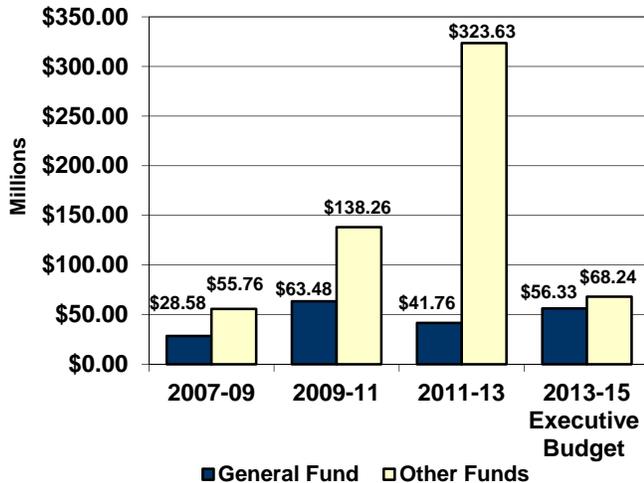


**Department 601 - Department of Commerce
 Senate Bill No. 2018**

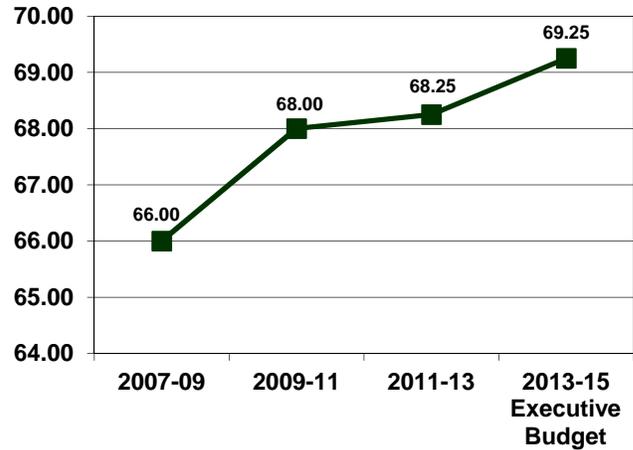
	FTE Positions	General Fund	Other Funds	Total
2013-15 Executive Budget	69.25	\$56,325,031	\$68,241,034	\$124,566,065
2011-13 Legislative Appropriations	68.25	41,759,865	323,634,937	365,394,802 ¹
Increase (Decrease)	1.00	\$14,565,166	(\$255,393,903)	(\$240,828,737)

¹The 2011-13 appropriation amounts include \$235 million of additional special funds authority for flood impact grants and loans during the 2011-13 biennium.

Agency Funding



FTE Positions



Ongoing and One-Time General Fund Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2013-15 Executive Budget	\$32,150,031	\$24,175,000	\$56,325,031
2011-13 Legislative Appropriations	29,134,865	12,625,000	41,759,865
Increase (Decrease)	\$3,015,166	\$11,550,000	\$14,565,166

First House Action

Attached is a summary of the first house changes.

**Executive Budget Highlights
 (With First House Changes in Bold)**

	General Fund	Other Funds	Total
1. Provides funding for the State Data Center, which includes 1 FTE demographer position	\$498,852	\$0	\$498,852
2. Provides one-time funding from the general fund for a child care facility grant program for the purpose of providing grants of up to \$187,500 to political subdivisions for new and expanded licensed child care facilities and essential equipment for the facilities	\$5,000,000	\$0	\$5,000,000
3. Provides one-time funding from the general fund for a Research North Dakota grant program	\$12,000,000	\$0	\$12,000,000
4. Provides one-time funding of \$5 million, of which \$1 million is from the general fund and \$4 million is from the strategic investment and improvements fund, for the unmanned aerial system grant program	\$1,000,000	\$4,000,000	\$5,000,000
5. Provides a one-time transfer from the general fund to the workforce enhancement fund for two-year colleges to create or enhance training programs	\$2,000,000	\$0	\$2,000,000

