

**FIRST ENGROSSMENT  
with Conference Committee Amendments  
ENGROSSED SENATE BILL NO. 2018**

Introduced by

Appropriations Committee

1 A BILL for an Act to provide an appropriation for defraying the expenses of the department of  
2 commerce; to provide exemptions; to provide for transfers; to provide for a report; and to  
3 declare an emergency.

**4 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

5 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds  
6 as may be necessary, are appropriated out of any moneys in the general fund in the state  
7 treasury, not otherwise appropriated, and from special funds derived from federal funds and  
8 other income, to the department of commerce for the purpose of defraying the expenses of the  
9 department of commerce, for the biennium beginning July 1, 2017, and ending June 30, 2019,  
10 as follows:

		Adjustments or		
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>	
11				
12				
13	Salaries and wages	\$13,015,999	(\$20,211)	\$12,995,788
14	Operating expenses	16,384,623	(907,001)	15,477,622
15	Grants	48,134,795	6,375,621	54,510,416
16	Discretionary funds	784,152	1,415,848	2,200,000
17	Flood impact grants/loans	0	5,201,752	5,201,752
18	Agricultural products utilization commission	3,118,611	34,304	3,152,915
19	North Dakota trade office	2,556,694	(556,694)	2,000,000
20	Partner programs	2,173,829	(233,984)	1,939,845
21	Entrepreneurship grants and vouchers	<u>1,500,000</u>	<u>750,000</u>	<u>2,250,000</u>
22	Total all funds	\$87,668,703	\$12,059,635	\$99,728,338
23	Less estimated income	<u>53,809,604</u>	<u>14,576,054</u>	<u>68,385,658</u>

Sixty-fifth  
Legislative Assembly

1	Total general fund	\$33,859,099	(\$2,516,419)	\$31,342,680
2	Full-time equivalent positions	69.40	(3.00)	66.40

3       **SECTION 2. HEALTH INSURANCE INCREASE.** The salaries line item in section 1 of this  
 4 Act includes the sum of \$172,554, of which \$135,102 is from the general fund, for increases in  
 5 employee health insurance premiums from \$1,130 to \$1,241 per month.

6       **SECTION 3. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO THE**  
 7 **SIXTY-SIXTH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time funding  
 8 items approved by the sixty-fourth legislative assembly for the 2015-17 biennium:

9	<u>One-Time Funding Description</u>	<u>2015-17</u>	<u>2017-19</u>
10	Workforce enhancement fund	\$960,069	\$0
11	Flood impact grants/loans	12,859,869	5,201,752
12	Research North Dakota	4,353,542	0
13	Unmanned aircraft system	2,662,105	2,000,000
14	Base retention grants	1,500,000	600,000
15	Tourism large infrastructure grants	586,000	0
16	Enhanced use lease grant	7,500,000	3,000,000
17	Child care facility grants	2,131,267	0
18	Homeless shelter grants	1,500,000	0
19	Tribal community college grants	2,837,130	0
20	Workforce recruitment campaign	300,000	0
21	Tourism midwest markets	848,481	0
22	Entrepreneurship grants and vouchers	1,716,830	0
23	Tourism international	227,836	0
24	Educators and industry externships	<u>40,000</u>	<u>0</u>
25	Total all funds	\$40,023,129	\$10,801,752
26	Less estimated income	<u>21,359,869</u>	<u>9,801,752</u>
27	Total general fund	\$18,663,260	\$1,000,000

28 The 2017-19 biennium one-time funding amounts are not a part of the entity's base budget for  
 29 the 2019-21 biennium. The department of commerce shall report to the appropriations  
 30 committees of the sixty-sixth legislative assembly on the use of this one-time funding for the  
 31 biennium beginning July 1, 2017, and ending June 30, 2019.

1       **SECTION 4. EXEMPTION.** The amount appropriated for the agricultural products utilization  
2 commission in section 1 of chapter 18 of the 2015 Session Laws is not subject to section  
3 54-44.1-11 and any unexpended funds from this line item for grants are available for grants  
4 during the biennium beginning July 1, 2017, and ending June 30, 2019.

5       **SECTION 5. EXEMPTION.** The amount appropriated for the discretionary funds line item in  
6 section 1 of chapter 18 of the 2015 Session Laws is not subject to section 54-44.1-11 and any  
7 unexpended funds from this line item are available during the biennium beginning July 1, 2017,  
8 and ending June 30, 2019.

9       **SECTION 6. EXEMPTION.** Of the amount appropriated for the unmanned aircraft systems  
10 program in section 1 of chapter 18 of the 2015 Session Laws up to \$1,000,000 is not subject to  
11 section 54-44.1-11 and unexpended funds from this amount are available and may be spent  
12 during the biennium beginning July 1, 2017, and ending June 30, 2019.

13       **SECTION 7. TRANSFER - INTERNSHIP FUND.** The office of management and budget  
14 shall transfer \$950,000 of the amount appropriated in the operating expenses line item in  
15 section 1 of this Act to the internship fund for the purpose of administering the operation intern  
16 program, for the period beginning with the effective date of this Act and ending June 30, 2019.

17       **SECTION 8. STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - BASE**  
18 **RETENTION GRANT PROGRAM.** The grants line item and the estimated income line item in  
19 section 1 of this Act include the sum of \$600,000 from the strategic investment and  
20 improvements fund for a base retention grant program to be developed by the department of  
21 commerce, for the biennium beginning July 1, 2017, and ending June 30, 2019. The grant  
22 program must award direct grants and not cost reimbursement grants. The department may  
23 award grants of \$200,000 to each community with an air force base or air national guard  
24 facilities.

