

**Department of Commerce  
Budget No. 601  
Senate Bill Nos. 2018 and 2345; House Bill Nos. 1015, 1395, and 1506**

	FTE Positions	General Fund	Other Funds	Total
2021-23 legislative appropriation	58.80	\$34,667,572 <sup>1</sup>	\$188,953,443	\$223,621,015
2019-21 legislative appropriation	61.80	40,191,721	151,995,371	192,187,092
2021-23 appropriation increase (decrease) to 2019-21 appropriation	(3.00)	(\$5,524,149)	\$36,958,072	\$31,433,923

<sup>1</sup>This amount includes \$3,165,432 of one-time funding. Excluding this amount, the agency's ongoing general fund appropriation is \$31,502,140.

**Item Description**

**FTE position changes** - The 2021 Legislative Assembly approved 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 61.80 FTE positions. The Legislative Assembly transferred 1 FTE position to the Information Technology Department for the information technology unification initiative and 2 FTE positions to the Housing Finance Agency for the federal HOME program.

**One-time funding** - The 2021 Legislative Assembly appropriated \$138,574,496 of one-time funding to the Department of Commerce for the 2021-23 biennium, including \$37,174,888 appropriated during the November 2021 special legislative session. Of the total, \$103,234,176 was appropriated from federal COVID-19 pandemic relief funding. A summary of the department's one-time funding items is as follows:

Program	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
Unmanned aircraft system (UAS) <sup>1</sup>		\$1,000,000	1,000,000
Beyond visual line of sight (BVLOS) UAS program <sup>2</sup>	1,000,000	19,000,000	20,000,000
Enhanced use lease grants <sup>2</sup>		7,000,000	7,000,000
Job development and economic growth grant <sup>2</sup>		1,500,000	1,500,000
Workforce safety grant <sup>2</sup>		1,500,000	1,500,000
Technical skills training grants <sup>3,4,10</sup>		6,000,000	6,000,000
Travel agent and tour operator emergency resiliency grants <sup>3</sup>		2,000,000	2,000,000
Event center emergency resiliency grants <sup>3</sup>		2,000,000	2,000,000
Tourism marketing and branding <sup>3,5</sup>		7,000,000	7,000,000
Tourism transportation improvement grant <sup>5</sup>	565,432		565,432

**Status/Result**

The 3 FTE positions were transferred in July 2022.

The following is a summary of the status of the department's one-time funding items:

Film and theater production grant	Pursuant emergency authority provided in House Bill No. 1015, the \$100,000 grant was distributed in June 2021.
Workforce grants to tribally controlled community colleges	Through March 2022, \$250,000 of the \$500,000 appropriation has been distributed to tribally controlled community colleges. The remaining \$250,000 will be distributed during fiscal year 2023.
UAS	See the <b>Unmanned Aircraft System</b> section.
BVLOS UAS	See the <b>Beyond Visual Line of Sight Unmanned Aircraft System</b> section.
Enhanced use lease grants	Through March 2022, the department spent \$820,090 of 2019-21 biennium funding that was authorized to continue into the 2021-23 biennium. No funding from the 2021-23 biennium has been spent through March 2022, but the department anticipates spending the entire \$7 million appropriation by the end of the biennium. See the <b>Exemptions</b> section for additional information.
Job development and economic growth grant	Through March 2022, the department has distributed \$600,000 and anticipates distributing the remaining \$900,000 by the end of the biennium.
Workforce safety grant	The \$1.5 million grant was distributed in October 2021.
Technical skills training grants	Of the \$1 million appropriated from the Coronavirus Relief Fund, the department spent \$509,171. The remaining \$490,829 was returned to the fund to be reallocated to other agencies prior to end of calendar year 2021. Through March 2022, the department has not spent any of the \$5 million

Discretionary funds <sup>6</sup>	1,000,000		1,000,000
State small business credit initiative program <sup>7</sup>		56,234,176	56,234,176
Workforce community services (AmeriCorps) <sup>8</sup>		1,074,888	1,074,888
Community development planning grants <sup>8</sup>		1,000,000	1,000,000
Workforce innovation network grants <sup>9</sup>		100,000	100,000
Transfer to the North Dakota development fund <sup>10</sup>		5,000,000	5,000,000
Autonomous agriculture grants <sup>10</sup>		10,000,000	10,000,000
Local workforce development incentive grants <sup>10</sup>		15,000,000	15,000,000
<b>Total</b>	<b>\$3,165,432</b>	<b>\$135,409,064</b>	<b>\$138,574,496</b>

<sup>1</sup>Funding for the UAS program is from the UAS fund.

