Prepared by the Legislative Council staff for
Conference Committee
April 27, 2011

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2057

That the House recede from its amendments as printed on pages 1501-1515 of the Senate Journal and pages 1696-1710 of the House Journal and that Engrossed Senate Bill No. 2057 be amended as follows:

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to provide an appropriation for defraying the expenses of the department of commerce; to create and enact section 10-30.5-13, a new chapter to title 17, two new sections to chapter 54-60, a new chapter to title 54, a new subdivision to subsection 7 of section 57-38-30.3, and a new section to chapter 57-38 of the North Dakota Century Code, relating to a small business technology investment program, a biofuel blender pump incentive program, the internship fund, an electronic portfolio program, centers of research excellence, and income tax credits for purchases of manufacturing machinery and equipment for the purpose of automating manufacturing processes; to amend and reenact sections 10-30.5-02, 15-69-01, 15-69-03, 15-69-04, and 15-69-05 of the North Dakota Century Code, relating to the North Dakota development fund, incorporated, and centers of excellence program; to repeal chapter 15-69 of the North Dakota Century Code, relating to the centers of excellence program; to provide for a legislative management study; to provide a vaccinology initiative grant; to provide a continuing appropriation; to provide exemptions; to provide for transfers; to provide legislative intent; to provide an effective date; to provide an expiration date; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, and from special funds derived from federal funds and other income, to the department of commerce for the purpose of defraying the expenses of the department of commerce, for the biennium beginning July 1, 2011, and ending June 30, 2013 as follows:

	Base Level	Adjustments or Enhancements	Appropriation
Salaries and wages	$10,020,840	$837,411	$10,858,251
Operating expenses	14,478,272	(451,622)	14,026,650
Capital assets	25,000	45,018	70,018
Grants	65,411,058	(5,383,064)	60,027,994
Discretionary funds	928,083	(1)	928,082
Workforce enhancement	0	375,000	375,000
Economic development initiatives	186,846	0	186,846
Agricultural products utilization	2,536,630	203,137	2,739,767

Centers of research excellence	0	12,000,000	12,000,000
North Dakota trade office	2,064,000	549,400	2,613,400
Partner programs	2,022,044	50,000	2,072,044
Federal fiscal stimulus funds	0	24,496,750	24,496,750
Total all funds	$97,672,773	$32,722,029	$130,394,802
Less estimated income	69,666,470	18,968,467	88,634,937
Total general fund	$28,006,303	$13,753,562	$41,759,865
Full-time equivalent positions	68.00	0.25	68.25

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SIXTY-THIRD LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-first legislative assembly for the 2009-11 biennium and the 2011-13 one-time funding items included in the appropriation in section 1 of this Act:

One-Time Funding Description	2009-11	2011-13
Workforce enhancement fund	$1,000,000	$375,000
American Indian business office	0	50,000
Biofuel blender pumps	1,000,000	0
Promotion and marketing of USS North Dakota	100,000	0
Lewis and Clark foundation grants	1,500,000	0
Theodore Roosevelt Medora foundation grant	500,000	0
Child care grants and loans	1,820,000	0
Centers of research excellence	19,500,000	12,000,000
Electronic portfolio pilot project	0	150,000
2020 and beyond	0	50,000
Great plains applied energy research center	5,000,000	0
Equine processing study	50,000	0
Federal fiscal stimulus	68,594,635	24,496,750
Total all funds	$99,064,635	$37,121,750
Less estimated income	68,594,635	24,496,750
Total general fund	$30,470,000	$12,625,000

The 2011-13 one-time funding amounts are not a part of the entity's base budget for the 2013-15 biennium. The department of commerce shall report to the appropriations committees of the sixty-third legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2011, and ending June 30, 2013.

SECTION 3. AMENDMENT. Section 10-30.5-02 of the North Dakota Century Code is amended and reenacted as follows:

10-30.5-02. (Effective through July 31, ~~2011~~2013) Purpose and fund uses.

1. It is the purpose of this chapter to create a statewide nonprofit development corporation that will have the authority to take equity positions in, to provide loans to, or to use other innovative financing mechanisms to provide capital for new or expanding businesses in this state, or relocating businesses to this state. The corporation's principal mission is the development and expansion of primary sector business in this state. The corporation may form additional corporations, limited liability companies, partnerships, or other forms of business associations in order to further its mission of primary sector economic development.

2. The exclusive focus of this corporation is business development in this state; however, it is not excluded from participation with other states or organizations in projects that have a clear economic benefit to state residents in the creation of jobs or secondary business. Emphasis should be to develop jobs that provide an income adequate to support a family above the poverty level.

3. Moneys in the development fund may be used to provide working capital or for financing the purchase of fixed assets but not to refinance existing debt. Moneys may also be used to make matching grants to county-authorized or city-authorized development corporations for the acquisition, leasing, or remodeling of real estate facilities for locating a prospective new primary sector business. A grant must be made as part of a package of financing in which the state is a participant.

4. The commissioner of commerce shall adopt rules, subject to the approval of the board of directors, necessary to implement the administration of the fund. The rules to implement the grant program must be developed to encourage local fundraising initiatives for developing locations for businesses financed by the corporation.

5. Moneys in the development fund may be used to provide financing to early childhood facilities licensed under chapter 50-11.1. Moneys also may be used to make grants or loans to match grants or loans made by county-authorized or city-authorized development corporations, job development authorities created under chapter 11-11.1 or 40-57.4, and regional planning councils for acquiring, leasing, or remodeling of real estate facilities or for acquiring equipment for establishing or expanding a licensed early childhood facility. In providing financing under this subsection, the corporation shall ensure funds are distributed fairly among for-profit early childhood facilities, nonprofit early childhood facilities, and public early childhood facilities. An award under this subsection may not exceed one hundred thousand dollars per award.

(Effective after July 31, ~~2011~~2013) Purpose and fund uses.

1. It is the purpose of this chapter to create a statewide nonprofit development corporation that will have the authority to take equity positions in, to provide loans to, or to use other innovative financing mechanisms to provide capital for new or expanding businesses in this state, or relocating businesses to this state. The corporation's principal mission is the development and expansion of primary sector business in this state. The corporation may form additional corporations, limited liability companies, partnerships, or other forms of business associations in order to further its mission of primary sector economic development.

2. The exclusive focus of this corporation is business development in this state; however, it is not excluded from participation with other states or organizations in projects that have a clear economic benefit to state residents in the creation of jobs or secondary business. Emphasis should be to develop jobs that provide an income adequate to support a family above the poverty level.

3. Moneys in the development fund may be used to provide working capital or for financing the purchase of fixed assets but not to refinance existing debt. Moneys may also be used to make matching grants to county-authorized or city-authorized development corporations for the acquisition, leasing, or remodeling of real estate facilities for locating a prospective new primary sector business. A grant must be made as part of a package of financing in which the state is a participant.

4. The commissioner of commerce shall adopt rules, subject to the approval of the board of directors, necessary to implement the administration of the fund. The rules to implement the grant program must be developed to encourage local fundraising initiatives for developing locations for businesses financed by the corporation.

