

2013 HOUSE INDUSTRY, BUSINESS, AND LABOR

HB 1113

2013 HOUSE STANDING COMMITTEE MINUTES

House Industry, Business and Labor Committee
Peace Garden Room, State Capitol

HB 1113
January 15, 2013
Job 17242

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Development fund, incorporated ethanol plan, new jobs training, faith-based and community initiatives

Minutes:

Attachment #1

Hearing opened

Alan Anderson, Commissioner, North Dakota Department of Commerce: Refer to attachment 1 for written testimony. Attachment 1 also contains a draft related to Section 4.

Representative M. Nelson: (5:15) Could you give more on the Section 4 repeal. What will be the impact for the organizations?

Alan Anderson: It was a committee that was charged with increasing the capacity, visibility, and community involvement through initiatives and policy. It had relatively small funding. It is similar to the same role that exists with the state commission on national community service with larger funding. When talking to each of those committees, they understand the overlap. Rather than have two committees meeting, it makes sense on effectiveness and efficiency to join them.

Representative Becker: (6:30) Section 1, the 512 childcare slots, how were you able to determine those were added as a result of the program?

Alan Anderson: We have a spreadsheet on the 19 daycares that have participated in this loan program. They show their capacity before and after participating. We have it documented by facility and by city.

Chairman Keiser: (7:49) Who is eligible to receive the dollars? What new or expanding daycare facilities will qualify for these forms of funding?

Alan Anderson: (8:13) My understanding is that any daycare within North Dakota which can justify an improvement can qualify.

Dean Reese, CEO of North Dakota Development Fund: (8:34) It has to be a licensed daycare center. We work with a child care and resource referral. We get a copy of the certificate that they have to apply to the agency in North Dakota.

Chairman Keiser: What about an in-home daycare to expand from 4 to 6 kids? Can they get money?

Dean Reese: If it is in house, they would have to get approval from the state to allow them to increase beyond 6. As long as they are adding at least one child, they would qualify. We visit the daycares. It is not just for large expansions.

Representative Ruby: (10:48) The current statute gives the agency the authority for equity positions. Has the agency done that yet? What is the interest charged?

Dean Reese: (11:08) Back in 2009, we put the rate at 2.5%. We received about 67 inquiries for the program. We have not done any equity investments at this point. With the loan type to allow the banks to come in, we could take subordinate positions. We have taken a security interest behind the bank to allow them to come in. There have been some requests for \$300,000 to \$400,000. We can go up to \$100,000. A loan allows us to charge a lower interest rate than at an equity position.

Representative M. Nelson: (12:48) With the need for daycare, has there been anything that has been causing problems which keeps applicants from being viable?

Dean Reese: No. Some of the loans have been paid back. We need to market it more. We have had one loan in default that we are still working on.

Representative M. Nelson: (14:34) Your approach to marketing it as business SBA, now with licensed daycare workers with continuing education requirements, you could include something with that program in a mailing.

Dean Reese: A program that we work with is the Childcare Resource Referral Agency.

Representative N. Johnson: (15:16) Are there any in the works right now?

Dean Reese: We just received an application yesterday for a \$100,000 for a facility in Williston. There was a large amount to start which has slowed but there still is activity.

Representative Amerman: (15:50) In the smaller communities, what is the point of contact?

Dean Reese: They can come directly to the Development Fund, or go to our www.nddevelopmentfund.com website. It has a section on the childcare all by itself. On the third page of the application it lists the requirements and criteria. They don't have to borrow \$100,000. We have done \$10,000 to \$100,000. The criteria are that they have to be licensed, etc. It is all listed on the application. The Childcare Resource Referral, they can call us directly.

Representative Louser: (17:08) It says "moneys may also be used to make grants or loans." Are there grants being made as well? Or is everything repaid?

Dean Reese: To this point we have not done any grants.

Chairman Keiser: We could amend the bill to take out grants if you are not using them?

Dean Reese: Yes

Representative Kreun: (18:00) When the analysis and business plan is done, it may show that those requesting are not business people and may not understand it. That could be part of the reason why there is money left.

Representative Becker: (19:00) The reason there are still moneys left, it's not necessarily that there is an abundance of people who want to do the care but instead other things we are not thinking of which is causing the shortage of providers.

What concerns me is that every time there is a government program, the following session are the words "extend and expand." With the 512 childcare slots, have you done studies where the recipients of the loans have been interviewed/surveyed where they would let you know what they've done with the money. For example, if they would have done the project with or without the funds.

Dean Reese: I was surprised at the detailed work done by applicants. There is no doubt that the cash flow on daycares is tight. We are not here to compete with local lenders but to enhance. It still comes down to what the collateral is. We bring in our money to fill the gap between need and collateral.

Representative Kreun: (23:00) Out of those 19, what was the breakdown between for-profit and non-profit.

