A BILL for an Act to provide an appropriation for defraying the expenses of the department of commerce; to create and enact section 54-45.5-10 and two new sections to chapter 54-65 of the North Dakota Century Code, relating to the energy conservation fund and the research North Dakota program; to amend and reenact sections 4-14.1-02, 4-14.1-03, 4-44-03, 17-02-05, 54-18-21, 57-43.1-03, 57-43.1-03.1, 57-43.1-03.3, and 57-43.1-08 of the North Dakota Century Code, relating to the agricultural fuel tax fund, ethanol production incentive fund, and the agricultural research fund; to provide exemptions; to provide for transfers; to provide a continuing appropriation; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, and from special funds derived from federal funds and other income, to the department of commerce for the purpose of defraying the expenses of the department of commerce, for the biennium beginning July 1, 2013, and ending June 30, 2015, as follows:

<table>
<thead>
<tr>
<th>Item</th>
<th>Base Level</th>
<th>Enhancements</th>
<th>Appropriation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and wages</td>
<td>$10,858,251</td>
<td>$1,538,719</td>
<td>$12,396,970</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>13,876,650</td>
<td>2,557,951</td>
<td>16,434,601</td>
</tr>
<tr>
<td>Capital assets</td>
<td>70,018</td>
<td>(60,018)</td>
<td>10,000</td>
</tr>
<tr>
<td>Grants</td>
<td>59,977,994</td>
<td>(830,044)</td>
<td>59,147,950</td>
</tr>
<tr>
<td>Discretionary funds</td>
<td>928,082</td>
<td>0</td>
<td>928,082</td>
</tr>
<tr>
<td>Workforce enhancement fund</td>
<td>0</td>
<td>2,000,000</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Economic development initiatives</td>
<td>186,846</td>
<td>0</td>
<td>186,846</td>
</tr>
</tbody>
</table>
### SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SIXTY-FOURTH LEGISLATIVE ASSEMBLY.

The following amounts reflect the one-time funding items approved by the sixty-second legislative assembly for the 2011-13 biennium and the 2013-15 one-time funding items included in the appropriation in section 1 of this Act:

<table>
<thead>
<tr>
<th>One-Time Funding Description</th>
<th>2011-13</th>
<th>2013-15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workforce enhancement fund</td>
<td>$375,000</td>
<td>$2,000,000</td>
</tr>
<tr>
<td>Electronic portfolio pilot project</td>
<td>150,000</td>
<td>0</td>
</tr>
<tr>
<td>2020 and beyond</td>
<td>50,000</td>
<td>0</td>
</tr>
<tr>
<td>American Indian business office</td>
<td>50,000</td>
<td>0</td>
</tr>
<tr>
<td>Flood impact grants/loans</td>
<td>235,000,000</td>
<td>11,782,866</td>
</tr>
<tr>
<td>Centers of research excellence</td>
<td>12,000,000</td>
<td>0</td>
</tr>
<tr>
<td>Research North Dakota</td>
<td>0</td>
<td>12,000,000</td>
</tr>
<tr>
<td>Unmanned aircraft system</td>
<td>0</td>
<td>5,000,000</td>
</tr>
<tr>
<td>Base retention grants</td>
<td>0</td>
<td>1,500,000</td>
</tr>
<tr>
<td>Tourism large infrastructure grants</td>
<td>0</td>
<td>1,325,000</td>
</tr>
<tr>
<td>Child care facility grants</td>
<td>0</td>
<td>5,000,000</td>
</tr>
<tr>
<td>Transportation study</td>
<td>0</td>
<td>350,000</td>
</tr>
<tr>
<td>North Dakota planning initiative</td>
<td>0</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Federal fiscal stimulus</td>
<td>24,496,750</td>
<td>796,770</td>
</tr>
<tr>
<td>Total all funds</td>
<td>$272,121,750</td>
<td>$40,754,636</td>
</tr>
</tbody>
</table>
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1 Less estimated income 259,496,750 16,579,636
2 Total general fund $12,625,000 $24,175,000

The 2013-15 one-time funding amounts are not a part of the entity’s base budget for the
2015-17 biennium. The department of commerce shall report to the appropriations committees
of the sixty-fourth legislative assembly on the use of this one-time funding for the biennium
beginning July 1, 2013, and ending June 30, 2015.

