonprofit development
20 corporation that will have the authority to take equity positions in, to provide loans to,
21 or to use other innovative financing mechanisms to provide capital for new or
22 expanding businesses in this state, or relocating businesses to this state. The
23 corporation's principal mission is the development and expansion of primary sector
24 business in this state. The corporation may form additional corporations, limited
25 liability companies, partnerships, or other forms of business associations in order to
26 further its mission of primary sector economic development.
- 27 2. The exclusive focus of this corporation is business development in this state; however,
28 it is not excluded from participation with other states or organizations in projects that
29 have a clear economic benefit to state residents in the creation of jobs or secondary
30 business. Emphasis should be to develop jobs that provide an income adequate to
31 support a family above the poverty level.

- 1 3. Moneys in the development fund may be used to provide working capital or for
2 financing the purchase of fixed assets but not to refinance existing debt. Moneys may
3 also be used to make matching grants to county-authorized or city-authorized
4 development corporations for the acquisition, leasing, or remodeling of real estate
5 facilities for locating a prospective new primary sector business. A grant must be made
6 as part of a package of financing in which the state is a participant.
- 7 4. The commissioner of commerce shall adopt rules, subject to the approval of the board
8 of directors, necessary to implement the administration of the fund. The rules to
9 implement the grant program must be developed to encourage local fundraising
10 initiatives for developing locations for businesses financed by the corporation.
- 11 5. Moneys in the development fund may be used to provide financing to early childhood
12 facilities licensed under chapter 50-11.1. Moneys also may be used to make grants or
13 loans to match grants or loans made by county-authorized or city-authorized
14 development corporations, job development authorities created under chapter 11-11.1
15 or 40-57.4, and regional planning councils for acquiring, leasing, or remodeling of real
16 estate facilities or for acquiring equipment for establishing or expanding a licensed
17 early childhood facility. In providing financing under this subsection, the corporation
18 shall ensure funds are distributed fairly among for-profit early childhood facilities,
19 nonprofit early childhood facilities, and public early childhood facilities. An award under
20 this subsection may not exceed ~~one~~two hundred thousand dollars per award.

21 **(Effective after July 31, 2014~~2013~~) Purpose and fund uses.**

- 22 1. It is the purpose of this chapter to create a statewide nonprofit development
23 corporation that will have the authority to take equity positions in, to provide loans to,
24 or to use other innovative financing mechanisms to provide capital for new or
25 expanding businesses in this state, or relocating businesses to this state. The
26 corporation's principal mission is the development and expansion of primary sector
27 business in this state. The corporation may form additional corporations, limited
28 liability companies, partnerships, or other forms of business associations in order to
29 further its mission of primary sector economic development.
- 30 2. The exclusive focus of this corporation is business development in this state; however,
31 it is not excluded from participation with other states or organizations in projects that

1 have a clear economic benefit to state residents in the creation of jobs or secondary
2 business. Emphasis should be to develop jobs that provide an income adequate to
3 support a family above the poverty level.

4 3. Moneys in the development fund may be used to provide working capital or for
5 financing the purchase of fixed assets but not to refinance existing debt. Moneys may
6 also be used to make matching grants to county-authorized or city-authorized
7 development corporations for the acquisition, leasing, or remodeling of real estate
8 facilities for locating a prospective new primary sector business. A grant must be made
9 as part of a package of financing in which the state is a participant.

10 4. The commissioner of commerce shall adopt rules, subject to the approval of the board
11 of directors, necessary to implement the administration of the fund. The rules to
12 implement the grant program must be developed to encourage local fundraising
13 initiatives for developing locations for businesses financed by the corporation.

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

16 **10-30.5-13. Small business technology investment program.**

17 1. The corporation shall administer a small business technology investment program that
18 provides matching investments to startup technology-based businesses.

19 2. The following provisions apply to small business technology investments:

20 a. A qualified applicant:

21 (1) Must be a North Dakota business that is at the startup stage;

22 (2) Must be a primary sector business in the technology field; and

23 (3) Shall meet underwriting guidelines established by the corporation.