6. Provides one-time funding from the general fund for tourism large infrastructure grants to attract, retain, and entertain North Dakota citizens and visitors	\$1,325,000	\$0	\$1,325,000
7. Provides one-time funding from the general fund for the North Dakota planning initiative program to provide technical assistance and grants for communities to use in planning for growth	\$1,000,000	\$0	\$1,000,000
8. Provides one-time funding for base retention grants	\$1,500,000	\$0	\$1,500,000
9. Provides one-time funding for a study with the Upper Great Plains Transportation Institute for updating and maintaining reports for the transportation infrastructure needs of the state	\$350,000	\$0	\$350,000
10. Increases funding from the general fund for the InnovateND program from \$400,000 to \$500,000	\$100,000	\$0	\$100,000
11. Increases funding from the general fund for Operation Intern from \$900,000 to \$1,500,000	\$600,000	\$0	\$600,000
12. Adds funding for increasing tourism-related marketing and research from \$7,684,329 to \$9,184,329	\$1,500,000	\$0	\$1,500,000
13. Provides funding for state employee salary increases of which \$353,441 relates to performance increases and \$0 is for market equity adjustments. The Senate added funding of \$201,353 to correct the executive compensation package.	\$272,149	\$81,292	\$353,441
14. Removes one-time funding for flood impact loans and grants	\$0	(\$235,000,000)	(\$235,000,000)

Other Sections in Bill

Sections 3 through 5, 11, 16, 18, and 19 - Renames the agricultural fuel tax fund the agricultural products utilization fund, designates that interest earned on the money in the fund be retained in the fund, and provides a continuing appropriation of money in the fund to the Department of Commerce

Section 6 - Added by the Senate to create a child care facility loan guarantee program administered by the Bank of North Dakota for loans of up to \$15,000 for the construction or renovation of child care facilities

Section 7 - Added by the Senate to create a Research North Dakota venture investment program for investments of up to \$250,000 in startup or spinoff businesses that utilize technology developed at a research university

Section 8 - Removes certain revenues from being deposited in the ethanol production incentive fund

Section 9 - Added by the Senate to amend the housing finance programs to include a child care facility finance program

Section 10 - Added by the Senate to amend the housing incentive fund to extend the expiration date and to increase the maximum balance amount to \$50 million

Section 12 - Creates an energy conservation grant fund and provides a continuing appropriation to the Department of Commerce for providing grants to political subdivisions for energy conservation projects

Sections 13 and 15 - Creates a Research North Dakota grant program, creates a special fund, and provides a continuing appropriation to the Department of Commerce for providing grants to research universities for research, development, and commercialization activities related to a private sector partner

Section 14 - Added by the Senate to create Research North Dakota venture grants for the commercialization of technology developed at research universities

Section 17 - Removes a portion of fuel tax refund withholding from being deposited into the agricultural fuel tax fund and the ethanol production incentive fund

Section 20 - Allows unexpended 2011-13 Agricultural Products Utilization Commission grants appropriations to continue and be spent during the 2013-15 biennium

Section 21 - Allows unexpended 2011-13 discretionary funds appropriations to continue and be spent during the 2013-15 biennium

Section 22 - Allows unexpended 2011-13 technology-based entrepreneurship grants appropriations to continue and be spent during the 2013-15 biennium

Section 23 - Allows the unexpended 2009-11 funds for promotion and marketing of the *USS North Dakota* to continue and be spent during the 2013-15 biennium

Section 24 - Allows the unexpended 2009-11 funds for the Mickelson Antiballistic Missile Site and the Minot Air Force Base to continue and be spent during the 2013-15 biennium

Section 25 - Transfers the amount appropriated for the workforce enhancement fund line item to the workforce enhancement fund

Section 26 - Transfers \$1.5 million of the operating expenses line item to the internship fund

Section 27 - Transfers the amount appropriated for the Research North Dakota line item to the Research North Dakota fund

Section 28 - Added by the Senate to transfer \$200,000 from the Bank of North Dakota profits to the child care facility loan guarantee fund

