

Department of Commerce
Budget No. 601
Senate Bill Nos. 2018, 2228, and 2390; House Bill Nos. 1038 and 1581

	FTE Positions	General Fund	Other Funds	Total
2025-27 legislative appropriations	65.80	\$43,395,953	\$131,489,707	\$174,885,660
2025-27 base budget	62.80	33,546,083	53,344,371	86,890,454
Legislative increase (decrease) to base budget	3.00	\$9,849,870	\$78,145,336	\$87,995,206

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2025-27 legislative appropriations	\$35,336,909	\$8,059,044	\$43,395,953
2023-25 legislative appropriations	33,546,083	33,850,000	67,396,083
2025-27 legislative increase (decrease) to 2023-25 appropriations	\$1,790,826	(\$25,790,956)	(\$24,000,130)
Percentage increase (decrease) to 2023-25 appropriations	5.3%	(76.2%)	(35.6%)

SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes related to salary equity increases, position reclassifications, and other staffing changes		\$67,653	\$82,578	\$150,231
Added funding for the cost to continue salary increases		238,480	45,544	284,024
Added funding to provide employee salary increases of 3 percent on July 1, 2025, and 3 percent on July 1, 2026		531,691	127,953	659,644
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,893 per month		294,619	77,709	372,328
Added funding to replace the 2023-25 biennium new and vacant FTE funding pool, including \$405,880 for new positions and \$663,427 for vacant positions		966,736	102,571	1,069,307
Transferred \$832,285 for estimated savings from vacant FTE positions from the salaries and wages line item to the new and		(198,263)	(51,422)	(249,685)

vacant FTE pool line item and reduced the amount to \$582,600 resulting in the savings as shown

Added 3 FTE positions as ongoing positions that were previously authorized for the 2023-25 biennium as one-time FTE positions as a result of \$120 million of one-time federal funding becoming available for weatherization and energy programs from the federal Infrastructure Investment and Jobs Act and Inflation Reduction Act. The funding for the positions is included in a separate section of the bill authorizing the Department of Commerce an exemption to continue unspent federal funding from the \$120 million appropriated for the 2023-25 biennium into the 2025-27 biennium.

3.00

0

Added federal funding for temporary salaries (\$55,503) and operating expenses (\$43,080) to maintain building codes

98,583

98,583

Adjusted funding for operating expenses, including \$54,666 for information technology increases (\$38,467 from federal funds and \$16,199 from special funds), a \$10,827 reduction for other operating expenses (\$21,481 general fund reduction, \$26,853 federal funds increase, and \$16,199 special funds reduction), and adding \$290,000 of federal funding for AmeriCorps program operating expenses

(21,481)

355,320

333,839

Reduced funding for the operation intern program to provide ongoing funding of \$1 million

(6,896)

(6,896)

Adjusted funding for federal grants, including adding funding for the AmeriCorps program (\$1,132,157) and weatherization assistance grant programs (\$2,000,000) and reducing funding for the community development block grant (\$2,057,882) and community services block grant (\$29,058)

1,045,217

1,045,217

Removed funding for the continuum of care program (\$81,713 from the general fund and \$750,000 from federal funds) and the state apprenticeship program (\$347,157 from federal funds), eliminating the programs

(81,713)

(1,097,157)

(1,178,870)

Removed funding from the uncrewed aircraft system (UAS) fund for UAS program grants. The department has continuing appropriation authority from the UAS fund.

(1,020,150)

(1,020,150)

Added **one-time funding** for temporary staff salaries and an office intern (\$50,000 from the general fund and \$3,590 from the economic development fund) and North Dakota Development Fund temporary salaries (\$100,000 from the economic development fund)

50,000

103,590

153,590

Added one-time funding from the strategic investment and improvements fund (SIIF) for tourism marketing awareness, of which \$250,000 is designated for a grant to support the North Dakota state magazine	5,000,000	5,000,000
Added one-time funding for the operation intern program to provide a total of \$3 million, including \$1 million of ongoing funding, from the general fund	2,000,000	2,000,000
Added one-time funding for the Global Talent Office, formerly known as the Office of Legal Immigration, including \$500,000 for operating expenses and \$500,000 for grants	1,000,000	1,000,000
Added one-time funding from SIIF for tourism destination development grants	15,000,000	15,000,000
Added one-time funding from SIIF for an uncrewed aerial vehicle replacement grant program	9,000,000	9,000,000
Added one-time funding from SIIF for beyond visual line of sight (BVLOS) UAS program grants, also known as the Vantis program	15,000,000	15,000,000
Added one-time funding from SIIF for the enhanced use lease grant program	2,500,000	2,500,000
Added one-time funding from SIIF for autonomous agriculture grants	7,500,000	7,500,000
Added one-time funding from SIIF for base enhancement grants	1,000,000	1,000,000
Added one-time funding for grants to tribally controlled community colleges	750,000	750,000
Added one-time funding from SIIF for a Native American small business grant	600,000	600,000
Added one-time funding from SIIF for a historic theater restoration grant	500,000	500,000
Added one-time funding from SIIF for a historic opera house restoration grant	250,000	250,000
Added one-time funding from SIIF for a historic theater improvement grant	250,000	250,000
Added one-time funding from SIIF for a Medora transportation improvement grant	1,000,000	1,000,000
Added one-time funding from SIIF for a community hall grant	175,000	175,000

