

Department of Commerce
 Budget No. 601
 House Bill No. 1018 and Senate Bill Nos. 2015 and 2265

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	61.80	\$40,191,721	\$58,423,293	\$98,615,014
2019-21 base budget	66.40	30,342,680	58,283,906	88,626,586
Legislative increase (decrease) to base budget	(4.60)	\$9,849,041	\$139,387	\$9,988,428

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$32,866,721	\$7,325,000	\$40,191,721
2017-19 legislative appropriations	30,342,680	29,750,000 ¹	60,092,680 ¹
2019-21 legislative increase (decrease) to 2017-19 appropriations	\$2,524,041	(\$22,425,000)	(\$19,900,959)
Percentage increase (decrease) to 2017-19 appropriations	8.3%	(75.4%)	(33.1%)

¹The 2017-19 biennium general fund appropriation reflects 2017-19 biennium supplemental appropriations of \$28.75 million made in Sections 12 and 19 of House Bill No. 1018. See the **Supplemental Appropriations** section below for additional information.

SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes.	(1.60)	(\$275,988)	(\$10,546)	(\$286,534)
Added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020.		299,503	63,849	363,352
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.		218,186	57,339	275,525
Removed 3 FTE undesignated positions.	(3.00)	(130,845)	(390,991)	(521,836)
Adjusted funding for the department's reorganization.		(1,549,149)	(184,005)	(1,733,154)
Added funding for Microsoft Office 365 licensing expenses.		41,905	7,983	49,888
Added funding for self-sufficiency grants (\$270,429) and commission investment grants (\$257,682).		270,429	257,682	528,111

Added funding for homeless shelter grants to provide a total of \$1.5 million from the general fund.	1,200,000		1,200,000
Added funding for biotechnology grants.	300,000		300,000
Removed funding from the Research North Dakota fund for operating expenses (\$500,000), grants (\$500,000), and entrepreneurship grants and vouchers (\$1.2 million).		(2,200,000)	(2,200,000)
Adjusted funding for discretionary funds from the Research North Dakota fund to the general fund.	950,000	(1,000,000)	(50,000)
Added funding for the Division of Tourism to provide total funding of \$8,801,678 for operating expenses, of which \$8,259,678 is from the general fund and \$542,000 is from the Department of Tourism fund.	1,000,000		1,000,000
Removed funding for the Agricultural Products Utilization Commission (APUC) due to the transfer of the program to the Agriculture Commissioner.		(2,761,924)	(2,761,924)
Added funding for unmanned aircraft system (UAS) grants, including \$1 million from federal funds and \$1 million of matching funds from private donations deposited in the UAS fund.		2,000,000	2,000,000
Added one-time funding for UAS operating expenses.	2,225,000		2,225,000
Added one-time funding for enhanced use lease grants.	3,000,000		3,000,000
Added one-time funding from the strategic investment and improvements fund (SIIF) for the entrepreneurship grants and vouchers program, also known as Innovate ND, to provide total funding of \$2,948,467.		2,000,000	2,000,000
Added one-time funding from SIIF for a Census 2020 program for marketing and advocating to transient and low-population county individuals in the 2020 census.		1,000,000	1,000,000
Added one-time funding for workforce grants to tribally controlled community colleges.	500,000		500,000
Added one-time funding for a workforce safety grant.	1,000,000		1,000,000
Added one-time funding for a nonresident nurse employment recruitment program (Senate Bill No. 2015).	500,000		500,000
Added one-time funding from the beginning farmer revolving loan fund for intermodal container transportation shipping fees.		1,300,000	1,300,000
Added one-time funding for sculpture maintenance grants.	75,000		75,000

Added one-time funding for a job development and economic growth grant.		25,000		25,000
Added ongoing funding for matching funds to an organization providing research-based literacy intervention services to students below grade four who score below proficient in reading (Senate Bill No. 2265).		200,000		200,000
Total	(4.60)	\$9,849,041	\$139,387	\$9,988,428

FTE Changes

The Legislative Assembly authorized 61.80 FTE positions for the Department of Commerce for the 2019-21 biennium, a decrease of 4.60 FTE positions from the 2017-19 biennium authorized level of 66.40. The Legislative Assembly removed 4.6 undesignated FTE positions.