24 b. Before the corporation distributes funds under this section, the recipient shall

25 provide the department of commerce with detailed documentation of the

26 availability of two dollars of angel fund investment matching funds for each dollar

27 of state funds distributed under this section. The matching funds must be cash,

28 must come from a North Dakota angel fund certified under section 57-38-01.26,

29 and may not be an in-kind asset.

1 3. An investment under this section may not exceed fifty thousand dollars. Eligible use of
2 the investment funds include developing a proof of concept. A recipient may not
3 receive more than one award under this section.

4 4. An investment under this section is not a business incentive under chapter 54-60.1.

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

7 **~~15-69-01. (Effective through July 31, 2014) Definitions.~~**

8 In this chapter, unless the context otherwise requires:

9 1. "Board" means the state board of higher education.

10 2. "Center" means a center of excellence relating to economic development which has
11 been designated or named under this chapter.

12 3. "Commission" means the centers of excellence commission.

13 4. "Department" means the department of commerce.

14 5. "Foundation" means the North Dakota economic development foundation.

15 5. "Industry cluster" means one of the following industries:

16 a. ~~Advanced manufacturing;~~

17 b. ~~Energy;~~

18 c. ~~Information and technology;~~

19 d. ~~Tourism;~~

20 e. ~~Value-added agriculture; or~~

21 f. ~~An industry, including the aerospace industry, specifically identified by the~~
22 ~~department of commerce as an industry that will contribute to the gross state~~
23 ~~product.~~

24 6. "Infrastructure" means new building construction or major building renovation. The
25 term does not include a purchase of equipment or remodel of an existing building.

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

28 **~~15-69-03. (Effective through July 31, 2014) Centers of excellence commission.~~**

29 The centers of excellence commission consists of six members. The foundation shall

30 appoint three of the foundation's members to serve on the commission and the board shall

31 appoint three of the board's members to serve on the commission. The commission members

1 shall designate a chairman and a vice chairman of the commission. Each member of the
2 commission shall serve for a term of three years, beginning July first; may be reappointed for
3 additional terms; and serves at the pleasure of the appointing entity. If a commission member
4 ceases to serve as a member of the appointing entity, that member's membership on the
5 commission ceases immediately and the appointing entity shall appoint a new member for the
6 remainder of the term. Terms of commission members must be staggered. On a
7 meeting-by-meeting basis, an appointing entity may substitute a member of that appointing
8 entity to serve in place of one of the regular members appointed by that entity. If the
9 commission chairman and vice chairman are not present at a meeting, the commission
10 members present at that meeting shall select a commission member to serve as chairman for
11 that meeting. A commission member may receive compensation and travel and expense
12 reimbursement from the appointing entity. The department of commerce shall provide the
13 commission with appropriate staff services as may be requested by the commission.

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

16 **~~15-69-04. (Effective through July 31, 2011) Application -- Eligibility~~**
17 **~~requirements~~Centers of excellence program.**

- 18 1. The department of commerce shall ~~provide center application forms, accept~~
19 ~~applications, review applications for completeness and compliance with board and~~
20 ~~commission policy, forward complete applications to the commission in accordance~~
21 ~~with guidelines established by the commission, and assist with preaward reviews and~~
22 ~~postaward monitoring as may be requested by the commission. No more than two~~
23 ~~applications per campus of an institution of higher education under the control of the~~
24 ~~board may be submitted to the department of commerce for each round of center~~
25 ~~funding.~~
- 26 2. The commission shall meet as necessary to ~~review all complete applications; consider~~
27 ~~the potential need for independent, expert review of complete applications; approve or~~
28 ~~disapprove complete applications; make funding award recommendations for~~
29 ~~commission approved proposed centers; direct the department of commerce to~~
30 ~~distribute funds to the centers; monitor centers for compliance with award~~