Added one-time funding for regional planning council grants. In addition, of the \$2,150,000 appropriated for discretionary funds, \$600,000 is designated for regional planning council grants to provide a total of \$2,000,000 from the general fund for regional planning council grants	1,400,000			1,400,000
Added one-time funding for the entrepreneurship grants and vouchers program, also known as the Innovate ND program, to provide a total of \$1,707,511, of which \$1,500,000 is from the general fund and \$207,511 is from the economic development fund	759,044			759,044
Added one-time funding from SIIF for regional workforce impact program (RWIP) grants		5,000,000		5,000,000
Added one-time funding for technical skills training grants	1,000,000			1,000,000
Added one-time funding from SIIF for children's education science center grants, contingent on oil and gas tax revenue allocations to SIIF exceeding \$402 million during the 2025-27 biennium		2,000,000		2,000,000
Added one-time funding from SIIF for a state radar data pathfinder program (House Bill No. 1038)		11,000,000		11,000,000
Added one-time funding for tribal tourism grants (House Bill No. 1581)	100,000			100,000
Added one-time funding for rural grocery store sustainability grants (Senate Bill No. 2228)	1,000,000			1,000,000
Added one-time funding transferred from SIIF to the newly created rural catalyst fund for a rural catalyst grant program (Senate Bill No. 2390)		2,500,000		2,500,000
Total	<u>3.00</u>	<u>\$9,849,870</u>	<u>\$78,145,336</u>	<u>\$87,995,206</u>

FTE Changes

The Legislative Assembly approved 65.80 FTE positions for the Department of Commerce for the 2025-27 biennium, an increase of 3 FTE positions from the base level of 62.80 FTE positions. The Legislative Assembly added 3 FTE positions as ongoing positions that were previously authorized for the 2023-25 biennium as one-time FTE positions as a result of \$120 million of one-time federal funding becoming available for weatherization and energy programs from the Infrastructure Investment and Jobs Act and Inflation Reduction Act.

One-Time Funding

The following is a summary of one-time funding items for the Department of Commerce for the 2025-27 biennium:

	General Fund	SIIF	Other Funds	Total
Temporary salaries for temporary staff and an office intern ¹	\$50,000		\$3,590	\$53,590
North Dakota Development Fund temporary salaries ¹			100,000	100,000
Tourism marketing awareness, of which \$250,000 is for the North Dakota state magazine		\$5,000,000		5,000,000

Operation intern program	2,000,000			2,000,000
Global Talent Office (formerly the Office of Legal Immigration)	1,000,000			1,000,000
Tourism destination development grants		15,000,000		15,000,000
Uncrewed aerial vehicle replacement grant program		9,000,000		9,000,000
BVLOS UAS program grants		15,000,000		15,000,000
Enhanced use lease grant program		2,500,000		2,500,000
Autonomous agriculture grants		7,500,000		7,500,000
Base enhancement grants		1,000,000		1,000,000
Tribally controlled community college grants	750,000			750,000
Native American small business grant		600,000		600,000
Historic theater restoration grant		500,000		500,000
Historic opera house restoration grant		250,000		250,000
Historic theater improvement grant		250,000		250,000
Medora transportation improvement grant		1,000,000		1,000,000
Community hall grant		175,000		175,000
Regional planning council grants	1,400,000			1,400,000
Entrepreneurship grants and vouchers program	759,044			759,044
RWIP grants		5,000,000		5,000,000
Technical skills training grants	1,000,000			1,000,000
Children's education science center grants (contingent funding)		2,000,000		2,000,000
State radar data pathfinder program (House Bill No. 1038)		11,000,000		11,000,000
Tribal tourism grants (House Bill No. 1581)	100,000			100,000
Rural grocery store sustainability grants (Senate Bill No. 2228)	1,000,000			1,000,000
Rural catalyst grant program (Senate Bill No. 2390) ²			2,500,000	2,500,000
Total	\$8,059,044	\$75,775,000	\$2,603,590	\$86,437,634

¹Other funds for temporary salaries and an office intern is from the economic development fund.

²Other funds for the rural catalyst grant program is from funding transferred from SIIF to and appropriated from the newly created rural catalyst fund.

Uncrewed Aircraft Systems Program

The 2013 Legislative Assembly established the UAS program and UAS program fund in Section 14 of Senate Bill No. 2018, provided a one-time appropriation of \$5 million from the general fund, and provided a continuing appropriation to defray the expenses of the UAS program. The Department of Commerce was required to establish the UAS program in collaboration with the University of North Dakota, the Aeronautics Commission, the Adjutant General, and private parties; to administer the UAS test site upon receiving Federal Aviation Administration approval; and to provide semiannual reports to the Legislative Management. Funding is provided to the Northern Plains UAS Test Site located in Grand Forks, which is one of six Federal Aviation Administration UAS test sites in the United States.

In Section 12 of Senate Bill No. 2018 (2021), the Legislative Assembly amended North Dakota Century Code Section 54-60-29 to expand the continuing appropriation provided to the Department of Commerce from the UAS fund for expenses of the UAS program to also include expenses of the BVLOS UAS program and the enhanced use lease grant program.

In Sections 23 and 24 of House Bill No. 1018 (2023), the Legislative Assembly amended Sections 54-60-28 and 54-60-29 to rename the unmanned aircraft system program and unmanned aircraft system fund as the uncrewed aircraft system program and uncrewed aircraft system fund and made other administrative changes related to the program.

