

Department 601 - Department of Commerce
House Bill No. 1018

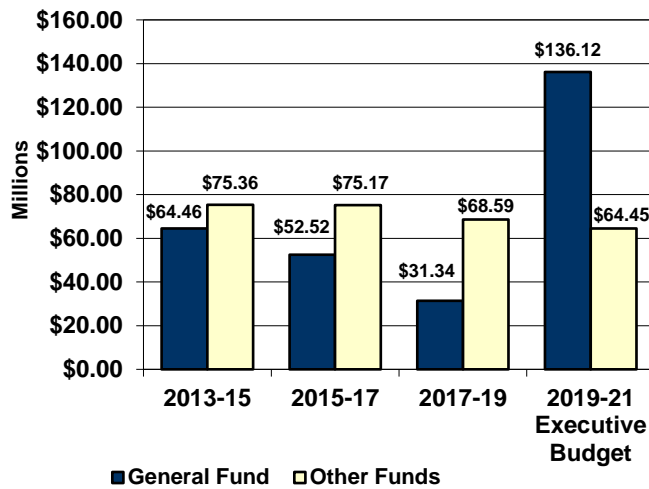
Executive Budget Comparison to Prior Biennium Appropriations

	FTE Positions	General Fund	Other Funds	Total
2019-21 Executive Budget	60.80	\$136,120,548	\$64,447,648	\$200,568,196
2017-19 Legislative Appropriations	66.40	31,342,680	68,585,658	99,928,338
Increase (Decrease)	(5.60)	\$104,777,868	(\$4,138,010)	\$100,639,858

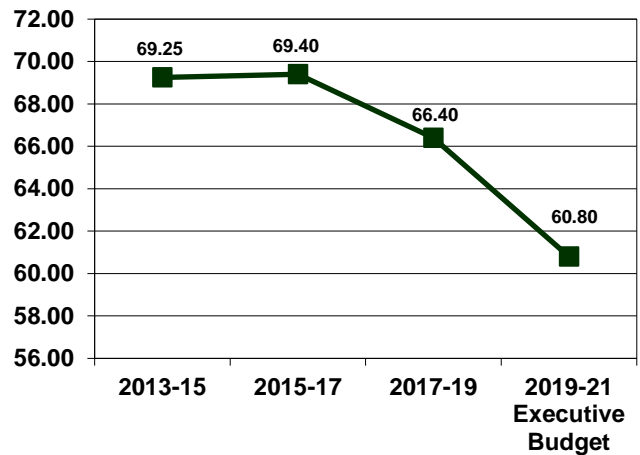
Ongoing and One-Time General Fund Appropriations

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 Executive Budget	\$36,120,548	\$100,000,000	\$136,120,548
2017-19 Legislative Appropriations	30,342,680	1,000,000	31,342,680
Increase (Decrease)	\$5,777,868	\$99,000,000	\$104,777,868

Agency Funding



FTE Positions



Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2019-21 Executive Budget	\$136,120,548	\$64,447,648	\$200,568,196
2019-21 Base Level	30,342,680	58,283,906	88,626,586
Increase (Decrease)	\$105,777,868	\$6,163,742	\$111,941,610

First House Action

Attached is a comparison worksheet detailing first house changes to base level funding and the executive budget.

**Executive Budget Highlights
(With First House Changes in Bold)**

	General Fund	Other Funds	Total
1. Provides funding for state employee salary and benefit increases, of which \$552,001 is for salary increases, \$230,520 is for health insurance increases, and \$69,876 is for retirement increases. The House added funding for salary adjustments of 2 percent per year and increases in health insurance premiums from \$1,241 to \$1,427 per month. The House did not add funding for retirement contribution increases.	\$669,205	\$183,192	\$852,397
2. Removes 3 FTE positions	(\$130,845)	(\$390,991)	(\$521,836)
3. Transfers 1 FTE position to the Information Technology Department for the information technology unification initiative.	(\$181,578)	(\$9,558)	(\$191,136)

The House did not transfer an FTE position for the IT unification initiative.

