

Department of Commerce
Budget No. 601
Senate Bill No. 2018; House Bill Nos. 1015 and 1395

| | FTE Positions | General Fund | Other Funds | Total |
|--|----------------------|---------------------|----------------------|----------------------|
| 2021-23 legislative appropriations | 58.80 | \$34,667,572 | \$151,778,555 | \$186,446,127 |
| 2021-23 base budget | 61.80 | 32,866,721 | 54,123,293 | 86,990,014 |
| Legislative increase (decrease) to base budget | (3.00) | \$1,800,851 | \$97,655,262 | \$99,456,113 |

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

| | Ongoing General Fund Appropriation | One-Time General Fund Appropriation | Total General Fund Appropriation |
|---|---|--|---|
| 2021-23 legislative appropriations | \$31,502,140 | \$3,165,432 | \$34,667,572 |
| 2019-21 legislative appropriations | 32,866,721 | 7,325,000 | 40,191,721 |
| 2021-23 legislative increase (decrease) to 2019-21 appropriations | (\$1,364,581) | (\$4,159,568) | (\$5,524,149) |
| Percentage increase (decrease) to 2019-21 appropriations | (4.2%) | (56.8%) | (13.7%) |

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 | | (\$49,007) | \$16,577 | (\$32,430) |
| Added funding to provide employee salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2.0 percent on July 1, 2022 | | 241,092 | 52,824 | 293,916 |
| Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,428.77 per month | | 2,341 | 531 | 2,872 |
| Reduced funding for salaries and wages to reflect anticipated savings from vacant positions and employee turnover | | (140,000) | | (140,000) |
| Transferred 1 FTE position to the Information Technology Department for the IT unification initiative, including a decrease of \$149,792 for salaries and wages and an increase of \$153,317 for operating expenses | (1.00) | 3,525 | | 3,525 |
| Transferred the HOME program to the Housing Finance Agency, including 2 FTE positions, \$7,643,371 from federal funds, and \$700,000 from the community development loan | (2.00) | | (8,343,371) | (8,343,371) |

fund. This grant program provides affordable housing for low-income individuals.

| | | | |
|--|-------------|-----------|-------------|
| Added funding for Microsoft Office 365 license expenses | 5,486 | 1,013 | 6,499 |
| Adjusted funding for the Community Services Division, primarily related to operating fees and services. Of the \$329,488 increase in other funds, \$291,576 is from federal funds and \$37,912 is from the community development loan fund. | (216,576) | 329,488 | 112,912 |
| Reduced funding for the Workforce Development Division primarily related to operating fees and services | (199,664) | | (199,664) |
| Reduced funding for the Economic Development and Finance Division, primarily related to travel, rent, professional development, and operating fees and services | (195,000) | | (195,000) |
| Reduced funding for the administration division, primarily related to rent, IT data processing, IT software supplies, postage, and travel of which \$3,282 is from the economic development fund | (396,990) | (3,283) | (400,273) |
| Reduced funding for the Operation Intern program to provide a total of \$755,000 from the general fund | (100,000) | | (100,000) |
| Added funding for the unmanned aircraft systems (UAS) program, of which \$3 million is from the general fund for operating expenses of the Northern Plains UAS Test Site, \$7 million is for grants from federal funds, and \$20,150 is for grants from the UAS fund | 3,000,000 | 7,020,150 | 10,020,150 |
| Transferred \$505,000 from the community development loan fund for contractual fees from the grants line item to the operating expenses line item | | | |
| Transferred \$151,284 from the general fund for the early childhood education program from the operating expenses line item to the grants line item to provide a total of \$1.5 million for the program | | | |
| Transferred the early childhood education program to the Department of Human Services | (1,500,000) | | (1,500,000) |
| Removed funding for biotechnology grants, eliminating the program | (300,000) | | (300,000) |
| Reduced funding for homeless shelter grants to provide a total of \$1,330,212 from the general fund | (169,788) | | (169,788) |
| Added funding for rural health care grants to provide a total of \$250,000 from the general fund | 250,000 | | 250,000 |

