

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

Dalrymple Executive Budget Comparison to Prior Biennium Appropriations

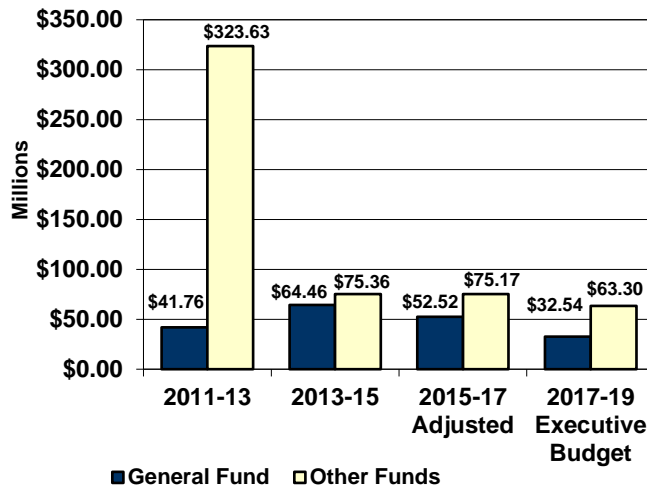
	FTE Positions	General Fund	Other Funds	Total
2017-19 Dalrymple Executive Budget	66.40	\$32,538,344	\$63,300,571	\$95,838,915
2015-17 Adjusted Legislative Appropriations ¹	69.40	52,522,359	75,169,473	127,691,832
Increase (Decrease)	(3.00)	(\$19,984,015)	(\$11,868,902)	(\$31,852,917)

¹The 2015-17 biennium agency appropriation amounts reflect general fund budget reductions made in August 2016.

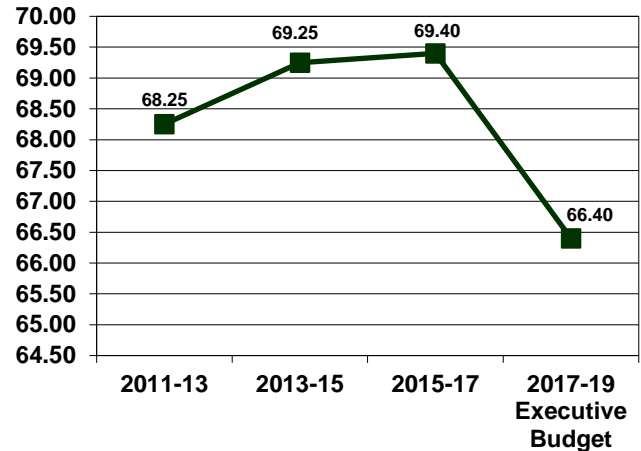
Ongoing and One-Time General Fund Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2017-19 Dalrymple Executive Budget	\$32,538,344	\$0	\$32,538,344
2015-17 Adjusted Legislative Appropriations	33,859,099	18,663,260	52,522,359
Increase (Decrease)	(\$1,320,755)	(\$18,663,260)	(\$19,984,015)

Agency Funding



FTE Positions



Dalrymple Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2017-19 Dalrymple Executive Budget	\$32,538,344	\$63,300,571	\$95,838,915
2017-19 Base Level	33,859,099	53,809,604	87,668,703
Increase (Decrease)	(\$1,320,755)	\$9,490,967	\$8,170,212

First House Action

Attached is a comparison worksheet detailing first house changes to base level funding and the executive budget.

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

	General Fund	Other Funds	Total
1. Adds funding for state employee salary and benefit increases, of which \$55,234 is for salary increases and \$186,032 is for health insurance increases. (The Burgum budget removed funding for salary increases and provided for employees to pay for a portion of health insurance.) The Senate removed funding for the salary increases.	\$188,901	\$52,365	\$241,266
2. Removes funding for 3 FTE positions	(\$274,522)	(\$204,556)	(\$479,078)
3. Adjusts funding for salaries and wages	\$155,808		\$155,808
4. Adjusts funding for operating expenses, primarily related to professional services, postage, office supplies, and equipment	(\$1,438,838)	\$129,837	(\$1,309,001)

