

2009 SENATE INDUSTRY, BUSINESS AND LABOR

SB 2110

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2110

Senate Industry, Business and Labor Committee

Check here for Conference Committee

Hearing Date: January 13, 2009

Recorder Job Number: 6896

Committee Clerk Signature

Eva Liebelt

Minutes:

Shane Goettle, Commissioner, and ND Department of Commerce: (Testimony Attached).

Senator Potter: You're getting rid of the ten million dollar cap on investing alternative and adventure capital investments, from the Bank of North Dakota, but you're still managing alternative adventure capital investments are there any limits to that? How is that determined?

Shane Goettle: We negotiate with the banks but the limit would be what the bank would impose on that agreement. We're doing it well under market.

Senator Potter: The cost of your service to the bank, but what about the loans themselves? You were not allowed to borrow funds to exceed ten million dollars, not to exceed ten million dollars. Is there any limitation now?

Justin Diver, North Dakota Department of Commerce: The limit and statues are actually under the Bank of North Dakota division, and so the ten million dollar limit will remain. All this does is removing the borrowing authority from the development.

Discussion continued.

Denise Spangler: We deal with housing development activities out to rural places, Childcare

Providers to be able to start new childcare facilities. Usually economic developers are the ones who ask for our help. We do surveys in the communities and ask the community members what they want and what they expect for growth and industry. We had fourteen communities and five counties doing that analysis, so they can access federal and state programs that will help their housing goals.

Senator Horne: Is this the first you have brought this to a committee?

Shane Goettle: This is the first that you are hearing of it. We did bring this to the interim committee.

Bill Shalhoob, Economic Development Association of North Dakota: (Testimony Attached).

Bob Pope, President and Owner, Nexus Innovations, INC., (Testimony Attached).

Senator Horne: Do interns come only from the University level and you want to extend it to the eleventh and twelfth grade levels? What is involved in your program, if I was to become an intern in your business, how would that work? Do you benefit somehow financially?

Bob Pope: In the current program, we bring on an intern from the college they are paid about twelve to fourteen dollars an hour. This program supplements that so it doesn't cost us as an employer so much, it encourages us. I think the cap is three thousand dollars. We train and mentor them; they are productive in helping us provide better services to our customers.

Chairman Klein: Closed hearing on SB 2110.

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2110

Senate Industry, Business and Labor Committee

Check here for Conference Committee

Hearing Date: January 21, 2009

Recorder Job Number: 7383

Committee Clerk Signature

Minutes:

Chairman Klein: We will open on bill 2110. The proposed amendment was in section ten to eliminate subsection three.

Moved by Senator Andrist to approve as amended. Seconded by Senator Wanzek.

Row Call Vote: Yes: 6 No:0 Absent: 1

Moved by Senator Andrist to pass as amended. Seconded by Senator Nodland.

Row Call Vote: Yes: 6 No: 0 Absent: 1

Floor Assignment: Senator Klein

REPORT OF STANDING COMMITTEE

SB 2110: Industry, Business and Labor Committee (Sen. Klein, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (6 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). SB 2110 was placed on the Sixth order on the calendar.

Page 1, line 5, after the first comma insert "section 54-60-03,"

Page 1, line 9, after the first comma insert "the commissioner of commerce,"

Page 8, after line 12, insert:

"SECTION 10. AMENDMENT. Section 54-60-03 of the North Dakota Century Code is amended and reenacted as follows:

54-60-03. Commissioner of commerce - Duties. With the advice and counsel of the North Dakota development foundation, the governor shall appoint a commissioner to supervise, control, and administer the department. The commissioner serves at the pleasure of the governor and receives a salary set by the governor within the limits of legislative appropriations. The commissioner:

1. Shall file an oath of office in the usual form before commencing to perform the duties of the commissioner;
2. Shall serve as chairman of the cabinet;
3. ~~Shall prepare the cabinet's list identifying economic development moneys included in budget requests of cabinet agencies;~~
4. Shall appoint personnel as may be determined necessary to carry out the duties of the department;
- 5- 4. Shall manage the operations of the department and oversee each of the divisions;
- 6- 5. Shall assume central responsibilities to develop, implement, and coordinate a working network of commerce service providers;
- 7- 6. Shall coordinate the department's services with commerce-related services of other state agencies;
- 8- 7. Shall advise and cooperate with departments and agencies of the federal government and of other states; private businesses, agricultural organizations, and associations; research institutions; and with any individual or other private or public entity;
- 9- 8. May enter contracts upon terms and conditions as determined by the commissioner to be reasonable and to effectuate the purposes of this chapter;
- 10- 9. Shall report between the first and tenth legislative days of each regular legislative session to a standing committee of each house of the legislative assembly as determined by the legislative council and shall report annually to the foundation:
 - a. On the department's goals and objectives since the last report;

- b. On the department's goals and objectives for the period until the next report;
 - c. On the department's long-term goals and objectives;
 - d. On the department's activities and measurable results occurring since the last report; and
 - e. On commerce benchmarks, including the average annual wage in the state, the gross state product exclusive of agriculture, and the number of primary sector jobs in the state;
- ~~11.~~ 10. Shall adopt rules necessary to implement this chapter; and
- ~~12.~~ 11. May take any actions necessary and proper to implement this chapter."

Renumber accordingly

2009 HOUSE INDUSTRY, BUSINESS AND LABOR

SB 2110

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2110

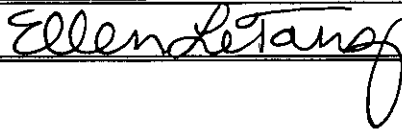
House Industry, Business and Labor Committee

Check here for Conference Committee

Hearing Date: March 4, 2009

Recorder Job Number: 10180

Committee Clerk Signature



Chairman Keiser: Opened the hearing on SB 2110 relating to North Dakota Rural Development Office & Council, powers of North Dakota Development Fund, Inc., Department of Commerce Division of Economic Development & Finance, Department of Commerce Division of Tourism, The State Tourism policy, Commissioner of Commerce, North Dakota Economic Development Foundation, North Dakota Commerce Cabinet, Department of Commerce Division of Workforce Development and repeal Finance & Motion Picture Development Office & target industries.

Shane Goettle~Commissioner, North Dakota Department of Commerce. See testimony attachment.

Representative N Johnson: On page five, when you talked about the local economic developer certification education program, if you think about language where you put both in every two years instead of this next biennium it's going to be certification and the next one education.

Goettle: Honestly, that's a function how much turnover there's been in the ranks of economic developers and whether there's enough demand to do that because they can be in North Dakota and get certified and so we thought we would work with EDND and leave some flexibility in there and gage that. We know there isn't enough demand going for the next

biennium because we just hit a crash. We needed some flexibility but it's possible that we would do education two biennium's in a row and come back as an officer.

Representative N Johnson: That was what I was just saying and/or education...

Goettle: I think that would be just fine with me.

Chairman Keiser: Just following up on Representative N Johnson, if you look at page five, it certainly could be "local economic developer certification and education program" and then you would have the flexibility to do with it. If a new person were hired, it would be nice to certify them.

Representative Nottestad: I comfortable so far, I had one question about getting an amendment.

Representative Ruby: On section five, where you are removing "economic development strategic plan", how involved is that? Isn't that useful information to have if you're going to be requiring for allowing use of this fund?

Goettle: Right now, an economic development strategic plan as we interpret this, is something that they have actually put together rather comprehensively and done in their community. This is supposed to be for rural cities and a lot of them are pretty small. So we put the resources into what we term "economic development strategic plan" and this is \$20,000 to \$25,000. That a big burden to put on the program which can only access \$75,000, it's not that we don't want plans from, but the way it's termed right now, we thought it would be problematic. I think, obviously, if they are still applying for this fund, to want to know the background and what they did in terms of planning, we just don't want them to go through all the hoops of economic development strategic plan to access those dollars.

Representative Vigesaa: In that same section, it doesn't address it in this bill, but what are the size parameters for being designated a rural growth incentive city?

Goettle: Off hand, we think 8,000.

Representative Vigesaa: Also, below that.

Goettle: We will get that information to you right away.

Chairman Keiser: Commissioner, going back to Representative Ruby's & Representative Vigesaa question, on section five, I realize these are small cities and they don't have staffs typically, but shouldn't an economic development strategic plan have some statement or concept to what they are look at rather than just applying for the money?