SECTION 4. Section 10-30.5-13 of the North Dakota Century Code is created and enacted as follows:

10-30.5-13. Small business technology investment program.

1. The corporation shall administer a small business technology investment program that provides matching investments to startup technology-based businesses.

2. The following provisions apply to small business technology investments:

   a. A qualified applicant:

      (1) Must be a North Dakota business that is at the startup stage;

      (2) Must be a primary sector business in the technology field; and

      (3) Shall meet underwriting guidelines established by the corporation.

   b. Before the corporation distributes funds under this section, the recipient shall provide the corporation with detailed documentation of the availability of two dollars of angel fund investment matching funds

for each dollar of state funds distributed under this section. The matching funds must be cash, must come from a North Dakota angel fund certified under section 57-38-01.26, and may not be an in-kind asset.

3. An investment under this section may not exceed fifty thousand dollars. Eligible use of the investment funds include developing a proof of concept. A recipient may not receive more than one award under this section.

4. An investment under this section is not a business incentive under chapter 54-60.1.

SECTION 5. AMENDMENT. Section 15-69-01 of the North Dakota Century Code is amended and reenacted as follows:

15-69-01. ~~(Effective through July 31, 2011)~~ Definitions.

In this chapter, unless the context otherwise requires:

1. "Board" means the state board of higher education.

2. "Center" means a center of excellence relating to economic development which has been designated or named under this chapter.

3. "Commission" means the centers of excellence commission.

4. "Department" means the department of commerce.

5. "Foundation" means the North Dakota economic development foundation.

~~5. "Industry cluster" means one of the following industries:~~

~~a. Advanced manufacturing;~~

~~b. Energy;~~

~~c. Information and technology;~~

~~d. Tourism;~~

~~e. Value-added agriculture; or~~

~~f. An industry, including the aerospace industry, specifically identified by the department of commerce as an industry that will contribute to the gross state product.~~

6. "Infrastructure" means new building construction or major building renovation. The term does not include a purchase of equipment or remodel of an existing building.

SECTION 6. AMENDMENT. Section 15-69-03 of the North Dakota Century Code is amended and reenacted as follows:

15-69-03. ~~(Effective through July 31, 2011)~~ Centers of excellence commission.

The centers of excellence commission consists of six members. The foundation shall appoint three of the foundation's members to serve on the commission and the board shall appoint three of the board's members to serve on the commission. The commission members shall designate a chairman and a vice chairman of the commission. Each member of the commission shall serve for a term of three years, beginning July first; may be reappointed for additional terms; and serves at the pleasure of the appointing entity. If a commission member ceases to serve as a member of the appointing entity, that member's membership on the commission ceases immediately and the appointing entity shall appoint a new member for the remainder of the term. Terms of commission members must be staggered. On a meeting-by-meeting basis, an appointing entity may substitute a member of that appointing entity to serve in place of one of the regular members appointed by that entity. If the commission chairman and vice chairman are not present at a meeting, the commission members present at that meeting shall select a commission member to serve as chairman for that meeting. A commission member may receive compensation and travel and expense reimbursement from the appointing entity. The department of commerce shall provide the commission with appropriate staff services as may be requested by the commission.

SECTION 7. AMENDMENT. Section 15-69-04 of the North Dakota Century Code is amended and reenacted as follows:

15-69-04. ~~(Effective through July 31, 2011) Application - Eligibility requirements~~<u>Centers of excellence program</u>.

1. The department of commerce shall~~ provide center application forms, accept applications, review applications for completeness and compliance with board and commission policy, forward complete applications to the commission in accordance with guidelines established by the commission, and~~ assist with~~ preaward reviews and~~ postaward monitoring as may be requested by the commission.~~ No more than two applications per campus of an institution of higher education under the control of the board may be submitted to the department of commerce for each round of center funding.~~

2. The commission shall meet as necessary to~~ review all complete applications; consider the potential need for independent, expert review of complete applications; approve or disapprove complete applications; make funding award recommendations for commission-approved proposed centers;~~ direct the department of commerce to distribute funds to the centers; monitor centers for compliance with award requirements; review changes in assertions made in center applications; and conduct postaward monitoring of centers.

3. ~~In considering whether to approve or disapprove an application, the commission shall determine whether the applicant has conducted the due diligence necessary to put together a viable proposal, the commission shall determine whether the applicant has provided information in the application which clearly outlines how the matching fund requirement will be met, and the commission shall consider whether the center will:~~

~~a. Use university or college research to promote private sector job growth and expansion of knowledge-based industries or use university or college research to promote the development of new products, high-tech companies, or skilled jobs in this state;~~

~~b. Create high-value private sector employment opportunities in this state;~~

~~c. Provide for public-private sector involvement and partnerships;~~

~~d. Leverage other funding, including cash from the private sector;~~

~~e. Increase research and development activities that may involve federal funding from the national science foundation experimental program to stimulate competitive research;~~

~~f. Foster and practice entrepreneurship;~~

~~g. Promote the commercialization of new products and services in industry clusters;~~

~~h. Become financially self-sustaining; and~~

~~i. Establish and meet a deadline for acquiring and expending all public and private funds specified in the application.~~

~~4. In considering whether to approve an application, the commission may provide for an independent, expert review of the application to determine whether the proposed center is viable and whether the proposed center is likely to have the desired economic impact. As necessary, the commission may contract for additional technical review of applications. The commission may not approve an application unless the commission determines the proposed center has a high likelihood of viability and success in positively impacting economic development in the state.~~

~~5.~~ For no fewer than six years and no more than ten years following center designation, the commission shall monitor the center's activities in order to determine whether the center is having the desired economic impact.

SECTION 8. AMENDMENT. Section 15-69-05 of the North Dakota Century Code is amended and reenacted as follows:

15-69-05. ~~(Effective through July 31, 2011)~~ Use of funds - Terms of funds - Distribution of funds.

1. A center shall use funds awarded under this chapter to enhance capacity and leverage state, federal, and private sources of funding. A center awarded funds under this chapter may not use the funds for infrastructure, to supplant funding for current operations or academic instructions, or to pay indirect costs.

2. As a condition for receipt of funds under this chapter, a center shall agree to provide the ~~board~~department, foundation, and budget section of the legislative management with annual audits on all funds distributed to the center under this chapter. The annual audits must be provided until the completion of the commission's postaward monitoring of the center. As a condition for receipt of funds under this chapter, a center shall agree to

provide the commission with the information necessary to monitor the postaward activities of the center. Instead of requiring annual audits under this subsection, the commission may require that the center be audited on all funds distributed to the center under this chapter after the second full fiscal year of the postaward monitoring and after all funds distributed to the center under this chapter have been expended and that for all other years during the postaward monitoring the center contract with an independent accountant for an agreed-upon procedures engagement. A center may use funds distributed to the center under this chapter to pay for audits required under this subsection or for an agreed-upon procedures engagement. At a minimum, an agreed-upon procedures engagement under this subsection must include:

a. Verification of the accuracy of jobs data regarding jobs claimed created by the center, distinguishing between the creation of private sector jobs and jobs within the institution of higher education;

b. Verification of compliance with the centers of excellence program matching fund requirements;

c. Verification awarded center funds were used for authorized uses;

d. Verification the center complied with the center's application timeline and any authorized revisions;

e. Verification the center complied with the center's scope of activities as provided under the center's application and any authorized revisions;

f. Review of a sample of center expenditures to verify the expenses were approved, supported with documentation, and made in accordance with the scope identified in the center's application;

g. Verification of a sample of labor charged to the center; and

h. Comparison of the center's application budget to the center's actual expenditures, including documentation explaining any material differences.

