

Department 601 - Department of Commerce
 House Bill No. 1018

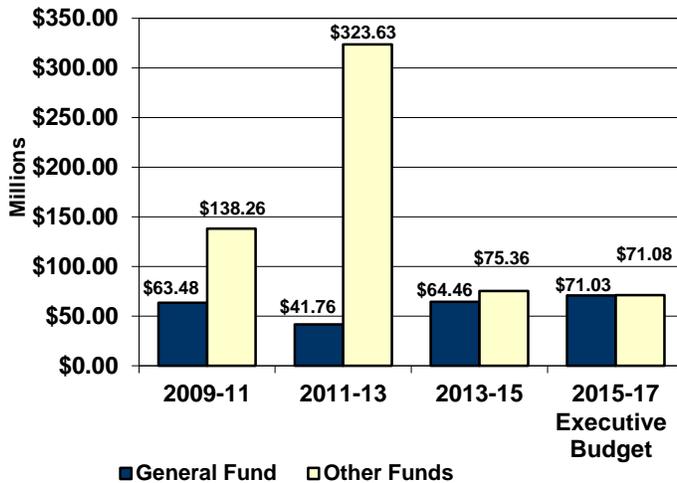
Executive Budget Comparison to Prior Biennium Appropriations

	FTE Positions	General Fund	Other Funds	Total
2015-17 Executive Budget	69.40	\$71,029,318	\$71,075,077	\$142,104,395
2013-15 Legislative Appropriations	69.25	64,457,060	75,363,022	139,820,082
Increase (Decrease)	0.15	\$6,572,258	(\$4,287,945)	\$2,284,313

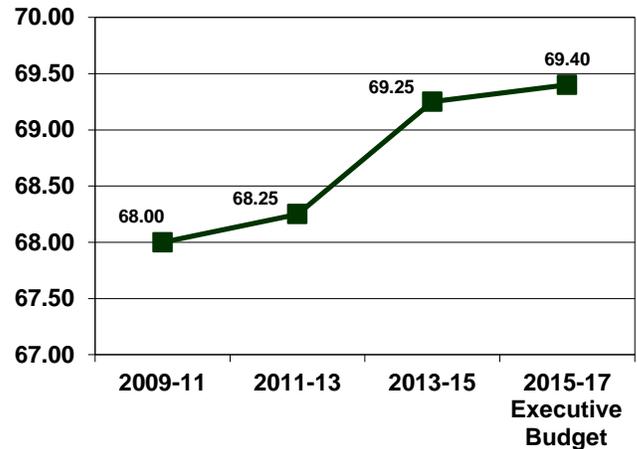
Ongoing and One-Time General Fund Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2015-17 Executive Budget	\$34,010,698	\$37,018,620	\$71,029,318
2013-15 Legislative Appropriations	42,157,060	22,300,000	64,457,060
Increase (Decrease)	(\$8,146,362)	\$14,718,620	\$6,572,258

Agency Funding



FTE Positions



Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2015-17 Executive Budget	\$71,029,318	\$71,075,077	\$142,104,395
2015-17 Base Level	42,157,060	51,707,386	93,864,446
Increase (Decrease)	\$28,872,258	\$19,367,691	\$48,239,949

Attached as an appendix is a detailed comparison of the executive budget to the agency's base level appropriations.

Executive Budget Highlights

	General Fund	Other Funds	Total
1. Provides funding for state employee salary and benefit increases, of which \$652,352 relates to performance increases, \$293,623 is for health insurance increases, and \$67,505 is for retirement contribution increases	\$806,481	\$206,999	\$1,013,480
2. Adds funding to change a .85 FTE tourism administrator position to a 1.00 FTE position	\$0	\$11,276	\$11,276
3. Provides funding for partner programs related to small business development programs, including \$200,000 for the manufacturing extension partnership, \$100,000 for the women's business development office and rural development office, and \$100,000 for the small business development center	\$400,000	\$0	\$400,000
4. Provides program changes, including \$1 million from the neighborhood stabilization fund	\$84,341	\$1,115,689	\$1,200,030

