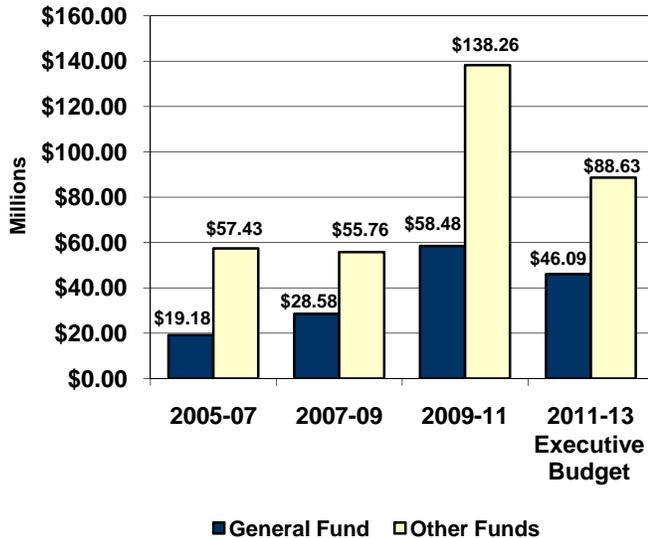


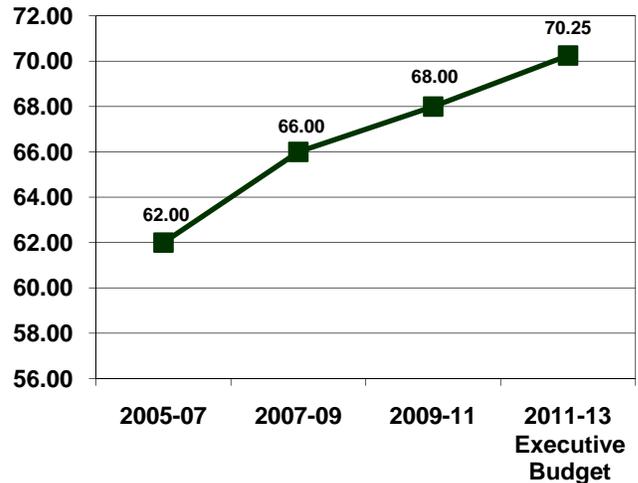
**Department 601 - Department of Commerce
House Bill No. 1018**

	FTE Positions	General Fund	Other Funds	Total
2011-13 Executive Budget	70.25	\$46,089,494	\$88,634,937	\$134,724,431
2009-11 Legislative Appropriations	68.00	58,476,303	138,261,105	196,737,408
Increase (Decrease)	2.25	(\$12,386,809)	(\$49,626,168)	(\$62,012,977)

Agency Funding



FTE Positions



Ongoing and One-Time General Fund Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2011-13 Executive Budget	\$29,794,156	\$16,295,338	\$46,089,494
2009-11 Legislative Appropriations	30,056,303	28,420,000	58,476,303
Increase (Decrease)	(\$262,147)	(\$12,124,662)	(\$12,386,809)

First House Action

Attached is a summary of first house changes.

**Executive Budget Highlights
(With First House Changes in Bold)**

	General Fund	Other Funds	Total
1. Removes one-time funding provided in the 2009-11 biennium relating to the workforce excellence fund (\$1 million), biofuel blender pumps (\$1 million), promotion and marketing of the USS <i>North Dakota</i> (\$100,000), child care grants and loans (\$1.82 million), centers of excellence (\$19.45 million), the Great Plains Applied Energy Research Center (\$5 million), and the equine processing study (\$50,000)	(\$28,420,000)		(\$28,420,000)
2. Removes one-time federal fiscal stimulus funding provided in the 2009-11 biennium relating to the community development block grant program (\$1.3 million), community services block grant (\$4.85 million), state energy program (\$24.6 million), energy efficiency and conservation block grants (\$10 million), weatherization assistance program (\$25.3 million), and emergency shelter grants (\$2.6 million)		(\$68,594,635)	(\$68,594,635)
3. Adds one-time funding for statewide marketing effort of the WorkKeys program. The House removed funding provided for this program.	\$125,000		\$125,000