Dean Reese: I'd say the majority has been for profit.

Representative Kreun: My observation over the last 10 or 12, 14 years is that for-profit has been taking over. The business has to be more sophisticated and meet the competition.

Representative Kasper: (23:55) Out of all the applicants who received loans, how many would have not gone forward without this program?

Dean Reese: 75% to 80% of them.

Chairman Keiser: (24:20) A few years ago I helped work on administrative rules for daycare providers. I have never met more committed and sincere people. It was the first time we had an administrative rule hearing at night because they work in the daytime. They packed the house. I am a little frustrated that we are going out of the primary sector and are incentivizing the cost of the home-based health care provider. Many in-home

daycares may not be able to qualify. Have you discussed this with providers in our state--not the big ones, but the in-home centers--and was there any resistance?

Dean Reese: We have not. Working with the Childcare Resource, they might have.

Chairman Keiser: (26:40) There appears to be potentially more daycare providers if they can be properly reimbursed. The problem is that parents cannot afford to pay what it really costs. If they could, there would be more daycare providers. Wouldn't a better approach be to provide some support to low-income parents so they could afford day care?

Alan Anderson: (27:50) This is separate from the Governor's approach to funding via grants to political subdivisions. The intent is to get the debt out of the business model to make them be able to compete. There are some subsidies provided to low-income families for childcare with federal programs. Human Services has the numbers to show that there is a greater need for childcare than what we have.

Chairman Keiser: Young families say they cannot afford it, so they say there is inadequate daycare

Representative Kreun: (29:24) The reason I asked for a comparison of for-profit vs. non-profit daycares: all for-profit daycares do not receive subsidies. The only income they have is from the parent tuition. If we can put the money into the hands of the minority group, then they get to choose whether it is a for-profit or a non-profit. The moneys are available if someone tries to provide the service for all income levels. I'm glad to see the low interest to start that process.

Representative Ruby: (31:49) With the sunset clauses, if we do nothing and kill this bill, all your authority of the loans for primary sector businesses stays in place and Subsection 5 goes away. Could you help us remember in 2009 why the sunset clause was put on and why the idea would be that it would go away?

Dean Reese: (32:57) My thought was that they wanted to see if the program would be utilized and if there would be a demand for it.

Representative Amerman: (33:53) Businesses today run 24/7 with various shifts. In your experience, have you had applications from daycares that are open those hours during the night?

Dean Reese: Yes, there are some daycares that work that way. There are drop-off features, too, for just a couple of hours.

Support: No other

Opposition: None

Neutral: None

Hearing closed

Representative Kreun: Moved to do pass. If the Sunset clause is an issue, we could give them more time, like six years, to put their business plans together to take care of this emergency situation.

Chairman Keiser: I don't think a Sunset clause of six years works because we cannot bind any future legislature. We can take action at this session to make it stop at the end of this period.

Representative Kreun: (37:28) When they put business plans together, they run longer than two years.

Chairman Keiser: Committee members can at a future session bring back a part of the code to reconsider it.

Representative Amerman: Seconded the motion

Representative Ruby: (38:12) I am going to resist this. We have heard from daycare providers in my area and none of them have asked for this. They are asking for assistance with operating expenses, not with this. If they raise their rates to cover expenses, they price their service out of the ability of a lot of people to pay.

Representative Kasper: Ask Al Anderson another question. In the Governor's proposed budget, how many dollars are in there to address childcare issues and what they can be used for?

(39:44) **Alan Anderson:** The program I am familiar with is the childcare facility one which would be \$5 million. That would go to the Political Subs. That would get the debt out of that, and that would add relief to operating costs. This is not the one-size-fits-all that we have today. We're not asking for additional funds but the use of those revolving funds does help some of the other ones.

Representative Kasper: You said they go to Political Subdivisions. Does that mean the Political Subdivision will make the request for the dollars and they will disperse the dollars and you are out of it?

Alan Anderson: (41:00) The reason we were using the communities is that they are the best ones to know if they are competing with existing childcare facilities in that area. It also gets a commitment to make sure that they are getting the right childcare providers to deliver the service in their community. We would be responsible for insuring that they meet all of the qualifications of the guidelines of the program and prioritize them.

Representative Kasper: Who decides who gets those dollars with the Political Subdivisions involved? (42:15)

Alan Anderson: The intent is that the community has to make the request.

Representative Louser: (43:01) What is the threshold for an in-home provider to be licensed?

Representative Kreun: It depends on if you have more than one individual in the home as a provider. The younger the children, the fewer children you can have.

Chairman Keiser: If they are at the max for numbers, they are not eligible for this program.

Representative Kreun: There are a number of things that would be limitations to both centers and in-home daycares.

Representative Kasper: What would happen to the money left in this fund if this bill is defeated?