- 1 requirements; review changes in assertions made in center applications; and conduct
2 postaward monitoring of centers.
- 3 ~~3. In considering whether to approve or disapprove an application, the commission shall~~
4 ~~determine whether the applicant has conducted the due diligence necessary to put~~
5 ~~together a viable proposal, the commission shall determine whether the applicant has~~
6 ~~provided information in the application which clearly outlines how the matching fund~~
7 ~~requirement will be met, and the commission shall consider whether the center will:~~
- 8 a. ~~Use university or college research to promote private sector job growth and~~
9 ~~expansion of knowledge-based industries or use university or college research to~~
10 ~~promote the development of new products, high-tech companies, or skilled jobs~~
11 ~~in this state;~~
 - 12 b. ~~Create high-value private sector employment opportunities in this state;~~
 - 13 c. ~~Provide for public-private sector involvement and partnerships;~~
 - 14 d. ~~Leverage other funding, including cash from the private sector;~~
 - 15 e. ~~Increase research and development activities that may involve federal funding~~
16 ~~from the national science foundation experimental program to stimulate~~
17 ~~competitive research;~~
 - 18 f. ~~Foster and practice entrepreneurship;~~
 - 19 g. ~~Promote the commercialization of new products and services in industry clusters;~~
 - 20 h. ~~Become financially self-sustaining; and~~
 - 21 i. ~~Establish and meet a deadline for acquiring and expending all public and private-~~
22 ~~funds specified in the application.~~
- 23 ~~4. In considering whether to approve an application, the commission may provide for an~~
24 ~~independent, expert review of the application to determine whether the proposed~~
25 ~~center is viable and whether the proposed center is likely to have the desired~~
26 ~~economic impact. As necessary, the commission may contract for additional technical~~
27 ~~review of applications. The commission may not approve an application unless the~~
28 ~~commission determines the proposed center has a high likelihood of viability and~~
29 ~~success in positively impacting economic development in the state.~~

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

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

6 **15-69-05. (~~Effective through July 31, 2011~~) Use of funds - Terms of funds -**
7 **Distribution of funds.**

- 8 1. A center shall use funds awarded under this chapter to enhance capacity and leverage
9 state, federal, and private sources of funding. A center awarded funds under this
10 chapter may not use the funds for infrastructure, to supplant funding for current
11 operations or academic instructions, or to pay indirect costs.
- 12 2. As a condition for receipt of funds under this chapter, a center shall agree to provide
13 the ~~board~~department, foundation, and budget section of the legislative management
14 with annual audits on all funds distributed to the center under this chapter. The annual
15 audits must be provided until the completion of the commission's postaward
16 monitoring of the center. As a condition for receipt of funds under this chapter, a center
17 shall agree to provide the commission with the information necessary to monitor the
18 postaward activities of the center. Instead of requiring annual audits under this
19 subsection, the commission may require that the center be audited on all funds
20 distributed to the center under this chapter at the halfway point of the postaward
21 monitoring and at the end of the postaward monitoring and that for all other years
22 during the postaward monitoring the center contract with an independent accountant
23 for an agreed-upon procedures engagement. A center may use funds distributed to the
24 center under this chapter to pay for audits required under this subsection or for an
25 agreed-upon procedures engagement. At a minimum, an agreed-upon procedures
26 engagement under this subsection must include:
- 27 a. Verification of the accuracy of jobs data regarding jobs claimed created by the
28 center, distinguishing between the creation of private sector jobs and jobs within
29 the institution of higher education;
- 30 b. Verification of compliance with the centers of excellence program matching fund
31 requirements;

