

Sixty-third
Legislative Assembly
of North Dakota

ENGROSSED SENATE BILL NO. 2018

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 provide an appropriation to Dickinson state university; to create and enact a new
3 ~~chapter to title 6~~section to chapter 6-09.15, a new subsection to section 6-09.15-01, a new
4 section to chapter 10-30.5, ~~section 54-45.5-10, and three~~two new sections to chapter 54-60,
5 two new sections to chapter 54-65, and a new subsection to section 57-35.3-05 of the North
6 Dakota Century Code, relating to a loan guarantee ~~program~~for child care facilities, an
7 unmanned aircraft systems program, the research North Dakota venture program, ~~the energy-~~
8 ~~conservation fund, and~~ the research North Dakota program, the research North Dakota
9 biotechnology program, and housing incentive fund tax credits; to amend and reenact sections
10 4-14.1-02, 4-14.1-03, and 4-44-03, subsection 1 of section 6-09.15-01, and sections 17-02-05,
11 ~~54-17-07.3,~~ 54-17-40, 54-18-21, 57-38-01.32, 57-43.1-03, 57-43.1-03.1, 57-43.1-03.3, and
12 57-43.1-08 of the North Dakota Century Code, relating to the agricultural fuel tax fund, the
13 beginning entrepreneur loan guarantee program, the ethanol production incentive fund, the
14 agricultural research fund, housing ~~finance programs~~incentive fund tax credits, and the housing
15 incentive fund; to provide exemptions; to provide for transfers; to provide a continuing
16 appropriation; to provide ~~for an upper great plains transportation institute study~~a statement of
17 legislative intent; to provide for legislative management studies; to provide an effective date; to
18 provide an expiration date; and to declare an emergency.

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

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

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1 department of commerce, for the biennium beginning July 1, 2013, and ending June 30, 2015,
2 as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
5 Salaries and wages	\$10,858,251	\$1,800,217	\$12,658,468
6 Operating expenses	13,876,650	2,557,951	16,434,601
7 Capital assets	70,018	(60,018)	10,000
8 Grants	59,977,994	1,669,956	61,647,950
9 Discretionary funds	928,082	0	928,082
10 Workforce enhancement fund	0	2,000,000	2,000,000
11 Economic development initiatives	186,846	0	186,846
12 Flood impact grants/loans	0	11,782,866	11,782,866
13 Agricultural products utilization commission	2,739,767	506,769	3,246,536
14 Research North Dakota	0	12,000,000	12,000,000
15 North Dakota trade office	2,613,400	0	2,613,400
16 Partner programs	2,022,044	0	2,022,044
17 Federal fiscal stimulus funds	0	796,770	796,770
18 North Dakota planning initiative	0	1,000,000	1,000,000
19 Total all funds	\$93,273,052	\$34,054,511	\$127,327,563
20 Less estimated income	69,666,470	1,134,709	70,801,179
21 Total general fund	\$23,606,582	\$32,919,802	\$56,526,384
22 <u>Salaries and wages</u>	<u>\$10,858,251</u>	<u>\$1,327,174</u>	<u>\$12,185,425</u>
23 <u>Accrued leave payments</u>	<u>0</u>	<u>243,767</u>	<u>243,767</u>
24 <u>Operating expenses</u>	<u>13,876,650</u>	<u>1,059,099</u>	<u>14,935,749</u>
25 <u>Capital assets</u>	<u>70,018</u>	<u>(60,018)</u>	<u>10,000</u>
26 <u>Grants</u>	<u>59,977,994</u>	<u>(4,155,044)</u>	<u>55,822,950</u>
27 <u>Discretionary funds</u>	<u>928,082</u>	<u>0</u>	<u>928,082</u>
28 <u>Workforce enhancement fund</u>	<u>0</u>	<u>2,000,000</u>	<u>2,000,000</u>
29 <u>Economic development initiatives</u>	<u>186,846</u>	<u>0</u>	<u>186,846</u>
30 <u>Flood impact grants/loans</u>	<u>0</u>	<u>18,358,866</u>	<u>18,358,866</u>
31 <u>Agricultural products utilization commission</u>	<u>2,739,767</u>	<u>500,727</u>	<u>3,240,494</u>

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1	Research North Dakota	0	6,000,000	6,000,000
2	North Dakota trade office	2,613,400	0	2,613,400
3	Partner programs	2,022,044	0	2,022,044
4	Federal fiscal stimulus funds	0	796,770	796,770
5	Total all funds	\$93,273,052	\$26,071,341	\$119,344,393
6	Less estimated income	69,666,470	3,656,143	73,322,613
7	Total general fund	\$23,606,582	\$22,415,198	\$46,021,780

8 Full-time equivalent positions 68.25 1.00 69.25

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

10 **SIXTY-FOURTH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time
11 funding items approved by the sixty-second legislative assembly for the 2011-13 biennium and
12 the 2013-15 one-time funding items included in the appropriation in section 1 of this Act:

13	<u>One-Time Funding Description</u>	<u>2011-13</u>	<u>2013-15</u>
14	Workforce enhancement fund	\$375,000	\$2,000,000
15	Electronic portfolio pilot project	150,000	0
16	2020 and beyond	50,000	0
17	American Indian business office	50,000	0
18	Flood impact grants/loans	235,000,000	11,782,866
19	Flood impact grants/loans	235,000,000	18,358,866
20	Centers of research excellence	12,000,000	0
21	Research North Dakota	0	12,000,000
22	Research North Dakota	0	6,000,000
23	Unmanned aircraft system	0	5,000,000
24	Base retention grants	0	1,500,000
25	Tourism large infrastructure grants	0	1,325,000
26	Child care facility grants	0	5,000,000
27	Transportation study	0	350,000
28	North Dakota planning initiative	0	1,000,000
29	Tourism large infrastructure grants	0	500,000
30	Federal fiscal stimulus	24,496,750	796,770
31	Enhanced use lease grant	0	2,500,000

