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ROLL NUMBER

DESCRIPTION

1027

2007 HOUSE INDUSTRY, BUSINESS AND LABOR

HB 1027

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1027

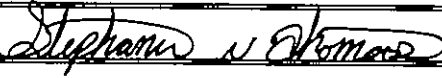
House Industry, Business and Labor Committee

Check here for Conference Committee

Hearing Date: January 15, 2007

Recorder Job Number: 1075

Committee Clerk Signature



Minutes:

Chair Keiser opened the hearing on HB 1027.

Rep. Berg: Overview of handout A.

Jennifer Clark, Legislative Counsel: Overview of HB 1027.

Rep. Keiser: Section 1, why the limitation?

Jennifer: That was the parameter provided by the committee.

Rep. Zaiser: Who would establish the conditions for monitoring, in terms of whether they've met the application?

Jennifer: My assumption is that would be the commission in charge of forming that.

Rep. Ruby: In the interim committee we talked about BPUC, and if we model it after APUC, there was a revenue source on APUC. I don't remember if we ever came up with a source of revenue on that.

Jennifer: I don't recall there being a decision on the funding source.

Rep. Gerry Uglem, District 19: See written testimony #1.

Bill Shalhoob, ND Chamber of Commerce: In support of HB 1027, section 14 dealing with the visitor information centers, section 19, dealing with world tourism, and finally the business and tourism acceleration commission.

LeAnn Nelson, ND Education Association: In support of HB 1027, sections dealing with K/12 education, teachers, and students, Workforce Development Division career education, career promotion, and reduced calibration to study the career education needs of summer school in K/12.

Mike Anderson, ND Housing Finance Agency: See written testimony #2.

Rep. Keiser: As I understand this, temporary loans could be construction loans?

Mike: Yes.

Rep. Keiser: Who reviews the quality of the loan application, and where does the money come from, and how do they get it?

Mike: The process of underwriting a particular project as one of current programs, as we work through private lending community. We don't do any direct linking ourselves. That would be a cooperative effort, I believe, between the private sector lender and the agency of the current feasibility projects. One of our programs today is funded either through conditions of mortgage revenue bonds, as well as agency assets.

Carol Goodman, Economic Development Association of ND: See written testimony #3.

Shane Goettle, Department of Commerce: The Department of Commerce was statutorily charged with working with the interim economic development committee, and I support that. Through this initiative we conducted the 6 focus groups, and I support the expansion of that focus group for young professionals. The 6 key issues are workforce, tracking and repainting young people and families, ND's image, transportation, the role of Higher Ed in economic development, and exports. I'd like to highlight promoting the use of Higher Education internships, attracting talent from outside the state, promoting in state job opportunities for high school students, creating a talent strategy with our partner agencies to work together to ensure

coordination on duplication of programs and services, and creating a statewide intelligence coordination strategy.

Rep. Keiser: On Centers of Excellence, especially on the infrastructure issues. How do we provide primary use?

Shane: At this point it would be primary use other than any other guidance in statute; it would be up to the Centers of Excellence Commission.

Kelvin Hullet, Bismarck, Mandan Chamber of Commerce: See written testimony #4.

Eddie Dunn, ND University System: See written testimony #5.

Mark Nisbet, Centers of Excellence Commission: Strong believer in the Centers of Excellence program, and hope it can continue with the same level of excitement and growth potential for the economy. I have a few concerns about the changes in section 7 and 10.

These changes limit the flexibility of the current program that has led to successful centers across our state. The second change is contained in section 9; there may be instances where independent expert review would be warranted.

Cory Fong, Tax Commissioner: See written testimony #6.

Bob Humann, Bank of North Dakota: See written testimony #7.

Hearing Closed.

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. **HB 1027**


House Industry, Business and Labor

Check here for Conference Committee

Hearing Date: **30 January 2007**

Recorder Job Number: **2222**

Committee Clerk Signature



Minutes:

Chairman Kaiser opened discussion of HB 1027. He advised the Committee that it was his plan to go through the recommendations and amendments from the subcommittee section by section.