4. Adds one-time funding for child care development grants. The House removed funding provided for these grants.	\$150,000		\$150,000
5. Adds one-time funding for child care facility grants and loans. The House decreased this funding by \$550,000.	\$920,338		\$920,338
6. Adds one-time funding for the American Indian Business Office. The House removed the one-time funding provided. Funding of \$100,000 remains in the budget for the American Indian Business Office.	\$100,000		\$100,000
7. Adds one-time federal funding for carryover of American Recovery and Reinvestment Act of 2009 grant awards that are still available in the 2011-13 biennium. Affected programs include the United States Department of Energy low-income weatherization assistance program (\$9.1 million), state energy program (\$9 million), energy efficiency (\$4.9 million), homeless prevention and rapid rehousing program (\$1.25 million), and community development block grant (\$200,000).		\$24,496,750	\$24,496,750
8. Adds one-time funding for centers of excellence. The House removed funding provided for the centers of excellence program (\$13 million) and provided that funding included for a centers of workforce excellence program remain in the budget for workforce enhancement grants (\$2 million).	\$15,000,000		\$15,000,000
9. Provides for the continuation of the 2009-11 biennium \$5 million general fund appropriation provided to the Department of Commerce for a grant to the Great Plains Applied Energy Research Center to the 2011-13 biennium. Any unexpended funds are to be transferred to the centers of excellence fund for centers of entrepreneurship excellence grants. The House reallocated the remaining funding to Bismarck State College for the purpose of completing the National Energy Center of Excellence fourth floor renovation project (\$4,335,000); for a grant to assist in the acquisition of the antiballistic missile site at the Stanley R. Mickelson Safeguard Complex in Nekoma (\$600,000); and for grants to child care service providers for workforce development, quality improvement, technical assistance, and capacity building in collaboration with the Department of Human Services (\$65,000).			
10. Adds funding for four Jobs for America's Graduates programs, which received federal funding in the 2009-11 biennium. The House removed funding provided for this program.	\$100,000		\$100,000
11. Removes 2009-11 biennium grant funding for the Lewis and Clark Foundation (\$1.5 million) and Theodore Roosevelt Medora Foundation (\$500,000)	(\$2,000,000)		(\$2,000,000)
12. Removes funding for changes in operating expenses	\$2,556	(\$6,137,248)	(\$6,134,692)
13. Adds funding to create a Division of Energy, including an energy director position (\$243,549), program manager position (\$125,216), and operating expenses (\$250,925). The House removed funding provided for this division.	\$619,690		\$619,690
14. Adds funding for the North Dakota Trade Office, to provide a total of \$2,553,000.	\$489,000		\$489,000

Other Sections in Bill

Section 3 extends the expiration of financing to early childhood facilities from the North Dakota Development Fund, Inc., from July 31, 2011, to July 31, 2013, and increases the award limit per childhood facility from \$100,000 to \$200,000.

Sections 4 through 7 and 26 and 27 relate to the centers of excellence program. The majority of the centers of excellence program expires on July 30, 2011, per North Dakota Century Code Chapter 15-69. Sections 4 through 7 of the bill update Chapter 15-69 to provide that the Department of Commerce continue to administer the centers of excellence program, distribute funds to the centers, monitor centers for compliance with award requirements, review changes in assertions made in center applications, and conduct postaward monitoring of centers. Sections 26 and 27 repeal Chapter 15-69 effective August 1, 2023.

Sections 8 and 28 reestablish the biofuel blender pump incentive program that expired on November 30, 2010. The program is to be administered by the Department of Commerce to provide cost-share grants up to \$14,000 per pump to motor fuel retailers for the installation of biofuel blender pumps and associated equipment at retail locations, including the piping system and storage components. Section 28 establishes an expiration date of July 31, 2013, for Section 8.

Section 9 creates a new section to Chapter 54-60 to create an internship fund and provide a continuing appropriation.

Section 10, added by the House, provides \$1 million from the general fund for tourism infrastructure grants to be administered by the Division of Tourism.

Section 11, added by the House, provides \$250,000 from the general fund for a base realignment grant associated with the Minot Air Force Base.

Section 12, added by the House, provides \$4,935,000 from the general fund for grants to child care service providers for workforce development, quality improvement, technical assistance, and capacity building in collaboration with the Department of Human Services under Section 50-11.1-14.1.

Section 13, added by the House, provides that the department may administer an Innovation 2020 award program to provide proof-of-concept funding to a qualified entrepreneur to assist in moving a new technology from academia into the commercialization cycle.

Section 14, added by the House, provides that the department may administer a technology award equity investment program that provides matching equity investments to technology-based businesses.

