

**HOUSE BILL NO. 1018**

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; ~~and~~ to provide for a legislative management study of the  
3 unmanned aircraft systems industry; to provide for a transfer; to provide for a report; and to  
4 declare an emergency.

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

6 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds  
7 as may be necessary, are appropriated out of any moneys in the general fund in the state  
8 treasury, not otherwise appropriated, and from special funds derived from federal funds and  
9 other income, to the department of commerce for the purpose of defraying the expenses of the  
10 department of commerce, for the biennium beginning July 1, 2019, and ending June 30, 2021,  
11 as follows:

	<u>Governor's</u>		
	<u>Base Level</u>	<u>Recommendation</u>	<u>Appropriation</u>
12			
13			
14	<del>Salaries and wages</del>	<del>\$12,995,788</del>	<del>\$12,995,788</del>
15	<del>Operating expenses</del>	<del>15,477,622</del>	<del>15,477,622</del>
16	<del>Capital assets</del>	<del>0</del>	<del>0</del>
17	<del>Grants</del>	<del>48,910,416</del>	<del>48,910,416</del>
18	<del>Discretionary funds</del>	<del>2,200,000</del>	<del>2,200,000</del>
19	<del>Grants - tribal colleges</del>	<del>0</del>	<del>0</del>
20	<del>Agricultural products utilization commission</del>	<del>3,152,915</del>	<del>3,152,915</del>
21	<del>Research North Dakota</del>	<del>0</del>	<del>0</del>
22	<del>North Dakota trade office</del>	<del>2,000,000</del>	<del>2,000,000</del>
23	<del>Partner programs</del>	<del>1,939,845</del>	<del>1,939,845</del>
24	<del>Entrepreneurship grants and vouchers</del>	<del>1,950,000</del>	<del>1,950,000</del>

Sixty-sixth  
Legislative Assembly

1	Total all funds	\$88,626,586	\$200,568,196	\$88,626,586
2	Less estimated income	58,283,906	64,447,648	58,283,906
3	Total general fund	\$30,342,680	\$136,120,548	\$30,342,680
4	Full-time equivalent positions	66.40	60.80	66.40
5		Adjustments or		
6		Base Level	Enhancements	Appropriation
7	Salaries and wages	\$12,995,788	\$169,782	\$13,165,570
8	Operating expenses	15,477,622	1,244,297	16,721,919
9	Grants	48,910,416	4,679,395	53,589,811
10	Discretionary funds	2,200,000	(2,200,000)	0
11	Agricultural products utilization	3,152,915	(2,478,950)	673,965
12	commission			
13	North Dakota trade office	2,000,000	(400,000)	1,600,000
14	Partner programs	1,939,845	(377,314)	1,562,531
15	Entrepreneurship grants and vouchers	1,950,000	(1,001,533)	948,467
16	Total all funds	\$88,626,586	(\$364,323)	\$88,262,263
17	Less estimated income	58,283,906	(3,499,311)	54,784,595
18	Total general fund	\$30,342,680	\$3,134,988	\$33,477,668
19	Full-time equivalent positions	66.40	(4.60)	61.80

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

**SIXTY-SEVENTH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time funding items approved by the sixty-fifth legislative assembly for the 2017-19 biennium and the one-time funding items included in the appropriation in section 1 of this Act:

24	<u>One-Time Funding Description</u>	<u>2017-19</u>	<u>2019-21</u>
25	Flood impact grants/loans	\$5,201,752	\$0
26	Unmanned aircraft system	2,000,000	0
27	Base retention grants	600,000	0
28	Enhanced use lease grant	3,000,000	0
29	Workforce grants to tribally controlled community colleges	500,000	0
30	Total all funds	\$11,301,752	\$0

