

Sixty-sixth
Legislative Assembly
of North Dakota

ENGROSSED 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 create and enact a new section to chapter 54-60 of the North Dakota Century
3 Code, relating to a beyond visual line of sight unmanned aircraft system program; to provide
4 exemptions; to provide for a legislative management study ~~of the unmanned aircraft systems-~~
5 ~~industry~~; to provide for a transfer; to provide for a report; and to declare an emergency.

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

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

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
15 Salaries and wages	\$12,995,788	\$169,782	\$13,165,570
16 Operating expenses	15,477,622	1,244,297	16,721,919
17 Grants	48,910,416	4,679,395	53,589,811
18 Discretionary funds	2,200,000	(2,200,000)	0
19 Agricultural products utilization	3,152,915	(2,478,950)	673,965
20 —commission			
21 North Dakota trade office	2,000,000	(400,000)	1,600,000
22 Partner programs	1,939,845	(377,314)	1,562,531
23 Entrepreneurship grants and vouchers	1,950,000	(1,001,533)	948,467
24 Total all funds	\$88,626,586	(\$364,323)	\$88,262,263

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1	Less estimated income	58,283,906	(3,499,311)	54,784,595
2	Total general fund	\$30,342,680	\$3,134,988	\$33,477,668
3	Full-time equivalent positions	66.40	(4.60)	61.80
4	Salaries and wages	\$12,995,788	\$221,498	\$13,217,286
5	Operating expenses	15,477,622	2,620,581	18,098,203
6	Grants	48,910,416	8,928,111	57,838,527
7	Discretionary funds	2,200,000	(50,000)	2,150,000
8	Agricultural products utilization	3,152,915	(3,152,915)	0
9	commission			
10	North Dakota trade office	2,000,000	(400,000)	1,600,000
11	Partner programs	1,939,845	(377,314)	1,562,531
12	Entrepreneurship grants and vouchers	1,950,000	998,467	2,948,467
13	Intermodal container shipping fees	0	1,300,000	1,300,000
14	Total all funds	\$88,626,586	\$10,088,428	\$98,715,014
15	Less estimated income	58,283,906	139,387	58,423,293
16	Total general fund	\$30,342,680	\$9,949,041	\$40,291,721
17	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:

22	One-Time Funding Description	2017-19	2019-21
23	Flood impact grants/loans	\$5,201,752	\$0
24	Unmanned aircraft system	2,000,000	2,000,000
25	Base retention grants	600,000	0
26	Enhanced use lease grant	3,000,000	1,000,000
27	Workforce grants to tribally controlled community colleges	500,000	500,000
28	Census 2020 program	0	1,000,000
29	Workforce safety grant	0	1,000,000
30	Total all funds	\$11,301,752	\$5,500,000

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1	Less estimated income	10,301,752	0
2	Total general fund	\$1,000,000	\$5,500,000
3	Flood impact grants/loans	\$5,201,752	\$0
4	Unmanned aircraft system	2,000,000	2,225,000
5	Base retention grants	600,000	0
6	Enhanced use lease grant	3,000,000	3,000,000
7	Workforce grants to tribally controlled community colleges	500,000	500,000
8	Census 2020 program	0	1,000,000
9	Workforce safety grant	0	1,000,000
10	Entrepreneurship grants and vouchers	0	2,000,000
11	Sculpture maintenance grants	0	75,000
12	Nonresident nurse employment recruitment	0	800,000
13	Intermodal container transportation shipping fees	0	1,300,000
14	Job development and economic growth grant	0	25,000
15	Total all funds	\$11,301,752	\$11,925,000
16	Less estimated income	10,301,752	4,300,000
17	Total general fund	\$1,000,000	\$7,625,000

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

22 ~~SECTION 3. EXEMPTION. The amount appropriated for the agricultural products utilization~~
 23 ~~commission in section 1 of chapter 43 of the 2017 Session Laws is not subject to section~~
 24 ~~54-44.1-11 and any unexpended funds from this line item for grants are available for grants~~
 25 ~~during the biennium beginning July 1, 2019, and ending June 30, 2021.~~

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

1 **SECTION 4. EXEMPTION.** The amount of \$2,200,000 appropriated in the discretionary
2 funds line item in section 1 of chapter 43 of the 2017 Session Laws, of which \$1,200,000 was
3 from the general fund and \$1,000,000 was from the research North Dakota fund, is not subject
4 to section 54-44.1-11 and any unexpended funds from this appropriation are available for
5 discretionary uses during the biennium beginning July 1, 2019, and ending June 30, 2021.

6 **SECTION 5. EXEMPTION.** The amount of \$2,000,000 appropriated from the strategic
7 investment and improvements fund for the unmanned aircraft systems program in section 1 of
8 chapter 43 of the 2017 Session Laws is not subject to section 54-44.1-11 and any unexpended
9 funds from this program are available for the program during the biennium beginning July 1,
10 2019, and ending June 30, 2021.

