Sixty-sixth Legislative Assembly of North Dakota

Introduced by

Appropriations Committee

HOUSE BILL NO. 1018

A BILL for an Act to provide an appropriation for defraying the expenses of the department of commerce; to provide exemptions; and to provide for a legislative management study of the unmanned aircraft systems industry; to provide for a transfer; to provide for a report; 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, 2019, and ending June 30, 2021, as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>Governor's Base Level</th>
<th>Recommendation</th>
<th>Appropriation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and wages</td>
<td>$12,995,788</td>
<td>$13,218,920</td>
<td>$12,995,788</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>15,477,622</td>
<td>51,966,013</td>
<td>15,477,622</td>
</tr>
<tr>
<td>Capital assets</td>
<td>0</td>
<td>50,000,000</td>
<td>0</td>
</tr>
<tr>
<td>Grants</td>
<td>48,910,416</td>
<td>54,889,811</td>
<td>48,910,416</td>
</tr>
<tr>
<td>Discretionary funds</td>
<td>2,200,000</td>
<td>1,200,000</td>
<td>2,200,000</td>
</tr>
<tr>
<td>Grants—tribal colleges</td>
<td>0</td>
<td>500,000</td>
<td>0</td>
</tr>
<tr>
<td>Agricultural products utilization commission</td>
<td>3,152,915</td>
<td>682,454</td>
<td>3,152,915</td>
</tr>
<tr>
<td>Research North Dakota</td>
<td>0</td>
<td>20,000,000</td>
<td>0</td>
</tr>
<tr>
<td>North Dakota trade office</td>
<td>2,000,000</td>
<td>1,600,000</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Partner programs</td>
<td>1,939,845</td>
<td>1,562,531</td>
<td>1,939,845</td>
</tr>
<tr>
<td>Entrepreneurship grants and vouchers</td>
<td>1,950,000</td>
<td>4,948,467</td>
<td>1,950,000</td>
</tr>
</tbody>
</table>
SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO
SIXTY-SEVENTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time
funding items approved by the sixty-fifth legislative assembly for the 2017-19 biennium and the
one-time funding items included in the appropriation in section 1 of this Act:

<table>
<thead>
<tr>
<th>One-Time Funding Description</th>
<th>2017-19</th>
<th>2019-21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flood impact grants/loans</td>
<td>$5,201,752</td>
<td>$0</td>
</tr>
<tr>
<td>Unmanned aircraft system</td>
<td>2,000,000</td>
<td>0</td>
</tr>
<tr>
<td>Base retention grants</td>
<td>600,000</td>
<td>0</td>
</tr>
<tr>
<td>Enhanced use lease grant</td>
<td>3,000,000</td>
<td>0</td>
</tr>
<tr>
<td>Workforce grants to tribally controlled community colleges</td>
<td>500,000</td>
<td>0</td>
</tr>
<tr>
<td>Total all funds</td>
<td>$11,301,752</td>
<td>$0</td>
</tr>
</tbody>
</table>
### Sixty-sixth Legislative Assembly

<table>
<thead>
<tr>
<th>Less estimated income</th>
<th>10,301,752</th>
<th>0</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total general fund</td>
<td>$1,000,000</td>
<td>$0</td>
</tr>
</tbody>
</table>

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<table>
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<tr>
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<tr>
<td>Flood impact grants/loans</td>
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<tr>
<td>Enhanced use lease grant</td>
<td>3,000,000</td>
</tr>
<tr>
<td>Workforce grants to tribally controlled community colleges</td>
<td>500,000</td>
</tr>
<tr>
<td>Census 2020 program</td>
<td>0</td>
</tr>
<tr>
<td>Workforce safety grant</td>
<td>0</td>
</tr>
<tr>
<td>Total all funds</td>
<td>$11,301,752</td>
</tr>
<tr>
<td>Less estimated income</td>
<td>10,301,752</td>
</tr>
<tr>
<td>Total general fund</td>
<td>$1,000,000</td>
</tr>
</tbody>
</table>

The 2019-21 biennium one-time funding amounts are not a part of the entity’s base budget for the 2021-23 biennium. The department of commerce shall report to the appropriations committees of the sixty-seventh legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2019, and ending June 30, 2021.

**SECTION 3. EXEMPTION.** The amount appropriated for the agricultural products utilization commission in section 1 of chapter 43 of the 2017 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, 2019, and ending June 30, 2021.