5. Increases funding for tourism operating expenses from the tourism fund		\$137,000	\$137,000
6. Adjusts funding for grants, primarily for early childhood education	\$819,495	\$123,778	\$943,273
7. Increases federal funding for workforce and economic development grants		\$162,318	\$162,318
8. Increases funding for discretionary grants	\$30,688		\$30,688
9. Increases funding for flood grants		\$5,242,756	\$5,242,756
10. Adjusts funding for the Agricultural Products Utilization Commission	(\$647,517)	\$659,405	\$11,888
11. Decreases funding for the North Dakota Trade Office. (The Burgum budget further reduced funding for the North Dakota Trade Office by \$70,562 for a total reduction of \$275,196.)	(\$204,634)		(\$204,634)
12. Decreases funding for partner programs. (The Burgum budget further reduced funding for partner programs by \$59,995 for a total reduction of \$233,984.)	(\$173,989)		(\$173,989)
13. Adds funding from the strategic investment and improvements fund for unmanned aircraft system grants. The Senate clarified this item is intended to be one-time funding.		\$2,000,000	\$2,000,000
14. Adds funding from the strategic investment and improvements fund for base retention grants. The Senate clarified this item is intended to be one-time funding.		\$1,000,000	\$1,000,000
15. Adds funding for child care facility grants. (The Burgum budget reduced funding for child care facility grants to \$0.)	\$300,000		\$300,000
16. The Burgum budget reduced funding for Operation Intern	(\$225,000)		(\$225,000)
17. The Burgum budget reduced funding for prekindergarten community grants	(\$314,926)		(\$314,926)

Other Sections In Senate Bill No. 2018

Agricultural Products Utilization Commission exemption - Section 3 provides an exemption for the Agricultural Products Utilization Commission to allow any unexpended 2015-17 biennium funds in the Agricultural Products Utilization Commission line item be available for grants during the 2017-19 biennium.

Discretionary funds exemption - Section 4 provides an exemption for discretionary funds to allow any unexpended 2015-17 biennium funds in the discretionary funds line item be available to the Department of Commerce during the 2017-19 biennium.

Unmanned aircraft systems exemption - Section 5 provides an exemption for the unmanned aircraft systems program to allow any unexpended 2015-17 biennium funds in this program be available to the Department of Commerce during the 2017-19 biennium.

Prekindergarten community grants exemption - Section 6 provides an exemption for prekindergarten community grants to allow any unexpended funds from these grants be available to the Department of Commerce during the 2017-19 biennium.

Internship fund transfer - Section 7 provides for a transfer of \$1,275,000 from the operating expense line item to the internship fund. Section 13 provides an emergency clause for the transfer.

Base retention grants - Section 8 identifies \$1 million from the strategic investment and improvements fund to the Department of Commerce for the base retention grant program.

Unmanned aircraft systems - Section 9 identifies \$2 million from the strategic investment and improvements fund for the unmanned aircraft systems program.

Enhanced use lease grants - Section 10 identifies \$3 million from the strategic investment and improvements fund for the enhanced use lease grant program for the operations of the unmanned aircraft systems test site. Grant recipients are required to provide matching funds in the form of cash, property, or in-kind consideration, totaling \$1 million for the grants awarded under this program.

Trade Office matching fund requirement - Section 11 allows the Department of Commerce to spend 70 percent of the North Dakota Trade Office line item listed in Section 1 without requiring any matching funds from the Trade Office. Any additional amounts may be spent only to the extent the North Dakota Trade Office provides \$1 of matching funds from private or other public sources for each \$1 provided by the Department of Commerce during the 2017-19 biennium.

Entrepreneurship grants and voucher program - Section 12 requires the Department of Commerce to establish guidelines to provide grants to entrepreneurial centers certified by the department for the entrepreneurship grants and vouchers program. The department must 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. Any unexpended funds from the \$1.5 million entrepreneurship grants and vouchers program appropriation in Section 1, of which \$1.35 million is from the general fund, are made available to the department during the 2019-21 biennium.

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.

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.

Deficiency Appropriation

There are no deficiency appropriations for this agency.

Significant Audit Findings

An operational audit performed by the State Auditor's office for the period January 1, 2016, through December 31, 2016, included a recommendation for the Department of Commerce to collect the proper fees from installers and inspectors, including complaint and reinspection fees for the manufactured home installation program in accordance with North Dakota Administrative Code Sections 108-03-01-13 and 108-03-01-19.

Major Related Legislation

House Bill No. 1060 - This bill requires the Department of Commerce to conduct a criminal history record check for volunteers providing mentoring and youth engagement services to at-risk youth and homeless young adults through nonprofit organizations. The child-placing agency is responsible for all fees associated with a criminal history record investigation.

House Bill No. 1165 - This bill increases the reporting requirements for state grantor recipient reports to include a table of expenditures made with grant funds.

