2025 HOUSE APPROPRIATIONS

HB 1038

2025 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee
Roughrider Room, State Capitol

HB 1038
1/10/2025

A BILL for an Act to provide an appropriation to the department of commerce for an uncrewed aerial vehicle replacement program and a state radar data pathfinder program; to provide for a report; and to declare an emergency.

8:00 a.m. Chairman Vigesaa called the meeting to order.

Members Present: Chairman Vigesaa, Vice Chairman Kempenich, Representatives Anderson, Berg, Bosch, Brandenburg, Fisher, Hanson, Louser, Martinson, Meier, Mitskog, Monson, Murphy, Nathe, Nelson, O'Brien, Pyle, Richter, Sanford, Stemen, Swiontek, Wagner

Discussion Topics:

- Replacing Drones
- Clean Drones
- Aerial Protection

8:01 a.m. Representative Nathe, North Dakota Legislature, introduced HB 1038 and submitted testimony #28367 and #28368.

8:27 a.m. Frank Matus, Director of UAS Integration Strategy for Thales USA, testified in favor and submitted testimony #28326.

9:03 a.m. Trevor Woods, Norther Plains UAS Test Sight Executive Director, testified in favor and submitted testimony #28352.

9:19 a.m. Erin Roesler, Norther Plains UAS Test Sight Deputy Director, testified in favor and continued testimony #28352.

9:42 a.m. Aaron Weber, Office of the Governor Policy Director, testified in favor and submitted testimony #28360.

9:44 a.m. Josh Riedy, Founder and CEO of Thread, testified in favor and submitted testimony #28379.

9:54 a.m. Chairman Vigesaa closed the hearing and opened discussion within the committee.

9:55 a.m. Representative Monson motioned for a Do Pass.

9:55 a.m. Representative Swiontek seconded the motion.

10:00 a.m. Roll Call Vote

Representatives	Vote
Representative Don Vigesaa	Y
Representative Keith Kempenich	Y
Representative Bert Anderson	Y
Representative Mike Berg	Y
Representative Glen Bosch	Y
Representative Mike Brandenburg	Y
Representative Jay Fisher	Y
Representative Karla Rose Hanson	Y
Representative Scott Louser	Y
Representative Bob Martinson	Y
Representative Lisa Meier	Y
Representative Alisa Mitskog	Y
Representative David Monson	Y
Representative Eric J. Murphy	Y
Representative Mike Nathe	Y
Representative Jon O. Nelson	Y
Representative Emily O'Brien	Y
Representative Brandy L. Pyle	Y
Representative David Richter	Y
Representative Mark Sanford	Y
Representative Gregory Stemen	Y
Representative Steve Swiontek	Y
Representative Scott Wagner	Y

10:01 a.m. Motion passed 23-0-0

10:02 a.m. Representative Nathe will carry the bill.

10:02 a.m. Chairman Vigesaa adjourned the meeting.

Additional written testimony:

Mason Sisk submitted testimony #28335 in favor.

Rob Costello submitted testimony #28364 in opposition.

Sierra Schartz, Committee Clerk

REPORT OF STANDING COMMITTEE
HB 1038 (25.0329.05000)

Appropriations Committee (Rep. Vigesaa, Chairman) recommends **DO PASS** (23 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1038 was placed on the Eleventh order on the calendar.

January 10, 2025

Speaker	Frank Matus, Director UAS Integration, Thales USA, Inc. & Chair of the North Dakota UAS Council
Reference:	Testimony in Support for HB1038 – To provide an appropriation to the Department of Commerce for an uncrewed aerial vehicle replacement program and a state radar data pathfinder program

Testimony:

Mr. Chairman and esteemed members of the Committee, thank you for the opportunity to testify in support of House Bill 1038, which provides critical funding for two key initiatives that will help the State maintain its competitive advantage and address critical national security challenges.

Today I will be providing you with background on the legislation and its importance to the State. Many of you and other legislators not in this room have asked the question, "Why North Dakota?" I represent the State's industrial partner, Thales USA, on the Vantis Program. I am honored to now represent our broader UAS Industry across this great State as the Chair of the North Dakota UAS Council. I am here to give you several reasons why we can't afford to miss this opportunity.

I am providing the history of how we got to this point, particularly on the FAA Radar Data Pathfinder Program and the importance of the UAS Replacement Act for our State agencies. House Bill 1038 reinforces the sentiment that the State of North Dakota can be a model for other states when it comes to drone integration into the airspace and protecting our national security. Sections 1 and 2 of this bill are inextricably linked. On one hand, we can't be trusted with highly secure data with the federal radar data enclave while simultaneously allowing State agencies to risk non compliance with Federal regulations by operating Chinese made drones that have national security vulnerabilities. It's imperative to address both at the same time and this is a unique opportunity to do just that. Executive Director Woods and Deputy- Executive Director, Roesler, will dive deeper into the particulars of the bills in their testimony shortly.

Section 1 of House Bill 1038 Uncrewed Aerial Vehicle (UAV) Replacement Program ($15M):

As many of you are aware, drones have become integral tools for various state agencies, serving a wide array of functions from agriculture and infrastructure monitoring to search-and-rescue operations and law enforcement. However, as technology evolves, many of the drones currently owned by the state no longer comply with recent federal security

requirements, specifically the National Defense Authorization Act and the American Security Drone Act of 2023 and the American Security Drone Act of 2023. Within the act is Countering CCP Drones Act provision. The NDAA requirements were initially introduced in 2020 and an update was made in subsequent legislation to reinforce the vulnerabilities embedded in foreign manufactured drone platforms that made it possible to send imagery and other data to adversaries outside of the US.

NDAA sets strict controls on the technology used by federal agencies across three categories:

- Components
    - Drones must not contain components manufactured or controlled by companies in countries considered a national security risk. These countries include China, Russia, Iran, and North Korea.
- Supply chain
    - NDAA compliance focuses on the drone's supply chain and critical components.
- Security
    - NDAA compliance ensures that drones are free from components that could compromise the security of sensitive data and missions.

The NDAA's Section 848 restricts the Department of Defense (DoD) from purchasing drones that meet the above criteria. As of October 2024, this restriction also applies to private companies that perform contracts for the DoD. NDAA compliance is important for industries and government agencies that handle highly confidential information. Non-compliant drones could leave critical data exposed to malicious entities.

While Federal agencies have been given a one-year stay on widescale replacement of foreign made drones, particularly those manufactured by DJI but have also identified Autel Robotics as another Chinese manufacturer susceptible to vulnerabilities. DJI controls 77 percent of the U.S. domestic drone market and 90 percent of drones used by first responder agencies like police and firefighters. After being introduced to the U.S. market in 2013, DJI quickly dominated the American drone market due to its easy-to-use product features and affordable prices.

Currently, more than 90% of drones owned by North Dakota state agencies are eligible for replacement under this act. These non-compliant drones present significant risks, including data security vulnerabilities, operational disruptions, and the potential loss of federal funding should these drones be used for disaster relief or for operations that are reimbursable through FEMA funding. This bill establishes the necessary replacement

framework to implement a centralized program under the oversight of the NPUASTS. This legislation does not create a mandate but allows the NPUASTS an opportunity to engage State agencies on the procurement, onboarding, operations, training and sustainment of the drones.

House Bill 1038 seeks to align the State with the requirements of the Federal government for national security purposes as well as encourage the build-up of US based component manufacturing in support of the UAS and autonomous systems industry.

Other States, like Florida, have attempted "buy back" programs but have fallen short as it initially limited the buyback to law enforcement agencies but has recently been amended and expanded to include law enforcement agencies, fire service providers, ambulance crews, and other first responders. Our State is looking at the problem more wholistically across all State agencies that have had programs in place prior to January 1, 2025. This bill ensures that our state agencies are equipped with compliant, capable drones that meet the highest security standards, protecting both state and national interests. This program not only addresses these challenges but also provides agencies with training and operational support to ensure seamless integration of new, secure systems. In Director Woods testimony, he will talk about several other benefits to the State and participating agencies.

Section 2—State Radar Data Pathfinder Program ($11M):

Section 2 of House Bill 1038 is seeking $11 million to execute the Federal Radar Data Pathfinder Program. This is a critical and unique opportunity for the State. One in which we are competing against several other States to participate in this industry changing program. Many of you may be asking why this is important and what does it mean for the State and UAS integration? The simple answer to this is that the State will not have to continue to replicate radar infrastructure that is already in place and being operated and maintained by the Federal government and that savings alone equates to an estimated $255 million. Deputy Director Roesler will provide additional details on the magnitude and of the opportunity. However, let me start by giving you some context and background for this request.

Early in 2024, the Vantis program was encouraged to discover that FAA and its interagency partners were willing to share radar data to enhance the Vantis services within the State. This agreement between the State of North Dakota and the FAA allows for unfiltered, real-time to be integrated into the Vantis system. At the time of discovery, we had made provisions for "some" of the Vantis appropriations from the current biennium would be sufficient to start the process and integrate the data. Because this had never been

attempted with any other State or industry partner previously, both the Federal government and the Vantis team, were made aware of the investment it would take to obtain the data. This was not simply going to a website and getting access or plugging in a connection to the FAA's technical center in New Jersey, these requirements dictated that the State entities and industry partners had to put in place both cyber protocols and organizational processes that go above and beyond what any had in place currently. This ultimately means setting up a "controlled, unclassified information and sensitive unclassified information" protocols. To further explain that means segmented IT infrastructure, training on how to handle information, reporting in the event of a breach, and producing artifacts to the federal government and a third party, independent auditor to show compliance to the processes.

Once we discovered the significance of what it meant, we approached Governor Burgum and the administration to discuss the required investment. The briefings subsequently discussed the challenges of what was in front of us and that we needed to make a choice as to whether to continue with the current Vantis deployment plan or focus on the radar data enclave. The Governor instructed the team to do both and that "he would help find us the money." Collectively, the team spent nearly all of 2024 attempting to find state funding working very closely with then Lt. Governor Miller and former Commerce Commissioner Teigen. Unfortunately, we were not able to find an appropriate way forward.

Thanks to the actions and understanding of many legislators, particularly Representative Nathe, we are afforded a pathway to an appropriation that will allow us to continue the good work and prepare the State to become the exclusive partner to the FAA and interagency partners to integrate and formulate the basis for national policies and regulations on how this data can be used securely and to safeguard UAS operations across the State, and, soon, across the country.

Today we have in place a signed agreement with the FAA to collaborate and integrate the data into Vantis. The Chief Operating Officer of the FAA Air Traffic Organization, Tim Arrel, has told other states to "wait until North Dakota has its system in place before more partners are considered."

Members of the Committee, it is my assertion that because we as a State are investing in this capability today, it is very unlikely that the FAA will replicate the effort across the other 49 States to do the same thing. We have worked tirelessly to get to this position so that we can export Vantis to other States, like Michigan, and having this capability gives our State and this program a huge competitive advantage. Additionally, this secure integration and maturing of our own cyber and IT infrastructures will allow us to also partner with the Department of Defense to leverage this capability to support programs like Project Ultra in

Grand Forks and support the missions of the 119th Air National Guard in Fargo and the 319th Air National Guard in Grand Forks.

When I spoke to this very committee and many of the same members in 2021 describing Vantis as a "revolutionary program" that will forever change aviation, I stand here again today expressing my belief that having the exclusive partnership will catapult us forward. To make one more illustration on the importance of taking advantage of this opportunity, there are over 149 radar systems deployed around the country today being used for air traffic control purposes and that does not include several hundred more that are used for defense. As I mentioned at the start, to replicate the four North Dakota radars under Vantis appropriations, it would cost the state approximately $255 million. For $11 million to evolve our state IT infrastructure and put in place processes and procedures to work with the FAA and interagency partners, we now are well positioned to integrate the additional 145 radars to help deploy Vantis across the country.

Conclusion:

Together, these two programs represent a forward-thinking approach to maintaining and positioning North Dakota to ensure that we do not miss an opportunity of current and future opportunities that we would otherwise not be able to if we are not in compliance. The funding will ensure that our state's drones are secure, efficient, and ready to meet the challenges of the future. These initiatives will also bolster our state's safety and security infrastructure, paving the way for innovation in unmanned aviation systems.

I urge you to advance House Bill 1038 to the floor for immediate consideration so that we can continue this great work on behalf of the citizens of North Dakota. This bill is needed to maintain a competitive advantage over other states, but, also demonstrates this legislative body's commitment to assisting the Federal Government in addressing national security challenges. Thank you for your time and consideration.

Additional Notes:

Florida Law Particulars:

The Florida Department of Law Enforcement (FDLE) released updated guidance for the Florida Drone Replacement Program following passage of the FY25 state budget. The program provides grant dollars to local agencies to help transition away from drones not in compliance with state regulations (primarily Chinese-made drones) and towards compliant drones. The guidance reflects three major changes to the program

The program is now open to “law enforcement agencies, fire service providers, ambulance crews, and other first responders.”
1. Previously, it was only open law enforcement agencies
2. Grants to participating agencies will now be awarded based on the replacement cost (ie how much did the new, compliant drones cost) but not to exceed $25,000 per drone for each non-compliant drone relinquished.
1. If an agency turns in 4 non-compliant drones they would be eligible for up to $100,000 grant if they can show a replacement cost that high)
2. Previously, grants were based solely on the value of the non-compliant drones being relinquished so a 2022 mavic might have only been valued at $3,000
3. Law enforcement agencies that received a grant based on “the current value of the non-compliant drone can complete the “Supplemental Funding Request Form” for an additional award that matches the replacement cost of the previously purchased compliant drones, again not to exceed $25,000 per drone.
1. If an agency turned in 4 drones last year and received $20,000 but purchased 4 drones for $90,000, they are now eligible for an additional award of $70,000
1. Current understanding is agencies do NOT have to spend these dollars on new drones but they could because they have likely already paid for the 4 drones they previously purchased.

- Funds for the program will remain available through June 30, 2025
- FDLE issued new FAQ as of 7/8/24.
- Important - if an agency does not have non-compliant drones to turn in, it can not participate in this grant program.
- Agencies can still receive advance funding from FDLE. Updated program rules provide for flexibility beyond the 45 day requirement for invoice/proof of payment
  - Quotes are now eligible for inclusion in initial cash advance submission request
- FDLE wants to get ALL the money out the door before July 2025

January 10, 2025

Testimony in Support of House Bill 1038

Chairman Vigessa and members of the House Appropriations Committee,

My name is Mason Sisk, and I serve as Director of Government Affairs at the Association for Uncrewed Vehicle Systems International (AUVSI). AUVSI is the world's largest nonprofit organization dedicated to the advancement of uncrewed systems, autonomy, and robotics. Our association represents leaders from more than 60 countries across industry, government, and academia in the defense, civil and commercial sectors.

HB 1038, as introduced, represents a strong step in the right direction to further reduce the risk that drones from our adversaries pose. HB 1038 will again position North Dakota as a national leader on drone policy. AUVSI has determined this issue to be a high priority and formed nation-wide initiative. AUVSI's Partnership for Drone Competitiveness is a coalition of U.S. and Allied drone and drone component manufacturers and enterprise users who are committed to strengthening the U.S. drone industry. The Partnership is built on a simple premise: that stronger U.S. leadership in this industry is better for everyone. You can read more about the Partnership in AUVSI's Whitepaper published on our website.

We fully agree with the aim of the bill - that secure drones from American and allied manufacturers enable greater security for customers and end users. Further, they reduce dependence on foreign supply chains for components and rare earth materials and they allow the United States to reposition itself as the global leader in advanced aviation.

Concern over the security risks of operating foreign Uncrewed Aircraft Systems (UAS), specifically from adversarial nations, is not a new issue. It was in 2017 that the US military first began removing these systems from their Arsenal. Fast forward and in the past two years we have seen Congress enact the American Security Drone Act of 2023 and the Countering CCP Drones Act of 2024 as part of the FY25 nDAA. While the ASDA restricts federal agencies from operating certain foreign-made drones, the Countering CCP Drones Act will very likely prohibit the two largest Chinse drone manufacturers from selling new products in the United States within a year.

The U.S. Department of Commerce's Bureau of Industry and Security (BIS) also announced last week that they are seeking public input on how to safeguard the UAS supply chain, highlighting acute threats that may offer our adversaries the ability to remotely access and manipulate these drones to expose sensitive data.

As the Federal Government continues to enact policies prohibiting the use of certain foreign-made drones, states that fail to comply with these regulations may find

themselves ineligible for federal grants and contracts related to drone operations. These risks are, of course, secondary to the threat of the state's data.

AUVSI applauds North Dakota's proactive efforts to divest from UAS owned by state agencies that pose security risks which will also help strengthen America's UAS supply chain. This is a crucial step in addressing a pressing national security issue.

However, AUVSI would like to suggest expanding the scope of the bill which we believe will improve the outcome and intent of the program. The problem that such drones present is not solely confined to state agencies. Many local agencies, especially law enforcement and first responders, operate the same insecure drones. To comprehensively eliminate this threat to North Dakota, AUVSI strongly recommends providing funding to local governments to transition their own fleets. One state that we would highlight as a national best practice is Florida. In 2024 Florida enacted its current Drone Replacement Program which provided local police and first responder agencies with up to $25,000 per drone for every insecure drone they turned over to the state.