1	Total all funds	\$272,121,750	\$43,254,636
2	Less estimated income	259,496,750	19,079,636
3	Total general fund	\$12,625,000	\$24,175,000
4	Total all funds	\$272,121,750	\$36,655,636
5	Less estimated income	259,496,750	21,655,636
6	Total general fund	\$12,625,000	\$15,000,000

7 The 2013-15 one-time funding amounts are not a part of the entity's base budget for the
8 2015-17 biennium. The department of commerce shall report to the appropriations committees
9 of the sixty-fourth legislative assembly on the use of this one-time funding for the biennium
10 beginning July 1, 2013, and ending June 30, 2015.

11 **SECTION 3. APPROPRIATION - TRANSFER - GENERAL FUND TO HOUSING**

12 **INCENTIVE FUND.** There is appropriated out of any moneys in the general fund in the state
13 treasury, not otherwise appropriated, the sum of \$15,000,000, or so much of the sum as may be
14 necessary, which the office of management and budget shall transfer to the housing incentive
15 fund, for the period beginning with the effective date of this Act and ending June 30, 2015. The
16 funding provided in this section is considered one-time funding.

17 **SECTION 4. APPROPRIATION - DICKINSON STATE UNIVERSITY.** There is appropriated
18 out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum
19 of \$6,000,000, or so much of the sum as may be necessary, and from special funds from private
20 gifts and donations, the sum of \$3,000,000, or so much of the sum as may be necessary, to
21 Dickinson state university for the purpose of constructing a Theodore Roosevelt center, for the
22 biennium beginning July 1, 2013, and ending June 30, 2015. The funding provided in this
23 section is considered a one-time funding item. Dickinson state university may not spend any of
24 the funds appropriated from the general fund under this section until it has raised \$3,000,000
25 from nonstate sources for the project.

26 **SECTION 5. AMENDMENT.** Section 4-14.1-02 of the North Dakota Century Code is
27 amended and reenacted as follows:

28 **4-14.1-02. Agricultural ~~fuel tax~~products utilization fund - Purposes** ~~Continuing~~
29 **appropriation.**

30 There is created in the state treasury a fund known as the agricultural ~~fuel tax~~products
31 ~~utilization~~ fund which must be used to fund programs for the enhancement of agricultural

1 research, development, processing, technology, and marketing. The fund must be used to
2 defray~~All moneys in the fund are appropriated to the department of commerce on a continuing~~
3 ~~basis for the purpose of defraying~~ the expenses of the North Dakota agricultural products
4 utilization commission necessary to implement the purposes of this chapter. Interest earned on
5 moneys in the fund must be credited to the fund.

6 **SECTION 6. AMENDMENT.** Section 4-14.1-03 of the North Dakota Century Code is
7 amended and reenacted as follows:

8 **4-14.1-03. Agricultural products utilization commission - Composition - Appointment.**

9 The agricultural ~~fuel tax~~ products utilization fund must be administered by the agricultural
10 products utilization commission. The commission consists of nine members, five of whom must
11 be appointed by the governor for terms of two years each, arranged so that two terms expire in
12 odd-numbered years and three terms expire in even-numbered years. Three members
13 appointed by the governor must be actively engaged in farming in this state and two members
14 appointed by the governor must be actively engaged in business in this state. The agriculture
15 commissioner shall appoint one member for a term of two years which expires in odd-numbered
16 years. The member appointed by the commissioner must be actively engaged in farming in this
17 state. Commission members may be reappointed to the commission. Terms of commissioners
18 shall run from the first day of July. The commissioner of commerce, the president of North
19 Dakota state university, and the agriculture commissioner, or their designees, are members of
20 the commission. The commission shall elect one of its members as chairman.

21 **SECTION 7. AMENDMENT.** Section 4-44-03 of the North Dakota Century Code is amended
22 and reenacted as follows:

23 **4-44-03. (Effective through June 30, 2015) Crop insurance development board -**
24 **Duties.**

- 25 1. The crop insurance development board shall assess the feasibility and desirability of
26 proposals submitted by individuals and by public and nonpublic entities pertaining to
27 the development and implementation of crop insurance instruments. The board may
28 authorize the awarding of grants to assist with future actuarial and development costs.
- 29 2. Grants may be awarded for up to seventy-five percent of the first fifty thousand dollars
30 and up to fifty percent of the costs thereafter.

1 3. The board shall establish conditions pertaining to the receipt of grants, including the
2 repayment of some or all of the grants with moneys received by the applicant from the
3 federal crop insurance corporation for continued development of the proposal. The
4 board shall forward any moneys received as repayments under this section to the
5 state treasurer for deposit in the agricultural ~~fuel tax~~products utilization fund.

