

Sixty-fifth  
Legislative Assembly  
of North Dakota

## ENGROSSED SENATE BILL NO. 2018

Introduced by

Appropriations Committee

1 A BILL for an Act to provide an appropriation for defraying the expenses of the department of  
2 commerce; to provide exemptions; to provide for transfers; to provide for a report; and to  
3 declare an emergency.

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

5 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds  
6 as may be necessary, are appropriated out of any moneys in the general fund in the state  
7 treasury, not otherwise appropriated, and from special funds derived from federal funds and  
8 other income, to the department of commerce for the purpose of defraying the expenses of the  
9 department of commerce, for the biennium beginning July 1, 2017, and ending June 30, 2019,  
10 as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
13 <del>Salaries and wages</del>	<del>\$13,015,999</del>	<del>(\$7,148)</del>	<del>\$13,008,851</del>
14 <del>Operating expenses</del>	<del>16,384,623</del>	<del>(1,397,001)</del>	<del>14,987,622</del>
15 <del>Grants</del>	<del>48,134,795</del>	<del>12,292,417</del>	<del>60,427,212</del>
16 <del>Discretionary funds</del>	<del>784,152</del>	<del>30,688</del>	<del>814,840</del>
17 <del>Agricultural products utilization commission</del>	<del>3,118,611</del>	<del>34,719</del>	<del>3,153,330</del>
18 <del>North Dakota trade office</del>	<del>2,556,694</del>	<del>(275,196)</del>	<del>2,281,498</del>
19 <del>Partner programs</del>	<del>2,173,829</del>	<del>(233,984)</del>	<del>1,939,845</del>
20 <del>Entrepreneurship grants and vouchers</del>	<del>1,500,000</del>	<del>0</del>	<del>1,500,000</del>
21 <del>Total all funds</del>	<del>\$87,668,703</del>	<del>\$10,444,495</del>	<del>\$98,113,198</del>
22 <del>Less estimated income</del>	<del>53,809,604</del>	<del>12,478,979</del>	<del>66,288,583</del>
23 <del>Total general fund</del>	<del>\$33,859,099</del>	<del>(\$2,034,484)</del>	<del>\$31,824,615</del>
24 <u>Salaries and wages</u>	<u>\$13,015,999</u>	<u>(\$20,211)</u>	<u>\$12,995,788</u>

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1	Operating expenses	16,384,623	(907,001)	15,477,622
2	Grants	48,134,795	6,375,621	54,510,416
3	Discretionary funds	784,152	1,415,848	2,200,000
4	Flood impact grants/loans	0	5,201,752	5,201,752
5	Agricultural products utilization commission	3,118,611	34,304	3,152,915
6	North Dakota trade office	2,556,694	(556,694)	2,000,000
7	Partner programs	2,173,829	(233,984)	1,939,845
8	Entrepreneurship grants and vouchers	1,500,000	750,000	2,250,000
9	Total all funds	\$87,668,703	\$12,059,635	\$99,728,338
10	Less estimated income	53,809,604	14,576,054	68,385,658
11	Total general fund	\$33,859,099	(\$2,516,419)	\$31,342,680
12	Full-time equivalent positions	69.40	(3.00)	66.40

**SECTION 2. HEALTH INSURANCE INCREASE.** The salaries line item in section 1 of this Act includes the sum of \$172,554, of which \$135,102 is from the general fund, for increases in employee health insurance premiums from \$1,130 to \$1,241 per month.

**SECTION 3. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO THE SIXTY-SIXTH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time funding items approved by the sixty-fourth legislative assembly for the 2015-17 biennium:

19	One-Time Funding Description	2015-17	2017-19
20	Workforce enhancement fund	\$960,069	\$0
21	<del>Flood impact grants/loans</del>	<del>12,859,869</del>	<del>0</del>
22	Flood impact grants/loans	12,859,869	5,201,752
23	Research North Dakota	4,353,542	0
24	Unmanned aircraft system	2,662,105	2,000,000
25	<del>Base retention grants</del>	<del>1,500,000</del>	<del>1,000,000</del>
26	Base retention grants	1,500,000	600,000
27	Tourism large infrastructure grants	586,000	0
28	Enhanced use lease grant	7,500,000	3,000,000
29	Child care facility grants	2,131,267	0
30	Homeless shelter grants	1,500,000	0
31	Tribal community college grants	2,837,130	0