I would also like to voice our support for funding of the state radar data Pathfinder program. The Northern Plains UAS Test Site is at the forefront of this first-of-its-kind program that will further considerably efforts to integrate drones into the National Airspace System. This will significantly add value to the state's investments in Vantis and will be a milestone that benefits the entire industry.

I want to thank the bill sponsors for recognizing this issue and acting swiftly to correct it. With targeted investments and common-sense policies, we can level the playing field for UAS innovation. I respectfully urge a DO PASS recommendation from the committee.

Respectfully,

Mason Sisk
Director, Government Affairs
Association for Uncrewed Vehicle Systems International

TESTIMONY OF

TREVOR WOODS

EXECUTIVE DIRECTOR, NORTHERN PLAINS UAS TEST SITE

BEFORE THE

HOUSE APPROPRIATIONS

JANUARY 10, 2025

HOUSE BILL NO. 1038

Good morning, Chairman and members of the committee. My name is Trevor Woods, and I am the Executive Director of the Northern Plains UAS Test Site. I appreciate the opportunity to provide written testimony in support of House Bill No. 1038, which encompasses critical funding allocations for both the Uncrewed Aerial Vehicle (UAV) Replacement Program outlined in Section 1 and the Radar Data Pathfinder Program detailed in Section 2 of the bill.

Introduction House Bill No. 1038 represents a pivotal step in ensuring North Dakota's state agencies can continue their critical missions while maintaining compliance with federal regulations and safeguarding our state's operational and data security. As the Executive Director of the Northern Plains UAS Test Site, I have witnessed firsthand the transformative impact that uncrewed aerial systems have had on public safety, infrastructure inspection, and environmental monitoring. However, the predominance of non-NDAA-compliant drones in our state agencies' fleets poses significant security risks and operational vulnerabilities that must be addressed.

The Challenge of Non-NDAA-Compliant Drones Over 90% of drones operated by North Dakota's state agencies are non-NDAA compliant, primarily manufactured by foreign entities such as DJI. These drones present several critical challenges:

1. **Data Security Risks**: Non-compliant drones can transmit sensitive data to servers located in foreign adversary nations. This poses a significant risk to state infrastructure, as data collected during critical operations could be accessed and exploited by unauthorized entities. Hypothetically, a drone used by our Department of Transportation to inspect critical infrastructure could collect sensitive geospatial data, which might then be accessed by foreign entities. This data could be leveraged for intelligence gathering or, in extreme cases, used to plan disruptions to our infrastructure.
2. **Operational Vulnerabilities**: These drones are susceptible to remote firmware manipulation, geofencing, and other forms of foreign interference, potentially rendering them inoperable during emergencies or critical missions. A fleet of non-NDAA drones used by law enforcement could be rendered inoperable through remote firmware manipulation or geofencing by foreign adversaries. Imagine a critical response scenario, such as a search and rescue operation, where drones suddenly become non-functional due to foreign interference.

3. **Cybersecurity Concerns**: As outlined in the recent National Defense Authorization Act (NDAA) FY25 provisions, the risk of cyber exploitation by these drones is significant. These devices contain critical electronic components that could be compromised, enabling malware injection into state systems.
4. **Regulatory Non-Compliance**: Federal laws such as the National Defense Authorization Act (NDAA) and the American Security Drone Act of 2023 prohibit the use of these drones, risking the loss of federal funding and operational shutdowns.

The Need for NDAA-Compliant Drones Transitioning to NDAA-compliant drones is essential but presents unique challenges:

- **Cost**: NDAA-compliant drones can cost $30,000 to $50,000 per unit, a significant increase over their non-compliant counterparts. For state agencies with limited budgets, scaling up replacements becomes a costly endeavor.
- **Limited Availability**: The domestic drone manufacturing industry is still developing, leading to limited options for specialized applications.
- **Operational Adjustments**: Switching to compliant systems requires retraining personnel and integrating new systems into existing workflows, causing temporary disruptions.

How House Bill No. 1038 Addresses These Challenges House Bill No. 1038 allocates $15 million to ensure North Dakota's state agencies can transition to secure and compliant technology. Key provisions include:

1. **Funding for Replacements**: This appropriation offsets the cost difference between non-compliant and NDAA-compliant drones, enabling agencies to procure secure alternatives without sacrificing other operational needs.
2. **Training and Support**: The bill provides for extensive training programs tailored to state agencies. This ensures that personnel can quickly adapt to new systems and technologies, minimizing disruptions to ongoing operations. It also allows agencies to integrate these drones seamlessly into their workflows, addressing the operational adjustments required for such transitions.
3. **Streamlined Implementation**: The program will offer guidance and expertise in selecting NDAA-compliant drones into state operations. Additionally, the program will oversee the procurement and integration of acquired drones minimizing operational disruptions.
4. **Collaborative Solutions**: The program encourages asset sharing among agencies, maximizing efficiency and minimizing redundancy. For instance, a high-performance drone used periodically by one agency could be shared with others, optimizing resource utilization.

The Northern Plains UAS Test Site (NPUASTS) will administer this program, leveraging its recognized leadership in UAS integration as the nation's leading FAA test site. With a deep understanding of state processes and procedures, NPUASTS is uniquely positioned to support state agencies in navigating the complexities of drone technology implementation, ensuring seamless transitions while maximizing operational efficiency and compliance. NPUASTS is also a proven expert in enabling innovation, balancing the need for cutting-edge technological

advancements with the critical necessity of maintaining security, making it the ideal administrator for ensuring both progress and protection in state UAS operations.

Ensuring Compliance and Security Replacing non-compliant drones ensures that state agencies remain eligible for federal funding while safeguarding their operations against data breaches and cyber exploitation. This transition aligns North Dakota with national security standards, enhancing the state's leadership in UAS technology.

Is $15 Million Enough? With over 90% of state agency drones needing replacement or eligible for replacement, the $15 million appropriation is vital. NDAA-compliant drones often range in price up to $50,000 per unit, and this funding ensures that all state agencies can receive the support they need. Drones are not a luxury—they are a necessity for many critical services, including public safety, infrastructure monitoring, and environmental management. These technologies directly impact the lives of North Dakota citizens and have been integral to our public safety and public service roles for years.

This bill ensures that these critical capabilities can continue, but in a safer and more secure way. By replacing non-compliant drones, North Dakota can maintain its leadership in UAS operations, ensure the safety and security of its data and operations, and uphold the trust of its citizens in the public services they rely on every day.

Operational Details The Northern Plains UAS Test Site will administer the program, ensuring state agencies receive tailored support for their unique needs. Key components include:

- **Guidance on Drone Selection**: NPUASTS will assist agencies in selecting drones compliant with NDAA requirements, ensuring the technology matches their specific operational requirements.
- **Training Programs**: Comprehensive training will be provided to ensure state personnel can efficiently operate and maintain the new systems.
- **Asset Sharing**: The program promotes inter-agency collaboration, allowing state entities to share high-value assets, reducing redundancy, and optimizing budget utilization.

The Critical Role of Collaboration The success of this initiative hinges on collaboration. By working together, state agencies can:

- Maximize the utility of high-value UAS.
- Reduce overall costs through shared resources.
- Ensure compliance with federal regulations, safeguarding future funding opportunities.

While the appropriation of $15 million is significant, it represents a necessary investment to maintain North Dakota's leadership in UAS technology. The cost of NDAA-compliant drones and the associated training programs underscores the critical need for this funding. Drones are integral to public safety, infrastructure monitoring, and environmental management. This funding ensures state agencies can continue their missions effectively and securely.

Additionally, the program will create a centralized system for state agencies to register UASs and operators, integrating them seamlessly into North Dakota's Beyond Visual Line of Sight (BVLOS) network. This integration is critical from a security standpoint, as Vantis has been designed to enable capable and secure drones while excluding operators that pose risks to other system users. For example, Vantis does not currently support DJI operators due to significant concerns over data security, operational vulnerabilities, and the risks these drones present to shared network integrity. By prioritizing secure and compliant drones, Vantis ensures a robust framework that enhances safety, minimizes cybersecurity threats, and fosters trust among its users. This vision reflects the overarching goal of Vantis: to build a secure, collaborative, and innovative environment that enables advanced UAS operations while safeguarding all stakeholders involved.

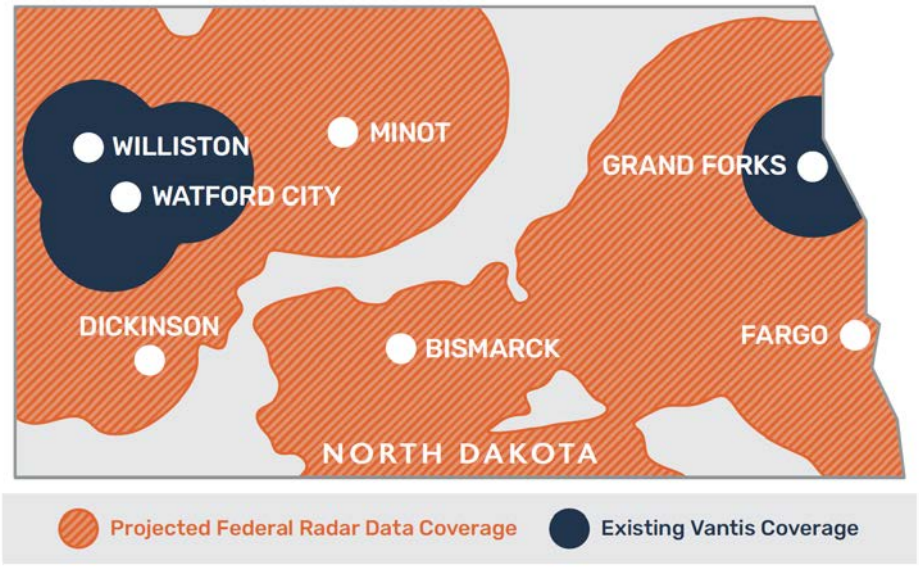
The Radar Data Pathfinder Program House Bill No. 1038 also provides $11 million in funding for the Radar Data Pathfinder Program, which represents a groundbreaking opportunity for North Dakota to define the future of UAS operations in the United States.

Shared Use Infrastructure and the Need for Vantis Shared use infrastructure, a concept integral to all modes of transportation, does not currently exist for the UAS industry. Each operator is often left to create their own systems for navigation, communication, and operation—an approach that is inefficient, costly, and limits the broader integration of drones into the National Airspace System (NAS). Vantis seeks to solve this gap by establishing shared use infrastructure for UAS, enabling advanced and complex operations in a scalable and fiscally responsible manner. This infrastructure could not only be leveraged by commercial operations but also by public agencies, streamlining their UAS operations and allowing them to focus on their core missions.

The Vision of Vantis Vantis represents the next evolution of shared-use aviation infrastructure. Its design and operation support more advanced and complex UAS missions and operational needs. By building on established systems, Vantis efficiently expands its capabilities while minimizing costs. The Radar Data Pathfinder Program extends this vision by demonstrating that FAA surveillance data can meaningfully contribute to the integration of UAS into the NAS, making North Dakota the first non-federally sanctioned entity to receive real-time, unfiltered FAA radar data.

Benefits of the Radar Data Pathfinder Program The Radar Data Pathfinder Program is a groundbreaking initiative—the first of its kind. It represents an unprecedented collaboration between the FAA and a state entity to incorporate federal radar data into a BVLOS network like Vantis. While North Dakota has already utilized air traffic radars to support BVLOS UAS operations at a state level, this program aims to establish a federal precedent. This initiative will enable Vantis to expand its current service coverage from 3,000 square miles to an impressive 56,000 square miles—17 times greater. By providing real-time airspace awareness, radar data ensures that UAS operations can coexist safely with manned aviation. This is particularly critical in North Dakota, where agricultural and other low-altitude manned flights are common. Expanding to stable service area of the entire 56,000 square miles is a significant undertaking that will take multiple years to complete. However, this opportunity ensures that North Dakota remains at the forefront of building the standard for UAS integration into the NAS. The program

also positions North Dakota as a leader in setting federal policy for UAS operations, creating opportunities for federal partnerships, private investment, and job growth.



Economic Impact and National Leadership The economic benefits of the Radar Data Pathfinder Program are profound. By leading the nation in FAA radar data integration, North Dakota solidifies its reputation as the premier location for UAS operations. This attracts companies, talent, and investment to our state, driving job creation and economic growth. Additionally, our leadership in this area positions us as a trusted partner for federal initiatives, opening doors to future funding and collaboration.

Enhancing Safety and Operational Excellence Through our collaboration with the FAA, Vantis will establish rigorous safety standards for integrating UAS into the NAS. By providing real-time radar data, we enhance situational awareness and operational safety for both manned and unmanned aviation. For example, during a recent agricultural mission, the Vantis network detected unplanned aerial applicator traffic through radar data, allowing for a delay in drone operations and preventing a potential mid-air conflict.

Supporting State Agencies and Industry State agencies such as the Department of Transportation and Emergency Services will gain access to real-time radar data, improving their efficiency and safety in missions such as bridge inspections and disaster response. Additionally, private industry using Vantis will benefit from unparalleled safety and compliance standards, giving them a competitive edge in their markets.

What the $11 Million Will Support and Why It Is a Special Request The $11 million allocated for this program represents the cost of this one-year effort, but it sets a firm foundation to reap the benefits of the full 56,000 square miles of coverage. It also positions Vantis to transition from a test program to a stable and scalable service that serves the public and private sectors alike, with opportunity to expand beyond North Dakota.

The $11 million allocation in this bill is crucial. This funding will support Vantis' groundbreaking partnership with the Federal Aviation Administration (FAA) as part of the FAA Radar Data Pathfinder Program. The primary objectives include defining FAA radar data security control requirements, validating the suitability of FAA radar data for UAS operations, and demonstrating how FAA radar data can enhance safety and facilitate UAS integration into the National Airspace System (NAS).

These objectives represent non-budgeted costs, making this request a necessary step for achieving this critical milestone. The funding will enable the completion of essential work items, including:

- **Program Management**: Overseeing all aspects of the initiative to ensure seamless execution.
- **System Design Changes**: Enhancing current systems to accommodate new FAA radar data.
- **Cybersecurity Improvements**: Developing training and documentation to bolster enclave cybersecurity and meet stringent FAA standards.
- **Third-Party Assessment**: Conducting an independent audit to validate compliance and system integrity.
- **Integration and Testing**: Performing functional integration and rigorous testing of radar data within Vantis.
- **Operational and Flight Test Campaigns**: Demonstrating real-world applications and benefits of radar data.
- **System Administration**: Managing network, system, and cyber operations to ensure ongoing functionality.
- **Safety Assessments**: Conducting comprehensive safety evaluations to meet federal requirements.

These activities are all needed within the 1-year test program.

Conclusion House Bill No. 1038 is a strategic investment in North Dakota’s future. By ensuring state agencies have access to secure, compliant, and effective UAS technology, and by advancing the Radar Data Pathfinder Program, this bill safeguards our state’s operational capabilities and leadership in UAS innovation. I strongly encourage the committee to support this critical legislation. Thank you for your time and consideration. I am happy to address any questions you may have.

NORTH Dakota | Office of the Governor
Be Legendary.

January 10, 2025

Aaron Weber
Policy Director
Office of the Governor

RE: Testimony in Support of House Bill 1038

Chairman Vigessa and Members of the Committee,

On behalf of Governor Armstrong and Lieutenant Governor Strinden, thank you for the opportunity to provide testimony in support of House Bill 1038. This legislation represents a critical step forward for North Dakota's leadership in uncrewed aircraft systems (UAS) technology and integration.

I especially want to emphasize the significance of the state radar data pathfinder program. The proposed appropriation of $11 million underscores North Dakota's commitment to advancing UAS technology and ensuring safe, efficient integration into the national airspace. Participating in the pathfinder program allows our state to use the Northern Plains UAS Test Site to evaluate FAA radar's role in safely integrating UAS into the national airspace.

Moreover, investing in this pathfinder program will further elevate North Dakota's position as a hub for UAS innovation. Through this collaboration, North Dakota and the FAA will set the standard for the integration of UAS into the national airspace. The radar data pathfinder program is not just about integrating radar data, it is about shaping the future of UAS operations in North Dakota and the United States.

Our state has the opportunity to lead – not just for today but for decades to come. This program will ensure North Dakota maintains our position at the forefront of UAS innovation by fostering new industry partnerships, advancing cutting-edge research, and attracting commercialization.

We respectfully ask the committee to advance this bill with a do pass recommendation to further solidify North Dakota's reputation as a leader in UAS innovation.

Thank you for your time and consideration.

Do Not Pass Testimony

January 9, 2025

on HB 1038

Dear Chairman Vigesaa and members of the House Appropriations Committee,

I am asking for a Do Not Pass on HB 1038. This legislation does not serve the North Dakota citizen for the following reasons:

1. The taxpayer should not fund the previous mistakes of replacing equipment containing Chinese components.

2. The North Dakota Commerce Department has funneled large amounts of money into a likey illegal technology operation in Dunseith, ND. Why send more good money after bad?