6 ~~SECTION 6. A new chapter to title 6 of the North Dakota Century Code is created and~~
7 ~~enacted as follows:~~

8 ~~**Definitions:**~~

9 ~~As used in this chapter, unless the context otherwise requires:~~

10 ~~1. "Child care provider" means a child care home, group, or center licensed by the~~
11 ~~department of human services.~~

12 ~~2. "Lender" means any lending institution that is regulated or funded under the laws of~~
13 ~~this state or the United States and which has provided financing to a child care~~
14 ~~provider for a child care facility.~~

15 ~~3. "Loan guarantee" means an agreement that in the event of default by a child care~~
16 ~~facility under a note and mortgage or other loan or financing agreement, the Bank of~~
17 ~~North Dakota shall pay the lender the amount agreed upon up to a percentage to be~~
18 ~~determined by the Bank of the amount of principal due the lender on a loan at the time~~
19 ~~the claim is approved from the loan guarantee fund.~~

20 ~~**Loan guarantee fund - Administration:**~~

21 ~~A child care facility loan guarantee fund is created to be used by the Bank of North Dakota~~
22 ~~to administer a child care facility loan guarantee program in conjunction with other loan~~
23 ~~programs. The fund includes moneys appropriated by the legislative assembly for administration~~
24 ~~of the program and all earnings, less any administrative charges, from the investment of those~~
25 ~~moneys. The Bank may retain any administrative charges necessary for the administration of~~
26 ~~the program established by this chapter. The fund is not subject to section 54-44.1-11.~~

27 ~~**Application for guarantee - Term - Annual fee:**~~

28 ~~A lender may apply to the Bank of North Dakota for a loan guarantee for a loan amount to~~
29 ~~be determined by the Bank. The Bank may approve a guarantee of a loan of up to fifteen~~
30 ~~thousand dollars to a child care provider for use by the child care provider for purchasing,~~
31 ~~constructing, or remodeling a facility to provide child care services. The term of a loan~~

~~guarantee may not exceed five years. The Bank may charge a lender an annual fee during the term of a loan guarantee.~~

~~— **Termination.**~~

~~— The Bank of North Dakota may terminate a loan guarantee upon the sale, exchange, assignment, or transfer of the child care provider's interest in the qualified child care facility. The Bank shall terminate a loan guarantee if the Bank determines that the loan guarantee was obtained by fraud or material misrepresentation of which the lender or seller has actual knowledge.~~

~~— **Rules.**~~

~~— Notwithstanding any provision of this chapter, the Bank of North Dakota shall adopt rules to implement this chapter. The rules may include a formula for determining the ratio of reserves in the loan guarantee fund to the amount of guaranteed loans and the maximum allowable annual interest rate on a loan eligible for a guarantee.~~

SECTION 8. AMENDMENT. Subsection 1 of section 6-09.15-01 of the North Dakota Century Code is amended and reenacted as follows:

1. "Beginning entrepreneur" means a resident of this state who:
 - a. Has graduated from high school or has received a general equivalency certificate.
 - b. Has had some training, by education or experience, in the type of revenue-producing enterprise which that person wishes to begin.
 - c. Has, including the net worth of that person's dependents and spouse, if any, a net worth of less than ~~two hundred thousand dollars~~ an amount determined by the Bank of North Dakota.

SECTION 9. A new subsection to section 6-09.15-01 of the North Dakota Century Code is created and enacted as follows:

"Child care provider" means a child care home, group, or center licensed by the department of human services.

SECTION 10. A new section to chapter 6-09.15 of the North Dakota Century Code is created and enacted as follows:

Loan guarantee for child care facility.

A beginning entrepreneur who receives a loan for a child care facility must be a child care provider.

SECTION 11. A new section to chapter 10-30.5 of the North Dakota Century Code is created and enacted as follows:

Research North Dakota venture investment program.

1. The corporation shall administer a research North Dakota venture investment program that provides investments to startup or spinoff businesses that utilize technology developed at a research university, as defined in section 54-65-01, or jointly developed by a research university and the private sector.
2. A qualified applicant for a research North Dakota venture investment:
 - a. Must be a business operating in North Dakota that is in the startup or spinoff state;
 - b. Must be utilizing technology that is licensed from a research university or a nonprofit foundation affiliated with a research university; and
 - c. Must meet underwriting guidelines established by the corporation.
3. An investment under this section may not exceed two hundred fifty thousand dollars. A recipient business 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 12. AMENDMENT. Section 17-02-05 of the North Dakota Century Code is amended and reenacted as follows:

17-02-05. Ethanol production incentive fund - Continuing appropriation.

There is created in the state treasury a special fund known as the ethanol production incentive fund. The fund consists of transfers made in accordance with section 39-04-39 and ~~deposits made in accordance with section 57-43.1-03.1.~~ All moneys in the fund are appropriated on a continuing basis to the office of renewable energy and energy efficiency for use in paying ethanol production incentives under this chapter.

~~**SECTION 11. AMENDMENT.** Section 54-17-07.3 of the North Dakota Century Code is amended and reenacted as follows:~~

1 ~~— **54-17-07.3. Housing finance programs.**~~

2 ~~— Acting in its capacity as a state housing finance agency, the industrial commission is~~
3 ~~authorized to establish the following housing finance programs:~~

4 ~~— 1. Home mortgage finance program. A program or programs to provide financing or~~
5 ~~refinancing of loans made by lenders, including second mortgage loans and leasehold~~
6 ~~mortgage loans on tribal trust or other reservation lands, and leasehold mortgage~~
7 ~~loans that are insured or guaranteed through an affordable housing program, to~~
8 ~~persons or families of low and moderate income for the purchase or substantial~~
9 ~~rehabilitation of owner-occupied, single-family residential dwelling units, which~~
10 ~~includes mobile homes and manufactured housing.~~

11 ~~— 2. Mobile home and manufactured housing finance program. A program or programs to~~
12 ~~provide for the purchase or guaranty of a loan made by a lender to finance the~~
13 ~~purchase of a mobile home or a manufactured housing unit other than on a real~~
14 ~~property mortgage basis. A program authorized under this subsection may provide~~
15 ~~assistance in the development of low-income to moderate-income housing or to~~
16 ~~otherwise assist a developing community in the state address an unmet housing need~~
17 ~~or alleviate a housing shortage.~~

