

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1018

Page 1, line 3, replace "subsection 4 of section 21-10-13, sections 54-60-22," with "10-30.5-04, 10-30.5-05,"

Page 1, line 4, after the third comma insert "54-60.2-01,"

Page 1, line 6, replace "workforce enhancement council" with "North Dakota development fund"

Page 1, line 9, remove "and"

Page 1, line 9, after "report" insert "; and to declare an emergency"

Page 1, remove lines 19 through 24

Page 2, replace lines 1 through 5 with:

"Salaries and wages	\$12,835,431	\$2,672,817	\$15,508,248
Operating expenses	17,317,760	8,116,440	25,434,200
Grants	50,232,330	86,115,351	136,347,681
Discretionary funds	2,150,000	0	2,150,000
Workforce programs	0	30,000,000	30,000,000
COVID-19 response	0	16,739,696	16,739,696
Weatherization and energy programs	0	210,000,000	210,000,000
Partner programs	1,562,531	(654,611)	907,920
Entrepreneurship grants and vouchers	<u>948,467</u>	<u>0</u>	<u>948,467</u>
Total all funds	\$85,046,519	\$352,989,693	\$438,036,212
Less estimated income	<u>53,544,379</u>	<u>318,013,053</u>	<u>371,557,432</u>
Total general fund	\$31,502,140	\$34,976,640	\$66,478,780
Full-time equivalent positions	58.80	7.00	65.80"

Page 2, replace lines 12 through 19 with:

"Beyond visual line of sight uncrewed aircraft system	20,000,000	20,000,000
Enhanced use lease grant	7,000,000	7,000,000
Workforce grants to tribally controlled community colleges	500,000	2,500,000
Workforce safety grant	1,500,000	0
Job development and economic growth grant	1,500,000	0
Tourism marketing	7,000,000	5,000,000
Tourism destination development initiative	0	50,000,000
Technical skills training grants	6,000,000	2,000,000"

Page 2, replace lines 24 and 25 with:

"Discretionary funds	1,000,000	0
Small business credit initiative	56,234,176	572,143"

Page 3, replace lines 1 through 5 with:

"Rural workforce housing grant program	0	2,000,000
Workforce talent attraction initiative	0	14,000,000
Workforce investment grant program	0	12,500,000"

Page 3, replace line 7 with:

"New Americans workforce training grants	0	1,500,000
Regional council grant program	0	4,000,000
Weatherization and energy assistance program	0	210,000,000"

Page 3, replace lines 10 through 13 with:

"Heating and cooling grant program	0	3,258,084
Total all funds	\$138,574,496	\$351,146,946
Less estimated income	135,409,064	318,246,946
Total general fund	\$3,165,432	\$32,900,000"

Page 3, line 22, replace "**LEGACY EARNINGS**" with "**STRATEGIC INVESTMENT AND IMPROVEMENTS**"

Page 3, line 23, remove "Pursuant to the designation of"

Page 3, remove line 24

Page 3, line 25, replace the first "the" with "The"

Page 3, line 25, replace "\$20,000,000" with "\$5,000,000"

Page 3, line 25, remove "legacy"

Page 3, line 26, replace "earnings" with "strategic investment and improvements"

Page 3, line 31, replace "\$30,000,000" with "\$65,000,000"

Page 4, remove lines 3 through 31

Page 5, remove lines 1 through 31

Page 6, replace lines 1 through 7 with:

"SECTION 6. ESTIMATED INCOME - FEDERAL WEATHERIZATION AND ENERGY ASSISTANCE PROGRAMS - FULL-TIME EQUIVALENT POSITIONS. The estimated income line item in section 1 of this Act includes \$210,000,000 from federal funds derived from the Infrastructure Investment and Jobs Act and Inflation Reduction Act for weatherization and energy assistance programs. Of the full-time equivalent positions included in section 1 of this Act, the department of commerce is authorized three positions for the administration of weatherization and energy assistance programs for the 2023-25 biennium. The full-time equivalent positions identified in this section are considered one-time positions."