House Bill No. 1255 - This bill creates an advisory committee for a large truck primary highway network and requires committee membership from the Commerce Commissioner or a designee.

House Bill No. 1405 - This bill requires the Commission on the Status of Women to provide a biannual report to the Department of Commerce Director of the Division of Economic Development and Finance and to the Governor on the findings and recommendations of the commission and any proposed legislation necessary to implement the recommendations.

Senate Bill No. 2144 - This bill provides an appropriation to the Department of Commerce for workforce grants to tribally controlled community colleges.

Senate Bill No. 2250 - This bill allows an early childhood education program to extend beyond 32 weeks and precludes children enrolled in a Head Start program to be counted for determining eligibility for grant funds.

Senate Concurrent Resolution No. 4001 - This concurrent resolution authorizes the Budget Section of the Legislative Management to hold the required legislative hearings on state plans for the receipt and expenditures of new or reviewed block grants passed by Congress. The Department of Commerce appropriation bill contains directions regarding the use of community services block grant program money for the period ending September 30, 2019.

Department of Commerce - Budget No. 601
Senate Bill No. 2018
Base Level Funding Changes

	Burgum Executive Budget Recommendation (Changes to Dalrymple Budget in Bold)				Senate Version			
	FTE Position	General Fund	Other Funds	Total	FTE Position	General Fund	Other Funds	Total
2017-19 Biennium Base Level	69.40	\$33,859,099	\$53,809,604	\$87,668,703	69.40	\$33,859,099	\$53,809,604	\$87,668,703
2017-19 Ongoing Funding Changes								
Base payroll changes		(\$76,147)	\$188,064	\$111,917		(\$76,147)	\$188,064	\$111,917
Salary increase - Performance				0				0
Health insurance increase		145,655	40,377	186,032		145,655	40,377	186,032
Employee portion of health insurance		(73,954)	(23,500)	(97,454)				0
Removes FTE positions	(3.00)	(274,522)	(204,556)	(479,078)	(3.00)	(274,522)	(204,556)	(479,078)
Adjusts funding for salaries and wages		155,808		155,808		155,808		155,808
Adjusts funding for operating expenses		(1,438,838)	129,837	(1,309,001)		(1,438,838)	129,837	(1,309,001)
Increases funding for tourism operating expenses			137,000	137,000			137,000	137,000
Adjusts funding for grants		819,495	123,778	943,273		819,495	123,778	943,273
Reduces funding for Operation Intern		(225,000)		(225,000)		(225,000)		(225,000)
Increases funding for workforce and economic development grants			162,318	162,318			162,318	162,318
Reduces funding for prekindergarten community		(314,926)		(314,926)		(314,926)		(314,926)
Increases funding for discretionary grants		30,688		30,688		30,688		30,688
Increases funding for flood grants			5,242,756	5,242,756			5,242,756	5,242,756
Adjusts funding for the Agricultural Products Utilization Commission		(647,517)	659,405	11,888		(647,517)	659,405	11,888
Decreases funding for the North Dakota Trade		(275,196)		(275,196)		(275,196)		(275,196)
Decreases funding for partner programs		(233,984)		(233,984)		(233,984)		(233,984)
Adds grant funding for unmanned aircraft systems			2,000,000	2,000,000				0
Adds grant funding for base realignment			1,000,000	1,000,000				0
Adds funding for child care facility grants		300,000		300,000		300,000		300,000
Removes funding for child care facility grants		(300,000)		(300,000)		(300,000)		(300,000)
Adds funding for homeless shelter grants				0		300,000		300,000
Total ongoing funding changes	(3.00)	(\$2,408,438)	\$9,455,479	\$7,047,041	(3.00)	(\$2,034,484)	\$6,478,979	\$4,444,495
One-time funding items								
Adds funding for unmanned aircraft systems grants				\$0			\$2,000,000	\$2,000,000
Adds funding for base realignment grants				0			1,000,000	1,000,000
Adds funding for enhanced use lease grants				0			3,000,000	3,000,000
Total one-time funding changes	0.00	\$0	\$0	\$0	0.00	\$0	\$6,000,000	\$6,000,000
Total Changes to Base Level Funding	(3.00)	(\$2,408,438)	\$9,455,479	\$7,047,041	(3.00)	(\$2,034,484)	\$12,478,979	\$10,444,495
2017-19 Total Funding	66.40	\$31,450,661	\$63,265,083	\$94,715,744	66.40	\$31,824,615	\$66,288,583	\$98,113,198