4. Adds funding for information technology operating expenses related to the IT unification initiative. The House did not add funding for the IT unification initiative.	\$193,889	\$10,205	\$204,094
5. Adjusts funding for a department reorganization.	(\$1,549,149)	(\$184,005)	(\$1,733,154)
6. Removes funding for operating expenses (\$500,000), grants (\$500,000), discretionary funds (\$1 million), and entrepreneurship grants and vouchers (\$1.2 million) appropriated from the Research North Dakota fund during the 2017-19 biennium.	\$0	(\$3,200,000)	(\$3,200,000)
7. Adds funding for the unmanned aircraft systems program, including increases for operating expenses (\$3 million) and grants (\$2 million), of which \$1 million is from federal funds and \$1 million is from the unmanned aircraft systems fund. The House added funding of \$4 million for the unmanned aircraft systems program, of which \$2 million is considered one-time funding from the general fund for operating expenses and \$2 million is from other funds for grants.	\$3,000,000	\$2,000,000	\$5,000,000
8. Adds funding for state marketing initiatives. The House did not add funding for state marketing initiatives.	\$3,000,000	\$0	\$3,000,000
9. Adds funding for a crowdfunding challenge program. The House did not add funding for a crowdfunding challenge program.	\$590,000	\$0	\$590,000
10. Adds funding for Microsoft Office 365 license expenses.	\$41,905	\$7,983	\$49,888
11. Adds funding for the Operation Intern program to provide total funding of \$1,805,000 from the general fund. The House reduced funding for the Operation Intern program by \$95,000 to provide total funding of \$855,000 from the general fund.	\$950,000	\$0	\$950,000
12. Transfers funding to the Department of Public Instruction for the prekindergarten community program.	(\$1,500,000)	\$0	(\$1,500,000)
13. Adds funding for youth innovation grants. The House did not add funding for youth innovation grants.	\$100,000	\$0	\$100,000
14. Adds federal funding for commission investment grants to provide total federal funding of \$528,622.	\$0	\$257,682	\$257,682
15. Adds funding of \$270,429 for self-sufficiency grants to provide total funding of \$7,078,123, of which \$270,429 is from the general fund, \$6,783,694 is from federal funds, and \$24,000 is from special funds.	\$270,429	\$0	\$270,429
16. Adds funding for base retention grants. The House did not add funding for base retention grants.	\$600,000	\$0	\$600,000
17. Reduces funding for the Agricultural Products Utilization Commission to provide total special funds of \$682,454. The salary and health insurance increase approved by the House resulted in total special funds of \$673,965 for the program.	\$0	(\$2,397,799)	(\$2,397,799)
18. Adds one-time funding from the strategic investment and improvements fund for a Census 2020 program. The House added one-time funding of \$1 million from the general fund for a Census 2020 program.	\$0	\$1,000,000	\$1,000,000
19. Adds one-time funding for a beyond visual line of sight program. The House provided a 2017-19 biennium appropriation of \$27 million from the general fund for the beyond visual line of sight program.	\$30,000,000	\$0	\$30,000,000
20. Adds one-time funding for a grant for the Theodore Roosevelt Presidential Library. The House did not add funding for the Theodore Roosevelt Presidential Library.	\$50,000,000	\$0	\$50,000,000
21. Adds one-time funding from the strategic investment and improvements fund for enhanced use lease grants. The House added one-time funding of \$1 million from the general fund for enhanced use lease grants.	\$0	\$3,000,000	\$3,000,000
22. Adds one-time funding from the strategic investment and improvements fund for rural nursing grants. The House did not add funding for rural nursing grants.	\$0	\$750,000	\$750,000

23. Adds one-time funding from the strategic investment and improvements fund for nursing faculty grants. The House did not add funding for nursing faculty grants.	\$0	\$100,000	\$100,000
24. Adds one-time funding from the strategic investment and improvements fund for career exposure tool grants. The House did not add funding for career exposure tool grants.	\$0	\$250,000	\$250,000
25. Adds one-time funding from the strategic investment and improvements fund for workforce grants to tribally controlled community colleges. The House added one-time funding of \$500,000 from the general fund for workforce grants to tribally controlled community colleges.	\$0	\$500,000	\$500,000
26. Adds one-time funding for Research North Dakota. The House did not add funding for Research North Dakota.	\$20,000,000	\$0	\$20,000,000
27. Adds one-time funding of \$4 million from the strategic investment and improvements fund for the entrepreneurship grants and vouchers program, also known as Innovate ND, to provide total funding of \$4,948,467, of which \$740,956 is from the general fund and \$207,511 is from the economic development fund. The House did not add funding for the entrepreneurship grants and vouchers program, providing total funding of \$948,467, of which \$740,956 is from the general fund and \$207,511 is from the economic development fund.	\$0	\$4,000,000	\$4,000,000

Other Sections in House Bill No. 1018

Agricultural Products Utilization Commission exemption - Section 3 provides an exemption for the Agricultural Products Utilization Commission to continue any unexpended 2017-19 biennium funds in the Agricultural Products Utilization Commission line item for grants into the 2019-21 biennium.

Unmanned aircraft systems exemption - Section 4 provides an exemption for the unmanned aircraft systems program to continue any unexpended 2017-19 biennium funds for this program into the 2019-21 biennium.

Internship fund transfer - Section 5 transfers \$855,000 from the operating expenses line item to the internship fund.

North Dakota Trade Office - Matching fund requirement - Section 6 identifies \$1.6 million from the general fund for the North Dakota Trade Office and would allow the Department of Commerce to spend 60 percent of the North Dakota Trade Office line item listed in Section 1 without requiring any matching funds from the North Dakota Trade Office. Any additional amounts may be spent only to the extent the North Dakota Trade Office provides \$1 of matching funds from private or other public sources for each \$1 provided by the Department of Commerce during the 2019-21 biennium.

Entrepreneurship grants and voucher program - Section 7 identifies \$948,467 included in Section 1, of which \$740,956 is from the general fund and \$207,511 is from other special funds for the entrepreneurship grants and vouchers program, also known as Innovate ND, for the 2019-21 biennium. Any unexpended funds for the program are made available to the department during the 2021-23 biennium.

Biotechnology grants - Section 8 identifies \$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.

