

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1018

Page 1, line 2, after the first semicolon insert "to create and enact two new sections to chapter 54-60, a new section to chapter 57-38, and a new subdivision to subsection 7 of section 57-38-30.3 of the North Dakota Century Code, relating to a beyond visual line of sight unmanned aircraft system program, fund, and income tax credit;"

Page 1, line 2, remove "of the"

Page 1, line 3, remove "unmanned aircraft systems industry"

Page 1, remove lines 14 through 24

Page 2, replace lines 1 and 2 with:

"Salaries and wages	\$12,995,788	\$221,498	\$13,217,286
Operating expenses	15,477,622	3,620,581	19,098,203
Grants	48,910,416	9,328,111	58,238,527
Discretionary funds	2,200,000	1,000,000	3,200,000
Agricultural products utilization commission	3,152,915	(3,152,915)	0
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	1,498,467	3,448,467
Intermodal container shipping fees	<u>0</u>	<u>1,300,000</u>	<u>1,300,000</u>
Total all funds	\$88,626,586	\$13,038,428	\$101,665,014
Less estimated income	<u>58,283,906</u>	<u>(360,613)</u>	<u>57,923,293</u>
Total general fund	\$30,342,680	\$13,399,041	\$43,741,721
Full-time equivalent positions	66.40	(4.60)	61.80"

Page 2, replace lines 8 through 17 with:

"Flood impact grants/loans	\$5,201,752	\$0
Unmanned aircraft system	2,000,000	2,225,000
Base retention grants	600,000	250,000
Enhanced use lease grant	3,000,000	3,000,000
Workforce grants to tribally controlled community colleges	500,000	500,000
Census 2020 program	0	1,000,000
Workforce safety grant	0	1,000,000
Entrepreneurship grants and vouchers	0	2,500,000
Sculpture maintenance grants	0	250,000
Nonresident nurse employment recruitment	0	800,000
Intermodal container transportation shipping fees	<u>0</u>	<u>1,300,000</u>
Total all funds	\$11,301,752	\$12,825,000
Less estimated income	<u>10,301,752</u>	<u>3,800,000</u>
Total general fund	\$1,000,000	\$9,025,000"

Page 2, replace lines 22 through 25 with:

"SECTION 3. EXEMPTION. The amount of \$2,200,000 appropriated in the discretionary funds line item in section 1 of chapter 43 of the 2017 Session Laws, of which \$1,200,000 was from the general fund and \$1,000,000 was from the research

North Dakota fund, is not subject to section 54-44.1-11 and any unexpended funds from this appropriation are available for discretionary uses during the biennium beginning July 1, 2019, and ending June 30, 2021."

Page 2, line 26, after "amount" insert "of \$2,000,000"

Page 2, line 26, after "appropriated" insert "from the strategic investment and improvements fund"

Page 2, after line 29, insert:

"SECTION 5. EXEMPTION. The amount of \$1,500,000 appropriated from the general fund for the early childhood education grant 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 3, after line 2, insert:

"SECTION 7. EXEMPTION. The amount of \$950,000 appropriated from the general fund in the operating expenses line item for the operation intern program in section 1 of chapter 43 of the 2017 Session Laws and transferred to the internship fund in section 7 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 3, line 13, after the boldfaced hyphen insert "**ONE-TIME FUNDING - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND -**"

Page 3, line 14, replace "\$948,467" with "\$3,448,467"

Page 3, line 15, after "fund" insert ", \$2,500,000 is from the strategic investment and improvements fund,"

Page 3, line 15, replace "special funds" with "the economic development fund"

Page 3, line 17, after the period insert "The \$2,500,000 from the strategic investment and improvements fund is considered a one-time funding item."