Other Sections in Department of Commerce - Budget No. 601

**Burgum Executive Budget Recommendation
(Changes to Dairymple Budget in Bold)**

Senate Version

Agricultural Products Utilization Commission exemption	Section 3 provides an exemption for the Agricultural Products Utilization Commission to allow any unexpended 2015-17 biennium funds in the Agricultural Products Utilization Commission line item be available for grants during the 2017-19 biennium.	Section 3 provides an exemption for the Agricultural Products Utilization Commission to allow any unexpended 2015-17 biennium funds in the Agricultural Products Utilization Commission line item be available for grants during the 2017-19 biennium.
Discretionary funds exemption	Section 4 provides an exemption for discretionary funds to allow any unexpended 2015-17 biennium funds in the discretionary funds line item be available to the Department of Commerce during the 2017-19 biennium.	Section 4 provides an exemption for discretionary funds to allow any unexpended 2015-17 biennium funds in the discretionary funds line item be available to the Department of Commerce during the 2017-19 biennium.
Unmanned aircraft systems exemption	Section 5 provides an exemption for the unmanned aircraft systems program to allow any unexpended 2015-17 biennium funds in this program be available to the Department of Commerce during the 2017-19 biennium.	Section 5 provides an exemption for the unmanned aircraft systems program to allow any unexpended 2015-17 biennium funds in this program be available to the Department of Commerce during the 2017-19 biennium.
Prekindergarten community grants exemption		Section 6 provides an exemption for prekindergarten community grants to allow any unexpended 2015-17 biennium funds in the grants line item be available to the Department of Commerce during the 2017-19 biennium.
Internship fund transfer	Section 6 provides for a transfer of \$1.275 million from the operating expense line item to the internship fund. Section 12 provides an emergency clause for the transfer. (The Burgum budget recommendation reduced this section.)	Section 7 provides for a transfer of \$1.275 million from the operating expense line item to the internship fund. Section 13 provides an emergency clause for the transfer.
Base retention grants	Section 7 identifies \$1 million from the strategic investment and improvements fund for the base retention grant program.	Section 8 identifies \$1 million from the strategic investment and improvements fund for the base retention grant program.
Unmanned aircraft systems	Section 8 identifies \$2 million from the strategic investment and improvements fund for the unmanned aircraft systems program.	Section 9 identifies \$2 million from the strategic investment and improvements fund for the unmanned aircraft systems program.
Child care facility grants	Section 9 identifies \$300,000 from the general fund for a child care facility grant program. The Department of Commerce is required to establish guidelines to qualify for a grant, which must include a matching requirement of \$1 of matching funds to every \$3 of grant funds and a maximum grant amount of \$3,000. (The Burgum budget recommendation removes this section.)	
Enhanced use lease grants		Section 10 identifies \$3 million of one-time funding from the strategic investment and improvements fund for enhanced use lease grants. Grants must be awarded for the operations of the unmanned aircraft systems test site, including for the purposes of infrastructure, research, development, the creation of software, and the purchase of equipment benefitting the the unmanned aircraft system. In addition, \$1 million of matching funds must be raised from nonstate sources. Matching funds may be in the form of cash, property, or in-kind consideration.

Other Sections in Department of Commerce - Budget No. 601

**Burgum Executive Budget Recommendation
(Changes to Dalrymple Budget in Bold)**

Senate Version

North Dakota Trade Office matching fund requirement

Section 10 allows the Department of Commerce to spend 70 percent of the North Dakota Trade Office line item listed in Section 1 without requiring any matching funds from the Trade Office. Any additional amounts may be spent only to the extent the North Dakota Trade Office provides \$1 of matching funds from private or other public sources for each \$1 provided by the Department of Commerce during the 2017-19 biennium.

Section 11 allows the Department of Commerce to spend 70 percent of the North Dakota Trade Office line item listed in Section 1 without requiring any matching funds from the Trade Office. Any additional amounts may be spent only to the extent the North Dakota Trade Office provides \$1 of matching funds from private or other public sources for each \$1 provided by the Department of Commerce during the 2017-19 biennium.

Entrepreneurship grants and voucher program

Section 11 requires the Department of Commerce to establish guidelines to provide grants to entrepreneurial centers certified by the department for the entrepreneurship grants and vouchers program. The department must 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. Any unexpended funds from the \$1.5 million entrepreneurship grants and vouchers program appropriation in Section 1, of which \$1.35 million is from the general fund, are made available to the department during the 2019-21 biennium.