Dean Reese: At this point, if it isn't passed, it would be at whatever the legislature would approve.

Chairman Keiser: The previous law remains in effect. We're voting on the amendments to the previous law.

Dean Reese: The sunset clause ends. We don't have the ability to do further loans going past that day until those dollars would either stay within the development fund or be returned back to the general fund.

Representative Sukut: (46:31) This bill is not the only support out there for daycare centers. It supports one area. I'd hate to see it go away because it serves a function. I think we need to support this bill.

Representative Becker: (47:29) As an analogy, if I have a runny nose and sore throat and a headache and I go to my doctor and he allows me to have some antibiotics. My symptoms are going to get better in seven to ten days. If I don't go to the doctor my symptoms are going to get better in seven to ten days. With respect to the idea that it will take about six years for this program to work and for the childcare crises to resolve, it is probably very true. It is my belief that it will also resolve in the same amount of time with the free market.

A Roll Call vote was taken: Yes 11, No 4, Absent 0.

Do Pass carries.

Representative Nelson is the carrier.

Date: 1-15-13

Roll Call Vote #: 1

**2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1113**

House Industry, Business, and Labor Committee

Legislative Council Amendment Number _____

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment

Rerefer to Appropriations Reconsider Consent Calendar

Motion Made By Kreun Seconded By Amerman

Representatives	Yes	No	Representatives	Yes	No
Chairman George Keiser	✓	✓	Rep. Bill Amerman	✓	
Vice Chairman Gary Sukut	✓		Rep. Joshua Boschee	✓	
Rep. Thomas Beadle	✓		Rep. Edmund Gruchalla	✓	
Rep. Rick Becker		✓	Rep. Marvin Nelson	✓	
Rep. Robert Frantsvog	✓				
Rep. Nancy Johnson	✓				
Rep. Jim Kasper	✓				
Rep. Curtiss Kreun	✓				
Rep. Scott Louser	✓				
Rep. Dan Ruby		✓			
Rep. Don Vigesaa		✓			

Total Yes 11 No 4

Absent —

Floor Assignment M. Nelson

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1113: Industry, Business and Labor Committee (Rep. Keiser, Chairman)
recommends **DO PASS** (11 YEAS, 4 NAYS, 0 ABSENT AND NOT VOTING).
HB 1113 was placed on the Eleventh order on the calendar.

2013 SENATE INDUSTRY, BUSINESS AND LABOR

HB 1113

2013 SENATE STANDING COMMITTEE MINUTES

Senate Industry, Business and Labor Committee
Roosevelt Park Room, State Capitol

HB 1113
February 20, 2013
Job Number 19263

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Relating to the North Dakota development fund, incorporated, ethanol plant reporting to the budget section, and new jobs training

Minutes:

Testimony and Amendment

Chairman Klein: Opened the hearing.

Alan Anderson, Commissioner of the North Dakota Department of Commerce: Written Testimony and Proposed Amendment Attached (1&2). (:15-11:00)

Neutral

Christopher Dodson, North Dakota Catholic Conference: Said he has a problem with one part, section four. He did not see the proposed executive order but every time it has been described it has been a combination of the taskforce. If we are merely combining the two advisory boards the way to approach it is to repeal that section rather than the entire chapter. Otherwise there will be no body in any executive agency that can follow through on the recommendations of the taskforce. Amendment Attached (3). (12:45-14:18)

Beth Zander, Department of Commerce: Said that she had spoken to Mr. Dodson after the last hearing and he called to her attention that the repeal eliminates the office rather than allowing them to clean up the combination of the two councils. The two councils have been working together and the executive order has the language from section 54-62-02, of the current statute. She said she has no problems with Mr. Dodson's amendments.

Chairman Klein: Closed the hearing.

2013 SENATE STANDING COMMITTEE MINUTES

Senate Industry, Business and Labor Committee
Roosevelt Park Room, State Capitol

HB 1113
February 25, 2013
Job Number 19424

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Relating to the North Dakota development fund, incorporated, ethanol plant reporting to the budget section, and new jobs training; and to repeal chapter 54-62 of the North Dakota Century Code, relating to faith-based and community initiatives

Minutes:

Discussion and Vote

Chairman Klein: Said that Chris Dodson suggested some amendments. Al Anderson gave us a presentation, so we have two sets of amendments.

Discussion on both the amendments followed, (2:00-7:46)

Senator Sorvaag: Moved the amendment recommended by the North Dakota Catholic Conference.

Chairman Klein: There is a motion on the Dodson amendments, do we have a second.

Senator Laffen: Seconded the motion.

Roll Call Vote: Yes - 7 No - 0

Senator Sorvaag: Moved to adopt the Department of Commerce amendment.

Senator Sinner: Seconded the motion.

