

PROPOSED AMENDMENTS TO SENATE BILL NO. 2019

Page 1, line 1, replace "an appropriation" with "appropriations"

Page 1, line 2, after "finance" insert ", to the Bank of North Dakota for economic development, and to the agricultural products utilization commission for grants" and remove the second "and"

Page 1, line 3, after "funds" insert "; and to amend and reenact sections 4-01-19, 4-14.1-04, subsection 4 of section 10-30.5-02, and section 10-30.5-05 of the North Dakota Century Code, relating to the pride of Dakota program, the agricultural products utilization commission, and administration and management of the North Dakota development fund"

Page 1, line 11, replace "2,421,849" with "1,634,811"

Page 1, line 14, replace "1,313,141" with "1,233,641"

Page 1, remove line 17

Page 1, line 20, replace "15,154,715" with "12,378,302"

Page 1, line 22, replace "10,342,044" with "7,565,631"

Page 1, after line 22, insert:

**"SECTION 2. APPROPRIATION.** The funds provided in this section, or so much of the funds as may be necessary, are hereby appropriated from special funds derived from Bank of North Dakota earnings to the Bank of North Dakota for the purpose of economic development funding, for the biennium beginning July 1, 1997, and ending June 30, 1999, as follows:

|  |               |
|--|---------------|
| Salaries and wages                                     | \$ 490,577    |
| North Dakota development fund                          | 1,909,875     |
| Grants   | <u>79,500</u> |
| Total appropriation from Bank of North Dakota earnings | \$2,479,952   |

**SECTION 3. APPROPRIATION.** All income received in excess of the amounts appropriated in section 1 of this Act is hereby appropriated to the agricultural products utilization commission for research, marketing, and utilization grants for the biennium beginning July 1, 1997, and ending June 30, 1999. Any funds received require the approval of the emergency commission before they may be expended.

**SECTION 4. AGRICULTURAL FUEL TAX FUND.** The estimated income line item in section 1 of this Act includes \$1,007,243 from the agricultural fuel tax fund for the biennium beginning July 1, 1997, and ending June 30, 1999.

**SECTION 5. HIGHWAY TAX DISTRIBUTION FUND - ETHANOL PRODUCTION INCENTIVES.** The estimated income line item in section 1 of this Act includes \$3,007,000, or so much of the amount as may be necessary, from the highway tax distribution fund for the ethanol production incentive program. Of this amount, \$3,000,000 is for the purpose of providing production incentives to North Dakota ethanol plants and \$7,000 is for audits of the use of these funds for the biennium

beginning July 1, 1997, and ending June 30, 1999. Distribution from the appropriation in section 1 of this Act to the producers of agriculturally derived fuel must be at the rate of forty cents for each gallon of agriculturally derived fuel produced in the state which is marketed by the producing plant to a distributor or wholesaler for sale within North Dakota. For purposes of this section, "gallon of agriculturally derived fuel" means a gallon of fuel that qualifies for the alcohol credit under 26 U.S.C. 40, specifically including fuel to which a denaturant has been added. Payment to the producing plant must be approved by the agricultural products utilization commission upon presentation by the plant of an affidavit to the effect that the ethanol sold from the plant and for which the producer's credit is being sought is to be sold at retail to consumers in North Dakota. The affidavit of the producer of the ethanol must be accompanied by an affidavit from the wholesaler or retailer to the same effect. Within ninety days after the end of each fiscal year of the ethanol plant beginning after December 31, 1992, any North Dakota ethanol plant receiving production incentives from the state shall file with the budget section of the legislative council a statement, certified by a certified public accountant, as to whether the plant produced a profit from its operation in the preceding fiscal year, after deducting the payments received from this incentive program.

**SECTION 6. EXEMPTION.** The funds appropriated in the agricultural products utilization line item in section 1 of this Act are not subject to section 54-44.1-11 and any unexpended funds from this line item relating to grants awarded may be available for continued payment of grants awarded but not paid during the biennium beginning July 1, 1997, and ending June 30, 1999."

Page 1, line 24, remove "\$1,909,875 must be transferred to the North"

Page 2, line 1, remove "Dakota development fund and"

Page 2, line 5, replace "available in" with "transferred to"

Page 2, line 9, replace the first "director" with "president", replace "department" with "Bank", replace "economic development and finance" with "North Dakota", and replace the second "director" with "president"

Page 2, line 10, replace "department" with "Bank" and replace "economic development and finance" with "North Dakota"

Page 2, line 12, after the period insert "Of the amount available in the North Dakota development fund, \$4,000,000 or the unobligated balance on July 1, 1997, relating to the transfer of regional rural development revolving loan fund moneys, must continue to be dedicated for the purpose of providing financial assistance, research and development assistance, and loans or equity or debt financing on a matching basis to new or expanded primary sector businesses in areas of the state which are not within five miles [8.05 kilometers] of any city with a population of more than eight thousand. These funds must be allocated for the benefit of each of the areas delineated as regions by executive order of the governor pursuant to section 54-40.1-02."

Page 2, remove lines 13 through 17

Page 2, after line 30, insert:

**"SECTION 11. LEGISLATIVE INTENT - DEVELOPMENT SPECIALIST.** It is the intent of the fifty-fifth legislative assembly that the Bank of North Dakota employ a development specialist to administer the North Dakota development fund and promote economic development.