One-Time Funding

The Legislative Assembly appropriated \$11,625,000 of one-time funding to the Department of Commerce for the 2019-21 biennium as follows:

	General Fund	Other Funds	Total Funds
UAS operating expenses	\$2,225,000		\$2,225,000
Enhanced use lease grants	3,000,000		3,000,000
Entrepreneurship grants and vouchers (SIIF)		\$2,000,000	2,000,000
Census 2020 program (SIIF)		1,000,000	1,000,000
Workforce grants to tribally controlled community colleges	500,000		500,000
Workforce safety grant	1,000,000		1,000,000
Nonresident nurse employment recruitment program	500,000		500,000
Intermodal container transportation shipping fees (beginning farmer revolving loan fund)		1,300,000	1,300,000
Sculpture maintenance grants	75,000		75,000
Job development and economic growth grant	25,000		25,000
Total	\$7,325,000	\$4,300,000	\$11,625,000

Supplemental Appropriations

Beyond visual line of sight UAS program - Section 12 of House Bill No. 1018 provides a supplemental appropriation of \$28 million to the Department of Commerce for a beyond visual line of sight (BVLOS) UAS program. The department is authorized to continue this funding into the 2019-21 biennium. Section 21 of the bill provides an emergency clause related to the funding.

Section 13 creates a new section to North Dakota Century Code Chapter 54-60 to establish a BVLOS UAS program for the design, purchase, implementation, and operating costs of a BVLOS UAS. The Department of Commerce must require any entity receiving funding for this program which is operating the BVLOS UAS to provide quarterly payments to the State Treasurer equal to 3 percent of the entity's gross income associated with the operation of the BVLOS UAS as reported in the entity's prior year financial statements. The State Treasurer is required to deposit any funds received under this section in the state general fund. The department is required to provide semiannual reports to the Legislative Management regarding the development of the BVLOS UAS program and the total amount deposited by the State Treasurer in the state general fund. Section 21 of the bill provides an emergency clause related to the program.

Section 14 provides for the Legislative Management to consider studying the future administration and regulation of the UAS industry in North Dakota, including BVLOS UAS. The study must include a determination of the appropriate state agency or private entity to be assigned responsibility of regulating UAS programs, including licensing, registration, appropriate fees, and other responsibilities.

North Dakota gorge preservation grants - Section 19 of House Bill No. 1018 provides a supplemental appropriation of \$750,000 to the Department of Commerce for providing grants, on a reimbursements basis, to an organization dedicated to preserving a North Dakota gorge. Grant awards may be awarded only for expenditures related to the purchase and maintenance of outdoor recreation equipment, the improvement and maintenance of real property, enhancing public

access to natural resources, and addressing public safety hazards in a North Dakota gorge. Grant funds may be awarded only to the extent that matching funds on a dollar-for-dollar basis are provided from private or other nonstate sources. Matching funds may include in-kind payments for labor and materials. The department is authorized to continue this funding into the 2019-21 biennium. Section 21 includes an emergency clause related to the funding.

The following is a summary of supplemental appropriations provided to the Department of Commerce in House Bill No. 1018:

Supplemental Appropriations	General Fund
BVLOS UAS program	\$28,000,000
North Dakota gorge preservation grants	750,000
Total	\$28,750,000

Centers of Excellence and Centers of Research Excellence

The 2019 Legislative Assembly did not appropriate any new funding for either the centers of excellence program, established in Chapter 15-69 by the 2003 Legislative Assembly, or the centers of research excellence program, established in Chapter 54-65 by the 2011 Legislative Assembly.

In Senate Bill No. 2224, the 2019 Legislative Assembly:

- Approved a transfer of any balance in the centers of excellence fund and the centers of research excellence fund to the Research North Dakota fund on July 1, 2019.
- Repealed Chapter 15-69 related to the centers of excellence program and Sections 54-65-02, 54-65-03, 54-65-04, and 54-65-05 related to the centers of research excellence program, effective July 1, 2019.

Please refer to the **TRUST FUND ANALYSES** section of this report for an analysis of the centers of excellence fund and the centers of research excellence fund.