3. Before the commission directs the department of commerce to distribute funds awarded under this chapter, the center shall provide the commission with detailed documentation of private sector participation and the availability of two dollars of matching funds for each dollar of state funds to be distributed under this chapter. Of the two dollars of matching funds, at least one dollar must be cash, of which at least fifty cents must be from the private sector. The matching funds may include funds facilitated through the collaboration of the private sector participants with other funding entities. The noncash matching funds may include in-kind assets with itemized value. Private sector participation may be established through equity investments or through contracts for services with private sector entities. ~~In making funding recommendations and designation determinations, the commission, board, foundation, and budget section shall give major consideration to the portion of the matching funds provided in cash by the private sector.~~

4. The commission shall direct the department of commerce to distribute the funds awarded under this chapter in disbursements consistent with the

center's budget and timeframe outlined in the approved award. The commission may not direct distribution of funds under this chapter if there are no private sector partners participating or if the statutorily required matching funds are not available.

5. If, before funds are distributed by the department of commerce, a center undergoes a change in the terms of or assertions made in its application, the commission may direct that the department of commerce withhold all or a portion of any undistributed funds pending commission review of the changes.

6. The ~~commission~~department may use funds ~~appropriated for~~available within the centers of excellence ~~program~~fund to pay for the ~~commission's~~department's administrative expenses~~, which may include contracting for independent, expert reviews of complete applications and centers of excellence forums~~related to this program. ~~The amount of funds the commission uses each biennium for administrative expenses may not exceed two and one-half percent of the funds appropriated for the program that biennium.~~

SECTION 9. A new chapter to title 17 of the North Dakota Century Code is created and enacted as follows:

Definitions.

For purposes of this chapter, unless the context otherwise requires:

1. "Biodiesel" means any non-petroleum-based diesel fuel made from a renewable resource such as vegetable oil or animal fat.

2. "E85 fuel" means a petroleum product that:

   a. Is a blend of agriculturally derived denatured ethanol and gasoline or natural gasoline;

   b. Typically contains eighty-five percent ethanol by volume but must at a minimum contain sixty percent ethanol by volume; and

   c. Complies with the American society for testing materials specification D 5798-96.

3. "Motor fuel retailer" means a person that acquires motor vehicle fuel from a supplier or distributor for resale to a consumer at a retail location.

4. "Retail location" means a site at which motor vehicle fuel is dispensed through a pump from an underground or aboveground storage tank into the supply tank of a motor vehicle.

Biofuel blender pump incentive program - Administration.

1. The department of commerce shall administer the biofuel blender pump incentive program to provide cost-share grants of up to a maximum of twenty thousand dollars per retail location to motor fuel retailers for the installation of biofuel blender pumps and up to fourteen thousand dollars per retail location for the installation of associated equipment, including the

piping systems and storage components, when blender pumps are installed for a maximum grant of thirty-four thousand dollars per location.

2. In determining eligibility for grant funds, the department shall establish by rule criteria governing:

   a. The verification of costs for biofuel blender pumps and associated equipment, including the piping system and storage components;

   b. The eligibility of grant recipients;

   c. The application and grant award procedure; and

   d. Reporting and accountability procedures for grant recipients.

Blender pumps - Requirements.

1. To qualify for a grant under this chapter, a retailer must install an ethanol blender pump and an associated storage and piping system. The pump must be the type that:

   a. Dispenses at retail a blend of gasoline and ethanol in the ratio selected by the purchaser;

   b. Is manufactured to an industry standard and carries a warranty for compatibility with dispenser components and storage and piping systems;

   c. Has at least four hoses and dispenses the following:

      (1) Either a blend of ten percent ethanol or the minimum blend percentage approved for all vehicles by the United States environmental protection agency;

      (2) A blend of at least twenty percent ethanol; and

      (3) E85 fuel; and

   d. Complies with all alternative fuel, biofuel, and flexible fuel requirements established by law.

2. In order to qualify for a grant under this chapter, a retailer must install a biodiesel blender pump that:

   a. Dispenses at retail varying blends of biodiesel and mineral diesel in the ratio selected by the purchaser; and

   b. Complies with all alternative fuel, biofuel, and flexible fuel requirements established by law.

Biofuel blender pump incentive program - Administrative costs.

The department may use up to five percent of any amount appropriated to the biofuel blender pump incentive program for administration, the dissemination of information regarding the biofuel blender pump incentive program, and the dissemination of information regarding the benefits of biofuels.

SECTION 10. A new section to chapter 54-60 of the North Dakota Century Code is created and enacted as follows:

Internship fund - Continuing appropriation.

The internship fund is a special fund in the state treasury. All funds in the internship fund are appropriated to the department of commerce on a continuing basis for the purpose of implementing and administering section 54-60-17. Interest earned by the fund must be credited to the fund.

SECTION 11. A new section to chapter 54-60 of the North Dakota Century Code is created and enacted as follows:

Division of workforce development - Pilot program - Higher education electronic portfolio system.

1. The division of workforce development, the North Dakota university system, job service North Dakota, and representatives of the institutions of higher education under the control of the state board of higher education shall work together to establish a pilot program through which an electronic portfolio system will be implemented by selected institutions of higher education under the control of the state board of higher education in order to address the needs of students, faculty, and employers. The pilot program may include Valley City state university and the North Dakota state college of science. If Valley City state university or the North Dakota state college of science chooses not to participate, any other institution of higher education under the control of the state board of higher education may participate in this pilot program.

2. The pilot program must provide for an electronic portfolio system that:

   a. Is online;

   b. Is a multimedia system that enables the user to create and manage the user's education and career information;

   c. Enables students, job seekers, and professionals to showcase education and skills to potential employers;

   d. Provides for creation of and access to lifelong personal electronic portfolio accounts and services to students, job seekers, and professionals seeking to advance their careers in the state;

   e. Provides access to job seekers residing outside the state who may be interested in relocating or returning to the state; and

   f. Allows employers and economic developers to conduct online searches to determine workforce potential by geographic region, skill, education, experience, and other factors.

3. Under this pilot program, the North Dakota university system, job service North Dakota, and the division of workforce development shall work together to:

   a. Facilitate the effective integration of future workers into the workforce system and to enhance the ability of state and local economic

development officials to effectively access North Dakota's skilled workforce through the system; and

b. Ensure the system is complementary to the state's workforce system and higher education system.

