

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1018

Page 1, line 2, remove "and"

Page 1, line 2, after "for" insert " a legislative management study of the unmanned aircraft systems industry; to provide for"

Page 1, line 2, after "transfer" insert "; to provide for a report; and to declare an emergency"

Page 1, remove lines 10 through 24

Page 2, replace lines 1 and 2 with:

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

Page 2, line 3, after "FUNDING" insert "- EFFECT ON BASE BUDGET - REPORT TO SIXTY-SEVENTH LEGISLATIVE ASSEMBLY"

Page 2, line 4, after "biennium" insert "and the one-time funding items included in the appropriation in section 1 of this Act"

Page 2, replace lines 5 through 13 with:

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

The 2019-21 biennium one-time funding amounts are not a part of the entity's base budget for the 2021-23 biennium. The department of commerce shall report to the

appropriations committees of the sixty-seventh legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2019, and ending June 30, 2021."

Page 2, replace lines 18 through 21 with:

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

Page 2, line 23, replace "\$950,000" with "\$855,000"

Page 2, line 28, replace "\$2,000,000" with "\$1,600,000"

Page 3, line 6, replace "\$1,950,000" with "\$948,467"

Page 3, line 6, replace "\$600,000" with "\$740,956"

Page 3, line 7, replace "\$1,350,000" with "\$207,511"

Page 3, after line 16, insert:

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

SECTION 9. APPROPRIATION - 2017-19 BIENNIUM - BEYOND VISUAL LINE OF SIGHT UNMANNED AIRCRAFT SYSTEMS PROGRAM - EXEMPTION.

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

SECTION 10. BEYOND VISUAL LINE OF SIGHT UNMANNED AIRCRAFT SYSTEMS PROGRAM - REQUIREMENTS - LEGISLATIVE MANAGEMENT

REPORT. Section 9 of this Act includes a \$27,000,000 general fund appropriation to the department of commerce for operating expenses of the beyond visual line of sight unmanned aircraft systems program. The department of commerce shall require any entity receiving funding from this appropriation to provide the department a copy of the entity's annual audited financial statements associated with the beyond visual line of sight unmanned aircraft systems. Any entity receiving funding from this appropriation shall provide quarterly payments to the state treasurer equal to 15 percent of the entity's annual net income associated with beyond visual line of sight unmanned aircraft systems as reported in its prior year audited financial statements, until the state treasurer has received a total of \$27,000,000. Thereafter, the entity shall provide quarterly payments to the state treasurer equal to 10 percent of the entity's annual net income associated with beyond visual line of sight unmanned aircraft systems as reported in its prior year audited financial statements. The state treasurer shall deposit any funds received under this section in the state general fund. The department of commerce shall provide periodic reports to the legislative management during the

2019-20 interim regarding the development of the beyond visual line of sight unmanned aircraft systems program and the total amount deposited by the state treasurer in the state general fund related to this section.

SECTION 11. LEGISLATIVE MANAGEMENT STUDY - BEYOND VISUAL LINE OF SIGHT UNMANNED AIRCRAFT SYSTEMS PROGRAM. During the 2019-20 interim, the legislative management shall consider studying the future administration and regulation of the unmanned aircraft systems industry in North Dakota, including beyond visual line of sight unmanned aircraft systems. The study must include a determination of the appropriate state agency or private entity to be assigned responsibility of regulating unmanned aircraft systems programs, including licensing, registration, appropriate fees, and other responsibilities. The study may include a review of the audited financial statements associated with the beyond visual line of sight unmanned aircraft systems of an entity receiving funding from the appropriation for the beyond visual line of sight unmanned aircraft systems program in section 9 of this Act. The legislative management shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to the sixty-seventh legislative assembly.