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1	Workforce recruitment campaign	300,000	0
2	Tourism midwest markets	848,481	0
3	Entrepreneurship grants and vouchers	1,716,830	0
4	Tourism international	227,836	0
5	Educators and industry externships	<u>40,000</u>	<u>0</u>
6	<del>Total all funds</del>	<del>\$40,023,129</del>	<del>\$6,000,000</del>
7	<del>Less estimated income</del>	<del>21,359,869</del>	<del>6,000,000</del>
8	<del>Total general fund</del>	<del>\$18,663,260</del>	<del>\$0</del>
9	Total all funds	\$40,023,129	\$10,801,752
10	Less estimated income	21,359,869	9,801,752
11	Total general fund	\$18,663,260	\$1,000,000

12 The 2017-19 biennium one-time funding amounts are not a part of the entity's base budget for  
 13 the 2019-21 biennium. The department of commerce shall report to the appropriations  
 14 committees of the sixty-sixth legislative assembly on the use of this one-time funding for the  
 15 biennium beginning July 1, 2017, and ending June 30, 2019.

16 **SECTION 4. EXEMPTION.** The amount appropriated for the agricultural products utilization  
 17 commission in section 1 of chapter 18 of the 2015 Session Laws is not subject to section  
 18 54-44.1-11 and any unexpended funds from this line item for grants are available for grants  
 19 during the biennium beginning July 1, 2017, and ending June 30, 2019.

20 **SECTION 5. EXEMPTION.** The amount appropriated for the discretionary funds line item in  
 21 section 1 of chapter 18 of the 2015 Session Laws is not subject to section 54-44.1-11 and any  
 22 unexpended funds from this line item are available during the biennium beginning July 1, 2017,  
 23 and ending June 30, 2019.

24 **SECTION 6. EXEMPTION.** ~~The~~Of the amount appropriated for the unmanned aircraft  
 25 systems program in section 1 of chapter 18 of the 2015 Session Laws up to \$1,000,000 is not  
 26 subject to section 54-44.1-11 and ~~any~~ unexpended funds from this ~~program~~amount are  
 27 available and may be spent during the biennium beginning July 1, 2017, and ending June 30,  
 28 2019.

29 ~~**SECTION 7. EXEMPTION.** The amount appropriated for prekindergarten community grants~~  
 30 ~~in section 1 of chapter 18 of the 2015 Session Laws is not subject to section 54-44.1-11 and any~~

1 ~~unexpended funds from these grants are available for grants during the biennium beginning~~  
2 ~~July 1, 2017, and ending June 30, 2019.~~

3 **SECTION 7. TRANSFER - INTERNSHIP FUND.** The office of management and budget  
4 shall transfer ~~\$1,275,000~~\$950,000 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 2019.

8 **SECTION 8. STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - BASE**  
9 **RETENTION GRANT PROGRAM.** The grants line item and the estimated income line item in  
10 section 1 of this Act include the sum of ~~\$1,000,000~~\$600,000 from the strategic investment and  
11 improvements fund for a base retention grant program to be developed by the department of  
12 commerce, for the biennium beginning July 1, 2017, and ending June 30, 2019. The grant  
13 program must award direct grants and not cost reimbursement grants. The department may  
14 award grants of \$200,000 to each community with an air force base or air national guard  
15 facilities.

16 **SECTION 9. STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - UNMANNED**  
17 **AIRCRAFT SYSTEMS PROGRAM.** The grants line item and the estimated income line item in  
18 section 1 of this Act include the sum of \$2,000,000 from the strategic investment and  
19 improvements fund for operations of the unmanned aircraft systems test site, for the biennium  
20 beginning July 1, 2017, and ending June 30, 2019. The department of commerce shall consult  
21 with the aeronautics commission regarding test site operational costs and support services and  
22 best practices related to the unmanned aircraft systems test site.

23 **SECTION 10. STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - ENHANCED**  
24 **USE LEASE GRANT PROGRAM.** The grants line item and the estimated income line item in  
25 section 1 of this Act include the sum of \$3,000,000, of which \$1,000,000 is from the general  
26 fund and \$2,000,000 is from the strategic investment and improvements fund for an enhanced  
27 use lease grant program ~~for the operations of the unmanned aircraft systems test site~~, for the  
28 biennium beginning July 1, 2017, and ending June 30, 2019. Grants must be awarded for  
29 initiatives related to the unmanned aircraft system industry in North Dakota, including for the  
30 purposes of infrastructure, research, development, the creation of software, and the purchase of  
31 equipment benefiting the unmanned aircraft system. The department of commerce shall require

1 grant recipients to provide matching funds in the form of cash, property, or in-kind consideration,  
2 totaling \$1,000,000 for the grants awarded under this program.