- 1 c. Verification awarded center funds were used for authorized uses;
- 2 d. Verification the center complied with the center's application timeline and any
- 3 authorized revisions;
- 4 e. Verification the center complied with the center's scope of activities as provided
- 5 under the center's application and any authorized revisions;
- 6 f. Review of a sample of center expenditures to verify the expenses were
- 7 approved, supported with documentation, and made in accordance with the
- 8 scope identified in the center's application;
- 9 g. Verification of a sample of labor charged to the center; and
- 10 h. Comparison of the center's application budget to the center's actual
- 11 expenditures, including documentation explaining any material differences.
- 12 3. Before the commission directs the department of commerce to distribute funds
- 13 awarded under this chapter, the center shall provide the commission with detailed
- 14 documentation of private sector participation and the availability of two dollars of
- 15 matching funds for each dollar of state funds to be distributed under this chapter. Of
- 16 the two dollars of matching funds, at least one dollar must be cash, of which at least
- 17 fifty cents must be from the private sector. The matching funds may include funds
- 18 facilitated through the collaboration of the private sector participants with other funding
- 19 entities. The noncash matching funds may include in-kind assets with itemized value.
- 20 Private sector participation may be established through equity investments or through
- 21 contracts for services with private sector entities. ~~In making funding recommendations~~
- 22 ~~and designation determinations, the commission, board, foundation, and budget~~
- 23 ~~section shall give major consideration to the portion of the matching funds provided in~~
- 24 ~~cash by the private sector.~~
- 25 4. The commission shall direct the department of commerce to distribute the funds
- 26 awarded under this chapter in disbursements consistent with the center's budget and
- 27 timeframe outlined in the approved award. The commission may not direct distribution
- 28 of funds under this chapter if there are no private sector partners participating or if the
- 29 statutorily required matching funds are not available.
- 30 5. If, before funds are distributed by the department of commerce, a center undergoes a
- 31 change in the terms of or assertions made in its application, the commission may

1 direct that the department of commerce withhold all or a portion of any undistributed
2 funds pending commission review of the changes.

3 6. ~~The commission~~department may use funds ~~appropriated for~~available within the
4 ~~centers of excellence program~~fund to pay for the ~~commission's~~department's
5 ~~administrative expenses, which may include contracting for independent, expert~~
6 ~~reviews of complete applications and centers of excellence forums~~related to this
7 program. ~~The amount of funds the commission uses each biennium for administrative~~
8 ~~expenses may not exceed two and one-half percent of the funds appropriated for the~~
9 ~~program that biennium.~~

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

12 **Definitions.**

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

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

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

- 28 1. The department of commerce shall administer the biofuel blender pump incentive
29 program to provide cost-share grants of up to a maximum of twenty thousand dollars
30 per retail location to motor fuel retailers for the installation of biofuel blender pumps
31 and up to fourteen thousand dollars per retail location for the installation of associated

- 1 equipment, including the piping systems and storage components, when blender
2 pumps are installed for a maximum grant of thirty-four thousand dollars per location.
3 2. In determining eligibility for grant funds, the department shall establish by rule criteria
4 governing:
5 a. The verification of costs for biofuel blender pumps and associated equipment,
6 including the piping system and storage components;
7 b. The eligibility of grant recipients;
8 c. The application and grant award procedure; and
9 d. Reporting and accountability procedures for grant recipients.

10 **Blender pumps - Requirements.**

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

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

2 The department may use up to five percent of any amount appropriated to the biofuel
3 blender pump incentive program for administration, the dissemination of information regarding
4 the biofuel blender pump incentive program, and the dissemination of information regarding the
5 benefits of biofuels.

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

8 **Internship fund - Continuing appropriation.**

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

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

15 **Entrepreneurial centers development grants.**

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

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

1 **Division of workforce development - Pilot program - Higher education electronic**
2 **portfolio system.**

- 3 1. The division of workforce development, the North Dakota university system, job
4 service North Dakota, and representatives of the institutions of higher education under
5 the control of the state board of higher education shall work together to establish a
6 pilot program through which an electronic portfolio system will be implemented by
7 selected institutions of higher education under the control of the state board of higher
8 education in order to address the needs of students, faculty, and employers. The pilot
9 program may include Valley City state university and the North Dakota state college of
10 science. If Valley City state university or the North Dakota state college of science
11 chooses not to participate, any other institution of higher education under the control of
12 the state board of higher education may participate in this pilot program.
- 13 2. The pilot program must provide for an electronic portfolio system that:
- 14 a. Is online;
- 15 b. Is a multimedia system that enables the user to create and manage the user's
16 education and career information;
- 17 c. Enables students, job seekers, and professionals to showcase education and
18 skills to potential employers;
- 19 d. Provides for creation of and access to lifelong personal electronic portfolio
20 accounts and services to students, job seekers, and professionals seeking to
21 advance their careers in the state;
- 22 e. Provides access to job seekers residing outside the state who may be interested
23 in relocating or returning to the state; and
- 24 f. Allows employers and economic developers to conduct online searches to
25 determine workforce potential by geographic region, skill, education, experience,
26 and other factors.
- 27 3. Under this pilot program, the North Dakota university system, job service North
28 Dakota, and the division of workforce development shall work together to:
- 29 a. Facilitate the effective integration of future workers into the workforce system and
30 to enhance the ability of state and local economic development officials to
31 effectively access North Dakota's skilled workforce through the system; and

1 b. Ensure the system is complementary to the state's workforce system and higher
2 education system.