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

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1018 - Department of Commerce - House Action

	Base Budget	House Changes	House Version
Salaries and wages	\$12,995,788	\$169,782	\$13,165,570
Operating expenses	15,477,622	1,244,297	16,721,919
Grants	48,910,416	4,679,395	53,589,811
Discretionary funds	2,200,000	(2,200,000)	
Ag. Products Utilization Commission	3,152,915	(2,478,950)	673,965
North Dakota Trade Office	2,000,000	(400,000)	1,600,000
Partner programs	1,939,845	(377,314)	1,562,531
Entrepreneurship grants and vouchers	1,950,000	(1,001,533)	948,467
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Total all funds	\$88,626,586	(\$364,323)	\$88,262,263
Less estimated income	58,283,906	(3,499,311)	54,784,595
General fund	<hr/>	<hr/>	<hr/>
	\$30,342,680	\$3,134,988	\$33,477,668
FTE	66.40	(4.60)	61.80

Department 601 - Department of Commerce - Detail of House Changes

	Adjusts Funding for Base Payroll Changes¹	Adds Funding for Salary and Benefit Increases²	Removes 3 FTE Positions³	Adjusts Base Level Funding⁴	Adjusts Funding for Department Reorganization⁵	Adds Funding for the Unmanned Aircraft Systems Program⁶
Salaries and wages	(\$286,534)	\$587,161	(\$130,845)			
Operating expenses				\$49,888	(\$1,154,307)	
Grants				528,111		\$2,000,000
Discretionary funds						
Ag. Products Utilization Commission	297,579	12,261	(390,991)			
North Dakota Trade Office					(400,000)	
Partner programs					(377,314)	
Entrepreneurship grants and vouchers					198,467	
Total all funds	\$11,045	\$599,422	(\$521,836)	\$577,999	(\$1,733,154)	\$2,000,000
Less estimated income	287,033	120,786	(390,991)	265,665	(184,005)	2,000,000
General fund	(\$275,988)	\$478,636	(\$130,845)	\$312,334	(\$1,549,149)	\$0
FTE	(1.60)	0.00	(3.00)	0.00	0.00	0.00

	Transfers the Prekindergarten Community Program⁷	Reduces Funding for the Agricultural Products Utilization Commission⁸	Removes Funding from the Research North Dakota Fund⁹	Removes Funding for Discretionary Funds¹⁰	Adds Funding for Homeless Shelter Grants¹¹	Adds Funding for Biotechnology Grants¹²
Salaries and wages						
Operating expenses	(\$151,284)		(\$500,000)			
Grants	(1,348,716)		(500,000)		\$1,200,000	\$300,000
Discretionary funds				(\$2,200,000)		
Ag. Products Utilization Commission		(\$2,397,799)				
North Dakota Trade Office						
Partner programs						
Entrepreneurship grants and vouchers			(1,200,000)			
Total all funds	(\$1,500,000)	(\$2,397,799)	(\$2,200,000)	(\$2,200,000)	\$1,200,000	\$300,000
Less estimated income	0	(2,397,799)	(2,200,000)	(1,000,000)	0	0
General fund	(\$1,500,000)	\$0	\$0	(\$1,200,000)	\$1,200,000	\$300,000
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Adds One-Time Funding for a Census 2020 Program¹³	Adds One-Time Funding for Unmanned Aircraft System Programs¹⁴	Adds One-Time Funding for Workforce Grants to Tribal Colleges¹⁵	Adds One-Time Funding for a Workforce Safety Grant¹⁶	Total House Changes
Salaries and wages					\$169,782
Operating expenses	\$1,000,000	\$2,000,000			1,244,297
Grants		1,000,000	\$500,000	\$1,000,000	4,679,395
Discretionary funds					(2,200,000)
Ag. Products Utilization Commission					(2,478,950)
North Dakota Trade Office					(400,000)
Partner programs					(377,314)
Entrepreneurship grants and vouchers					(1,001,533)
Total all funds	\$1,000,000	\$3,000,000	\$500,000	\$1,000,000	(\$364,323)
Less estimated income	0	0	0	0	(3,499,311)
General fund	\$1,000,000	\$3,000,000	\$500,000	\$1,000,000	\$3,134,988
FTE	0.00	0.00	0.00	0.00	(4.60)

¹ Funding is adjusted for base payroll changes.

² The following funding is added for 2019-21 biennium salary adjustments of 2 percent per year and increases in health insurance premiums from \$1,241 to \$1,427 per month:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Salary increase	\$260,450	\$62,323	\$322,773
Health insurance increase	<u>218,186</u>	<u>58,463</u>	<u>276,649</u>
Total	\$478,636	\$120,786	\$599,422

³ Three FTE undesignated positions are removed.