Representative Ruby: I have the amendments in order as they pertain to sections. I'll explain each section and invite interested parties to elaborate. Some of these areas can be pretty intensive as far as the amount of information.

He went through the proposed amendments. **The accepted amendments (12 pages) are attached.**

Section 1: No changes.

Sections 2 & 3: Amend to remove both sections. For those areas there is already SB 2120, which has passed the senate that does the same thing. The first four lines of the proposed amendment becomes the amendment the Committee voted on. (See Attachment 1)

Representative Ruby moved to adopt the amendment.

Vice Chairman Johnson: Second

A voice vote was taken and the amendment was adopted.

Section 4:

Representative Ruby: Section 4 is the biodiesel production facility and appropriates \$1.2

million in sections 41 and 42 to do that. It also allows carryover of \$801,964 dollars to be used and it includes the emergency clause. HB 1014 also allows \$4.2 carryover amount for this.

Bob Humann, Bank of ND: The language that is suggested in this bill came from the BND. (He distributed Attachment A, which tracks some of the different bills currently going through the legislative process.)

Chairman Kaiser: Then we have no amendments or problems with Section 4. It removes the 5% biodiesel. No problems?

Section 5.

Representative Ruby: This increases the reporting requirements by the State Board of Higher Education for the annual performance and accountability report, it allows for a new program start up grant. The Board of Higher Education has no problem with that.

Representative Vigesaa: I move to adopt the amendment

Representative Nottestad: Second.

A voice vote was taken and the amendments were adopted.

Representative Ruby: Continuing with Section 5.

It requires grants and matching funds for the state for the State Board of Higher Education.

Chairman Kaiser: We have to put money in if we think it's a good idea.

Representative Ruby: I move the amendment.

Representative Boe: I second.

A voice vote was taken and the amendment was accepted. (11-2-1)

Section 6:

Representative Ruby: In this section the amendment raises the funding for grants and is a dollar to dollar match.

There was no motion to adopt this amendment.

Representative Ruby: Let's take 7, 8, 9, and 10 together. This requires for awards for three categories. It requires no more than 10% of the awards can go workforce, 10% to infrastructure, and it requires pre-award reviews and post-award monitoring as well independent expert review of every project. The amendments seek to remove a lot of the restrictions and give more flexibility. This bill has no appropriation for these sections. The money was proposed in the commerce budget.

Representative Johnson: I move the amendments on Section 7, 8, 9, & 10.

Representative Vigesaa: I second.

A roll call vote was taken: Yes: 13, No: 0 Absent: 1 (Dosch)

Section 11:

Representative Ruby: Section 11 allows the housing authority to guarantee temporary or permanent loans for low to moderate homes or land to be developed in residential property. The goal of the bill is fill the value gap in areas that have housing shortages. The subcommittee had no issue with this and made no changes.

Chairman Kaiser: Let's proceed to Section 12.

Section 12:

Representative Ruby: This allows the Business and Tourism Acceleration Commission to hold patents and royalty rights. We didn't change anything on that.

Chairman Kaiser: What are examples of patents they can hold? Does anyone know?

Representative Kasper: One example is at NDSU you have the polymer section where they are developing coatings. In research and development they may come on to something new and would have the patent on it.

Section 13:

Representative Ruby: This section requires international business tradeoffs to work with the State Board of Higher Education. We had no changes to that.

Chairman Kaiser: Where is the money for that?

Shane Goettle, ND Department of Commerce: It's in the Department of Commerce budget.

Section 14:

Representative Ruby: This section allows tourism to develop a visitor information program and there is no funding in that.

Goettle: We wanted to maintain our activity and proposed a general fund appropriation to do that. It is in our budget for tourism. To reach this we would have to find additional fund.

I would strongly urge that you leave the language as it is at "may."