Section 12 requires the Department of Commerce to establish guidelines to provide grants to entrepreneurial centers certified by the department for the entrepreneurship grants and vouchers program. The department must 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. Any unexpended funds from the \$1.5 million entrepreneurship grants and vouchers program appropriation in Section 1, of which \$1.35 million is from the general fund, are made available to the department during the 2019-21 biennium.

Department 601 - Department of Commerce

Appropriations Comparisons to the Original and Adjusted Base Budgets

General Fund Appropriations Adjustments (As a result of the August 2016 General Fund Budget Reductions)

	Ongoing	One-Time	Total
2015-17 original general fund appropriations	\$36,637,245	\$19,566,456	\$56,203,701
General fund reductions	(2,778,146)	(903,196)	(3,681,342)
Adjusted 2015-17 appropriations	\$33,859,099	\$18,663,260	\$52,522,359
Dalrymple Executive Budget changes	(1,320,755)	(18,663,260)	(19,984,015)
2017-19 Dalrymple Executive Budget	\$32,538,344	\$0	\$32,538,344

Summary of August 2016 General Fund Budget Reductions

	Ongoing	One-Time	Total
Reduced salaries and wages	(\$81,462)	\$0	(\$81,462)
Reduced operating expenses, including one-time funding for tourism midwest markets and tourism international	(161,334)	(171,519)	(332,853)
Reduced grants, including one-time funding for tourism large infrastructure grants, tribal college grants, and child care facility grants	(2,086,500)	(512,118)	(2,598,618)
Reduced funding for discretionary funds	(143,930)		(143,930)
Reduced funding for the workforce enhancements fund		(39,931)	(39,931)
Reduced funding for the Agricultural Products Utilization Commission	(200,000)		(200,000)
Reduced funding for Research North Dakota		(146,458)	(146,458)
Reduced funding for the North Dakota Trade Office	(56,706)		(56,706)
Reduced funding for entrepreneurship grants and vouchers		(33,170)	(33,170)
Reduced funding for partner programs	(48,214)		(48,214)
Total reductions	(\$2,778,146)	(\$903,196)	(\$3,681,342)
Percentage reduction to ongoing and one-time general fund appropriations	7.58%	4.62%	6.55%

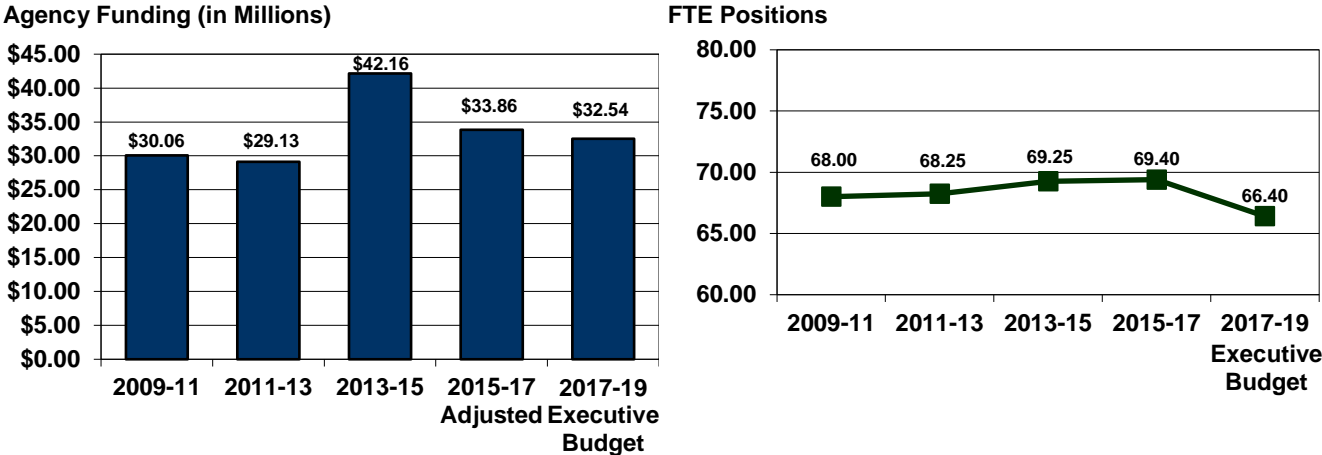
2017-19 Dalrymple Executive Budget Changes to the Original and Adjusted Base Budgets