Beyond visual line of sight unmanned aircraft systems program - 2017-19 biennium appropriation - Exemption - Section 9 provides a \$27 million general fund appropriation to the Department of Commerce for the 2017-19 biennium for operating expenses of the beyond visual line of sight unmanned aircraft systems program and provides an exemption for the funding to continue into the 2019-21 biennium. Section 12 provides an emergency clause for Section 9.

Beyond visual line of sight unmanned aircraft systems program - Requirements - Legislative Management report - Section 10 identifies \$27 million from the general fund for the purpose of the beyond visual line of sight unmanned aircraft systems program. Any entity receiving funding from this appropriation is required to 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 million. Thereafter, the entities are required to provide quarterly payments 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 is required to deposit funds received from this section in the state general fund. The Department of Commerce is required to provide periodic reports to the Legislative Management during the 2019-20 interim regarding the development of the program and the total amount deposited by the State Treasurer in the state general fund related to this section. Section 12 provides an emergency clause for Section 10.

Legislative Management study - Beyond visual line of sight unmanned aircraft systems program - Section 11 requires the Legislative Management to consider studying the future administration and regulation of the unmanned aircraft system industry in North Dakota.

Continuing Appropriations

Ethanol Production Incentive Fund - North Dakota Century Code Section 17-02-05 - This continuing appropriation allows for payments of ethanol production incentives to North Dakota ethanol plants.

Workforce Enhancement Fund - Section 54-60-23 - All funds in the workforce enhancement fund are appropriated to the Department of Commerce on a continuing basis for implementing and administering the Workforce Enhancement Council and workforce enhancement grants to higher education institutions assigned primary responsibility for workforce training.

Community Development Loan Fund - Section 54-44.5-05 - This continuing appropriation allows for the expenditures of community development block grant revolving loan funds.

Centers of Excellence Fund - Section 15-69-06 - This continuing appropriation allows for implementing and administering the centers of excellence program.

Centers of Excellence Research Fund - Section 54-65-05 - This continuing appropriation allows for implementing and administering the centers of research excellence program.

Research North Dakota - Section 54-65-08 - This continuing appropriation allows for implementing and administering the Research North Dakota program.

Internship Fund - Section 54-60-17.1 - This continuing appropriation allows for the expansion of the number of new internship, work experience, and apprenticeship opportunities with North Dakota employers.

Unmanned Aircraft Systems Program Fund - Section 54-60-29 - This continuing appropriation allows the unmanned aircraft systems test site to collect fees and use the collected fees for expenses relating to the administration of the test site.

Energy Conservation Grant Fund - Section 54-44.5-05.1 - This continuing appropriation allows for the agency to provide grants to political subdivisions for energy conservation projects in nonfederal public buildings.

Significant Audit Findings

The operational audit for the Department of Commerce conducted by the State Auditor's office for the period ending June 30, 2017 identified no significant audit findings.

Major Related Legislation

House Bill No. 1333 - This bill establishes an Innovation Loan Fund to Support Technology Advancement Committee and requires the Commissioner of the Department of Commerce to select three of the committee members, who must be from the private sector.

House Bill No. 1402 - Provides a general fund appropriation of \$200,000 to the department for the purpose of providing matching funds to an organization assisting in the recruitment of personnel providing health services in rural areas.

House Bill No. 1457 - Requires the department to administer a state logo contest, allowing the contest entrants the opportunity to design and create a new state logo. The department is required to award \$9,500 to the first place contest winner.

Senate Bill No. 2009 (the Agriculture Commissioner's appropriation bill) - Transfers the Agricultural Products Utilization Commission from the Department of Commerce to the Agriculture Commission and appropriates \$3,152,915 of special funds to the Agriculture Commissioner for the commission's operations.

Senate Bill No. 2250 - Amends Chapter 15.1-37 to transfer responsibility of early childhood education programs from the Department of Commerce to the Department of Public Instruction.

Senate Bill No. 2263 - Provides a general fund appropriation of \$1.5 million to the Department of Commerce for the purpose of providing homeless shelter grants.

Senate Bill No. 2265 - Provides a general fund appropriation of \$200,000 to the Department of Commerce for providing funding to an organization providing research-based literacy intervention services to students below grade four who score below proficient in reading as matching funds for AmeriCorps funding.

Senate Bill No. 2328 - Transfers the Agricultural Products Utilization Commission from the Department of Commerce to the Agriculture Commissioner.

Senate Bill No. 2341 - Requires the Department of Commerce Division of Workforce Development to consult with the Director of the Department of Career and Technical Education to develop and implement an apprenticeship training program to promote the development and expansion of apprenticeship programs in apprenticeship occupations, to provide a training grant, and to educate students about apprenticeship programs and training opportunities.

House Concurrent Resolution No. 3001 - Authorizes the Budget Section of the Legislative Management to hold the 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 directions regarding the use of community services block grant program money for the period ending September 30, 2021.