Section 29 - Requires the Trade Office to raise dollar-for-dollar matching funds before the Department of Commerce may spend the final 30 percent of the \$2,613,400 appropriated in the Trade Office line item

Section 30 - Limits base retention grant program funding to communities with air force bases and requires that communities secure dollar-for-dollar matching funds

Section 31 - Requires the Department of Commerce to develop qualification guidelines for the child care facility grant program, requires \$1 of matching funds for every \$3 of grant funds, and limits grant amounts to \$187,500

Section 32 - Makes the \$4 million from the strategic investment and improvements fund provided for the unmanned aircraft systems program contingent upon receiving Federal Aviation Administration approval as a national test site

Section 33 - Added by the Senate to create an enhanced use lease grant program for a private company to construct infrastructure on or adjacent to the Grand Forks Air Force Base

Section 34 - Added by the Senate to provide for a report to the Legislative Management on progress toward the recommendations in the 2020 and Beyond Initiative

Section 35 - Added by the Senate to provide for a progress report to the Budget Section on the Experimental Program to Stimulate Competitive Research and Research North Dakota

Section 36 - Added by the Senate to provide \$350,000 for a contract with the Upper Great Plains Transportation Institute to update and maintain reports on transportation infrastructure needs, including roads and bridges

Section 37 - Added by the Senate to provide for a Legislative Management study of child care services and child care workforce needs

Section 38 - Added by the Senate to provide legislative intent that the funding in the North Dakota Development Fund, Incorporated, be used for investments under the Research North Dakota venture investment program

Section 39 - Declares \$1.5 million in the operating expense line item for the Operation Intern program to be an emergency

Continuing Appropriations

Ethanol production incentive fund - North Dakota Century Code Section 17-02-05 - This continuing appropriation allows for payments of ethanol production incentives to North Dakota ethanol plants.

Workforce enhancement fund - Section 54-60-23 - All funds in the workforce enhancement fund are appropriated to the Department of Commerce on a continuing basis for implementing and administering the Workforce Enhancement Council and workforce enhancement grants to higher education institutions assigned primary responsibility for workforce training.

Community development loan fund - Section 54-44.5-05 - This continuing appropriation allows for the expenditures of community development block grant revolving loan funds.

Centers of excellence fund - Section 15-69-06 - This continuing appropriation allows for implementing and administering the centers of excellence program.

Centers of excellence research fund - Section 54-65-05 - This continuing appropriation allows for implementing and administering the centers of research excellence program.

Significant Audit Findings

The statewide single audit for the fiscal years ended June 30, 2009 and 2010, includes findings relating to the Department of Commerce involving proper documentation for compliance with earmarking requirements.

Major Related Legislation

House Bill No. 1113 - Removes the reporting requirement for the ethanol production incentives and allows the development fund to continue to provide financing to early childhood facilities

House Bill No. 1211 - Appropriates \$600,000 from the general fund to the Department of Commerce for matching fund grants to organizations that recruit and supply personnel providing health services in rural areas

House Bill No. 1358 - Appropriates \$6 million from the strategic investment and improvements fund to the Department of Commerce for grants to nursing homes, basic care facilities, and providers serving individuals with developmental disabilities located in oil-producing counties to address the effects of oil and gas and related economic development activities

Senate Bill No. 2014 - Appropriates \$500,000 from the general fund to the Department of Commerce for a study to evaluate value-added market opportunities for renewable energy resources and oil and gas

Senate Bill No. 2218 - Appropriates \$5 million from the general fund to the Department of Commerce for grants to tribal community colleges

Senate Bill No. 2219 - Appropriates \$8 million from the general fund to the Department of Commerce for a North Dakota energy conservation program