18 ~~— 3. Multifamily housing finance program. A program or programs to provide financing~~
19 ~~directly or indirectly of construction, permanent, and combined construction and~~
20 ~~permanent mortgage loans, including participations in mortgage loans, for the~~
21 ~~acquisition, construction, refurbishing, reconstruction, rehabilitation, or improvement of~~
22 ~~multifamily housing facilities.~~

23 ~~— 4. Mortgage loan financing program. A program or programs to provide for the purchase~~
24 ~~or guaranty of a temporary or permanent mortgage loan originated by a lender on~~
25 ~~residential real property or on land to be developed into residential real property, in~~
26 ~~addition to a mortgage loan acquired or to be acquired under subsections 1 through 3.~~
27 ~~A program authorized under this subsection may provide assistance in the~~
28 ~~development of low to moderate income housing or to otherwise assist a developing~~
29 ~~community in the state address an unmet housing need or alleviate a housing~~
30 ~~shortage.~~

1 ~~5. Home improvement finance program. A program or programs to provide full or partial,~~
2 ~~indirect financing of improvements to existing residential dwelling units.~~

3 ~~6. Housing grant program. A program or programs to provide a grant other than those~~
4 ~~authorized by section 54-17-07.6 to encourage and promote housing availability for~~
5 ~~persons of low or moderate income or to otherwise assist a developing community in~~
6 ~~this state address an unmet housing need or alleviate a housing shortage.~~

7 ~~7. Child care facility finance program. A program or programs to provide financing directly~~
8 ~~or indirectly of construction, permanent, and combined construction and permanent~~
9 ~~mortgage loans, including participations in mortgage loans, for the acquisition,~~
10 ~~construction, refurbishing, reconstruction, rehabilitation, or improvement of child care~~
11 ~~facilities.~~

12 **SECTION 13. AMENDMENT.** Section 54-17-40 of the North Dakota Century Code is
13 amended and reenacted as follows:

14 **54-17-40. (Effective through June 30, 20132015) Housing incentive fund - Continuing**
15 **appropriation.**

16 1. The housing incentive fund in an amount not to exceed fiftythirty million dollars is
17 created as a special revolving fund at the Bank of North Dakota. The housing finance
18 agency may direct disbursements from the fund and a continuing appropriation from
19 the fund is provided for that purpose. The housing finance agency shall disburse from
20 the fund:

21 a. Two million six hundred thousand dollars for grants to child care providers for
22 new construction, rehabilitation, or acquisition of child care facilities. The housing
23 finance agency shall establish guidelines to qualify for a grant under this section
24 which must include a matching requirement of one dollar of matching funds for
25 every three dollars of grant funds and a maximum grant amount of one hundred
26 eighty-seven thousand five hundred dollars.

27 b. Four hundred thousand dollars for grants to licensed early childhood services
28 providers that provide care for children with disabilities or developmental delays
29 pursuant to section 5-11.1-18. The grants may be used for equipment, renovation
30 of facilities used to provide the services, and staff.

- 1 2. After a public hearing, the housing finance agency shall create an annual allocation
2 plan for the distribution of the fund. At least twenty-five percent of the fund must be
3 used to assist developing communities ~~with a population of not more than ten-~~
4 ~~thousand individuals~~ to address an unmet housing need or alleviate a housing
5 shortage. ~~At least fifty percent~~ A portion of the fund as determined by the housing
6 finance agency in the annual allocation plan must be used to benefit ~~households with~~
7 ~~incomes at not more than fifty percent of the area median~~ individuals and families of
8 low income or moderate income. The agency may collect a reasonable administrative
9 fee from the fund, project developers, applicants, or grant recipients.
- 10 3. The housing finance agency shall adopt guidelines for the fund so as to address
11 unmet housing or child care facility needs in this state. Assistance from the fund may
12 be used solely for:
- 13 a. New construction, rehabilitation, or acquisition of a multifamily housing project or
14 a child care facility;
- 15 b. Gap assistance, matching funds, and accessibility improvements;
- 16 c. Assistance that does not exceed the amount necessary to qualify for a loan using
17 underwriting standards acceptable for secondary market financing or to make the
18 project feasible; and
- 19 d. Rental assistance, emergency assistance, or targeted supportive services
20 designated to prevent homelessness.
- 21 4. Eligible recipients include units of local, state, and tribal government; local and tribal
22 housing authorities; community action agencies; regional planning councils; nonprofit
23 organizations and for-profit child care providers; and nonprofit organizations and
24 for-profit developers of multifamily housing. Individuals may not receive direct
25 assistance from the fund.
- 26 5. Except for subdivision d of subsection 3, assistance is subject to repayment or
27 recapture under the guidelines adopted by the housing finance agency. Any
28 assistance that is repaid or recaptured must be deposited in the fund and is
29 appropriated on a continuing basis for the purposes of this section.

30 **SECTION 14. AMENDMENT.** Section 54-18-21 of the North Dakota Century Code is
31 amended and reenacted as follows:

1 **54-18-21. Annual transfer.**

2 Within thirty days after the conclusion of each fiscal year, the industrial commission shall
3 transfer five percent of the net income earned by the state mill and elevator association during
4 that fiscal year to the agricultural ~~fuel tax~~ products utilization fund.