Department of Commerce - Budget No. 601
House Bill No. 1018
Base Level Funding Changes

	Executive Budget Recommendation				House Version			
	FTE Position	General Fund	Other Funds	Total	FTE Position	General Fund	Other Funds	Total
2019-21 Biennium Base Level	66.40	\$30,342,680	\$58,283,906	\$88,626,586	66.40	\$30,342,680	\$58,283,906	\$88,626,586
2019-21 Ongoing Funding Changes								
Base payroll changes	(1.60)	(\$275,988)	\$287,033	\$11,045	(1.60)	(\$275,988)	\$287,033	\$11,045
Salary increase		433,368	118,633	552,001		260,450	62,323	322,773
Health insurance increase		180,978	49,542	230,520		218,186	58,463	276,649
Retirement contribution increase		54,859	15,017	69,876				0
Remove 3 FTE positions	(3.00)	(130,845)	(390,991)	(521,836)	(3.00)	(130,845)	(390,991)	(521,836)
Transfer 1 FTE position to ITD for IT unification	(1.00)	(181,578)	(9,558)	(191,136)				0
Add funding for information technology operating expenses		193,889	10,205	204,094				0
Adjust funding for reorganization - Administration		(962,527)		(962,527)		(962,527)		(962,527)
Adjust funding for reorganization - Marketing and Innovation		293,110	(443,489)	(150,379)		293,110	(443,489)	(150,379)
Adjust funding for reorganization - Strategy and Research		154,800		154,800		154,800		154,800
Adjust funding for reorganization - Tourism		(634,212)	42,000	(592,212)		(634,212)	42,000	(592,212)
Adjust funding for reorganization - Workforce Development		(233,652)	(4,318)	(237,970)		(233,652)	(4,318)	(237,970)
Adjust funding for reorganization - Economic Development		(10,982)	515,982	505,000		(10,982)	515,982	505,000
Adjust funding for reorganization - Community Services		(155,686)	(294,180)	(449,866)		(155,686)	(294,180)	(449,866)
Remove funding from the Research North Dakota fund			(3,200,000)	(3,200,000)			(2,200,000)	(2,200,000)
Add funding for the unmanned aircraft systems program		3,000,000	2,000,000	5,000,000			2,000,000	2,000,000
Add funding for state marketing initiatives		3,000,000		3,000,000				0
Add funding for a crowdfunding challenge program		590,000		590,000				0
Add funding for Microsoft Office 365 license expenses		41,905	7,983	49,888		41,905	7,983	49,888
Add funding for the Operation Intern program		950,000		950,000				0
Transfer funding to DPI for the Pre-K community program		(1,500,000)		(1,500,000)		(1,500,000)		(1,500,000)
Add funding for youth innovation grants		100,000		100,000				0
Add funding for commission investment grants			257,682	257,682			257,682	257,682
Add funding for self-sufficiency grants		270,429		270,429		270,429		270,429
Add funding for base retention grants		600,000		600,000				0
Reduce funding for the Agricultural Products Utilization Commission			(2,397,799)	(2,397,799)			(2,397,799)	(2,397,799)
Remove funding for discretionary funds				0		(1,200,000)	(1,000,000)	(2,200,000)
Add funding for homeless shelter grants				0		1,200,000		1,200,000
Add funding for biotechnology grants				0		300,000		300,000
Total ongoing funding changes	(5.60)	\$5,777,868	(\$3,436,258)	\$2,341,610	(4.60)	(\$2,365,012)	(\$3,499,311)	(\$5,864,323)
One-time funding items								
Add funding for a Census 2020 program			\$1,000,000	\$1,000,000		\$1,000,000		\$1,000,000
Add funding for a beyond visual line of sight program		30,000,000		30,000,000				0
Add funding for the Theodore Roosevelt Presidential Library		50,000,000		50,000,000				0
Add funding for enhanced use lease grants			3,000,000	3,000,000		1,000,000		1,000,000
Add funding for rural nursing grants			750,000	750,000				0
Add funding for nursing faculty grants			100,000	100,000				0
Add funding for career exposure tools grants			250,000	250,000				0
Add funding for workforce grants to tribal colleges			500,000	500,000		500,000		500,000
Add funding for Research North Dakota		20,000,000		20,000,000				0
Add funding for Innovate ND			4,000,000	4,000,000				0

Add funding for a workforce safety grant				0				1,000,000	1,000,000
Add one-time funding for the unmanned aircraft systems program				0				2,000,000	2,000,000
Total one-time funding changes	0.00	\$100,000,000	\$9,600,000	\$109,600,000	0.00	\$5,500,000	\$0	\$5,500,000	\$5,500,000
Total Changes to Base Level Funding	(5.60)	\$105,777,868	\$6,163,742	\$111,941,610	(4.60)	\$3,134,988	(\$3,499,311)	(\$364,323)	(\$364,323)
2019-21 Total Funding	60.80	\$136,120,548	\$64,447,648	\$200,568,196	61.80	\$33,477,668	\$54,784,595	\$88,262,263	\$88,262,263