Roll Call Vote: Yes - 7 No - 0

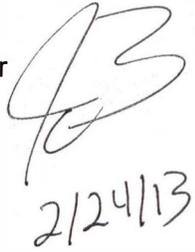
Senator Andrist: Motioned a do pass as amended.

Senator Unruh: Seconded the motion.

Roll Call Vote: Yes - 7 No - 0 Absent - 0

Floor Assignment: Senator Andrist

February 25, 2013



Handwritten signature and date: 2/24/13

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1113

Page 1, line 1, after "to" insert "create and enact section 17-02-01.1 of the North Dakota Century Code, relating to the definition of eligible facility for ethanol production incentives; to"

Page 1, line 1, remove ", 17-02-01,"

Page 1, line 3, remove "ethanol plant reporting to the budget section,"

Page 1, line 3, replace "chapter 54-62" with "sections 17-02-01 and 54-62-03"

Page 1, line 4, after "to" insert "ethanol production incentives and the advisory commission on"

Page 3, remove lines 11 through 30

Page 4, replace lines 1 through 4 with:

"**SECTION 2.** Section 17-02-01.1 of the North Dakota Century Code is created and enacted as follows:

17-02-01.1. Definition.

In this chapter "eligible facility" means an ethanol production plant constructed in this state after July 31, 2003."

Page 4, line 22, replace "Chapter 54-62" with "Sections 17-02-01 and 54-62-03"

Page 4, line 22, replace "is" with "are"

Re-number accordingly

**2013 SENATE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 1113**

Senate Industry, Business, and Labor Committee

Check here for Conference Committee

Legislative Council Amendment Number Dodson Amendment

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerefer to Appropriations Reconsider

Motion Made By Senator Sorvaag Seconded By Senator Laffen

Senators	Yes	No	Senator	Yes	No
Chairman Klein	x		Senator Murphy	x	
Vice Chairman Laffen	x		Senator Sinner	x	
Senator Andrist	x				
Senator Sorvaag	x				
Senator Unruh	x				

Total (Yes) 7 No 0

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

**2013 SENATE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. HB 1113**

Senate Industry, Business, and Labor Committee

Check here for Conference Committee

Legislative Council Amendment Number Department of Commerce Amendment

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerefer to Appropriations Reconsider

Motion Made By Senator Sorvaag Seconded By Senator Sinner

Senators	Yes	No	Senator	Yes	No
Chairman Klein	x		Senator Murphy	x	
Vice Chairman Laffen	x		Senator Sinner		x
Senator Andrist	x				
Senator Sorvaag	x				
Senator Unruh	x				

Total (Yes) 7 No 0

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

**2013 SENATE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. HB 1113**

Senate Industry, Business, and Labor Committee

Check here for Conference Committee

Legislative Council Amendment Number

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerefer to Appropriations Reconsider

Motion Made By Senator Andrist Seconded By Senator Unruh

Senators	Yes	No	Senator	Yes	No
Chairman Klein	x		Senator Murphy	x	
Vice Chairman Laffen	x		Senator Sinner	x	
Senator Andrist	x				
Senator Sorvaag	x				
Senator Unruh	x				

Total (Yes) 7 No 0

Absent 0

Floor Assignment Senator Andrist

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1113: Industry, Business and Labor Committee (Sen. Klein, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1113 was placed on the Sixth order on the calendar.

Page 1, line 1, after "to" insert "create and enact section 17-02-01.1 of the North Dakota Century Code, relating to the definition of eligible facility for ethanol production incentives; to"

Page 1, line 1, remove ", 17-02-01,"

Page 1, line 3, remove "ethanol plant reporting to the budget section,"

Page 1, line 3, replace "chapter 54-62" with "sections 17-02-01 and 54-62-03"

Page 1, line 4, after "to" insert "ethanol production incentives and the advisory commission on"

Page 3, remove lines 11 through 30

Page 4, replace lines 1 through 4 with:

"SECTION 2. Section 17-02-01.1 of the North Dakota Century Code is created and enacted as follows:

17-02-01.1. Definition.

In this chapter "eligible facility" means an ethanol production plant constructed in this state after July 31, 2003."

Page 4, line 22, replace "Chapter 54-62" with "Sections 17-02-01 and 54-62-03"

Page 4, line 22, replace "is" with "are"

Renumber accordingly

2013 TESTIMONY

HB 1113

1-15-2013
①

DEPARTMENT OF COMMERCE TESTIMONY ON HB 1113
JANUARY 15, 2013, 2:00 P.M.
HOUSE INDUSTRY, BUSINESS AND LABOR COMMITTEE
PEACE GARDEN ROOM
REPRESENTATIVE GEORGE KEISER, CHAIRMAN

ALAN ANDERSON –COMMISSIONER, ND DEPARTMENT OF COMMERCE

Mr. Chairman, and members of the committee, I'm Al Anderson, Commissioner of the North Dakota Department of Commerce and I am here before you today in support of HB 1113.

