



Testimony
Senate Finance and Tax Committee
HOUSE BILL NO. 1380
March 17th, 2021

Good morning Chairman Bell and members of the Senate Finance and Tax Committee. I am Steve Burian, President and CEO of Burian & Associates, LLC and Co-Chair of the Valley Prosperity Partnership. The VPP is an initiative led by business executives to advance and advocate for shared strategic economic development opportunities for the Red River Valley and for the state of North Dakota.

The business executives who lead companies across the state of North Dakota that comprise the VPP desire to strengthen and diversify our economy. We believe investing in research and development is critical to insuring a robust and prosperous future for all North Dakotans. For that reason, we are requesting the restoration of HB 1380's original support for the creation of an economic diversification research fund.

A similar R&D bill passed the senate near unanimously in 2019 but failed in the house. Business leaders and the State Board of Higher Education have worked collaboratively during the last interim to make sure the current proposal has statewide impact. As included in amendments being offered by Sen. Sorvaag, at a minimum, 10% of the State-awarded amount is to be made available to fund research proposals at any of the 9 non-research university entities within the purview of the State Board of Higher Education. Further, accountability is codified by the oversight of an internal advisory committee, an external advisory committee, and the Bank of ND. The proposal also reflects the importance of using state dollars as a means of leveraging private-sector and federal research dollars. A one-page summary of the R&D>ND proposal is attached.

It's not only business leaders who support the state investing in research and development. So do the voters of ND. In a state-wide scientific poll commissioned by the VPP in 2018, we found that voters demonstrated strong support for research. Specifically, 79% of respondents agreed that the state of North Dakota should invest research dollars in new industries in addition to agriculture and energy in order to diversify the economy.



We need to find ways to build a more innovation-driven economy, whether it is to build upon our existing economic base or by attracting new talent and ideas that are outside of ag & energy. HB 1380 can be a strong start and an example to accomplish both of these. For that reason, the VPP also commends this committee's support of House Bill 1425 that will enable the state investment board to make fixed income and equity investments in the state. In the same spirit, we also ask for the committee's continued support of House Bill 1141, which continues the LIFT program and is included in the amendments introduced this morning.

As the attached infographic shows, there is considerable support from a statewide coalition of businesses and industry groups for research and development. Thank you for your consideration of these important investments in research and development that will lead to new innovations and enable the expansion of opportunity and prosperity in North Dakota.



The Valley Prosperity Partnership (VPP) is focused on developing a unified, shared vision for high value and sustained economic growth for all Red River Valley residents. A steering committee of private sector industry and higher education leaders, joined by economic development partners, work to advance strategic economic development opportunities for the Red River Valley region of North Dakota and Minnesota and for the entire State of North Dakota.

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Strengthening and Diversifying North Dakota's Economy by Investing in Research and Development

R&D>ND PROPOSAL: This is a private-sector led initiative. The broad-based business coalition wants to **strengthen our core sectors to make them more resilient and diversify our state's economy**. North Dakota's universities and colleges are important economic drivers, whose research and development capabilities sustain our competitive advantages in agriculture and energy, translating innovations into new economic opportunities, a more skilled workforce, and higher-paying jobs for North Dakotans.

NEED for R&D

- **BEYOND OIL & SOIL**: North Dakota's economic trajectory is directly linked to the strength of the agriculture and energy sectors.
- **STRENGTHEN & DIVERSIFY**: Business leaders support the strengthening and diversification of our economy efficiently and effectively meet the unique healthcare needs of the State.
- **ADVANTAGE**: North Dakota does not have a stream of funding that supports basic and applied research and development at research universities.

FUNDING PROPOSAL

- \$ **FIFTEEN PERCENT (15.0%) OF LEGACY FUND EARNINGS** or other comparable State funds will be allocated annually for use by UND, NDSU, the 9 other public universities, and the private sector.
- \$ **TEN PERCENT (10.0%) to ND's NON-RESEARCH UNIVERSITIES & PRIVATE-SECTOR RESEARCHERS**: At minimum, 10% of the State-awarded amount is to be made available to fund research proposals at any of the 9 non-research university entities within the purview of the State Board of Higher Education.
- \$ **LEVERAGE FUNDING**: Leverage federal, private and additional sources of funding.

ACCOUNTABILITY

- ✓ **BANK of NORTH DAKOTA**: Creation of BND panel to provide annual reports.
- ✓ **INTERNAL ADVISORY COMMITTEE**: Members appointed from the education institutions would review and formulate recommendations on effectiveness and implementation of research programs at NDSU & UND.
- ✓ **EXTERNAL ADVISORY COMMITTEE**: External scientific experts would provide feedback and recommendations on the program's strategic direction.

GOALS for INVESTMENT

- **VALUE-ADDED**: Enhance value-added opportunities within the State's core agriculture and energy industries
- **HEALTHCARE**: More efficiently and effectively meet the unique healthcare needs of the State
- **ECONOMY OF THE FUTURE**: Expand investments in UAS, autonomous capabilities, and emerging technologies in advanced manufacturing and materials, augmented reality, data, robotics and automation, and alternative energy and storage technologies.

GUIDELINES for USE OF FUNDS

- \$ **LEVERAGE FUNDING**: Basic or applied university research, with the expectation it will leverage funding from federal, corporate, or other sources;
- \$ **PARTNERSHIPS**: University-originated research partnerships with industry, and;
- \$ **INDUSTRY SUPPORT**: Research that is originated by a business, public or private university or non-profit organization that is conducted in partnership with a NDUS university or college.

OPPORTUNITIES

- ✓ **INVESTMENT ECOSYSTEM**: R&D>ND will round out the state's R&D ecosystem by getting more ideas to the LIFT program and leveraging existing research activities, including NDSU Extension projects, the EERC and ND's research councils.
- ✓ **ATTRACT TALENT & FUNDING**: Long term, predictable funding will attract research talent and funding for sectors that are key to strengthening and diversifying North Dakota's economy.

STRENGTHENING AND DIVERSIFYING NORTH DAKOTA'S ECONOMY BY INVESTING IN RESEARCH AND DEVELOPMENT