3. While taxpayers are struggling to make ends meet due to inflation, they are funding drones that do not add to their bottom line.

4. The drones will ostensiby be used to assist first responders in apprehending criminals. However, the criminals are not currently being arrested now due to lack of prison space. Should we first not use the $15 million and $11 million to buid prison capacity that we do not have now? We have no prison space. Why apprehend even more criminals that we can't incarcerate? Use the money to buid prisons.

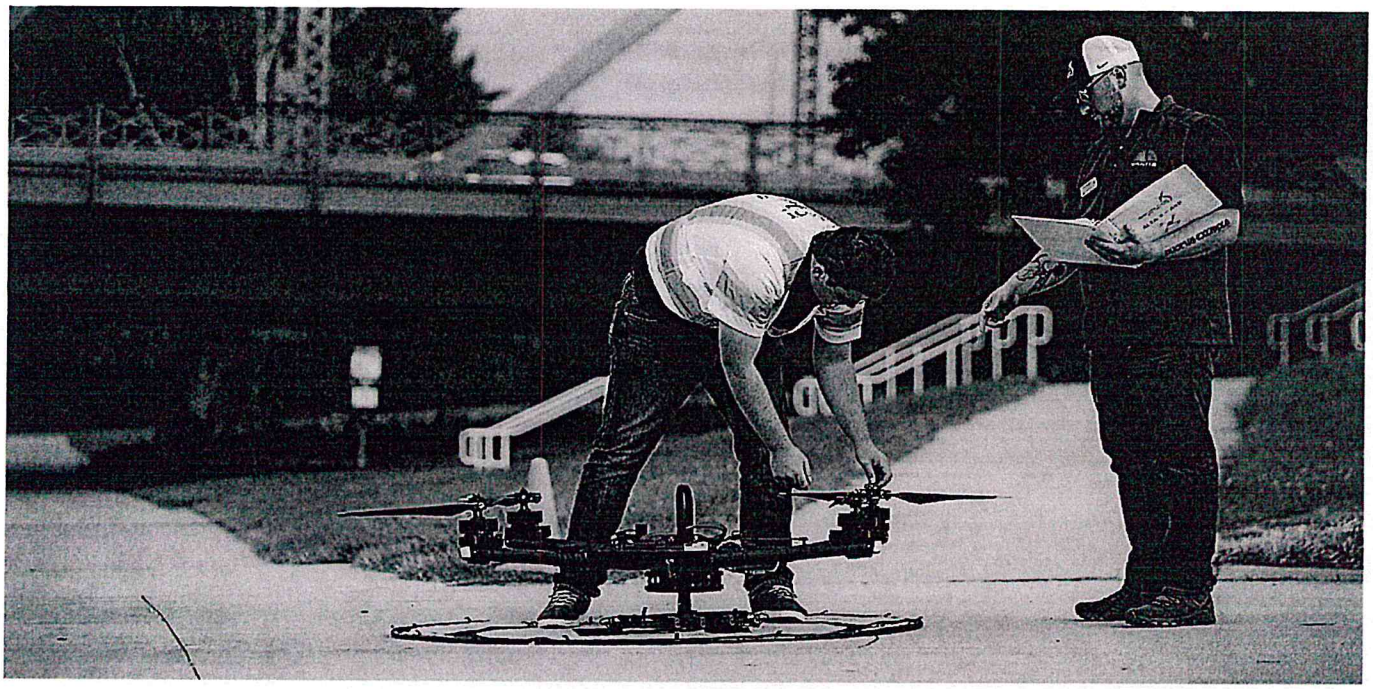
5. The regularity of funding drone projects every legislative session and special session is excessive. It points to special relationships no one else enjoys.

6. When canvassing, the people are telling the politicians they need property tax reform, not that they need more drones.

Please give HB 1038 a Do Not Pass.

Respectfully,

Robert Costello



FAA Selects NPUASTS for Radar Data Pathfinder Program

Oct 8, 2024

SHARE

GRAND FORKS, North Dakota – The Federal Aviation Administration (FAA) announced a formal agreement with the state of North Dakota, through the Northern Plains UAS Test Site, a state agency, to use federal radar data to advance the integration of beyond visual line-of-sight (BVLOS) UAS operations into the National Airspace System (NAS).

FAA Deputy Administrator Katie Thomson made the announcement on stage at the UAS Summit & Expo in Grand Forks, North Dakota. The agreement marks a first-of-its-kind, government-to-government release of federal radar data. The data is integrated into Vantis, North Dakota's system for BVLOS UAS operations. The NPUASTS is the first participant in the program.

"This program will take us to the next level, ensuring even greater safety and efficiency as we integrate UAS into the National Airspace System," said Thomson.

"This would not be possible without a tremendous amount of work and collaboration between the State of North Dakota, FAA, and interagency partners, as well as the support of North Dakota's Office of the Governor and the North Dakota Legislative Assembly," said Erin Roesler, Deputy Executive Director, NPUASTS. "We're proud to be collaborating with FAA to address this and other UAS integration concepts."

"We really appreciate the work of Deputy Administrator Thomson and the FAA for their ongoing efforts to discovering the path towards receiving this data and ensuring safe integration into the NAS," said Executive Director Trevor Woods, NPUASTS. "We look forward to this continued collaboration and support from the inter-agency partners and the FAA."

What's the Radar Data Pilot Program?

Section 905 of the FAA Reauthorization Act of 2024 establishes a pilot program that allows qualified users to access airspace data feeds. The purpose of the Radar Data Pilot Program is twofold: (1) enable air traffic and UAS traffic management services; and (2) test technologies that may enhance or enable these services. The program focuses on defining security control requirements, validating the suitability of radar data, and demonstrating UAS flight operations.

The program also leverages the unique government-to-government relationship between NPUASTS and the FAA, with support from private sector system integration partner Thales. This collaboration has required the team to establish security requirements that are not only applicable to government entities but also adaptable for private entities. This approach ensures the design and implementation of robust security controls to protect sensitive flight data, while still allowing access to future qualified entities or users, including third-party service suppliers and potentially UAS operators.

What does this mean for UAS integration?

Vantis provides Unmanned Aircraft System (UAS) operators with repeatable access to the NAS through safety-critical services and shared-use infrastructure. Through the Radar Data Pilot Program, we can assess how traditional aviation surveillance systems can help expand UAS access beyond specific geographic areas of the country.

This work is complex, with special attention paid to three critical challenges: security, capacity, and utility. For example, how do we use the data to promote integration while protecting the data and dissemination of it at the same time?

What's Next?

The FAA anticipates expanding the release of FAA surveillance data, which up to this point was only intended for North Dakota's Vantis, to more UAS third-party service suppliers by early next year, as required by the legislation.

Vantis is a case study for operator-friendly, BVLOS-enabling shared-use UAS infrastructure. We're seeking state and operator partners who are interested in sharing our progress and lessons learned by adapting the Vantis model and advancing true BVLOS in their communities.

About Northern Plains UAS Test Site

As one of seven FAA-designated UAS Test Sites, the NPUASTS is committed to leading the nation in autonomous technology solutions. Our mission is to innovate, test, and advance these technologies, bringing tangible benefits to communities nationwide. Through high-quality research, commercialization of UAS technologies, and active participation in policy and standards development, the NPUASTS is at the forefront of integrating UAS into the National Airspace System. Visit **NPUASTS.com** for more information.

About Vantis

Vantis is North Dakota's statewide unmanned aircraft system (UAS) beyond-visual-line-of-sight (BVLOS) system, the first of its kind in the nation and administered by the Northern Plains UAS Test Site. Created by North Dakota with an initial investment in 2019, Vantis provides turnkey support to commercial and public UAS operators through infrastructure and regulatory approvals allowing applications and usability over a variety of industries. Visit **VantisUAS.com** for more information.

BACK TO NEWS

Representative Nathe,

We received the results of the unmanned aerial vehicle (UAV) survey from the North Dakota University System this week. With their information included, it appears North Dakota state agencies own a total of 353 UAVs. Of these vehicles, 86.97% were manufactured in China, 9.92% in the USA, 1.70% in France, 0.08% in Switzerland, and 0.06% in Latvia. The country of manufacture counts and percentage distribution for each agency are shown in the table below.

Agency	Number of UAVs					Percentage of UAVs				
	USA	China	France	Latvia	Switzerland	USA	China	France	Latvia	
Attorney General - Bureau of Criminal Investigation	0	6	0	0	0		100%			
Bismarck State College	0	13	0	0	0		100%			
Dakota College at Bottineau	1	24	0	0	0	4%	96%			
Department of Corrections and Rehabilitation	0	2	0	0	0		100%			
Department of Mineral Resources - Oil and Gas Division	0	10	0	0	0		100%			
Department of Transportation	4	28	0	0	0	12.50%	87.50%			
Department of Trust Lands	0	1	0	0	0		100%			
Department of Water Resources	0	3	0	0	0		100%			
Game and Fish Department	0	3	0	0	0		100%			
Highway Patrol	0	15	0	0	0		100%			
Lake Region State College	1	29	0	0	0	3.33%	96.67%			
Main Research Center/NDSU Extension Service	3	29	0	0	3	8.57%	82.86%			
Mayville State University	0	4	0	0	0		100%			
Minot State University	0	4	0	0	0		100%			
North Dakota Forest Service	0	2	0	0	0		100%			
North Dakota State College of Science	0	3	0	0	0		100%			
North Dakota State University	0	12	0	0	0		100%			
Parks and Recreation Department	0	1	0	0	0		100%			
Public Service Commission	0	1	0	0	0		100%			
State Historical Society	1	4	0	0	0	20%	80%			
University of North Dakota	22	104	6	2	0	16.42%	77.61%	4.48%	1.49%	
Valley City State University	0	1	0	0	0		100%			
Williston State College	3	8	0	0	0	27.27%	72.73%			
Total	35	307	6	2	3					

Thread℠

January 10, 2025

Testimony in Support of House Bill 1038

Dr. Josh Riedy, Founder and CEO

Chairman Vigesaa and Members of the House Appropriations Committee,

My name is Josh Riedy, and I'm founder and CEO of Thread, located in Grand Forks. Thank you for the opportunity to present testimony on this important bill today. I urge a DO PASS recommendation. And thank you to Representative Nathe for many meetings and conversations since this bill has been introduced.

Thread is a software-as-a-service provider primarily for electric utilities that has developed a best-in-class enterprise data management solution for uncrewed aerial systems. In short, we specialize in making sure data generated by drones is useful and secure.

The goal of 1038 is laudable: to make sure state-owned drones are secure. Security comes from two components: hardware and software. While you might be familiar with drones and where they are manufactured, many are not familiar with how software is the critical component to the security of drone-generated data. A recent FBI bulletin made this clear.

We have had extensive conversations with Rep. Nathe, representatives of Thales, and leaders from the Northern Plains UAS Test Site since the bill was introduced. And it is good for the state of North Dakota that the bill gives discretion to the test site to be sure data generated by state owned drones is not only generated by drones compliant with federal law but also that the test site is equipped with the discretion to protect the state's data with an enterprise data management solution—that is, both hardware and enterprise software. This software solution will be a critical component of the drone-replacement program, helping to limit and mitigate cybersecurity risks to the state and the tremendous investments the legislature has made in building up this industry.

Thank you again for the opportunity to testify in support of this legislation, and thank you for your support of the uncrewed aerial system industry. I would stand for any questions the committee might have.

2025 SENATE INDUSTRY AND BUSINESS

HB 1038

The following testimony was uploaded for a meeting on January 22, 2025, prior to the meeting's cancellation: #30168 and #30470.

Date: January 20, 2025
Subject: Opposition to House Bill 1038

Dear Committee Members,

I am writing to express my opposition to House Bill 1038. This bill proposes significant resource allocations to address potential threats that have not been clearly identified or substantiated. Such an approach is not a prudent use of taxpayer dollars and does not align with the priorities of the people of North Dakota.

Misallocation of Resources
Implementing this bill would require extensive resources to replace or regulate components that have yet to be proven problematic. Without concrete evidence of a specific threat or deficiency in the current system, this expenditure represents a mismanagement of funds. Taxpayer dollars should not be diverted to initiatives that lack clear justification, especially when other critical issues demand attention.

Past Mismanagement
There is a history of mismanagement in related areas, which raises concerns about the effectiveness of this bill. Unresolved issues have eroded public trust, making it difficult to support additional allocations for initiatives that may fail to deliver tangible benefits to the state.

Federal Responsibility and the NDAA
While this bill aligns with measures under the National Defense Authorization Act (NDAA), which imposes strict controls on technology—particularly drones and components sourced from countries like China or Russia—the financial burden associated with these requirements should fall on the federal government. National security is a critical concern, but it is unfair to place the financial responsibility for compliance on the people of North Dakota. The costs of replacing or regulating these components should not be absorbed by state governments or taxpayers. It is the responsibility of the federal government to provide the necessary funding or resources to ensure compliance without burdening local economies or essential services.

Drone Lifecycle and Compliance Timeline
Considering the 1-3 year lifespan of drones, I believe we will be fully compliant with NDAA requirements within the next five years. All new drone purchases will align with these standards, and this timeline provides a sufficient and reasonable approach to ensure compliance without unnecessary expenditures.

Recommendation for a Study
Rather than moving forward with House Bill 1038, I recommend commissioning a comprehensive study to evaluate its necessity at this time. A thorough investigation would provide the data necessary to make informed decisions without prematurely committing valuable resources.

Conclusion
In light of these concerns, I urge you to reconsider House Bill 1038 and prioritize initiatives that

directly benefit the people of North Dakota. Let us focus on fiscal responsibility and the pressing needs of our communities, rather than pursuing uncertain and costly regulatory changes. Additionally, the federal government must assume responsibility for the financial demands of NDAA compliance to ensure that the burden does not unfairly fall on our state's taxpayers.

Thank you for your consideration.

Sincerely,
Breann Demarais

January 22, 2025

Speaker	Frank Matus, Director UAS Integration, Thales USA, Inc. & Chair of the North Dakota UAS Council
Reference:	Testimony in Support for HB1038 – To provide an appropriation to the Department of Commerce for an uncrewed aerial vehicle replacement program and a state radar data pathfinder program

Testimony:

Mr. Chairman and esteemed members of the Committee, thank you for the opportunity to testify in support of House Bill 1038, which provides critical funding for two key initiatives that will help the State maintain its competitive advantage and address critical national security challenges.

Today I will be providing you with background on the legislation and its importance to the State. Many of you and other legislators not in this room have asked the question, "Why North Dakota?" I represent the State's industrial partner, Thales USA, on the Vantis Program. I am honored to now represent our broader UAS Industry across this great State as the Chair of the North Dakota UAS Council. I am here to give you several reasons why we can't afford to miss this opportunity.

I am providing the history of how we got to this point, particularly on the FAA Radar Data Pathfinder Program and the importance of the UAS Replacement Act for our State agencies. House Bill 1038 reinforces the sentiment that the State of North Dakota can be a model for other states when it comes to drone integration into the airspace and protecting our national security. Sections 1 and 2 of this bill are inextricably linked. On one hand, we can't be trusted with highly secure data with the federal radar data enclave while simultaneously allowing State agencies to risk non compliance with Federal regulations by operating Chinese made drones that have national security vulnerabilities. It's imperative to address both at the same time and this is a unique opportunity to do just that. Executive Director Woods and Deputy- Executive Director, Roesler, will dive deeper into the particulars of the bills in their testimony shortly.

Section 1 of House Bill 1038 Uncrewed Aerial Vehicle (UAV) Replacement Program ($15M):

As many of you are aware, drones have become integral tools for various state agencies, serving a wide array of functions from agriculture and infrastructure monitoring to search-and-rescue operations and law enforcement. However, as technology evolves, many of the drones currently owned by the state no longer comply with recent federal security requirements, specifically the National Defense Authorization Act of 2023. Within the act is Countering CCP Drones Act provision. The NDAA requirements were initially introduced in 2020 and an update was made in subsequent legislation to reinforce the vulnerabilities embedded in foreign manufactured drone platforms that made it possible to send imagery and other data to adversaries outside of the US.

NDAA sets strict controls on the technology used by federal agencies across three categories:

- Components
    - Drones must not contain components manufactured or controlled by companies in countries considered a national security risk. These countries include China, Russia, Iran, and North Korea.
- Supply chain
    - NDAA compliance focuses on the drone's supply chain and critical components.
- Security
    - NDAA compliance ensures that drones are free from components that could compromise the security of sensitive data and missions.

The NDAA's Section 848 restricts the Department of Defense (DoD) from purchasing drones that meet the above criteria. As of October 2024, this restriction also applies to private companies that perform contracts for the DoD. NDAA compliance is important for industries and government agencies that handle highly confidential information. Non-compliant drones could leave critical data exposed to malicious entities.

While Federal agencies have been given a one-year stay on widescale replacement of foreign made drones, particularly those manufactured by DJI but have also identified Autel Robotics as another Chinese manufacturer susceptible to vulnerabilities. DJI controls 77 percent of the U.S. domestic drone market and 90 percent of drones used by first responder agencies like police and firefighters. After being introduced to the U.S. market in 2013, DJI quickly dominated the American drone market due to its easy-to-use product features and affordable prices.