HB 1113 was introduced by the Department of Commerce to clean up our statute and modify a few Commerce related programs.

Section 1 makes permanent the North Dakota Development Fund's ability to provide financing to licensed early childhood facilities. In 2009, the legislature approved SB 2225 which appropriated \$1.25 million to the ND Development Fund and provided authority for them to expand their mission beyond primary sectors businesses and provide financing to early childhood facilities. In 2011, the legislature extended the sunset two years until 2013. We are now asking that the sunset be removed entirely and that the ND Development Fund be allowed to continue to finance early childhood facilities using the funds revolving from the original \$1.25 million. To date, a total of \$1,010,802 has been committed to projects and about \$530,000 is currently available. 512 child care slots have been added as a result of this program.

Section 2 removes an outdated ethanol plant reporting requirement. NDCC section 17-02-01 provided a production incentive to ethanol plants that were in operation prior 1995. Those ethanol plants that received the incentive were required to annually submit a report to the Budget Section regarding whether the plant produced a profit. Ethanol plants are no longer eligible to receive incentives under this section, so the reporting requirement no longer has any meaning. Please note that there is a separate counter-cyclical incentive available to new or expanded ethanol plants.

Section 3 corrects what appears to be an oversight in statute. NDCC section 52-02.1-04 references the North Dakota Future Fund. The ND Future Fund was repealed in 1995 and its assets were transferred to the North Dakota Development Fund.

Section 4 repeals NDCC Chapter 54-62 relating to Faith Based and Community Initiatives. This repeal is in anticipation of the Governor issuing an executive order which would combine the Faith-based and Community Initiatives Advisory Committee with the North Dakota State Commission on National and Community Service. Both boards are supportive of this effort to combine activities. A copy of the draft executive order is attached.

Thank you for your time and attention this afternoon. I will be happy to respond to any questions.

EXECUTIVE ORDER 2013-__

WHEREAS, the United States Congress enacted the National and Community Services Act of 1990, (the Act), as amended through Public Law 106-170, to help meet the unmet human, educational, environmental, and public safety needs of the United States without displacing existing workers; and

WHEREAS, the National and Community Services Act of 1990, as amended, allows for the appointment of a State Commission on National and Community Service in order to be eligible to receive a grant under Subtitle B, School Based and Community Based Service-Learning Programs, and Subtitle C, National Service Trust Programs or to receive a distribution of approved national service positions under Subtitle C; and

WHEREAS, North Dakota is working to address issues related to the aging population in our rural areas; the unemployment and school drop-out rate on our Native American Indian Reservations; a shortage of teachers in our rural communities, and a shortage of full time law enforcement in many of the state's rural communities; that the National and Community Services Act of 1990 empowers communities to address; and

WHEREAS, the State Commission on National and Community Service was formulated by Executive Order 2002-02.3 to address the previously mentioned needs; and

WHEREAS, faith-based and community initiatives are a key component in addressing community needs, and by broadening the mission of the State Commission on National and Community Service to include these components we may better serve the needs of our community.

NOW THEREFORE, I, Jack Dalrymple, Governor of the State of North Dakota, pursuant to the authority vested in me by the constitution and laws of the state, pursuant to the National and Community Service Act of 1990, hereby re-establish the State Commission on National and Community Service, (State Commission). The State Commission shall coordinate its activities with the Corporation for National and Community Service (the Corporation) to the extent required by the Act.

Voting members on the State Commission shall include:

1. One Senator, appointed by the Governor;
2. One Representative, appointed by the Governor;
3. One Representative of a community-based agency or organization, appointed by the Governor;
4. The head of the State education agency;
5. One Representative of local government, appointed by the Governor;

6. One Representative of local labor organizations in the state, appointed by the Governor;
7. Three Representatives of business, appointed by the Governor;
8. One individual with experience in promoting the involvement of older adults (age 55 and older) in service and volunteerism, appointed by the Governor;
9. One individual between the ages of 16-25 who is a participant or supervisor of a service program for school-aged youth, or of a campus-based or national service program, appointed by the Governor;
10. One individual who is a representative of a National Service Program, appointed by the Governor;
11. Five individuals with expertise in the educational, training, and developmental needs of youth, particularly disadvantaged youth, appointed by the Governor;
12. One representative from one of the state's Indian Tribes, appointed by the Governor.

Ex-Officio, non-voting members of the State Commission shall consist of:

1. Corporation for National and Community Service representative;
2. State Commission Executive Director.

Members of the State Commission shall serve at the pleasure of the Governor for three-year terms of service staggered so that one third of the terms of membership expire each year.