Research North Dakota Grant Program

The 2019 Legislative Assembly did not appropriate any new funding for the Research North Dakota grant program or the Research North Dakota venture program. In Senate Bill No. 2224, the 2019 Legislative Assembly:

- Approved a transfer of any balance in the centers of excellence fund and the centers of research excellence fund to the Research North Dakota fund on July 1, 2019.
- Approved a transfer of \$700,000 from the Research North Dakota fund to a newly create bioscience innovation grant fund.
- Approved a transfer of any balance in the Research North Dakota fund to the state general fund on June 30, 2021.
- Repealed Section 10-30.5-14 and Chapter 54-65 related to the Research North Dakota program, effective July 1, 2021.

As of April 2019, the estimated 2017-19 biennium ending fund balance in the Research North Dakota fund was \$1,943,056. Of this amount, \$1,312,225 has been awarded but not distributed, resulting in \$630,831 of uncommitted funding available during the 2019-21 biennium. The estimated transfer on July 1, 2019, from the centers of excellence fund to the Research North Dakota fund is \$366,896. The estimated transfer on July 1, 2019, from the centers of research excellence fund to the Research North Dakota fund is \$309,604. After obligated funds are disbursed and the transfer to the bioscience innovation grant fund, the estimated transfer from the Research North Dakota fund to the general fund on June 30, 2021, is \$581,000. The 2019-21 biennium ending fund balance in the Research North Dakota fund will be \$0 as a result of the repeal of the program in Senate Bill No. 2224.

Please refer to the **TRUST FUND ANALYSES** section of this report for an analysis of the Research North Dakota fund.

Unmanned Aircraft Systems Program

The 2013 Legislative Assembly established the UAS program and UAS program fund in Section 14 of Senate Bill No. 2018, provided a one-time appropriation of \$5 million from the general fund, and provided a continuing appropriation to defray the expenses of the UAS program. The Department of Commerce was required to establish the UAS program in collaboration with the University of North Dakota, the Aeronautics Commission, the Adjutant General, and private parties; to

administer the UAS test site upon receiving Federal Aviation Administration approval; and to provide semiannual reports to the Legislative Management. Funding is provided to the Northern Plains UAS Test Site located in Grand Forks, which is one of six Federal Aviation Administration UAS test sites in the United States.

The following is a summary of funding for UAS programs:

Biennium	General Fund	Other Funds	Total
2013-15	\$5,000,000		\$5,000,000
2015-17 ¹	2,718,620		2,718,620
2017-19 ^{2,3}	28,000,000	\$2,000,000	30,000,000
2019-21 ⁴	2,250,000	2,000,000	4,250,000
Total	\$37,968,620	\$4,000,000	\$41,968,620

¹Of the \$2,718,620 appropriated for the UAS program for the 2015-17 biennium, \$1,200,000 was designated for a business incentive match fund to incentivize private sector business development related to the test site. In addition the Department of Commerce was authorized to continue \$1,500,000 from the 2013-15 biennium, which was appropriated for the UAS program during the 2013-15 biennium.

²The \$2 million of other funds is one-time funding provided by the 2017 Legislative Assembly for the UAS program from SIIF. The Department of Commerce was also authorized to continue up to \$1 million from the 2015-17 biennium general fund appropriation for the UAS program into the 2017-19 biennium.

³The 2019 Legislative Assembly provided a supplemental appropriation of \$28 million to the Department of Commerce for a BVLOS UAS program in the 2017-19 biennium.

⁴The 2019 Legislative Assembly appropriated \$4.25 million to the Department of Commerce for the UAS program for the 2019-21 biennium, of which \$2.25 million was a one-time general fund appropriation for operating expenses of the UAS program. The remaining \$2 million was considered ongoing funding for grants, including \$1 million from federal funds and \$1 million of matching funds from private donations deposited in the UAS fund. The department was also authorized to continue unexpended SIIF funds from the 2017-19 biennium appropriation, estimated at \$750,000, to provide a total of \$5 million available for the 2019-21 biennium.