ATTACH:1

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2018 - Funding Summary

	Executive Budget	Senate Changes	Senate Version
Department of Commerce			
Salaries and wages	\$12,396,970	\$261,498	\$12,658,468
Operating expenses	16,434,601		16,434,601
Capital assets	10,000		10,000
Grants	59,147,950	2,500,000	61,647,950
Discretionary funds	928,082		928,082
Workforce enhancement fund	2,000,000		2,000,000
Economic development initiatives	186,846		186,846
Flood impact grants and loans	11,782,866		11,782,866
Ag Products Utilization Commission	3,246,536		3,246,536
Research North Dakota	12,000,000		12,000,000
North Dakota Trade Office	2,613,400		2,613,400
Partner programs	2,022,044		2,022,044
Federal fiscal stimulus funds	796,770		796,770
North Dakota planning initiative	1,000,000		1,000,000
Total all funds	\$124,566,065	\$2,761,498	\$127,327,563
Less estimated income	68,241,034	2,560,145	70,801,179
General fund	\$56,325,031	\$201,353	\$56,526,384
FTE	69.25	0.00	69.25
Bill Total			
Total all funds	\$124,566,065	\$2,761,498	\$127,327,563
Less estimated income	68,241,034	2,560,145	70,801,179
General fund	\$56,325,031	\$201,353	\$56,526,384
FTE	69.25	0.00	69.25

Senate Bill No. 2018 - Department of Commerce - Senate Action

	Executive Budget	Senate Changes	Senate Version
Salaries and wages	\$12,396,970	\$261,498	\$12,658,468
Operating expenses	16,434,601		16,434,601
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Grants	59,147,950	2,500,000	61,647,950
Discretionary funds	928,082		928,082
Workforce enhancement fund	2,000,000		2,000,000
Economic development initiatives	186,846		186,846
Flood impact grants and loans	11,782,866		11,782,866
Ag Products Utilization Commission	3,246,536		3,246,536
Research North Dakota	12,000,000		12,000,000
North Dakota Trade Office	2,613,400		2,613,400
Partner programs	2,022,044		2,022,044
Federal fiscal stimulus funds	796,770		796,770
North Dakota planning initiative	1,000,000		1,000,000
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Less estimated income	68,241,034	2,560,145	70,801,179
General fund	\$56,325,031	\$201,353	\$56,526,384
FTE	69.25	0.00	69.25

Department 601 - Department of Commerce - Detail of Senate Changes

	Corrects Executive Compensation Package¹	Adds Funding for Enhanced Use Lease Grant Program²	Total Senate Changes
Salaries and wages	261,498		261,498
Operating expenses			
Capital assets			
Grants		2,500,000	2,500,000
Discretionary funds			
Workforce enhancement fund			
Economic development initiatives			
Flood impact grants and loans			
Ag Products Utilization Commission			
Research North Dakota			
North Dakota Trade Office			
Partner programs			
Federal fiscal stimulus funds			
North Dakota planning initiative			
Total all funds	\$261,498	\$2,500,000	\$2,761,498
Less estimated income	60,145	2,500,000	2,560,145
General fund	<u>\$201,353</u>	<u>\$0</u>	<u>\$201,353</u>
FTE	0.00	0.00	0.00

¹ Funding is added due to a calculation error in the executive compensation package.

² This amendment adds one-time funding of \$2.5 million from the strategic investment and improvements fund to the grants line item for an enhanced use lease grant program at the Grand Forks Air Force Base.

This amendment adds new sections to:

- Create a loan guarantee program to be administered by the Bank of North Dakota for child care facility loans of up to \$15,000 per loan.
- Create the research North Dakota venture investment program as part of the Development Fund.
- Amend the housing finance program to include child care facilities.
- Amend the housing incentive fund to limit the fund to a maximum balance of \$50 million.
- Create research North Dakota venture grants.
- Transfer \$200,000 of Bank of North Dakota profits into the child care facility loan guarantee fund.
- Create the enhanced use lease grant program.
- Provide for a report to the Legislative Management relating to the 2020 and Beyond Initiative.
- Provide for an Upper Great Plains Transportation Institute study.
- Provide for a report to the Budget Section on the Experimental Program to Stimulate Competitive Research, including research North Dakota.
- Provide for a Legislative Management study of child care services.
- Provide that \$2 million of the \$12 million transferred to the research North Dakota fund may be used for venture grants.