

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1018

That the Senate recede from its amendments as printed on pages 1827-1834 of the House Journal and pages 1517-1524 of the Senate Journal and that Engrossed House Bill No. 1018 be amended as follows:

Page 1, line 2, after the first semicolon insert "to create and enact a new section to chapter 54-60 of the North Dakota Century Code, relating to a beyond visual line of sight unmanned aircraft system program;"

Page 1, line 2, remove "of the"

Page 1, line 3, "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	2,620,581	18,098,203
Grants	48,910,416	8,928,111	57,838,527
Discretionary funds	2,200,000	(50,000)	2,150,000
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	998,467	2,948,467
Intermodal container shipping fees	0	1,300,000	1,300,000
Total all funds	\$88,626,586	\$10,088,428	\$98,715,014
Less estimated income	<u>58,283,906</u>	<u>139,387</u>	<u>58,423,293</u>
Total general fund	\$30,342,680	\$9,949,041	\$40,291,721
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	0
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	2,000,000
Sculpture maintenance grants	0	75,000
Nonresident nurse employment recruitment	0	800,000
Intermodal container transportation shipping fees	0	1,300,000
Job development and economic growth grant	0	<u>25,000</u>
Total all funds	\$11,301,752	\$11,925,000
Less estimated income	<u>10,301,752</u>	<u>4,300,000</u>
Total general fund	\$1,000,000	\$7,625,000"

Page 2, replace lines 22 through 25 with:

"SECTION 3. DISCRETIONARY FUNDS - RURAL HEALTH. Of the \$2,150,000 from the general fund appropriated in the discretionary funds line item in section 1 of this Act, \$200,000 is designated for providing matching funds to an organization assisting in the recruitment, distribution, and supply, and enhancing the quality and efficiency of personnel providing health services in rural areas of the state.

SECTION 4. 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 6. 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 8. 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 "\$2,948,467"

Page 3, line 15, after "fund" insert ", \$2,000,000 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 \$2,000,000 from the strategic investment and improvements fund is considered a one-time funding item. Of the \$2,000,000 from the strategic investment and improvements fund, \$900,000 is to be distributed equally to entrepreneurial centers located in Bismarck, Fargo, and Grand Forks, and \$150,000 is to be distributed to the entrepreneurial center located in Jamestown. The funding for the Jamestown entrepreneurial center may only be provided to the extent the center provides one dollar of matching funds from private or other nonstate sources for each one dollar provided by the department for the biennium beginning July 1, 2019, and ending June 30, 2021."

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 which is operating the beyond visual line of sight unmanned aircraft system to provide quarterly payments to the state treasurer equal to three percent of the entity's gross income associated with the operation of the beyond visual line of sight unmanned aircraft system as reported in the entity's prior year financial statements. The state treasurer shall deposit any funds received under this section in the state general fund. The department shall provide semi-annual reports to the legislative management regarding the development of the beyond visual line of sight unmanned aircraft system program and the total amount deposited by the state treasurer in the state general fund.

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 15. 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 16. SCULPTURE MAINTENANCE GRANTS - ONE-TIME FUNDING. The grants line item in section 1 of this Act includes \$75,000 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. 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 17. 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 nonresident 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 18. 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 19. APPROPRIATION - 2017-19 BIENNIUM - NORTH DAKOTA GORGE PRESERVATION GRANTS - 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 nonstate 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 20. JOB DEVELOPMENT AND ECONOMIC GROWTH GRANT - ONE-TIME FUNDING. The grants line item in section 1 of this Act includes \$25,000 from the general fund for the purpose of providing a grant to an organization dedicated to promoting job development and economic growth through the purchase of a vacant building previously used to promote job development and economic growth for the biennium beginning July 1, 2019, and ending June 30, 2021. This funding is considered a one-time funding item."