Enhanced Use Lease Grant Program

The 2013 Legislative Assembly established the enhanced use lease grant program and provided a one-time appropriation of \$2.5 million from SIIF to the Department of Commerce for the department to develop the program and award grants. The department was to award grants for constructing infrastructure required for an enhanced use lease private sector business development project located on or adjacent to the Grand Forks Air Force Base, contingent upon certification from the department verifying both a signed enhanced use lease agreement and a commitment by a private sector business to locate in the development. In February 2015 Grand Sky Development Company, a wholly owned subsidiary of Infinity Development Partners LLC, entered into an agreement on behalf of Grand Forks County with the Grand Forks Air Force Base to form the Grand Forks Business Park. Grand Sky provides Grand Forks Air Force Base lease tenants with the ability to test UAS and BVLOS UAS flights in partnership with the Northern Plains UAS Test Site.

The following is a summary of funding for the enhanced use lease grant program:

Biennium	General Fund	Other Funds	Total
2013-15 ¹		\$2,500,000	\$2,500,000
2015-17 ^{1,2}		7,500,000	7,500,000
2017-19 ^{1,3}	\$1,000,000	2,000,000	3,000,000
2019-21	3,000,000		3,000,000
Total	\$4,000,000	\$12,000,000	\$16,000,000

¹Other funds appropriated for the enhanced use lease grant program was from SIIF.

²Of the \$7.5 million provided for the enhanced use lease grant program during the 2015-17 biennium, \$3.1 million was contingent on the construction and agreement of a first private sector single-tenant or multitenant building on the property. The remaining \$4.4 million was contingent on agreement of a second private sector single-tenant or multitenant building on the property or after an agreement is reached with any data-intensive tenant for data connectivity and redundancy infrastructure requirements or for data services. The contingencies were met.

³Section 10 of Senate Bill No. 2018 (2017) required grants available during the 2017-19 biennium be awarded for initiatives related to the UAS industry in North Dakota, including for the purposes of infrastructure, research, development, the creation of software, and the purchase of equipment benefitting UAS. The Department of Commerce must require grant recipients to provide matching funds in the form of cash, property, or in-kind consideration, totaling \$1 million for the grants awarded under this program.

Operation Intern Program

The Operation Intern program provides a 50 percent match up to \$3,000 per semester per position for a business's expenses related to an internship, an apprenticeship, or a work experience opportunity involving North Dakota students enrolled in an institution of higher education.

The 2017 Legislative Assembly provided \$950,000 from the general fund for the Operation Intern program for the 2017-19 biennium, a decrease of \$600,000 from the 2015-17 biennium authorized level of \$1.55 million. Section 7 of Senate Bill No. 2018 (2017) provided that the \$950,000 appropriated for the program in the operating expenses line item in Section 1 be transferred to the internship fund. Section 16 declared these items an emergency measure.

The 2019 Legislative Assembly provided \$855,000 from the general fund for the Operation Intern program for the 2017-19 biennium, a decrease of \$95,000 from the 2017-19 biennium. Section 7 of House Bill No. 1018 provides that the \$855,000 appropriated for the program in the operating expenses line item in Section 1 be transferred to the internship fund.

North Dakota Trade Office

The North Dakota Trade Office creates global partnerships to expand trade opportunities for North Dakota businesses through advocacy, education, and expertise. The 2019 Legislative Assembly provided \$1.6 million from the general fund for the North Dakota Trade Office for the 2019-21 biennium, a decrease of \$400,000 from the 2017-19 biennium authorized level of \$2 million. The following is a summary of funding for the North Dakota Trade Office:

Biennium	General Fund	Other Funds	Total
2003-05 ¹	\$75,000		\$75,000
2005-07 ²		\$700,000	700,000
2007-09 ³	1,500,000		1,500,000
2009-11 ⁴	2,064,000		2,064,000
2011-13 ⁵	2,613,400		2,613,400
2013-15 ⁵	2,613,400		2,613,400
2015-17 (adjusted) ^{5,6}	2,556,694		2,556,694
2017-19 ⁷	2,000,000		2,000,000
2019-21 ⁷	1,600,000		1,600,000
Increase (decrease) from previous biennium	(\$400,000)	\$0	(\$400,000)

¹Section 21 of 2003 House Bill No. 1019 required the Department of Commerce to establish a trade promotion authority for promoting North Dakota products and improving international trade for North Dakota products for the 2003-05 biennium. The department was to use \$75,000 from the general fund appropriated in its operating expenses line item for operating costs of the trade authority for the 2003-05 biennium. Section 22 of the bill provided that the department may spend any gifts, grants, or other income received by the authority pursuant to a continuing appropriation for the 2003-05 biennium.