5 ~~SECTION 14. Section 54-45.5-10 of the North Dakota Century Code is created and enacted~~
6 ~~as follows:~~

7 ~~**54-44.5-10. Energy conservation grant fund - Continuing appropriation.**~~

8 ~~The energy conservation grant fund is a special fund in the state treasury. All funds in the~~
9 ~~energy conservation grant fund are appropriated to the department on a continuing basis for the~~
10 ~~purpose of providing grants to political subdivisions for energy conservation projects in~~
11 ~~nonfederal public buildings. Interest earned by the fund must be credited to the fund.~~

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

14 **Unmanned aircraft systems program - Report to legislative management.**

15 The department may establish and administer an unmanned aircraft systems test site,
16 contingent upon receiving official designation by the federal aviation administration. The
17 department shall cooperate with the university of North Dakota, the North Dakota aeronautics
18 commission, the adjutant general, and private parties appointed by the governor in the
19 administration of the test site. The department may charge fees sufficient to operate the test
20 site. The department shall, to the extent possible, use competitive bidding in the establishment
21 and administration of the test site. The commissioner may charter a public corporation to
22 operate the test site. The corporation must possess all of the powers of a business corporation
23 consistent with this chapter. The department shall report to the legislative management
24 semiannually on the status of the program.

25 **SECTION 16.** A new section to chapter 54-60 of the North Dakota Century Code is created
26 and enacted as follows:

27 **Unmanned aircraft systems program fund - Continuing appropriation.**

28 There is created in the state treasury a special fund known as the unmanned aircraft
29 systems fund, which must be used to defray the expenses of the operations of an unmanned
30 aircraft systems test site officially designated by the federal aviation administration. The fund
31 consists of fees collected for the administration of the test site. All moneys in the fund are

1 appropriated to the department of commerce on a continuing basis for the purpose of defraying
2 the expenses of the unmanned aircraft systems program. Interest earned on moneys in the fund
3 must be credited to the fund.

4 ~~— **SECTION 17.** A new section to chapter 54-65 of the North Dakota Century Code is created~~
5 ~~and enacted as follows:~~

6 ~~— **Research North Dakota grants.**~~

7 ~~— The department shall establish and administer a research North Dakota grant program to~~
8 ~~provide grants to a research university for research, development, and commercialization~~
9 ~~activities related to a private sector partner. The centers of excellence commission, established~~
10 ~~under chapter 15-69, shall make grant award determinations under this section. The department~~
11 ~~shall work with the centers of excellence commission in establishing guidelines to qualify for a~~
12 ~~grant under this section. Before the commission directs the department to distribute funds~~
13 ~~awarded under this section, the research university shall provide the commission with detailed~~
14 ~~documentation of private sector participation and the availability of one dollar of matching funds~~
15 ~~for each dollar of state funds to be distributed. Matching funds must be in the form of cash given~~
16 ~~to the research university and may not include in-kind assets.~~

17 ~~— **SECTION 18.** A new section to chapter 54-65 of the North Dakota Century Code is created~~
18 ~~and enacted as follows:~~

19 ~~— The department shall establish and administer a research North Dakota venture grant~~
20 ~~program to provide grants to a research university for pursuing further commercialization of~~
21 ~~technology developed by the research university or developed jointly by the research university~~
22 ~~and a startup or spinoff business operating in North Dakota. The department shall collaborate~~
23 ~~with the centers of excellence commission in establishing guidelines to qualify for a grant under~~
24 ~~this section.~~ ~~**Research North Dakota venture grants.**~~

25 **SECTION 17.** A new section to chapter 54-65 of the North Dakota Century Code is created
26 and enacted as follows:

27 **Research North Dakota biotechnology grants.**

28 The department shall establish and administer a research North Dakota biotechnology grant
29 program to provide grants to eligible tax-exempt nonprofit organizations or foundations with
30 principal offices in North Dakota that shall award grants to eligible private companies with

1 research facilities and principal operations located within the state to conduct research on and
2 develop and commercialize vaccines and antibodies for the treatment of or cure for cancer or
3 virally infectious diseases. To be eligible for a grant under this section, a tax-exempt nonprofit
4 organization or foundation:

5 1. Must be an independent grantmaking organization that has previous experience
6 administering grants within the state for health-related purposes, including projects
7 designed to improve health and access to health care;

8 2. Shall provide the department with detailed documentation:

9 a. Of private sector participation, including the private company's:

10 (1) Establishment of a partnership with a research university or a related
11 research university organization to conduct research on and develop and
12 commercialize vaccines and antibodies for the treatment of or cure for
13 cancer or virally infectious diseases; and

14 (2) Establishment of research facilities and principal operations within the state;
15 and

16 b. Of the availability of one dollar of matching funds from private or other public
17 sources for each dollar of state funds to be distributed. Matching funds must be in
18 the form of cash and may not include in-kind assets;

19 3. May not retain more than five percent of the grant award for administrative costs; and

20 4. May not provide indirect cost reimbursement to a research university or a related
21 research university organization of more than five percent of the amount of the grant
22 award relating to the research university's involvement or the related research
23 university organization's involvement.

24 **SECTION 18.** A new section to chapter 54-65 of the North Dakota Century Code is created
25 and enacted as follows:

26 **Research North Dakota biotechnology fund - Continuing appropriation.**

27 The research North Dakota biotechnology fund is a special fund in the state treasury. All
28 moneys in the research North Dakota biotechnology fund are appropriated to the department of
29 commerce on a continuing basis for the purpose of implementing and administering ~~this~~
30 ~~chapter~~ a research North Dakota biotechnology grant program. Interest earned on moneys in the
31 fund must be credited to the fund.

1 **SECTION 19.** A new subsection to section 57-35.3-05 of the North Dakota Century Code is
2 created and enacted as follows:

3 There is allowed a credit against the tax imposed by sections 57-35.3-01 through
4 57-35.3-12 in an amount equal to the contribution to the housing incentive fund under
5 section 54-17-40. For the purposes of the credit allowed in this subsection,
6 subsections 2 through 9 of section 57-38-01.32 apply.