Page 6, line 9, after the boldfaced dash insert "**REGIONAL COUNCIL GRANTS -**"

Page 6, line 10, replace "\$98,500,000" with "\$88,000,000"

Page 6, line 11, replace "\$7,000,000" with "\$2,000,000"

Page 6, line 12, replace "\$25,000,000" with "\$50,000,000"

Page 6, line 13, remove "grant"

Page 6, line 13, replace "\$30,000,000" with "\$20,000,000"

Page 6, line 14, replace "\$28,000,000" with "\$7,000,000"

Page 6, line 14, remove "\$2,000,000 is for new"

Page 6, remove line 15

Page 6, line 16, replace "grant to an organization that provides workforce safety" with "and \$4,000,000 is for a regional council grant program. The department of commerce shall award funding for the regional council grant program equally to the eight regional councils established in the state to support the planning, development, and implementation of economic development, community infrastructure, entrepreneurship, housing, child care, and workforce development initiatives in rural communities in accordance with chapter 54-40.1"

Page 6, line 18, remove "grant"

Page 6, line 19, after the period insert "The department of commerce may provide funding for the tourism destination development initiative program in the form of program grants or grants for interest rate buydowns."

Page 6, line 21, replace "the sum of \$6,500,000" with "\$1,500,000"

Page 6, line 21, replace "general" with "strategic investment and improvements"

Page 6, line 21, after "fund" insert "as identified in section 7 of this Act"

Page 6, after line 31, insert:

"SECTION 9. WORKFORCE PROGRAMS. The workforce programs line item in section 1 of this Act includes \$30,000,000 from the general fund for workforce-related programs, of which \$14,000,000 is for the workforce talent attraction initiative, \$12,500,000 is for the workforce investment grant program, \$2,000,000 is for technical skills training grants, and \$1,500,000 is for new Americans workforce development and training grants."

Page 7, line 6, replace "appropriated" with "identified"

Page 7, line 13, replace "\$5,000,000" with "\$2,500,000"

Page 7, after line 20, insert:

"SECTION 13. ENTREPRENEURSHIP GRANTS AND VOUCHER PROGRAM. The entrepreneurship grants and voucher line item in section 1 of this Act includes \$948,467, of which \$740,956 is from the general fund and \$207,511 is from the economic development fund, for the purpose of defraying the expenses of the entrepreneurship grants and voucher program. The department shall establish guidelines to provide grants under the program.

Page 11, remove lines 29 and 30

Page 12, remove lines 1 through 30

Page 13, replace lines 1 through 3 with:

"SECTION 21. AMENDMENT. Section 10-30.5-04 of the North Dakota Century Code is amended and reenacted as follows:

10-30.5-04. Powers.

The corporation must be organized as a nonprofit corporation. In addition to the powers in chapter 10-33, the corporation may:

1. Cooperate and contract with and provide funding to any private or public entity.
2. Receive appropriations from the legislative assembly and other public moneys as well as contributions from other private or public contributors. The funds for the entrepreneurship awards under section 10-30.5-12 may not exceed one million dollars.
3. Provide management services for the Bank's alternative and venture capital investments and early-stage capital funds.

SECTION 22. AMENDMENT. Section 10-30.5-05 of the North Dakota Century Code is amended and reenacted as follows:

10-30.5-05. Management.

1. The director of the department of commerce division of economic development and finance shall appoint the chief executive officer of the corporation. The board of directors shall determine minimum qualifications of all other staff positions.
2. If the chief executive officer of the corporation is absent for more than five consecutive days or is anticipated to be absent for more than five consecutive days, the chief executive officer may delegate the duties and responsibilities of the chief executive officer to the director of the department of commerce division of economic development and finance, or the director's designee.
3. All investments, contracts, partnerships, limited liability companies, and business transactions of the corporation are the responsibility of the chief executive officer and the board of directors. The board may provide that normal operating costs anticipated in an approved budget may be incurred and paid without prior board approval."

Page 14, after line 18, insert:

"SECTION 26. AMENDMENT. Section 54-60.2-01 of the North Dakota Century Code is amended and reenacted as follows:

54-60.2-01. Establishment of workforce development grant for tribally controlled community colleges.