<sup>2</sup>Other funding for this program is from the strategic investment and improvements fund.

<sup>3</sup>Funding for this program is from the federal Coronavirus Relief Fund, as identified in Section 8 of Senate Bill No. 2018.

<sup>4</sup>Funding for the technical skills training grants program is from the Coronavirus Relief Fund (\$1 million) and the federal State Fiscal Recovery Fund (\$5 million).

<sup>5</sup>Of the \$7 million appropriated from the 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 million, including \$565,432 of one-time funding from the general fund.

<sup>6</sup>Funding for discretionary funding was provided in House Bill No. 1015.

<sup>7</sup>Funding for the state small business credit initiative program was provided from federal COVID-19 funds in House Bill No. 1395.

<sup>8</sup>Funding for the workforce community services program and the community development planning grants program is from federal funds.

<sup>9</sup>Funding for the workforce innovation network grant program is from special funds from the National Governors Association.

<sup>10</sup>Funding for this program is from the State Fiscal Recovery Fund.

Travel agent and tour operator emergency resiliency grants	appropriated from the State Fiscal Recovery Fund. The department anticipates spending the entire appropriation during the biennium. The first of multiple planned grant application periods opened on April 14, 2022. Pursuant to emergency authority provided in House Bill No. 1015, the department spent \$1,261,917 during the 2019-21 biennium and spent \$272,963 during the 2021-23 biennium. The remaining \$465,120 was returned to the Coronavirus Relief Fund to be reallocated to other agencies prior to end of calendar year 2021.
Event center emergency resiliency grants	Pursuant to emergency authority provided in House Bill No. 1015, the department spent \$1,848,428 during the 2019-21 biennium and spent \$151,571 during the 2021-23 biennium. The remaining \$1 was returned to the Coronavirus Relief Fund to be reallocated to other agencies prior to end of calendar year 2021.
Tourism marketing and branding	Through March 2022, the department spent the entire \$7 million appropriation, including \$434,568 for the tourism transportation improvement grant program.
Tourism transportation improvement grant	The department distributed \$146,296 of the \$565,432 general fund appropriation in December 2021 and anticipates distributing the remaining \$419,136 by the end of the biennium as requested by the grant recipient.
Discretionary funds	See the <b>Discretionary funds</b> section.
State small business credit initiative program	The department has applied for funding but through March 2022, has not received a response from the United States Department of the Treasury.
Workforce community services (AmeriCorps)	The department was awarded \$1.2 million for AmeriCorps projects. Through March 2022, the department has not spent any of the \$1,074,888 appropriation.
Community development planning grants	Through March 2022, the department has spent \$15,632 of the \$1 million appropriation and anticipates the entire amount will be spent by the end of the biennium.
Workforce innovation network grants	The department has not spent any of the \$100,000 appropriation but anticipates the entire amount will be spent by the end of the biennium.
Transfer to the North Dakota development fund	The funding is expected to be transferred in the 4 <sup>th</sup> quarter of 2022 or 1 <sup>st</sup> quarter of 2023.
Autonomous agriculture grants	Through March 2022, the department has not spent any of the \$10 million appropriation. A request for proposal was issued and the funding was awarded to Emerging Prairie and the Grand Farm Research and Education Initiative in October 2021.
Local workforce development incentive grants	Through March 2022, the department has not spent any of the \$15 million appropriation. The application period for the program is from March 30, 2022, to July 30, 2022.