7 **SECTION 20. AMENDMENT.** Section 57-38-01.32 of the North Dakota Century Code is
8 amended and reenacted as follows:

9 **57-38-01.32. (Effective for the first two taxable years beginning after December 31,**
10 **~~2010~~2012) Housing incentive fund tax credit.**

- 11 1. A taxpayer is entitled to a credit as determined under this section against state income
12 tax liability under section 57-38-30 or 57-38-30.3 for contributing to the housing
13 incentive fund under section 54-17-40. The amount of the credit is equal to the amount
14 contributed to the fund during the taxable year.
- 15 2. North Dakota taxable income must be increased by the amount of the contribution
16 upon which the credit under this section is computed but only to the extent the
17 contribution reduced federal taxable income.
- 18 3. The contribution amount used to calculate the credit under this section may not be
19 used to calculate any other state income tax deduction or credit allowed by law.
- 20 4. If the amount of the credit exceeds the taxpayer's tax liability for the taxable year, the
21 excess may be carried forward to each of the ten succeeding taxable years.
- 22 5. The aggregate amount of tax credits allowed to all eligible contributors is limited to
23 fifteen million dollars ~~per biennium~~. This limitation applies to all contributions for which
24 tax credits are claimed under section 57-35.3-05 and this section.
- 25 6. Within thirty days after the date on which a taxpayer makes a contribution to the
26 housing incentive fund, the housing finance agency shall file with each contributing
27 taxpayer, and a copy with the tax commissioner, completed forms that show as to
28 each contribution to the fund by that taxpayer the following:
 - 29 a. The name, address, and social security number or federal employer identification
30 number of the taxpayer that made the contribution.
 - 31 b. The dollar amount paid for the contribution by the taxpayer.

- 1 c. The date the payment was received by the fund.
- 2 7. To receive the tax credit provided under this section, a taxpayer shall claim the credit
- 3 on the taxpayer's state income or financial institutions tax return in the manner
- 4 prescribed by the tax commissioner and file with the return a copy of the form issued
- 5 by the housing finance agency under subsection 6.
- 6 8. Notwithstanding the time limitations contained in section 57-38-38, this section does
- 7 not prohibit the tax commissioner from conducting an examination of the credit
- 8 claimed and assessing additional tax due under section 57-38-38.
- 9 9. A partnership, subchapter S corporation, limited partnership, limited liability company,
- 10 or any other passthrough entity making a contribution to the housing incentive fund
- 11 under this section is considered to be the taxpayer for purposes of this section, and
- 12 the amount of the credit allowed must be determined at the passthrough entity level.
- 13 The amount of the total credit determined at the entity level must be passed through to
- 14 the partners, shareholders, or members in proportion to their respective interests in
- 15 the passthrough entity.

16 **SECTION 21. AMENDMENT.** Section 57-43.1-03 of the North Dakota Century Code is

17 amended and reenacted as follows:

18 **57-43.1-03. Refund of tax for fuel used for an industrial purpose - Reduction for**

19 **agricultural fuel tax ~~products utilization~~ fund.**

20 Any consumer who buys or uses any motor vehicle fuel for an industrial purpose on which

21 the motor vehicle fuel tax has been paid may file a claim with the commissioner for a refund

22 under this chapter. The amount of the tax refund provided for in this section must be reduced by

23 one-half cent per gallon [3.79 liters], except for those fuels used in aircraft or with respect to

24 refunds claimed by aircraft fuel users, and the one-half cent per gallon [3.79 liters] withheld from

25 the refund must be deposited in the agricultural ~~fuel tax~~ products utilization fund.

26 **SECTION 22. AMENDMENT.** Section 57-43.1-03.1 of the North Dakota Century Code is

27 amended and reenacted as follows:

28 **57-43.1-03.1. Refund of tax for fuel used for agricultural purposes - Reductions.**

29 Any consumer who buys or uses any motor vehicle fuel for an agricultural purpose on which

30 the motor vehicle fuel tax has been paid may file a claim with the commissioner for a refund

31 under this chapter. The amount of the tax refund under this section must be reduced by seven

1 cents per gallon [3.79 liters] except for those fuels used in aircraft or with respect to refunds
2 claimed by aircraft fuel users. ~~Two cents per gallon [3.79 liters] withheld from the refund must be~~
3 ~~deposited in the agricultural fuel tax fund, one cent per gallon [3.79 liters] withheld from the~~
4 ~~refund must be deposited in the ethanol production incentive fund, and four cents~~The amount
5 per gallon [3.79 liters] withheld from the refund must be deposited in the agricultural research
6 fund.

7 **SECTION 23. AMENDMENT.** Section 57-43.1-03.3 of the North Dakota Century Code is
8 amended and reenacted as follows:

9 **57-43.1-03.3. Refund to emergency medical services operation.**

10 Upon application to the commissioner, the operator of an emergency medical services
11 operation licensed under chapter 23-27 is entitled to a refund of taxes paid under this chapter
12 for motor vehicle fuel purchased and used by the emergency medical services operation. The
13 refund provided for in this section is not subject to reduction for deposit in the agricultural fuel
14 ~~tax~~products utilization fund, ~~the ethanol production incentive fund,~~ or the agricultural research
15 fund.

16 **SECTION 24. AMENDMENT.** Section 57-43.1-08 of the North Dakota Century Code is
17 amended and reenacted as follows:

18 **57-43.1-08. Refund to state or political subdivision.**

19 When any construction, reconstruction, or maintenance of a public road, highway, street, or
20 airport is undertaken by the state or any political subdivision in the state and public funds of the
21 United States, state, or any political subdivision are directly used for the purchasing of motor
22 vehicle fuel to be used in publicly owned vehicles for such construction, reconstruction, or
23 maintenance, such motor vehicle fuel is subject to a refund of the tax paid on the fuel as
24 provided for in this chapter and under the same terms and conditions. The refund provided for in
25 this section may not be reduced for deposit to the agricultural ~~fuel tax~~products utilization fund.