The State Commission's purpose is to foster a nonpartisan, state-level commitment to advancing service initiatives in North Dakota, and to play a leadership role in developing, communicating and promoting a statewide vision of service throughout the State. In order to meet this objective, the State Commission shall have the authority to design, approve, and implement all necessary duties and functions including:

1. Develop, lead, and coordinate the state's policy agenda affecting faith-based and community service programs and initiatives;
 - a. Coordinate public education activities designed to mobilize public support for faith-based and community initiatives through volunteerism, special projects, demonstration projects, and public and private partnerships;
 - b. Encourage private charitable giving to support faith-based and community initiatives;
 - c. Bring concerns, ideas, and policy options to the Governor and Legislative Assembly for assisting, strengthening, and replacing successful faith-based and community service programs;

- d. Provide policy and legal education to state, local, and community policymakers and public officials seeking ways to empower faith-based and community organizations and to improve the opportunities, capacity, and expertise of the groups;
 - e. Develop and implement strategic initiatives to strengthen the institutions of civil society and the state's families and communities; and
 - f. Encourage innovative grassroots, nonprofit organizations and civic initiatives.
2. Development of a three-year comprehensive national and community service plan and establishment of State priorities;
 - a. Plan must be developed through an open and public process;
 - b. Outreach process must include input from representatives of established State service programs, representatives of diverse, broad-based community organizations that serve underserved populations and other interested people, including young people;
 - c. The plan must contain information, such as the State Commission considers appropriate and must contain such other information as the Corporation may require.
3. Engage in selection of Subtitle C programs and preparation of application to the Corporation;
 - a. Administer a competitive grant process to select national service programs to include in any application to the Corporation for funding;
 - b. Prepare an application to the Corporation to receive funding or educational awards for the programs selected.
4. Administer the grant program, including responsibility for administering the grants and overseeing and monitoring the performance and progress of funded programs, once subtitle C and community-based Subtitle B funds are awarded.
5. Evaluation and monitoring;
 - a. Evaluate and monitor funding and programming of the State Commission on an annual basis.

- b. Ensure that the efforts of faith-based and community services organizations meet high standards of accountability.

6. Technical assistance, including providing technical assistance to local nonprofit organizations, including faith-based and other community initiatives, with regard to applying for funds and in implementing and operating high quality programs.

7. Program development assistance and training, including assisting in development of Subtitle C programs (a description of such proposal assistance must be included in the State comprehensive plan).

8. Benefits Assistance for the provision of health and child care benefits to Subtitle C program participants.

9. Make recommendations to the Corporation;
 - a. Coordinate activities with other State Agencies;
 - b. Coordinate with volunteer service programs.

The State Commission shall advise the Governor concerning the implementation of the state's strategic plan for National and Community Service, and its adaptation to changing volunteer and community service needs in the state, so as to ensure the ongoing application of a strategic approach to effective, coordinated delivery of National and Community Service. The State Commission may not directly operate or run any national service program receiving financial assistance in any form, from the Corporation.

The State Commission shall report annually to the Governor regarding its activities and those of the relevant programs. The State Commission shall operate according to by-laws approved by the State Commission.

This order is issued pursuant to Article V, Section 1 of the North Dakota Constitution.

This order amends and supersedes Executive Order 2002-02.3. This order is effective immediately and will remain in effect until it is rescinded.

Executed at Bismarck, North Dakota this ___ day of ___, 201_.

Jack Dalrymple
Governor

ATTEST:

Secretary of State

Deputy



(1)

**DEPARTMENT OF COMMERCE TESTIMONY ON HB 1113
FEBRUARY 20, 2013, 11:00 A.M.
SENATE INDUSTRY, BUSINESS AND LABOR COMMITTEE
ROOSEVELT PARK ROOM
SENATOR JERRY KLEIN, CHAIRMAN**

ALAN ANDERSON – COMMISSIONER, ND DEPARTMENT OF COMMERCE

Mr. Chairman, and members of the committee, I'm Al Anderson, Commissioner of the North Dakota Department of Commerce and I am here before you today in support of HB 1113.

HB 1113 was introduced by the Department of Commerce to clean up our statute and modify a few Commerce related programs.

Section 1 makes permanent the North Dakota Development Fund's ability to provide financing to licensed early childhood facilities. In 2009, the legislature approved SB 2225 which appropriated \$1.25 million to the ND Development Fund and provided authority for them to expand their mission beyond primary sectors businesses and provide financing to early childhood facilities. In 2011, the legislature extended the sunset two years until 2013. We are now asking that the sunset be removed entirely and that the ND Development Fund be allowed to continue to finance early childhood facilities using the funds revolving from the original \$1.25 million. To date, a total of \$1,010,802 has been committed to projects and about \$530,000 is currently available. 512 child care slots have been added as a result of this program.