Section 15:

Representative Ruby: Section 15 requires the Department of Commerce to create a department of innovational technology. The amendment you see removes that requirement. It also removes that language on page that talks about it. We believe the Department already has authority to create departments or divisions as they see fit. **I move the amendment.**

Representative Boe: I second.

A voice vote was taken. The amendment on Section 15 was adopted.

Section 16:

Representative Ruby: This requires the Division of Workforce Development to develop and implement a statewide intelligence coordination strategy. We made no changes to that section.

Section 17:

Representative Ruby: This requires an image program for state agencies to assist private sector businesses and employees.

Chairman Kaiser: This is a "shall." Do we have the money?

Shane Goettle: Last session we were given the money to bring this program to various public agencies. We have done that. The answer is the Department of Commerce has funding to do this, but we would have to delete some other project.

Section 18:

Representative Ruby: Section 18 requires the Department of Commerce to create a tax expenditure report for the legislature. The amendment removes the report from this section and establishes a pilot program to be new sections 37 and 38. The cost of the report would drop from the estimated \$500.0 to \$25.0 to the Department. No appropriation is included; the cost would have to be assumed by the Department. The amendment also addresses the concerns of the tax department in terms of privacy and record confidentiality.

(In response to funding questions Representative Ruby distributed **Attachment B** which lists the costs and reporting requirements for the Department of Commerce in HB 1027.)

Representative Nottestad: I move the amendments to section 18.

Representative Johnson: I second.

A voice vote was taken and the amendments were adopted.

Chairman Kaiser: Let's draft an additional amendment to Section 18 for a general fund appropriation for \$50,000. You can't do it for \$25,000. We'll have that as a second amendment:

(In response to funding questions Representative Ruby distributed **Attachment B** which lists the costs and reporting requirements for the Department of Commerce in HB 1027.)

Representative Zaiser: I move the amendment to add the \$50,000 appropriation.

Representative Thorpe: I second.

Chairman Kaiser: The reason I proposed the amendment is we ask departments to come forward, prepare their budget, submit it to the legislature for the governor, and submit it to the legislature for process. This is a legislative program we are requesting. I feel if we are going

to request it, we should pay for it. If we had said something to them in advance they could

have put it in their budget when it went forward. We always come forward with great ideas to spend their money. If we have a great idea we should fund it.

Representative Zaiser: I move the Amendment.

Representative Thorpe: I second.

A roll call vote was taken: Yes: 12, No: 1, Absent: 1 (Dosch)

Section 19:

Representative Ruby: This section creates 9 new sections to statute. The first amendment is for the division of workforce development to consult with workforce development partners in developing performance and accountability measures. It provides for more of a partnership for agencies and groups of people that work together rather than just the division. **I move the amendment.**

Representative Johnson: I second.

A voice vote was taken. The amendment was accepted.

Continuing on Section 19.

Representative Ruby: The next one starts on page 15 and makes the changes to the commerce program. I invite them to speak on this. This was developed from the meeting of several people. The only thing we are waiting on as of yesterday is a definition of a statewide longitudinal data system. I believe they were working on that.

Shane Goettle: The various institutions that you see identified here looked at what it takes to build a data warehouse system—a longitudinal system. The issue that needs to be address is the privacy and security of personal information. A lot of it is essential for a system like this.

Lisa Feldner, chief information officer for ND: Prior to knowing about this bill we had a group of people meet to work on a data system for the P-16 initiative for education as well as other entities. The definition of longitudinal means that you are studying an individual or a

subject over time—the same individual for a life span to see what happens. We incorporated members of the FINDIT Committee as well and have been working how we can develop a data system. Our recommendation is that it needs a lot of planning. If you just jump in to something like this, it has a tendency to fail. So we would like to plan the system over the next two years and come back to you in the next biennium with a recommendation for implementation. That's what these amendments do.

Representative Kasper: I make a motion that we amend out all of Section 19 and any pertinent parts of the bill that pertain to Section 19 and renumber accordingly.

