



# North Dakota Legislative Council

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## UNMANNED AIRCRAFT SYSTEMS PROGRAMS

This memorandum provides information regarding the unmanned aircraft system (UAS), enhanced use lease grant, and beyond visual line of sight (BVLOS) UAS programs administered by the Department of Commerce.

### UNMANNED AIRCRAFT SYSTEMS PROGRAM

The Legislative Assembly established the UAS program and UAS program fund in Section 14 of Senate Bill No. 2018 (2013), provided a one-time appropriation of \$5 million from the general fund, and provided a continuing appropriation to defray the expenses of the UAS program. The Department of Commerce was required to establish the UAS program in collaboration with the University of North Dakota, the Aeronautics Commission, the Adjutant General, and private parties; to administer the UAS test site upon receiving Federal Aviation Administration approval; and to provide semiannual reports to the Legislative Management. Funding is provided to the Northern Plains UAS Test Site located in Grand Forks, which is one of seven Federal Aviation Administration UAS test sites in the United States and was the first site to conduct flights, launching its first research flight in May 2014.

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

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

Biennium	General Fund	Unmanned Aircraft Systems Fund <sup>1</sup>	Strategic Investment and Improvements Fund	Federal Funds	Total
<b>One-Time Funding</b>					
2013-15	\$5,000,000	\$0	\$0	\$0	\$5,000,000
2015-17 <sup>2</sup>	2,718,620	0	0	0	2,718,620
2017-19 <sup>3</sup>	0	0	2,000,000	0	2,000,000
2019-21 <sup>4,5</sup>	2,250,000	0	0	0	2,250,000
2021-23 <sup>6</sup>	0	1,000,000	0	0	1,000,000
Total one-time funding	\$9,968,620	\$1,000,000	\$2,000,000	\$0	\$12,968,620
<b>Ongoing Funding</b>					
2019-21 <sup>4</sup>	\$0	\$1,000,000	\$0	\$1,000,000	\$2,000,000
2021-23 <sup>5</sup>	3,000,000	1,020,150	0	8,000,000	12,020,150
Total ongoing funding	\$3,000,000	\$2,020,150	\$0	\$9,000,000	\$14,020,150
Total funding <sup>5</sup>	\$12,968,620	\$3,020,150	\$2,000,000	\$9,000,000	\$26,988,770

<sup>1</sup>Funding from the UAS fund is derived from private donations.

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

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

<sup>4</sup>The department was also authorized to continue unexpended funding from strategic investment and improvements fund (SIIF) from the 2017-19 biennium appropriation, estimated at \$750,000 during the 2019 legislative session, to provide a total of \$5 million available for the 2019-21 biennium.

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

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

## **BEYOND VISUAL LINE OF SIGHT UNMANNED AIRCRAFT SYSTEMS PROGRAM**

### **2019-21 Biennium**

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

Section 13 of House Bill No. 1018 (2019) created Section 54-60-29.1 to establish a BVLOS UAS program for the design, purchase, implementation, and operating costs of a BVLOS UAS. The Department of Commerce must require any entity receiving funding for this program which is operating the BVLOS UAS to provide quarterly payments to the State Treasurer equal to 3 percent of the entity's gross income associated with the operation of the BVLOS UAS as reported in the entity's prior year financial statements. The State Treasurer is required to deposit any funds received under this section in the state general fund. The department is required to provide semiannual reports to the Legislative Management regarding the development of the BVLOS UAS program and the total amount deposited by the State Treasurer in the state general fund. No funding was remitted to the State Treasurer related to the BVLOS UAS program during the 2019-21 biennium. It is anticipated revenue may be remitted starting at the end of the 2021-23 biennium.

Funding appropriated by the 2019 Legislative Assembly was for the purpose of purchasing radars and sensors and building an operation center on Northern Plains UAS Test Site. The Vantis UAS Network utilizes existing Department of Transportation and privately-owned towers by attaching sensors to the towers to allow communication between towers and unmanned aircrafts. Tower maintenance is the responsibility of the tower owner. Maintenance of radars, sensors, and other UAS equipment and software are the responsibility of the Northern Plains UAS Test Site, which may be paid utilizing funding appropriated from the Legislative Assembly. Agreements involve the Department of Commerce, Northern Plains UAS Test Site, tower owners, and contractors utilizing the Vantis UAS Network.