Section 2 removes an outdated ethanol plant reporting requirement. NDCC section 17-02-01 provided a production incentive to ethanol plants that were in operation prior 1995. Those ethanol plants that received the incentive were required to annually submit a report to the Budget Section regarding whether the plant produced a profit. Ethanol plants are no longer eligible to receive incentives under this section, so the reporting requirement no longer has any meaning. Please note that there is a separate counter-cyclical incentive available to new or expanded ethanol plants.

We are requesting an amendment that would repeal section 17-02-01 in its entirety instead of just removing the reporting requirement. This amendment would also add a new section to chapter 17-02 to define eligible facilities for the counter-cyclical ethanol production incentive program. This definition was included in SB 2222 (2003) when the program was first established. However, this definition was not moved to chapter 17-02 when the counter-cyclical statute was redesignated under HB 1462 (2007). We feel that this amendment would more appropriately cleanup the ethanol production incentive statute.

Section 3 corrects what appears to be an oversight in statute. NDCC section 52-02.1-04 references the North Dakota Future Fund. The ND Future Fund was repealed in 1995 and its assets were transferred to the North Dakota Development Fund.

EXECUTIVE ORDER 2013-__

WHEREAS, the United States Congress enacted the National and Community Services Act of 1990, (the Act), as amended through Public Law 106-170, to help meet the unmet human, educational, environmental, and public safety needs of the United States without displacing existing workers; and

WHEREAS, the National and Community Services Act of 1990, as amended, allows for the appointment of a State Commission on National and Community Service in order to be eligible to receive a grant under Subtitle B, School Based and Community Based Service-Learning Programs, and Subtitle C, National Service Trust Programs or to receive a distribution of approved national service positions under Subtitle C; and

WHEREAS, North Dakota is working to address issues related to the aging population in our rural areas; the unemployment and school drop-out rate on our Native American Indian Reservations; a shortage of teachers in our rural communities, and a shortage of full time law enforcement in many of the state's rural communities; that the National and Community Services Act of 1990 empowers communities to address; and

WHEREAS, the State Commission on National and Community Service was formulated by Executive Order 2002-02.3 to address the previously mentioned needs; and

WHEREAS, faith-based and community initiatives are a key component in addressing community needs, and by broadening the mission of the State Commission on National and Community Service to include these components we may better serve the needs of our community.

NOW THEREFORE, I, Jack Dalrymple, Governor of the State of North Dakota, pursuant to the authority vested in me by the constitution and laws of the state, pursuant to the National and Community Service Act of 1990, hereby re-establish the State Commission on National and Community Service, (State Commission). The State Commission shall coordinate its activities with the Corporation for National and Community Service (the Corporation) to the extent required by the Act.

Voting members on the State Commission shall include:

1. One Senator, appointed by the Governor;
2. One Representative, appointed by the Governor;
3. One Representative of a community-based agency or organization, appointed by the Governor;
4. The head of the State education agency;
5. One Representative of local government, appointed by the Governor;

- d. Provide policy and legal education to state, local, and community policymakers and public officials seeking ways to empower faith-based and community organizations and to improve the opportunities, capacity, and expertise of the groups;
 - e. Develop and implement strategic initiatives to strengthen the institutions of civil society and the state's families and communities; and
 - f. Encourage innovative grassroots, nonprofit organizations and civic initiatives.
2. Development of a three-year comprehensive national and community service plan and establishment of State priorities;
 - a. Plan must be developed through an open and public process;
 - b. Outreach process must include input from representatives of established State service programs, representatives of diverse, broad-based community organizations that serve underserved populations and other interested people, including young people;
 - c. The plan must contain information, such as the State Commission considers appropriate and must contain such other information as the Corporation may require.
3. Engage in selection of Subtitle C programs and preparation of application to the Corporation;
 - a. Administer a competitive grant process to select national service programs to include in any application to the Corporation for funding;
 - b. Prepare an application to the Corporation to receive funding or educational awards for the programs selected.
4. Administer the grant program, including responsibility for administering the grants and overseeing and monitoring the performance and progress of funded programs, once subtitle C and community-based Subtitle B funds are awarded.
5. Evaluation and monitoring;
 - a. Evaluate and monitor funding and programming of the State Commission on an annual basis.

Jack Dalrymple
Governor

ATTEST:

Secretary of State

Deputy

DRAFT

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1113

Page 1, line 1, after "to" insert "create and enact section 17-02-01.1 of the North Dakota Century Code, relating to the definition of eligible facility for ethanol production incentives; to"

Page 1, line 1, remove ", 17-02-01,"

Page 1, line 3, remove "ethanol plant reporting to the budget section,"

Page 1, line 3, after "repeal" insert "section 17-02-01 and"

Page 1, line 4, after "relating to" insert "ethanol production incentives and"

Page 3, replace lines 11 through 30 with:

"**Section 2.** Section 17-02-01.1 of the North Dakota Century Code is created and enacted as follows:

17-02-01.1 Definition. In this chapter "eligible facility" means an ethanol production plant constructed in this state after July 31, 2003."