4. The division of workforce development shall administer the pilot program.

5. The division of workforce development shall report to the budget section on the use of the funding provided for this program, including an overview of the program, program expenditures, and statistics on the effectiveness of the program.

SECTION 12. A new chapter to title 54 of the North Dakota Century Code is created and enacted as follows:

Definitions.

In this chapter, unless the context otherwise requires:

1. "Center" means a center of research excellence that has been designated under this chapter.

2. "Commission" means the centers of excellence commission as defined under chapter 15-69.

3. "Department" means the department of commerce.

4. "Industry cluster" means one of the following industries:

   a. Advanced manufacturing;

   b. Energy;

   c. Information and technology;

   d. Value-added agriculture; or

   e. An industry, including the aerospace industry, specifically identified by the department of commerce as an industry that will contribute to the gross state product.

5. "Infrastructure" means new building construction or major building renovation. The term does not include a purchase of equipment or remodel of an existing building.

6. "Research university" means an institution under the control of the state board of higher education which has a full-time student enrollment in excess of nine thousand students.

Centers of research excellence - Application - Eligibility.

1. The department shall establish a centers of research excellence program. The commission shall make funding award determinations under this program. A center must be a research university or a nonprofit university-related or college-related foundation of a research university which is working in partnership with the private sector.

2. The department shall provide center application forms, accept applications, review applications for completeness and compliance with commission policy, forward complete applications to the commission in accordance with guidelines established by the commission, and assist with preaward reviews and postaward monitoring as may be requested by the commission.

3. The commission shall meet as necessary to review all complete applications; consider the potential need for independent, expert review of complete applications; approve or disapprove complete applications; make funding award recommendations for commission-approved proposed centers; direct the department to distribute funds to the centers; monitor centers for compliance with award requirements; review changes in assertions made in center applications; and conduct postaward monitoring of centers.

4. In considering whether to approve or disapprove a center application, the commission shall determine whether the applicant has conducted the due diligence necessary to put together a viable proposal, the commission shall determine whether the applicant has provided information in the application which clearly outlines how the matching fund requirement will be met, and the commission shall consider whether the center will:

   a. Use university research to promote private sector job growth and expansion of knowledge-based industries or use university research to promote the development of new products, high-tech companies, or skilled jobs in this state;

   b. Create high-value private sector employment opportunities in this state;

   c. Provide for public-private sector involvement and partnerships;

   d. Leverage other funding, including cash from the private sector;

   e. Promote the commercialization of new products and services in industry clusters; and

   f. Establish and meet a deadline for acquiring and expending all public and private funds specified in the application.

5. In considering whether to approve an application, the commission may provide for an independent, expert review of the application to determine whether the proposed center is viable and whether the proposed center is likely to have the desired economic impact. As necessary, the commission may contract for additional technical review of applications. The commission may not approve an application unless the commission determines the proposed center has a high likelihood of viability and success in positively impacting economic development in the state.

6. The board rules adopted under subsection 9 of section 15-10-17, relating to ownership of intellectual property, inventions, and discoveries, must address activities and issues unique to centers.

Use of funds - Terms of funds - Distribution of funds - Postaward monitoring.

1. A center shall use center grant funds to enhance capacity and leverage state, federal, and private sources of funding. A center awarded center funds under this chapter may not use the funds for infrastructure, to supplant funding for current operations or academic instructions, or to pay indirect costs.

2. For no fewer than six years and no more than ten years following center designation, the commission shall monitor the center's activities in order to determine whether the center is having the desired economic impact.

3. As a condition for receipt of funds under this chapter, a center shall agree to provide the board, foundation, and budget section of the legislative management with annual audits on all funds distributed to the center under this chapter. The annual audits must be provided until the completion of the commission's postaward monitoring of the center. As a condition for receipt of funds under this chapter, a center shall agree to provide the commission with the information necessary to monitor the postaward activities of the center. Instead of requiring annual audits under this subsection, the commission may require that the center be audited on all funds distributed to the center under this chapter after the second full fiscal year of the postaward monitoring and after all funds distributed to the center under this chapter have been expended and that for all other years during the postaward monitoring the center contract with an independent accountant for an agreed-upon procedures engagement. A center may use funds distributed to the center under this chapter to pay for audits required under this subsection or for an agreed-upon procedures engagement. At a minimum, an agreed-upon procedures engagement under this subsection must include:

   a. Verification of the accuracy of jobs data regarding jobs claimed created by the center, distinguishing between the creation of private sector jobs and jobs within the institution of higher education;

   b. Verification of compliance with the centers of excellence program matching fund requirements;

   c. Verification awarded center funds were used for authorized uses;

   d. Verification the center complied with the center's application timeline and any authorized revisions;

   e. Verification the center complied with the center's scope of activities as provided under the center's application and any authorized revisions;

   f. Review of a sample of center expenditures to verify the expenses were approved, supported with documentation, and made in accordance with the scope identified in the center's application;

   g. Verification of a sample of labor charged to the center; and

   h. Comparison of the center's application budget to the center's actual expenditures, including documentation explaining any material differences.

4. Before the commission directs the department to distribute center funds awarded under this chapter, the center shall provide the commission with detailed documentation of private sector participation and the availability of two dollars of matching funds for each dollar of state funds to be distributed. Of the two dollars of matching funds, at least one dollar must be cash, of which at least fifty cents must be from the private sector. The matching funds may include funds facilitated through the collaboration of the private sector participants with other funding entities. The noncash matching funds may include in-kind assets with itemized value. Private sector participation may be established through equity investments or through contracts for services with private sector entities. In making funding recommendations and designation determinations, the commission shall give major consideration to the portion of the matching funds provided in cash by the private sector.

5. The commission shall direct the department to distribute the center funds awarded under this chapter in disbursements consistent with the center's budget and timeframe outlined in the approved award. The commission may not direct distribution of center funds under this chapter if there are no private sector partners participating or if the statutorily required matching funds are not available.

6. If, before center funds are distributed by the department, a center undergoes a change in the terms of or assertions made in its application, the commission may direct that the department withhold all or a portion of any undistributed funds pending commission review of the changes.

7. The commission may use funds appropriated for the centers of research excellence program to pay for the commission's administrative expenses.

Base realignment grants.

As part of the centers of research excellence program, the department of commerce shall establish and administer a base realignment grant program to provide grants to a research university or a nonprofit university-related foundation to enhance economic development and employment opportunities associated with the Grand Forks air force base resulting from action by the federal defense base closure and realignment commission and infrastructure and economic development projects or programs to accommodate growth in proximity to or at the Grand Forks air force base. Under this program, the commission shall make grant award determinations. The department shall work with the commission in establishing guidelines to qualify for a grant under this section.

Centers of research excellence fund - Continuing appropriation.