1	<del>Less estimated income</del>	<del>10,301,752</del>	<del>0</del>
2	<del>Total general fund</del>	<del>\$1,000,000</del>	<del>\$0</del>
3	<u>One-Time Funding Description</u>	<u>2017-19</u>	<u>2019-21</u>
4	<u>Flood impact grants/loans</u>	<u>\$5,201,752</u>	<u>\$0</u>
5	<u>Unmanned aircraft system</u>	<u>2,000,000</u>	<u>2,000,000</u>
6	<u>Base retention grants</u>	<u>600,000</u>	<u>0</u>
7	<u>Enhanced use lease grant</u>	<u>3,000,000</u>	<u>1,000,000</u>
8	<u>Workforce grants to tribally controlled community colleges</u>	<u>500,000</u>	<u>500,000</u>
9	<u>Census 2020 program</u>	<u>0</u>	<u>1,000,000</u>
10	<u>Workforce safety grant</u>	<u>0</u>	<u>1,000,000</u>
11	<u>Total all funds</u>	<u>\$11,301,752</u>	<u>\$5,500,000</u>
12	<u>Less estimated income</u>	<u>10,301,752</u>	<u>0</u>
13	<u>Total general fund</u>	<u>\$1,000,000</u>	<u>\$5,500,000</u>

14 The 2019-21 biennium one-time funding amounts are not a part of the entity's base budget  
 15 for the 2021-23 biennium. The department of commerce shall report to the appropriations  
 16 committees of the sixty-seventh legislative assembly on the use of this one-time funding for the  
 17 biennium beginning July 1, 2019, and ending June 30, 2021.

18 **SECTION 3. EXEMPTION.** The amount appropriated for the agricultural products utilization  
 19 commission in section 1 of chapter 43 of the 2017 Session Laws is not subject to section  
 20 54-44.1-11 and any unexpended funds from this line item for grants are available for grants  
 21 during the biennium beginning July 1, 2019, and ending June 30, 2021.

22 ~~**SECTION 4. EXEMPTION.** The amount appropriated for the discretionary funds line item in~~  
 23 ~~section 1 of chapter 43 of the 2017 Session Laws is not subject to section 54-44.1-11 and any~~  
 24 ~~unexpended funds from this line item for grants are available for grants during the biennium~~  
 25 ~~beginning July 1, 2019, and ending June 30, 2021.~~

26 **SECTION 4. EXEMPTION.** The amount appropriated for the unmanned aircraft systems  
 27 program in section 1 of chapter 43 of the 2017 Session Laws is not subject to section  
 28 54-44.1-11 and any unexpended funds from this program are available for the program during  
 29 the biennium beginning July 1, 2019, and ending June 30, 2021.

30 **SECTION 5. TRANSFER - INTERNSHIP FUND.** The office of management and budget  
 31 shall transfer ~~\$950,000~~\$855,000 of the amount appropriated in the operating expenses line item

1 in section 1 of this Act to the internship fund for the purpose of administering the operation  
2 intern program, for the biennium beginning July 1, 2019, and ending June 30, 2021.

3 **SECTION 6. TRADE OFFICE - MATCHING FUND REQUIREMENT.** The North Dakota  
4 trade office line item and the general fund appropriation in section 1 of this Act include  
5 ~~\$2,000,000~~\$1,600,000 of funding relating to the North Dakota trade office. The department of  
6 commerce may spend sixty percent of this amount without requiring any matching funds from  
7 the trade office. Any additional amounts may be spent only to the extent the North Dakota trade  
8 office provides one dollar of matching funds from private or other public sources for each one  
9 dollar provided by the department for the biennium beginning July 1, 2019, and ending June 30,  
10 2021. Matching funds may include money spent by businesses or organizations to pay salaries  
11 to export assistants, provide training to export assistants, or buy computer equipment as part of  
12 the North Dakota trade office's export assistance program.

13 **SECTION 7. ENTREPRENEURSHIP GRANTS AND VOUCHER PROGRAM -**  
14 **EXEMPTION.** Section 1 of this Act includes the sum of ~~\$1,950,000~~\$948,467, of which  
15 ~~\$600,000~~\$740,956 is from the general fund and ~~\$1,350,000~~\$207,511 is from special funds, for  
16 an entrepreneurship grants and voucher program to be developed and administered by the  
17 department of commerce, for the biennium beginning July 1, 2019, and ending June 30, 2021.  
18 The department shall establish guidelines to provide grants to entrepreneurial centers certified  
19 by the department. The department also shall establish guidelines to award vouchers to  
20 entrepreneurs to procure business development assistance from certified entrepreneurial  
21 centers or to provide grants to entrepreneurs working with an entrepreneurial center. The  
22 amount appropriated for entrepreneurship grants in section 1 of this Act is not subject to section  
23 54-44.1-11 and any unexpended funds from this line item are available during the biennium  
24 beginning July 1, 2021, and ending June 30, 2023.