There is established within the division of workforce development of the department of commerce a program to provide workforce development grants to tribally controlled community colleges in North Dakota. A tribally controlled community college in this state may apply to the department of commerce for a job training grant in such manner as the department of commerce prescribes. The department of commerce shall consult with the executive director of the Indian affairs commission to determine eligible tribally controlled community colleges and ~~shall award grants based on the documented job placement rates at each eligible college.~~"

Page 16, line 1, replace "\$1,000,000" with "\$1,500,000"

Page 16, line 1, replace "general" with "strategic investment and improvements"

Page 16, line 1, remove "discretionary funds in"

Page 16, line 2, replace "section 10 of chapter 15" with "a job development and economic growth grant in section 1 of chapter 46"

Page 17, after line 18, insert:

"SECTION 31. EMERGENCY. The \$210,000,000 appropriated from federal funds derived from the Infrastructure Investment and Jobs Act and the Inflation Reduction Act in the weatherization and energy programs line item and in the estimated income line item in section 1 of Act is declared to be an emergency measure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1018 - Department of Commerce - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
Salaries and wages	\$12,835,431	\$16,764,534	(\$1,256,286)	\$15,508,248
Operating expenses	17,317,760	33,544,200	(8,110,000)	25,434,200
Grants	50,232,330	176,347,681	(40,000,000)	136,347,681
Discretionary funds	2,150,000	2,500,000	(350,000)	2,150,000
COVID-19 response		16,167,553	572,143	16,739,696
Weatherization and energy programs			210,000,000	210,000,000
Partner programs	1,562,531	1,562,531	(654,611)	907,920
Workforce programs			30,000,000	30,000,000
Entrepreneurship grants and vouchers	948,467	948,467		948,467
Total all funds	\$85,046,519	\$247,834,966	\$190,201,246	\$438,036,212
Less estimated income	53,544,379	171,549,469	200,007,963	371,557,432
General fund	\$31,502,140	\$76,285,497	(\$9,806,717)	\$66,478,780
FTE	58.80	62.80	3.00	65.80

Department 601 - Department of Commerce - Detail of Senate Changes

	Adjusts Funding for Salary and Benefit Increases¹	Removes Salary Funding for Funding Pool²	Transfers Federal Funding Between Line Items³	Reduces Funding for Partner Programs⁴	Adjusts Funding for the Heating and Cooling Assistance Programs⁵	Adjusts One-Time Funding for Workforce Initiatives⁶
Salaries and wages	\$264,783	(\$1,631,069)	\$110,000			
Operating expenses			(110,000)			(\$8,000,000)
Grants						(29,000,000)
Discretionary funds						
COVID-19 response						
Weatherization and energy programs						
Partner programs				(\$654,611)		
Workforce programs						30,000,000
Entrepreneurship grants and vouchers						
Total all funds	\$264,783	(\$1,631,069)	\$0	(\$654,611)	\$0	(\$7,000,000)
Less estimated income	38,391	(102,571)	0	0	0	(2,000,000)
General fund	\$226,392	(\$1,528,498)	\$0	(\$654,611)	\$0	(\$5,000,000)
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Adjusts Other One-Time Funding Initiatives ⁷	Adds One-Time Funding for Weatherization and Energy Programs ⁸	Total Senate Changes
Salaries and wages			(\$1,256,286)
Operating expenses			(8,110,000)
Grants	(\$11,000,000)		(40,000,000)
Discretionary funds	(350,000)		(350,000)
COVID-19 response	572,143		572,143
Weatherization and energy programs		\$210,000,000	210,000,000
Partner programs			(654,611)
Workforce programs			30,000,000
Entrepreneurship grants and vouchers			
Total all funds	(\$10,777,857)	\$210,000,000	\$190,201,246
Less estimated income	(7,927,857)	210,000,000	200,007,963
General fund	(\$2,850,000)	\$0	(\$9,806,717)
FTE	0.00	3.00	3.00

¹ Salaries and wages funding is adjusted to provide for 2023-25 biennium salary increases of 6 percent on July 1, 2023, and 4 percent on July 1, 2024, and for adjustments to health insurance premium rates as follows:

	General Fund	Other Funds	Total
Salary increase	\$226,813	\$39,696	\$266,509
Health insurance increase	(421)	(1,305)	(1,726)
Total	\$226,392	\$38,391	\$264,783

The House provided salary adjustments of 4 percent on July 1, 2023, and July 1, 2024.