Other Sections for Department of Commerce - Budget No. 601

	<u>Executive Budget Recommendation</u>	<u>House Version</u>
Agricultural Products Utilization Commission - Exemption	Section 3 would provide an exemption for the Agricultural Products Utilization Commission to continue any unexpended 2017-19 biennium funds in the Agricultural Products Utilization Commission line item for grants into the 2019-21 biennium.	Section 3 provides an exemption for the Agricultural Products Utilization Commission to continue any unexpended 2017-19 biennium funds in the Agricultural Products Utilization Commission line item for grants into the 2019-21 biennium.
Discretionary funds - Exemption	Section 4 would provide an exemption for discretionary funds to continue any unexpended 2017-19 biennium funds in the discretionary funds line item into the 2019-21 biennium.	
Unmanned aircraft systems - Exemption	Section 5 would provide an exemption for the unmanned aircraft systems program to continue any unexpended 2017-19 biennium funds for this program into the 2019-21 biennium.	Section 4 provides an exemption for the unmanned aircraft systems program to continue any unexpended 2017-19 biennium funds for this program into the 2019-21 biennium.
Internship fund transfer	Section 6 would transfer \$1,805,000 from the operating expense line item to the internship fund.	Section 5 transfers \$855,000 from the operating expenses line item to the internship fund.
Line item transfers	Section 7 would allow the Department of Commerce to transfer up to 10 percent of the agency's appropriation authority between line items.	
Other funds appropriation	Section 8 would appropriate all federal and other funds received by the Department of Commerce in excess of those funds appropriated in Section 1 for the 2019-21 biennium.	
Tribally controlled community college grant program	Section 9 would identify one-time funding of \$500,000 included in Section 1 from the strategic investment and improvements fund for the tribally controlled community college grant program.	
Unmanned aircraft systems program	Section 10 would identify \$3 million included in Section 1 from the strategic investment and improvements fund for infrastructure relating to the unmanned aircraft system program.	
Census 2020	Section 11 would identify one-time funding of \$1 million included in Section 1 from the strategic investment and improvements fund for marketing and administration for Census 2020.	
Entrepreneurship grants and vouchers program - Innovate ND	Section 12 would identify one-time funding of \$4 million included in Section 1 from the strategic investment and improvements fund for the entrepreneurship grants and vouchers program, also known as Innovate ND.	

Other Sections for Department of Commerce - Budget No. 601

	<u>Executive Budget Recommendation</u>	<u>House Version</u>
Rural nursing grant program	Section 13 would identify one-time funding of \$750,000 included in Section 1 from the strategic investment and improvements fund for the development of a rural nursing grant program. An educational program and health care facility must jointly apply for the grant with the health care facility providing a matching investment.	
Nursing faculty tuition grant program	Section 14 would identify one-time funding of \$100,000 included in Section 1 from the strategic investment and improvements fund for a nursing faculty tuition program.	
Career exposure tools grant program	Section 15 would identify one-time funding of \$250,000 included in Section 1 from the strategic investment and improvements fund for a career exposure tools grant program.	
North Dakota Trade Office - Matching fund requirement	Section 16 would identify \$1.6 million from the general fund for the North Dakota Trade Office and would allow the Department of Commerce to spend 60 percent of the North Dakota Trade Office line item listed in Section 1 without requiring any matching funds from the North Dakota Trade Office. Any additional amounts may be spent only to the extent the North Dakota Trade Office provides \$1 of matching funds from private or other public sources for each \$1 provided by the Department of Commerce during the 2019-21 biennium.	Section 6 identifies \$1.6 million from the general fund for the North Dakota Trade Office and allows the Department of Commerce to spend 60 percent of the North Dakota Trade Office line item listed in Section 1 without requiring any matching funds from the North Dakota Trade Office. Any additional amounts may be spent only to the extent the North Dakota Trade Office provides \$1 of matching funds from private or other public sources for each \$1 provided by the Department of Commerce during the 2019-21 biennium.
Entrepreneurship grants and vouchers program - Exemption	Section 17 would identify \$4,948,467 included in Section 1, of which \$740,956 is from the general fund, \$4,000,000 is one-time funding from the strategic investment and improvements fund, and \$207,511 is from other special funds for the entrepreneurship grants and vouchers program, also known as Innovate ND, for the 2019-21 biennium. Any unexpended funds for the program are made available to the department during the 2021-23 biennium.	Section 7 identifies \$948,467 included in Section 1, of which \$740,956 is from the general fund and \$207,511 is from other special funds for the entrepreneurship grants and vouchers program, also known as Innovate ND, for the 2019-21 biennium. Any unexpended funds for the program are made available to the department during the 2021-23 biennium.
Youth innovation grant program	Section 18 would identify \$100,000 included in Section 1 from the general fund for a youth innovation grant program.	
Base retention grant program	Section 19 would identify \$600,000 included in Section 1 from the strategic investment and improvements fund for the base retention grant program. Grant requests are to be made to the North Dakota Commission on Military Promotion and Strategic Sustainment and evaluated based on criteria developed by the department and approved by the commission.	