5. Removes funding for the American Indian Business Development Office transferred to the Indian Affairs Commission	(\$100,000)	\$0	(\$100,000)
6. Provides one-time funding from the strategic investment and improvements fund for a contingent grant for the enhanced use lease grant program to provide grants for developing the infrastructure required for an enhanced use lease, \$2.5 million is contingent on construction and agreement of a second private sector single-tenant or multi-tenant building on the property, the remaining \$2.5 million is contingent on an agreement with a data center for data connectivity and redundancy infrastructure requirements	\$0	\$5,000,000	\$5,000,000
7. Provides one-time funding from the general fund for expansion of the tourism marketing campaign in midwest markets	\$1,000,000	\$0	\$1,000,000
8. Provides one-time funding from the general fund for unmanned aerial systems, including \$1.2 million for a business incentive match fund and \$1.6 million for site administration. In addition, the department is requesting \$1.5 million carryover from the 2013-15 biennium.	\$2,718,620	\$0	\$2,718,620
9. Provides one-time funding from the general fund to continue the Research North Dakota program	\$8,000,000	\$0	\$8,000,000
10. Provides one-time funding from the general fund to continue the child care facility grant program which provides grants of up to \$187,500 to political subdivisions for new and expanded licensed child care facilities and essential equipment for the facilities	\$3,000,000	\$0	\$3,000,000
11. Provides one-time funding from the general fund for tourism infrastructure grants to attract, retain, and entertain North Dakota citizens and visitors	\$750,000	\$0	\$750,000
12. Provides one-time funding from the general fund for workforce enhancement grants. In addition, the agency is requesting \$500,000 carryover from the 2013-15 biennium.	\$1,500,000	\$0	\$1,500,000
13. Provides one-time funding from the general fund for a "Find the Good Life" grant program to provide a statewide workforce recruiting campaign by providing a dollar-for-dollar match of employer contributions	\$500,000	\$0	\$500,000
14. Provides one-time funding from the general fund for base retention grants	\$1,500,000	\$0	\$1,500,000
15. Provides one-time funding from the general fund for tribal college workforce grants to create and expand workforce development programs	\$6,000,000	\$0	\$6,000,000
16. Provides one-time funding from the general fund for vouchers for Innovate North Dakota, and to provide grants to entrepreneurial centers and startup technology and innovative businesses	\$1,000,000	\$0	\$1,000,000
17. Provides one-time funding from the general fund to continue the homeless shelter grant program	\$1,000,000	\$0	\$1,000,000
18. Provides one-time funding from the general fund for grants to organizations that offer qualifying preschool education programs during the second year of the biennium	\$6,000,000	\$0	\$6,000,000
19. Provides one-time funding from the general fund for a grant to an organization that provides workplace safety to assist with the construction of a workforce safety training facility	\$2,000,000	\$0	\$2,000,000
20. Provides one-time funding from the general fund for a contingent grant to an organization that provides training and competition for athletes with special needs, contingent on North Dakota being selected as the site of the next national Special Olympics games	\$2,000,000	\$0	\$2,000,000
21. Provides one-time funding of federal funds from the Community Block Grant Disaster Recovery for flood impact grants	\$0	\$12,860,802	\$12,860,802

Other Sections in Bill

Workplace Safety Grant - Section 3 provides a grant to an organization that provides workplace safety for the purpose of constructing a workplace safety training facility.

Special Needs Athletic Organization Grant - Section 4 provides a grant for costs associated with promoting and hosting a national competition for athletes with special needs, contingent upon a North Dakota site being selected to host a national competition for athletes with special needs.

Base Retention Grant Program - Section 5 limits the base retention grant program funding to communities with air force bases or Air National Guard facilities, and requires the program to award direct grants and not cost reimbursement grants.

Enhanced Use Lease Grant Program - Section 6 creates the enhanced use lease grant program to provide grants for constructing the infrastructure required for an enhanced use lease private sector business development project located on or adjacent to the Grand Forks Air Force Base.

Child Care Facility Grant Program - Section 7 requires the Department of Commerce to develop qualification guidelines for the child care facility grant program, requiring \$1 of matching funds for every \$3 of grant funds, and limits grant amounts to \$187,500.

Entrepreneurship Grants and Voucher Program - Section 8 creates the entrepreneurship grants and voucher program and requires the Department of Commerce to establish guidelines to provide grants to entrepreneurial centers certified by the department, and to 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. Section 8 also provides an exemption allowing any unexpended funds to continue into the 2017-19 biennium.