The following is a summary of funding for the UAS program:

Biennium	General Fund	UAS Fund ¹	SIIF	Federal Funds	Total
One-Time Funding					
2013-15	\$5,000,000				\$5,000,000
2015-17 ²	2,718,620				2,718,620
2017-19 ³			\$2,000,000		2,000,000
2019-21 ^{4,5}	2,250,000				2,250,000
2021-23 ⁶		\$1,000,000			1,000,000
2023-25					0
Total one-time funding	\$9,968,620	\$1,000,000	\$2,000,000	\$0	\$12,968,620
Ongoing Funding					
2019-21 ⁴		\$1,000,000		\$1,000,000	\$2,000,000
2021-23 ⁵	\$3,000,000	1,020,150		8,000,000	12,020,150
2023-25 ^{5,7}	3,000,000	1,020,150		8,000,000	12,020,150
2025-27 ⁸	3,000,000			8,000,000	11,000,000
Total ongoing funding	\$9,000,000	\$3,040,300	\$0	\$25,000,000	\$37,040,300
Total funding ⁵	\$18,968,620	\$4,040,300	\$2,000,000	\$25,000,000	\$50,008,920

¹Funding from the UAS fund is derived from private donations.

²Of the \$2,718,620 appropriated for the UAS program for the 2015-17 biennium, \$1,200,000 was designated for a business incentive match fund to incentivize private sector business development related to the test site. The department was also authorized to continue \$1,500,000 appropriated for the program for the 2013-15 biennium into the 2015-17 biennium, to provide a total of \$4,218,620 available for the 2015-17 biennium.

³The department was also authorized to continue up to \$1 million from the 2015-17 biennium general fund appropriation for the UAS program into the 2017-19 biennium, to provide a total of \$3 million available for the 2017-19 biennium.

⁴The department was also authorized to continue unexpended funding from SIIF from the 2017-19 biennium appropriation, estimated at \$750,000 during the 2019 legislative session, to provide a total of \$5 million available for the 2019-21 biennium.

⁵Funding appropriated for the UAS program is for grants, with exception of the general fund appropriations provided for the 2019-21 biennium (\$2.25 million), 2021-23 biennium (\$3 million), and 2023-25 biennium (\$3 million), which were provided for operating expenses of the Northern Plains UAS Test Site.

⁶The department was also authorized to continue unexpended funding appropriated from the general fund for the 2019-21 biennium into the 2021-23 biennium, estimated at \$150,000 at the end of the 2021 legislative session, to provide a total of \$13,170,150 available for the 2021-23 biennium.

⁷The department was also authorized to continue unexpended funding appropriated from the general fund for the 2021-23 biennium into the 2023-25 biennium, estimated at \$1,698,712 at the end of the 2023 legislative session, to provide a total of \$13,718,862 available for the 2023-25 biennium.

⁸The 2025 Legislative Assembly removed \$1,020,150 of budget authority from the UAS fund beginning for the 2025-27 biennium. The department has continuing appropriation authority from the UAS fund, authorizing the department to use money in the fund without specific budgetary approval.

Amendment - UAS program - Section 21 of Senate Bill No. 2018 amends Section 54-60-28 to provide the Northern Plains UAS Test Site authority to enter contracts for the UAS program.

Amendment - UAS program fund - Section 22 of Senate Bill No. 2018 amends Section 54-60-29 to clarify the sources of funding that can be deposited in the UAS fund.

Beyond Visual Line of Sight Uncrewed Aircraft Systems Program

In Section 12 of House Bill No. 1018 (2019), the Legislative Assembly provided a 2017-19 biennium supplemental appropriation of \$28 million to the Department of Commerce for a BVLOS UAS program. The department was authorized to continue this funding into the 2019-21 biennium.

Section 13 of House Bill No. 1018 (2019) created Section 54-60-29.1 to establish a BVLOS UAS program for the design, purchase, implementation, and operating costs of a BVLOS UAS. The Department of Commerce must require any entity receiving funding for this program which is operating the BVLOS UAS to provide

quarterly payments to the State Treasurer equal to 3 percent of the entity's gross income associated with the operation of the BVLOS UAS as reported in the entity's prior year financial statements. The State Treasurer is required to deposit any funds received under this section in the state general fund. The department was required to provide semiannual reports to the Legislative Management regarding the development of the BVLOS UAS program and the total amount deposited by the State Treasurer in the state general fund.

In Section 25 of House Bill No. 1018 (2023), the Legislative Assembly amended Section 54-60-29.1 to rename the BVLOS unmanned aircraft system program as the BVLOS uncrewed aircraft system program and changed the state-private revenue sharing provisions from 3 percent of the entity's gross income associated with the operation of the BVLOS UAS as reported in the entity's prior year financial statements to instead be based on a fee structure determined by the Commissioner of the Department of Commerce. Through April 2025, no funding for the BVLOS UAS program has been remitted to the State Treasurer for deposit in the state general fund.

The following is a summary of funding provided to the Department of Commerce for the BVLOS UAS program:

Biennium	General Fund	SIIF	Total
2017-19 ^{1,2}	\$28,000,000		\$28,000,000
2019-21			0
2021-23 ²	1,000,000	\$19,000,000	20,000,000
2023-25		26,000,000	26,000,000
2025-27		15,000,000	15,000,000
Total	\$29,000,000	\$60,000,000	\$89,000,000

¹Supplemental appropriation provided by the 2019 Legislative Assembly.

²In addition to the amounts shown in this table, the 2021 Legislative Assembly appropriated \$5 million of remaining funds from the Department of Commerce's \$28 million 2017-19 biennium appropriation to the Department of Transportation for the 2021-23 biennium, which the Department of Transportation was to use for defraying infrastructure construction expenses of the BVLOS UAS program during the 2021-23 biennium. An exemption was provided to the Department of Commerce for unexpended 2017-19 biennium funds continued into the 2019-21 biennium for the BVLOS UAS program to continue into the 2021-23 biennium. The exemption provided the Department of Commerce may provide grants of up to \$5 million to the Department of Transportation for defraying infrastructure construction expenses of the BVLOS UAS program during the 2021-23 biennium. The Department of Commerce did not grant any of this funding to the Department of Transportation.