**Federal COVID-19 funding - 2019-21 biennium** - The following is a summary of federal COVID-19 supplementary appropriations provided by the 2021 Legislative Assembly to the Department of Commerce for the 2019-21 biennium. The Legislative Assembly authorized the funding to be continued into the 2021-23 biennium.

	Federal Funds
Federal COVID-19 funds (House Bill No. 1394) <sup>1</sup>	\$11,393,078
Coronavirus Relief Fund (House Bill No. 1395) <sup>2</sup>	82,179,000
Total	\$93,572,078

<sup>1</sup>Of 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.

<sup>2</sup>Of the funding appropriated from the 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.

**Unmanned aircraft systems program** - The 2021 Legislative Assembly appropriated \$13,020,150 to the Department of Commerce for the UAS program during the 2021-23 biennium, of which \$1,000,000 is one-time funding from the UAS fund, \$1,020,150 is ongoing funding from the UAS fund, \$3,000,000 is ongoing funding from the general fund, and \$8,000,000 is from federal funds.

In Section 12 of Senate Bill No. 2018 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.

Section 19 of Senate Bill No. 2018 includes 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.

**Beyond visual line of sight unmanned aircraft system program** - In Section 12 of House Bill No. 1018 (2019), the Legislative Assembly provided a supplemental appropriation of \$28 million from the general fund to the Department of Commerce for the 2017-19 biennium for a BVLOS UAS program. The department was authorized to continue funding for the program into the 2019-21 biennium.

Section 13 of the bill 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 must require any entity receiving

Through March 2022, the department has spent \$3,142,753 on programs approved in House Bill No. 1394, including \$16,784 on the community development block grant, \$1,067,024 on the community services block grant, and \$2,058,945 on the emergency solution grant program.

Through December 2021, the department spent \$79,042,849 of the \$82,179,000 appropriated from the Coronavirus Relief Fund to the department in House Bill No. 1395. The remaining \$3,136,151 was returned to the fund to be reallocated to other agencies prior to the end of calendar year 2021.

Actual spending from Coronavirus Relief Fund appropriations in House Bill No. 1395 is as follows:

Program	Coronavirus Relief Fund House Bill No. 1395 Actual Spending
Economic resiliency grants	\$37,994,301
Hospitality economic resiliency grants	37,624,031
Technical skills training grants	924,517
Health care and emergency responder COVID-19 grants	2,500,000
Total	\$79,042,849

Through March 2022, the department spent \$117,547 from the general fund, \$294,853 from the UAS fund, and \$3,773,350 of federal funds. The department also spent \$420,775 from the general fund that was appropriated during the 2019-21 biennium and continued into the 2021-23 biennium. The department anticipates spending the entire \$13,020,150 appropriation during the biennium.

Through March 2022, the department spent \$294,853 on contractual fees from the UAS fund pursuant to Section 54-60-29.

The department is working with the Northern Plains UAS Test Site to maximize earned revenue as much as possible while complying with United States Federal Aviation Administration requirements.

See the **Exemptions** section for additional information.

The department did not spend any of the \$28 million supplementary appropriation during the 2017-19 biennium. The department spent \$23 million during the 2019-21 biennium and continued \$5 million into the 2021-23 biennium.

The Department of Commerce did not grant funding to the Department of Transportation, instead spending the \$5 million on other available BVLOS UAS infrastructure construction opportunities during the 2021-23 biennium.

Through March 2022, the Department of Commerce has spent \$1,194,029 from the strategic investment and improvements fund during the 2021-23 biennium. It is unknown how much will be spent during the 2021-23 biennium. The department

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 general fund.

In Section 3 of Senate Bill No. 2018, the Legislative Assembly appropriated 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. Section 14 of the bill included an exemption to allow the Department of Commerce to continue funding from the 2017-19 biennium supplemental appropriation into the 2021-23 biennium and to provide grants of up to \$5 million to the Department of Transportation, pursuant to the appropriation in Section 3.

In Senate Bill No. 2018, the Legislative Assembly appropriated \$20 million to the Department of Commerce for the BVLOS UAS program for the 2021-23 biennium, of which \$1 million is from the general fund and \$19 million is from the strategic investment and improvements fund. Section 9 of the bill provided the \$1 million from the general fund 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.