Other Sections for Department of Commerce - Budget No. 601

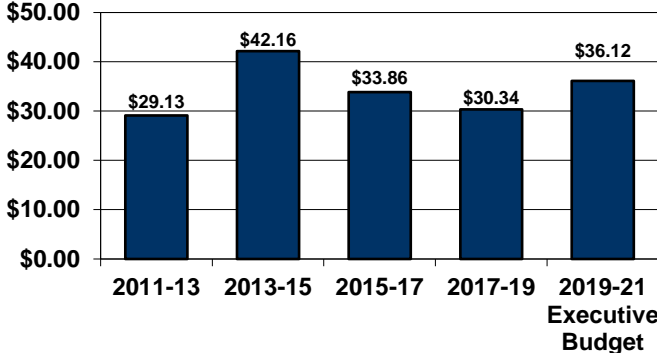
	<u>Executive Budget Recommendation</u>	<u>House Version</u>
Theodore Roosevelt Presidential Library challenge grant program	Section 20 would identify one-time funding of \$50 million included in Section 1 from the general fund for a Theodore Roosevelt Presidential Library challenge grant program. The purpose of the program is for the design, building, and operations of the Theodore Roosevelt Presidential Library located near Medora. The required matching funds for the grants is \$1 to the Theodore Roosevelt Presidential Library Foundation for every \$2 of matching funds raised.	
Biotechnology grants		Section 8 identifies \$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.
2017-19 appropriation - Beyond visual line of sight unmanned aircraft systems program - Exemption		Section 9 provides a \$27 million general fund appropriation to the Department of Commerce for the 2017-19 biennium for operating expenses of the beyond visual line of sight unmanned aircraft systems program and provides an exemption for the funding to continue into the 2019-21 biennium. Section 12 provides an emergency clause for Section 9.
Beyond visual line of sight unmanned aircraft systems program - Requirements - Legislative Management report		Section 10 identifies \$27 million from the general fund for the purpose of the beyond visual line of sight unmanned aircraft systems program. Any entity receiving funding from this appropriation is required to 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 million. Thereafter, the entities would be required to provide quarterly payments 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 is required to deposit funds received from this section in the state general fund. The Department of Commerce is required to provide periodic reports to the Legislative Management during the 2019-20 interim regarding the development of the program and the total amount deposited by the State Treasurer in the state general fund related to this section. Section 12 provides an emergency clause for Section 10.
Legislative Management study - Beyond visual line of sight unmanned aircraft systems program		Section 11 requires the Legislative Management to consider studying the future administration and regulation of the unmanned aircraft system industry in North Dakota.

Department 601 - Department of Commerce

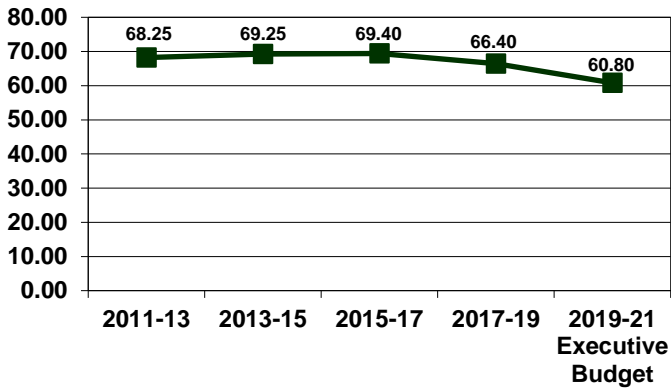
Historical Appropriations Information

Ongoing General Fund Appropriations Since 2011-13

Ongoing General Fund Appropriations (in Millions)



FTE Positions



Ongoing General Fund Appropriations					
	2011-13	2013-15	2015-17	2017-19	2019-21 Executive Budget
Ongoing general fund appropriations	\$29,134,865	\$42,157,060	\$33,859,099	\$30,342,680	\$36,120,548
Increase (decrease) from previous biennium	N/A	\$13,022,195	(\$8,297,961)	(\$3,516,419)	\$5,777,868
Percentage increase (decrease) from previous biennium	N/A	44.7%	(19.7%)	(10.4%)	19.0%
Cumulative percentage increase (decrease) from 2011-13 biennium	N/A	44.7%	16.2%	4.1%	24.0%

Major Increases (Decreases) in Ongoing General Fund Appropriations

2013-15 Biennium

- 1. Increased funding for the InnovateND program from \$400,000 to \$450,000 \$50,000
- 2. Increased funding for the Operation Intern program from \$900,000 to \$1.5 million \$600,000
- 3. Added funding for increasing tourism-related marketing and research \$1,500,000
- 4. Added funding for homeless shelter grants (\$2 million), child care facility grants (\$2.6 million), tribal college grants (\$5 million), and rural health services grants (\$400,000) \$10,000,000

2015-17 Biennium

- 1. Removed grants authorized in the 2013-15 biennium including homeless shelter grants (\$2 million), child care facility grants (\$2.6 million), tribal college grants (\$5 million), and rural health service grants (\$400,000) (\$10,000,000)
- 2. Added funding for partner programs to provide total funding of \$2.2 million \$251,786
- 3. Added funding from the general fund to provide matching funds to an organization assisting in the recruitment, distribution, supply, quality, and efficiency of personnel providing health services in rural areas of the state. The funding required a dollar-for-dollar match from nonstate sources. \$200,000
- 4. Added funding from the general fund to provide early childhood education grants \$906,000