Amendment - BVLOS UAS program - Section 23 of Senate Bill No. 2018 amends Section 54-60-29.1 to provide the Northern Plains UAS Test Site authority to enter contracts for the BVLOS UAS program.

Enhanced Use Lease Grant Program

The 2013 Legislative Assembly established the enhanced use lease grant program and provided a one-time appropriation of \$2.5 million from SIIF to the Department of Commerce for the department to develop the program and award grants. The department was to award grants for constructing infrastructure required for an enhanced use lease private sector business development project located on or adjacent to the Grand Forks Air Force Base, contingent upon certification from the department verifying both a signed enhanced use lease agreement and a commitment by a private sector business to locate in the development. In February 2015 Grand Sky Development Company, a wholly owned subsidiary of Infinity Development Partners LLC, entered into an agreement on behalf of Grand Forks County with the Grand Forks Air Force Base to form the Grand Forks Business Park. Grand Sky provides Grand Forks Air Force Base lease tenants with the ability to test UAS and BVLOS UAS flights in partnership with the Northern Plains UAS Test Site.

The following is a summary of funding for the enhanced use lease grant program:

Biennium	General Fund	SIIF	Total
2013-15		\$2,500,000	\$2,500,000
2015-17 ¹		7,500,000	7,500,000
2017-19 ²	\$1,000,000	2,000,000	3,000,000
2019-21	3,000,000		3,000,000
2021-23		7,000,000	7,000,000
2023-25		10,000,000	10,000,000

2025-27		2,500,000	2,500,000
Total	\$4,000,000	\$31,500,000	\$35,500,000

¹Of the \$7.5 million provided for the enhanced use lease grant program during the 2015-17 biennium, \$3.1 million was contingent on the construction and agreement of a first private sector single-tenant or multi-tenant building on the property. The remaining \$4.4 million was contingent on agreement of a second private sector single-tenant or multi-tenant building on the property or after an agreement is reached with any data-intensive tenant for data connectivity and redundancy infrastructure requirements or for data services. The contingencies were met.

²Section 10 of Senate Bill No. 2018 (2017) required grants available during the 2017-19 biennium be awarded for initiatives related to the UAS industry in North Dakota, including for the purposes of infrastructure, research, development, the creation of software, and the purchase of equipment benefiting UAS. The Department of Commerce was to require grant recipients to provide matching funds in the form of cash, property, or in-kind consideration, totaling \$1 million for the grants awarded under this program.

Legacy Investment Technology Loans

In House Bill No. 1333 (2019), the Legislative Assembly established an Innovation Loan Fund to Support Technology Advancement Committee and loan program. The Commissioner of Commerce is the chairperson of the committee, is a nonvoting member of the committee, and appoints the members of the committee with the President of the Bank of North Dakota. The department is required to administer the program in consultation with the Bank of North Dakota to provide loans. The department is required to provide administrative support for the program, including the drafting of application forms, receiving applications, reviewing applications for completeness and compliance with committee policy, and forwarding complete applications to the committee in accordance with the guidelines established by the committee. The innovation loan fund to support technology advancement is administered by the department, and the funding is appropriated to the department on a continuing basis for providing innovation technology loans and for administrative expenses. The department is required to conduct postaward monitoring of loans provided for this program.

In Sections 13 through 19 of House Bill No. 1018 (2023), the Legislative Assembly amended Chapter 6-09.18 to change the innovation loan fund to support technology advancement program's name to the legacy investment for technology (LIFT) program.

The Legislative Assembly has transferred the following funding to the LIFT fund for the LIFT program:

Biennium	Bill No.	Bank of North Dakota Profits	SIIF	Total
2019-21	Section 2 of House Bill No. 1333 (2019)	\$15,000,000		\$15,000,000
2021-23	Section 1 of House Bill No. 1141 (2021)		\$15,000,000	15,000,000
2023-25	Section 4 of House Bill No. 1018 (2023)		10,000,000	10,000,000
2025-27	Section 9 of Senate Bill No. 2018 (2025)		10,000,000	10,000,000
Total		\$15,000,000	\$35,000,000	\$50,000,000

Transfer - SIIF to LIFT fund - Section 9 of Senate Bill No. 2018 (2025) requires the Office of Management and Budget (OMB) to transfer \$10 million from SIIF to the LIFT fund for the purpose of providing innovation technology loans during the 2025-27 biennium.

North Dakota Development Fund

Purpose - In House Bill No. 1021 (1995), the Legislative Assembly created the North Dakota Development Fund in Chapter 10-30.5. Section 10-30.5-02 creates a statewide nonprofit development corporation that may take equity positions in, provide loans to, or use other innovative financing mechanisms to provide capital for new or expanding businesses in this state, or relocating businesses to this state. The corporation's principal mission is the development and expansion of primary sector business in this state.

The corporation may form additional corporations, limited liability companies, partnerships, or other forms of business associations in order to further its mission of primary sector economic development. The exclusive focus of this corporation is business development in this state; however, it is not excluded from participation with other states or organizations in projects that have a clear economic benefit to state residents in the creation of jobs or secondary business. Emphasis should be to develop jobs that provide an income adequate to support a family above the poverty level.

Money in the North Dakota Development Fund may be used to provide working capital or for financing the purchase of fixed assets but not to refinance existing debt. Money may also be used to make matching grants to county-authorized or city-authorized development corporations for the acquisition, leasing, or remodeling of real estate facilities for locating a prospective new primary sector business.

Funding - Continuing appropriation - Section 10-30.5-10 provides the North Dakota Development Fund is a revolving fund and all money transferred to the fund, interest earned on money in the fund, and payments to the fund are appropriated to the North Dakota Development Fund on a continuing basis.