SECTION 3. AMENDMENT. Section 4-14.1-02 of the North Dakota Century Code is
amended and reenacted as follows:

4-14.1-02. Agricultural fuel-tax products utilization fund - Purposes - Continuing
appropriation.

There is created in the state treasury a fund known as the agricultural fuel-tax products
utilization fund which must be used to fund programs for the enhancement of agricultural
research, development, processing, technology, and marketing. The fund must be used to-
defray all moneys in the fund are appropriated to the department of commerce on a continuing
basis for the purpose of defraying the expenses of the North Dakota agricultural products
utilization commission necessary to implement the purposes of this chapter. Interest earned on
moneys in the fund must be credited to the fund.

SECTION 4. AMENDMENT. Section 4-14.1-03 of the North Dakota Century Code is
amended and reenacted as follows:

4-14.1-03. Agricultural products utilization commission - Composition - Appointment.

The agricultural fuel-tax products utilization fund must be administered by the agricultural
products utilization commission. The commission consists of nine members, five of whom must
be appointed by the governor for terms of two years each, arranged so that two terms expire in
odd-numbered years and three terms expire in even-numbered years. Three members
appointed by the governor must be actively engaged in farming in this state and two members
appointed by the governor must be actively engaged in business in this state. The agriculture
commissioner shall appoint one member for a term of two years which expires in odd-numbered
years. The member appointed by the commissioner must be actively engaged in farming in this
state. Commission members may be reappointed to the commission. Terms of commissioners
shall run from the first day of July. The commissioner of commerce, the president of North
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Dakota state university, and the agriculture commissioner, or their designees, are members of
the commission. The commission shall elect one of its members as chairman.

SECTION 5. AMENDMENT. Section 4-44-03 of the North Dakota Century Code is amended
and reenacted as follows:

4-44-03. (Effective through June 30, 2015) Crop insurance development board -
Duties.

1. The crop insurance development board shall assess the feasibility and desirability of
proposals submitted by individuals and by public and nonpublic entities pertaining to
the development and implementation of crop insurance instruments. The board may
authorize the awarding of grants to assist with future actuarial and development costs.

2. Grants may be awarded for up to seventy-five percent of the first fifty thousand dollars
and up to fifty percent of the costs thereafter.

3. The board shall establish conditions pertaining to the receipt of grants, including the
repayment of some or all of the grants with moneys received by the applicant from the
federal crop insurance corporation for continued development of the proposal. The
board shall forward any moneys received as repayments under this section to the
state treasurer for deposit in the agricultural fuel tax products utilization fund.

SECTION 6. AMENDMENT. Section 17-02-05 of the North Dakota Century Code is
amended and reenacted as follows:

17-02-05. Ethanol production incentive fund - Continuing appropriation.

There is created in the state treasury a special fund known as the ethanol production
incentive fund. The fund consists of transfers made in accordance with section 39-04-39 and
deposits made in accordance with section 57-43-03.1. All moneys in the fund are appropriated
on a continuing basis to the office of renewable energy and energy efficiency for use in paying
ethanol production incentives under this chapter.

SECTION 7. AMENDMENT. Section 54-18-21 of the North Dakota Century Code is
amended and reenacted as follows:


Within thirty days after the conclusion of each fiscal year, the industrial commission shall
transfer five percent of the net income earned by the state mill and elevator association during
that fiscal year to the agricultural fuel tax products utilization fund.
SECTION 8. Section 54-45.5-10 of the North Dakota Century Code is created and enacted as follows:

54-44.5-10. Energy conservation grant fund - Continuing appropriation.

The energy conservation grant fund is a special fund in the state treasury. All funds in the energy conservation grant fund are appropriated to the department on a continuing basis for the purpose of providing grants to political subdivisions for energy conservation projects in nonfederal public buildings. Interest earned by the fund must be credited to the fund.

SECTION 9. A new section to chapter 54-65 of the North Dakota Century Code is created and enacted as follows:

Research North Dakota grants.

The department shall establish and administer a research North Dakota grant program to provide grants to a research university for research, development, and commercialization activities related to a private sector partner. The centers of excellence commission, established under chapter 15-69, shall make grant award determinations under this section. The department shall work with the centers of excellence commission in establishing guidelines to qualify for a grant under this section. Before the commission directs the department to distribute funds awarded under this section, the research university shall provide the commission with detailed documentation of private sector participation and the availability of one dollar of matching funds for each dollar of state funds to be distributed. Matching funds must be in the form of cash given to the research university and may not include in-kind assets.