The centers of research excellence fund is a special fund in the state treasury. All moneys in the centers of research excellence fund are appropriated to the department of commerce on a continuing basis for the purpose of implementing and administering this chapter. Interest earned on moneys in the fund must be credited to the fund.

SECTION 13. A new subdivision to subsection 7 of section 57-38-30.3 of the North Dakota Century Code is created and enacted as follows:

Automating manufacturing processes tax credit under section 14 of this Act.

SECTION 14. A new section to chapter 57-38 of the North Dakota Century Code is created and enacted as follows:

Income tax credit for purchases of manufacturing machinery and equipment for the purpose of automating manufacturing processes.

1. A taxpayer that is a primary sector business is allowed a nonrefundable credit against the tax imposed under section 57-38-30 or 57-38-30.3 for purchases of manufacturing machinery and equipment for the purpose of automating manufacturing processes in this state. The amount of the credit under this section is twenty percent of the costs incurred in the taxable year to purchase manufacturing machinery and equipment for the purpose of automating manufacturing processes. Qualified expenditures under this section may not be used in the calculation of any other income tax deduction or credit allowed by law.

2. For purposes of this section:

   a. "Manufacturing machinery and equipment for the purpose of automating manufacturing processes" means new or used automation and robotic equipment.

   b. "Primary sector business" means a business certified by the department of commerce which, through the employment of knowledge or labor, adds value to a product, process, or service that results in the creation of new wealth.

3. The taxpayer shall claim the total credit amount for the taxable year in which the manufacturing machinery and equipment are purchased. The credit under this section may not exceed the taxpayer's liability as determined under this chapter for any taxable year.

4. If the amount of the credit determined under this section exceeds the liability for tax under this chapter, the excess may be carried forward to each of the next five succeeding taxable years.

5. The aggregate amount of credits allowed under this section may not exceed two million dollars in any calendar year. Credits subject to this limitation must be determined based upon the date of the qualified purchase.

6. If a taxpayer entitled to the credit provided by this section is a member of a group of corporations filing a North Dakota consolidated tax return using the combined reporting method, the credit may be claimed against the aggregate North Dakota tax liability of all the corporations included in the North Dakota consolidated return.

7. A partnership, subchapter S corporation, limited partnership, limited liability company, or any other passthrough entity entitled to the credit under this section must be considered to be the taxpayer for purposes of calculating the credit. The amount of the allowable credit must be determined at the passthrough entity level. The total credit determined at the entity level must

be passed through to the partners, shareholders, or members in proportion to their respective interests in the passthrough entity. An individual taxpayer may take the credit passed through under this subsection against the individual's state income tax liability under section 57-38-30.3.

8. The department of commerce shall provide the tax commissioner the name, address, and federal identification number or social security number of the taxpayer approved as qualifying for the credit under this section, and a list of those items that were approved as a qualified expenditure by the department. The taxpayer claiming the credit shall file with the taxpayer's return, on forms prescribed by the tax commissioner, the following information:

   a. The name, address, and federal identification number or social security number of the taxpayer who made the purchase; and

   b. An itemization of:

      (1) Each item of machinery or equipment purchased for automation;

      (2) The amount paid for each item of machinery or equipment if the amount paid for the machinery or equipment is being used as a basis for calculating the credit; and

      (3) The date on which payment for the purchase was made.

9. Notwithstanding the time limitations contained in section 57-38-38, this section does not prohibit the tax commissioner from conducting an examination of the credit claimed and assessing additional tax due under section 57-38-38.

SECTION 15. EXEMPTION. The amount appropriated for the agricultural products utilization commission in section 1 of chapter 46 of the 2009 Session Laws is not subject to section 54-44.1-11 and any unexpended funds from this line item for grants are available for grants during the biennium beginning July 1, 2011, and ending June 30, 2013.

SECTION 16. EXEMPTION. The amount appropriated for the discretionary funds line item in section 1 of chapter 46 of the 2009 Session Laws is not subject to section 54-44.1-11 and any unexpended funds from this line item are available during the biennium beginning July 1, 2011, and ending June 30, 2013.

SECTION 17. EXEMPTION - TRANSFER. The amount appropriated for internships contained in the operating expenses line item in section 1 of chapter 46 of the 2009 Session Laws is not subject to section 54-44.1-11. The office of management and budget shall transfer any unexpended funds from this appropriation to the internship fund at the end of the 2011-13 biennium.

SECTION 18. EXEMPTION - TRANSFER. Of the $5,000,000 appropriated for the great plains applied energy research center in section 1 of chapter 26 of the 2009 Session Laws, $4,100,000 is not subject to section 54-44.1-11. The department of commerce shall spend these funds for the purposes provided for in this section, for the biennium beginning July 1, 2011, and ending June 30, 2013. The office of management and budget shall transfer $1,000,000 of these funds to the North Dakota development fund, incorporated, for the purpose of providing investments to startup stage technology-based businesses under section 4 of this Act. The office of management

and budget shall transfer $1,125,000 of these funds to the workforce enhancement fund for the purpose of implementing and administering sections 54-60-21 and 54-60-22. The department of commerce shall use $750,000 of these funds for tourism infrastructure grants. The department of commerce shall use $600,000 of these funds for a grant to assist in the acquisition of the antiballistic missile site at the Stanley R. Mickelson safeguard complex in Nekoma. The department of commerce shall use $325,000 for providing a base realignment grant to enhance economic development and employment opportunities associated with the Minot air force base resulting from action by the federal defense base closure and realignment commission. The department of commerce shall use $300,000 for a grant to a not-for-profit organization assisting individuals with business ideas.

SECTION 19. EXEMPTION. The amount appropriated for the technology-based entrepreneurship grant program contained in the grants line item in section 1 of chapter 46 of the 2009 Session Laws is not subject to section 54-44.1-11 and any unexpended funds from this line item are available during the biennium beginning July 1, 2011, and ending June 30, 2013.

SECTION 20. EXEMPTION. The amount appropriated for early childhood facility grants in section 6 of chapter 108 of the 2009 Session Laws is not subject to section 54-44.1-11 and any unexpended funds from this line item are available during the biennium beginning July 1, 2011, and ending June 30, 2013.

SECTION 21. EXEMPTION. The amount appropriated for the biofuel blender pump incentive program in sections 1 and 2 of chapter 46 of the 2009 Session Laws is not subject to section 54-44.1-11 and any unexpended funds from this line item are available during the biennium beginning July 1, 2011, and ending June 30, 2013.

SECTION 22. EXEMPTION. The amount appropriated for the promotion and marketing of the USS North Dakota contained in the grants line item in section 1 of chapter 46 of the 2009 Session Laws is not subject to section 54-44.1-11 and any unexpended funds from this line item are available during the biennium beginning July 1, 2011, and ending June 30, 2013.

SECTION 23. TRANSFER - WORKFORCE ENHANCEMENT FUND. The office of management and budget shall transfer the amount appropriated in the workforce enhancement line item in section 1 of this Act to the workforce enhancement fund for the purpose of implementing and administering sections 54-60-21 and 54-60-22 for the biennium beginning July 1, 2011, and ending June 30, 2013.