Representative Nottestad: Would that rescind what we just did in the last amendment.

Chairman Kaiser: Yes, it would. So keep that in mind.

Shane Goettle: There are two initiatives in here which I have money for in our budget. This is the enabling language for those. We were counting on this as the enabling language for those two initiatives.

Representative Kasper: I would amend my motion delete all of Section 19 with the exception on page 16, lines 3 through 31, and page 17, lines 1 through 4.

A voice vote was taken and the amendment adopted.

Chairman Kaiser adjourned the Committee until immediately after the floor session.

Later on the same day the Committee continued with HB 1027.

Section 19, continued:

Representative Ruby: The next issue is internships. We thought there was enough flexibility to allow for kids who are from ND that are going to an out-of-state college to come back.

Goettle: We changed that because the Education Committee had some concern and we wanted to clarify that and address the issues they had. This amendment does that.

Representative Thorpe: I move the amendment.

A voice vote was taken and the amendment adopted.

Section 20: This section was already acted upon by amendment.

Section 21:

Representative Ruby: This creates a tourism acceleration commission. There is no funding in this. A couple of suggestions is to possibly recommend a percentage of revenue over the corporate income tax if there is such in the future biennium and there was discussion of a percentage increase in the corporate income tax be dedicated towards this. If there is no funding then this would just be enabling legislation until it is funded.

Chairman Kaiser: The wording is "shall."

Representative Ruby: We should make that a "may." That is a problem.

Chairman Kaiser: Shane, do you want to do this in your spare time?

Goettle: I do have the staff I could assign to this if it were created. I would not need any new FTE. It is simply an appropriations question.

Chairman Kaiser: We have to pay these people. There is no money available. I think this is an important concept, but it makes no sense to clutter pages of this bill if we're not going to fund it.

Vice Chairman Johnson: What is the anticipated cost? Committee I suggest we either put the money in or take this out. We can leave it in and make it permissive.

Goettle: If you want the similar activity as APUC, then we would need similar funding. In my judgment it would take at least 1/2 million. It will be expensive but it is worthwhile.

Representative Kasper: I move we remove Section 21.

Representative Amerman: I second.

A roll call vote was taken: Yes: 5, No: 7 Absent: 2 (Dosch and Zaiser)

The motion failed.

Representative Johnson: I move to add a \$500,000 appropriation to fund Section 21.

Representative Dietrich: I second.

A roll call vote was taken: Yes: 8, No: 4, Absent: 2 (Dosch and Zaiser)

Section 22 and 23:

Representative Ruby: This is the workforce recruitment tax credit for hard to fill positions.

Danita (?), Tax Department: The amendment makes changes as to how the credit is applied. They tie the incentive to extra ordinary recruitment methods, it ties the incentive to the salary of the new employees instead of the direct cost of recruitment.

Representative Ruby: I move the amendment for Section 22.

Representative Dietrich: I second

A voice vote was taken. The amendment was adopted.

Representative Johnson: I move the amendment for Section 23.

Representative Ruby: I second.

A roll call vote was taken: Yes: 11, No: 0, Absent: 3 (Dosch, Kasper, Zaiser) The amendment was accepted

Section 24: No changes.

Section 25: This is the tax credit for research and development.

Danita: This, as written, increases the tax credit from 8% to 25%. We have concerns about the ability to assign these credits so the amendments that prepared give us administration authority, audit authority, and deal with confidentiality issues, and assign the proceeds from the sale of these tax credits.

Representative Ruby: I move the amendments.

Representative Clark: I second.

A roll call vote was taken: Yes: 12, No: 0, Absent: 2 (Dosch and Zaiser).

Section 26: No change.

Representative Ruby: This expands the definition of an agricultural commodity facility to include the use of the byproduct for biodiesel and ethanol. We should have an amendment that changes "biodiesel" to say "biofuels."

Representative Thorpe: I move to add biofuels and add the definition below it.