Currently, more than 90% of drones owned by North Dakota state agencies are eligible for replacement under this act. These non-compliant drones present significant risks, including data security vulnerabilities, operational disruptions, and the potential loss of federal funding should these drones be used for disaster relief or for operations that are reimbursable through FEMA funding. This bill establishes the necessary replacement framework to implement a centralized program under the oversight of the NPUASTS. This legislation does not create a mandate but allows the NPUASTS an opportunity to engage State agencies on the procurement, onboarding, operations, training and sustainment of the drones.

House Bill 1038 seeks to align the State with the requirements of the Federal government for national security purposes as well as encourage the build-up of US based component manufacturing in support of the UAS and autonomous systems industry.

Other States, like Florida, have attempted “buy back” programs but have fallen short as it initially limited the buyback to law enforcement agencies but has recently been amended and expanded to include law enforcement agencies, fire service providers, ambulance crews, and other first responders. Our State is looking at the problem more wholistically across all State agencies that have had programs in place prior to January 1, 2025. This bill ensures that our state agencies are equipped with compliant, capable drones that meet the highest security standards, protecting both state and national interests. This program not only addresses these challenges but also provides agencies with training and operational support to ensure seamless integration of new, secure systems. In Director

Woods testimony, he will talk about several other benefits to the State and participating agencies.

Section 2—State Radar Data Pathfinder Program ($11M):

Section 2 of House Bill 1038 is seeking $11 million to execute the Federal Radar Data Pathfinder Program. This is a critical and unique opportunity for the State. One in which we are competing against several other States to participate in this industry changing program. Many of you may be asking why this is important and what does it mean for the State and UAS integration? The simple answer to this is that the State will not have to continue to replicate radar infrastructure that is already in place and being operated and maintained by the Federal government and that savings alone equates to an estimated $255 million. Deputy Director Roesler will provide additional details on the magnitude and of the opportunity. However, let me start by giving you some context and background for this request.

Early in 2024, the Vantis program was encouraged to discover that FAA and its interagency partners were willing to share radar data to enhance the Vantis services within the State. This agreement between the State of North Dakota and the FAA allows for unfiltered, real-time to be integrated into the Vantis system. At the time of discovery, we had made provisions for "some" of the Vantis appropriations from the current biennium would be sufficient to start the process and integrate the data. Because this had never been attempted with any other State or industry partner previously, both the Federal government and the Vantis team, were made aware of the investment it would take to obtain the data. This was not simply going to a website and getting access or plugging in a connection to the FAA's technical center in New Jersey, these requirements dictated that the State entities and industry partners had to put in place both cyber protocols and organizational processes that go above and beyond what any had in place currently. This ultimately means setting up a "controlled, unclassified information and sensitive unclassified information" protocols. To further explain that means segmented IT infrastructure, training on how to handle information, reporting in the event of a breach, and producing artifacts to

the federal government and a third party, independent auditor to show compliance to the processes.

Once we discovered the significance of what it meant, we approached Governor Burgum and the administration to discuss the required investment. The briefings subsequently discussed the challenges of what was in front of us and that we needed to make a choice as to whether to continue with the current Vantis deployment plan or focus on the radar data enclave. The Governor instructed the team to do both and that "he would help find us the money." Collectively, the team spent nearly all of 2024 attempting to find state funding working very closely with then Lt. Governor Miller and former Commerce Commissioner Teigen. Unfortunately, we were not able to find an appropriate way forward.

Thanks to the actions and understanding of many legislators, particularly Representative Nathe, we are afforded a pathway to an appropriation that will allow us to continue the good work and prepare the State to become the exclusive partner to the FAA and interagency partners to integrate and formulate the basis for national policies and regulations on how this data can be used securely and to safeguard UAS operations across the State, and, soon, across the country.

Today we have in place a signed agreement with the FAA to collaborate and integrate the data into Vantis. The Chief Operating Officer of the FAA Air Traffic Organization, Tim Arrel, has told other states to "wait until North Dakota has its system in place before more partners are considered."

Members of the Committee, it is my assertion that because we as a State are investing in this capability today, it is very unlikely that the FAA will replicate the effort across the other 49 States to do the same thing. We have worked tirelessly to get to this position so that we can export Vantis to other States, like Michigan, and having this capability gives our State and this program a huge competitive advantage. Additionally, this secure integration and maturing of our own cyber and IT infrastructures will allow us to also partner with the Department of Defense to leverage this capability to support programs like Project Ultra in

Grand Forks and support the missions of the 119th Air National Guard in Fargo and the 319th Air National Guard in Grand Forks.

When I spoke to this very committee and many of the same members in 2021 describing Vantis as a "revolutionary program" that will forever change aviation, I stand here again today expressing my belief that having the exclusive partnership will catapult us forward. To make one more illustration on the importance of taking advantage of this opportunity, there are over 149 radar systems deployed around the country today being used for air traffic control purposes and that does not include several hundred more that are used for defense. As I mentioned at the start, to replicate the four North Dakota radars under Vantis appropriations, it would cost the state approximately $255 million. For $11 million to evolve our state IT infrastructure and put in place processes and procedures to work with the FAA and interagency partners, we now are well positioned to integrate the additional 145 radars to help deploy Vantis across the country.

Conclusion:

Together, these two programs represent a forward-thinking approach to maintaining and positioning North Dakota to ensure that we do not miss an opportunity of current and future opportunities that we would otherwise not be able to if we are not in compliance. The funding will ensure that our state's drones are secure, efficient, and ready to meet the challenges of the future. These initiatives will also bolster our state's safety and security infrastructure, paving the way for innovation in unmanned aviation systems.

I urge you to advance House Bill 1038 to the floor for immediate consideration so that we can continue this great work on behalf of the citizens of North Dakota. This bill is needed to maintain a competitive advantage over other states, but, also demonstrates this legislative body's commitment to assisting the Federal Government in addressing national security challenges. Thank you for your time and consideration.

Additional Notes:

Florida Law Particulars:

The Florida Department of Law Enforcement (FDLE) released updated guidance for the Florida Drone Replacement Program following passage of the FY25 state budget. The program provides grant dollars to local agencies to help transition away from drones not in compliance with state regulations (primarily Chinese-made drones) and towards compliant drones. The guidance reflects three major changes to the program

The program is now open to "law enforcement agencies, fire service providers, ambulance crews, and other first responders."
1. Previously, it was only open law enforcement agencies
2. Grants to participating agencies will now be awarded based on the replacement cost (ie how much did the new, compliant drones cost) but not to exceed $25,000 per drone for each non-compliant drone relinquished.
1. If an agency turns in 4 non-compliant drones they would be eligible for up to $100,000 grant if they can show a replacement cost that high)
2. Previously, grants were based solely on the value of the non-compliant drones being relinquished so a 2022 mavic might have only been valued at $3,000
3. Law enforcement agencies that received a grant based on "the current value of the non-compliant drone can complete the "Supplemental Funding Request Form" for an additional award that matches the replacement cost of the previously purchased compliant drones, again not to exceed $25,000 per drone.
1. If an agency turned in 4 drones last year and received $20,000 but purchased 4 drones for $90,000, they are now eligible for an additional award of $70,000
1. Current understanding is agencies do NOT have to spend these dollars on new drones but they could because they have likely already paid for the 4 drones they previously purchased.

- Funds for the program will remain available through June 30, 2025
- FDLE issued new FAQ as of 7/8/24.
- Important - if an agency does not have non-compliant drones to turn in, it can not participate in this grant program.
- Agencies can still receive advance funding from FDLE. Updated program rules provide for flexibility beyond the 45 day requirement for invoice/proof of payment
  - Quotes are now eligible for inclusion in initial cash advance submission request
- FDLE wants to get ALL the money out the door before July 2025

2025 SENATE STANDING COMMITTEE MINUTES

Industry and Business Committee
Fort Union Room, State Capitol

HB 1038
1/29/2025

A bill for an act to provide an appropriation to the department of commerce for an uncrewed aerial vehicle replacement program and a state radar data pathfinder program; to provide for a report; and to declare an emergency.

3:00 p.m. Chairman Barta called the meeting to order.

Members present: Chairman Barta, Vice-Chairman Boehm, Senator Enget, Senator Klein, Senator Kessel

Discussion Topics:

- FAA data program funding
- Drone surveillance program
- National security risks and the National Defense Authorization Act
- Private and public market and use
- Drone disposal, inventory lists and reporting
- State pathfinder program and FFA radar access
- Current fleet security risk mitigations
- Software and hardware security issues
- National Airspace System
- Federal radar data information access
- Competitive advantage and investment return
- Federal mandate
- Northern Plains UAS Test Site

3:01 a.m. Representative Mike Nathe, District 30, testified in favor and introduced the bill.

3:17 p.m. Frank Mates, VANTIS USA, testified in favor.

3:41 p.m. Trevor Woods, Executive Director of the Northern Plains UAS Test Sight, testified in favor and submitted testimony #32260.

3:56 p.m. Erin Riceler,Deputy Director, Northern Plains UAS Test Sight, testified in favor.

4:01 p.m. Aaron Weber, policy director of the Office of the Governor, testified in favor and submitted testimony #32612.

4:02 p.m. Terry Effertz Executive Director of TechND, testified in favor and submitted testimony #32536.

4:04 p.m. Jr. Josh Riedy, founder and CEO of Thread, testified in favor.

4:14 p.m. Lisa Feldner, representing DJI Technology Company of Integrity Public Affairs, testified in opposition and submitted testimony #32412, #32607and #32642.

4:17 p.m. Representative Mike Nathe, District 30, answered committee questions.

4:19 p.m. Lisa Feldner, representing DJI Technology Company of Integrity Public Affairs, answered committee questions and explained amendment in her testimony referencing testimony #32642.

4:23 p.m. Mason Sisk, Director of Government Affairs for the Association for Uncrewed Vehicle Systems International, testified in favor and submitted testimony #32340.

4:28 p.m. Trever Woods, Executive Director of the Northern Plains UAS Test Site, testified in favor.

4:29 p.m. Frank Matus, The Vantus Program of ND answering committee questions.

4:39 p.m. Chairman Barta closed the hearing.

4:43 p.m. Senator Klein moved to adopt the amendment to remove section 2 and the emergency clause and refer it to Appropriations.

4:46 p.m. Senator Klein withdrew the motion.

Additional written testimony:

Kyle G. Armitage, Dean of Career and Technical Education Division at ND State College of Science, submitted testimony #31814 in favor.

Russel Gust, 51 Drones, submitted testimony #32150 in opposition.

Ben Kapel, resident of Mandan, ND submitted testimony #32211 in opposition.

4:46 p.m. Chairman Barta closed the hearing.

Audrey Oswald, Committee Clerk

North Dakota State College of Science • 800 Sixth Street North • Wahpeton, ND 58076-0001 • 1.800.342.4325 • www.NDSCS.edu

Letter of Support Regarding HB 1038
House Appropriations-Education and Environment Committee
January 10th, 2025
Kyle Armitage, Dean, Career and Technical Education Division, NDSCS
701-671-2264 – kyle.armitage@ndscs.edu

Chair Nathe and Members of the Appropriations-Education and Environment Committee,

My name is Kyle Armitage, and I serve as the Dean of the Career and Technical Education Division at North Dakota State College of Science (NDSCS). I am here today to support HB 1038, which seeks to fund the Uncrewed Aerial Vehicle (UAV) Replacement Program and the State Radar Data Pathfinder Program.

NDSCS is proud to offer a comprehensive Uncrewed Aircraft Systems (UAS) program, preparing students with the advanced skills needed for careers in the rapidly evolving UAS field. This bill provides critical resources to ensure that state-owned UAVs comply with the federal National Defense Authorization Act and the American Security Drone Act of 2023. It also enhances state capabilities by supporting infrastructure, safety, and operational effectiveness through the integration of radar data systems and beyond visual line-of-sight programs.

These investments directly support our mission to prepare students for high-demand careers in the UAS industry while positioning North Dakota as a leader in technology innovation. The initiatives outlined in this bill will expand educational opportunities, ensure operational compliance and safety, and enhance workforce development in our state.

I respectfully request a "Do Pass" recommendation for HB 1038 and stand ready to answer any questions from the committee.

Date: 01/28/2025
Subject: Opposition to House Bill 1038

Chairman Barta and members of the Industry and Business committee:

Thank you for the opportunity to provide testimony in opposition to HB1038. My name is Russell Gust and I have been a commercial UAV pilot for 7 years and I own and operate one of the world's largest YouTube channels that educate people about UAV rules and regulations. I would like to express my opposition to HB1038 as written. Although I support the continued efforts to make North Dakota the leader in UAV integration, I also believe that this bill should be amended for 2 reasons.

First of all, the primary justification for the need to spend $15 million of taxpayer money is that 85% of all state agency owned drones may not be secure. The entire premise of the Country of Origin drone restriction is based entirely on speculation, and it often dismisses the multiple independent security audits that these companies have endured and fully passed. I am primarily referring to the company DJI. This company has gone through at least 8 independent security audits, the most recent in September of 2024 by FTI, which demonstrated that users have the ability to fully prevent data transmission if they so choose. Local Data Mode can be enabled on DJI Enterprise and consumer drones, which eliminates all outbound traffic. Even when FTI allowed data to be transmitted, it was found that it went no further than servers hosted in the U.S. Our very own Department of Defense conducted a security audit in 2021 on two Government Edition DJI drones and found no evidence of data sharing, and they actually recommended them to be used by U.S. government entities.

Many proponents of a ban on DJI drones often claim that China may have the ability to disable their drones with the push of a button. There's that word again, "may." Again, through multiple studies, the use of DJI drones has not produced a single kilobyte of evidence of compromised data transmission.

A number of testimonies in support of this bill have claimed that it would be in line with the passage of the National Defense Authorization Act of 2025, in which the Countering CCP Drones Act was included. But, that is not entirely accurate. The Countering CCP Drones Act was NOT included in the NDAA of 2025. The facts are that act was amended and resulted in Section 1709, which calls upon a yet to be named agency to conduct vigorous testing on DJI and Autel drones to determine if there are any national security issues with them. The fact that Section 1709 calls for an unnamed agency to conduct the testing, and if it does not, DJI is automatically added to the FCC list, demonstrates that they have no intention to scrutinize. If they do conduct testing, they risk the result of not finding any security risks, and this would dismantle the entire effort to encourage or should I say force innovation by American drone manufacturers.

It is widely accepted in the UAV community that development of American options must be forced and subsidized, because for some reason, no company has been able to produce a product with the same capabilities at an affordable price. The battle cry of potential security implications make it more convenient to pass legislation, yet there are no receipts, only speculation. My prediction is that in the next 11 months, no agency will be directed to conduct these tests, thereby automatically enacting the Section 1709 directive, adding DJI and Autel to the FCC list. This means that all future DJI and Autel models would be prohibited from being used in the United States. This would effectively close tens of thousands of small businesses across the country and ground 95% of first responder fleets. I don't anticipate it would apply to drones that have already gained FCC certification, because that would be apocalyptic, but it's a reality.

This is the second reason that I believe HB1038 should not pass. If DJI and Autel are added to the FCC list in 2026, that means there is the possibility of federal funding for a drone replacement program. There would be no other way some entities in other states would survive without it. If that does happen, then the State of North Dakota will have spent $15 million of taxpayer money that we didn't have to. Would it not be prudent to wait and see if the federal government actually does assign an agency to complete the testing and if they, A. find no security problems, keep using the very capable, affordable and readily available drones that we have and save the money, or B. they find security issues, ban them nationwide and we apply for Federal funding to replace them?

I want to be very clear on one thing - I am quite aware that China poses a national security threat, and I also understand that we need to reduce our reliance on products from adversarial countries, not only for security reasons, but also to foster American manufacturing and innovation. I truly would love to see an American drone company come out of nowhere and surprise us with capable and affordable solutions to support what we are doing in North Dakota.

The Northern Plains Test Site and the people there are pioneering the way for what will be a revolution in UAV technology across this country. Supporting the Vantis network will continue to help our state be recognized as the silicon valley of drones. However, building a superhighway for the nation, but then not allowing the world's most utilized and capable brand on that highway seems counterproductive and unnecessarily costly at this time. As our nation inevitably transitions to domestic drones over time, it is my feeling that it should not be at the expense of the taxpayer. I believe it should be up to manufacturers to find ways to help companies and agencies utilize their products. One example is that of Seattle-based BRINC, which just announced the "BRINC Beyond" program, which helps first responder agencies transition to purpose-built equipment while at the same time continuing use of their current fleet. American drone maker Skydio also has a program in place to incentivize the transition to their products.

This is a step in the right direction, as it lessens the burden on the taxpayer. In closing, Senators, I respectfully request that HB1038 be amended to strike Section 1, the Drone Replacement Program and support Section 2, the funding of the State Radar Pathfinder Program.