Page 5, line 6, replace "9 and 10" with "12, 13, and 19"

Re-number accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

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

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
Salaries and wages	\$12,995,788	\$13,165,570	\$51,716	\$13,217,286	\$13,217,286	
Operating expenses	15,477,622	16,721,919	1,376,284	18,098,203	19,098,203	(\$1,000,000)
Grants	48,910,416	53,589,811	4,248,716	57,838,527	58,238,527	(400,000)
Discretionary funds	2,200,000		2,150,000	2,150,000	3,200,000	(1,050,000)
Ag. Products Utilization Commission	3,152,915	673,965	(673,965)			
North Dakota Trade Office	2,000,000	1,600,000		1,600,000	1,600,000	
Partner programs	1,939,845	1,562,531		1,562,531	1,562,531	
Entrepreneurship grants and vouchers	1,950,000	948,467	2,000,000	2,948,467	3,448,467	(500,000)
Intermodal container shipping fees			1,300,000	1,300,000	1,300,000	
Total all funds	\$88,626,586	\$88,262,263	\$10,452,751	\$98,715,014	\$101,665,014	(\$2,950,000)
Less estimated income	58,283,906	54,784,595	3,638,698	58,423,293	57,923,293	500,000
General fund	\$30,342,680	\$33,477,668	\$6,814,053	\$40,291,721	\$43,741,721	(\$3,450,000)
FTE	66.40	61.80	0.00	61.80	61.80	0.00

Department 601 - Department of Commerce - Detail of Conference Committee Changes

	Adds Funding for Salary and Benefit Increases¹	Removes Funding for APUC²	Adds Funding for Tourism³	Restores Funding for Early Childhood Education Grants⁴	Adds Funding for Discretionary Funds⁵	Adjusts One-Time Funding for the Census 2020 Program⁶
Salaries and wages	\$51,716					
Operating expenses			\$1,000,000	\$151,284		
Grants				1,348,716		
Discretionary funds					\$2,150,000	
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)	\$1,000,000	\$1,500,000	\$2,150,000	\$0
Less estimated income	12,663	(673,965)	0	0	0	1,000,000
General fund	\$39,053	\$0	\$1,000,000	\$1,500,000	\$2,150,000	(\$1,000,000)
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Adds One-Time Funding for UAS Programs ⁷	Adds One-Time Funding for Entrepreneurship Grants and Vouchers ⁸	Adds One-Time Funding for Sculpture Maintenance Grants ⁹	Adds One-Time Funding for a Nonresident Nurse Program ¹⁰	Adds One-Time Funding for Intermodal Container Shipping Fees ¹¹	Adds One-Time Funding for a Job Development Grant ¹²
Salaries and wages						
Operating expenses	\$225,000					
Grants	2,000,000		\$75,000	\$800,000		\$25,000
Discretionary funds						
Ag. Products Utilization Commission						
North Dakota Trade Office						
Partner programs						
Entrepreneurship grants and vouchers		\$2,000,000				
Intermodal container shipping fees					\$1,300,000	
Total all funds	\$2,225,000	\$2,000,000	\$75,000	\$800,000	\$1,300,000	\$25,000
Less estimated income	0	2,000,000	0	0	1,300,000	0
General fund	\$2,225,000	\$0	\$75,000	\$800,000	\$0	\$25,000
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Total Conference Committee Changes
Salaries and wages	\$51,716
Operating expenses	1,376,284
Grants	4,248,716
Discretionary funds	2,150,000
Ag. Products Utilization Commission	(673,965)
North Dakota Trade Office	
Partner programs	
Entrepreneurship grants and vouchers	2,000,000
Intermodal container shipping fees	1,300,000
Total all funds	\$10,452,751
Less estimated income	3,638,698
General fund	\$6,814,053
FTE	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 from the Agricultural Products Utilization Commission (APUC) fund is removed to transfer the APUC program to the Agriculture Commissioner, the same as the Senate version.