| | | | | |
|---|---------------|--------------------|---------------------|---------------------|
| Added federal funding for a state apprenticeship expansion program. The funding will be transferred to the North Dakota State College of Science for the administration of the program. In August 2020, the Emergency Commission and Budget Section approved a request to accept and spend \$694,317 of federal funds for this program for the remainder of the 2019-21 biennium. | | | 347,157 | 347,157 |
| Transferred the North Dakota Trade Office to the Agriculture Commissioner | (1,600,000) | | | (1,600,000) |
| Added one-time funding for a film and theater production grant | 100,000 | | | 100,000 |
| Added one-time funding for workforce grants to tribally controlled community colleges | 500,000 | | | 500,000 |
| Added one-time funding from the UAS fund for UAS program grants | | | 1,000,000 | 1,000,000 |
| Added one-time funding for the beyond visual line of sight (BVLOS) UAS program, including funding from the strategic investment and improvements fund | 1,000,000 | 19,000,000 | | 20,000,000 |
| Added one-time funding from the strategic investment and improvements fund for the enhanced use lease grant program (\$7 million), a job development and economic growth grant (\$1.5 million), and a workforce safety grant (\$1.5 million) | | 10,000,000 | | 10,000,000 |
| Added one-time funding from the federal Coronavirus Relief Fund for technical skills training grants (\$1 million), travel agent and tour operator emergency resiliency grants (\$2 million), and event center emergency resiliency grants (\$2 million) | | 5,000,000 | | 5,000,000 |
| Added one-time funding from the federal Coronavirus Relief Fund for tourism marketing and branding initiatives, of which \$434,568 is for the tourism transportation improvement program | | 7,000,000 | | 7,000,000 |
| Added one-time funding for a tourism transportation improvement grant to provide a total of \$1,000,000, of which \$434,568 is from the federal Coronavirus Relief Fund | 565,432 | | | 565,432 |
| Added one-time funding for discretionary funds to provide a total of \$3.15 million from the general fund (House Bill No. 1015) | 1,000,000 | | | 1,000,000 |
| Added one-time funding from federal COVID-19 funds for a state small business credit initiative program (House Bill No. 1395) | | | 56,234,176 | 56,234,176 |
| Total | <u>(3.00)</u> | <u>\$1,800,851</u> | <u>\$97,655,262</u> | <u>\$99,456,113</u> |

FTE Changes

The Legislative Assembly authorized 58.80 FTE positions for the Department of Commerce for the 2021-23 biennium, a decrease of 3 FTE positions from the 2019-21 biennium authorized level of 61.40. The Legislative Assembly transferred 1 FTE position to ITD for the IT unification initiative and 2 FTE positions to the Housing Finance Agency for the HOME program.

One-Time Funding

The Legislative Assembly appropriated \$100,399,608 of one-time funding to the Department of Commerce for the 2021-23 biennium as follows:

| | General Fund | Other Funds | Total Funds |
|---|--------------------|---------------------|----------------------|
| Film and theater production grant | \$100,000 | | \$100,000 |
| Workforce grants to tribally controlled community colleges | 500,000 | | 500,000 |
| UAS program ¹ | | \$1,000,000 | 1,000,000 |
| BVLOS UAS program ² | 1,000,000 | 19,000,000 | 20,000,000 |
| Enhanced use lease grant program ² | | 7,000,000 | 7,000,000 |
| Job development and economic growth grant ² | | 1,500,000 | 1,500,000 |
| Workforce safety grant ² | | 1,500,000 | 1,500,000 |
| Technical skills training grants ³ | | 1,000,000 | 1,000,000 |
| Travel agent and tour operator emergency resiliency grants ³ | | 2,000,000 | 2,000,000 |
| Event center emergency resiliency grants ³ | | 2,000,000 | 2,000,000 |
| Tourism marketing and branding ^{3,4} | | 7,000,000 | 7,000,000 |
| Tourism transportation improvement grant ⁴ | 565,432 | | 565,432 |
| Discretionary funds (House Bill No. 1015) | 1,000,000 | | 1,000,000 |
| State small business credit initiative program (House Bill No. 1395) ⁵ | | 56,234,176 | 56,234,176 |
| Total | \$3,165,432 | \$98,234,176 | \$101,399,608 |

¹Funding for this program is from the UAS fund.