SECTION 10. A new section to chapter 54-65 of the North Dakota Century Code is created and enacted as follows:

Research North Dakota fund - Continuing appropriation.

The research North Dakota fund is a special fund in the state treasury. All moneys in the research North Dakota fund are appropriated to the department of commerce on a continuing basis for the purpose of implementing and administering this chapter. Interest earned on moneys in the fund must be credited to the fund.

SECTION 11. AMENDMENT. Section 57-43.1-03 of the North Dakota Century Code is amended and reenacted as follows:
57-43.1-03. Refund of tax for fuel used for an industrial purpose - Reduction for agricultural fuel tax products utilization fund.

Any consumer who buys or uses any motor vehicle fuel for an industrial purpose on which the motor vehicle fuel tax has been paid may file a claim with the commissioner for a refund under this chapter. The amount of the tax refund provided for in this section must be reduced by one-half cent per gallon [3.79 liters], except for those fuels used in aircraft or with respect to refunds claimed by aircraft fuel users, and the one-half cent per gallon [3.79 liters] withheld from the refund must be deposited in the agricultural fuel tax products utilization fund.

SECTION 12. AMENDMENT. Section 57-43.1-03.1 of the North Dakota Century Code is amended and reenacted as follows:

57-43.1-03.1. Refund of tax for fuel used for agricultural purposes - Reductions.

Any consumer who buys or uses any motor vehicle fuel for an agricultural purpose on which the motor vehicle fuel tax has been paid may file a claim with the commissioner for a refund under this chapter. The amount of the tax refund under this section must be reduced by seven cents per gallon [3.79 liters] except for those fuels used in aircraft or with respect to refunds claimed by aircraft fuel users. Two cents per gallon [3.79 liters] withheld from the refund must be deposited in the agricultural fuel tax fund, one cent per gallon [3.79 liters] withheld from the refund must be deposited in the ethanol production incentive fund, and four cents per gallon [3.79 liters] withheld from the refund must be deposited in the agricultural research fund.

SECTION 13. AMENDMENT. Section 57-43.1-03.3 of the North Dakota Century Code is amended and reenacted as follows:

57-43.1-03.3. Refund to emergency medical services operation.

Upon application to the commissioner, the operator of an emergency medical services operation licensed under chapter 23-27 is entitled to a refund of taxes paid under this chapter for motor vehicle fuel purchased and used by the emergency medical services operation. The refund provided for in this section is not subject to reduction for deposit in the agricultural fuel tax products utilization fund, the ethanol production incentive fund, or the agricultural research fund.

SECTION 14. AMENDMENT. Section 57-43.1-08 of the North Dakota Century Code is amended and reenacted as follows:
57-43.1-08. Refund to state or political subdivision.

When any construction, reconstruction, or maintenance of a public road, highway, street, or airport is undertaken by the state or any political subdivision in the state and public funds of the United States, state, or any political subdivision are directly used for the purchasing of motor vehicle fuel to be used in publicly owned vehicles for such construction, reconstruction, or maintenance, such motor vehicle fuel is subject to a refund of the tax paid on the fuel as provided for in this chapter and under the same terms and conditions. The refund provided for in this section may not be reduced for deposit to the agricultural fuel products utilization fund.

SECTION 15. EXEMPTION. The amount appropriated for the agricultural products utilization commission in section 1 of chapter 50 of the 2011 Session Laws is not subject to section 54-44.1-11 and any unexpended funds from this line item for grants are available for grants during the biennium beginning July 1, 2013, and ending June 30, 2015.

SECTION 16. EXEMPTION. The amount appropriated for the discretionary funds line item in section 1 of chapter 50 of the 2011 Session Laws is not subject to section 54-44.1-11 and any unexpended funds from this line item are available during the biennium beginning July 1, 2013, and ending June 30, 2015.

SECTION 17. EXEMPTION. The amount appropriated for the technology-based entrepreneurship grant program contained in the grants line item in section 1 of chapter 50 of the 2011 Session Laws is not subject to section 54-44.1-11 and any unexpended funds from this line item are available during the biennium beginning July 1, 2013, and ending June 30, 2015.