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

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

6 **Definitions.**

7 In this chapter, unless the context otherwise requires:

8 1. "Center" means a center of research excellence that has been designated under this
9 chapter.

10 2. "Commission" means the centers of excellence commission as defined under chapter
11 15-69.

12 3. "Department" means the department of commerce.

13 4. "Industry cluster" means one of the following industries:

14 a. Advanced manufacturing;

15 b. Energy;

16 c. Information and technology;

17 d. Tourism;

18 e. Value-added agriculture; or

19 f. An industry, including the aerospace industry, specifically identified by the
20 department of commerce as an industry that will contribute to the gross state
21 product.

22 5. "Infrastructure" means new building construction or major building renovation. The
23 term does not include a purchase of equipment or remodel of an existing building.

24 6. "Research university" means an institution under the control of the state board of
25 higher education which has a full-time student enrollment in excess of nine thousand
26 students.

27 **Centers of research excellence - Application - Eligibility.**

28 1. The department shall establish a centers of research excellence program. The
29 commission shall make funding award determinations under this program. A center
30 must be a research university or a nonprofit university-related or college-related

1 foundation of a research university which is working in partnership with the private
2 sector.

3 2. The department shall provide center application forms, accept applications, review
4 applications for completeness and compliance with commission policy, forward
5 complete applications to the commission in accordance with guidelines established by
6 the commission, and assist with preaward reviews and postaward monitoring as may
7 be requested by the commission. No more than two applications per campus of a
8 research university institution may be submitted to the department for each round of
9 center funding.

10 3. The commission shall meet as necessary to review all complete applications; consider
11 the potential need for independent, expert review of complete applications; approve or
12 disapprove complete applications; make funding award recommendations for
13 commission-approved proposed centers; direct the department to distribute funds to
14 the centers; monitor centers for compliance with award requirements; review changes
15 in assertions made in center applications; and conduct postaward monitoring of
16 centers.

17 4. In considering whether to approve or disapprove a center application, the commission
18 shall determine whether the applicant has conducted the due diligence necessary to
19 put together a viable proposal, the commission shall determine whether the applicant
20 has provided information in the application which clearly outlines how the matching
21 fund requirement will be met, and the commission shall consider whether the center
22 will:

23 a. Use university research to promote private sector job growth and expansion of
24 knowledge-based industries or use university research to promote the
25 development of new products, high-tech companies, or skilled jobs in this state;

26 b. Create high-value private sector employment opportunities in this state;

27 c. Provide for public-private sector involvement and partnerships;

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

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

30 f. Become financially self-sustaining; and

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

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

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

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

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

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

21 3. As a condition for receipt of funds under this chapter, a center shall agree to provide
22 the board, foundation, and budget section of the legislative management with annual
23 audits on all funds distributed to the center under this chapter. The annual audits must
24 be provided until the completion of the commission's postaward monitoring of the
25 center. As a condition for receipt of funds under this chapter, a center shall agree to
26 provide the commission with the information necessary to monitor the postaward
27 activities of the center. Instead of requiring annual audits under this subsection, the
28 commission may require that the center be audited on all funds distributed to the
29 center under this chapter at the halfway point of the postaward monitoring and at the
30 end of the postaward monitoring and that for all other years during the postaward
31 monitoring the center contract with an independent accountant for an agreed-upon

1 procedures engagement. A center may use funds distributed to the center under this
2 chapter to pay for audits required under this subsection or for an agreed-upon
3 procedures engagement. At a minimum, an agreed-upon procedures engagement
4 under this subsection must include:

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

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

1 designation determinations, the commission shall give major consideration to the
2 portion of the matching funds provided in cash by the private sector.