²The 2005 Legislative Assembly provided funding of \$500,000 from the development fund and \$200,000 from the Mill and Elevator Association for costs associated with the North Dakota Trade Office. Matching funds of 50 percent were to be provided before this funding was made available.

³Section 10 of 2007 House Bill No. 1018 provided that the Department of Commerce may spend 50 percent of the funding without requiring any matching funds from the North Dakota Trade Office, and any additional amounts may be spent only to the extent that 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. Matching funds may include money spent by businesses or organizations to pay salaries to export assistants, provide training to export assistants, or buy computer equipment as part of the North Dakota Trade Office's export assistance program.

⁴Section 11 of 2009 Senate Bill No. 2018 provides that the Department of Commerce may spend 62.5 percent of the funding without requiring any matching funds from the North Dakota Trade Office, and any additional amounts may be spent only to the extent that 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. Matching funds may include money spent by businesses or organizations to pay salaries to export assistants, provide training to export assistants, or buy computer equipment as part of the North Dakota Trade Office's export assistance program.

⁵Section 26 of 2011 Senate Bill No. 2057, Section 31 of 2013 Senate Bill No. 2018, and Section 12 of 2015 House Bill No. 1018, provided the Department of Commerce may spend 70 percent of funding appropriated to the North Dakota Trade Office without requiring matching funds from the North Dakota Trade Office. Additional amounts may be spent only to the extent that the North Dakota Trade Office provides \$1 of matching funds from private or other public sources for each \$1 provided by the department. Matching funds may include money spent by businesses or organizations to pay salaries to export assistants, provide training to export assistants, or buy computer equipment as part of the North Dakota Trade Office's export assistance program.

⁶The 2015-17 biennium appropriation for the North Dakota Trade Office reflects a \$56,706 general fund reduction made as part of the August 2016 special legislative session reductions.

⁷Section 11 of 2017 Senate Bill No. 2018 and Section 9 of 2019 House Bill No. 1018 provide the Department of Commerce may spend 60 percent of funding appropriated to the North Dakota Trade Office without requiring matching funds from the North Dakota Trade Office. Additional amounts may be spent only to the extent that the North Dakota Trade Office provides \$1 of matching funds from private or other public sources for each \$1 provided by the department. Matching funds may include money spent by businesses or organizations to pay salaries to export assistants, provide training to export assistants, or buy computer equipment as part of the North Dakota Trade Office's export assistance program.

Agricultural Products Utilization Commission

The purpose of APUC is to provide grants to develop and expand the use of agricultural products in accordance with Chapter 54-60.3. The Agricultural Products Utilization Commission has received funding from the general fund, special funds, and federal funds.

The 2019 Legislative Assembly transferred the APUC program from the Department of Commerce to the Agriculture Commissioner in Senate Bill No. 2328, resulting in \$3,152,915 of special funds being removed from the Department of Commerce. The following is a recent summary of funding for APUC in the Department of Commerce:

Biennium	General Fund	APUC Fund ¹	Federal Funds	Total ²
2013-15	\$1,202,210	\$1,738,284	\$300,000	\$3,240,494
2015-17 (adjusted) ^{3,4}	1,022,983	2,095,628	0	3,118,611
2017-19 ^{5,6}	0	3,152,915	0	3,152,915
2019-21 ⁷	0	0	0	0
Increase (Decrease) from 2017-19 biennium	\$0	(\$3,152,915)	\$0	(\$3,152,915)

¹The 2013 Legislative Assembly renamed the agricultural fuel tax fund the Agricultural Products Utilization Commission fund. Section 19 of 2013 Senate Bill No. 2018 removed the requirement that two cents per gallon of the motor vehicle fuel tax refund for agricultural purposes be deposited in the agricultural products utilization fund. As a result of the change, the remaining funding sources for the agricultural products utilization fund are an annual transfer of 5 percent of the Mill and Elevator Association profits and one-half cent per gallon of the motor vehicle fuel tax refund for industrial purposes.

