

**FIRST ENGROSSMENT
with Senate Amendments
ENGROSSED HOUSE BILL NO. 1333**

Introduced by

Representatives Nathe, Howe, Lefor, Mock, Sanford

Senators Bekkedahl, Cook

1 A BILL for an Act to create and enact a new chapter to title 6 of the North Dakota Century Code,
2 relating to the creation of an innovation grant fund to support technology advancement
3 committee and grant program; to provide an exemption; to provide a continuing appropriation;
4 and to provide for a transfer.

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

6 **SECTION 1.** A new chapter to title 6 of the North Dakota Century Code is created and
7 enacted as follows:

8 **Definitions.**

9 In this chapter, unless the context otherwise requires:

- 10 1. "Committee" means the innovation grant fund to support technology advancement
11 committee.
- 12 2. "Diversification sectors" means the following industries:
 - 13 a. Advanced computing and data management;
 - 14 b. Agriculture technology;
 - 15 c. Autonomous and unmanned vehicles and related technologies;
 - 16 d. Energy;
 - 17 e. Health care;
 - 18 f. Value-added agriculture;
 - 19 g. Value-added energy; and
 - 20 h. Any industry or area specifically identified by the committee as an industry that
21 will contribute to the diversification of the state's economy.

22 **Innovation grant fund to support technology advancement committee - Membership -**

23 **Meetings.**

- 24 1. The innovation grant fund to support technology advancement committee consists of:

- 1 a. The president of the Bank of North Dakota or the president's designee, and the
2 commissioner of the department of commerce or the commissioner's designee,
3 who shall serve as co-chairpersons of the committee and are nonvoting members
4 of the committee;
- 5 b. Three members representing active venture capital firms, private entities, or
6 angel capital funds;
- 7 c. One member with finance-related experience, knowledge, or education; and
- 8 d. Three members from the private sector with expertise in the diversification
9 sectors.
- 10 2. The members of the committee must be appointed by the president of the Bank of
11 North Dakota and the commissioner of the department of commerce. The term of
12 office of the appointed members of the committee is four years, and the terms must be
13 staggered so that no more than one of the members' terms appointed under
14 subdivisions b and c of subsection 1 expire each year, and so that no more than one
15 of the member's terms appointed under subdivision d of subsection 1 expire each
16 year. Each term of office commences on the first day of July. Members serve at the
17 pleasure of the president of the Bank of North Dakota and commissioner of the
18 department of commerce and may be reappointed for additional terms. Members of
19 the committee may not invest or otherwise participate in applied research,
20 experimentation, or operational testing associated with a grant awarded under this
21 chapter. If a committee member appointed under subdivision b of subsection 1 ceases
22 to represent an active venture capital firm, private entity, or angel capital fund, that
23 individual's membership on the committee ceases immediately and the president of
24 the Bank of North Dakota and the commissioner of the department of commerce shall
25 appoint a new member to the committee for the remainder of the term.
- 26 3. A committee member representing the private sector is eligible to receive
27 compensation in an amount not exceeding one hundred thirty-five dollars per day and
28 travel and expense reimbursement as provided by law for state officers for attending
29 meetings of the committee.
- 30 4. The committee shall meet as necessary to make grant recommendations and provide
31 ongoing review of research, development, and commercialization activities.

1 **Innovation grant fund to support technology advancement - Innovation technology**
2 **grant program.**

3 The Bank of North Dakota shall administer the innovation technology grant program to
4 provide grants for activities identified in this chapter. The Bank shall provide administrative
5 support for the program, including the drafting of application forms, receiving applications,
6 reviewing applications for completeness and compliance with committee policy, and forwarding
7 complete applications to the committee in accordance with the guidelines established by the
8 committee. Program guidelines relating to ownership of intellectual property, inventions, and
9 discoveries must address activities and issues unique to technologies, patents, and companies
10 created as a result of a legacy innovation technology grant.

11 **Innovation technology grants - Eligibility.**

- 12 1. The committee shall establish guidelines for entities to qualify for an innovation
13 technology grant under this section. The committee shall consider and process
14 applications in a timely manner that does not jeopardize an applicant's opportunity to
15 leverage other funds.
- 16 2. In determining whether to recommend approval of an application, the committee shall
17 consider the extent to which the proposal will:
- 18 a. Deliver applied research, experimentation, or operational testing in one or more
19 of the diversification sectors to create information or data to enhance North
20 Dakota companies or industries or companies making investments in North
21 Dakota;
- 22 b. Lead to the commercialization or patent of an innovation technology solution; or
23 c. Result in the development of a new company or expansion of an existing
24 company that will diversify the state's economy through new products,
25 investment, or skilled jobs.

26 **Innovation grant fund to support technology advancement - Continuing**
27 **appropriation.**

28 The innovation grant fund to support technology advancement is a special fund in the state
29 treasury and must be administered by the Bank of North Dakota. All moneys in the fund are
30 appropriated to the Bank on a continuing basis for the purpose of providing innovation

1 technology grants and for administrative expenses. Interest earned on moneys in the fund must
2 be credited to the fund.

3 **Use of grant funds.**

4 Grant recipients shall use innovation technology grant funds to enhance capacity and, to
5 the extent possible, leverage state, federal, and private sources of funding. An entity receiving a
6 grant under this chapter may not use the funds for capital or building investments or for
7 research or other activities not identified in this chapter. The funds may not be used for
8 academic or instructive programming, workforce training, administrative costs, or to supplant
9 funding for regular operations of institutions of higher education. Unless otherwise approved by
10 the committee, grant recipients may use funding only to conduct applied research,
11 experimentation, or operational testing within the state. If an entity awarded a grant
12 discontinues its activities in the state within three years of receiving the grant, the grant
13 recipients shall return all funding received.

14 **Innovation grant fund to support technology advancement - Postaward monitoring -**
15 **Exemption.**

- 16 1. Upon completion of work performed from funding provided by a grant, the Bank of
17 North Dakota shall provide an independent review of the results. Evaluation criteria
18 may include:
- 19 a. How the work performed has contributed to the development of a company or the
20 expansion of an existing company, has enhanced the ability of a company to
21 make investments in the state, or otherwise enticed a company to invest or move
22 to the state.
 - 23 b. How the work performed has led to additional economic investment of capital
24 from public and private sector entities within and outside North Dakota.
 - 25 c. How the work performed has led to or may lead to a patent or research that is
26 commercially viable.
- 27 2. As a condition for receiving a grant under this chapter, each entity shall agree to
28 provide the Bank of North Dakota with its annual audit.

29 **SECTION 2. TRANSFER - BANK OF NORTH DAKOTA - INNOVATION GRANT FUND TO**
30 **SUPPORT TECHNOLOGY ADVANCEMENT.** The Bank of North Dakota shall transfer the sum
31 of \$3,000,000, or so much of the sum as may be necessary, from the Bank's current earnings

Sixty-sixth
Legislative Assembly

- 1 and undivided profits to the innovation grant fund to support technology advancement for the
- 2 purpose of providing innovation technology grants during the biennium beginning July 1, 2019,
- 3 and ending June 30, 2021.