25       **SECTION 9. STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - UNMANNED**  
26 **AIRCRAFT SYSTEMS PROGRAM.** The grants line item and the estimated income line item in  
27 section 1 of this Act include the sum of \$2,000,000 from the strategic investment and  
28 improvements fund for operations of the unmanned aircraft systems test site, for the biennium  
29 beginning July 1, 2017, and ending June 30, 2019. The department of commerce shall consult  
30 with the aeronautics commission regarding test site operational costs and support services and  
31 best practices related to the unmanned aircraft systems test site.

1       **SECTION 10. STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - ENHANCED**

2       **USE LEASE GRANT PROGRAM.** The grants line item and the estimated income line item in  
3 section 1 of this Act include the sum of \$3,000,000, of which \$1,000,000 is from the general  
4 fund and \$2,000,000 is from the strategic investment and improvements fund for an enhanced  
5 use lease grant program, for the biennium beginning July 1, 2017, and ending June 30, 2019.  
6 Grants must be awarded for initiatives related to the unmanned aircraft system industry in North  
7 Dakota, including for the purposes of infrastructure, research, development, the creation of  
8 software, and the purchase of equipment benefiting the unmanned aircraft system. The  
9 department of commerce shall require grant recipients to provide matching funds in the form of  
10 cash, property, or in-kind consideration, totaling \$1,000,000 for the grants awarded under this  
11 program.

12       **SECTION 11. TRADE OFFICE - MATCHING FUND REQUIREMENT.** The North Dakota  
13 trade office line item and the general fund appropriation in section 1 of this Act include  
14 \$2,000,000 of funding relating to the North Dakota trade office. The department of commerce  
15 may spend sixty percent of this amount without requiring any matching funds from the trade  
16 office. Any additional amounts may be spent only to the extent the North Dakota trade office  
17 provides one dollar of matching funds from private or other public sources for each one dollar  
18 provided by the department for the biennium beginning July 1, 2017, and ending June 30, 2019.  
19 Matching funds may include money spent by businesses or organizations to pay salaries to  
20 export assistants, provide training to export assistants, or buy computer equipment as part of  
21 the North Dakota trade office's export assistance program.

22       **SECTION 12. ENTREPRENEURSHIP GRANTS AND VOUCHER PROGRAM -**

23       **EXEMPTION.** Section 1 of this Act includes the sum of \$2,250,000, of which \$600,000 is from  
24 the general fund and \$1,650,000 is from special funds, for an entrepreneurship grants and  
25 voucher program to be developed and administered by the department of commerce, for the  
26 biennium beginning July 1, 2017, and ending June 30, 2019. Of the amount appropriated,  
27 \$900,000 is to be distributed equally to entrepreneurial centers located in Bismarck, Fargo, and  
28 Grand Forks, \$300,000 to an organization that provides workplace safety, and \$300,000 for  
29 biotechnology grants. The department shall establish guidelines to provide grants to  
30 entrepreneurial centers certified by the department. The department also shall establish  
31 guidelines to award vouchers to entrepreneurs to procure business development assistance

1 from certified entrepreneurial centers or to provide grants to entrepreneurs working with an  
2 entrepreneurial center. The amount appropriated for entrepreneurship grants in section 1 of this  
3 Act is not subject to section 54-44.1-11 and any unexpended funds from this line item are  
4 available during the biennium beginning July 1, 2019, and ending June 30, 2021.

5 **SECTION 13. ENERGY AND ENVIRONMENTAL RESEARCH CENTER GRANT -**  
6 **MATCHING REQUIREMENT.** The grants line item in section 1 of this Act includes \$500,000  
7 from the research North Dakota fund which the department of commerce shall provide as a  
8 grant to the energy and environmental research center at the university of North Dakota. The  
9 grant must be utilized for economic development and diversification of the North Dakota  
10 economy and may be provided only to the extent the energy and environmental research center  
11 provides one dollar of matching funds from private or other public sources for each one dollar  
12 provided by the department for the biennium beginning July 1, 2017, and ending June 30, 2019.

13 **SECTION 14. ESTIMATED INCOME - RESEARCH NORTH DAKOTA FUND.**  
14 Notwithstanding section 54-65-08, the estimated income line item in section 1 of this Act  
15 includes \$3,500,000 from the research North Dakota fund to the department of commerce for  
16 department programs. Of this amount, \$500,000 is for the North Dakota tourism program,  
17 \$1,000,000 is for discretionary funds, \$1,500,000 is for entrepreneurship grants and vouchers,  
18 and \$500,000 is for providing a grant to the energy and environmental research center at the  
19 university of North Dakota.

20 **SECTION 15. TRANSFER - RESEARCH NORTH DAKOTA FUND TO THE GENERAL**  
21 **FUND.** Notwithstanding section 54-65-08, the office of management and budget shall transfer  
22 \$4,000,000 from the research North Dakota fund to the general fund, during the biennium  
23 beginning July 1, 2017, and ending June 30, 2019.

24 **SECTION 16. EMERGENCY.** Funding of \$950,000 in the operating expenses line item in  
25 sections 1 and 7 of this Act, relating to the operation intern program, are declared to be an  
26 emergency measure.