Page 3, after line 23, insert:

"SECTION 10. BASE RETENTION GRANT PROGRAM - ONE-TIME FUNDING. The grants line item in section 1 of this Act includes \$250,000 from the general fund for the base retention grant program. The department of commerce shall develop guidelines for awarding grants under this section. Grants awarded under this program may be provided to one or more communities with an air force base or air national guard facilities. The grant program must award cost reimbursement grants and may not award direct grants. The department shall consult with the North Dakota commission on military promotion and strategic sustainment regarding approval of grant awards. This funding is considered a one-time funding item."

Page 3, line 24, replace "Section" with "The grants line item in section"

Page 3, line 29, replace "**SYSTEMS**" with "**SYSTEM**"

Page 3, line 31, replace "\$27,000,000" with "\$28,000,000"

Page 4, line 2, replace "systems" with "system"

Page 4, replace lines 6 through 23 with:

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

Beyond visual line of sight unmanned aircraft system program - Requirements - Report to legislative management.

The department may establish and administer a beyond visual line of sight unmanned aircraft system program for the design, purchase, implementation, and operating costs of a beyond visual line of sight unmanned aircraft system. The department shall require any entity receiving funding for this program to provide quarterly payments to the state treasurer equal to three percent of the entity's gross income associated with the beyond visual line of sight unmanned aircraft system as reported in the entity's prior year financial statements. The state treasurer shall deposit fifty percent of any payments received in the state general fund and fifty percent in the beyond visual line of sight unmanned aircraft system fund. The department shall provide semi-annual reports to the legislative management 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 and the beyond visual line of sight unmanned aircraft system fund.

SECTION 14. A new section to chapter 54-60 of the North Dakota Century Code is created and enacted as follows:

Beyond visual line of sight unmanned aircraft system fund.

There is created in the state treasury a special fund known as the beyond visual line of sight unmanned aircraft system fund. The fund consists of moneys deposited by the state treasurer from entities receiving funding from the department of commerce for the beyond visual line of sight unmanned aircraft system program. Interest earned on moneys in the fund must be credited to the fund. Moneys in the fund may be used, subject to legislative appropriations, to defray the expenses of the beyond visual line of sight unmanned aircraft system program.

SECTION 15. A new section to chapter 57-38 of the North Dakota Century Code is created and enacted as follows:

Income tax credit for beyond visual line of sight unmanned aircraft system payments.

A taxpayer that received funding under section 12 of this Act is entitled to a credit against tax liability determined under section 57-38-30 or 57-38-30.3 equal to the amount the taxpayer remitted to the state treasurer under section 13 of this Act during the taxable year. The credit under this section may not exceed the taxpayer's liability as determined under this chapter for the taxable year. A passthrough entity entitled to the credit under this section must be considered to be the taxpayer for purposes of this section, and the amount of the credit allowed must be determined at the passthrough entity level. The amount of the credit determined at the passthrough entity level must be passed through to the partners, shareholders, or members in proportion to their respective interests in the passthrough entity.

SECTION 16. A new subdivision to subsection 7 of section 57-38-30.3 of the North Dakota Century Code is created and enacted as follows:

Beyond visual line of sight unmanned aircraft system payment credit under section 15 of this Act."

Page 4, line 25, replace "**SYSTEMS**" with "**SYSTEM**"

Page 4, line 28, replace "systems" with "system"

Page 4, line 29, replace "systems" with "system"

Page 5, line 1, replace "systems" with "system"

Page 5, line 2, replace "systems" with "system"

Page 5, after line 5, insert:

"SECTION 18. LEGISLATIVE MANAGEMENT STUDY - MOTION PICTURE INCENTIVES. During the 2019-20 interim, the legislative management shall consider studying motion picture incentives. The study must include a review of upper Midwest and neighboring states' statutes on motion picture incentives to assess their successes and challenges; an analysis of the economic impact that would benefit communities through food, lodging, supplies, and transportation; an assessment of existing industry infrastructure in the state and opportunities for growth; and an identification of unique geographic, seasonal, regulatory, and topographical assets the state has for the motion picture industry. 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 19. SCULPTURE MAINTENANCE GRANTS - ONE-TIME FUNDING. The grants line item in section 1 of this Act includes \$250,000 from the general fund for the purpose of providing grants, on a reimbursement basis, to maintain the structure and appearance of metal sculptures located adjacent to highways in North Dakota. Grant funds may be awarded only for sculptures with current land leases. Grant funds may be awarded only to the extent that matching funds on a dollar-for-dollar basis are provided from private or other nonstate sources. Matching funds may include in-kind payments for labor and materials. The department of commerce shall establish guidelines to require a privately funded maintenance plan to be established for future maintenance cost of metal sculptures adjacent to highways in North Dakota. This funding is considered a one-time funding item.