² Funding for new FTE positions and estimated savings from vacant FTE positions is removed as shown below. These amounts are available to the agency if needed by submitting a request to the Office of Management and Budget for a transfer from the new and vacant FTE funding pool.

	General Fund	Other Funds	Total
New FTE positions	(\$967,642)	\$0	(\$967,642)
Vacant FTE positions	(560,856)	(102,571)	(663,427)
Total	(\$1,528,498)	(\$102,571)	(\$1,631,069)

³ Federal funding of \$110,000 for the AmeriCorps workforce community services program is transferred from the operating expenses line item to the salaries and wages line item for temporary salaries. The House transferred \$220,000 of federal funding for the program from the grants line item to the operating expenses line item.

⁴ Ongoing funding of \$654,611 from the general fund in the partner program line item for the North Dakota Small Business Development Center is removed, resulting in \$907,920 from the general fund remaining for partner programs. The House provided \$1,562,531 from the general fund for partner programs, the same as the base level.

⁵ Federal funding of \$2,085,834 added by the House in the COVID-19 response line item for weatherization, heating and furnace, and cooling assistance programs is removed from ongoing funding and added by the Senate as one-time funding.

⁶ One-time funding for workforce initiatives is adjusted as follows:

	General Fund	Other Funds	Total
Adds funding for workforce talent attraction initiative operating expenses to provide \$14 million from the general fund in the workforce programs line item. The House provided \$8 million from the general fund in the operating expenses line item.	\$6,000,000	\$0	\$6,000,000
Reduces funding for workforce investment program grants to provide a total of \$12.5 million from the general fund in the workforce programs line item. The House provided \$15 million from the general fund in the grants line item.	(2,500,000)	0	(2,500,000)
Removes funding added by the House for automation workforce transition training grants.	(5,000,000)	0	(5,000,000)
Removes funding added by the House for automation workforce equipment grants.	(5,000,000)	0	(5,000,000)
Transfers \$2 million from the general fund for technical skills training grants from the grants line item to the workforce programs line item.	0	0	0
Adjusts funding for new Americans workforce development and training grants by removing funding added by the House from the strategic investment and improvements fund (SIIF) in the grants line item and adding funding from the general fund in the workforce programs line item.	<u>1,500,000</u>	<u>(2,000,000)</u>	<u>(500,000)</u>
Total	(\$5,000,000)	(\$2,000,000)	(\$7,000,000)

⁷ One-time funding for community services, tourism, and uncrewed aircraft systems (UAS), and other workforce initiatives is adjusted as follows:

	General Fund	Other Funds	Total
Reduces funding for the rural workforce housing grant program to provide a total of \$2 million from SIIF, of which \$300,000 is for temporary salaries, \$200,000 is for operating expenses, and \$1.5 million is for grants. The House provided \$7 million from SIIF, of which \$6.5 million was for grants.	\$0	(\$5,000,000)	(\$5,000,000)
Adds funding for the tourism destination development initiative to provide a total of \$50 million from SIIF. The House provided \$25 million from SIIF.	0	25,000,000	25,000,000
Reduces funding for the beyond visual line of sight (BVLOS) UAS program to provide a total of \$20 million from SIIF. The House provided \$30 million from SIIF.	0	(10,000,000)	(10,000,000)
Reduces funding for the enhanced use lease grant program to provide a total of \$7 million from SIIF. The House provided \$28 million from SIIF.	0	(21,000,000)	(21,000,000)
Reduces funding for workforce grants to tribally controlled community colleges to provide a total of \$2.5 million from the general fund. The House provided \$5 million from the general fund.	(2,500,000)	0	(2,500,000)
Removes funding added by the House from SIIF for a workforce safety grant.	0	(1,500,000)	(1,500,000)
Adds funding from SIIF for a regional council grant program. The House did not add funding for this program.	0	4,000,000	4,000,000
Reduces funding for discretionary funds to provide a total of \$2.15 million from the general fund, the same as the base level. The House added \$350,000 to provide a total of \$2.5 million from the general fund.	(350,000)	0	(350,000)
Adds federal funding for the State Small Business Credit Initiative technical assistance program. The House did not add funding for this program.	<u>0</u>	<u>572,143</u>	<u>572,143</u>
Total	(\$2,850,000)	(\$7,927,857)	(\$10,777,857)