A voice vote was taken, the amendment was accepted.

Section 28:

Representative Ruby: This section allows for a tax exemption for manufacturing or recycling machinery and equipment, tourism equipment, wireless service provider equipment and business computer and telecommunication equipment. The proposed amendments give definition to the broad descriptions in the bill.

Chairman Kaiser: We have four options of amendments before us. There will be fiscal impact.

Representative Vigesaa: I would move the second set of amendment which removes the wireless service provider equipment and leave in the recreation facilities.

Representative Thorpe: I second.

A roll call vote was taken: Yes: 5, No: 7, Absent: 2 (Dosch and Zaiser)

The motion failed.

Representative Kasper: I move to remove all of Section 28.

Representative Vigesaa: I second.

A roll call vote was taken: Yes: 11, No: 1, Absent: 2 (Dosch and Zaiser)

Section 32:

Representative Ruby: This requires Job Service to study the issue of chronic unemployment and soft skills.

Chairman Kaiser: Is this federal funding? Any questions? Let's go on to 33.

Goettle: This requires the Department of Commerce to do a study of commerce target industry cluster industries and report to the Legislative Council. My intent is not to work with state clusters but with community sectors. I'm going to have to realistically pick and choose. We are okay with this section.

Section 34:

Goettle: This is the workforce intelligence study and will cost \$50.0 We do not have the money in the budget. This study called for in this section could stand alone separate from the other study. We cannot do it unless we have the money.

Representative Johnson: I move we delete Section 34.

Representative Nottestad: I second.

A voice vote was taken and the amendment was adopted. Section 34 is removed.

Section 35:

Goettle: This requires the Department of Commerce to do a study of higher education internships and do a report to the Legislative Counsel. This has a cost of \$50.0 as well. It is not in our budget.

Representative Ruby: I move we remove Section 35.

Representative Vigesaa: I second.

A voice vote was taken and the amendment was adopted. Section 35 is removed.

Section 36:

Goettle: This section requires the Department of Commerce to do a study of career education and report to the Legislative Council. The cost is expected to be \$80.0.

Chairman Kaiser: Do you have that money?

Goettle: No, we do not.

Representative Clark: I move we delete Section 36.

A voice vote was taken. The amendment passed. Section 36 is deleted from the bill.

Section 37: This section provides that during the interim the legislative council shall consider studying the state's housing needs.

Chairman Kaiser: This does no harm and is needed. We can leave that in if the Committee so wishes.

Sections 38, 39, and 40:

Representative Kasper: I move we reduce the \$5 million for Section 39 to \$2.5 million and make the corresponding changes in the first section of the bill.

Representative Gruchalla: I second.

Representative Kasper: I think \$5 million is unreasonable. With half that we can get a start with one or two airports and in a couple of years we can see if it's working and put more money in it.

A roll call vote was taken: Yes: 9, No: 3, Absent: 2 (Dosch and Zaiser)

Section 45:

Representative Ruby: There is \$600.0 in here for the spider program for Job Service.

Chairman Kaiser: This is just an appropriation tagged on to this bill for Job Service. It comes from the general fund.

Representative Amerman: Can we do this?

Chairman Kaiser: You can spend your general fund money any way you want.

Are there any further questions? What are the wishes of the committee? We have HB 1027 before us as amended.

Representative Vigesaa: I Move Do Pass as Amended and Rerefer to Appropriations.

Representative Thorpe: I second.

A roll call vote was taken: Yes: 12, No: 0, Absent: 2 (Dosch and Zaiser)

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House Industry, Business and Labor

Bill/Resolution No **HB 1027**

Hearing Date: **30 Jan 07**

HB 1027 passed as amended and will be rereferred to appropriations.

Representative Ruby will carry the bill.

