

HOUSE BILL NO. 1454

Introduced by

Representative Thomas

Senator Luick

1 A BILL for an Act to amend and reenact subsection 2 of section 6-09.18-01 and sections
2 6-09.18-02, 6-09.18-03, 6-09.18-04, 6-09.18-05, 6-09.18-06, and 6-09.18-07 of the North
3 Dakota Century Code, relating to innovation technology grants.

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

5 **SECTION 1. AMENDMENT.** Subsection 2 of section 6-09.18-01 of the North Dakota
6 Century Code is amended and reenacted as follows:

7 2. "Committee" means the innovation ~~loan~~ fund to support technology advancement
8 committee.

9 **SECTION 2. AMENDMENT.** Section 6-09.18-02 of the North Dakota Century Code is
10 amended and reenacted as follows:

11 **6-09.18-02. Innovation ~~loan~~ fund to support technology advancement committee -**
12 **Membership - Meetings.**

13 1. The innovation ~~loan~~ fund to support technology advancement committee consists of:

- 14 a. The commissioner or the commissioner's designee who shall serve as the
15 chairperson of the committee and is a nonvoting member of the committee;
16 b. Three members representing active venture capital firms, private entities, or
17 angel capital funds;
18 c. One member with finance-related experience, knowledge, or education; and
19 d. Three members from the private sector with expertise in the diversification
20 sectors.

21 2. The commissioner, in consultation with the president of the Bank of North Dakota,
22 shall appoint the members of the committee. The term of office of the appointed
23 members of the committee is four years, and the terms must be staggered so that no
24 more than one of the members' terms appointed under subdivisions b and c of

1 subsection 1 expires each year, and so that no more than one of the members' terms
2 appointed under subdivision d of subsection 1 expires each year. Each term of office
3 commences on the first day of July. Members serve at the pleasure of the
4 commissioner and may be reappointed for additional terms. Members of the
5 committee may not invest or otherwise participate in applied research,
6 experimentation, or operational testing associated with a loan or grant awarded under
7 this chapter. If a committee member appointed under subdivision b of subsection 1
8 ceases to represent an active venture capital firm, private entity, or angel capital fund,
9 that individual's membership on the committee ceases immediately and the
10 commissioner, in consultation with the president of the Bank of North Dakota, shall
11 appoint a new member to the committee for the remainder of the term.

12 3. A committee member representing the private sector is eligible to receive
13 compensation in an amount not exceeding one hundred thirty-five dollars per day and
14 travel and expense reimbursement as provided by law for state officers for attending
15 meetings of the committee.

16 4. The committee shall meet as necessary to make loan and grant recommendations and
17 provide ongoing review of research, development, and commercialization activities.

18 **SECTION 3. AMENDMENT.** Section 6-09.18-03 of the North Dakota Century Code is
19 amended and reenacted as follows:

20 **6-09.18-03. Innovation ~~loan~~ fund to support technology advancement - Innovation**
21 **technology loan and grant program.**

22 The department of commerce shall administer the innovation technology loan and grant
23 program in consultation with the Bank of North Dakota to provide loans and grants for activities
24 identified in this chapter. The department of commerce shall provide administrative support for
25 the program, including the drafting of application forms, receiving applications, reviewing
26 applications for completeness and compliance with committee policy, and forwarding complete
27 applications to the committee in accordance with the guidelines established by the committee.
28 Program guidelines relating to ownership of intellectual property, inventions, and discoveries
29 must address activities and issues unique to technologies, patents, and companies created as a
30 result of a legacy innovation technology loan or grant.

1 **SECTION 4. AMENDMENT.** Section 6-09.18-04 of the North Dakota Century Code is
2 amended and reenacted as follows:

3 **6-09.18-04. Innovation technology loans and grants - Eligibility.**

4 1. The committee shall establish guidelines for entities to qualify for an innovation
5 technology loan and grant under this section. The committee shall consider and
6 process applications in a timely manner that does not jeopardize an applicant's
7 opportunity to leverage other funds.

8 2. In determining whether to recommend approval of an application, the committee shall
9 consider the extent to which the proposal will:

10 a. Deliver applied research, experimentation, or operational testing in one or more
11 of the diversification sectors to create information or data to enhance North
12 Dakota companies or industries or companies making investments in North
13 Dakota;

14 b. Lead to the commercialization or patent of an innovation technology solution; or

15 c. Result in the development of a new company or expansion of an existing
16 company that will diversify the state's economy through new products,
17 investment, or skilled jobs.

18 3. The Bank of North Dakota shall review the business plan, financial statements, and
19 other information necessary for the Bank to determine which applications
20 recommended for approval by the committee will be approved by the Bank for final
21 loan or grant approval. The terms of ~~the~~ a loan must include:

22 a. Zero percent interest for the first three years of the loan;

23 b. Two percent interest for the next two years of the loan; and

24 c. An interest rate equal to a standard Bank of North Dakota loan for all subsequent
25 years.

26 4. To be eligible for a loan or grant under this chapter, an entity shall agree to provide the
27 Bank of North Dakota with information as requested by the Bank.

28 **SECTION 5. AMENDMENT.** Section 6-09.18-05 of the North Dakota Century Code is
29 amended and reenacted as follows:

1 **6-09.18-05. Innovation loan fund to support technology advancement - Continuing**
2 **appropriation.**

3 The innovation loan fund to support technology advancement is a special fund in the state
4 treasury and must be administered by the department of commerce. All moneys in the fund are
5 appropriated to the department of commerce on a continuing basis for the purpose of providing
6 innovation technology loans and grants and for administrative expenses. The department of
7 commerce shall deposit in the innovation loan fund to support technology advancement all
8 principal and interest paid on loans made from the fund. Interest earned on moneys in the fund
9 must be credited to the fund.

10 **SECTION 6. AMENDMENT.** Section 6-09.18-06 of the North Dakota Century Code is
11 amended and reenacted as follows:

12 **6-09.18-06. Use of loan and grant funds.**

13 Loan and grant recipients shall use innovation technology loan funds to enhance capacity
14 and, to the extent possible, leverage state, federal, and private sources of funding. An entity
15 receiving a loan or grant under this chapter may not use the funds for capital or building
16 investments or for research or other activities not identified in this chapter. The funds may not
17 be used for academic or instructive programming, workforce training, administrative costs, or to
18 supplant funding for regular operations of institutions of higher education. Unless otherwise
19 approved by the committee, loan and grant recipients may use funding only to conduct applied
20 research, experimentation, or operational testing within the state. If an entity awarded a loan no
21 longer conducts its activities in the state, the interest rate of the loan shall default to the rate of a
22 standard Bank of North Dakota loan.

23 **SECTION 7. AMENDMENT.** Section 6-09.18-07 of the North Dakota Century Code is
24 amended and reenacted as follows:

25 **6-09.18-07. Innovation loan fund to support technology advancement - Postaward**
26 **monitoring.**

27 Upon completion of work performed from funding provided by a loan or grant, the
28 department of commerce shall provide an independent review of the results. Evaluation criteria
29 may include:

- 30 1. How the work performed has contributed to the development of a company or the
31 expansion of an existing company, has enhanced the ability of a company to make

- 1 investments in the state, or otherwise enticed a company to invest or move to the
2 state.
- 3 2. How the work performed has led to additional economic investment of capital from
4 public and private sector entities within and outside North Dakota.
- 5 3. How the work performed has led to or may lead to a patent or research that is
6 commercially viable.