Transfer - SIIF to North Dakota Development Fund - Section 10 of Senate Bill No. 2018 (2025) requires OMB to transfer \$25 million from SIIF to the North Dakota Development Fund during the 2025-27 biennium. The North Dakota Development Fund may use up to \$10 million of the funds provided in this section for nonprimary sector business activities.

Bank of North Dakota line of credit - North Dakota Development Fund - Section 11 of Senate Bill No. 2018 (2025) allows the Department of Commerce to borrow up to \$25 million through a Bank line of credit to be transferred to the North Dakota Development Fund.

Amendment - North Dakota Development Fund - Section 17 of Senate Bill No. 2018 (2025) amends Subsection 1 of Section 10-30.5-02 to allow the North Dakota Development Fund to form a management and operations entity and to enter joint ventures.

Funding - Historical - The following is a summary of funding appropriated by the Legislative Assembly for the North Dakota Development Fund:

Biennium ¹	General Fund	Other Funds	Total
1995-97	\$1,968,750	\$6,000,000	\$7,968,750
1997-99	1,909,875		1,909,875
1999-01	750,000		750,000
2001-03	2,350,000		2,350,000
2003-05	1,550,000	398,625	1,948,625
2005-07		700,000	700,000
2007-09	3,000,000	1,000,000	4,000,000
2009-11	1,820,000		1,820,000
2011-13	1,000,000		1,000,000
2019-21		15,000,000	15,000,000
2021-23		5,000,000	5,000,000
2023-25		95,000,000	95,000,000
2025-27		50,000,000	50,000,000
Total	\$14,348,625	\$173,098,625	\$187,447,250

¹This table does not include funding authorized for the North Dakota Future Fund and regional rural development revolving fund prior to these funds being combined into the newly created North Dakota Development Fund. Funding provided for the North Dakota Future Fund was \$13,335,030, including \$1,600,030 during the 1989-91 biennium, \$6,730,000 during the 1991-93 biennium, and \$5,005,000 during the 1993-95 biennium. Funding transferred from the general fund to the regional rural development revolving loan fund totaled \$8,660,171 during the 1991-93 biennium.

Operation Intern Program

The Operation Intern program provides a 50 percent match up to \$5,000 per semester per position for a business's expenses related to an internship, an apprenticeship, or a work experience opportunity involving North Dakota students enrolled in an institution of higher education. The maximum amount of funding a business may receive from the Operation Intern program is \$50,000 per biennium.

Funding for the program is appropriated from the general fund and transferred to the internship fund, from which the Department of Commerce has continuing appropriation authority.

Transfer - General fund to internship fund - Operation intern program - Section 8 of Senate Bill No. 2018 (2025) requires OMB to transfer \$3,000,000 appropriated from the general fund in Section 1 to the internship fund for the Department of Commerce to administer the operation intern program during the 2025-27 biennium. The Legislative Assembly appropriated \$1,000,000 of ongoing funding and \$2,000,000 of one-time funding to provide a total of \$3,000,000 from the general fund, an increase of \$1,993,104 from the 2023-25 biennium appropriation and transfer of \$1,006,896.

Other Grant Programs

Autonomous agriculture grants - In Senate Bill No. 2018, the Legislative Assembly appropriated \$7.5 million of one-time funding from SIIF for autonomous agriculture grants. The 2023 Legislative Assembly did not appropriate funding for the program for the 2023-25 biennium. During the November 2021 special legislative session, the 2021 Legislative Assembly appropriated \$10 million from the federal State Fiscal Recovery Fund for the program for the 2021-23 biennium.

Base enhancement grants - In Senate Bill No. 2018, the Legislative Assembly appropriated \$1 million of one-time funding for base enhancement grants to communities with an Air Force base or Air National Guard facilities, of which \$600,000 is for eligible organizations in Minot, \$250,000 is for eligible organizations in Grand Forks, and \$150,000 is for eligible organizations in Fargo. The program has also been referred to as the base retention grant program.

Children's education science center grants - In Senate Bill No. 2018, the Legislative Assembly appropriated \$2 million of one-time funding from SIIF for providing grants of up to \$1 million each to support the construction of children's education science centers in cities in the state with a population of at least 50,000 residents. The funding is available only if oil and gas tax revenue allocations to SIIF exceed \$402 million during the 2025-27 biennium.

Discretionary funds - In section 16 of Senate Bill No. 2018, the Legislative Assembly identified of the \$2.15 million appropriated from the general fund in Section 1 for discretionary funds for the 2025-27 biennium, \$600,000 is designated for grants to support regional planning councils under Chapter 54-40.1. The Legislative Assembly also appropriated \$2.15 million from the general fund to the department for discretionary funds for the 2023-25 biennium. Section 25 of Senate Bill No. 2018 includes an exemption to authorize the department to continue the \$2.15 million from the 2023-25 biennium into the 2025-27 biennium, resulting in a total of \$4.3 million available for discretionary funds during the 2025-27 biennium.

Entrepreneurship grants and voucher program - In Senate Bill No. 2018, the Legislative Assembly added \$759,044 from the general fund for the entrepreneurship grants and vouchers program, also known as the Innovate ND program, to provide a total of \$1,707,511, of which \$1,500,000 is from the general fund and \$207,511 is from the economic development fund.

Local community grants - In Senate Bill No. 2018, the Legislative Assembly appropriated \$2,775,000 of one-time funding from SIIF for local community grants, including funding for a Native American small business grant (\$600,000), a historic theater restoration grant that requires matching funds on a dollar-for-dollar basis (\$500,000), historic opera house restoration grant (\$250,000), historic theater improvement grant (\$250,000), Medora transportation improvement grant (\$1,000,000), and a community hall grant (\$175,000).