2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1027

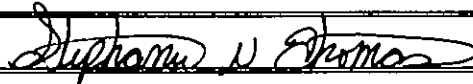
House Industry, Business and Labor Committee

Check here for Conference Committee

Hearing Date: January 31, 2007

Recorder Job Number: 2486

Committee Clerk Signature



Minutes:

Chair Keiser opened the hearing on HB 1027. We need to reconsider our actions, bring it back, and put another slight amendment on it, so I would entertain such a motion.

Rep. Dietrich: So moved.

Rep. Zaiser: Second.

Rep. Ruby: We discussed the internship program, and the intent was to have that apply to students from ND who were attending an out of state university, and then coming back to do internships within the state. There's one area in section 23 that talks about the internship employment tax credit, and the language in A, it says an intern must be an enrolled full time student in a ND Institution of Higher Education. I would propose to remove ND institution, and just put an intern must be an enrolled full time student of an institution on higher learning. That way when they come back they can go to work as an intern and the person that employs them here would still qualify for that tax credit.

Rep. Ruby: I move to further amend.

Rep. Nottestad: Second.

Voice vote taken, action passes.

Rep. Ruby: I move a do pass, as amended, and rereferred to appropriations.

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House Industry, Business and Labor Committee
Bill/Resolution No. HB 1027
Hearing Date: January 31, 2007

Rep. Gruchalla: Second.

Roll call vote was taken. 10 Yeas, 0 Nays, 4 Absent, Carrier: Rep. Ruby

Hearing closed.

FISCAL NOTE
Requested by Legislative Council
02/15/2007

Amendment to: Engrossed
 HB 1027

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			(\$13,400,000)		(\$13,400,000)	
Expenditures			\$775,000		\$775,000	
Appropriations						

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2005-2007 Biennium			2007-2009 Biennium			2009-2011 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This bill is the business initiative bill sponsored by the interim Economic Development Committee to address a broad range of economic development and business climate issues. Multiple provisions have fiscal impact and are listed in section 2B.

B. Fiscal impact sections: *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 2: Department of Commerce to provide staff services to Centers of Excellence Commission. (Department of Commerce)

Section 3: Changes to Centers of Excellence program including consideration of independent, expert review of complete applications and Commission responsibility to monitor Centers from six to ten years. (Department of Commerce)

Section 4: Allows the Centers of Excellence Commission to use funds for expenses including contracting for independent, expert reviews. (Department of Commerce)

Section 5: Mortgage loan financing program changes. (Housing Finance Agency)

Section 6: International business and trade office work with higher education to expand international business expertise of students of higher education. (Department of Commerce)

Section 7: Visitor information centers. (Department of Commerce)

Section 9: Expands the Division of Workforce Development's duties to include developing and implementing the state's talent strategy and a statewide intelligence coordination strategy. (Department of Commerce)

Section 10: Requires the North Dakota image information program to include the private sector. (Department of Commerce)

Section 11: A program to increase use of higher education internships and a career specialist program. (Department of Commerce)

Section 12: Internship employment tax credit. (Tax Department)

Section 14: Income tax credit for research and experimental expenditures. (Tax Department)

Section 15: Seed capital investment tax credit limits. (Tax Department)

Section 16: Agricultural commodity processing facility definition for the purposes of the agricultural business investment tax credit. (Tax Department)

Section 17: Business climate initiative. (Department of Commerce)

Section 18: Repeal of beginning entrepreneur income tax deduction. (Tax Department)

Section 19: Higher education report on CCBenefits. (Higher Education)

Section 20: Study of the cluster industries related to the state's target industries. (Department of Commerce)

Section 21: Tax expenditure report pilot project. (Tax Department and Department of Commerce)

Section 22: State business incentive expenditure report pilot project. (Department of Commerce)

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

Tax Department

Section 12 provides for a tax credit against corporation and individual income tax liabilities relating to stipends or salaries paid to North Dakota college students hired as interns by North Dakota employers. The fiscal impact of this section cannot be determined.

Section 13 allows the tax credits for recruitment expenses and internship programs contained in Section 14 to be claimed on the state's simplified form, Form ND-1.