**Discretionary funds** - The 2021 Legislative Assembly appropriated \$3.15 million from the general fund to the Department of Commerce for discretionary funds, of which \$2.15 million was appropriated in Senate Bill No. 2018 and \$1 million was appropriated in House Bill No. 1015. The department is authorized to continue the \$2.15 million general fund 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.

**Operation Intern program** - In Section 4 of Senate Bill No. 2018, the Legislative Assembly authorized the Office of Management and Budget to transfer \$755,000 from the Department of Commerce operating expenses line item to the internship fund for administering the Operation Intern program during the 2021-23 biennium.

**State apprenticeship program** - In August 2020, the Emergency Commission and Budget Section approved a request from the Department

distributed \$250,000 of the \$1,000,000 general fund appropriation in January 2022 and anticipates distributing the remaining \$750,000 as matching funds are raised and grant funding is requested by the grant recipient.

The department does not anticipate quarterly payments will be remitted to the State Treasurer until 2024.

See the **Exemptions** section for additional information.

The department spent \$127 of the 2019-21 biennium appropriation prior to June 30, 2021, and continued \$2,149,873 into the 2021-23 biennium. Through March 2022, the department has spent \$1,585,983 from the discretionary funds line item for various workforce recruitment and training programs, grants to cities, tourism planning grants, foreign direct investment costs, and other workforce and community service initiatives. It is unknown how much will be spent during the 2021-23 biennium. See the **Exemptions** section for additional information.

The transfer was made in August 2021. Through March 2022, the department has spent \$423,394 on the Operation Intern program and anticipates spending the entire appropriation, which is expected to provide funding for 461 student internships in 146 businesses during the biennium. See the **Exemptions** section for additional information.

Through March 2022, the department has spent \$161,226 and anticipates spending the entire appropriation by the end of the biennium. The funding has

of Commerce to accept and spend \$694,317 of federal funds for a state apprenticeship program, which was transferred to the North Dakota State College of Science for administration of the program.

In Senate Bill No. 2018, the Legislative Assembly appropriated \$347,157 of additional federal funding to the department for the program.

**Rural health care grants program** - In Senate Bill No. 2018, the Legislative Assembly appropriated \$250,000 from the general fund to the department 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.

**Homeless shelter grants** - In Senate Bill No. 2018, the 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.

**Exemptions** - In Section 10 of House Bill No. 1018 (2019), the Legislative Assembly provided an exemption to allow unexpended 2019-21 biennium funds for the entrepreneurship grants and vouchers program to continue and to be spent during the 2021-23 biennium.

In Senate Bill No. 2018, the Legislative Assembly provided exemptions to allow unexpended 2019-21 biennium funds to continue and to be spent during the 2021-23 biennium for the following programs:

- Section 14 - BVLOS UAS program.
- Section 15 - UAS program.
- Section 16 - Enhanced use lease grant program.
- Section 17 - Nonresident nurse employment recruitment program.
- Section 18 - Discretionary funds.

been used to establish apprenticeship programs at four businesses, resulting in 11 student apprenticeships.

Through March 2022, the department has not spent any funding. The department anticipates distributing the funding by the end of the biennium.

Through March 2022, the department has spent \$154,872. It is unknown how much funding will be spent during the biennium. From July 2021 through March 2022, the department reported 1,390 individuals were assisted using funding from the program, which is used in conjunction with federal funding from the emergency solutions grant program.

The department continued the following unspent 2019-21 biennium funding into the 2021-23 biennium:

<b>Program</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
Entrepreneurship grants and vouchers	\$109,695	\$582,500	\$692,195
BVLOS UAS	5,000,000		5,000,000
UAS	420,775		420,775
Enhanced use lease grant	820,090		820,090
Nonresident nurse employment recruitment	7,280		7,280
Discretionary funds	2,149,873		2,149,873
<b>Total</b>	<b>\$8,507,713</b>	<b>\$582,500</b>	<b>\$9,090,213</b>