⁴ Base level funding is adjusted as follows:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Adds funding for Microsoft Office 365 license expenses	\$41,905	\$7,983	\$49,888
Adds funding for commission investment grants	0	257,682	257,682
Adds funding for self-sufficiency grants	<u>270,429</u>	<u>0</u>	<u>270,429</u>
Total	\$312,334	\$265,665	\$577,999

⁵ Funding is adjusted for the department's reorganization, including the following division changes:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Administration	(\$962,527)	\$0	(\$962,527)
Marketing and innovation	293,110	(443,489)	(150,379)
Strategy and research	154,800	0	154,800
Tourism	(634,212)	42,000	(592,212)
Workforce development	(233,652)	(4,318)	(237,970)
Economic development	(10,982)	515,982	505,000
Community services	<u>(155,686)</u>	<u>(294,180)</u>	<u>(449,866)</u>
	(\$1,549,149)	(\$184,005)	(\$1,733,154)

⁶ Funding of \$2 million is added for the unmanned aircraft systems program, of which \$1 million is from federal funds and \$1 million is from the unmanned aircraft systems fund to allow the department to collect private industry matching funds.

⁷ Funding of \$1.5 million for the prekindergarten community program is transferred to the Department of Public Instruction.

⁸ Funding for the Agricultural Products Utilization Commission is reduced by \$2,397,799 to provide total funding of \$673,965 from the Agricultural Products Utilization Commission fund.

⁹ Funding of \$2.2 million provided from the Research North Dakota fund during the 2017-19 biennium is removed. Of this amount, \$500,000 was for tourism operating expenses, \$500,000 was for a grant to be awarded to the Energy and Environmental Research Center during the 2017-19 biennium, and \$1.2 million was for the entrepreneurship grants and vouchers program.

¹⁰ Funding of \$2.2 million for discretionary funds is removed, of which \$1.2 million is from the general fund and \$1 million is from the Research North Dakota fund.

¹¹ Funding of \$1.2 million is added for homeless shelter grants to provide total funding of \$1.5 million from the general fund. The 2017 Legislative Assembly appropriated \$300,000 to the Department of Commerce for homeless shelter grants for the 2017-19 biennium.

¹² Funding of \$300,000 from the general fund is added for biotechnology grants, which is also referred to in Section 9 of the bill.

¹³ One-time funding of \$1 million is added from the general fund for a census 2020 program for marketing and advocating to include transient and low-population county individuals in the 2020 census.

¹⁴ One-time funding of \$3 million is added from the general fund for unmanned aircraft systems programs, of which \$2 million is for operating expenses of the Northern Plains Unmanned Aircraft Systems Test Site and \$1 million is for enhanced use lease grants.

¹⁵ One-time funding of \$500,000 is added from the general fund for workforce grants to tribally controlled community

colleges. The 2017 Legislative Assembly appropriated one-time funding of \$500,000 from the student loan trust fund to the Department of Commerce for the 2017-19 biennium.

¹⁶ One-time funding of \$1 million is added from the general fund for a workforce safety grant to be provided to an organization that provides workforce safety.

This amendment also:

- Removes a section allowing the Department of Commerce to continue unexpended 2017-19 funding for discretionary funds into the 2019-21 biennium.
- Adds a section allowing the Department of Commerce to continue unexpended 2017-19 funding for the unmanned aircraft systems program into the 2019-21 biennium.
- Amends a section related to the Operation Intern fund by reducing the transfer from the general fund to the internship fund from \$950,000 to \$855,000.
- Amends a section identifying the general fund appropriation for the North Dakota Trade Office.
- Amends a section identifying the general fund and special fund appropriations for the entrepreneurship grants and vouchers program included in Section 1 of the bill.
- Adds a section to identify a general fund appropriation of \$300,000 for biotechnology grants included in Section 1 of the bill.
- Adds a section to provide a 2017-19 biennium appropriation of \$27 million to the Department of Commerce for operating expenses of the beyond visual line of sight unmanned aircraft systems program and allows the funding to continue into the 2019-21 biennium. This section is declared to be an emergency measure.
- Adds a section identifying the general fund appropriation for the beyond visual line of sight unmanned aircraft systems program provided in Section 1 of the bill and includes requirements for an entity receiving funding from this appropriation to provide quarterly payments to the State Treasurer. This section is declared to be an emergency measure.
- Adds a section for the Legislative Management to consider studying the future administration and regulation of the unmanned aircraft systems industry in North Dakota.