²These amounts do not include carryover authority.

³The 2015-17 general fund appropriation for APUC reflects a \$200,000 reduction made during the August 2016 special legislative session reductions.

⁴The 2015 Legislative Assembly provided an exemption for APUC in Section 17 of House Bill No. 1018 allowing unexpended funds from the 2013-15 biennium to continue during the 2015-17 biennium.

⁵Of the amount appropriated to the Department of Commerce through the APUC fund for the 2017-19 biennium, approximately \$1.3 million is from the Mill and Elevator Association profits and approximately \$1,000 is from motor vehicle fuel tax refunds. The remaining amount is additional special fund spending authority from the APUC fund if additional Mill and Elevator Association profits become available.

⁶The 2017 Legislative Assembly provided an exemption for APUC in Section 4 of Senate Bill No. 2018 allowing unexpended funds from the 2015-17 biennium to continue during the 2017-19 biennium.

⁷The 2019 Legislative Assembly transferred the APUC program to the Agriculture Commissioner in Senate Bill No. 2328. Funding provided to the Agriculture Commissioner for the APUC program for the 2019-21 biennium totals \$4 million, of which \$239,583 is from the general fund, \$1,760,417 is from the APUC fund, and \$2 million is from profits of the Bank of North Dakota.

Ethanol Production Incentives

The ethanol production incentive fund is administered by the Department of Commerce to provide production incentives to ethanol production facilities in accordance with Chapter 17-02. Forty percent of the revenue from the registration of farm vehicles is transferred to the ethanol production incentive fund from the highway tax distribution fund in accordance with Section 39-04-39. The balance of the ethanol production incentive fund cannot exceed \$7.5 million, which may limit the amount transferred from the highway distribution fund. The 2013 Legislative Assembly in Sections 10 and 19 of Senate Bill No. 2018 removed the requirement that one cent per gallon of the motor vehicle fuel tax refunds be deposited in the ethanol production incentive fund. The estimated revenue for the ethanol production incentive fund is \$2.4 million and estimated expenditures from the fund are \$4.7 million during the 2017-19 biennium. The department estimates ethanol production incentive fund revenue and expenditures for the 2019-21 biennium will be approximately the same as the 2017-19 biennium. The additional expenditures will result in a reduction in the fund balance.

Other Grant Programs

Base retention grant program - The 2017 Legislative Assembly provided one-time funding of \$600,000 from SIIF for base retention grants, a decrease of \$900,000 from the 2015-17 biennium authorized level of \$1.5 million. Section 8 of Senate Bill No. 2018 (2017) provides that of this amount, up to \$200,000 may be provided to each community with an Air Force base or Air National Guard facilities. The 2019 Legislative Assembly did not provide funding for the base retention grant program.

Entrepreneurship grants and voucher program - Section 10 of House Bill No. 1018 identifies \$2,948,467 in Section 1 for the entrepreneurship grants and voucher program, also known as Innovate ND, which includes ongoing funding of \$740,956 from the general fund, \$207,511 of ongoing funding from the economic development fund, and \$2 million of one-time funding from SIIF. Of the \$2 million provided from SIIF, \$900,000 is to be distributed equally to entrepreneurial centers located in Bismarck, Fargo, and Grand Forks, and \$150,000 is to be distributed to the entrepreneurial center located in Jamestown. The funding for the Jamestown entrepreneurial center may only be provided to the extent the center provides \$1 of matching funds from private or other nonstate sources for each \$1 provided by the department during the 2019-21 biennium. The department is required 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. Any unexpended funds from the entrepreneurship grants and voucher program line item may be continued into the 2021-23 biennium.

Section 12 of 2017 Senate Bill No. 2018 also provided an exemption for the department to continue any 2017-19 biennium funding for the entrepreneurship grants and vouchers program line item into the 2019-21 biennium. As of April 2019, the estimated amount the department will continue into the 2019-21 biennium is \$935,100, of which \$800,100 is from the general fund and \$135,000 is from other funds.