Sections 15, 16, and 19 through 21 allow unexpended amounts from the following 2009-11 biennium appropriations to continue into the 2011-13 biennium:

Agricultural Products Utilization Commission (2009 S.L., ch. 46, § 1).

Discretionary funds (line item 2009 S.L., ch. 46, § 1).

Technology-based entrepreneurship grant program (grants line item 2009 S.L., ch. 46, § 1).

Early childhood facility grants (2009 S.L., ch. 108, § 6).

Biofuel blender pump incentive program (2009 S.L., ch. 46, §§ 1 and 2).

Sections 17 and 18 allow unexpended amounts from the following 2009-11 biennium appropriations to continue into the 2011-13 biennium:

Internships (operating expenses line item 2009 S.L., ch. 46, § 1) transfers to the internship fund at the end of the 2011-13 biennium.

Great Plains Applied Energy Research Center (2009 S.L., ch. 26, § 1) authorizes the department to continue up to \$665,000 of the \$5 million. Of the \$665,000, the department may use \$600,000 to assist in the acquisition of the antiballistic missile site at the Stanley R. Mickelson Safeguard Complex in Nekoma and \$65,000 for grants to child care service providers for workforce development, quality improvement, technical assistance, and capacity building pursuant to Section 50-11.1-14.1.

Sections 22 and 23 provide for the following transfers:

Workforce enhancement line item to the workforce enhancement fund.

Development Fund line item (\$250,000) in Section 1 of House Bill No. 1018 to the Development Fund for the purpose of providing financing to early childhood facilities.

Section 24 provides that the Department of Commerce may spend 70 percent of funding appropriated to the North Dakota Trade Office (\$2,553,000) without requiring matching funds from the Trade Office. Additional amounts may be spent only to the extent that the Trade Office provides \$1 of matching funds from private or other public sources for each \$1 provided by the department for the 2011-13 biennium.

Section 25 provides grants to early childhood facilities (\$120,338) of up to \$5,000 for infrastructure and \$10,000 for technical assistance or a business plan and requires a \$1 match for every \$3 of grant funds.

Section 29 declares funding of \$900,000 in the operating expenses line item in Section 1 relating to the Operation Intern program and Sections 8, 9, and 18 to be an emergency.

Continuing Appropriations

Ethanol production incentive fund - Section 17-02-05 - This continuing appropriation allows for payments of ethanol production incentives to North Dakota ethanol plants.

Beginning Again North Dakota pilot program - Section 54-60-20 - Funds received from public and private sources for the Beginning Again North Dakota pilot program are appropriated on a continuing basis to the Department of Commerce for the program. The program and the continuing appropriation are effective through June 30, 2009.

Workforce enhancement fund - Section 54-60-23 - All funds in the workforce enhancement fund are appropriated to the Department of Commerce on a continuing basis for implementing and administering the Workforce Enhancement Council and workforce enhancement grants to higher education institutions assigned primary responsibility for workforce training.

Community development loan fund - Section 54-44.5-05 - This continuing appropriation allows for the expenditures of community development block grant revolving loan funds.

Significant Audit Findings

None.

Major Related Legislation

House Bill No. 1057 - Angel fund investment tax credit - Amends and reenacts Section 57-38-01.26 relating to the angel fund investment tax credit, provides a report to the Legislative Management, and provides an effective date and expiration date. The bill expands provisions of the angel fund investment tax credit to enable passthrough entities, such partnerships and limited liability companies, to participate. The bill also provides that unused angel fund investment tax credits may be sold, assigned, or transferred to other taxpayers.

Senate Bill No. 2057 - Provides funding from the general fund for centers of entrepreneurship excellence (\$5 million); centers of workforce excellence grants (\$2 million); centers of research excellence (\$8 million); eminent researcher recruitment challenge grant program (\$1.5 million); and for the Department of Commerce to work with the North Dakota University System's research institutions, the Adjutant General, and the North Dakota Aeronautics Commission in leveraging private and federal funding to advance state opportunities associated with a limited deployment-cooperative airspace project in the state (\$3.5 million). The bill creates a centers of research excellence fund and provides for a continuing appropriation.

Senate Bill No. 2345 - Provides an appropriation of \$5,000 from the general fund to the Department of Commerce for the purpose of conducting a sugar-based feedstock biofuel demonstration plant feasibility study.

ATTACH:1