SECTION 20. NONRESIDENT NURSE EMPLOYMENT RECRUITMENT PROGRAM - ONE-TIME FUNDING. The grants line item in section 1 of this Act includes \$800,000 from the general fund for the purpose of establishing a non-resident nurse employment recruitment program. The department of commerce shall provide up to \$4,000 in incentives for each nonresident licensed nurse who signs a written agreement to work at least four years in a North Dakota licensed health care facility. Any licensed health care facility receiving funds from this program must provide two dollars of incentive matching funds for each one dollar provided by the department. This funding is considered a one-time funding item.

SECTION 21. TRANSFER - ESTIMATED INCOME - BEGINNING FARMER REVOLVING LOAN FUND - ONE-TIME FUNDING. As requested by the commissioner of the department of commerce, the Bank of North Dakota shall transfer from the beginning farmer revolving loan fund to the department of commerce the sum of \$1,300,000, or so much of the sum as may be necessary, included in the estimated income line item in section 1 of this Act for paying intermodal container transportation shipping fees in the event intermodal containers are unable to be shipped, resulting in

fees for the transport of containers to new locations for the biennium beginning July 1, 2019, and ending June 30, 2021. This funding is considered a one-time funding item.

SECTION 22. APPROPRIATION - 2017-19 BIENNIUM - NORTH DAKOTA GORGE GRANT - EXEMPTION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$750,000, or so much of the sum as may be necessary, to the department of commerce for the purpose of providing grants, on a reimbursement basis, to an organization dedicated to preserving a North Dakota gorge for the period beginning with the effective date of this Act, and ending June 30, 2019. Grant funds may be awarded only for expenditures related to the purchase and maintenance of outdoor recreation equipment, the improvement and maintenance of real property, enhancing public access to natural resources, and addressing public safety hazards in a North Dakota gorge. Grant funds may be awarded only to the extent that matching funds on a dollar-for-dollar basis are provided from private or other non-state sources. Matching funds may include in-kind payments for labor and materials. The funding provided in this section is considered a one-time funding item. 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 23. EFFECTIVE DATE. Sections 15 and 16 of this Act are effective for taxable years beginning after December 31, 2018."

Page 5, line 6, replace "9 and 10" with "12, 13, 14, 15, 16, and 22"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

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

	Base Budget	House Version	Senate Changes	Senate Version
Salaries and wages	\$12,995,788	\$13,165,570	\$51,716	\$13,217,286
Operating expenses	15,477,622	16,721,919	2,376,284	19,098,203
Grants	48,910,416	53,589,811	4,648,716	58,238,527
Discretionary funds	2,200,000		3,200,000	3,200,000
Ag. Products Utilization Commission	3,152,915	673,965	(673,965)	
North Dakota Trade Office	2,000,000	1,600,000		1,600,000
Partner programs	1,939,845	1,562,531		1,562,531
Entrepreneurship grants and vouchers	1,950,000	948,467	2,500,000	3,448,467
Intermodal container shipping fees			1,300,000	1,300,000
Total all funds	\$88,626,586	\$88,262,263	\$13,402,751	\$101,665,014
Less estimated income	58,283,906	54,784,595	3,138,698	57,923,293
General fund	\$30,342,680	\$33,477,668	\$10,264,053	\$43,741,721
FTE	66.40	61.80	0.00	61.80