²Other funding for this program is from the strategic investment and improvements fund.

³Funding for this program is from the federal Coronavirus Relief Fund, as identified in Section 8 of Senate Bill No. 2021.

⁴Of the \$7 million appropriated from the federal Coronavirus Relief Fund for tourism marketing and branding initiatives, \$434,568 is for the tourism transportation improvement grant program. Total funding for the tourism transportation improvement grant program is \$1,000,000, including \$565,432 of one-time funding from the general fund.

⁵Funding for this program is from federal COVID-19 funds.

Federal COVID-19 Funding - 2019-21 Biennium

The following is a summary of federal COVID-19 funding appropriated by the Legislative Assembly to the Department of Commerce for the 2019-21 biennium:

| | Federal Funds - 2019-21 Biennium |
|---|----------------------------------|
| Federal COVID-19 funds (House Bill No. 1394) ¹ | \$11,393,078 |
| Federal coronavirus relief funds (House Bill No. 1395) ² | 82,179,000 |
| Total | \$93,572,078 |

¹Of the funding appropriated from federal COVID-19 funds, \$3,000,000 is for the community development block grant program, \$7,393,078 is for the community services block grant program, and \$1,000,000 is for the emergency solution grant program.

²Of the funding appropriated from the federal Coronavirus Relief Fund, approximately \$39.4 million is for economic resiliency grants, approximately \$37 million is for hospitality economic resiliency grants, approximately \$2.25 million is for administrative costs of the economic resiliency grant program, approximately \$1 million is for technical skills training grants, and approximately \$2.5 million is for the health care and emergency responder COVID-19 grant program administered in partnership with Workforce Safety and Insurance.

Federal COVID-19 Funding - 2021-23 Biennium

The following is a summary of federal COVID-19 funding appropriated by the Legislative Assembly to the Department of Commerce for the 2021-23 biennium:

| | Federal Funds - 2021-23 Biennium |
|--|---|
| Federal COVID-19 funds (House Bill No. 1395) ¹ | \$56,234,176 |
| Federal coronavirus relief funds (Senate Bill No. 2018) ² | 12,000,000 |
| Total | \$68,234,176 |

¹Funding appropriated from federal COVID-19 funds is for the state small business credit initiative program to provide loans and investment funding to small businesses, consortiums, and economic development funds.

²Of the funding appropriated from the federal Coronavirus Relief Fund, \$1 million is for technical skills training grants, \$2 million is for travel agent and tour operator emergency resiliency grants, \$2 million is for event center emergency resiliency grants, and \$7 million is for tourism marketing and branding initiatives, of which \$434,568 is for the tourism transportation improvement grant program.

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.

In Section 12 of Senate Bill No. 2018 (2021), the Legislative Assembly amended North Dakota Century Code Section 54-60-29 to expand the continuing appropriation provided to the Department of Commerce from the UAS fund for expenses of the UAS program to also include expenses of the BVLOS UAS program and the enhanced use lease grant program.