**SECTION 4. EXEMPTION.** The amount appropriated for the discretionary funds line item in section 1 of chapter 43 of the 2017 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, 2019, and ending June 30, 2021.

**SECTION 5. TRANSFER - INTERNSHIP FUND.** The office of management and budget shall transfer $950,000 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

SECTION 6. TRADE OFFICE - MATCHING FUND REQUIREMENT. The North Dakota
trade office line item and the general fund appropriation in section 1 of this Act include
$2,000,000$1,600,000 of funding relating to the North Dakota trade office. The department of
commerce may spend sixty percent of this amount without requiring any matching funds from
the trade office. Any additional amounts may be spent only to the extent 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, 2019, and ending June 30,
2021. 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.

SECTION 7. ENTREPRENEURSHIP GRANTS AND VOUCHER PROGRAM -
EXEMPTION. Section 1 of this Act includes the sum of $1,950,000$948,467, of which
$600,000$740,956 is from the general fund and $1,350,000$207,511 is from special funds, for
an entrepreneurship grants and voucher program to be developed and administered by the
department of commerce, for the biennium beginning July 1, 2019, and ending June 30, 2021.
The department shall establish guidelines to provide grants to entrepreneurial centers certified
by the department. The department also shall 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
amount appropriated for entrepreneurship grants in section 1 of this Act 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, 2021, and ending June 30, 2023.

SECTION 8. BIOTECHNOLOGY GRANT PROGRAM. Section 1 of this Act includes
$300,000 from the general fund 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.


UNMANNED AIRCRAFT SYSTEMS PROGRAM - EXEMPTION. There is appropriated out of
any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of
$27,000,000, or so much as the sum as may be necessary, to the department of commerce for
the purpose of defraying the expenses relating to the beyond visual line of sight unmanned
aircraft systems program, for the period beginning with the effective date of this Act, and ending
June 30, 2019. The funding provided under this section is not subject to section 54-44.1-11 and
any unexpended funds may be continued and are available for the program during the biennium
beginning July 1, 2019, and ending June 30, 2021.

SECTION 10. BEYOND VISUAL LINE OF SIGHT UNMANNED AIRCRAFT SYSTEMS
PROGRAM - REQUIREMENTS - LEGISLATIVE MANAGEMENT REPORT. Section 9 of this
Act includes a $27,000,000 general fund appropriation to the department of commerce for
operating expenses of the beyond visual line of sight unmanned aircraft systems program. The
department of commerce shall require any entity receiving funding from this appropriation to
provide the department a copy of the entity's annual audited financial statements associated
with the beyond visual line of sight unmanned aircraft systems. Any entity receiving funding
from this appropriation shall provide quarterly payments to the state treasurer equal to
15 percent of the entity's annual net income associated with beyond visual line of sight
unmanned aircraft systems as reported in its prior year audited financial statements, until the
state treasurer has received a total of $27,000,000. Thereafter, the entity shall provide quarterly
payments to the state treasurer equal to 10 percent of the entity's annual net income associated
with beyond visual line of sight unmanned aircraft systems as reported in its prior year audited
financial statements. The state treasurer shall deposit any funds received under this section in
the state general fund. The department of commerce shall provide periodic reports to the
legislative management during the 2019-20 interim regarding the development of the beyond
visual line of sight unmanned aircraft systems program and the total amount deposited by the
state treasurer in the state general fund related to this section.

SECTION 11. LEGISLATIVE MANAGEMENT STUDY - BEYOND VISUAL LINE OF
SIGHT UNMANNED AIRCRAFT SYSTEMS PROGRAM. During the 2019-20 interim, the
legislative management shall consider studying the future administration and regulation of the
unmanned aircraft systems industry in North Dakota, including beyond visual line of sight
unmanned aircraft systems. The study must include a determination of the appropriate state
agency or private entity to be assigned responsibility of regulating unmanned aircraft systems
programs, including licensing, registration, appropriate fees, and other responsibilities. The
study may include a review of the audited financial statements associated with the beyond
visual line of sight unmanned aircraft systems of an entity receiving funding from the
appropriation for the beyond visual line of sight unmanned aircraft systems program in section 9
of this Act. The legislative management shall report its findings and recommendations, together
with any legislation necessary to implement the recommendations, to the sixty-seventh
legislative assembly.

SECTION 12. EMERGENCY. Sections 9 and 10 of this Act are declared to be an
dandatory emergency measure.