

**Sixty-fifth Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 3, 2017**

SENATE BILL NO. 2018
(Appropriations Committee)

AN ACT to provide an appropriation for defraying the expenses of the department of commerce; to provide exemptions; to provide for transfers; to provide for a report; 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, 2017, and ending June 30, 2019, as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$13,015,999	(\$20,211)	\$12,995,788
Operating expenses	16,384,623	(907,001)	15,477,622
Grants	48,134,795	6,375,621	54,510,416
Discretionary funds	784,152	1,415,848	2,200,000
Flood impact grants/loans	0	5,201,752	5,201,752
Agricultural products utilization commission	3,118,611	34,304	3,152,915
North Dakota trade office	2,556,694	(556,694)	2,000,000
Partner programs	2,173,829	(233,984)	1,939,845
Entrepreneurship grants and vouchers	<u>1,500,000</u>	<u>750,000</u>	<u>2,250,000</u>
Total all funds	\$87,668,703	\$12,059,635	\$99,728,338
Less estimated income	<u>53,809,604</u>	<u>14,576,054</u>	<u>68,385,658</u>
Total general fund	\$33,859,099	(\$2,516,419)	\$31,342,680
Full-time equivalent positions	69.40	(3.00)	66.40

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

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

<u>One-Time Funding Description</u>	<u>2015-17</u>	<u>2017-19</u>
Workforce enhancement fund	\$960,069	\$0
Flood impact grants/loans	12,859,869	5,201,752
Research North Dakota	4,353,542	0
Unmanned aircraft system	2,662,105	2,000,000
Base retention grants	1,500,000	600,000
Tourism large infrastructure grants	586,000	0
Enhanced use lease grant	7,500,000	3,000,000
Child care facility grants	2,131,267	0
Homeless shelter grants	1,500,000	0
Tribal community college grants	2,837,130	0
Workforce recruitment campaign	300,000	0
Tourism midwest markets	848,481	0
Entrepreneurship grants and vouchers	1,716,830	0

Tourism international	227,836	0
Educators and industry externships	<u>40,000</u>	<u>0</u>
Total all funds	\$40,023,129	\$10,801,752
Less estimated income	<u>21,359,869</u>	<u>9,801,752</u>
Total general fund	\$18,663,260	\$1,000,000

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

SECTION 4. EXEMPTION. The amount appropriated for the agricultural products utilization commission in section 1 of chapter 18 of the 2015 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, 2017, and ending June 30, 2019.

SECTION 5. EXEMPTION. The amount appropriated for the discretionary funds line item in section 1 of chapter 18 of the 2015 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, 2017, and ending June 30, 2019.

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

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

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

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

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

SECTION 11. TRADE OFFICE - MATCHING FUND REQUIREMENT. The North Dakota trade office line item and the general fund appropriation in section 1 of this Act include \$2,000,000 of funding relating to the North Dakota trade office. The department of commerce may spend sixty percent of this amount without requiring any matching funds from the trade office. Any additional amounts may be spent only to the extent the North Dakota trade office provides one dollar of matching funds from private or other public sources for each one dollar provided by the department for the biennium beginning July 1, 2017, and ending June 30, 2019. 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 12. ENTREPRENEURSHIP GRANTS AND VOUCHER PROGRAM - EXEMPTION. Section 1 of this Act includes the sum of \$2,250,000, of which \$600,000 is from the general fund and \$1,650,000 is from special funds, for an entrepreneurship grants and voucher program to be developed and administered by the department of commerce, for the biennium beginning July 1, 2017, and ending June 30, 2019. Of the amount appropriated, \$900,000 is to be distributed equally to entrepreneurial centers located in Bismarck, Fargo, and Grand Forks, \$300,000 to an organization that provides workplace safety, and \$300,000 for biotechnology grants. The department shall establish guidelines to provide grants to entrepreneurial centers certified by the department. The department also shall establish guidelines to award vouchers to entrepreneurs to procure business development assistance from certified entrepreneurial centers or to provide grants to entrepreneurs working with an entrepreneurial center. The amount appropriated for entrepreneurship grants in section 1 of this Act 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, 2019, and ending June 30, 2021.

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

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

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

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

President of the Senate

Speaker of the House

Secretary of the Senate

Chief Clerk of the House

This certifies that the within bill originated in the Senate of the Sixty-fifth Legislative Assembly of North Dakota and is known on the records of that body as Senate Bill No. 2018 and that two-thirds of the members-elect of the Senate voted in favor of said law.

Vote: Yeas 44 Nays 3 Absent 0

President of the Senate

Secretary of the Senate

This certifies that two-thirds of the members-elect of the House of Representatives voted in favor of said law.

Vote: Yeas 63 Nays 25 Absent 6

Speaker of the House

Chief Clerk of the House

Received by the Governor at _____ M. on _____, 2017.

Approved at _____ M. on _____, 2017.

Governor

Filed in this office this _____ day of _____, 2017,

at _____ o'clock _____ M.

Secretary of State