**SECTION 12. AMENDMENT.** Section 4-01-19 of the 1995 Supplement to the North Dakota Century Code is amended and reenacted as follows:

**4-01-19. Marketing bureau.** The commissioner of agriculture of this state shall establish and maintain a marketing bureau for the purpose of gathering and disseminating statistical information on agricultural marketing problems of the state and engaging in marketing services of agricultural products. ~~Any moneys received or generated by the pride of Dakota program must be deposited in the general fund in the state treasury.~~

**SECTION 13. AMENDMENT.** Section 4-14.1-04 of the 1995 Supplement to the North Dakota Century Code is amended and reenacted as follows:

**4-14.1-04. Agricultural products utilization commission - Meetings - Personnel - Reports.** The agricultural products utilization commission, which is a division of the department of economic development and finance, shall meet as necessary and shall report to each session of the legislative assembly. The commission may secure office space ~~and,~~ employ needed personnel for the performance of its duties, ~~may~~ hire consultants, spend any funds appropriated to the commission, and ~~may~~ contract with public entities or private parties for services.

**SECTION 14. AMENDMENT.** Subsection 4 of section 10-30.5-02 of the North Dakota Century Code is amended and reenacted as follows:

4. The ~~director~~ president of the ~~department~~ Bank of ~~economic development and finance~~ North Dakota shall adopt rules, subject to the approval of the board of directors, necessary to implement the administration of the fund. The rules to implement the grant program must be developed to encourage local fundraising initiatives for developing locations for businesses financed by the corporation.

**SECTION 15. AMENDMENT.** Section 10-30.5-05 of the North Dakota Century Code is amended and reenacted as follows:

**10-30.5-05. Management.** The ~~deputy director~~ president of the ~~finance division~~ Bank of the ~~department~~ North Dakota shall appoint the chief executive officer of the corporation. The board of directors shall determine minimum qualifications of all other staff positions.

All investments, contracts, partnerships, limited liability companies, and business transactions of the corporation are the responsibility of the ~~deputy director~~ chief executive officer and the board of directors. The board may provide that normal operating costs anticipated in an approved budget may be incurred and paid without prior board approval."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

DEPARTMENT 601 - DEPARTMENT OF ECONOMIC DEVELOPMENT AND FINANCE

SENATE - This amendment makes the following changes:

|                    | 1997-99<br>EXECUTIVE<br>RECOMMENDATION | TRANSFER<br>ECONOMIC<br>DEVELOPMENT<br>FUNDING<br>TO BANK OF<br>NORTH DAKOTA | POSITIONS<br>DELETED | SENATE<br>VERSION |
|--------------------|--|--|----------------------|-------------------|
| Salaries and wages | \$ 2,421,849                           | \$ (490,577)   | \$(296,461)          | \$ 1,634,811      |
| Operating expenses | 1,591,673                              |  |                      | 1,591,673         |
| Equipment          | 34,000                                 |  |                      | 34,000            |

|                                   |                |                             |                             |                |
|-----------------------------------|----------------|-----------------------------|-----------------------------|----------------|
| Grants                            | 1,313,141      | (79,500)                    |                             | 1,233,641      |
| General allocation grants         | 725,690        |                             |                             | 725,690        |
| Technology Transfer, Inc.         | 1,410,380      |                             |                             | 1,410,380      |
| Development fund                  | 1,909,875      | (1,909,875)                 |                             |                |
| Agricultural Products Utilization | 5,598,107      |                             |                             | 5,598,107      |
| Pride of Dakota                   | <u>150,000</u> | <u>                    </u> | <u>                    </u> | <u>150,000</u> |
| Total                             | \$15,154,715   | \$(2,479,952)               | \$(296,461)                 | \$12,378,302   |
| Special funds                     | \$ 4,812,671   |                             |                             | \$ 4,812,671   |
| General fund                      | 10,342,044     | \$(2,479,952)               | \$(296,461)                 | 7,565,631      |
| FTE positions                     | 30             | (5)                         | (4)                         | 21             |

DEPARTMENT 471 - BANK OF NORTH DAKOTA

SENATE - This amendment transfers from the Department of Economic Development and Finance to the Bank of North Dakota, the North Dakota development fund and funding for five FTE positions relating to the fund (\$490,577). This amendment also deletes general fund appropriation authority from the Department of Economic Development and Finance and provides an appropriation to the Bank of North Dakota from the Bank's earnings for the following programs: Native American business grants (\$27,500), women's business grants (\$52,000), and the North Dakota development fund line item. This amendment also deletes the authority for four FTE positions and related general fund appropriation authority of \$296,461.

This amendment also removes Section 4 of the bill which allowed the reallocation of funds between Technology Transfer, Inc., and the North Dakota development fund. This authority is no longer necessary because of the transfer of the North Dakota development fund to the Bank of North Dakota.

This amendment also changes Section 4 to provide that the balance in the North Dakota development fund relating to the regional rural development revolving loan fund of approximately \$4,000,000 must be dedicated for providing assistance to new or expanding primary sector businesses in rural areas.

This amendment also provides changes related to the payment of ethanol production incentives from the highway tax distribution fund to the Agricultural Products Utilization Commission.