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

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

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

14 **Eminent researcher recruitment grants.**

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

1 **Base realignment grants.**

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

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

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

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

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

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

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

23 1. A taxpayer that is a primary sector business is allowed a nonrefundable credit against
24 the tax imposed under section 57-38-30 or 57-38-30.3 for purchases of manufacturing
25 machinery and equipment for the purpose of automating manufacturing processes in
26 this state. The amount of the credit under this section is twenty percent of the costs
27 incurred in the taxable year to purchase manufacturing machinery and equipment for
28 the purpose of automating manufacturing processes. Qualified expenditures under this
29 section may not be used in the calculation of any other income tax deduction or credit
30 allowed by law.

31 2. For purposes of this section:

- 1 a. "Manufacturing machinery and equipment for the purpose of automating
2 manufacturing processes" means new or used automation and robotic
3 equipment.
- 4 b. "Primary sector business" means a business certified by the department of
5 commerce which, through the employment of knowledge or labor, adds value to a
6 product, process, or service that results in the creation of new wealth.
- 7 3. The taxpayer shall claim the total credit amount for the taxable year in which the
8 manufacturing machinery and equipment are purchased. The credit under this section
9 may not exceed the taxpayer's liability as determined under this chapter for any
10 taxable year.
- 11 4. If the amount of the credit determined under this section exceeds the liability for tax
12 under this chapter, the excess may be carried forward to each of the next five
13 succeeding taxable years.
- 14 5. The aggregate amount of credits allowed under this section may not exceed two
15 million dollars in any calendar year. Credits subject to this limitation must be
16 determined based upon the date of the qualified purchase.
- 17 6. If a taxpayer entitled to the credit provided by this section is a member of a group of
18 corporations filing a North Dakota consolidated tax return using the combined
19 reporting method, the credit may be claimed against the aggregate North Dakota tax
20 liability of all the corporations included in the North Dakota consolidated return.
- 21 7. A partnership, subchapter S corporation, limited partnership, limited liability company,
22 or any other passthrough entity entitled to the credit under this section must be
23 considered to be the taxpayer for purposes of calculating the credit. The amount of the
24 allowable credit must be determined at the passthrough entity level. The total credit
25 determined at the entity level must be passed through to the partners, shareholders, or
26 members in proportion to their respective interests in the passthrough entity. An
27 individual taxpayer may take the credit passed through under this subsection against
28 the individual's state income tax liability under section 57-38-30.3.
- 29 8. The department of commerce shall provide the tax commissioner the name, address,
30 and federal identification number or social security number of the taxpayer approved
31 as qualifying for the credit under this section, and a list of those items that were

1 approved as a qualified expenditure by the department. The taxpayer claiming the
2 credit shall file with the taxpayer's return, on forms prescribed by the tax
3 commissioner, the following information:

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

6 b. An itemization of:

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

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

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

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

15 **SECTION 16. CHILD CARE GRANTS - WORKFORCE DEVELOPMENT - QUALITY**
16 **IMPROVEMENT - TECHNICAL ASSISTANCE - CAPACITY BUILDING.** The grants line item in
17 section 1 of this Act includes the sum of \$250,000 from the general fund for providing grants to
18 child care service providers for workforce development, quality improvement, technical
19 assistance, and capacity building in collaboration with the department of human services under
20 section 50-11.1-14.1.

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

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

29 **SECTION 19. EXEMPTION - TRANSFER.** The amount appropriated for internships
30 contained in the operating expenses line item in section 1 of chapter 46 of the 2009 Session
31 Laws is not subject to section 54-44.1-11. The office of management and budget shall transfer

1 any unexpended funds from this appropriation to the internship fund at the end of the 2011-13
2 biennium.

3 **SECTION 20. EXEMPTION - TRANSFER.** The amount appropriated for the great plains
4 applied energy research center in section 1 of chapter 26 of the 2009 Session Laws is not
5 subject to section 54-44.1-11. The department of commerce may spend these funds for the
6 purposes provided for in this section, for the biennium beginning July 1, 2011, and ending
7 June 30, 2013. The department of commerce may use up to \$4,000,000 of these funds for
8 entrepreneurial centers development grants under section 11 of this Act. The office of
9 management and budget shall transfer \$1,000,000 of these funds to the North Dakota
10 development fund, incorporated, for the purpose of providing investments to startup stage
11 technology-based businesses under section 4 of this Act.