11 **SECTION 6. EXEMPTION.** The amount of \$1,500,000 appropriated from the general fund
12 for the early childhood education grant program in section 1 of chapter 43 of the 2017 Session
13 Laws is not subject to section 54-44.1-11 and any unexpended funds from this program are
14 available for the program during the biennium beginning July 1, 2019, and ending June 30,
15 2021.

16 **SECTION 7. TRANSFER - INTERNSHIP FUND.** The office of management and budget
17 shall transfer \$855,000 of the amount appropriated in the operating expenses line item in
18 section 1 of this Act to the internship fund for the purpose of administering the operation intern
19 program, for the biennium beginning July 1, 2019, and ending June 30, 2021.

20 **SECTION 8. EXEMPTION.** The amount of \$950,000 appropriated from the general fund in
21 the operating expenses line item for the operation intern program in section 1 of chapter 43 of
22 the 2017 Session Laws and transferred to the internship fund in section 7 of chapter 43 of the
23 2017 Session Laws is not subject to section 54-44.1-11 and any unexpended funds from this
24 program are available for the program during the biennium beginning July 1, 2019, and ending
25 June 30, 2021.

26 **SECTION 9. TRADE OFFICE - MATCHING FUND REQUIREMENT.** The North Dakota
27 trade office line item and the general fund appropriation in section 1 of this Act include
28 \$1,600,000 of funding relating to the North Dakota trade office. The department of commerce
29 may spend sixty percent of this amount without requiring any matching funds from the trade
30 office. Any additional amounts may be spent only to the extent the North Dakota trade office
31 provides one dollar of matching funds from private or other public sources for each one dollar

1 provided by the department for the biennium beginning July 1, 2019, and ending June 30, 2021.
2 Matching funds may include money spent by businesses or organizations to pay salaries to
3 export assistants, provide training to export assistants, or buy computer equipment as part of
4 the North Dakota trade office's export assistance program.

5 **SECTION 10. ENTREPRENEURSHIP GRANTS AND VOUCHER PROGRAM - ONE-TIME**
6 **FUNDING - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - EXEMPTION.**

7 Section 1 of this Act includes the sum of ~~\$948,467~~\$2,948,467, of which \$740,956 is from the
8 general fund, \$2,000,000 is from the strategic investment and improvements fund, and
9 \$207,511 is from ~~special funds~~the economic development fund, for an entrepreneurship grants
10 and voucher program to be developed and administered by the department of commerce, for
11 the biennium beginning July 1, 2019, and ending June 30, 2021. The \$2,000,000 from the
12 strategic investment and improvements fund is considered a one-time funding item. Of the
13 \$2,000,000 from the strategic investment and improvements fund, \$900,000 is to be distributed
14 equally to entrepreneurial centers located in Bismarck, Fargo, and Grand Forks, and \$150,000
15 is to be distributed to the entrepreneurial center located in Jamestown. The funding for the
16 Jamestown entrepreneurial center may only be provided to the extent the center provides one
17 dollar of matching funds from private or other nonstate sources for each one dollar provided by
18 the department for the biennium beginning July 1, 2019, and ending June 30, 2021. The
19 department shall establish guidelines to provide grants to entrepreneurial centers certified by
20 the department. The department also shall establish guidelines to award vouchers to
21 entrepreneurs to procure business development assistance from certified entrepreneurial
22 centers or to provide grants to entrepreneurs working with an entrepreneurial center. The
23 amount appropriated for entrepreneurship grants in section 1 of this Act is not subject to section
24 54-44.1-11 and any unexpended funds from this line item are available during the biennium
25 beginning July 1, 2021, and ending June 30, 2023.

26 **SECTION 11. BIOTECHNOLOGY GRANT PROGRAM.** ~~Section~~The grants line item in
27 section 1 of this Act includes \$300,000 from the general fund for the purpose of providing
28 biotechnology grants to a local association with bioscience experience to promote bioscience
29 and biotechnology research and business development in North Dakota agriculture and life and
30 energy science industries.

1 **SECTION 12. APPROPRIATION - 2017-19 BIENNIUM - BEYOND VISUAL LINE OF**
2 **SIGHT UNMANNED AIRCRAFT SYSTEMS** **SYSTEM** PROGRAM - EXEMPTION. There is
3 appropriated out of any moneys in the general fund in the state treasury, not otherwise
4 appropriated, the sum of ~~\$27,000,000~~ \$28,000,000, or so much as the sum as may be
5 necessary, to the department of commerce for the purpose of defraying the expenses relating to
6 the beyond visual line of sight unmanned aircraft ~~systems~~ system program, for the period
7 beginning with the effective date of this Act, and ending June 30, 2019. The funding provided
8 under this section is not subject to section 54-44.1-11 and any unexpended funds may be
9 continued and are available for the program during the biennium beginning July 1, 2019, and
10 ending June 30, 2021.