Regional planning council grants - In Senate Bill No. 2018, the Legislative Assembly appropriated \$1.4 million of one-time funding from the general fund for regional planning council grants under Chapter 54-40.1. In addition, of the \$2.15 million appropriated for discretionary funds, \$600,000 is designated for regional planning council grants to provide a total of \$2 million from the general fund for regional planning council grants.

Regional workforce impact program grants - In Senate Bill No. 2018, the Legislative Assembly appropriated \$5 million of one-time funding from SIIF for RWIP grants to support regional workforce initiatives to promote economic stability and address workforce challenges. The 2023 Legislative Assembly appropriated \$12.5 million for the RWIP program for the 2023-25 biennium, which was also referred to as workforce investment program grants.

Rural catalyst grant program - In Senate Bill No. 2390, the Legislative Assembly transferred \$2.5 million from SIIF to a newly created rural catalyst fund and appropriated the funding from the new fund for a rural catalyst grant program to assist communities in the state with quality-of-life improvement projects to strengthen existing community systems, organizations, and individuals in partnership with each regional council. Grant funding may be awarded for projects that will address a critical need in the areas of art and culture, community and economic development, education, health and wellness, or for the purpose of preserving or reopening rural grocery stores in a rural community with a population of 4,500 or fewer individuals. The maximum grant award under the program is \$500,000.

Rural health care grants program - Section 12 of Senate Bill No. 2018 identifies \$444,000 from the general fund in the grants line item in Section 1 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. The Department of Commerce may spend these funds only to the extent the organization has secured matching funds from nonstate sources on a dollar-for-dollar basis. The 2023 Legislative Assembly also appropriated \$444,000 from the general fund for the program for the 2023-25 biennium.

Rural grocery store sustainability grants - In Senate Bill No. 2228, the Legislative Assembly appropriated \$1 million of one-time funding from the general fund for providing grants for the preservation of rural grocery stores and increasing the availability of food access in the state during the 2025-27 biennium. The department is required to prioritize grant funding awarded under this section for supporting existing rural grocery stores before awarding grant funding for feasibility

costs related to reopening a grocery store in a community without a grocery store. The funding may not be used for food processing or offsite preparation operations of a rural grocery store. The 2023 Legislative Assembly also appropriated \$1 million of one-time funding from the general fund for the program.

State data pathfinder program - In House Bill No. 1038, the Legislative Assembly appropriated \$11 million of one-time funding from SIIF for a state data pathfinder program. The department is required to collaborate with the uncrewed aircraft systems test site established in Section 54-60-28 in administering the state radar data pathfinder program and participating in the federal radar data pathfinder program administered by the Federal Aviation Administration.

Technical skills training grants - In Senate Bill No. 2018, the Legislative Assembly appropriated \$1 million of one-time funding from the general fund for technical skills training grants, a reduction of \$1 million from the 2023-25 biennium appropriation of \$2 million. The program is for supporting new and expanding accelerated skilled workforce training programs. Funding is used to offset the cost of employers participating in the program to support the development of highly trained and skilled workers to meet labor market demands.

Tourism destination development initiative - In Senate Bill No. 2018, the Legislative Assembly appropriated \$15 million of one-time funding from SIIF for tourism destination development grants, which are for providing financial support for the development of new or expanded tourism experiences and attractions that will result in economic growth and diversification in the state. The 2023 Legislative Assembly appropriated \$25 million from SIIF for the 2023-25 biennium. The Department of Commerce awarded the entire \$25 million for 14 projects across the state.

Tribal college workforce grant program - In Senate Bill No. 2018, the Legislative Assembly appropriated \$750,000 of one-time funding from the general fund for the tribally controlled community college grants, an increase of \$250,000 from the 2023-25 biennium appropriation of \$500,000. The purpose of this grant program is to develop certificate- or degree-based training programs that assist students to obtain jobs needed within the state and to assist students attending a tribal college with establishing a new business.

Tribal tourism grants - In House Bill No. 1581, the Legislative Assembly appropriated \$100,000 of one-time funding from the general fund for providing tribal tourism grants during the 2025-27 biennium. A tribal government in the state may apply to the department for a grant of up to \$20,000 to match funds committed by a tribal government to promote and enhance tribal nation tourism opportunities.

Uncrewed aerial vehicle replacement grant program - In Senate Bill No. 2018, the Legislative Assembly appropriated \$9 million of one-time funding from SIIF for an uncrewed aerial vehicle replacement program. The department is required to collaborate with the UAS test site established in Section 54-60-28 and state agencies, including institutions under the control of the State Board of Higher Education, to replace uncrewed aerial vehicles owned by the state which do not comply with requirements of the federal National Defense Authorization Act and the American Security Drone Act of 2023.

Exemptions

The Legislative Assembly authorized 15 exemptions in Section 25 of Senate Bill No. 2018 to allow the Department of Commerce to continue an estimated \$163,322,065 of unexpended prior biennium appropriations into the 2025-27 biennium, including \$13,650,000 from the general fund and \$149,672,065 from other funds as follows:

Senate Bill No. 2018, Section 25, Subsection:	Major Program Area	Appropriations from Previous Bienniums		Estimated Amount to be Spent during the 2023-25 Biennium		Estimated Amount to be Continued into the 2025-27 Biennium	
		General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
1	Community development block grant ¹	\$0	\$3,000,000	\$0	\$1,500,000	\$0	\$1,500,000
2	State small business credit initiative program ¹	0	56,234,176	0	38,569,622	0	17,664,554
3	Workforce development incentive grant program ²	0	15,000,000	0	14,650,000	0	350,000
4	Technical skills training grant program ²	0	5,000,000	0	3,500,000	0	1,500,000
5	Workforce related programs ³	28,500,000	0	16,500,000	0	12,000,000	0
6	Tourism destination development initiative program ⁴	0	25,000,000	0	10,000,000	0	15,000,000
7	Enhanced use lease grant program ⁴	0	10,000,000	0	3,500,000	0	6,500,000
8	Weatherization and energy programs ⁵	0	120,000,000	0	20,000,000	0	100,000,000
9	Discretionary funds	2,150,000	0	1,650,000	0	500,000	0
10	Heating and cooling grants ⁶	0	3,258,084	0	2,558,084	0	700,000