12 **SECTION 21. EXEMPTION.** The amount appropriated for the technology-based
13 entrepreneurship grant program contained in the grants line item in section 1 of chapter 46 of
14 the 2009 Session Laws is not subject to section 54-44.1-11 and any unexpended funds from
15 this line item are available during the biennium beginning July 1, 2011, and ending June 30,
16 2013.

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

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

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

29 **SECTION 25. TRANSFER - WORKFORCE ENHANCEMENT FUND.** The office of
30 management and budget shall transfer the amount appropriated in the workforce enhancement
31 line item in section 1 of this Act to the workforce enhancement fund for the purpose of

1 implementing and administering sections 54-60-21 and 54-60-22 for the biennium beginning
2 July 1, 2011, and ending June 30, 2013.

3 **SECTION 26. TRANSFER - CENTERS OF RESEARCH EXCELLENCE FUND.** The office
4 of management and budget shall transfer the amount appropriated in the centers of excellence
5 line item in section 1 of this Act to the centers of research excellence fund for the purpose of
6 implementing and administering the centers of research excellence grants, for the biennium
7 beginning July 1, 2011, and ending June 30, 2013. The department of commerce may use up to
8 \$1,000,000 of the funds transferred to the centers of research excellence fund for eminent
9 researcher recruitment grants. During the biennium beginning July 1, 2011, and ending June 30,
10 2013, the centers of excellence commission may not award more than one-half of the amount
11 available for centers of research excellence grants, including base realignment grants, to one
12 research university or nonprofit foundation related to that research university.

13 **SECTION 27. TRANSFER - EARLY CHILDHOOD FACILITY LOANS.** The office of
14 management and budget shall transfer \$250,000 of the amount appropriated in the North
15 Dakota development fund line item in section 1 of this Act to the North Dakota development
16 fund, incorporated, for the purpose of providing financing to early childhood facilities for the
17 biennium beginning July 1, 2011, and ending June 30, 2013.

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

21 **SECTION 29. TRADE OFFICE - MATCHING FUND REQUIREMENT.** The total North
22 Dakota trade office special line and the general fund appropriation in section 1 of this Act
23 include \$2,553,000 of funding relating to the North Dakota trade office. The department of
24 commerce may spend seventy percent of this amount without requiring any matching funds
25 from the trade office. Any additional amounts may be spent only to the extent that the North
26 Dakota trade office provides \$1 of matching funds from private or other public sources for each
27 \$1 provided by the department for the biennium beginning July 1, 2011, and ending June 30,
28 2013. Matching funds may include money spent by businesses or organizations to pay salaries
29 to export assistants, provide training to export assistants, or buy computer equipment as part of
30 the North Dakota trade office's export assistance program.

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

6 **SECTION 31. DEPARTMENT OF COMMERCE - GRANTS FOR EARLY CHILDHOOD**
7 **FACILITIES.**

- 8 1. During the biennium beginning July 1, 2011, and ending June 30, 2013, the
9 department of commerce shall establish and implement a grant program to provide
10 matching grants to North Dakota early childhood facilities.
- 11 2. A recipient of a grant under this section shall use the grant funds for technical
12 assistance, a business plan, or infrastructure. A grant awarded under this section for
13 infrastructure may not exceed \$5,000 per recipient and a grant awarded under this
14 section for technical assistance or a business plan may not exceed \$10,000 per
15 recipient.
- 16 3. To receive a grant under this section, an applicant shall establish the applicant has
17 available \$1 of matching funds for every \$3 of grant funds. The matching funds must
18 be in cash and may come from private or public sources, or from a combination of
19 private and public sources.
- 20 4. In making awards under this program, the department shall ensure funds are fairly
21 distributed between for-profit early childhood facilities, nonprofit early childhood
22 facilities, and public early childhood facilities.

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

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

1 applications, and recommend applications for approval to the centers of excellence
2 commission.