Goettle: First of all, we may have been the victims of ourselves on this in some respect. This is trying to incent cities to go through this comprehensive plan, but it just didn't work. What we want to do is to review our operations and programs that are being deployed and aren't. If we ask ourselves why they aren't being deployed, what's the barrier? We asked communities why they were not applying; they said that they didn't want to go through that process. Now we probably could internally revise that to say, we don't expect full blown economic development strategic plan.

Chairman Keiser: Is there a way to state it that they have to have some kind of document?

Goettle: We have them have some kind of proposal and that would be like any kind of enterprise.

Chairman Keiser: Perhaps, this is adequate.

Goettle: The population is 2,500 or below.

Representative Vigesaa: Would you anticipate if we removed that obligation, you would get more applications?

Goettle: I asked that same question to my staff. We thought about eliminating the whole program and knowing that this is barrier that some communities have communicated to us. We thought we would just test this then and see if they access the program once we remove

the barrier. We think for communities might access this and it depends on us getting the word out about the availability of the funds. If the program continues, that's what we would do. On the other hand if we should do away with it, we would do that.

Vice Chairman Kasper: On page four, line 27, referring back to the economic development strategic plan, "meets any additional program requirements provided by rule", have you developed rules in that area which might be what the committee is asking about as far as substituting for an economic development strategic plan?

Goettle: I'm going to defer to Paul Lucy.

Lucy: As far as I know, there are not any specific rules that necessarily laid out. It's on a case by case basis.

Representative Ruby: I was wonder, how much is available in the fund?

Lucy: I don't know exactly what the balance that would be; I would have to check with the CEO.

Chairman Keiser: Should we raise that number of \$25, 000? This is our chance.

Lucy: I would have to spend some time with the CEO of the development fund. These funds have to be paid back and the larger community you get to, the more their capacity and capabilities are to pay back to the revenues that are coming in.

Chairman Keiser: As I think about it, \$25,000 to \$75,000 doesn't sound like too much, but in terms of cash match, that is really significant for a small community. This is an opportunity to look at this but it seem to me that we should have considerately expanding that number, but also create a two to one match for these smaller communities. If we are looking for barriers and trying to get the smaller communities engaged in this, for them to raise \$10,000 and be able to access \$20,000 makes a whole lot more sense. For cities like Bismarck or Fargo, it's not too hard to get a one to one match.

Goettle: There is something else that I would like to point out here, the small cities often times they are struggling to keep open a grocery store. You will see that this gives them a set of funds that they can manage on their own but also geared to help a grocery store or a gas station. You wouldn't have that challenge with a larger community.

Chairman Keiser: Where is the fiscal note on this bill?

Goettle: There is not a fiscal note on this one. There is no additional cost associated with what we are attempting to do.

Chairman Keiser: So, any extension program like, the apprenticeship program, you are going to absorb that internally?

Goettle: In the Department of Commerce budget bill, for this biennium, operation interim is funded at \$600,000. The governor's recommendation is proposed to double that program to \$1.2 million. The change we want to make, we will work with no matter what the size the program.

Bill Shaloo~North Dakota Economic Development. The most exciting part of this bill is the change on the certification to an education program. The EDNDN congress envisions that actually going down to the board. As old board members come off and as old board members are there, we can actually get to these folks and let them know what's available. As they know what's available, they can take that back to their communities and take advantage of the programs of the congress, if they can go through this educational process, get it down to the folks who are trying to drive the project and make it work. If we can get these folks in and tell them what's there, maybe we can spark an idea on how to make it work. I hopeful that's what will happen.

Chairman Keiser: Representative N Johnson raised a point, why not just say "local developer certification and education program"?

Shalhoob: I don't see a problem with that. There is some turnover and it is a problem especially among the smaller places. Many cities do not operate like Bismarck or Fargo with a full time development office.

Representative N Johnson: I was thinking something to the effect that "local economic development certification and education programs, the director may implement certification and education programs through which the division provides training". That way it doesn't mandate that it doesn't have to be both of them.

Shalhoob: Be careful with the words includes or goes to the members of the board of directors or the members of these corporations and not just to the director because that's the idea.