Respectfully,
Russell Gust

Testimony for HB 1038
Ben Kappel
January 28, 2025

To the Members of the North Dakota State Legislature:

I am writing to express my concerns regarding the allocation of $15 million for the replacement of just 307 DJI drones under HB 1038. While I appreciate the importance of ensuring our state departments have access to reliable equipment, this allocation raises several questions about fiscal responsibility and efficiency.

Firstly, $15 million is an extraordinary amount of money for replacing drones, especially given that some of these may include smaller models like DJI Minis, which cost only a few hundred dollars each. By comparison, it seems entirely feasible to replace these drones with top-tier, American-made alternatives while retaining a significant portion of the allocated funds. I estimate that such a replacement effort could leave well over $10 million unused, indicating that the current budget significantly exceeds the actual need.

Secondly, this legislature is known for championing fiscal responsibility. Allocating such a substantial sum to address a problem for which there is no clear evidence that it actually exists appears inconsistent with that principle. Before committing taxpayer dollars, it is crucial to ensure that these funds are addressing a demonstrated and pressing need rather than a hypothetical one.

Additionally, the proposed funding for drone training is redundant and unnecessary. As a commercial drone operator in the real estate industry, I can attest that transitioning to a new drone brand typically requires only minimal adjustment—a matter of hours, not days or weeks. This training could easily be incorporated into existing departmental training programs without additional cost to the state. Also, from someone who knows drones, you should do some research on the number of industries in ND that do use DJI drones. If this hypothetical problem did exist, every square inch of ND has already been mapped, and a change of a few hundred drones compared to the thousands that fly every day will change nothing.

I understand that departments across the state may be enthusiastic about this funding; however, I urge you to carefully reevaluate the actual costs involved. Taxpayers should not bear the financial burden of replacing potentially inexpensive or outdated drones that may become obsolete within a year or two.

I respectfully propose the following alternatives:

1. Significantly reduce the allocation for this initiative to better reflect the actual costs of replacing the drones.
2. Alternatively, pass a bill mandating that all future drone purchases by state departments be limited to American-made models, without allocating additional funds at this time.

This approach ensures that taxpayer dollars are spent wisely and in alignment with the principles of fiscal responsibility that this legislature upholds. I appreciate your consideration of these concerns and trust that you will act in the best interest of North Dakota citizens.

Thank you for your time and attention.

Respectfully,
Ben Kappel

TESTIMONY OF

TREVOR WOODS

EXECUTIVE DIRECTOR, NORTHERN PLAINS UAS TEST SITE

JANUARY 28, 2025

HOUSE BILL NO. 1038

Good morning, Chairman and members of the committee. My name is Trevor Woods, and I am the Executive Director of the Northern Plains UAS Test Site. I appreciate the opportunity to provide written testimony in support of House Bill No. 1038, which encompasses critical funding allocations for both the Uncrewed Aerial Vehicle (UAV) Replacement Program outlined in Section 1 and the Radar Data Pathfinder Program detailed in Section 2 of the bill.

Introduction House Bill No. 1038 represents a pivotal step in ensuring North Dakota's state agencies can continue their critical missions while maintaining compliance with federal regulations and safeguarding our state's operational and data security. As the Executive Director of the Northern Plains UAS Test Site, I have witnessed firsthand the transformative impact that uncrewed aerial systems have had on public safety, infrastructure inspection, and environmental monitoring. However, the predominance of non-NDAA-compliant drones in our state agencies' fleets poses significant security risks and operational vulnerabilities that must be addressed.

The Challenge of Non-NDAA-Compliant Drones Over 90% of drones operated by North Dakota's state agencies are non-NDAA compliant, primarily manufactured by foreign entities such as DJI. These drones present several critical challenges:

1. **Data Security Risks**: Non-compliant drones can transmit sensitive data to servers located in foreign adversary nations. This poses a significant risk to state infrastructure, as data collected during critical operations could be accessed and exploited by unauthorized entities. Hypothetically, a drone used by our Department of Transportation to inspect critical infrastructure could collect sensitive geospatial data, which might then be accessed by foreign entities. This data could be leveraged for intelligence gathering or, in extreme cases, used to plan disruptions to our infrastructure.
2. **Operational Vulnerabilities**: These drones are susceptible to remote firmware manipulation, geofencing, and other forms of foreign interference, potentially rendering them inoperable during emergencies or critical missions. A fleet of non-NDAA drones used by law enforcement could be rendered inoperable through remote firmware manipulation or geofencing by foreign adversaries. Imagine a critical response scenario, such as a search and rescue operation, where drones suddenly become non-functional due to foreign interference.
3. **Cybersecurity Concerns**: As outlined in the recent National Defense Authorization Act (NDAA) FY25 provisions, the risk of cyber exploitation by these drones is significant. These devices contain critical electronic components that could be compromised, enabling malware injection into state systems.

4. **Regulatory Non-Compliance**: Federal laws such as the National Defense Authorization Act (NDAA) and the American Security Drone Act of 2023 prohibit the use of these drones, risking the loss of federal funding and operational shutdowns.

The Need for NDAA-Compliant Drones Transitioning to NDAA-compliant drones is essential but presents unique challenges:

- **Cost**: NDAA-compliant drones can cost $30,000 to $50,000 per unit, a significant increase over their non-compliant counterparts. For state agencies with limited budgets, scaling up replacements becomes a costly endeavor.
- **Limited Availability**: The domestic drone manufacturing industry is still developing, leading to limited options for specialized applications.
- **Operational Adjustments**: Switching to compliant systems requires retraining personnel and integrating new systems into existing workflows, causing temporary disruptions.

How House Bill No. 1038 Addresses These Challenges House Bill No. 1038 allocates $15 million to ensure North Dakota's state agencies can transition to secure and compliant technology. Key provisions include:

1. **Funding for Replacements**: This appropriation offsets the cost difference between non-compliant and NDAA-compliant drones, enabling agencies to procure secure alternatives without sacrificing other operational needs.
2. **Training and Support**: The bill provides for extensive training programs tailored to state agencies. This ensures that personnel can quickly adapt to new systems and technologies, minimizing disruptions to ongoing operations. It also allows agencies to integrate these drones seamlessly into their workflows, addressing the operational adjustments required for such transitions.
3. **Streamlined Implementation**: The program will offer guidance and expertise in selecting NDAA-compliant drones into state operations. Additionally, the program will oversee the procurement and integration of acquired drones minimizing operational disruptions.
4. **Collaborative Solutions**: The program encourages asset sharing among agencies, maximizing efficiency and minimizing redundancy. For instance, a high-performance drone used periodically by one agency could be shared with others, optimizing resource utilization.

The Northern Plains UAS Test Site (NPUASTS) will administer this program, leveraging its recognized leadership in UAS integration as the nation's leading FAA test site. With a deep understanding of state processes and procedures, NPUASTS is uniquely positioned to support state agencies in navigating the complexities of drone technology implementation, ensuring seamless transitions while maximizing operational efficiency and compliance. NPUASTS is also a proven expert in enabling innovation, balancing the need for cutting-edge technological advancements with the critical necessity of maintaining security, making it the ideal administrator for ensuring both progress and protection in state UAS operations.

Ensuring Compliance and Security Replacing non-compliant drones ensures that state agencies remain eligible for federal funding while safeguarding their operations against data breaches and cyber exploitation. This transition aligns North Dakota with national security standards, enhancing the state's leadership in UAS technology.

Is $15 Million Enough? With over 90% of state agency drones needing replacement or eligible for replacement, the $15 million appropriation is vital. NDAA-compliant drones often range in price up to $50,000 per unit, and this funding ensures that all state agencies can receive the support they need. Drones are not a luxury—they are a necessity for many critical services, including public safety, infrastructure monitoring, and environmental management. These technologies directly impact the lives of North Dakota citizens and have been integral to our public safety and public service roles for years.

This bill ensures that these critical capabilities can continue, but in a safer and more secure way. By replacing non-compliant drones, North Dakota can maintain its leadership in UAS operations, ensure the safety and security of its data and operations, and uphold the trust of its citizens in the public services they rely on every day.

Operational Details The Northern Plains UAS Test Site will administer the program, ensuring state agencies receive tailored support for their unique needs. Key components include:

- **Guidance on Drone Selection**: NPUASTS will assist agencies in selecting drones compliant with NDAA requirements, ensuring the technology matches their specific operational requirements.
- **Training Programs**: Comprehensive training will be provided to ensure state personnel can efficiently operate and maintain the new systems.
- **Asset Sharing**: The program promotes inter-agency collaboration, allowing state entities to share high-value assets, reducing redundancy, and optimizing budget utilization.

The Critical Role of Collaboration The success of this initiative hinges on collaboration. By working together, state agencies can:

- Maximize the utility of high-value UAS.
- Reduce overall costs through shared resources.
- Ensure compliance with federal regulations, safeguarding future funding opportunities.

While the appropriation of $15 million is significant, it represents a necessary investment to maintain North Dakota's leadership in UAS technology. The cost of NDAA-compliant drones and the associated training programs underscores the critical need for this funding. Drones are integral to public safety, infrastructure monitoring, and environmental management. This funding ensures state agencies can continue their missions effectively and securely.

Additionally, the program will create a centralized system for state agencies to register UASs and operators, integrating them seamlessly into North Dakota's Beyond Visual Line of Sight (BVLOS) network. This integration is critical from a security standpoint, as Vantis has been designed to enable capable and secure drones while excluding operators that pose risks to other

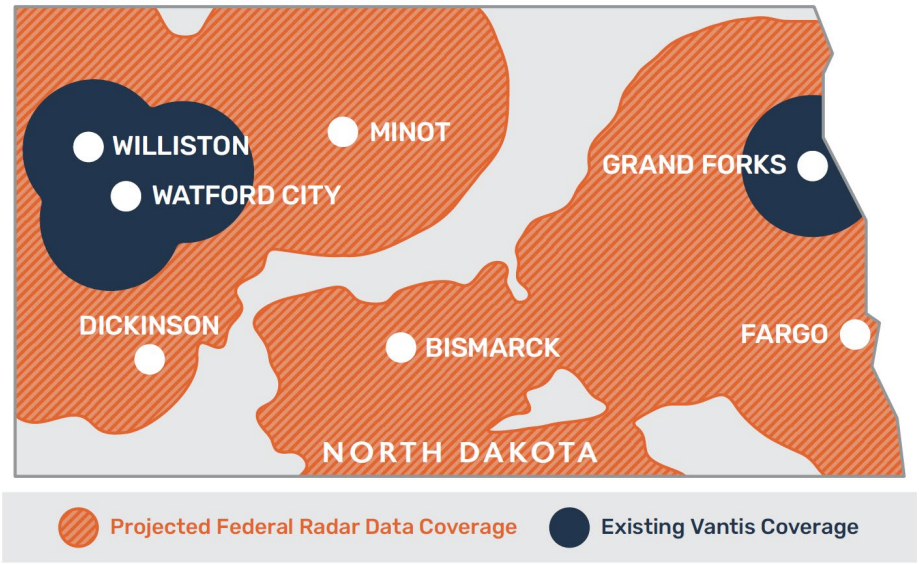
system users. For example, Vantis does not currently support DJI operators due to significant concerns over data security, operational vulnerabilities, and the risks these drones present to shared network integrity. By prioritizing secure and compliant drones, Vantis ensures a robust framework that enhances safety, minimizes cybersecurity threats, and fosters trust among its users. This vision reflects the overarching goal of Vantis: to build a secure, collaborative, and innovative environment that enables advanced UAS operations while safeguarding all stakeholders involved.

The Radar Data Pathfinder Program House Bill No. 1038 also provides $11 million in funding for the Radar Data Pathfinder Program, which represents a groundbreaking opportunity for North Dakota to define the future of UAS operations in the United States.

Shared Use Infrastructure and the Need for Vantis Shared use infrastructure, a concept integral to all modes of transportation, does not currently exist for the UAS industry. Each operator is often left to create their own systems for navigation, communication, and operation—an approach that is inefficient, costly, and limits the broader integration of drones into the National Airspace System (NAS). Vantis seeks to solve this gap by establishing shared use infrastructure for UAS, enabling advanced and complex operations in a scalable and fiscally responsible manner. This infrastructure could not only be leveraged by commercial operations but also by public agencies, streamlining their UAS operations and allowing them to focus on their core missions.

The Vision of Vantis Vantis represents the next evolution of shared-use aviation infrastructure. Its design and operation support more advanced and complex UAS missions and operational needs. By building on established systems, Vantis efficiently expands its capabilities while minimizing costs. The Radar Data Pathfinder Program extends this vision by demonstrating that FAA surveillance data can meaningfully contribute to the integration of UAS into the NAS, making North Dakota the first non-federally sanctioned entity to receive real-time, unfiltered FAA radar data.

Benefits of the Radar Data Pathfinder Program The Radar Data Pathfinder Program is a groundbreaking initiative—the first of its kind. It represents an unprecedented collaboration between the FAA and a state entity to incorporate federal radar data into a BVLOS network like Vantis. While North Dakota has already utilized air traffic radars to support BVLOS UAS operations at a state level, this program aims to establish a federal precedent. This initiative will enable Vantis to expand its current service coverage from 3,000 square miles to an impressive 56,000 square miles—17 times greater. By providing real-time airspace awareness, radar data ensures that UAS operations can coexist safely with manned aviation. This is particularly critical in North Dakota, where agricultural and other low-altitude manned flights are common. Expanding to stable service area of the entire 56,000 square miles is a significant undertaking that will take multiple years to complete. However, this opportunity ensures that North Dakota remains at the forefront of building the standard for UAS integration into the NAS. The program also positions North Dakota as a leader in setting federal policy for UAS operations, creating opportunities for federal partnerships, private investment, and job growth.



Economic Impact and National Leadership The economic benefits of the Radar Data Pathfinder Program are profound. By leading the nation in FAA radar data integration, North Dakota solidifies its reputation as the premier location for UAS operations. This attracts companies, talent, and investment to our state, driving job creation and economic growth. Additionally, our leadership in this area positions us as a trusted partner for federal initiatives, opening doors to future funding and collaboration.

Enhancing Safety and Operational Excellence Through our collaboration with the FAA, Vantis will establish rigorous safety standards for integrating UAS into the NAS. By providing real-time radar data, we enhance situational awareness and operational safety for both manned and unmanned aviation. For example, during a recent agricultural mission, the Vantis network detected unplanned aerial applicator traffic through radar data, allowing for a delay in drone operations and preventing a potential mid-air conflict.

Supporting State Agencies and Industry State agencies such as the Department of Transportation and Emergency Services will gain access to real-time radar data, improving their efficiency and safety in missions such as bridge inspections and disaster response. Additionally, private industry using Vantis will benefit from unparalleled safety and compliance standards, giving them a competitive edge in their markets.

What the $11 Million Will Support and Why It Is a Special Request The $11 million allocated for this program represents the cost of this one-year effort, but it sets a firm foundation to reap the benefits of the full 56,000 square miles of coverage. It also positions Vantis to transition from a test program to a stable and scalable service that serves the public and private sectors alike, with opportunity to expand beyond North Dakota.

The $11 million allocation in this bill is crucial. This funding will support Vantis' groundbreaking partnership with the Federal Aviation Administration (FAA) as part of the FAA Radar Data Pathfinder Program. The primary objectives include defining FAA radar data security control requirements, validating the suitability of FAA radar data for UAS operations,

and demonstrating how FAA radar data can enhance safety and facilitate UAS integration into the National Airspace System (NAS).

These objectives represent non-budgeted costs, making this request a necessary step for achieving this critical milestone. The funding will enable the completion of essential work items, including:

- **Program Management**: Overseeing all aspects of the initiative to ensure seamless execution.
- **System Design Changes**: Enhancing current systems to accommodate new FAA radar data.
- **Cybersecurity Improvements**: Developing training and documentation to bolster enclave cybersecurity and meet stringent FAA standards.
- **Third-Party Assessment**: Conducting an independent audit to validate compliance and system integrity.
- **Integration and Testing**: Performing functional integration and rigorous testing of radar data within Vantis.
- **Operational and Flight Test Campaigns**: Demonstrating real-world applications and benefits of radar data.
- **System Administration**: Managing network, system, and cyber operations to ensure ongoing functionality.
- **Safety Assessments**: Conducting comprehensive safety evaluations to meet federal requirements.

These activities are all needed within the 1-year test program.

Conclusion House Bill No. 1038 is a strategic investment in North Dakota's future. By ensuring state agencies have access to secure, compliant, and effective UAS technology, and by advancing the Radar Data Pathfinder Program, this bill safeguards our state's operational capabilities and leadership in UAS innovation. I strongly encourage the committee to support this critical legislation. Thank you for your time and consideration. I am happy to address any questions you may have.

January 29, 2025

Testimony in Support of House Bill 1038

Chairman Barta and members of the Senate Industry and Business Committee,

My name is Mason Sisk, and I serve as Director of Government Affairs at the Association for Uncrewed Vehicle Systems International (AUVSI). AUVSI is the world's largest nonprofit organization dedicated to the advancement of uncrewed systems, autonomy, and robotics. Our association represents leaders from more than 60 countries across industry, government, and academia in the defense, civil and commercial sectors.