SECTION 24. TRANSFER - CENTERS OF RESEARCH EXCELLENCE FUND - USES. The office of management and budget shall transfer the amount appropriated in the centers of research excellence line item in section 1 of this Act to the centers of research excellence fund for the purpose of implementing and administering the centers of research excellence grants, for the biennium beginning July 1, 2011, and ending June 30, 2013. Of the funds transferred, the centers of excellence commission may use up to $4,000,000 for a limited deployment-cooperative airspace project grant as provided in section 28 of this Act. Of the $8,000,000 remaining, the centers of excellence commission may not award more than $4,000,000 to one research university or nonprofit foundation related to that research university. Of the $4,000,000 available to the university of North Dakota, $3,000,000 shall be used for base realignment grants. The commission may use any funds that are not committed within the first eighteen months of the biennium for the centers of research excellence program.

SECTION 25. TRANSFER - INTERNSHIP FUND. The office of management and budget shall transfer $900,000 of the amount appropriated in the operating expenses line item in section 1 of this Act to the internship fund.

SECTION 26. TRADE OFFICE - MATCHING FUND REQUIREMENT. The total North Dakota trade office special line and the general fund appropriation in section 1 of this Act include $2,613,400 of funding relating to the North Dakota trade office. The department of commerce may spend seventy percent of this amount without requiring any matching funds from the trade office. Any additional amounts may be spent only to the extent that the North Dakota trade office provides $1 of matching funds from private or other public sources for each $1 provided by the department for the biennium beginning July 1, 2011, and ending June 30, 2013. Matching funds may include money spent by businesses or organizations to pay salaries to export assistants, provide training to export assistants, or buy computer equipment as part of the North Dakota trade office's export assistance program.

SECTION 27. APPROPRIATION - DEPARTMENT OF HUMAN SERVICES. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $3,100,000, or so much of the sum as may be necessary, to the department of human services, for the purpose of providing grants to child care service providers for workforce development, quality improvement, technical assistance, and capacity building as provided for in section 50-11.1-14.1, for the biennium beginning July 1, 2011, and ending June 30, 2013.

SECTION 28. CENTERS OF RESEARCH EXCELLENCE LIMITED DEPLOYMENT-COOPERATIVE AIRSPACE PROJECT GRANT. The department of commerce may use $4,000,000 of the funds transferred to the centers of research excellence fund in section 24 of this Act for grants to the North Dakota university system's research institutions for the purpose of leveraging private and federal funding to advance state opportunities associated with a limited deployment-cooperative airspace project in the state during the biennium beginning July 1, 2011, and ending June 30, 2013. Up to $2,700,000 of this amount may be awarded to the university of North Dakota and up to $1,300,000 to North Dakota state university. The commissioner of commerce shall develop application criteria, review submitted applications, and recommend applications for approval to the centers of excellence commission. The commission may use any funds available under this section which are not committed by July 1, 2012, for the centers of research excellence program. Of the remaining available funds, the commission may not award more than one-half to one research university or nonprofit foundation related to that research university.

SECTION 29. NORTH DAKOTA ECONOMIC DEVELOPMENT FOUNDATION - 2020 AND BEYOND INITIATIVE.

1. During the 2011-12 interim, the North Dakota economic development foundation shall contract with an organization with North Dakota business membership which is statewide in scope and represents business interests across the state in order to conduct a 2020 and beyond initiative. The 2020 and beyond initiative must include periodic meetings of six legislators appointed by the chairman of the legislative management, with two members of the senate, one of whom must be from the majority party and one of whom must be from the minority party and two members of the house of representatives, one of whom must be from the majority party and one of whom must be from the minority party; individuals representing North Dakota business interests, individuals representing North Dakota

education interests, and individuals representing state and local government interests.

2. The 2020 and beyond initiative must:

   a. Assess current assets and resources of the state and whether these assets and resources match the emerging opportunities and trends in the state;

   b. Study and assess successful models of other states and countries in creating economic growth and whether those models could be replicated and improved upon in this state;

   c. Evaluate the effectiveness of programs and investments in the state designed to develop the state's workforce and to attract and retain businesses in the state;

   d. Identify impediments to and opportunities for economic growth and job creation in the state;

   e. Consider what new investments in infrastructure and changes to the state's tax and regulatory environment could be made to maintain and increase the state's standing as a business-friendly state;

   f. Evaluate the state's higher education model to determine whether maximum opportunities for synergy between public and private sectors are being realized;

   g. Consider how higher education institutions in the state could spur economic development in the state through innovation, knowledge transfer, and community engagement;

   h. Find ways to unite public, nonprofit, and business interests behind common goals and solutions for faster, better results; and

   i. Make recommendations to the North Dakota economic development foundation based on the outcome of the initiative.

3. The legislative members of the 2020 and beyond initiative are entitled to receive compensation and expenses from the legislative council in the same manner as provided for members of the legislative management committees under section 54-35-10.

4. The grants line item in section 1 of this Act includes the sum of $50,000 from the general fund for providing a grant to implement the 2020 and beyond initiative.

SECTION 30. DEPARTMENT OF COMMERCE GRANT - INSTITUTION OF HIGHER EDUCATION VACCINOLOGY INITIATIVE. Of the funds appropriated in the discretionary funds line item in section 1 of this Act, $50,000 from the general fund may be used by the department of commerce to provide a matching grant to an institution of higher education for a vaccinology initiative. The department shall require one dollar of matching funds from the institution for each one dollar of state funds awarded as a grant.

SECTION 31. LEGISLATIVE MANAGEMENT STUDY - EXAMINATION OF POPULATION GROWTH IMPACT ON REVENUES. During the 2011-12 interim, the

legislative management shall consider studying the development of a reliable means of estimating the effect of future population growth on state and local government revenues. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-third legislative assembly.

SECTION 32. LEGISLATIVE MANAGEMENT STUDY - EARLY CHILDHOOD SERVICES PROVIDER TRAINING AND ASSISTANCE. During the 2011-12 interim, the legislative management shall consider studying the means by which training and assistance are provided to early childhood services providers and the efficiency of administering training and assistance to early childhood services providers, including whether there is duplication of efforts. The study should review the effectiveness of funding provided to the department of human services for early childhood care, including workforce development, child care capacity, and quality improvement for early childhood facilities, for the 2009-11 biennium and to the department of commerce for financing to early childhood facilities and early childhood facility grants for technical assistance, a business plan, or infrastructure for the 2009-11 biennium. The study should also consider the effectiveness of funding provided to the department of human services for child care service provider grants for the 2011-13 biennium. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-third legislative assembly.

SECTION 33. LEGISLATIVE INTENT - CENTER OF RESEARCH EXCELLENCE PROGRAM CONTINUITY. It is the intent of the sixty-second legislative assembly that the center of research excellence program be considered an ongoing program of the department of commerce.

SECTION 34. REPEAL. Chapter 15-69 of the North Dakota Century Code is repealed.