26 **SECTION 25. EXEMPTION.** The amount appropriated for the agricultural products
27 utilization commission in section 1 of chapter 50 of the 2011 Session Laws is not subject to
28 section 54-44.1-11 and any unexpended funds from this line item for grants are available for
29 grants during the biennium beginning July 1, 2013, and ending June 30, 2015.

30 **SECTION 26. EXEMPTION.** The amount appropriated for the discretionary funds line item
31 in section 1 of chapter 50 of the 2011 Session Laws is not subject to section 54-44.1-11 and any

1 unexpended funds from this line item are available during the biennium beginning July 1, 2013,
2 and ending June 30, 2015.

3 **SECTION 27. EXEMPTION.** ~~The amount~~Of the \$1,000,000 appropriated for the
4 technology-based entrepreneurship grant program contained in the grants line item in section 1
5 of chapter 50 of the 2011 Session Laws, \$700,000 is not subject to section 54-44.1-11 and any
6 unexpended funds from this line item are available during the biennium beginning July 1, 2013,
7 and ending June 30, 2015. The department of commerce shall spend these funds for the
8 purposes provided in this section. The department of commerce shall use up to \$300,000 for a
9 grant to a not-for-profit organization assisting individuals with business ideas. The department of
10 commerce shall use any remaining amount for the technology-based entrepreneurship grant
11 program.

12 **SECTION 28. EXEMPTION.** Any amount carried over pursuant to section 22 of chapter 50
13 of the 2011 Session Laws that is unexpended as of June 30, 2013, is not subject to section
14 54-44.1-11 and is available for promotion and marketing of the USS North Dakota during the
15 biennium beginning July 1, 2013, and ending June 30, 2015.

16 **SECTION 29. EXEMPTION.** Any amount carried over pursuant to section 18 of chapter 50
17 of the 2011 Session Laws, relating to the antiballistic missile site acquisition grant and base
18 realignment grant, that is unexpended as of June 30, 2013, is not subject to section 54-44.1-11
19 and is available ~~for~~during the biennium beginning July 1, 2013, and ending June 30, 2015. The
20 department of commerce shall spend these funds for the purposes provided in this section. The
21 department of commerce shall award a grant of up to \$100,000 for promotion and marketing of
22 the USS North Dakota. The department of commerce shall award a grant to assist in the
23 acquisition of the antiballistic missile site at the Stanley R. Mickelson safeguard complex in
24 Nekoma ~~and~~. The department of commerce shall award a direct grant and not a cost
25 reimbursement grant for a base realignment grant to enhance economic development and
26 employment opportunities associated with the Minot air force base resulting from action by the
27 federal defense base closure and realignment commission ~~during the biennium beginning~~
28 ~~July 1, 2013, and ending June 30, 2015.~~

29 **SECTION 30. TRANSFER - WORKFORCE ENHANCEMENT FUND.** The office of
30 management and budget shall transfer the amount appropriated in the workforce enhancement
31 fund 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, 2013, and ending June 30, 2015.

3 **SECTION 31. TRANSFER - INTERNSHIP FUND.** The office of management and budget
4 shall transfer ~~\$1,500,000~~\$1,000,000 of the amount appropriated in the operating expenses line
5 item in section 1 of this Act to the internship fund for the purpose of administering the operation
6 intern program, for the period beginning with the effective date of this Act and ending June 30,
7 2015.

8 **SECTION 32. TRANSFER - RESEARCH NORTH DAKOTA BIOTECHNOLOGY FUND.**
9 The office of management and budget shall transfer the amount appropriated in the research
10 North Dakota line item in section 1 of this Act to the research North Dakota biotechnology fund
11 for the purpose of implementing and administering the research North Dakota biotechnology
12 grant program, for the biennium beginning July 1, 2013, and ending June 30, 2015. ~~The~~
13 ~~department of commerce may use up to \$2,000,000 of the funds transferred to the research-~~
14 ~~North Dakota fund for venture grants.~~

15 ~~—SECTION 34. TRANSFER - BANK OF NORTH DAKOTA - CHILD CARE FACILITY LOAN~~
16 ~~GUARANTEE FUND.~~ The Bank of North Dakota shall transfer the sum of \$200,000 from the
17 ~~Bank's current earnings and undivided profits to the child care facility loan guarantee fund for~~
18 ~~the biennium beginning July 1, 2013, and ending June 30, 2015.~~

19 **SECTION 33. TRADE OFFICE - MATCHING FUND REQUIREMENT.** The total North
20 Dakota trade office special line item and the general fund appropriation in section 1 of this Act
21 include \$2,613,400 of funding relating to the North Dakota trade office. The department of
22 commerce may spend seventy percent of this amount without requiring any matching funds
23 from the trade office. Any additional amounts may be spent only to the extent that the North
24 Dakota trade office provides one dollar of matching funds from private or other public sources
25 for each one dollar provided by the department for the biennium beginning July 1, 2013, and
26 ending June 30, 2015. Matching funds may include money spent by businesses or
27 organizations to pay salaries to export assistant, provide training to export assistants, or buy
28 computer equipment as part of the North Dakota trade office's export assistance program.

29 **SECTION 34. BASE RETENTION GRANT PROGRAM.** The grants line item in section 1 of
30 this Act includes the sum of \$1,500,000 from the general fund for a base retention grant
31 program to be developed by the department of commerce, for the biennium beginning July 1,

1 2013, and ending June 30, 2015. The grant program must award direct grants and not cost
2 reimbursement grants. The department may award grants of up to \$500,000 to each community
3 with an air force base or air national guard facilities.