11	Energy conservation grant program ⁶	0	14,081,719	0	9,581,719	0	4,500,000
12	Parks and recreation grant program ⁶	0	1,550,000	0	150,000	0	1,400,000
13	State small business credit initiative program ⁶	0	572,143	0	222,143	0	350,000
14	Entrepreneurship grants and vouchers program ⁷	740,956	207,511	590,956	0	150,000	207,511
15	Office of Legal Immigration	2,000,000	0	1,000,000	0	1,000,000	0
Total		\$33,390,956	\$253,903,633	\$19,740,956	\$104,231,568	\$13,650,000	\$149,672,065

¹Funding for these items is from federal COVID-19 funds.

²Funding for these items is from the State Fiscal Recovery Fund.

³Workforce related programs include \$12 million for workforce talent attraction initiative operating expenses, \$12.5 million for workforce investment program grants, \$2 million for technical skills training grants, and \$2 million for new Americans workforce development and training grants.

⁴Funding for these items is from SIIF.

⁵Funding for weatherization and energy programs is from federal funds available as a result of the Infrastructure Investment and Jobs Act and Inflation Reduction Act.

⁶Funding for these items if from federal funds.

⁷Other funds for the entrepreneurship grants and vouchers program is from the economic development fund.

Other Sections in Senate Bill No. 2018

New and vacant FTE pool - Section 3 provides the Department of Commerce may not spend funds appropriated in the new and vacant FTE pool line item but may request OMB to transfer funds to the salaries and wages line item.

Contingent SIIF appropriation - Children's education science centers - Section 4 appropriates \$2 million of one-time funding from SIIF to the Department of Commerce for providing grants of up to \$1 million each to support the construction of children's education science centers in cities in the state with a population of at least 50,000 residents. The funding is available only if oil and gas tax revenue allocations to SIIF exceed \$402 million during the 2025-27 biennium.

Appropriation - Attorney General - Autonomous technology grants - Section 5 appropriates \$250,000 of one-time funding from SIIF to the Attorney General for autonomous technology grants for the 2025-27 biennium. The Attorney General may require grant recipients to provide \$1 of matching funds from nonstate sources for every \$4 provided by the state. The Attorney General is required to report to the Legislative Management during the 2025-26 interim regarding the status of the grants.

Appropriation - Department of Career and Technical Education - Autonomous technology grants - Section 6 appropriates \$250,000 of one-time funding from SIIF to the Department of Career and Technical Education for autonomous technology grants for the 2025-27 biennium. The department may require grant recipients to provide \$1 of matching funds from nonstate sources for every \$4 provided by the state. The department is required to report to the Legislative Management during the 2025-26 interim regarding the status of the grants.

Appropriation - State Fair Association - Sanitation restoration project - Section 7 appropriates \$350,000 of one-time funding from the general fund to the State Fair Association for a sanitation restoration project during the 2025-27 biennium. **The Governor vetoed this section.**

Rural health care grant program - Section 12 identifies \$444,000 appropriated from the general fund for the rural health care grant program. The department may spend this funding only to the extent a grant recipient has secured matching funds from nonstate sources on a dollar-for-dollar basis.

Strategic investment and improvements fund - Section 13 identifies \$62,775,000 appropriated in Section 1 from SIIF, including \$5,000,000 for tourism marketing awareness, \$9,000,000 for an uncrewed aerial vehicle replacement program, \$15,000,000 for tourism destination development grants, \$15,000,000 for the BVLOS UAS program, \$2,500,000 for the enhanced use lease grant program, \$7,500,000 for autonomous agriculture grants, \$1,000,000 is for base enhancement grants, \$600,000 for a Native American small business grant, \$500,000 for a historic theater restoration grant that requires matching funds on a dollar-for-dollar basis, \$250,000 for a historic opera house restoration grant, \$250,000 for a historic theater improvement grant, \$1,000,000 for a Medora transportation improvement grant, \$175,000 is for a community hall grant, and \$5,000,000 is for regional workforce impact program grants. Of the \$5,000,000 for tourism marketing awareness, \$250,000 is designated for the continuation of the North Dakota state magazine with the current publisher. Of the \$1,000,000 for base enhancement grants, \$600,000 is for eligible organizations in Minot, \$250,000 is for eligible organizations in Grand Forks, and \$150,000 is for eligible organizations in Fargo.

Uncrewed aerial vehicle replacement program - Section 14 identifies \$9 million of one-time funding appropriated from SIIF in Section 1 for an uncrewed aerial vehicle replacement program. The department is required to collaborate with the uncrewed aircraft systems test site established in Section 54-60-28 and state agencies, including institutions under the control of the state board of higher education, to replace uncrewed aerial vehicles owned by the state which do not comply with requirements of the National Defense Authorization Act and the American Security Drone Act of 2023. Any uncrewed aerial vehicle replaced under this section must be remitted to the UAS test site for proper decommissioning and disposal pursuant to federal and state regulations, which may include the sale of uncrewed aerial vehicles to the United States Department of Homeland Security at market rates for use in the counter unmanned aircraft system program. The department is required to remit any funding received under this section to the State Treasurer for deposit in the general fund. The department is required to report to the Legislative Management during the 2025-26 interim on the status of the program.