Department 601 - Department of Commerce - Detail of Senate Changes

	Adds Funding for Salary and Benefit Increases¹	Removes Funding for APUC²	Adds Funding for State Marketing Initiatives³	Restores Funding for Early Childhood Education Grants⁴	Adds Funding for Discretionary Funds⁵	Adds One-Time Funding for UAS Programs⁶
Salaries and wages	\$51,716					
Operating expenses			\$2,000,000	\$151,284		\$225,000
Grants				1,348,716		2,000,000
Discretionary funds					\$3,200,000	
Ag. Products Utilization Commission		(\$673,965)				
North Dakota Trade Office						
Partner programs						
Entrepreneurship grants and vouchers						
Intermodal container shipping fees						
Total all funds	\$51,716	(\$673,965)	\$2,000,000	\$1,500,000	\$3,200,000	\$2,225,000
Less estimated income	12,663	(673,965)	0	0	0	0
General fund	\$39,053	\$0	\$2,000,000	\$1,500,000	\$3,200,000	\$2,225,000
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Adds One-Time Funding for Entrepreneurship Grants and Vouchers⁷	Adds One-Time Funding for Base Retention Grants⁸	Adds One-Time Funding for Sculpture Maintenance Grants⁹	Adds One-Time Funding for a Nonresident Nurse Program¹⁰	Adds One-Time Funding for Intermodal Container Shipping Fees¹¹	Total Senate Changes
Salaries and wages						\$51,716
Operating expenses						2,376,284
Grants		\$250,000	\$250,000	\$800,000		4,648,716
Discretionary funds						3,200,000
Ag. Products Utilization Commission						(673,965)
North Dakota Trade Office						
Partner programs						
Entrepreneurship grants and vouchers	\$2,500,000					2,500,000
Intermodal container shipping fees					\$1,300,000	1,300,000
Total all funds	\$2,500,000	\$250,000	\$250,000	\$800,000	\$1,300,000	\$13,402,751
Less estimated income	2,500,000	0	0	0	1,300,000	3,138,698
General fund	\$0	\$250,000	\$250,000	\$800,000	\$0	\$10,264,053
FTE	0.00	0.00	0.00	0.00	0.00	0.00

¹ Funding of \$51,716, of which \$39,053 is from the general fund and \$12,663 is from other funds, is added for 2019-21 biennium salary increases of 2 percent with a minimum monthly increase of \$120 and a maximum monthly increase of \$200 on July 1, 2019, and 2.5 percent on July 1, 2020. The House approved 2019-21 biennium salary increases of 2 percent each year.

² Funding of \$673,965 is removed from the Agricultural Products Utilization Commission (APUC) fund to transfer the APUC program to the Agriculture Commissioner.

³ Funding of \$2 million is added from the general fund for operating expenses related to state marketing initiatives of the Department of Commerce Division of Tourism to provide a total of \$6,801,678 for operating expenses of the Division of Tourism, of which \$6,259,678 is from the general fund and \$542,000 is from the Department of Tourism fund. The House approved \$4,801,678 for operating expenses of the Division of Tourism, of which \$4,259,678 is from the general fund and \$542,000 is from the Department of Tourism fund.

⁴ Funding of \$1.5 million is restored for the early childhood education grants program, also known as the prekindergarten community grant program. The House transferred funding for this program to the Department of Public Instruction.

⁵ Funding of \$3.2 million is added from the general fund for discretionary funds. The House did not provide funding for discretionary funds. The 2017 Legislative Assembly appropriated \$2.2 million for discretionary funds, of which \$1.2 million was from the general fund and \$1 million was from the Research North Dakota fund.

⁶ One-time funding of \$2,225,000 is added from the general fund for unmanned aircraft system programs, of which \$225,000 is for operating expenses of the Northern Plains Unmanned Aircraft Systems Test Site and \$2 million is for enhanced use lease grants. This results in total one-time appropriations from the general fund of \$2,225,000 for the Northern Plains Unmanned Aircraft Systems Test Site and \$3 million for enhanced use lease grants. The House approved one-time appropriations from the general fund of \$2 million for the Northern Plains Unmanned Aircraft Systems Test Site and \$1 million for enhanced use lease grants.