The following is a summary of funding for the UAS program:

| Biennium | General Fund | UAS Fund ¹ | Strategic Investment and Improvements Fund | Federal Funds | Total |
|----------------------------------|---------------------|-----------------------|--|--------------------|---------------------|
| One-Time Funding | | | | | |
| 2013-15 | \$5,000,000 | | | | \$5,000,000 |
| 2015-17 ² | 2,718,620 | | | | 2,718,620 |
| 2017-19 ³ | | | \$2,000,000 | | 2,000,000 |
| 2019-21 ^{4,5} | 2,250,000 | | | | 2,250,000 |
| 2021-23 ⁶ | | \$1,000,000 | | | 1,000,000 |
| Total one-time funding | \$9,968,620 | \$1,000,000 | \$2,000,000 | \$0 | \$12,968,620 |
| Ongoing Funding | | | | | |
| 2019-21 ⁴ | | \$1,000,000 | | \$1,000,000 | \$2,000,000 |
| 2021-23 ⁵ | \$3,000,000 | 1,020,150 | | 8,000,000 | 12,020,150 |
| Total ongoing funding | \$3,000,000 | \$2,020,150 | \$0 | \$9,000,000 | \$14,020,150 |
| Total funding⁵ | \$12,968,620 | \$3,020,150 | \$2,000,000 | \$9,000,000 | \$26,988,770 |

¹Funding from the UAS fund is derived from private donations.

²Of 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. The department was also authorized to continue \$1,500,000 appropriated for the program for the 2013-15 biennium into the 2015-17 biennium, to provide a total of \$4,218,620 available for the 2015-17 biennium.

³The department 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, to provide a total of \$3 million available for the 2017-19 biennium.

⁴The department was also authorized to continue unexpended funding from the strategic investment and improvements fund from the 2017-19 biennium appropriation, estimated at \$750,000 during the 2019 legislative session, to provide a total of \$5 million available for the 2019-21 biennium.

⁵Funding appropriated for the UAS program is for grants, with exception of the general fund appropriations provided for the 2019-21 biennium (\$2.25 million) and 2021-23 biennium (\$3 million), which were provided for operating expenses of the Northern Plains UAS Test Site.

⁶The department was also authorized to continue unexpended funding appropriated from the general fund for the 2019-21 biennium into the 2021-23 biennium, estimated at \$150,000 during the 2021 legislative session, to provide a total of \$13,170,150 available for the 2021-23 biennium.

Beyond Visual Line of Sight Unmanned Aircraft Systems Program

In Section 12 of House Bill No. 1018 (2019), the Legislative Assembly provided a 2017-19 biennium supplemental appropriation of \$28 million to the Department of Commerce for a BVLOS UAS program. The department was authorized to continue this funding into the 2019-21 biennium. Section 21 of the bill provided an emergency clause related to the funding.

Section 13 of House Bill No. 1018 (2019) created Section 54-60-29.1 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 provided an emergency clause related to the program.

Appropriation - Department of Transportation - Section 3 of Senate Bill No. 2018 (2021) appropriates one-time funding of \$5 million to the Department of Transportation from grant funds received from the Department of Commerce, pursuant to Section 14, for the purpose of defraying infrastructure construction expenses of the BVLOS UAS program during the 2021-23 biennium. The Department of Transportation may bid, award, and administer any contracts necessary to complete the construction of the infrastructure.

Matching fund requirement - Section 9 of Senate Bill No. 2018 (2021) identifies one-time funding of \$1 million from the general fund in Section 1 is for providing grants to an organization dedicated to expanding workforce opportunities, training, and education related to the BVLOS UAS industry, which the Department of Commerce may provide only to the extent the organization provides \$1 of matching funds from private or other public sources for each \$1 provided by the department during the 2021-23 biennium.

Exemption - Section 14 of Senate Bill No. 2018 (2021) provides an exemption for unexpended 2017-19 biennium funds continued into the 2019-21 biennium for the BVLOS UAS program to continue into the 2021-23 biennium. The Department of Commerce may provide grants of up to \$5 million to the Department of Transportation, pursuant to the appropriation in Section 3, for the purpose of defraying infrastructure construction expenses of the BVLOS UAS program during the 2021-23 biennium.