Page 4, remove lines 1 through 4

Page 4, line 22, replace "Chapter" with "Section 17-02-01 and chapter" and replace "is" with "are"

Renumber accordingly

Introduced by

Industry, Business and Labor Committee

(At the request of the Department of Commerce)

1 A BILL for an Act to create and enact section 17-02-01.1 of the North Dakota Century Code,
2 relating to the definition of eligible facility for ethanol production incentives; to amend and
3 reenact sections 10-30.5-02, ~~17-02-01~~, and 52-02.1-04 of the North Dakota Century Code,
4 relating to the North Dakota development fund, incorporated, ~~ethanol plant reporting to the~~
5 ~~budget section~~, and new jobs training; and to repeal section 17-02-01 and chapter 54-62 of
6 the North Dakota Century Code, relating to ethanol production incentives and faith-based
7 and community initiatives.

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

9 **SECTION 1. AMENDMENT.** Section 10-30.5-02 of the North Dakota Century Code is
10 amended and reenacted as follows:

11 **10-30.5-02. ~~(Effective through July 31, 2013)~~ Purpose and fund uses.**

- 12 1. It is the purpose of this chapter to create a statewide nonprofit development
13 corporation that will have the authority to take equity positions in, to provide loans
14 to, or to use other innovative financing mechanisms to provide capital for new or
15 expanding businesses in this state, or relocating businesses to this state. The
16 corporation's principal mission is the development and expansion of primary sector
17 business in this state. The corporation may form additional corporations, limited
18 liability companies, partnerships, or other forms of business associations in order
19 to further its mission of primary sector economic development.
- 20 2. The exclusive focus of this corporation is business development in this state;
21 however, it is not excluded from participation with other states or organizations in
22 projects that have a clear economic benefit to state residents in the creation of
23 jobs or secondary business. Emphasis should be to develop jobs that provide an
24 income adequate to support a family above the poverty level.

Sixty-third
Legislative Assembly

- 1 2. ~~The exclusive focus of this corporation is business development in this state;~~
2 ~~however, it is not excluded from participation with other states or organizations in~~
3 ~~projects that have a clear economic benefit to state residents in the creation of~~
4 ~~jobs or secondary business. Emphasis should be to develop jobs that provide an~~
5 ~~income adequate to support a family above the poverty level.~~
6 3. ~~Moneys in the development fund may be used to provide working capital or for~~
7 ~~financing the purchase of fixed assets but not to refinance existing debt. Moneys~~
8 ~~may also be used to make matching grants to county authorized or city authorized~~
9 ~~development corporations for the acquisition, leasing, or remodeling of real estate~~
10 ~~facilities for locating a prospective new primary sector business. A grant must be~~
11 ~~made as part of a package of financing in which the state is a participant.~~
12 4. ~~The commissioner of commerce shall adopt rules, subject to the approval of the~~
13 ~~board of directors, necessary to implement the administration of the fund. The~~
14 ~~rules to implement the grant program must be developed to encourage local~~
15 ~~fundraising initiatives for developing locations for businesses financed by the~~
16 ~~corporation.~~

17 **SECTION 2. AMENDMENT.** ~~Section 17-02-01 of the North Dakota Century Code is~~
18 ~~amended and reenacted as follows:~~

19 **17-02-01. Ethanol production incentives – Report to budget section.**

- 20 1. ~~a. An ethanol plant that was in operation before July 1, 1995, and which has a~~
21 ~~production capacity of fewer than fifteen million gallons [56781000 liters] of~~
22 ~~ethanol may receive up to nine hundred thousand dollars in production~~
23 ~~incentives from the state during the 2005-07 biennium and may receive no~~
24 ~~production incentives under this section after the 2005-07 biennium.~~
25 ~~b. An ethanol plant that was in operation before July 1, 1995, and which~~
26 ~~produced fifteen million gallons [56781000 liters] or more in the previous fiscal~~
27 ~~year is eligible to receive up to four hundred fifty thousand dollars in~~
28 ~~production incentives from the state during the 2005-07 biennium and may~~
29 ~~receive no production incentives under this section after the 2005-07~~
30 ~~biennium.~~
31 2. ~~The agricultural products utilization commission shall determine the amount of~~
32 ~~production incentives to which a plant is entitled under this section by multiplying~~

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- 1 2. The department may adopt rules to implement this chapter.
- 2 **SECTION 4. REPEAL.** Chapter Section 17-02-01 and chapter 54-62 of the North
- 3 Dakota Century Code ~~is~~ are repealed.

PROPOSED AMENDMENTS TO HOUSE BILL 1113

Page 1, line 3, replace "chapter 54-62" with "Section 54-62-03"
Page 4, line 22, replace "Chapter 54-62" with "Section 54-62-03"

Renumber accordingly