3 **SECTION 11. TRADE OFFICE - MATCHING FUND REQUIREMENT.** The ~~total~~ North  
4 Dakota trade office line item and the general fund appropriation in section 1 of this Act include  
5 ~~\$2,281,498~~ \$2,000,000 of funding relating to the North Dakota trade office. The department of  
6 commerce may spend ~~seventy~~ sixty percent of this amount without requiring any matching funds  
7 from the trade office. Any additional amounts may be spent only to the extent the North Dakota  
8 trade office provides one dollar of matching funds from private or other public sources for each  
9 one dollar provided by the department for the biennium beginning July 1, 2017, and ending  
10 June 30, 2019. Matching funds may include money spent by businesses or organizations to pay  
11 salaries to export assistants, provide training to export assistants, or buy computer equipment  
12 as part of the North Dakota trade office's export assistance program.

13 **SECTION 12. ENTREPRENEURSHIP GRANTS AND VOUCHER PROGRAM -**  
14 **EXEMPTION.** Section 1 of this Act includes the sum of ~~\$1,500,000~~ \$2,250,000, of which  
15 ~~\$1,350,000~~ \$600,000 is from the general fund and ~~\$150,000~~ \$1,650,000 is from special funds,  
16 for an entrepreneurship grants and voucher program to be developed and administered by the  
17 department of commerce, for the biennium beginning July 1, 2017, and ending June 30, 2019.  
18 Of the amount appropriated, \$900,000 is to be distributed equally to entrepreneurial centers  
19 located in Bismarck, Fargo, and Grand Forks, \$300,000 to an organization that provides  
20 workplace safety, and \$300,000 for biotechnology grants. The department shall establish  
21 guidelines to provide grants to entrepreneurial centers certified by the department. The  
22 department also shall establish guidelines to award vouchers to entrepreneurs to procure  
23 business development assistance from certified entrepreneurial centers or to provide grants to  
24 entrepreneurs working with an entrepreneurial center. The amount appropriated for  
25 entrepreneurship grants in section 1 of this Act is not subject to section 54-44.1-11 and any  
26 unexpended funds from this line item are available during the biennium beginning July 1, 2019,  
27 and ending June 30, 2021.

28 **SECTION 13. ENERGY AND ENVIRONMENTAL RESEARCH CENTER GRANT -**  
29 **MATCHING REQUIREMENT.** The grants line item in section 1 of this Act includes \$500,000  
30 from the research North Dakota fund which the department of commerce shall provide as a  
31 grant to the energy and environmental research center at the university of North Dakota. The

1 grant must be utilized for economic development and diversification of the North Dakota  
2 economy and may be provided only to the extent the energy and environmental research center  
3 provides one dollar of matching funds from private or other public sources for each one dollar  
4 provided by the department for the biennium beginning July 1, 2017, and ending June 30, 2019.

5 **SECTION 14. ESTIMATED INCOME - RESEARCH NORTH DAKOTA FUND.**

6 Notwithstanding section 54-65-08, the estimated income line item in section 1 of this Act  
7 includes \$3,500,000 from the research North Dakota fund to the department of commerce for  
8 department programs. Of this amount, \$500,000 is for the North Dakota tourism program,  
9 \$1,000,000 is for discretionary funds, \$1,500,000 is for entrepreneurship grants and vouchers,  
10 and \$500,000 is for providing a grant to the energy and environmental research center at the  
11 university of North Dakota.

12 **SECTION 15. TRANSFER - RESEARCH NORTH DAKOTA FUND TO THE GENERAL**  
13 **FUND.** Notwithstanding section 54-65-08, the office of management and budget shall transfer  
14 \$4,000,000 from the research North Dakota fund to the general fund, during the biennium  
15 beginning July 1, 2017, and ending June 30, 2019.

16 **SECTION 16. EMERGENCY.** Funding of ~~\$1,275,000~~\$950,000 in the operating expenses  
17 line item in ~~section~~sections 1 and 7 of this Act, relating to the operation intern program, are  
18 declared to be an emergency measure.