³ Funding of \$1 million is added from the general fund for operating expenses of the Department of Commerce Division of Tourism to provide a total of \$8,801,678 for operating expenses of the Division of Tourism, of which \$8,259,678 is from the general fund and \$542,000 is from the Department of Tourism fund. The Senate approved \$9,801,678 for the operating expenses of the Division of Tourism, of which \$9,259,678 was from the general fund and \$542,000 was from the Department of Tourism fund. The House approved \$7,801,678 for operating expenses of the Division of Tourism, of which \$7,259,678 was from the general fund and \$542,000 was 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 same as the Senate version. The House transferred funding for this program to the Department of Public Instruction.

⁵ Funding of \$2.15 million is added from the general fund for discretionary funds. The Senate provided

\$3.2 million from the general fund for discretionary funds. The House did not provide funding for discretionary funds.

⁶ The Conference Committee changed the funding source of one-time funding of \$1 million for the Census 2020 program to the strategic investment and improvements fund. The House and Senate provided one-time funding of \$1 million from the general fund for this program. The program is for marketing and advocating to transient and low-population county individuals in the 2020 census.

⁷ 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 same as provided by the Senate. 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.

⁸ One-time funding of \$2 million is added from the strategic investment and improvements fund (SIIF) for the entrepreneurship grants and vouchers program to provide total funding of \$2,948,467, which includes ongoing funding of \$740,956 from the general fund and \$207,511 of ongoing funding from the economic development fund. The Senate provided one-time funding of \$2.5 million from SIIF, ongoing funding of \$740,956 from the general fund, and ongoing funding of \$207,511 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.

⁹ One-time funding of \$75,000 is added from the general fund for sculpture maintenance grants. The Senate provided one-time funding of \$250,000 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 same as the Senate version. 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 same as the Senate version. The House did not provide funding for intermodal container transportation shipping fees.

¹² One-time funding of \$25,000 is added from the general fund for a job development and economic growth grant. The Senate and House did not provide funding for this purpose.

The Conference Committee did not approve one-time funding of \$250,000 from the general fund for base retention grants that was previously added by the Senate. The House did not provide funding for base retention grants.

The Conference Committee did not approve a statutory section previously approved by the Senate to establish a beyond visual line of sight unmanned aircraft system fund.

The Conference Committee did not approve two statutory sections previously approved by the Senate relating to 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.

This amendment also:

- Removes a section allowing the Department of Commerce to continue unexpended 2017-19 funding for the Agricultural Products Utilization Commission, the same as the Senate version.
- Adds a section designating \$200,000 of the \$2,150,000 appropriation in the discretionary funds line item for providing health services in rural areas of the state. The House and Senate did not designate funding for this program.
- Adds a section allowing the Department of Commerce to continue unexpended 2017-19 funding for discretionary funds into the 2019-21 biennium, the same as the Senate version.
- 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, the same as the Senate version.
- Adds a section allowing the Department of Commerce to continue unexpended 2017-19 funding for Operation Intern into the 2019-21 biennium, the same as the Senate version.
- Adjusts the amounts identified for the entrepreneurship grants and vouchers program and designates funding for the entrepreneurial centers certified by the Department of Commerce. The House and Senate did not designate specific amounts for the entrepreneurial centers.
- 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, the same as the Senate version.
- 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, to deposit funding received from this program in the state general fund, to provide for reports to the Legislative Management, and to declare the section an emergency measure.

- Adds a section to provide for a Legislative Management study of motion picture incentives, the same as the Senate.
- Adds a section identifying \$75,000 of one-time funding from the general fund for providing sculpture maintenance grants. The Senate approved one-time funding of \$250,000 from the general fund.
- Adds a section identifying \$800,000 of one-time funding from the general fund for a nonresident nurse employment recruitment program, the same as the Senate.
- 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. The Senate also included this section.
- Adds a section providing a 2017-19 biennium general fund appropriation of \$750,000 for North Dakota gorge preservation grants, the same as the Senate.
- Adds a section identifying \$25,000 of one-time funding from the general fund for the purpose of providing a grant to an organization dedicated to promoting job development and economic growth through the purchase of a vacant building previously used for the same purpose. The Senate and House did not include this section.