Tribal college workforce grant program - The purpose of this grant program is to develop certificate- or degree-based training programs that assist students to obtain jobs needed within the state and to assist students attending a tribal college with establishing a new business. The 2019 Legislative Assembly appropriated one-time funding of \$500,000 from the general fund to the Department of Commerce for workforce grants to tribally controlled community colleges. The 2017 Legislative Assembly appropriated one-time funding of \$500,000 from the student loan trust fund to the department for this program. The 2015 Legislative Assembly provided a total appropriation of \$3 million to the department for this program, of which \$2 million was from the general fund and \$1 million was from the student loan trust fund.

Early childhood education grants program - The 2019 Legislative Assembly provided \$1.5 million from the general fund for the early childhood education grants program, also known as the prekindergarten community grant program, the same as provided for the 2017-19 biennium. Total funding provided for the program for the 2015-17 biennium was \$3 million.

Homeless shelter grant program - The 2019 Legislative Assembly provided \$1.5 million from the general fund for homeless shelter grants for the 2019-21 biennium, an increase of \$1.2 million from the 2017-19 biennium authorized level of \$300,000. Total funding provided for the program for the 2015-17 biennium was \$1.5 million.

Biotechnology grants program - Section 11 of House Bill No. 1018 identifies \$300,000 from the general fund in Section 1 for the purpose of providing biotechnology grants to a local association with bioscience experience to promote bioscience and biotechnology research and business development in North Dakota agriculture and life and energy science industries. Senate Bill No. 2224 provides for a \$700,000 transfer from the Research North Dakota fund to the bioscience innovation grant fund, provides the Agriculture Commissioner a continuing appropriation for the bioscience innovation grant program, and requires the Agriculture Commissioner to collaborate with the Department of Commerce when awarding bioscience innovation grants to coordinate the management of the Agriculture Commissioner's bioscience innovation grant program and the Department of Commerce's biotechnology grant program.

Sculpture maintenance grants program - Section 16 of House Bill No. 1018 identifies a one-time appropriation of \$75,000 from the general fund in Section 1 for providing grants, on a reimbursement basis, to maintain the structure and appearance of metal sculptures located adjacent to highways in North Dakota. Grant funds may be awarded only for sculptures with current land leases. The Department of Commerce shall establish guidelines to require a privately funded maintenance plan to be established for future maintenance costs of metal sculptures adjacent to highways in North Dakota.

Nonresident nurse employment recruitment program - Section 17 of House Bill No. 1018 identifies a one-time appropriation of \$800,000 from the general fund in Section 1 for a nonresident nurse employment recruitment program. The Department of Commerce is required to provide up to \$4,000 in incentives for each nonresident licensed nurse who signs a written agreement to work at least 4 years in a North Dakota licensed health care facility. Any licensed health care facility receiving funds from this program must provide \$2 of incentive matching funds for each \$1 provided by the department during the 2019-21 biennium. **Sections 27, 28, and 29 of Senate Bill No. 2015 amend House Bill No. 1018 to reduce this appropriation by \$300,000 to provide a total one-time appropriation of \$500,000 from the general fund for this program.**

Job development and economic growth grant program - Section 20 of House Bill No. 1018 identifies a one-time appropriation of \$25,000 from the general fund in Section 1 for the purpose of providing a grant to an organization dedicated to promoting job development and economic growth through the purchase of a vacant building previously used to promote job development and economic growth.

Exemptions

The Legislative Assembly provided exemptions in House Bill No. 1018 to allow unexpended 2017-19 biennium appropriations to continue into the 2019-21 biennium as follows:

- **Discretionary funds** - The exemption in Section 4 provides an exemption for the discretionary funds line item. As of April 2019, the estimated amount the department will continue into the 2019-21 biennium is \$350,000 from the general fund.
- **UAS program** - Section 5 provides an exemption for the UAS program. As of April 2019, the estimated amount the department will continue into the 2019-21 biennium is \$750,000 from SIIF.
- **Early childhood education grants program** - Section 6 provides an exemption for the early childhood education grants program. As of April 2019, the estimated amount the department will continue into the 2019-21 biennium is \$100,000 from the general fund.
- **Operation Intern program** - Section 8 provides an exemption for the Operation Intern program. As of April 2019, the estimated amount the department will continue into the 2019-21 biennium is \$550,000 from the general fund.