The following is a summary of funding provided to the Department of Commerce for the BVLOS UAS program:

| Biennium | General Fund | Strategic Investment and Improvements Fund | Total |
|------------------------|--------------|--|--------------|
| 2017-19 ^{1,2} | \$28,000,000 | \$0 | \$28,000,000 |
| 2019-21 | 0 | 0 | 0 |
| 2021-23 ² | 1,000,000 | 19,000,000 | 20,000,000 |
| Total | \$29,000,000 | \$19,000,000 | \$48,000,000 |

¹Supplemental appropriation provided by the 2019 Legislative Assembly.

²In addition to the amounts shown in this table, the 2021 Legislative Assembly appropriated \$5 million of remaining funds from the Department of Commerce's \$28 million 2017-19 biennium appropriation to the Department of Transportation for the 2021-23 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 the strategic investment and improvements fund 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 | Strategic Investment and Improvements Fund | Total |
|----------------------|--------------|--|--------------|
| 2013-15 | | \$2,500,000 | \$2,500,000 |
| 2015-17 ¹ | | 7,500,000 | 7,500,000 |
| 2017-19 ² | \$1,000,000 | 2,000,000 | 3,000,000 |
| 2019-21 | 3,000,000 | | 3,000,000 |
| 2021-23 | | 7,000,000 | 7,000,000 |
| Total | \$4,000,000 | \$19,000,000 | \$23,000,000 |

¹Of 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 multi-tenant building on the property. The remaining \$4.4 million was contingent on agreement of a second private sector single-tenant or multi-tenant 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.

²Section 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 was to 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 \$4,000 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 maximum amount of funding a business may receive from the Operation Intern program is \$40,000 per biennium.

Funding for the program is appropriated from the general fund and transferred to the internship fund, from which the Department of Commerce has continuing appropriation authority. Section 4 of Senate Bill No. 2018 (2021) provides for the \$755,000 transfer for the 2021-23 biennium, a decrease of \$100,000 from the 2019-21 biennium appropriation and transfer of \$855,000.

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. In Sections 10 and 19 of Senate Bill No. 2018 (2013), the Legislative Assembly removed the requirement that 1 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, provided from transfers from the highway tax distribution fund, is \$4.7 million and estimated expenditures from the fund are \$3.2 million during the 2019-21 biennium. The department estimates ethanol production incentive fund revenue of \$4.7 million and expenditures of \$4.16 million for the 2021-23 biennium. Of the estimated expenditures, \$3.2 million is for the Dakota Spirit ethanol plant and \$960,000 is for the Red River Biorefinery ethanol plant. The proposed payment to the Red River Biorefinery ethanol plant is contingent on the Attorney General determining the payment is an authorized distribution from the ethanol production incentive fund, as the Red River Biorefinery ethanol plant is a sugarbeet-based ethanol plant, not a corn-based ethanol plant. Through April 2021, the balance in the fund was \$1.54 million.

Other Grant Programs

Biotechnology grants program - The 2019 Legislative Assembly appropriated \$300,000 from the general fund to the Department of Commerce 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 during the 2019-21 biennium. At the request of the department, the 2021 Legislative Assembly removed this funding for the 2021-23 biennium, eliminating the program.

Early childhood education grants program - In House Bill Nos. 1012 and 1466 and Senate Bill No. 2018, the 2021 Legislative Assembly transferred the early childhood education grant program, also known as the prekindergarten community grant program, and \$1.5 million from the general fund, to the Department of Human Services. Funding provided to the Department of Commerce for the program for the 2019-21 and 2017-19 bienniums was \$1.5 million from the general fund each biennium.

Entrepreneurship grants and voucher program - Section 5 of Senate Bill No. 2018 (2021) identifies \$948,467 in Section 1 for the entrepreneurship grants and voucher program, also known as Innovate ND, including \$740,956 from the general fund and \$207,511 from the economic development fund for the 2021-23 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. The 2019-21 biennium appropriation for the program was \$2,948,467, of which \$740,956 was ongoing funding from the general fund, \$207,511 was ongoing funding from the economic development fund, and \$2,000,000 was one-time funding from the strategic investment and improvements fund.