	Changes to Original Budget	Budget Reduction Adjustments	Changes to Adjusted Budget
Adds funding for recommended salary and benefit increases	\$188,901	\$0	\$188,901
Base payroll changes	(76,147)		(76,147)
Removes 3 FTE positions	(274,522)		(274,522)
Adjusts funding for salaries and wages	74,346	81,462	155,808
Adjusts funding for operating expenses, primarily related to professional services, postage, office supplies, and equipment	(1,600,172)	161,334	(1,438,838)
Adjusts funding for grants	(1,267,005)	2,086,500	819,495
Increases funding for discretionary grants	(113,242)	143,930	30,688
Adjusts funding for the Agricultural Products Utilization Commission	(847,517)	200,000	(647,517)
Decreases funding for the North Dakota Trade Office	(261,340)	56,706	(204,634)
Decreases funding for partner programs	(222,203)	48,214	(173,989)
Adds funding for child care facility grants	300,000	0	300,000
Total	(\$4,098,901)	\$2,778,146	(\$1,320,755)

Department 601 - Department of Commerce

Historical Appropriations Information

Ongoing General Fund Appropriations Since 2009-11



Ongoing General Fund Appropriations					
	2009-11	2011-13	2013-15	2015-17 Adjusted	2017-19 Dalrymple Executive Budget
Ongoing general fund appropriations	\$30,056,303	\$29,134,865	\$42,157,060	\$33,859,099	\$32,538,344
Increase (decrease) from previous biennium	N/A	(\$921,438)	\$13,022,195	(\$8,297,961)	(\$1,320,755)
Percentage increase (decrease) from previous biennium	N/A	(3.1%)	44.7%	(19.7%)	(3.9%)
Cumulative percentage increase (decrease) from 2009-11 biennium	N/A	(3.1%)	40.3%	12.7%	8.3%

Major Increases (Decreases) in Ongoing General Fund Appropriations

2011-13 Biennium

- 1. Increased funding for workforce enhancements grants, resulting in a total of \$1.5 million available including \$1.25 million of unspent funds from the 2009-11 biennium authorized to be carried over into the 2011-13 biennium \$375,000

2013-15 Biennium

- 1. Increased funding for the InnovateND program from \$400,000 to \$450,000 \$50,000
- 2. Increased funding for Operation Intern from \$900,000 to \$1.5 million \$600,000
- 3. Added funding for increasing tourism-related marketing and research \$1,500,000
- 4. Added funding for homeless shelter grants (\$2 million), child care facility grants (\$2.6 million), tribal college grants (\$5 million), and rural health services grants (\$400,000) \$10,000,000

2015-17 Biennium (original amounts)

- 1. Removed grants authorized in the 2013-15 biennium including homeless shelter grants (\$2 million), child care facility grants (\$2.6 million), tribal college grants (\$5 million), and rural health service grants (\$400,000) (\$10,000,000)
- 2. Added funding for partner programs to provide total funding of \$2.1 million (this item was affected by the 2015-17 budget reductions) \$300,000
- 3. Added funding from the general fund to provide matching funds to an organization assisting in the recruitment, distribution, supply, quality, and efficiency of personnel providing health services in rural areas of the state. The funding required a dollar-for-dollar match from nonstate sources \$200,000
- 4. Added funding from the general fund to provide early childhood education grants \$3,000,000

2017-19 Biennium (Dalrymple and Burgum Executive Budget Recommendations)

1. Removes funding for 3 FTE positions, including \$274,522 from the general fund	\$274,522
2. Adjusts funding for operating expenses, primarily related to professional services, postage, office supplies, and equipment	(\$1,438,838)
3. Adjusts funding for grants, primarily for early childhood education	\$819,495
4. Decreases funding for the Agricultural Products Utilization Commission	(\$647,517)
5. Decreases funding for the North Dakota Trade Office. (The Burgum budget further reduced funding for the North Dakota Trade Office by \$70,562 for a total reduction of \$275,196.)	(\$204,634)
6. Decreases funding for partner programs. (The Burgum budget further reduced funding for partner programs by \$59,995 for a total reduction of \$233,984.)	(\$173,989)
7. Adds funding for child care facility grants. (The Burgum budget reduced funding for child care facility grants to \$0.)	\$300,000
8. The Burgum budget reduced funding for Operation Intern	(\$225,000)
9. The Burgum budget reduced funding for prekindergarten community grants	(\$314,926)