Other Sections in House Bill No. 1018

Discretionary funds - Rural health - Section 3 designates \$200,000 of the \$2.15 million from the general fund appropriated in the discretionary funds line item in Section 1 for providing matching funds to an organization assisting in the recruitment, distribution, and supply, and enhancing the quality and efficiency of personnel providing health services in rural areas of the state.

Motion picture incentives study - Section 15 provides for a Legislative Management study of motion picture incentives. The study must include a review of upper Midwest and neighboring states' statutes on motion picture incentives to assess their successes and challenges; an analysis of the economic impact that would benefit communities through food, lodging, supplies, and transportation; an assessment of existing industry infrastructure in the state and opportunities for growth; and an identification of unique geographic, seasonal, regulatory, and topographical assets the state has for the motion picture industry.

Intermodal container transportation shipping fees - Section 18 provides for a Bank of North Dakota transfer of \$1.3 million from the beginning farmer revolving loan fund to the Department of Commerce for paying intermodal container transportation fees in the event intermodal containers are unable to be shipped during the 2019-21 biennium. Section 1 provides a \$1.3 million appropriation for this purpose.

Related Legislation

House Bill No. 1040 - 21st century manufacturing workforce incentive - This bill requires the Department of Commerce to provide the Tax Commissioner the name, address, and federal identification number or social security number of taxpayers qualifying for a 21st century manufacturing workforce incentive credit and a list of the items approved as a qualified expenditure by the department.

House Bill No. 1333 - Innovation loan fund and program - This bill establishes an Innovation Loan Fund to Support Technology Advancement Committee and loan program. The Commissioner of Commerce is the chairperson of the committee, is a nonvoting member of the committee, and appoints the members of the committee with the President of the Bank of North Dakota. The department is required to administer the program in consultation with the Bank of North Dakota to provide loans. The department is required to provide administrative support for the program, including the drafting of application forms, receiving applications,

reviewing applications for completeness and compliance with committee policy, and forwarding complete applications to the committee in accordance with the guidelines established by the committee. The innovation loan fund to support technology advancement is administered by the department, and the funding is appropriated to the department on a continuing basis for providing innovation technology loans and for administrative expenses. The department is required to conduct postaward monitoring of loans provided for this program. The Bank of North Dakota is required to transfer \$15 million from the Bank's current earnings and undivided profits to the innovation loan fund to support technology advancement for the purpose of providing innovation technology loans during the 2019-21 biennium.

Senate Bill No. 2015 - Nonresident nurse employment recruitment program - Sections 27, 28, and 29 of Senate Bill No. 2015 amend House Bill No. 1018 to reduce the one-time general fund appropriation for the nonresident nurse employment recruitment program from \$800,000 to \$500,000 for the 2019-21 biennium.

Senate Bill No. 2224 - Research programs - This bill transfers any balance in the centers of excellence fund and the centers of research excellence fund to the Research North Dakota fund on July 1, 2019; repeals the centers of excellence and centers of research excellence programs on July 1, 2019; transfers \$700,000 from the Research North Dakota fund to a newly created bioscience innovation grant fund; transfers any balance in the Research North Dakota fund to the state general fund on June 30, 2021; and repeals the Research North Dakota program on July 1, 2021.

Senate Bill No. 2265 - Research-based literacy intervention services - Section 22 of this bill provides a general fund appropriation of \$200,000 to the Department of Commerce for providing a grant to an organization providing research-based literacy intervention services to students below grade four who score below proficient in reading.

Senate Bill No. 2328 - APUC - This bill provides the statutory changes necessary to transfer the APUC program from the Department of Commerce to the Agriculture Commissioner.

House Concurrent Resolution No. 3001 - Community services block grant - This resolution authorizes the Budget Section of the Legislative Management to hold 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 the funding for the community services block grant program money for the period ending September 30, 2021.