3 **SECTION 33. NORTH DAKOTA ECONOMIC DEVELOPMENT FOUNDATION - 2020 AND**
4 **BEYOND INITIATIVE.**

5 1. During the 2011-12 interim, the North Dakota economic development foundation shall
6 contract with an organization with North Dakota business membership which is
7 statewide in scope and represents business interests across the state in order to
8 conduct a 2020 and beyond initiative. The 2020 and beyond initiative must include
9 periodic meetings of six legislators appointed by the chairman of the legislative
10 management, with two members of the senate, one of whom must be from the
11 majority party and one of whom must be from the minority party and two members of
12 the house of representatives, one of whom must be from the majority party and one of
13 whom must be from the minority party; individuals representing North Dakota business
14 interests, individuals representing North Dakota education interests, and individuals
15 representing state and local government interests.

16 2. The 2020 and beyond initiative must:
17 a. Assess current assets and resources of the state and whether these assets and
18 resources match the emerging opportunities and trends in the state;
19 b. Study and assess successful models of other states and countries in creating
20 economic growth and whether those models could be replicated and improved
21 upon in this state;
22 c. Evaluate the effectiveness of programs and investments in the state designed to
23 develop the state's workforce and to attract and retain businesses in the state;
24 d. Identify impediments to and opportunities for economic growth and job creation in
25 the state;
26 e. Consider what new investments in infrastructure and changes to the state's tax
27 and regulatory environment could be made to maintain and increase the state's
28 standing as a business-friendly state;
29 f. Evaluate the state's higher education model to determine whether maximum
30 opportunities for synergy between public and private sectors are being realized;

- 1 g. Consider how higher education institutions in the state could spur economic
2 development in the state through innovation, knowledge transfer, and community
3 engagement;
- 4 h. Find ways to unite public, nonprofit, and business interests behind common goals
5 and solutions for faster, better results; and
- 6 i. Make recommendations to the North Dakota economic development foundation
7 based on the outcome of the initiative.
- 8 3. The legislative members of the 2020 and beyond initiative are entitled to receive
9 compensation and expenses from the legislative council in the same manner as
10 provided for members of the legislative management committees under section
11 54-35-10.
- 12 4. The grants line item in section 1 of this Act includes the sum of \$50,000 from the
13 general fund for providing a grant to implement the 2020 and beyond initiative.

14 **SECTION 34. DEPARTMENT OF COMMERCE GRANT - INSTITUTION OF HIGHER**
15 **EDUCATION VACCINOLOGY INITIATIVE.** Of the funds appropriated in the grants line item in
16 section 1 of this Act, \$50,000 from the general fund may be used by the department of
17 commerce to provide a matching grant to an institution of higher education for a vaccinology
18 initiative. The department shall require one dollar of matching funds from the institution for each
19 one dollar of state funds awarded as a grant.

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

26 **SECTION 36. LEGISLATIVE MANAGEMENT STUDY - REDUCTION OF FLARING OF**
27 **NATURAL GAS.** During the 2011-12 interim, the legislative management shall study methods
28 to encourage reduction or restrict allowance of flaring of natural gas. The legislative
29 management may gather input from the tax department, oil and gas division of the industrial
30 commission, state department of health, petroleum industry representatives, and interested
31 members of the public and representatives of political subdivisions to identify and implement a

1 method of reducing flaring of natural gas, including improved methods for capturing or using the
2 natural gas. The interim committee to which this study is assigned shall meet as often as
3 necessary before November 2011 to determine if it is feasible and desirable to seek introduction
4 of legislation to implement any preliminary recommendation of the interim committee during the
5 November 2011 special legislative session. The interim committee shall include in its
6 deliberations an examination of each legislative proposal to reduce flaring of natural gas
7 considered by the sixty-second legislative assembly. The legislative management shall report its
8 findings and recommendations, together with any legislation required to implement the
9 recommendations, to the sixty-third legislative assembly.

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

11 **SECTION 38. EFFECTIVE DATE.** Section 37 of this Act becomes effective on August 1,
12 2023.

13 **SECTION 39. EXPIRATION DATE.** Section 9 of this Act is effective through July 31, 2013,
14 and after that date is ineffective.

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

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