⁸ One-time funding of \$210 million is added from federal funds derived from the Infrastructure Investment and Jobs Act (IIJA) (\$120 million) and Inflation Reduction Act (IRA) (\$90 million) for weatherization and energy assistance programs. The Department of Commerce anticipates funding may be available for the following programs:

<u>Program</u>	<u>Federal Funds</u>
State energy program (IIJA)	\$3,905,130
Weatherization (IIJA)	15,131,495
Energy efficiency revolving loan fund (IIJA)	4,641,870
Energy efficiency block grant (IIJA)	1,653,240
Home energy performance-based whole-house rebate program (IRA)	37,338,470
High-efficiency electric home rebate program (IRA)	<u>37,121,060</u>
Total	\$99,791,265

The department anticipates other states will not use all federal funding awarded for these programs, resulting in additional funding that may be available to North Dakota for an estimated total of \$210 million. The department is authorized 3 FTE positions that are considered one-time positions for the administration of these programs.

The House did not add funding for this purpose.

This amendment also:

- Amends a section providing for a transfer to the legacy investment for technology (LIFT) fund for the LIFT program. The House provided for a \$20 million transfer from the legacy earnings fund. The Senate provides a \$5 million transfer from SIIF.
- Amends a section providing for a transfer from SIIF to the North Dakota Development Fund. The House provided for a \$30 million transfer. The Senate provides for a \$65 million transfer.
- Removes a section that provided for a transfer of \$120 million from SIIF to the North Dakota Development Fund for a fertilizer development grant program.
- Adds a section identifying one-time funding and one-time FTE positions for weatherization and energy assistance programs from federal funding available as a result of the federal IIJA and IRA.
- Amends a section identifying funding in Section 1 from SIIF. The House provided \$98.5 million. The Senate provides \$88 million.
- Amends a section identifying funding for rural workforce housing program grants. The House provided \$6.5 million from SIIF. The Senate provides \$1.5 million from SIIF.
- Adds a section identifying \$30 million from the general fund in a newly created workforce programs line item.
- Amends a section identifying funding for workforce development grants to tribally controlled community colleges. The House provided \$5 million. The Senate provides \$2.5 million.
- Adds a section identifying funding available for the entrepreneurship grants and vouchers program, also known as Innovate ND.
- Removes a section added by the House that amended North Dakota Century Code Section 21-10-13(4), related to legacy earnings fund allocations.
- Adds a section to amend Section 10-30.5-04 to clarify the authority of the North Dakota Development Fund to allow for funding to be provided to private or public entities through North Dakota Development Fund contracts.
- Adds a section to amend Section 10-30.5-05 to provide if the North Dakota Development Fund chief executive officer is absent for more than 5 consecutive days or is anticipated to be absent for more than 5 consecutive days, the Chief Executive Officer may delegate the duties and responsibilities of the Chief Executive Officer to the Director of the Department of Commerce Division of Economic Development and Finance under Chapter 54-34.3, or the Director's designee.
- Removes a section that amended Section 54-60-22 to expand recommendations provided by the Workforce Enhancement Council to the Commissioner of the Department of Commerce regarding the approval of training grants to include training providers and businesses, rather than only providing recommendations for grants to institutions of higher education.
- Adds a section to amend Section 54-60.2-01 to remove the requirement that workforce development grants to tribally controlled community colleges be awarded based on documented job placement rates at each eligible college.
- Removes a subsection providing an exemption for discretionary funds and adds a subsection to provide an exemption for a job development and economic growth grant from the 2021-23 biennium.
- Adds a section to declare the \$210 million of federal funds appropriated in Section 1 for weatherization and energy assistance programs to be an emergency measure.