Unmanned Aircraft Systems Program - Section 9 provides that \$1.2 million may only be used as matching funds to incentivize private sector business development related to the test site, and that matching funds provided by the program are not a business incentive under North Dakota Century Code Chapter 54-60.1.

Early Childhood Education Community Grant Program - Section 10 creates the early childhood education community grant program which will be developed by the Department of Commerce with the Department of Public Instruction, and provides that beginning July 1, 2015, community grants of \$1,000 may be made available to providers of four-year-old prekindergarten education if the licensed program follows the state's prekindergarten standards and accountability and if the instruction is taught by a teacher licensed in North Dakota with a credential in prekindergarten or kindergarten.

North Dakota Trade Office Matching Requirement - Section 11 allows the Department of Commerce to spend up to 70 percent of the \$2.6 million appropriation without requiring any matching funds from the North Dakota Trade Office, any additional amounts requires the North Dakota Trade Office to provide \$1 of matching funds from private or other public sources for each \$1 provided by the Department of Commerce.

Transfers - Section 12 transfers \$1.5 million to the workforce enhancement fund. Section 13 transfers \$1.55 million appropriated in the operating expenses line item to the internship fund. Section 14 transfers \$8 million to the Research North Dakota fund. Section 15 transfers any unobligated funds remaining in the centers of excellence fund to the Research North Dakota fund after June 30, 2015.

Exemption for the Agricultural Products Utilization Commission - Section 16 provides that the amount appropriated for the agricultural products utilization commission in Section 1 of Chapter 49 of the 2013 Session Laws are available during the 2015-17 biennium.

Exemption for the Discretionary Funds Line Item - Section 17 provides that the amount appropriated for the discretionary funds line item in Section 1 of Chapter 49 of the 2013 Session Laws are available during the 2015-17 biennium.

Exemption for the Technology-Based Entrepreneurship Grant Program - Section 18 provides that the amount appropriated for the technology-based entrepreneurship grant program in the grants line item in Section 1 of Chapter 49 of the 2013 Session Laws are available during the 2015-17 biennium.

Exemption for the Child Care Facility Grants - Section 19 provides that the amount appropriated for the child care facility grants in Section 14 of Chapter 45 of the 2013 Session Laws are available during the 2015-17 biennium.

Exemption for Unmanned Aircraft Systems Program - Section 20 provides that the amount appropriated for the unmanned aircraft systems program in Section 1 of Chapter 49 of the 2013 Session Laws are available during the 2015-17 biennium.

Exemption for Tribal College Grants - Section 21 provides that the amount appropriated for the tribal college grants in Section 6 of Chapter 437 of the 2013 Session Laws are available during the 2015-17 biennium.

Amendment to Include Educators Under the Division of Workforce Development Program - Section 22 amends Section 54-60-17 to include educators under the Division of Workforce Development program which encourages the use of internships apprenticeships, and work experience opportunities.

Emergency - Section 23 declares \$1.55 million in the operating expense line item for the Operation Intern program to be an emergency.

Continuing Appropriations

Ethanol Production Incentive Fund - 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.

Research North Dakota - Section 54-65-08 - This continuing appropriation allows for implementing and administering the Research North Dakota program.

Internship Fund - Section 54-60-17.1 - This continuing appropriation allows for the expansion of the number of new internship, work experience, and apprenticeship opportunities with North Dakota employers.

Unmanned Aircraft Systems Program Fund - Section 54-60-29 - This continuing appropriation allows the unmanned aircraft systems test site to collect fees and use the collected fees for expenses relating to the administration of the test site.

Energy Conservation Grant Fund - Section 54-44.5-05.1 - This continuing appropriation allows for the agency to provide grants to political subdivisions for energy conservation projects in nonfederal public buildings.

Significant Audit Findings

The State Auditor's office identified the improper collection of Social Security numbers by the Tourism Division of the Department of Commerce. The division is unnecessarily collecting Social Security numbers from business owners when registering agritourism businesses and failing to make the proper disclosure under the federal Privacy Act when collecting the information.

Major Related Legislation

House Bill No. 1005 - North Dakota American Indian Business Development Office - Section 2 requires the Indian Affairs Commission to cooperate with the Department of Commerce in the administration of the American Indian Business Development Office.

House Bill No. 1053 - Centralized Desktop Support Services - Section 1 requires certain agencies to obtain centralized desktop support services from the Information Technology Department.