HB 1038, as introduced, represents a strong step in the right direction to further reduce the risk that drones from our adversaries pose. HB 1038 will again position North Dakota as a national leader on drone policy. AUVSI has determined this issue to be a high priority and formed nation-wide initiative. AUVSI's Partnership for Drone Competitiveness is a coalition of U.S. and Allied drone and drone component manufacturers and enterprise users who are committed to strengthening the U.S. drone industry. The Partnership is built on a simple premise: that stronger U.S. leadership in this industry is better for everyone. You can read more about the Partnership in AUVSI's Whitepaper published on our website.

We fully agree with the aim of the bill - that secure drones from American and allied manufacturers enable greater security for customers and end users. Further, they reduce dependence on foreign supply chains for components and rare earth materials and they allow the United States to reposition itself as the global leader in advanced aviation.

Concern over the security risks of operating foreign Uncrewed Aircraft Systems (UAS), specifically from adversarial nations, is not a new issue. It was in 2017 that the US military first began removing these systems from their Arsenal. Fast forward and in the past two years we have seen Congress enact the American Security Drone Act of 2023 and the Countering CCP Drones Act of 2024 as part of the FY25 nDAA. While the ASDA restricts federal agencies from operating certain foreign-made drones, the Countering CCP Drones Act will very likely prohibit the two largest Chinse drone manufacturers from selling new products in the United States within a year.

The U.S. Department of Commerce's Bureau of Industry and Security (BIS) also announced last week that they are seeking public input on how to safeguard the UAS supply chain, highlighting acute threats that may offer our adversaries the ability to remotely access and manipulate these drones to expose sensitive data.

As the Federal Government continues to enact policies prohibiting the use of certain foreign-made drones, states that fail to comply with these regulations may find themselves ineligible for federal grants and contracts related to drone operations. These risks are, of course, secondary to the threat of the state's data.

AUVSI applauds North Dakota's proactive efforts to divest from UAS owned by state agencies that pose security risks which will also help strengthen America's UAS supply chain. This is a crucial step in addressing a pressing national security issue.

However, AUVSI would like to suggest expanding the scope of the bill which we believe will improve the outcome and intent of the program. The problem that such drones present is not solely confined to state agencies. Many local agencies, especially law enforcement and first responders, operate the same insecure drones. To comprehensively eliminate this threat to North Dakota, AUVSI strongly recommends providing funding to local governments to transition their own fleets. One state that we would highlight as a national best practice is Florida. In 2024 Florida enacted its current Drone Replacement Program which provided local police and first responder agencies with up to $25,000 per drone for every insecure drone they turned over to the state.

I would also like to voice our support for funding of the state radar data Pathfinder program. The Northern Plains UAS Test Site is at the forefront of this first-of-its-kind program that will further considerably efforts to integrate drones into the National Airspace System. This will significantly add value to the state's investments in Vantis and will be a milestone that benefits the entire industry.

I want to thank the bill sponsors for recognizing this issue and acting swiftly to correct it. With targeted investments and common-sense policies, we can level the playing field for UAS innovation. I respectfully urge a DO PASS recommendation from the committee.

Respectfully,

Mason Sisk
Director, Government Affairs
Association for Uncrewed Vehicle Systems International

THE FACTS ABOUT DJI DRONES

AND SOME COMMON MISCONCEPTIONS

DJI is the **world's leader** in consumer and enterprise drones. They have **redefined industries** with safety and efficiency in mind, including agriculture, oil and gas, real estate, law enforcement and public safety, filmmaking, photography, and more.

DJI's drones **save hundreds of lives** by supporting search and rescue operations, SWAT teams, and other high-stakes, time-sensitive situations in dozens of countries worldwide.

(https://enterprise.dji.com/drone-rescue-map/)

A 2023 economic impact report found that DJI devices enable more than **$116 billion** in economic activity across the United States, supporting **more than 450,000 American jobs.** *Users choose DJI products because alternatives available don't often match the features, reliability, price point, or manufacturing capability.* Proposed restrictions on the purchase, use, or importation of DJI drones would have a **significant negative impact** on the many American individuals and businesses that have embraced the drone ecosystem, putting jobs and lives at risk. **A free and open drone market fosters innovation.**

MISCONCEPTIONS: "User data is provided to the Chinese government" and "User data is not secure"

FACT: There is no unauthorized transfer of data back to China, confirmed by several independent security audits. Users must **opt-in** to backup any photos or videos with DJI, and U.S. users **cannot** share flight logs with DJI servers.

(https://www.dji.com/trust-center/resource/security-audits-certification) (https://viewpoints.dji.com/blog/dji-to-disable-flight-record-sync-in-the-us)

FACT: DJI has never had any requests for user data under China's National Intelligence Law. Company policy requires governments provide a warrant, subpoena, or other formal legally-bound request before producing any customer data. Furthermore, DJI only accepts requests concerning users operating in the country making the request.

FACT: Features such as Local Data Mode, data encryption, and compatibility with third-party software (**DJI drones do not require DJI software to operate - American alternatives with additional or more specialized security features can be utilized instead**) allow for additional layers of security for users to safeguard and control their data.

MISCONCEPTIONS: "DJI has undercut competitors with unfair practices" and "DJI drones are used in world conflicts"

FACT: DJI is and always has been a **private company**: co-founders hold **99% of company voting rights and nearly 90% of all shares.** DJI manufactures at scale to meet demand in more than 100 countries and has not benefited from from government subsidies or product dumping - a report by the U.S. District Court for the District of Delaware found company practices "are fully consistent with robust competitition in a growing market, including allegedly declining prices, increasing output, product innovation, and repeated new entry." DJI welcomes scrutiny and supports fair and transparent efforts to ensure user data remains safe and secure - approaches that rely on the country of origin are misguided and leave vulnerabilities in drones manfactured elsewhere unaddressed.

(https://www.ded.uscourts.gov/sites/ded/files/opinions/16-706.pdf)

FACT: DJI condemns the use of its products to cause harm anywhere in the world and takes active steps to prevent it, including terminating relationships with entities on U.S. sanctions lists and proactively suspending business activities in Russia and Ukraine in 2022, including notifying their global distribution network they must block any sale of products or spare parts to customers in Russia or Ukraine, regardless of intended use.

Testimony in Support of House Bill 1038
Senate Industry and Business Committee
January 29, 2025

Chairman Barta and members of the Senate Industry and Business Committee, my name is **Terry Effertz**, and I serve as the **Executive Director of TechND**, North Dakota's technology trade association. TechND represents a broad network of technology leaders, innovators, and stakeholders committed to advancing North Dakota's role as a leader in emerging technologies. Thank you for the opportunity to testify in support of House Bill 1038.

TechND strongly supports Section 2, which allocates $11 million for the State Radar Data Pathfinder Program. This investment will enhance North Dakota's role in integrating federal radar data with state uncrewed aircraft systems (UAS), improving security standards, and expanding beyond visual line of sight (BVLOS) operations. The program will ensure safer, more efficient UAS operations across state agencies, bolster compliance with federal security protocols, and further solidify North Dakota's leadership in UAS technology.

TechND also supports the intent of Section 1, which provides $15 million to replace non-compliant uncrewed aerial vehicles (UAVs) owned by state agencies. However, we encourage an amendment to give Commerce and the Test Site the discretion to physically replace state-owned drones, to use a data management solution, or some combination thereof, taking into consideration the various owners, uses, and applications of state-owned drones.

Why An Amendment is Necessary

1. **Data Security & Compliance** – While replacing non-compliant UAVs is necessary, ensuring state-controlled, secure data management is just as critical. Without proper safeguards, sensitive operational data collected by state UAVs could be vulnerable to cybersecurity threats or external access. Integrating a secure, end-to-end enterprise data solution ensures that UAV-generated data remains protected, compliant, and within North Dakota's control.
2. **Supporting North Dakota Innovation & Economic Growth** – Prioritizing enterprise software solutions originating in North Dakota supports the state's growing technology sector, fosters local expertise, and aligns with North Dakota's broader economic development goals. The state has invested significantly in UAS development, cybersecurity, and autonomous systems, and this amendment ensures that our investment remains strategic and beneficial to North Dakota businesses.
3. **Maximizing Return on Investment** – The $15 million investment in UAV replacement should not only address compliance but also improve UAV capabilities and data security. By including secure data management as part of the replacement process, agencies can streamline UAV operations, reduce risks, and improve operational efficiency, maximizing the long-term benefits of this funding.

Again, TechND fully supports Section 2 of House Bill 1038 and supports Section 1 with the recommended amendment to integrate a state-controlled, secure data management solution into UAV modernization efforts. This approach will protect North Dakota's data, enhance UAV operational efficiency, and support local innovation in the growing UAS sector.

Thank you for your time and consideration. I am happy to answer any questions.

TechND proposes the following language be incorporated in Section 1 the bill:

"The department of commerce shall 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

a. 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; **or**

b. implement a commercial enterprise uncrewed aerial vehicle data management solution, which is defined as secure, end-to-end data collection, transport, storage, processing, and consumption through enterprise software, preferably originating in North Dakota, that ensures all data collected, transmitted, stored, and consumed by an uncrewed aerial vehicle remains under the control of the state; or

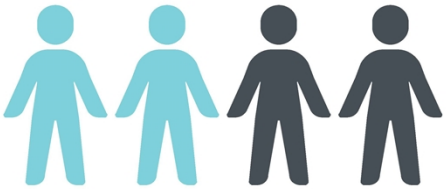
c. some combination of subdivision (a) and (b), taking into consideration the various owners, uses, and applications of state-owned uncrewed aerial vehicles."

DJI's IMPACT IN NORTH DAKOTA

Over the past decade, millions of Americans have discovered the countless commercial applications of drone technology. A 2023 analysis* by John Dunham & Associates shows the economic contributions of DJI across America. Here are the key findings.

STATE IMPACT**

1,850 ND JOBS



ND ECONOMIC IMPACT

$424 MILLION

STATE WAGES PAID

$127 MILLION

NATIONAL IMPACT**

OF SMALL BUSINESSES CURRENTLY USING DRONES WOULD CLOSE WITHOUT ACCESS TO PRODUCTS LIKE DJI DRONES***

NATIONAL ECONOMIC IMPACT

$117 BILLION

AMERICAN JOBS CREATED

464,643

DJI DRONES IN NORTH DAKOTA

Fargo Fire Department

The Fargo Fire Department used its drone during a fire at a South Fargo strip mall to see hotspots and direct personnel accordingly.

Businesses utilizing drones have an average fleet size of three aircraft.

Red River UAS Unit

A multi-agency rescue team in the Fargo area uses drones for disaster relief, to search for missing persons and more.

*Analysis examines DJI's operations, sales and distribution network, U.S. purchases for its global operations, and the impact of the use of its products by commercial enterprises in the U.S.

**State and national data comprises direct, supplier, and induced impacts.

***This data point includes DJI, Autel and Yuneec products.

NORTH Dakota | Office of the Governor
Be Legendary.

House Bill 1038
Senate Industry and Business Committee
Aaron Weber – Policy Director, Office of the Governor
January 29, 2025

Chairman Barta and Members of the Committee,

On behalf of Governor Armstrong and Lieutenant Governor Strinden, thank you for the opportunity to provide testimony in support of House Bill 1038. This legislation represents a critical step forward for North Dakota's leadership in uncrewed aircraft systems (UAS) technology and integration.

I especially want to emphasize the significance of the state radar data pathfinder program. The proposed appropriation of $11 million underscores North Dakota's commitment to advancing UAS technology and ensuring safe, efficient integration into the national airspace. Participating in the pathfinder program allows our state to use the Northern Plains UAS Test Site to evaluate FAA radar's role in safely integrating UAS into the national airspace.

Moreover, investing in this pathfinder program will further elevate North Dakota's position as a hub for UAS innovation. Through this collaboration, North Dakota and the FAA will set the standard for the integration of UAS into the national airspace. The radar data pathfinder program is not just about integrating radar data, it is about shaping the future of UAS operations in North Dakota and the United States.

Our state has the opportunity to lead – not just for today but for decades to come. This program will ensure North Dakota maintains our position at the forefront of UAS innovation by fostering new industry partnerships, advancing cutting-edge research, and attracting commercialization.

We respectfully ask the committee to advance this bill with a do pass recommendation to further solidify North Dakota's reputation as a leader in UAS innovation.

Thank you for your time and consideration.

Testimony in Opposition to HB 1038
Senate Industry & Business Committee
January 29, 2025

Chairman Barta and Members of the Senate Industry & Business Committee,

On behalf of the DJI Technology Company, I am here in opposition to HB 1038 and to offer an amendment. DJI is the world's largest drone manufacturer, and has a dominant share of the U.S. and global drone market with 80% of the total market. Estimates are that DJI holds 95% of the U.S. hobby drone market and close to 90% of the agricultural drone and commercial markets.

This bill is asking for state agencies and higher education programs to trade in highly functional and secure DJI drones in exchange for drones that are 2-3 times more expensive with less functionality. Users choose DJI drones because they are well built, easy to pilot, and inexpensive. DJI servers are located in the US but most users rely on local data mode to keep their data local.

I encourage you to read the testimony submitted online by many drone pilots. They have described how important these drones are to their line of work, and how these users keep their data secure. These users are concerned about the "slippery slope" - the state is coming after state owned drones this session. Will it be consumer drones next session? Law enforcement, realtors, agriculture spray companies, professional photographers, insurance companies and many more industries rely on DJI drones.

I'd like to offer an amendment. The amendment removes the federal compliance language and replaces it with language requiring drones that have the ability to turn off data transmission, and requires an American data storage company to house data. Thank you for your consideration, and we hope to work with the committee on workable amendments to the bill.

Respectfully submitted,

Lisa Feldner
DJI Technology Company

25.0329.05000

Sixty-ninth Legislative Assembly of North Dakota

HOUSE BILL NO. 1038

Introduced by

Representatives Nathe, Bosch, Hagert, Lefor, Mitskog, O'Brien, Schreiber-Beck, Stemen, Vigesaa

Senators Axtman, Bekkedahl, Hogue

A BILL for an Act to provide an appropriation to the department of commerce for an uncrewed aerial vehicle replacement program and a state radar data pathfinder program; to provide for a report; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. APPROPRIATION - DEPARTMENT OF COMMERCE - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - UNCREWED AERIAL VEHICLE REPLACEMENT PROGRAM - LEGISLATIVE MANAGEMENT REPORT - ONE-TIME FUNDING. There is appropriated out of any moneys in the strategic investment and improvements fund in the state treasury, not otherwise appropriated, the sum of $15,000,000, or so much of the sum as may be necessary to the department of commerce for the purpose of administering an uncrewed aerial vehicle replacement program, for the period beginning with the effective date of this Act and ending June 30, 2027. This funding is considered a one-time funding item.

1. ~~The department of commerce shall 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 federal National Defense Authorization Act and the American Security Drone Act of 2023~~. A state agency owning an uncrewed aerial vehicle before January 1, 2025, is eligible to receive a new uncrewed aerial vehicle that ~~is in compliance with federal requirements and~~ is of equivalent capability to the agency's existing uncrewed aerial vehicle.

a) **An agency, including institutions under the control of the state board of higher education, shall not purchase an unmanned, remotely piloted, powered aerial or ground vehicle unless one or both of the following conditions are met:**
    1. **The vehicle contains an option to turn-off any data collection programs that are not necessary for the vehicle to function; and**
    2. **The agency uses an American data storage company to house all data collected, including video and photographic images.**

b) **The restriction and conditions pursuant to subdivision (a) shall only apply to an unmanned, remotely piloted, powered aerial or ground vehicle purchased on or after January 1, 2025 and shall not restrict an agency's ability to maintain ownership or**

possession of an unmanned, remotely piloted, powered aerial or ground vehicle purchased prior to January 1, 2025.

The department of commerce shall purchase each uncrewed aerial vehicle based on the needs of the agency and a recommendation from the uncrewed aircraft systems test site and provide the uncrewed aerial vehicle to the agency. The department of commerce shall use a portion of the funding provided in this section to pay for training needed for agency staff to operate the new uncrewed aerial vehicle. The department of commerce and uncrewed aircraft systems test site shall give priority to state agencies willing to share uncrewed aerial vehicles rather than purchasing multiple uncrewed aerial vehicles.

2. Any uncrewed aerial vehicle replaced under this section must be remitted to the uncrewed aircraft systems 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 of commerce shall remit any funding received under this section to the state treasurer for deposit in the general fund.

3. The department of commerce shall maintain an inventory of uncrewed aerial vehicles purchased for state agencies under this section and encourage state agencies to use the state beyond visual line of sight program. The uncrewed aircraft systems test site shall provide guidance to state agencies regarding the integration of uncrewed aerial vehicles into the beyond visual line of sight system and proper maintenance schedules for uncrewed aerial vehicles. The uncrewed aircraft systems test site shall establish a centralized system for state agencies to register uncrewed aerial vehicles and authorized operators for accessing the beyond visual line of sight system and shall provide operational support when state agencies use uncrewed aircraft systems test site integrated platforms.