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

29 **SECTION 13.** A new section to chapter 54-60 of the North Dakota Century Code is created
30 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.

SECTION 14. LEGISLATIVE MANAGEMENT STUDY - BEYOND VISUAL LINE OF

SIGHT UNMANNED AIRCRAFT ~~SYSTEMS~~SYSTEM 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~~system. The study must include a determination of the appropriate state agency or private entity to be assigned responsibility of regulating unmanned aircraft ~~systems~~system 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~~system of an entity receiving funding from the appropriation for the beyond visual line of sight unmanned aircraft ~~systems~~system 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 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

1 transportation; an assessment of existing industry infrastructure in the state and opportunities
2 for growth; and an identification of unique geographic, seasonal, regulatory, and topographical
3 assets the state has for the motion picture industry. The legislative management shall report its
4 findings and recommendations, together with any legislation necessary to implement the
5 recommendations, to the sixty-seventh legislative assembly.

6 **SECTION 16. SCULPTURE MAINTENANCE GRANTS - ONE-TIME FUNDING.** The grants
7 line item in section 1 of this Act includes \$75,000 from the general fund for the purpose of
8 providing grants, on a reimbursement basis, to maintain the structure and appearance of metal
9 sculptures located adjacent to highways in North Dakota. Grant funds may be awarded only for
10 sculptures with current land leases. The department of commerce shall establish guidelines to
11 require a privately funded maintenance plan to be established for future maintenance cost of
12 metal sculptures adjacent to highways in North Dakota. This funding is considered a one-time
13 funding item.

14 **SECTION 17. NONRESIDENT NURSE EMPLOYMENT RECRUITMENT PROGRAM -**
15 **ONE-TIME FUNDING.** The grants line item in section 1 of this Act includes \$800,000 from the
16 general fund for the purpose of establishing a nonresident nurse employment recruitment
17 program. The department of commerce shall provide up to \$4,000 in incentives for each
18 nonresident licensed nurse who signs a written agreement to work at least four years in a North
19 Dakota licensed health care facility. Any licensed health care facility receiving funds from this
20 program must provide two dollars of incentive matching funds for each one dollar provided by
21 the department. This funding is considered a one-time funding item.

22 **SECTION 18. TRANSFER - ESTIMATED INCOME- BEGINNING FARMER REVOLVING**
23 **LOAN FUND - ONE-TIME FUNDING.** As requested by the commissioner of the department of
24 commerce, the Bank of North Dakota shall transfer from the beginning farmer revolving loan
25 fund to the department of commerce the sum of \$1,300,000, or so much of the sum as may be
26 necessary, included in the estimated income line item in section 1 of this Act for paying
27 intermodal container transportation shipping fees in the event intermodal containers are unable
28 to be shipped, resulting in fees for the transport of containers to new locations for the biennium
29 beginning July 1, 2019, and ending June 30, 2021. This funding is considered a one-time
30 funding item.

1 **SECTION 19. APPROPRIATION - 2017-19 BIENNIUM - NORTH DAKOTA GORGE**

2 **PRESERVATION GRANTS - EXEMPTION.** There is appropriated out of any moneys in the
3 general fund in the state treasury, not otherwise appropriated, the sum of \$750,000, or so much
4 of the sum as may be necessary, to the department of commerce for the purpose of providing
5 grants, on a reimbursement basis, to an organization dedicated to preserving a North Dakota
6 gorge for the period beginning with the effective date of this Act, and ending June 30, 2019.
7 Grant funds may be awarded only for expenditures related to the purchase and maintenance of
8 outdoor recreation equipment, the improvement and maintenance of real property, enhancing
9 public access to natural resources, and addressing public safety hazards in a North Dakota
10 gorge. Grant funds may be awarded only to the extent that matching funds on a dollar-for-dollar
11 basis are provided from private or other nonstate sources. Matching funds may include in-kind
12 payments for labor and materials. The funding provided in this section is considered a one-time
13 funding item. The funding provided under this section is not subject to section 54-44.1-11 and
14 any unexpended funds may be continued and are available for the program during the biennium
15 beginning July 1, 2019, and ending June 30, 2021.

16 **SECTION 20. JOB DEVELOPMENT AND ECONOMIC GROWTH GRANT - ONE-TIME**

17 **FUNDING.** The grants line item in section 1 of this Act includes \$25,000 from the general fund
18 for the purpose of providing a grant to an organization dedicated to promoting job development
19 and economic growth through the purchase of a vacant building previously used to promote job
20 development and economic growth for the biennium beginning July 1, 2019, and ending
21 June 30, 2021. This funding is considered a one-time funding item.

22 **SECTION 21. EMERGENCY.** Sections ~~9 and 10~~ 12, 13, and 19 of this Act are declared to be
23 an emergency measure.