2017-19 Biennium

- 1. Removed 3 FTE positions and related funding of \$479,078, of which \$274,522 is from the general fund and \$204,556 is from other funds (\$274,522)
- 2. Adjusted funding for operating expenses, primarily related to professional services, postage, office supplies, and equipment (\$1,438,838)
- 3. Reduced funding for the Operation Intern program to provide total funding of \$950,000 (\$550,000)
- 4. Reduced funding for prekindergarten community grants to provide total funding of \$1.5 million (\$500,000)
- 5. Reduced funding for the North Dakota Trade Office to provide total funding of \$2 million (\$556,694)
- 6. Reduced funding for partner programs to provide total funding of \$1,939,845 (\$233,984)

7. Added funding for homeless shelter grants	\$300,000
8. Adjusted funding for entrepreneurship grants and vouchers to provide total funding of \$1.95 million, of which \$600,000 is from the general fund, \$1.2 million is from the Research North Dakota fund, and \$150,000 is from the economic development fund	(\$750,000)
2019-21 Biennium (Executive Budget Recommendation)	
1. Removes 3 FTE positions and related funding of \$521,836, of which \$130,845 is from the general fund	(\$130,845)
2. Transfers 1 FTE position to the Information Technology Department for the information technology unification initiative and related funding of \$191,136, of which \$181,578 is from the general fund. The House did not transfer an FTE position for the IT unification initiative.	(\$181,578)
3. Adds funding for operating expenses for the unmanned aircraft systems program. The House added one-time funding of \$2 million for the operating expenses of the unmanned aircraft systems program.	\$3,000,000
4. Adds funding for state marketing initiatives. The House did not add funding for state marketing initiatives.	\$3,000,000
5. Adds funding for a crowdfunding challenge program. The House did not add funding for a crowdfunding challenge program.	\$590,000
6. Adds funding for the Operation Intern program to provide a total of \$1,805,000 from the general fund. The House reduced funding for the Operation Intern program by \$95,000 to provide total funding of \$855,000 from the general fund.	\$950,000
7. Transfers funding for the prekindergarten community program to the Department of Public Instruction	(\$1,500,000)
8. Adds funding for base retention grants. The House did not add funding for youth innovation grants.	\$600,000

**GOVERNOR'S RECOMMENDATION FOR THE
DEPARTMENT OF COMMERCE AS SUBMITTED
BY THE OFFICE OF MANAGEMENT AND BUDGET**

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:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$12,995,788	223,132	13,218,920
Operating expenses	15,477,622	36,488,391	51,966,013
Capital assets	-	50,000,000	50,000,000
Grants	48,910,416	5,979,395	54,889,811
Discretionary funds	2,200,000	(1,000,000)	1,200,000
Grants – tribal colleges	-	500,000	500,000
Agricultural products utilization commission	3,152,915	(2,470,461)	682,454
Research ND	-	20,000,000	20,000,000
North Dakota trade office	2,000,000	(400,000)	1,600,000
Partner programs	1,939,845	(377,314)	1,562,531
Entrepreneurship grants and vouchers	1,950,000	2,998,467	4,948,467
Total all funds	<u>\$88,626,586</u>	<u>\$111,941,610</u>	<u>\$200,568,196</u>
Less estimated income	<u>58,583,906</u>	<u>5,863,742</u>	<u>64,447,648</u>
Total general fund	\$30,042,680	\$106,077,868	\$136,120,548
Full-time equivalent positions	66.40	(5.60)	60.80

SECTION 2. ONE-TIME FUNDING. The following amounts reflect the one-time funding items approved by the sixty-fifth legislative assembly for the 2017-19 biennium and the 2019-21 one-time funding items included in the appropriation in section 1 of this Act:

<u>One-Time Funding Description</u>	<u>2017-19</u>	<u>2019-21</u>
Grants - Tribal Colleges	\$500,000	\$500,000
Flood Impact - Loans/Grants	5,201,752	0
Unmanned aircraft system	2,000,000	0
Base Retention Grant	600,000	0
Enhanced use lease grant	3,000,000	3,000,000
Census 2020	0	1,000,000
Beyond Visual Line of Sight	0	30,000,000
Innovate ND	0	4,000,000
Research ND	0	20,000,000
Theodore Roosevelt Presidential Library	0	50,000,000
Rural Nursing Program Grant	0	750,000
Nursing Faculty Tuition Program Grant	0	100,000
Career Exposure Tools	<u>0</u>	<u>250,000</u>
Total all funds	\$11,301,752	\$109,600,000
Total special funds	<u>10,301,752</u>	<u>9,600,000</u>
Total general fund	\$1,000,000	\$100,000,000

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 are available during the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 5. EXEMPTION. The amount appropriated for the unmanned aircraft systems program 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 are available during the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 6. TRANSFER - INTERNSHIP FUND. The office of management and budget shall transfer \$1,805,000 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, 2019 and ending June 30, 2021.

SECTION 7. TRANSFER AUTHORITY BETWEEN LINES. Notwithstanding section 54-16-04, the agency may transfer between line items within section 1 of this Act up to ten percent of the total appropriation contained in section 1 during the biennium beginning July 1, 2019 and ending June 30, 2021. The agency shall notify the office of management and budget and the legislative council of any transfer made pursuant to this section.