Event center emergency resiliency grants - Section 8 of Senate Bill No. 2018 (2021) identifies \$2 million of one-time funding from the federal Coronavirus Relief Fund in Section 1 is for event center emergency resiliency grants for the 2021-23 biennium.

Discretionary funds - The 2021 Legislative Assembly appropriated \$3.15 million from the general fund to the Department of Commerce for discretionary funds for the 2021-23 biennium, an increase of \$1 million from the 2019-21 biennium general fund appropriation of \$2.15 million. Of the 2021-23 biennium appropriation, \$2.15 million is provided in Senate Bill No. 2018 and \$1 million is provided in House Bill No. 1015. The department is authorized to continue the 2019-21 biennium appropriation into the 2021-23 biennium, resulting in a total of \$5.3 million available for discretionary funds during the 2021-23 biennium.

Film and theater production grant - The 2021 Legislative Assembly appropriated \$100,000 of one-time funding from the general fund to the Department of Commerce to provide a film and theater production grant to be provided directly to an organization dedicated to the preservation and honor of North Dakota land, history, and citizens during the 2021-23 biennium.

Homeless shelter grant program - The 2021 Legislative Assembly appropriated \$1,330,212 from the general fund to the Department of Commerce for homeless shelter grants for the 2021-23 biennium, a decrease of \$169,788 from the 2019-21 biennium appropriation of \$1,500,000.

Job development and economic growth grant - The 2021 Legislative Assembly appropriated \$1.5 million of one-time funding from the strategic investment and improvements fund to the Department of Commerce to provide a job development and economic growth grant to be provided directly to an organization dedicated to promoting job development and economic growth in the state during the 2021-23 biennium.

Rural health care grants program - Section 6 of Senate Bill No. 2018 (2021) identifies \$250,000 from the general fund in the grants line item in Section 1 is 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. The Department of Commerce may spend the funds appropriated in this section only to the extent the organization has secured matching funds from nonstate sources on a dollar-for-dollar basis. The 2019 Legislative Assembly designated \$200,000 of the \$2.15 million appropriated from the general fund in the discretionary funds line item is for rural health care grants for the 2019-21 biennium.

Technical skills training grants - Section 8 of Senate Bill No. 2018 (2021) identifies \$1 million of one-time funding from the federal Coronavirus Relief Fund in Section 1 is for a technical skills training grant program for the 2021-23 biennium. In June 2020, the Emergency Commission and Budget Section approved an allocation of \$1 million from the federal Coronavirus Relief Fund for this program for the 2019-21 biennium. Total funding for the program for the 2019-21 and 2021-23 bienniums is \$2 million.

Tourism transportation improvement grant - The 2021 Legislative Assembly appropriated \$1 million of one-time funding to the Department of Commerce for a tourism transportation improvement grant for the 2021-23 biennium, of which \$565,432 is from the general fund and \$434,568 is designated from tourism marketing and branding initiatives approved from the federal Coronavirus Relief Fund.

Travel agent and tour operator emergency resiliency grants - Section 8 of Senate Bill No. 2018 (2021) identifies \$2 million of one-time funding from the federal Coronavirus Relief Fund in Section 1 as for travel agent and tour operator emergency resiliency grants for the 2021-23 biennium. Grants may be awarded only to travel agents that book commission-based travel for private individuals or companies, tour companies that schedule tour details and itineraries in North Dakota, or transportation companies providing transportation services to tour planners for tours originating in North Dakota or operators bringing tours into North Dakota. The department is required to establish additional eligibility requirements for the program. The following organizations are ineligible for this grant program:

- National companies that provide travel services to individuals in North Dakota but do not employ at least one individual in the state;
- Corporations with staff dedicated to purchasing and arranging travel for employees;
- Military-based travel agents or other individuals employed by government entities; and
- Organizations that only offer guided services and tours of their attraction.