Section 14 expands the income tax credit for research and experimental expenditures, and allows unused credits to be assigned to other taxpayers. Based on current information, the fiscal impact of this section is an estimated reduction in state general fund revenues of \$8.4 million for the 2007-09 biennium. This amount could be low, and the fiscal impact greater, if the broadening and assigning provisions significantly alter behavior.

Section 15 raises the limits on the seed capital investment tax credit program from \$2.5 million to \$5 million per calendar year. The fiscal impact of this section is potentially a reduction in state general fund revenues of \$5 million for the 2007-09 biennium.

Section 16 expands the definition of agricultural processing facilities to include livestock operations that use byproducts of North Dakota's biofuels plants. The fiscal impact of this expansion is a reduction in state general fund revenues of an unknown amount.

Section 18 repeals the beginning entrepreneur tax deduction program, but allows existing contracts to continue to claim the tax deduction until the expiration of the contract. The fiscal impact is under \$5000.

Contact: Kathy Strombeck 328-3402

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

Board of Higher Education

Section 19

Section 19: Although this section imposes an additional reporting requirement, we do not believe that any new resources, beyond those provided for in the 2007-09 Executive Budget proposal would be required.

Contact: Laura Glatt 328-4116

Department of Commerce

Sections 1, 2, 3, 4, 6, 7, 9, 10, 11, 17, 20, 21, & 22

Section 2: No additional fiscal impact as HB 1018 contains sufficient funds for the Department of Commerce to provide staff services to the Centers of Excellence Commission.

Section 3: This section adds a consideration of independent, expert review for complete Centers of Excellence applications. There is no additional fiscal impact as section 6 allows the Centers of Excellence Commission to use a portion of the Centers of Excellence funds for this purpose.

Section 6: The fiscal impact would be \$200,000 per biennium. This amount is based upon the North Dakota Trade Office hiring 12 interns as export assistants and providing them with international export training for potential placement as managers within international export companies.

Section 7: This section allows the division of Tourism to develop and implement a visitor information center assistance program. \$525,000 in additional funds would be required in order to implement this program, which would be comprised of \$100,000 for training and \$425,000 for matching grants.

Section 9: No additional fiscal impact.

Section 10: This section expands the requirements for the North Dakota image information program to include private businesses. \$50,000 in additional funds would be needed to fully expand this program to the private sector.

Section 11: No additional fiscal impact beyond the funding including in HB 1018 for the Higher Education Internship and Career Specialist programs.

Sections 17 & 20: No additional fiscal impact.

Sections 21 & 22: No additional fiscal impact beyond the \$50,000 appropriated in HB 1018 for this purpose.

Contact: Justin Dever 328-7258

Housing Finance Agency
Section 5

Section 5: The HFA has requested an appropriation for loan loss reserve for these loans in the amount of \$6 million. It is not possible to identify how many loans would be made with verses without the expanded language provided in HB 1027 therefore the fiscal impact at this time is unknown. HFA is moving forward with these programs with the intent that the loans will be repaid and the fiscal impact will be zero.

Contact: Pat Nagel 328-8081

Tax Department

Section 21 requires the Tax Commissioner compile and furnish tax expenditure data to the Department of Commerce to be used in creating a tax expenditure report for the legislative assembly. The Office of Tax Commissioner will incur some costs associated with this requirement, but the costs, although currently undeterminable, will not be significant unless return information and programming must be changed significantly.

Contact: Kathy Strombeck 328-3402

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

As amended, this bill does not provide any appropriations.

It is estimated that the following additional appropriations would be needed for the implementation of each section:

Section 6: \$200,000 (Department of Commerce - Trade Office)
Section 7: \$525,000 (Department of Commerce)
Section 10: \$50,000 (Department of Commerce)

Total: \$775,000 General Funds

Name:	Justin Dever	Agency:	Department of Commerce
Phone Number:	328-7258	Date Prepared:	02/15/2007