House Bill No. 1060 - Disclosure of Information in the Possession of Job Service North Dakota or the Tax Commissioner - Section 1 creates Section 52-01-03 allowing Job Service North Dakota and the Tax Commissioner to share certain information with the Department of Commerce.

Senate Bill No. 2080 - Early Childhood Services Inclusion Services and Grant Program - Section 7 amends the eligibility requirements for the grant program qualifying early childhood service providers that have a state license, are self-declared or are in the process of applying for a state license, a change from the previous requirement that the provider have a state license. The bill removes the eligibility requirement that the provider submit a letter from the provider's social services office confirming the provider's license and a required letter from another service provider that confirms an increased funding need to assist the provider in service the child with disabilities. Under the bill the service provider is required to collaborate with other service providers that provide formal support to the child or children with disabilities or developmental delays.

Senate Bill No. 2136 - Business Incentive Accountability Reports - Section 1 amends the requirements of the state grantor recipient report, requiring the recipient of state grants to file the report sixty days after the anniversary of the benefit date a change from the previous requirement of March 1. This bill requires the recipient to file a report for the previous 12 months, a change from the previous requirement of a calendar year.

Senate Bill No. 2137 - Small Business Technology Investment Program - Section 1 amends Section 10-30.5-13 changing the matching requirement for the small business technology investment program from \$2 of angel fund investment for each \$1 of state funds to \$2 of nonstate investment funds for each dollar of state funds.

Department of Commerce - Budget No. 601
House Bill No. 1018
Base Level Funding Changes

	Executive Budget Recommendation			
	FTE			
	Positions	General Fund	Other Funds	
			Total	
2015-17 Biennium Base Level	69.25	\$42,157,060	\$51,707,386	\$93,864,446
2015-17 Ongoing Funding Changes				
Base payroll changes		\$290,288	(\$465,785)	(\$175,497)
Salary increase - Performance		519,112	129,506	648,618
Retirement increase		53,717	13,401	67,118
Health insurance increase		233,652	58,290	291,942
New FTE tourism administrator	0.15	11,276		11,276
Increased operating costs		213,416	665,788	879,204
Program changes		84,341	1,115,689	1,200,030
Remove prior biennium capital assets			(10,000)	(10,000)
Tourism international		247,836		247,836
Funding for partner programs		300,000		300,000
Removes grants authorized in the 2013-15 biennium		(10,000,000)		(10,000,000)
Removes American Indian business development office		(100,000)		(100,000)
Total ongoing funding changes	0.15	(\$8,146,362)	\$1,506,889	(\$6,639,473)
One-time funding items				
Tourism midwest markets		1,000,000		1,000,000
Unmanned aerial systems		2,718,620		2,718,620
Research ND		8,000,000		8,000,000
Child care facility grants		3,000,000		3,000,000
Tourism infrastructure grants		750,000		750,000
Workforce enhancement grants		1,500,000		1,500,000
Workforce recruitment campaign		500,000		500,000
Educators and industry externships		50,000		50,000
Base realignment grants		1,500,000		1,500,000
Tribal college grants		6,000,000		6,000,000
Entrepreneurial centers vouchers		1,000,000		1,000,000
Homeless shelter grants		1,000,000		1,000,000
Pre-kindergarten community grants		6,000,000		6,000,000
Workplace safety facility grant		2,000,000		2,000,000
Special needs athletic organization grant		2,000,000		2,000,000
Enhanced use lease contingent grant			5,000,000	5,000,000
Community block grant disaster recovery			12,860,802	12,860,802
Total one-time funding changes	0.00	\$37,018,620	\$17,860,802	\$54,879,422
Total Changes to Base Level Funding	0.15	\$28,872,258	\$19,367,691	\$48,239,949
2015-17 Total Funding	69.40	\$71,029,318	\$71,075,077	\$142,104,395

Other Sections in House Bill No. 1018

Workplace Safety Grant

Executive Budget Recommendation

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Executive Budget Recommendation

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Trade Office Matching Requirement	Section 11 allows the Department of Commerce to spend up to 70 percent of the \$2.6 million appropriation without requiring any matching funds from the trade office, any additional amounts requires the North Dakota Trade Office to provide one dollar of matching funds from private or other public sources for each one dollar provided by the Department of Commerce

Executive Budget Recommendation

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