SECTION 18. EXEMPTION. Any amount carried over pursuant to section 22 of chapter 50 of the 2011 Session Laws that is unexpended as of June 30, 2013, is not subject to section 54-44.1-11 and is available for promotion and marketing of the USS North Dakota during the biennium beginning July 1, 2013, and ending June 30, 2015.

SECTION 19. EXEMPTION. Any amount carried over pursuant to section 18 of chapter 50 of the 2011 Session Laws, relating to the antiballistic missile site acquisition grant and base realignment grant, that is unexpended as of June 30, 2013, is not subject to section 54-44.1-11 and is available for a grant to assist in the acquisition of the antiballistic missile site at the Stanley R. Mickelson safeguard complex in Nekoma and for a base realignment grant to enhance economic development and employment opportunities associated with the Minot air
force base resulting from action by the federal defense base closure and realignment
commission during the biennium beginning July 1, 2013, and ending June 30, 2015.

SECTION 20. TRANSFER - WORKFORCE ENHANCEMENT FUND. The office of
management and budget shall transfer the amount appropriated in the workforce enhancement
fund line item in section 1 of this Act to the workforce enhancement fund for the purpose of
implementing and administering sections 54-60-21 and 54-60-22, for the biennium beginning
July 1, 2013, and ending June 30, 2015.

SECTION 21. TRANSFER - INTERNSHIP FUND. The office of management and budget
shall transfer $1,500,000 of the amount appropriated in the operating expenses line item in
section 1 of this Act to the internship fund for the purpose of administering the operation intern
program, for the biennium beginning July 1, 2013, and ending June 30, 2015.

SECTION 22. TRANSFER - RESEARCH NORTH DAKOTA FUND. The office of
management and budget shall transfer the amount appropriated in the research North Dakota
line item in section 1 of this Act to the research North Dakota fund for the purpose of
implementing and administering the research North Dakota program, for the biennium
beginning July 1, 2013, and ending June 30, 2015.

SECTION 23. TRADE OFFICE - MATCHING FUND REQUIREMENT. The total North
Dakota trade office special line item and the general fund appropriation in section 1 of this Act
include $2,613,400 of funding relating to the North Dakota trade office. The department of
commerce may spend seventy percent of this amount without requiring any matching funds
from the trade office. Any additional amounts may be spent only to the extent that the North
Dakota trade office provides one dollar of matching funds from private or other public sources
for each one dollar provided by the department for the biennium beginning July 1, 2013, and
ending June 30, 2015. Matching funds may include money spent by businesses or
organizations to pay salaries to export assistant, provide training to export assistants, or buy
computer equipment as part of the North Dakota trade office’s export assistance program.

SECTION 24. BASE RETENTION GRANT PROGRAM. The grants line item in section 1 of
this Act includes the sum of $1,500,000 from the general fund for a base retention grant
program to be developed by the department of commerce, for the biennium beginning July 1,
2013, and ending June 30, 2015. Grants are available to communities with air force bases only
to the extent matching funds have been secured from nonstate sources on a dollar-for-dollar cash basis.

SECTION 25. CHILD CARE FACILITY GRANT PROGRAM. The grants line item in section 1 of this Act includes the sum of $5,000,000 from the general fund for a child care facility grant program to be developed by the department of commerce, for the biennium beginning July 1, 2013, and ending June 30, 2015. The department shall establish guidelines to qualify for a grant under this section which must include a matching requirement of one dollar of matching funds for every three dollars of grant funds and a maximum grant amount of $187,500.

SECTION 26. UNMANNED AIRCRAFT SYSTEMS PROGRAM. The grants line item in section 1 of this Act includes the sum of $1,000,000 from the general fund for costs related to pursuing federal aviation administration designation as an unmanned aircraft systems test site. The grants line item in section 1 of this Act includes the sum of $4,000,000 from the strategic investment and improvements fund for operations of the test site, contingent upon receiving official designation by the federal aviation administration as a national test site.

SECTION 27. EMERGENCY. Funding of $1,500,000 in the operating expenses line item in section 1 of this Act, relating to the operation intern program, and sections 21 and 26 of this Act are declared to be an emergency.