4 ~~—SECTION 31. CHILD CARE FACILITY GRANT PROGRAM. The grants line item in~~
5 ~~section 1 of this Act includes the sum of \$5,000,000 from the general fund for a child care~~
6 ~~facility grant program to be developed by the department of commerce, for the biennium~~
7 ~~beginning July 1, 2013, and ending June 30, 2015. The department shall establish guidelines to~~
8 ~~qualify for a grant under this section which must include a matching requirement of one dollar of~~
9 ~~matching funds for every three dollars of grant funds and a maximum grant amount of~~
10 ~~\$187,500.~~

11 **SECTION 35. STRATEGIC INVESTMENT AND IMPROVEMENTS FUND -- UNMANNED**
12 **AIRCRAFT SYSTEMS PROGRAM.** The grants line item in section 1 of this Act includes the
13 sum of \$1,000,000 from the general fund for costs related to pursuing federal aviation
14 administration designation as an unmanned aircraft systems test site. The grants line item in
15 section 1 of this Act includes the sum of \$4,000,000 from the ~~strategic investment and~~
16 ~~improvements~~general fund for operations of the test site, contingent upon receiving official
17 designation by the federal aviation administration as a national test site.

18 **SECTION 36. STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - ENHANCED**
19 **USE LEASE GRANT PROGRAM.** The grants line item in section 2 of this Act includes the sum
20 of \$2,500,000 from the strategic investment and improvements fund for an enhanced use lease
21 grant program to be developed by the department of commerce, for the biennium beginning
22 July 1, 2013, and ending June 30, 2015. Grants are available for constructing infrastructure
23 required for an enhanced use lease private sector business development project located on or
24 adjacent to the Grand Forks air force base, contingent upon certification from the department of
25 commerce verifying both a signed enhanced use lease agreement and a commitment by a
26 private sector business to locate in the development.

27 **SECTION 37. NORTH DAKOTA ECONOMIC DEVELOPMENT FOUNDATION - 2020 AND**
28 **BEYOND INITIATIVE - REPORT TO THE LEGISLATIVE MANAGEMENT.** Before
29 September 1, 2014, the North Dakota economic development foundation shall provide a report
30 to the legislative management regarding progress made toward the recommendations provided
31 as part of the 2020 and beyond initiative and any recommendations for future legislation.

1 **SECTION 38. EXPERIMENTAL PROGRAM TO STIMULATE COMPETITIVE RESEARCH**
2 **- RESEARCH NORTH DAKOTA - REPORT TO BUDGET SECTION.** Before June 1, 2014, the
3 department of commerce shall provide a progress report on the experimental program to
4 stimulate competitive research and research North Dakota, including the research North Dakota
5 venture investment program to the budget section of the legislative management.

6 ~~— **SECTION 36. UPPER GREAT PLAINS TRANSPORTATION INSTITUTE STUDY—**~~
7 ~~**REPORTS TO BUDGET SECTION.** The operating expenses line item in section 1 of this Act~~
8 ~~includes the sum of \$350,000 from the general fund for the department of commerce to contract~~
9 ~~with the upper great plains transportation institute for the purpose of updating and maintaining~~
10 ~~reports for transportation infrastructure needs for all county roads and bridges in the state, for~~
11 ~~the biennium beginning July 1, 2013, and ending June 30, 2015. While updating and~~
12 ~~maintaining the reports, the upper great plains transportation institute shall review options to~~
13 ~~most efficiently use resources through the integration of road and bridge projects identified in~~
14 ~~the reports along with other associated infrastructure needs. During the 2013-14 interim, the~~
15 ~~upper great plains transportation institute shall report at least annually to the budget section of~~
16 ~~the legislative management regarding the status of the reports.~~

17 **SECTION 39. LEGISLATIVE MANAGEMENT STUDY - CHILD CARE SERVICES.** During
18 the 2013-14 interim, the legislative management shall consider studying child care services.
19 The study must include consideration of the current and potential needs for child care services
20 and the current and potential workforce needs related to child care. The study must include
21 consideration of the current quality of child care services. The legislative management shall
22 report its findings and recommendations, together with any legislation required to implement the
23 recommendations, to the sixty-fourth legislative assembly.

24 **SECTION 40. LEGISLATIVE MANAGEMENT STUDY - INTELLECTUAL PROPERTY AT**
25 **RESEARCH UNIVERSITIES.** During the 2013-14 interim, the legislative management shall
26 consider studying the intellectual property policies and procedures at research universities
27 within the state. The study must include consideration of the current and potential income
28 generated through the commercialization of intellectual property. The legislative management
29 shall report its findings and recommendations, together with any legislation required to
30 implement the recommendations, to the sixty-fourth legislative assembly.

1 **SECTION 41. LEGISLATIVE INTENT - RESEARCH NORTH DAKOTA VENTURE**

2 **INVESTMENT PROGRAM.** It is the intent of the sixty-third legislative assembly that the North
3 Dakota development fund, incorporated, use funding transferred to the North Dakota
4 development fund, incorporated, in section 18 of chapter 50 of the 2011 Session Laws for
5 investments under the research North Dakota venture investment program.

6 **SECTION 42. EFFECTIVE DATE - EXPIRATION DATE.** Sections 19 and 20 of this Act are
7 effective for the first two taxable years beginning after December 31, 2012, and are thereafter
8 ineffective.

9 **SECTION 43. EMERGENCY.** Funding of ~~\$1,500,000~~\$1,000,000 in the operating expenses
10 line item in section 1 of this Act, relating to the operation intern program, and funding of
11 \$5,000,000 in the grants line item of section 1 of this Act, relating to the unmanned aircraft
12 systems program, and sections ~~26~~3, 13, 15, 16, 31, and ~~32~~35 of this Act are declared to be an
13 emergency.