Chairman Keiser: They are still in.

Dena Wiese~Executive Director of the Information/Technology Council of North Dakota. I'm here for support for SB 2110, specifically as it relates to the expansion of the operation intern program. ITCND has nearly 90 members, both public & private sectors, but there is a large number of our member companies who have utilized operation intern program and welcome the expansion to move to the 11th & 12th graders the opportunity for the incentive as well. This may help them continue down the career path into the future. I do have testimony on behalf of Bob Pope, President of Nexus Innovations, Inc. This company has taken advantage of operation intern. See testimony attachment.

Paul Lucy~Director of Economic Development & Finance Division. To answer the previous question regards to for the rural incentive program, so, there is a cap in terms of the limit on \$500,000.

Chairman Keiser: How much is in the total?

Lucy: That's a moving target. I believe the last look it was somewhere around six to eight million but there are a number of commitments out. That is just the balance that's in there.

Chairman Keiser: If we were to expand the size of the cities that could apply and if we were to change the cash match for cities under 25,000, would that create a fiscal note that would impact the fund or would it just come out that fund?

Lucy: I believe I would need to have a conversation with the CEO of the development fund to give you a good answer to that question. I could see that it would definitely have impact on an increased demand on the fund.

Chairman Keiser: But the fund wouldn't be increased?

Lucy: No, it would not.

Goettle: In looking at how that fund would be in the financial situation in the upcoming biennium, if you recall two years ago, we did request three million dollars into the fund because of the size of the projects that we had financed. The returns that we projected from equity investments as well as the loans, we thought that would be sufficient to take care of the demand that we saw against fund going forward and that included some assessment of what it means in terms of the cities that might access this. If you increase that population pressure, it would change our projections on that fund. We would have to rerun those based on our estimated (?).

Chairman Keiser: At this point in the game, that might not be a good idea.

Vice Chairman Kasper: Is the six to eight million dollars available or is it loan out? What I'm wondering is how much is left for new loans right now if someone wanted to apply for a loan?

Goettle: That the balance we have on hand right now. There are contingents upon that and that's what we don't have an exact figure for you. We can get that because we keep a running list of those commitments but they are always changing. Cash on hand is just over six million.

Vice Chairman Kasper: It would be helpful, at least for me, if you could give us a list over the last two years of the projects that have requested funding and the projects that were funded with maybe some dates so we can see the activity because if we are talking about expanding and the activity is modest, expansion for the next biennium might not be a big problem. How can we make a decision, if we can't see something, numbers?

Goettle: We could easily provide that for you.

Paul: Dean Reece is running those exact numbers; Shane & I will be meeting when we get back to the office to discuss those. I can tell you that the projections that were presented to me in the last few months represent what that fund typically does over the last three years. It has averaged approximately 6.5 million dollars in revenue in funds. About 3.9 million dollars investments coming back in to cover all operation costs...

Representative Ruby: You are talking about the broad development funds, but for the provision of the rural growth incentive fund, it can tap into those that are available. If I remember the testimony correctly, you haven't awarded any of those types of incentives yet because no one has wanted them. Is that right?

Goettle: There has been one.

Representative Ruby: What Vice Chairman Kasper is asking for is a much more comprehensive list of information as far as activity from the whole fund?

Chairman Keiser: Correct, but what I am understanding from the commissioners is that the budget for commerce was prepared and taken to the governor and appropriations. They had considered all of their anticipated, current & past activities and they are comfortable with the budget that was submitted. If we change, either the threshold of the number of people in the community or the cash match, that would require an adjustment to the budget that was submitted. That would be a new fiscal note.

Chairman Keiser: Sara, on the certification education program, it seems to me that there is a potential significant difference economic development and tourism. Should we have a certification education program for tourism?

Sara Otte Coleman~Department of Commerce. We do offer scholarships in conjunction with our destination marketing association. There isn't one certification program for tourism, which is a difficulty because there is so many specialties area that tourism professionals work in, but there might be some merit in investigating how we could go further. One thing that we have done this year is we developed a hospitality training program. This is a DVD based program that we have gotten out through the whole state.