4. During the 2025-26 interim, the department of commerce shall compile information from state agencies and provide a report to the legislative management by June 30, 2026, regarding the status of the program, funding spent on uncrewed aerial vehicle replacements and training costs, the number of uncrewed aerial vehicles replaced in each state agency, the number of uncrewed aerial vehicles sold or disposed, and any

future needs for each state agency ~~to be compliant with the federal National Defense Authorization Act and the American Security Drone Act of 2023~~.

SECTION 2. APPROPRIATION - DEPARTMENT OF COMMERCE - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - STATE RADAR DATA PATHFINDER PROGRAM - LEGISLATIVE MANAGEMENT REPORT - ONE-TIME FUNDING. There is appropriated out of any moneys in the strategic investment and improvements fund in the state treasury, not otherwise appropriated, the sum of $11,000,000, or so much of the sum as may be necessary, to the department of commerce for the purpose of administering a state radar data pathfinder program, for the period beginning with the effective date of this Act, and ending June 30, 2027. This funding is considered a one-time funding item.

1. The department of commerce shall 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. The department of commerce shall use funding appropriated in this section to:

a. Support the integration of federal radar data with state uncrewed aircraft systems and the beyond visual line of sight program.

b. Develop and implement security control protocols that meet federal aviation administration radar data requirements to ensure compliance with national security standards.

c. Enhance uncrewed aircraft systems and radar data infrastructure in the state.

d. Increase the safety and effectiveness of the operations of the uncrewed aircraft systems test site.

e. Provide state agencies with training and technical resources to use federal radar data securely while using the beyond visual line of sight program.

2. During the 2025-26 interim, the department of commerce shall provide a 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 uncrewed aircraft system operations, safety, and data security in the state.

SECTION 3. EMERGENCY. This Act is declared to be an emergency measure.

2025 SENATE STANDING COMMITTEE MINUTES

Industry and Business Committee
Fort Union Room, State Capitol

HB 1038
2/3/2025

A bill for an act to provide an appropriation to the department of commerce for an uncrewed aerial vehicle replacement program and a state radar data pathfinder program; to provide for a report; and to declare an emergency.

9:00 a.m. Chairman Barta called the meeting to order.

Members present: Chairman Barta, Vice-Chair Boehm, Senator Klein, Senator Enget
Members absent: Senator Kessel

Discussion Topics:

- Emergency clause
- State data control
- Bill division
- FAA purchase clarification
- Data feed management
- Vantis Network program development
- Security and staffing
- Commerce Department Budget

9:15 a.m. Senator Klein moved to adopt amendment LC# 25.0329.05002.

9:15 a.m. Senator Boehm seconded the motion.

Senators	Vote
Senator Jeff Barta	Y
Senator Keith Boehm	Y
Senator Mark Enget	Y
Senator Greg Kessel	A
Senator Jerry Klein	Y

Motion passed 4-0-1.

9:17 a.m. Senator Klein moved a Do Pass As Amended and referred to Appropriations.

9:18 a.m. Senator Boehm seconded the motion.

Senators	Vote
Senator Jeff Barta	Y
Senator Keith Boehm	Y

Senator Mark Enget	Y
Senator Greg Kessel	A
Senator Jerry Klein	Y

Motion passed 4-0-1.

Senator Barta will carry the bill.

9:19 a.m. Chairman Barta closed the hearing.

Audrey Oswald, Committee Clerk

RS 2/3/25
1 of 4

25.0329.05002
Title.06000

Adopted by the Senate Industry and Business Committee
February 3, 2025

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO

HOUSE BILL NO. 1038

Introduced by

Representatives Nathe, Bosch, Hagert, Lefor, Mitskog, O'Brien, Schreiber-Beck, Stemen, Vigesaa

Senators Axtman, Bekkedahl, Hogue

A BILL for an Act to provide an appropriation to the department of commerce for an uncrewed aerial vehicle replacement program and a state radar data pathfinder program; to provide for a report; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. APPROPRIATION - DEPARTMENT OF COMMERCE - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - UNCREWED AERIAL VEHICLE REPLACEMENT PROGRAM - LEGISLATIVE MANAGEMENT REPORT - ONE-TIME FUNDING. There is appropriated out of any moneys in the strategic investment and improvements fund in the state treasury, not otherwise appropriated, the sum of $15,000,000, or so much of the sum as may be necessary, to the department of commerce for the purpose of administering an uncrewed aerial vehicle replacement program, for the period beginning with the effective date of this Act, and ending June 30, 2027. This funding is considered a one-time funding item.

1. The department of commerce shall 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 federal National Defense Authorization Act and the American Security Drone Act of 2023. The department and test site shall implement an enterprise uncrewed aerial vehicle data management solution. An enterprise uncrewed aerial vehicle data management

solution implemented under this section must ensure all data collected, transmitted, stored, and consumed by an uncrewed aerial vehicle remain under the control of the state. A state agency owning an uncrewed aerial vehicle before January 1, 2025, is eligible to receive a new uncrewed aerial vehicle that is in compliance with federal requirements and is of equivalent capability to the agency's existing uncrewed aerial vehicle. The department of commerce shall purchase each uncrewed aerial vehicle based on the needs of the agency and a recommendation from the uncrewed aircraft systems test site and provide the uncrewed aerial vehicle to the agency. The department of commerce shall use a portion of the funding provided in this section to pay for training needed for agency staff to operate the new uncrewed aerial vehicle. The department of commerce and uncrewed aircraft systems test site shall give priority to state agencies willing to share uncrewed aerial vehicles rather than purchasing multiple uncrewed aerial vehicles.

2. Any uncrewed aerial vehicle replaced under this section must be remitted to the uncrewed aircraft systems 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 of commerce shall remit any funding received under this section to the state treasurer for deposit in the general fund.

3. The department of commerce shall maintain an inventory of uncrewed aerial vehicles purchased for state agencies under this section and encourage state agencies to use the state beyond visual line of sight program. The uncrewed aircraft systems test site shall provide guidance to state agencies regarding the integration of uncrewed aerial vehicles into the beyond visual line of sight system and proper maintenance schedules for uncrewed aerial vehicles. The uncrewed aircraft systems test site shall establish a centralized system for state agencies to register uncrewed aerial vehicles and authorized operators for accessing the beyond visual line of sight system and shall provide operational support when state agencies use uncrewed aircraft systems test site integrated platforms.

4. During the 2025-26 interim, the department of commerce shall compile information from state agencies and provide a report to the legislative management by June 30, 2026, regarding the status of the program, funding spent on uncrewed aerial vehicle replacements and training costs, the number of uncrewed aerial vehicles replaced in each state agency, the number of uncrewed aerial vehicles sold or disposed, and any future needs for each state agency to be compliant with the federal National Defense Authorization Act and the American Security Drone Act of 2023.

5. As used in this section "enterprise uncrewed aerial vehicle data management solution" means a system for secure, end-to-end data collection, transportation, storage, processing, and consumption through enterprise software.

SECTION 2. APPROPRIATION - DEPARTMENT OF COMMERCE - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - STATE RADAR DATA PATHFINDER PROGRAM - LEGISLATIVE MANAGEMENT REPORT - ONE-TIME FUNDING. There is appropriated out of any moneys in the strategic investment and improvements fund in the state treasury, not otherwise appropriated, the sum of $11,000,000, or so much of the sum as may be necessary, to the department of commerce for the purpose of administering a state radar data pathfinder program, for the period beginning with the effective date of this Act, and ending June 30, 2027. This funding is considered a one-time funding item.

1. The department of commerce shall 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. The department of commerce shall use funding appropriated in this section to:
   a. Support the integration of federal radar data with state uncrewed aircraft systems and the beyond visual line of sight program.
   b. Develop and implement security control protocols that meet federal aviation administration radar data requirements to ensure compliance with national security standards.
   c. Enhance uncrewed aircraft systems and radar data infrastructure in the state.
   d. Increase the safety and effectiveness of the operations of the uncrewed aircraft systems test site.

e. Provide state agencies with training and technical resources to use federal radar data securely while using the beyond visual line of sight program.

2. During the 2025-26 interim, the department of commerce shall provide a 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 uncrewed aircraft system operations, safety, and data security in the state.

SECTION 3. EMERGENCY. This Act is declared to be an emergency measure.

REPORT OF STANDING COMMITTEE
HB 1038

Industry and Business Committee (Sen. Barta, Chairman) recommends **AMENDMENTS (25.0329.05002)** and when so amended, recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (4 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB 1038 was placed on the Sixth order on the calendar. This bill does not affect workforce development.

2025 SENATE APPROPRIATIONS

HB 1038

2025 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

HB 1038
2/6/2025
8:59 a.m.

A BILL for an Act to provide an appropriation to the department of commerce for an uncrewed aerial vehicle replacement program and a state radar data pathfinder program; to provide for a report; and to declare an emergency.

8:59 a.m. Chairman Bekkedahl opened the hearing.

Members Present: Chairman Bekkedahl, Vice-Chairman Erbele, and Senators Burckhard, Cleary, Conley, Davison, Dever, Mathern, Meyer, Schaible, Sickler, Sorvaag, Thomas, Wanzek.
Members Absent: Senators Dwyer, Magrum.

Discussion Topics:

- Northern Plains Test Site
- DJI Drones
- Security Risks
- Vantis System
- Radar Data
- Revenues
- Protecting ND Investments
- Hardware Replacement
- Pathfinder Program
- Program Partners
- $11 Million Breakdown

8:59 a.m. Representative Nathe testified in favor and submitted testimony #36241.

9:25 a.m. Frank Matus, Director, Thales USA Inc., testified in favor.

9:58 a.m. Erin Roesler, Deputy Executive Director, Northern Plains UAS Test Site , testified in favor.

10:37 a.m. Chairman Bekkedahl closed the hearing.

Elizabeth Reiten, Committee Clerk

Representative Nathe,

We received the results of the unmanned aerial vehicle (UAV) survey from the North Dakota University System this week. With their information included, it appears North Dakota state agencies own a total of 353 UAVs. Of these vehicles, 86.97% were manufactured in China, 9.92% in the USA, 1.70% in France, 0.08% in Switzerland, and 0.06% in Latvia. The country of manufacture counts and percentage distribution for each agency are shown in the table below.

Agency	Number of UAVs					Percentage of UAVs				
	USA	China	France	Latvia	Switzerland	USA	China	France	Latvia	
Attorney General - Bureau of Criminal Investigation	0	6	0	0	0		100%			
Bismarck State College	0	13	0	0	0		100%			
Dakota College at Bottineau	1	24	0	0	0	4%	96%			
Department of Corrections and Rehabilitation	0	2	0	0	0		100%			
Department of Mineral Resources - Oil and Gas Division	0	10	0	0	0		100%			
Department of Transportation	4	28	0	0	0	12.50%	87.50%			
Department of Trust Lands	0	1	0	0	0		100%			
Department of Water Resources	0	3	0	0	0		100%			
Game and Fish Department	0	3	0	0	0		100%			
Highway Patrol	0	15	0	0	0		100%			
Lake Region State College	1	29	0	0	0	3.33%	96.67%			
Main Research Center/NDSU Extension Service	3	29	0	0	3	8.57%	82.86%			
Mayville State University	0	4	0	0	0		100%			
Minot State University	0	4	0	0	0		100%			
North Dakota Forest Service	0	2	0	0	0		100%			
North Dakota State College of Science	0	3	0	0	0		100%			
North Dakota State University	0	12	0	0	0		100%			
Parks and Recreation Department	0	1	0	0	0		100%			
Public Service Commission	0	1	0	0	0		100%			
State Historical Society	1	4	0	0	0	20%	80%			
University of North Dakota	22	104	6	2	0	16.42%	77.61%	4.48%	1.49%	
Valley City State University	0	1	0	0	0		100%			
Williston State College	3	8	0	0	0	27.27%	72.73%			
Total	35	307	6	2	3					

conduct significantly adverse to the national or economic security of the United States." It defines "covered UAS" as any UAS that:

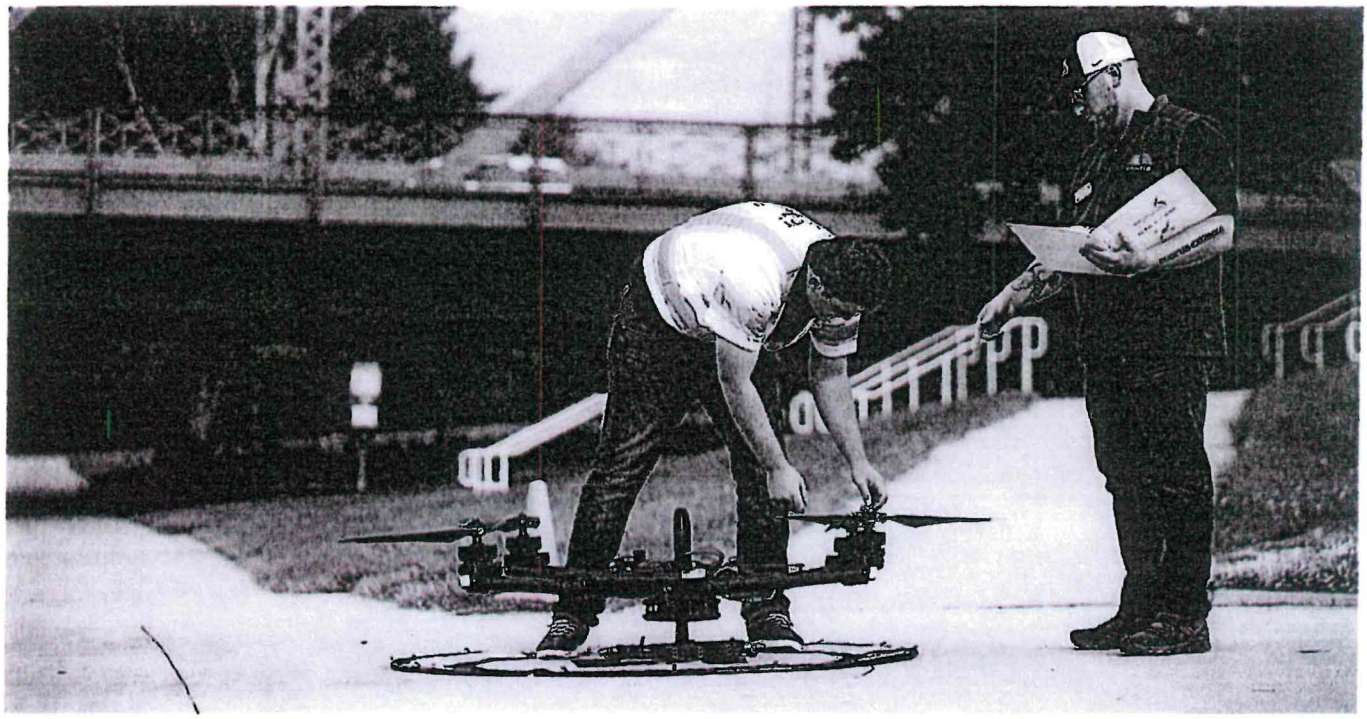
- Is manufactured, in whole or in part, by an entity domiciled in an adversary country,
- Uses critical electronic components installed in flight controllers, ground control system processors, radios, digital transmission devices, cameras, or gimbals manufactured, in whole or in part, in an adversary country;
- Uses network connectivity or data storage located outside the United States, or administered by any entity domiciled in an adversary country; or
- Contains hardware and software components used for transmitting photographs, videos, location information, flight paths, or any other data collected by the UAS manufactured by an entity domiciled in an adversary country.

The National Defense Authorization Act for Fiscal Year 2024 (P.L. 118-31), includes the American Security Drone Act of 2023. The Act provides for prohibitions on procureme operation, use of federal funds for procurement and operation of, and use of government-issued purchase cards to purchase covered unmanned aircraft systems from cover foreign entities and management of existing inventories of such systems. The Act defines "covered foreign entity" as an entity included on a list developed and maintained b Federal Acquisition Security Council and published in the System for Award Management and specifies the list will include:

- An entity on the Consolidated Screening List;
- Any entity subject to extrajudicial direction from a foreign government, as determined by the Secretary of Homeland Security;
- Any entity the Secretary of Homeland Security, in coordination with the Attorney General, Director of National Intelligence, and the Secretary of Defense, determines a national security risk;
- Any entity domiciled in the People's Republic of China or subject to influence or control by the Government of the People's Republic of China or the Communist Party the People's Republic of China, as determined by the Secretary of Homeland Security; and
- Any subsidiary or affiliate of an entity described above.

Information about the Consolidated Screening List may be found on the United States Department of Commerce International Trade Administration's website.

On June 4, 2024, Congress introduced H.R. 8610 to reauthorize and reform counter-unmanned aircraft system authorities, to improve transparency, security, safety, and accountability related to such authorities, and for other purposes. According to a draft of the bill, the legislation would require certain federal agencies to maintain a list of approved makes and models of counter-UAS detection and mitigation systems, equipment, and technology; would place limitations on the operation of counter-UAS system manufactured by certain foreign enterprises; and would prohibit the Administrator of the Federal Aviation Administration from acquiring, deploying, operating, or authorizing



FAA Selects NPUASTS for Radar Data Pathfinder Program

Oct 8, 2024

SHARE

GRAND FORKS, North Dakota – The Federal Aviation Administration (FAA) announced a formal agreement with the state of North Dakota, through the Northern Plains UAS Test Site, a state agency, to use federal radar data to advance the integration of beyond visual line-of-sight (BVLOS) UAS operations into the National Airspace System (NAS).