25 **SECTION 8. BIOTECHNOLOGY GRANT PROGRAM.** Section 1 of this Act includes  
26 \$300,000 from the general fund for the purpose of providing biotechnology grants to a local  
27 association with bioscience experience to promote bioscience and biotechnology research and  
28 business development in North Dakota agriculture and life and energy science industries.

29 **SECTION 9. APPROPRIATION - 2017-19 BIENNIUM - BEYOND VISUAL LINE OF SIGHT**  
30 **UNMANNED AIRCRAFT SYSTEMS PROGRAM - EXEMPTION.** There is appropriated out of  
31 any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of

1 \$27,000,000, or so much as the sum as may be necessary, to the department of commerce for  
2 the purpose of defraying the expenses relating to the beyond visual line of sight unmanned  
3 aircraft systems program, for the period beginning with the effective date of this Act, and ending  
4 June 30, 2019. The funding provided under this section is not subject to section 54-44.1-11 and  
5 any unexpended funds may be continued and are available for the program during the biennium  
6 beginning July 1, 2019, and ending June 30, 2021.

7 **SECTION 10. BEYOND VISUAL LINE OF SIGHT UNMANNED AIRCRAFT SYSTEMS**  
8 **PROGRAM - REQUIREMENTS - LEGISLATIVE MANAGEMENT REPORT.** Section 9 of this  
9 Act includes a \$27,000,000 general fund appropriation to the department of commerce for  
10 operating expenses of the beyond visual line of sight unmanned aircraft systems program. The  
11 department of commerce shall require any entity receiving funding from this appropriation to  
12 provide the department a copy of the entity's annual audited financial statements associated  
13 with the beyond visual line of sight unmanned aircraft systems. Any entity receiving funding  
14 from this appropriation shall provide quarterly payments to the state treasurer equal to  
15 15 percent of the entity's annual net income associated with beyond visual line of sight  
16 unmanned aircraft systems as reported in its prior year audited financial statements, until the  
17 state treasurer has received a total of \$27,000,000. Thereafter, the entity shall provide quarterly  
18 payments to the state treasurer equal to 10 percent of the entity's annual net income associated  
19 with beyond visual line of sight unmanned aircraft systems as reported in its prior year audited  
20 financial statements. The state treasurer shall deposit any funds received under this section in  
21 the state general fund. The department of commerce shall provide periodic reports to the  
22 legislative management during the 2019-20 interim regarding the development of the beyond  
23 visual line of sight unmanned aircraft systems program and the total amount deposited by the  
24 state treasurer in the state general fund related to this section.

25 **SECTION 11. LEGISLATIVE MANAGEMENT STUDY - BEYOND VISUAL LINE OF**  
26 **SIGHT UNMANNED AIRCRAFT SYSTEMS PROGRAM.** During the 2019-20 interim, the  
27 legislative management shall consider studying the future administration and regulation of the  
28 unmanned aircraft systems industry in North Dakota, including beyond visual line of sight  
29 unmanned aircraft systems. The study must include a determination of the appropriate state  
30 agency or private entity to be assigned responsibility of regulating unmanned aircraft systems  
31 programs, including licensing, registration, appropriate fees, and other responsibilities. The

1 study may include a review of the audited financial statements associated with the beyond  
2 visual line of sight unmanned aircraft systems of an entity receiving funding from the  
3 appropriation for the beyond visual line of sight unmanned aircraft systems program in section 9  
4 of this Act. The legislative management shall report its findings and recommendations, together  
5 with any legislation necessary to implement the recommendations, to the sixty-seventh  
6 legislative assembly.

7 **SECTION 12. EMERGENCY.** Sections 9 and 10 of this Act are declared to be an  
8 emergency measure.