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 2021 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 same as the 2019-21 biennium.

Workforce safety grant - The 2021 Legislative Assembly appropriated \$1.5 million of one-time funding from the strategic investment and improvements fund to the Department of Commerce to provide a workforce safety grant to be provided directly to an organization that provides workforce safety during the 2021-23 biennium.

Other Exemptions

The Legislative Assembly provided exemptions in Senate Bill No. 2018 to allow the Department of Commerce to continue unexpended 2019-21 biennium appropriations into the 2021-23 biennium as follows:

- **UAS program** - Section 15 provides an exemption for the UAS program. As of April 2021, the estimated amount the department will continue into the 2021-23 biennium is \$150,000 from the general fund.
- **Enhanced use lease grant program** - Section 16 provides an exemption for the enhanced use lease grant program. As of April 2021, the estimated amount the department will continue into the 2021-23 biennium is \$1.5 million from the general fund.
- **Nonresident nurse employment recruitment program** - Section 17 provides an exemption to continue \$320,000 of the \$500,000 appropriated from the general fund for the nonresident nurse employment recruitment program for the 2019-21 biennium into the 2021-23 biennium. As of April 2021, the department estimates spending a total of \$40,000 during the 2019-21 biennium resulting in \$140,000 being canceled at the end of the 2019-21 biennium.
- **Discretionary funds** - The exemption in Section 18 provides an exemption for the discretionary funds line item. As of April 2021, the estimated amount the department will continue into the 2021-23 biennium is \$2.15 million from the general fund. Of this amount, up to \$200,000 must be used to retrain up to 10 displaced energy industry workers to enhance programmer development and engineering skills.

Other Sections in Senate Bill No. 2018

Strategic investment and improvements fund - Section 7 identifies \$29 million of one-time funding in Section 1 as from the strategic investment and improvements fund, of which \$19 million is for the BVLOS UAS program, \$7 million is for the enhanced use lease grant program, \$1.5 million is for a job development grant, and \$1.5 million is for a workforce safety grant for the 2021-23 biennium.

North Dakota Trade Office - Section 10 creates a new section to Chapter 4.1-01 to provide the International Business and Trade Office, also known as the North Dakota Trade Office, is administered by the Agriculture Commissioner. Section 13 repeals Section 54-60-16, which provided the North Dakota Trade Office was administered by the Department of Commerce. The 2021 Legislative Assembly transferred \$1.6 million from the general fund from the Department of Commerce to the Agriculture Commissioner for the North Dakota Trade Office for the 2021-23 biennium.

Rural growth incentive program - Section 11 amends Section 54-34.3-13 to remove the requirement that businesses be "primary sector" businesses to qualify for the rural growth incentive program, which is administered by the North Dakota Development Fund in the rural growth incentive fund.

Legislative intent - Northern Plains UAS Test Site - Section 19 provides legislative intent that the Northern Plains UAS Test Site maximize earned revenue to the extent possible while operating and conducting business of the test site.

Legislative Management study - Data storage - Section 20 provides for a Legislative Management study of data storage by state entities.

Related Legislation

House Bill No. 1141 - Innovation technology loans - This bill transfers \$15 million from the strategic investment and improvements fund to the innovation loan fund to support technology advancement for providing innovation technology loans during the 2021-23 biennium.

House Bill No. 1394 - COVID-19 funds - This bill provides a 2019-21 biennium appropriation of \$11,393,078 from federal COVID-19 funds to the Department of Commerce.

Senate Bill No. 2291 - Study of environmental social governance - Section 2 of this bill requires the Department of Commerce to study environmental social governance related to government and private industry in the state. The study must include an evaluation of investment policies and the potential implications for the state related to the boycott of energy or production of agriculture commodities by companies that intend to penalize, inflict economic harm on, or limit commercial relations. The department is required to report its findings and recommendations to the Legislative Management by June 1, 2022.

Senate Concurrent Resolution No. 4001 - 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, 2023.