SECTION 35. EFFECTIVE DATE. Section 34 of this Act becomes effective on August 1, 2023.

SECTION 36. EXPIRATION DATE. Section 9 of this Act is effective through July 31, 2013, and after that date is ineffective. Section 11 of this Act is effective through June 30, 2013, and after that date is ineffective.

SECTION 37. EFFECTIVE DATE - EXPIRATION DATE. Sections 13 and 14 of this Act are effective for the first three taxable years beginning after December 31, 2012, and are thereafter ineffective.

SECTION 38. EMERGENCY. Funding of $900,000 in the operating expenses line item in section 1 of this Act, relating to the operation intern program, and sections 9, 10, and 18 of this Act are declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2057 - Summary of Conference Committee Action

	Executive Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Williston State College						
Total all funds	$0	$0	$0	$0	$2,000,000	($2,000,000)

Less estimated income	0	0	0	0	1,500,000	(1,500,000)
General fund	$0	$0	$0	$0	$500,000	($500,000)
Department of Human Services						
Total all funds	$0	$0	$3,100,000	$3,100,000	$0	$3,100,000
Less estimated income	0	0	0	0	0	0
General fund	$0	$0	$3,100,000	$3,100,000	$0	$3,100,000
Department of Commerce						
Total all funds	$0	$20,000,000	$110,394,802	$130,394,802	$131,514,740	($1,119,938)
Less estimated income	0	0	88,634,937	88,634,937	88,634,937	0
General fund	$0	$20,000,000	$21,759,865	$41,759,865	$42,879,803	($1,119,938)
Bill total						
Total all funds	$0	$20,000,000	$113,494,802	$133,494,802	$133,514,740	($19,938)
Less estimated income	0	0	88,634,937	88,634,937	90,134,937	(1,500,000)
General fund	$0	$20,000,000	$24,859,865	$44,859,865	$43,379,803	$1,480,062

Senate Bill No. 2057 - Williston State College - Conference Committee Action

The hoghouse amendment removes a general fund appropriation of $500,000 and authority to borrow up to $1.5 million from the Bank of North Dakota provided to Williston State College by the House for a workforce training building project.

Senate Bill No. 2057 - Department of Human Services - Conference Committee Action

	Executive Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Child care service provider grants			$3,100,000	$3,100,000		$3,100,000
Total all funds	$0	$0	$3,100,000	$3,100,000	$0	$3,100,000
Less estimated income	0	0	0	0	0	0
General fund	$0	$0	$3,100,000	$3,100,000	$0	$3,100,000
FTE	0.00	0.00	0.00	0.00	0.00	0.00

Department No. 325 - Department of Human Services - Detail of Conference Committee Changes

	Adds Funding for Child Care Service Provider Grants[1]	Total Conference Committee Changes
Child care service provider grants	$3,100,000	$3,100,000
Total all funds	$3,100,000	$3,100,000
Less estimated income	0	0
General fund	$3,100,000	$3,100,000
FTE	0.00	0.00

[1] Funding is added by the conference committee to provide an appropriation to the Department of Human Services for grants to child care service providers for workforce development, quality improvement, technical assistance, and capacity building as provided in section 50-11.1-14.1. The House provided $5 million for these grants, of which $4,935,000 is from the general fund, to the Department of Commerce to work in collaboration with the Department of Human Services to administer these grants.

Senate Bill No. 2057 - Department of Commerce - Conference Committee Action

	Executive Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Salaries and wages			$10,858,251	$10,858,251	$10,871,979	($13,728)
Operating expenses			14,026,650	14,026,650	13,883,260	143,390
Capital assets			70,018	70,018	70,018	
Grants			60,027,994	60,027,994	71,512,994	(11,485,000)
Centers of entrepreneurship grants		5,000,000	(5,000,000)			
Limited deployment-cooperative airspace		3,500,000	(3,500,000)			
Workforce enhancement fund transfer		2,000,000	(2,000,000)			
Centers of research excellence grants		8,000,000	(8,000,000)			
Eminent research challenge grants		1,500,000	(1,500,000)			
North Dakota development fund					250,000	(250,000)
Discretionary funds			928,082	928,082	928,082	
Agricultural products utilization			2,739,767	2,739,767	2,739,767	
North Dakota trade office			2,613,400	2,613,400	2,553,000	60,400
Partner programs			2,072,044	2,072,044	2,022,044	50,000
Federal fiscal stimulus funds			24,496,750	24,496,750	24,496,750	
Economic development initiatives			186,846	186,846	186,846	
Workforce enhancement			375,000	375,000	2,000,000	(1,625,000)
Centers of Research Excellence			12,000,000	12,000,000		12,000,000
Total all funds	$0	$20,000,000	$110,394,802	$130,394,802	$131,514,740	($1,119,938)
Less estimated income	0	0	88,634,937	88,634,937	88,634,937	0
General fund	$0	$20,000,000	$21,759,865	$41,759,865	$42,879,803	($1,119,938)
FTE	0.00	0.00	70.25	70.25	68.25	2.00

Department No. 601 - Department of Commerce - Detail of Conference Committee Changes

	Removes Funding for Grants[1]	Adds Funding for Department of Commerce[2]	Removes Centers of Excellence - Eminent Researcher Recruitment Grant[3]	Reduces Funding for Workforce Enhancement Grants[4]	Removes Funding for Child Care Service Provider Grants[5]	Removes Funding for Child Care Grants and Loans[6]
Salaries and wages		$11,115,528				($13,728)
Operating expenses		14,233,260				(6,610)
Capital assets		70,018				
Grants		60,377,994			(250,000)	(100,000)
Centers of entrepreneurship grants	(5,000,000)					
Limited deployment-cooperative airspace	(3,500,000)					
Workforce enhancement fund transfer	(2,000,000)					
Centers of research excellence grants	(8,000,000)					
Eminent research challenge grants	(1,500,000)					

North Dakota development fund		250,000				(250,000)
Discretionary funds		928,082				
Agricultural products utilization		2,739,767				
North Dakota trade office		2,613,400				
Partner programs		2,122,044				
Federal fiscal stimulus funds		24,496,750				
Economic development initiatives		186,846				
Workforce enhancement		2,000,000		(1,625,000)		
Centers of Research Excellence		13,000,000	(1,000,000)			
Total all funds	($20,000,000)	$134,133,689	($1,000,000)	($1,625,000)	($250,000)	($370,338)
Less estimated income	0	88,634,937	0	0	0	0
General fund	($20,000,000)	$45,498,752	($1,000,000)	($1,625,000)	($250,000)	($370,338)
FTE	0.00	69.25	0.00	0.00	0.00	0.00