Tribally controlled community college grants - Section 15 identifies \$750,000 appropriated in Section 1 from the general fund in the grants line item for providing workforce development grants to a tribally controlled community college. A tribally controlled community college must partner with at least one high school in the state for programs under Section 54-60.2-02. During the 2025-26 interim, a tribally controlled community college receiving funding under this program is required to report to the Department of Commerce by August 1, 2026, regarding the use of grant funds and the department is required to provide a report to the Legislative Management by October 1, 2026, regarding the use of grant funds.

Discretionary funds - Regional planning council grants - Section 16 identifies of the \$2.15 million appropriated from the general fund in Section 1, \$600,000 is designated for grants to support regional planning councils under Chapter 54-40.1.

Amendment - Department of Commerce grant reporting requirements - Section 18 creates a new section to Chapter 54-60 to require the Department of Commerce to report to the Budget Section semiannually regarding grants administered by the department, excluding federally funded programs.

Amendment - Division of Workforce Development duties and report - Section 19 amends Section 54-60-09 to provide the Workforce Development Division continually refine the state workforce mission, vision, and strategies, and to conduct regular employer talent and skills supply and demand studies.

Amendment - Division of Workforce Development talent strategy - Section 20 amends Section 54-60-19 to provide the Workforce Development Division must collect data on all workforce programs administered by state agencies.

Amendment - Office of Legal Immigration renamed the Global Talent Office - Section 24 amends Section 54-60-31 to change the name of the Office of Legal Immigration to the Global Talent Office.

Related Legislation

House Bill No. 1038 - State radar data pathfinder program - This bill appropriates \$11 million of one-time funding from SIIF to the Department of Commerce for a state radar data pathfinder program. The department is required to collaborate with the UAS test site established in Section 54-60-28 in administering the state radar data pathfinder program and participating in the federal radar data pathfinder program administered by the Federal Aviation Administration. The department is required to report to the Legislative Management and the Governor by June 30, 2026, regarding the status of the state radar data pathfinder program, integration of the state program with the Federal Aviation Administration radar data pathfinder program, expenditures to date, and the effect of the program on UAS operations, safety, and data security in the state.

House Bill No. 1448 - Advanced technology review committee - This bill creates an advanced technology review committee, an advanced technology grant program, and an advanced technology grant fund. The Commissioner of Commerce is included as a member of the advanced technology review committee.

House Bill No. 1524 - Regional planning council grants - This bill creates a new section to Chapter 54-60 to authorize the Department of Commerce to award grants to regional planning councils under Chapter 54-40.1 to support local and regional implementation of state-authorized programs and initiatives, including housing, regional workforce, rural catalyst, local food and grocery, and other state-authorized programs, subject to legislative appropriations. The department may approve grants to support program implementation, resource development, and efforts to attract and leverage public or private investment in local and regional areas of the state.

House Bill No. 1581 - Tribal tourism grants - This bill appropriates \$100,000 of one-time funding from the general fund to the Department of Commerce for providing tribal tourism grants during the 2025-27 biennium. A tribal government in the state may apply to the department for a grant of up to \$20,000 to match funds committed by a tribal government to promote and enhance tribal nation tourism opportunities. A grant application must include a plan for using funds to

promote and enhance tribal nation tourism opportunities to be overseen by the department's Division of Tourism. The department is required to report to Legislative Management regarding the distribution, use, and impact of grants.

Senate Bill No. 2228 - Rural grocery store sustainability grants - This bill appropriated \$1 million of one-time funding from the general fund to the Department of Commerce for providing grants for the preservation of rural grocery stores and increasing the availability of food access in the state during the 2025-27 biennium. The department is required to prioritize grant funding awarded under this section for supporting existing rural grocery stores before awarding grant funding for feasibility costs related to reopening a grocery store in a community without a grocery store. The funding may not be used for food processing or offsite preparation operations of a rural grocery store. The is required to establish guidelines for awarding grants under this section.

Senate Bill No. 2390 - Rural catalyst grant program - This bill creates a rural catalyst committee, grant program, and fund to assist communities in the state with quality-of-life improvement projects to strengthen existing community systems, organizations, and individuals in partnership with each regional council. Grant funding may be awarded for projects that will address a critical need in the areas of art and culture, community and economic development, education, health and wellness, or for the purpose of preserving or reopening rural grocery stores in a rural community with a population of 4,500 or fewer individuals. The bill provides for a one-time transfer of \$2.5 million from SIIF to the newly created rural catalyst fund and appropriates the funding from the new fund to the Department of Commerce for the rural catalyst grant program. The maximum grant award under the program is \$500,000.

Senate Bill No. 2396 - North Dakota Development Fund audit - This bill appropriates \$250,000 of one-time funding from the general fund to the State Auditor for contracting for a performance audit of the North Dakota Development Fund during the 2025-27 biennium. The audit period must be from July 1, 2019, through June 30, 2024. The State Auditor must receive the final audit report by August 1, 2026. The performance audit must address the economy, efficiency, and effectiveness of the North Dakota Development Fund by examining internal processes, controls, and results to identify areas for improvement and provide recommendations for corrective actions. The State Auditor is required to present the report to the Legislative Audit and Fiscal Review Committee and the Legislative Management.

Senate Concurrent Resolution No. 4001 - Congressional block grants - This resolution authorizes the Budget Section to hold the required legislative hearings on state plans for the receipt and expenditures of new or revised block grants passed by Congress. Senate Bill No. 2018 contains directions regarding the use of community services block grant program money in the Department of Commerce budget for the period ending September 30, 2027.