SECTION 8. APPROPRIATION - In addition to the amounts appropriated to the department of commerce in section 1 of this Act, there is appropriated any additional income from federal or other funds which may become available to the agency for the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 9. STRATEGIC INVESTMENT AND IMPROVEMENTS FUND – TRIBALLY CONTROLLED COMMUNITY COLLEGE GRANT PROGRAM. The grants – tribal colleges line item in section 1 of this Act includes the sum of \$500,000 from the strategic investment and improvements fund for the tribally controlled community college grant program.

SECTION 10. STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - UNMANNED AIRCRAFT SYSTEMS PROGRAM. The grants line item in section 1 of this Act includes the sum of \$3,000,000 from the strategic investment and improvements fund for infrastructure relating to the unmanned aircraft system program for the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 11. STRATEGIC INVESTMENT AND IMPROVEMENTS FUND – CENSUS 2020. The operating line item in section 1 of this Act includes the sum of \$1,000,000 from the strategic investment and improvements fund for marketing and administration of Census 2020, for the biennium beginning July 1, 2019 and ending June 30, 2021.

SECTION 12. STRATEGIC INVESTMENT AND IMPROVEMENTS FUND – INNOVATE ND PROGRAM. The entrepreneurship grants and vouchers line item in section 1 of this Act includes the sum of \$4,000,000 from the strategic investment and improvements fund for the Innovate ND program, for the biennium beginning July 1, 2019 and ending June 30, 2021.

SECTION 13. STRATEGIC INVESTMENT AND IMPROVEMENTS FUND – RURAL NURSING PROGRAM GRANT. The grants line item in section 1 of this Act includes the sum of \$750,000 from the strategic investment and improvements fund for the development of a rural nursing grant program to be administered by the department of commerce, for the biennium beginning July 1, 2019 and ending June 30, 2021. The purpose of the program is to fund the development of rural nursing programs via traditional classroom experience or online curriculum development. An educational program and healthcare facility must jointly apply for the grant with the healthcare facility providing a matching investment. The department may contract with a third party for the services for the grant.

SECTION 14. STRATEGIC INVESTMENT AND IMPROVEMENTS FUND – NURSING FACULTY TUITION PROGRAM GRANT. The grants line item in section 1 of this Act includes the sum of \$100,000 from the strategic investment and improvements fund for the nursing faculty tuition program to be administered by the department of commerce, for the biennium beginning July 1, 2019 and ending June 30, 2021. The purpose of the program is to provide tuition reimbursement for nurses who are North Dakota residents pursuing education required to serve as faculty. The tuition reimbursement requires a retention agreement. The department may contract with a third party for the services for the grant.

SECTION 15. STRATEGIC INVESTMENT AND IMPROVEMENTS FUND – CAREER EXPOSURE TOOLS. The grants line item in section 1 of this Act includes the sum of \$250,000 from the strategic investment and improvements fund for career exposure tools, for the biennium beginning July 1, 2019 and ending July 30, 2021.

SECTION 16. TRADE OFFICE - MATCHING FUND REQUIREMENT. The North Dakota trade office line

item and the general fund appropriation in section 1 of this Act include \$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 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, 2019, and ending June 30, 2021. 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 17. ENTREPRENEURSHIP GRANTS AND VOUCHER PROGRAM. Section 1 of this Act includes the sum of \$4,948,467, of which \$740,956 is from the general fund, \$207,511 from special funds and \$4,000,000 is from the strategic investment and improvements fund, 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 shall also 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 18. YOUTH INNOVATION GRANT PROGRAM. The grants line of section 1 of this Act includes the sum of \$100,000 from the general fund, for a youth innovation grant 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 youth as matching funding for a project to improve their local communities.

SECTION 19. BASE RETENTION AND PROMOTION GRANT PROGRAM. The grants line of section 1 of this Act includes the sum of \$600,000 from the general fund, for the base retention and promotion grant 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 of commerce shall establish and administer a statewide base retention and promotion grant program to provide grants to select communities and state agencies that support base retention and promotion. Grant requests shall be made to the North Dakota Commission on Military Promotion and Strategic Sustainment (commission), or its successor organization, and evaluated based on criteria developed by the department and approved by the commission. The department will issue grant funds to communities, through approved political subdivisions, following recommendations put forth by the commission. Grant funds may also be used to support state-wide initiatives that promote base retention and enhance the quality of life for military members and their families in the state. The program must award direct grants and not cost reimbursement grants.

SECTION 20. THEODORE ROOSEVELT PRESIDENTIAL LIBRARY CHALLENGE GRANT. The capital assets line of section 1 of this Act includes the sum of \$50,000,000 from the general fund, out of legacy fund earnings, for the Theodore Roosevelt presidential library challenge grant to be developed and administered by the department of commerce, for the biennium beginning July 1, 2019 and ending June 30, 2021. The purpose of this grant is for the design, building and operations of a Theodore Roosevelt Presidential Library located in or near the town of Medora. The grant shall award one dollar in funds to the Theodore Roosevelt Presidential Library Foundation for every two dollars of matching funds raised.