⁷ One-time funding of \$2,500,000 is added from the strategic investment and improvements fund for the entrepreneurship grants and vouchers program to provide total funding of \$3,448,467, which includes ongoing funding of \$740,956 from the general fund and \$207,511 of ongoing funding from the economic development fund. The House provided \$948,467 of ongoing funding for the program, of which \$740,956 is from the general fund and \$207,511 is from the economic development fund.

⁸ One-time funding of \$250,000 is added from the general fund for base retention grants. The House did not provide funding for this program.

⁹ One-time funding of \$250,000 is added from the general fund for sculpture maintenance grants. The House did not provide funding for sculpture maintenance grants.

¹⁰ One-time funding of \$800,000 is added from the general fund for a nonresident nurse employment recruitment program. The House did not provide funding for this program.

¹¹ One-time funding of \$1.3 million is added from the Bank of North Dakota's beginning farmer revolving loan fund for intermodal container transportation shipping fees for the transportation of containers to new locations. The House did not provide funding for intermodal container transportation shipping fees.

This amendment also:

- Removes a section allowing the Department of Commerce to continue unexpended 2017-19 funding for the Agricultural Products Utilization Commission.
- Adds 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 early childhood education grant program into the 2019-21 biennium.
- Adds a section allowing the Department of Commerce to continue unexpended 2017-19 funding for Operation Intern into the 2019-21 biennium.
- Adjusts the amounts identified for the entrepreneurship grants and vouchers program.
- Adds a section identifying funding provided for the base retention grant program. The grants must be awarded on a reimbursement basis and the Department of Commerce is required to consult with the North Dakota Commission on Military Promotion and Strategic Sustainment regarding approval of grant awards.
- Amends a section to increase a 2017-19 biennium appropriation to the Department of Commerce for operating expenses of the beyond visual line of sight unmanned aircraft systems program from \$27 million to \$28 million.
- Replaces a section added by the House relating to the beyond visual line of sight unmanned aircraft systems program with a section to create a new section to North Dakota Century Code Chapter 54-60 to establish a beyond visual line of sight unmanned aircraft system program, to require an entity receiving funding under this program to provide quarterly payments to the State Treasurer based on the entity's annual gross income associated with beyond visual line of sight unmanned aircraft systems with 50 percent deposited in the state general fund and 50 percent in a newly created beyond visual line of sight unmanned aircraft system fund, to provide for reports to the Legislative Management, and to declare the section an emergency measure.
- Adds a section to Chapter 54-60 to create a beyond visual line of sight unmanned aircraft system fund. This section is declared to be an emergency measure.
- Adds a section to Chapter 57-38 to create a new income tax credit for entities that have received funding from the Department of Commerce for the beyond visual line of sight unmanned aircraft system program effective for taxable years beginning after December 31, 2018. This section is declared to be an emergency measure.
- Adds a subdivision to subsection 7 of Section 57-38-30.3 authorizing a taxpayer to claim the beyond visual line of sight unmanned aircraft system payment credit effective for taxable years beginning after December 31, 2018. This section is declared to be an emergency measure.
- Adds a section to provide for a Legislative Management study of motion picture incentives.
- Adds a section identifying one-time funding from the general fund for providing sculpture maintenance grants.
- Adds a section identifying one-time funding from the general fund for a nonresident nurse employment recruitment program.

- Adds a section authorizing the transfer of up to \$1.3 million to the Department of Commerce from the Bank of North Dakota's beginning farmer revolving loan fund and appropriates the funds for intermodal container transportation shipping fees for the transportation of containers to new locations.
- Adds a section providing a 2017-19 biennium general fund appropriation of \$750,000 for North Dakota gorge preservation grants.