FAA Deputy Administrator Katie Thomson made the announcement on stage at the UAS Summit & Expo in Grand Forks, North Dakota. The agreement marks a first-of-its-kind, government-to-government release of federal radar data. The data is integrated into Vantis, North Dakota's system for BVLOS UAS operations. The NPUASTS is the first participant in the program.

"This program will take us to the next level, ensuring even greater safety and efficiency as we integrate UAS into the National Airspace System," said Thomson.

"This would not be possible without a tremendous amount of work and collaboration between the State of North Dakota, FAA, and interagency partners, as well as the support of North Dakota's Office of the Governor and the North Dakota Legislative Assembly," said Erin Roesler, Deputy Executive Director, NPUASTS. "We're proud to be collaborating with FAA to address this and other UAS integration concepts."

"We really appreciate the work of Deputy Administrator Thomson and the FAA for their ongoing efforts to discovering the path towards receiving this data and ensuring safe integration into the NAS," said Executive Director Trevor Woods, NPUASTS. "We look forward to this continued collaboration and support from the inter-agency partners and the FAA."

Section 905 of the FAA Reauthorization Act of 2024 establishes a pilot program that allows qualified users to access airspace data feeds. The purpose of the Radar Data Pilot Program is twofold: (1) enable air traffic and UAS traffic management services; and (2) test technologies that may enhance or enable these services. The program focuses on defining security control requirements, validating the suitability of radar data, and demonstrating UAS flight operations.

The program also leverages the unique government-to-government relationship between NPUASTS and the FAA, with support from private sector system integration partner Thales. This collaboration has required the team to establish security requirements that are not only applicable to government entities but also adaptable for private entities. This approach ensures the design and implementation of robust security controls to protect sensitive flight data, while still allowing access to future qualified entities or users, including third-party service suppliers and potentially UAS operators.

What does this mean for UAS integration?

Vantis provides Unmanned Aircraft System (UAS) operators with repeatable access to the NAS through safety-critical services and shared-use infrastructure. Through the Radar Data Pilot Program, we can assess how traditional aviation surveillance systems can help expand UAS access beyond specific geographic areas of the country.

This work is complex, with special attention paid to three critical challenges: security, capacity, and utility. For example, how do we use the data to promote integration while protecting the data and dissemination of it at the same time?

What's Next?

The FAA anticipates expanding the release of FAA surveillance data, which up to this point was only intended for North Dakota's Vantis, to more UAS third-party service suppliers by early next year, as required by the legislation.

Vantis is a case study for operator-friendly, BVLOS-enabling shared-use UAS infrastructure. We're seeking state and operator partners who are interested in sharing our progress and lessons learned by adapting the Vantis model and advancing true BVLOS in their communities.

About Northern Plains UAS Test Site

As one of seven FAA-designated UAS Test Sites, the NPUASTS is committed to leading the nation in autonomous technology solutions. Our mission is to innovate, test, and advance these technologies, bringing tangible benefits to communities nationwide. Through high-quality research, commercialization of UAS technologies, and active participation in policy and standards development, the NPUASTS is at the forefront of integrating UAS into the National Airspace System. Visit **NPUASTS.com** for more information.

About Vantis

Vantis is North Dakota's statewide unmanned aircraft system (UAS) beyond-visual-line-of-sight (BVLOS) system, the first of its kind in the nation and administered by the Northern Plains UAS Test Site. Created by North Dakota with an initial investment in 2019, Vantis provides turnkey support to commercial and public UAS operators through infrastructure and regulatory approvals allowing applications and usability over a variety of industries. Visit **VantisUAS.com** for more information.

BACK TO NEWS

2025 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

HB 1038
2/6/2025
2:00 p.m.

A BILL for an Act to provide an appropriation to the department of commerce for an uncrewed aerial vehicle replacement program and a state radar data pathfinder program; to provide for a report; and to declare an emergency.

2:03 p.m. Chairman Bekkedahl opened the hearing.

Members Present: Chairman Bekkedahl, Vice-Chairman Erbele, and Senators Burckhard, Cleary, Conley, Davison, Dever, Dwyer, Magrum, Mathern, Meyer, Schaible, Sickler, Sorvaag, Thomas, Wanzek.

Discussion Topics:

- Cost Estimates
- Inventory Management
- Enterprise Data Management Addition

2:04 p.m. Erin Roesler, Deputy Executive Director, Northern Plains UAS Test Site , testified in favor and submitted testimony #36029.

2:15 p.m. Frank Matus, Thales USA Inc., testified in favor.

2:19 p.m. Senator Sickler moved a Do Pass.

2:19 p.m. Senator Conley seconded the motion.

Senators	Vote
Senator Brad Bekkedahl	Y
Senator Robert Erbele	Y
Senator Randy A. Burckhard	Y
Senator Sean Cleary	Y
Senator Cole Conley	Y
Senator Kyle Davison	N
Senator Dick Dever	Y
Senator Michael Dwyer	Y
Senator Jeffery J. Magrum	N
Senator Tim Mathern	N
Senator Scott Meyer	Y
Senator Donald Schaible	Y
Senator Jonathan Sickler	Y
Senator Ronald Sorvaag	N
Senator Paul J. Thomas	N
Senator Terry M. Wanzek	Y

Motion Passed 11-5-0.

Senator Barta will carry the bill.

2:22 p.m. Chairman Bekkedahl closed the hearing.

Elizabeth Reiten, Committee Clerk

REPORT OF STANDING COMMITTEE
AMENDED HB 1038 (25.0329.06000)

Appropriations Committee (Sen. Bekkedahl, Chairman) recommends **DO PASS** (11 YEAS, 5 NAYS, 0 ABSENT AND NOT VOTING). HB 1038 was placed on the Fourteenth order on the calendar. This bill does not affect workforce development.

HB1038 Cost Estimates

Provided by Northern Plains UAS Test Site

February 2025

NORTHERN PLAINS
UAS TEST SITE

HB1038 – Section 1 Cost Estimates

UAS Replacement Program Cost Estimates

Task	Cost Estimate
Administering the Program	**$1,850,000**
Personnel Support	
Strategic Planning & Analysis	
Grant Management & Dispersement	
Program Eligibility	
NDAA Compliance Verification	
Procurement Management (including Volume Discount)	
Communication & Outreach	
Contract Management, Analytics & Reporting	
Centralized System Management	**$1,200,000**
Inventory Establishment & Management	
Lifecycle Management	
Threat & Vulnerability Assessment	**$1,000,000**
Collection	
Inventory Management	
Resale, Billing and Collection	
Decommissioning	
Regulatory & BVLOS Guidance	**$1,250,000**
TBVLOS Operational Approvals	
BVLOS Operational Approvals	
System Compatibility & Onboarding	**$1,000,000**
Compatibility Analysis	
UAS Aircraft Credentialing	
Pilot Credentialing	
Training	**$700,000**
UAS Pilot Proficiency (~160 pilots)	
UAS Aircraft Specific Training & Maintenance (~160 pilots)	
"Train the Trainer" Instructional Training (~40 instructors)	
UAS and Systems Replacement	**$8,675,000**
(75 @ $1,000/UAS)	
(150 @ $30,000/UAS)	
(82 @ $50,000/UAS)	
Assumption of 307 eligible for replacement per ND Leg. Council Inquiry	
SUM	**$15,675,000**

NORTHERN PLAINS
UAS TEST SITE

HB1038 – Section 1 Cost Estimates
(UAS/Drone & System Replacement Cost Only)

INITIAL ESTIMATES

FRONTIER PRECISION
How You Measure Matters

Frontier Precision - BLUE/NDAA UAS Offerings 2025

*Items are subject to change due product updates

Feb-25

NDAA COMPLIANT UAS	CAPABILITY PACKAGE	COST
ACSL Vision Aerial V2648 SwitchBlade-Elite 2.5	SwitchBlade-Elite 2.5 tricopterIncludes:- Powered, retractable landing gear- Remote ID- Herelink ground cont	$12,601
ASIO X KMC0001-02.00_BuHo	ASIO X DroneIncludes:- Blue Herelink	$49,995
Sentaero 5 (BVLOS)	Rugged Storage Cases, Manual Transmitter, 915 MHz Manual C2 Datalink, 3-mile 2.4GHz Primary C2 Datalink, 4	$87,736
KHRONOS PAYLOAD - NEXTVISION RAPTOR CAMERA	KHRONOS Payload with NextVision Raptor Camera	$44,000
Alta X + Pilot Pro (DIU Blue)	Alta X drone with Pilot Pro compliant with DIU Blue UAS standards.	$32,225
BLUE UAS - IF1200 - SRoC + Doodle Labs 2450 Radio	IF1200A Hexacopter, SRoC + Doodle Labs 2450 Radio Ground Control Station. Includes: 1 Aircraft, 2 Spare Foldi	$54,450
PF728231	Parrot ANAFI USA GOV US (Updated SKU No Sun Visor or Shoulder Strap)	$14,000
Vector Air Platform - 4260574667856	Starting Vector Air Platform to compose the desired UAV. Compatible with all gimbaled Sensors. Transport cas	$133,250
RESEPI Ouster REV7 OS1-64		$43,500
RESEPI XT32 w/ 24 MP Camera		$30,650
Skydio X10 Ready Kit (2.4/5 GHz, IR) NA + VT300-Z	Kit includes one (1) Skydio X10 Vehicle with Sensor Package (2.4/5 GHz, IR) NA + VT300-Z, one (1) Enterprise C	$16,192
SIRAS TV128+ (no-R) Bundle w/ 1 Pair Batteries		$10,664
Vision Aerial V2651 Vector 2.5 - Blue	Blue Vector 2.5 hexacopter droneIncludes:- Blue Herelink ground control station- Waterproof Pelican transpo	$20,241

NORTHERN PLAINS UAS TEST SITE

HB1038 - Section 1 Cost Estimates
(Enterprise Data Management Addition)

INITIAL ESTIMATES

"An enterprise uncrewed aerial vehicle data management solution implemented under this section must ensure all data collected, transmitted, stored, and consumed by an uncrewed aerial vehicle remain under the control of the state."

- **Commercial Data Management Solution - $2,000,000 annually**
  - *Assumption is informed by one supplier estimate, uncertainty on additional installation or setup costs.*

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HB1038 – Section 2 Cost Estimates

VANTIS

- Budget (Estimate to Complete): ~$11M **unprogrammed** in current Vantis Appropriation
- Assumptions & Risks:
  - Operational Test flights can continue throughout test period without seasonal interruption (Group IV UAS).
  - Acceptable Enclave design solution for FAA NAS Data Release Board adopted
  - Command, Control and Communications solution accepted by FAA UAS Integration Office and Flight Standards Office for BVLOS operations

Scope:
As a FAA Pathfinder participant, we will conduct development, fielding and operational test of the Federal Radar Data Enclave using Vantis System to establish feasibility and utility of FAA NAS radar data. We will utilize a ground-based surveillance for UAS BVLOS operations and adhere to all applicable security requirements for CUI data handling.

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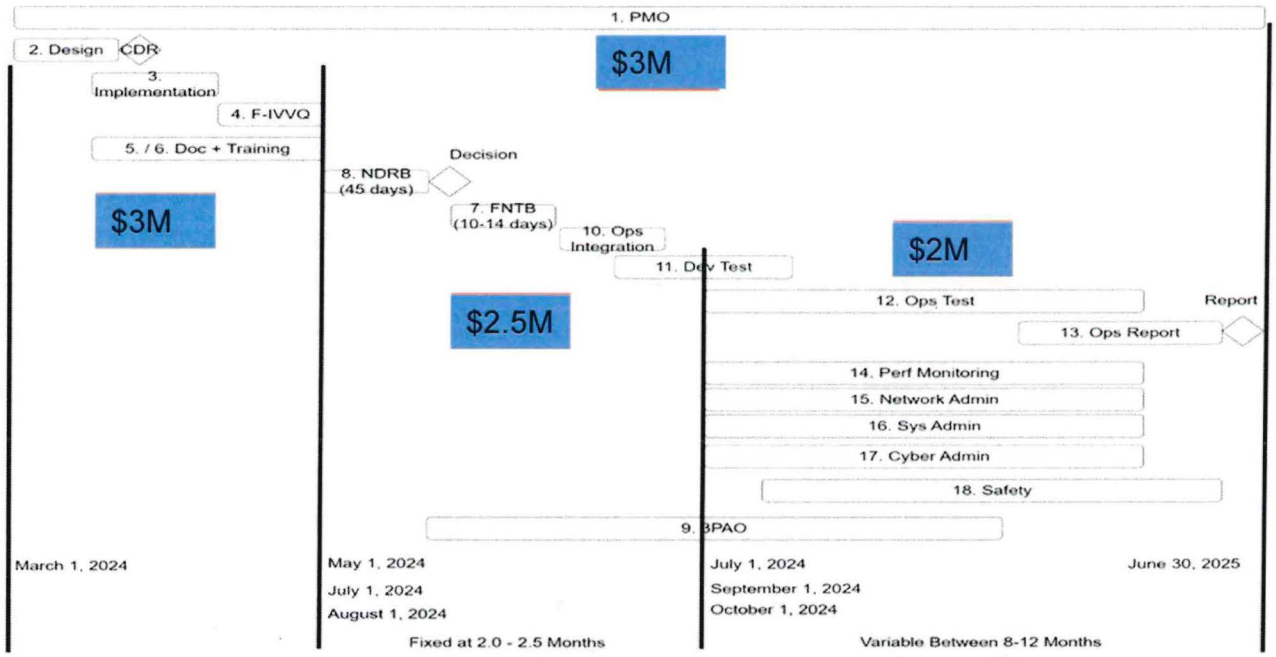
UAS TEST SITE

HB1038 – Section 2 Cost Estimates



PMO Costs include:
NPUASTS Management and Engagement
Thales Systems Engineering
MITRE Support
NDIT Support
Network Application Costs
Security Management
Meetings with the FAA, other regulatory engagement
- i. Bi-weekly meetings and prep.
- ii. Tiger Teams and working groups as required

First time the FAA and Other Agencies have done this—Plan is notional but Indicative activities / durations

NORTHERN PLAINS UAS TEST SITE

2025 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

HB 1038
2/13/2025

A BILL for an Act to provide an appropriation to the department of commerce for an uncrewed aerial vehicle replacement program and a state radar data pathfinder program; to provide for a report; and to declare an emergency.

4:17 p.m. Chairman Bekkedahl opened the hearing.

Members Present: Chairman Bekkedahl, Senators Burckhard, Cleary, Conley, Davison, Dever, Dwyer, Magrum, Mathern, Schaible, Sickler, Sorvaag, Wanzek.
Members Absent: Vice-Chairman Erbele, Senators Meyer, Thomas.

Discussion Topics:

- Committee Action

4:18 p.m. Senator Schaible moved to reconsider HB1038.

4:18 p.m. Senator Sickler seconded the motion.

Senators	Vote
Senator Brad Bekkedahl	Y
Senator Robert Erbele	A
Senator Randy A. Burckhard	Y
Senator Sean Cleary	Y
Senator Cole Conley	Y
Senator Kyle Davison	Y
Senator Dick Dever	Y
Senator Michael Dwyer	Y
Senator Jeffery J. Magrum	Y
Senator Tim Mathern	Y
Senator Scott Meyer	A
Senator Donald Schaible	Y
Senator Jonathan Sickler	Y
Senator Ronald Sorvaag	Y
Senator Paul J. Thomas	A
Senator Terry M. Wanzek	Y

Motion Passed 13-0-3.

4:20 p.m. Senator Conley moved a Do Pass.

4:20 p.m. Senator Sickler seconded the motion.

Senators	Vote
Senator Brad Bekkedahl	Y
Senator Robert Erbele	A
Senator Randy A. Burckhard	Y
Senator Sean Cleary	N
Senator Cole Conley	Y
Senator Kyle Davison	N
Senator Dick Dever	Y
Senator Michael Dwyer	Y
Senator Jeffery J. Magrum	N
Senator Tim Mathern	N
Senator Scott Meyer	A
Senator Donald Schaible	Y
Senator Jonathan Sickler	Y
Senator Ronald Sorvaag	N
Senator Paul J. Thomas	A
Senator Terry M. Wanzek	Y

Motion Passed 8-5-3.

Senator Barta will carry the bill.

4:22 p.m. Chairman Bekkedahl adjourned the meeting.

Elizabeth Reiten, Committee Clerk

REPORT OF STANDING COMMITTEE
AMENDED HB 1038 (25.0329.06000)

Appropriations Committee (Sen. Bekkedahl, Chairman) recommends **DO PASS** (8 YEAS, 5 NAYS, 3 ABSENT AND NOT VOTING). HB 1038 was placed on the Fourteenth order on the calendar. This bill does not affect workforce development.