### **2021-23 Biennium**

Section 3 of Senate Bill No. 2018 (2021) appropriates one-time funding of \$5 million to the Department of Transportation from grant funds received from the Department of Commerce, pursuant to Section 14, for the purpose of defraying infrastructure construction expenses of the BVLOS UAS program during the 2021-23 biennium. The Department of Transportation may bid, award, and administer any contracts necessary to complete the construction of the infrastructure.

Section 9 of Senate Bill No. 2018 (2021) identifies one-time funding of \$1 million from the general fund in Section 1 is for providing grants to an organization dedicated to expanding workforce opportunities, training, and education related to the BVLOS UAS industry, which the Department of Commerce may provide only to the extent the organization provides \$1 of matching funds from private or other public sources for each \$1 provided by the department during the 2021-23 biennium.

Section 14 of Senate Bill No. 2018 (2021) provides an exemption for unexpended 2017-19 biennium funds continued into the 2019-21 biennium for the BVLOS UAS program to continue into the 2021-23 biennium. The Department of Commerce may provide grants of up to \$5 million to the Department of Transportation, pursuant to the appropriation in Section 3, for the purpose of defraying infrastructure construction expenses of the BVLOS UAS program during the 2021-23 biennium.

The following is a summary of funding provided to the Department of Commerce for the BVLOS UAS program. All funding was provided as one-time appropriations.

Biennium	General Fund	Strategic Investment and Improvements Fund	Total
2017-19 <sup>1,2</sup>	\$28,000,000	\$0	\$28,000,000
2019-21	0	0	0
2021-23 <sup>2</sup>	1,000,000	19,000,000	20,000,000
Total	\$29,000,000	\$19,000,000	\$48,000,000

<sup>1</sup>Supplemental appropriation provided by the 2019 Legislative Assembly.

<sup>2</sup>In addition to the amounts shown in this table, the 2021 Legislative Assembly appropriated \$5 million of remaining funds from the Department of Commerce's \$28 million 2017-19 biennium appropriation to the Department of Transportation for the 2021-23 biennium.

### ENHANCED USE LEASE GRANT PROGRAM

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

The 2015 Legislative Assembly appropriated \$7.5 million from SIIF for the enhanced use lease grant program. Grants were available for constructing infrastructure required for an enhanced use lease private sector business development project located on or adjacent to the Grand Forks Air Force Base. The department was allowed to award up to \$3.1 million for taxi-way reconnection and alert pad refurbishment after an agreement is reached for the first private sector single-tenant or multi-tenant building on the property. The remaining \$4.4 million was contingent on agreement of a second private sector single-tenant or multi-tenant building on the property or after an agreement is reached with any data intensive tenant for data connectivity and redundancy infrastructure requirements or for data services, such as analysis, modeling, or storage. The contingencies were met.

The 2017 Legislative Assembly appropriated \$3 million for the program, of which \$1 million was from the general fund and \$2 million was from SIIF. Grants were to be awarded for initiatives related to the UAS industry in North Dakota, including for the purposes of infrastructure, research, development, the creation of software, and the purchase of equipment benefiting UAS. The Department of Commerce was to require grant recipients to provide matching funds in the form of cash, property, or in-kind consideration, totaling \$1 million for the grants awarded under this program.

The Legislative Assembly did not restrict funding appropriated for the program for the 2019-21 and 2021-23 bienniums; however, discussion of how the funding would be spent was primarily related to the continued construction of roads, runways, and other infrastructure.

The following is a summary of funding for the enhanced use lease grant program. All funding was provided as one-time appropriations.

Biennium	General Fund	Strategic Investment and Improvements Fund	Total
2013-15	\$0	\$2,500,000	\$2,500,000
2015-17	0	7,500,000	7,500,000
2017-19	1,000,000	2,000,000	3,000,000
2019-21	3,000,000	0	3,000,000
2021-23	0	7,000,000	7,000,000
Total	\$4,000,000	\$19,000,000	\$23,000,000