	Removes Funding for A Director of Energy FTE and Associated Operating[7]	Reduces Funding for the American Indian Business Development Office[8]	Removes Funding for the Jobs for America's Graduates Programs[9]	Total Conference Committee Changes
Salaries and wages	($243,549)			$10,858,251
Operating expenses	(100,000)		(100,000)	14,026,650
Capital assets				70,018
Grants				60,027,994
Centers of entrepreneurship grants				(5,000,000)
Limited deployment-cooperative airspace				(3,500,000)
Workforce enhancement fund transfer				(2,000,000)
Centers of research excellence grants				(8,000,000)
Eminent research challenge grants				(1,500,000)
North Dakota development fund				
Discretionary funds				928,082
Agricultural products utilization				2,739,767
North Dakota trade office				2,613,400
Partner programs		(50,000)		2,072,044
Federal fiscal stimulus funds				24,496,750
Economic development initiatives				186,846
Workforce enhancement				375,000
Centers of Research Excellence				12,000,000
Total all funds	($343,549)	($50,000)	($100,000)	$110,394,802
Less estimated income	0	0	0	88,634,937
General fund	($343,549)	($50,000)	($100,000)	$21,759,865
FTE	1.00	0.00	0.00	70.25

[1] The amendment removes funding included in the Senate version for the following grants:

- Centers of entrepreneurship grants.
- Limited deployment-cooperative airspace.
- Workforce enhancement fund transfer.
- Centers of research excellence grants.
- Eminent researcher recruitment challenge grants.

[2] The amendment provides the same funding level and FTE positions for the Department of Commerce as approved by the Senate in Engrossed House Bill No. 1018.

[3] Funding provided in the Senate version of House Bill No. 1018 for an eminent researcher recruitment grant is removed. This change is the same as the House version.

[4] Funding provided in the Senate version of House Bill No. 1018 for workforce enhancement grants is reduced by $1,625,000 to provide a total of $375,000 from the general fund. The House version of House Bill No. 1018 and Senate Bill No. 2057 provided $2 million from the general fund for these grants. However, the conference committee is authorizing the department to use up to $1,125,000 from unspent 2009-11 biennium appropriation authority for the Great Plains Applied Energy Research Center for workforce enhancement grants during the 2011-13 biennium, therefore, making available a total of $1.5 million.

[5] Funding of $250,000 provided in the Senate version of House Bill No. 1018 for grants to child care service providers is removed. The conference committee amendment provides a separate appropriation of $3.1 million to the Department of Human Services for grants to child care service providers. The House provided $5 million for these grants, of which $4,935,000 is from the general fund.

[6] Funding provided in the Senate version of House Bill No. 1018 for the child care grants and loans is removed. The House version provided $100,000 from the general fund for grants, $250,000 for child care loans, and $20,338 for the administration of the child care loan and grant program.

[7] Funding provided in the Senate version of House Bill No. 1018 for a director of energy position ($243,549) and associated operating expenses ($100,000) is removed. The House version of House Bill No. 1018 and Senate Bill No. 2057 did not provide funding for this FTE position or related operating expenses.

[8] Funding provided in the Senate version of House Bill No. 1018 for the American Indian Business Development Office is reduced by $50,000 to provide a total of $150,000 from the general fund. The House version provided $100,000 from the general fund for the American Indian Business Development Office.

[9] Funding provided in the Senate version of House Bill No. 1018 to continue four Jobs for America's Graduates programs previously paid with federal funds in the 2009-11 biennium is removed. The House version did not provide funding for this program.

The conference committee amendment is a hoghouse amendment that incorporates the Senate version of House Bill No. 1018 into Senate Bill No. 2057; however, this amendment makes the following changes to the Senate version of House Bill No. 1018:

- The Senate version of House Bill No. 1018 used $4 million of unspent 2009-11 biennium appropriations from the Great Plains Applied Energy Research Center for entrepreneurial centers development grants and $1 million to the Development Fund for investments in startup stage technology-based businesses. In the conference committee amendment, this is changed to provide $1 million to the Development Fund for investments in startup stage technology-based businesses, $1.125 million for workforce enhancement grants, $750,000 of one-time funding for tourism infrastructure grants, $600,000 for a grant to assist in the acquisition of the antiballistic missile site (ABM) at the Stanley R. Mickelson safeguard complex in Nekoma, $325,000 of one-time funding for a Minot Air Force Base realignment grant to the Minot TF-21 Committee, and $300,000 of one-time funding for a grant to the IDEA Center.
- The funding source for a grant to assist in the acquisition of the ABM site at the Stanley R. Mickelson Safeguard Complex in Nekoma provided in the Senate version of House Bill No. 1018 is changed from the strategic investment and improvements fund to the Great Plains Applied Energy Research Center carryover.

two for each round of center funding is removed as well as the consideration of a center's ability to become financially self-sustaining from the award determination process. Under centers of research excellence use of funds - terms of funds - distribution of funds - postaward monitoring, the public sector required match is changed to permit a match to be provided by a not-for-profit organization.

- Under centers of excellence and centers of research excellence postaward monitoring section, an audit is required on all funds distributed to the center after the second full fiscal year and after all funds distributed to the center have been expended and that for all other years during the postaward monitoring a center may contract with an independent accountant for an agreed-upon procedures engagement.
- The eminent researcher recruitment grant is removed.
- The entrepreneurial centers development grants are removed.
- The automating manufacturing processes tax credit effective date is changed from December 31, 2011, to December 31, 2012.
- A section added in the Senate version of House Bill No. 1018 to provide for a Legislative Management study of gas flaring issues is removed.
- The higher education electronic portfolio system pilot program is changed to expire as of June 30, 2013, and the department is to provide a report on the program to the Budget Section.
- A section is added to provide for a Legislative Management study of early childhood services provider training and assistance.
- A section of legislative intent is added that the centers of research excellence program continue as an ongoing program of the Department of Commerce.
- Authority provided in the Senate version of House Bill No. 1018 to use $50,000 from the grants line item as a matching grant for an institution of higher education vaccinology initiative is changed to discretionary funds line item.

Other provisions included in the Senate version of House Bill No. 1018 added in this amendment relate to:

- A small business technology investment program that provides matching investments to startup technology-based businesses.
- Centers of excellence statutory provisions are changed to:

  Remove the expiration date of the Centers of Excellence Commission of July 31, 2011, and make other changes and additions relating to postaward monitoring;

  Centers of research excellence and a centers of research excellence fund; and

  Eminent researcher recruitment grants, base realignment grants, and entrepreneurial centers development grants.
- A pilot program within higher education for an electronic portfolio system administered by the Division of Workforce Development.
- Creating an internship fund.
- Biofuel blender pump incentive program.
- A centers of research excellence fund, and the bill provides for a transfer of the $12 million provided for centers of excellence to this fund. Of the funding provided, $4 million is for grants related to limited deployment-cooperative airspace projects ($2.7 million to the University of North Dakota and $1.3 million to North Dakota State University).
- An income tax credit for purchases of manufacturing machinery and equipment for the purpose of automating manufacturing processes. This credit is anticipated to reduce 2011-13 biennium general fund revenues by $2 million.
- Authorizing unexpended amounts from the 2009-11 biennium appropriation of $100,000 for the USS *North Dakota* to continue into the 2011-13 biennium.
- A Legislative Management study of the impact of future population growth on state and local government revenues.