Chairman Keiser: On the side of the insurance, tourism has a very different problem than does regular commercial economic development. I wonder if we don't need to pump up our educational program on the tourism side for those people in the industry so they can find their own solutions, like the equine insurance. Montana and Wyoming have done it but apparently North Dakota has not.

Coleman: That's true. The difference you have between tourism professionals is many of them focus their efforts on marketing as opposed to development.

Representative Nottestad: The training has great value. If I had training, it would have been great for me with my contact of school parents moving, to have some training. Sometimes I average 10 to 15 new parents a week and any training for people who have access like that would pay off in the long run.

Coleman: That's so true. Tourism professionals are really every day, ordinary people that live throughout North Dakota and we try to get the message out to them & provide them information. The website has done a tremendous amount to enhance that because of the information on the website that people can access easily.

Chairman Keiser: Anyone else here to testify in opposition in SB 2110, neutral? Closes the hearing and what are the wishes of the committee?

Representative N Johnson: Moves to amend SB 2110.

Representative Ruby: Second.

Chairman Keiser: Further discussion.

Chairman Keiser: I support it, I like the "may" that give the commissioner some flexibility.

Voice vote on the amendment, all ayes, no nays.

Representative Nottestad: Moves a Do Pass as Amended.

Representative N Johnson: Second.

Voting roll call was taken on SB 2110 for a Do Pass as Amended with 13 ayes, 0 nays, 0 absent and the carrier is Representative Nottestad.

March 4, 2009

VR
3/4/09

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2110

Page 5, line 16, remove the overstrike over "~~certification~~", remove "education", and overstrike "program" and insert immediately thereafter "and education programs"

Page 5, line 17, overstrike "shall" and insert immediately thereafter "may", remove the overstrike over "~~certification~~", remove "an education", and overstrike "program" and insert immediately thereafter "and education programs"

Renumber accordingly

Date: Mar 4-2009

Roll Call Vote # 1

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. 2110

House House, Business & Labor Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass Do Not Pass As Amended

Motion Made By N. Johnson Seconded By Ruby

Representatives	Yes	No	Representatives	Yes	No
Chairman Keiser			Representative Amerman		
Vice Chairman Kasper			Representative Boe		
Representative Clark			Representative Gruchalla		
Representative N Johnson			Representative Schneider		
Representative Nottestad			Representative Thorpe		
Representative Ruby					
Representative Sukut					
Representative Vigesaa					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

Date: Mar 4, 2009

Roll Call Vote # 2

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. 2110

House House, Business & Labor Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass Do Not Pass As Amended

Motion Made By Nottestad Seconded By N Johnson

Representatives	Yes	No	Representatives	Yes	No
Chairman Keiser	7		Representative Amerman	7	
Vice Chairman Kasper	7		Representative Boe	7	
Representative Clark	7		Representative Gruchalla	7	
Representative N Johnson	7		Representative Schneider	7	
Representative Nottestad	7		Representative Thorpe	7	
Representative Ruby	7				
Representative Sukut	7				
Representative Vigesaa	7				

Total (Yes) 13 No 0

Absent 0

Floor Assignment Nottestad

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SB 2110, as engrossed: Industry, Business and Labor Committee (Rep. Kelsner, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (13 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed SB 2110 was placed on the Sixth order on the calendar.

Page 5, line 16, remove the overstrike over "~~certification~~", remove "education", and overstrike "**program**" and insert immediately thereafter "and education programs"

Page 5, line 17, overstrike "shall" and insert immediately thereafter "may", remove the overstrike over "~~certification~~", remove "an education", and overstrike "program" and insert immediately thereafter "and education programs"

Renumber accordingly

2009 SENATE INDUSTRY, BUSINESS AND LABOR

CONFERENCE COMMITTEE

SB 2110

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2110

Senate Industry, Business and Labor Committee

Check here for Conference Committee

Hearing Date: April 20, 2009

Recorder Job Number: 11990

Committee Clerk Signature

Eva Lubelt

Minutes:

Chairman Klein: Called the meeting to order. Committee this was the department of commerce somewhat of a upgrading or highlighting. Do you want to have someone explain?

Rep. Nottestad: I will start and turn it over to Representative Johnson. We were asking some questions about the way it was set up and ways of making it better.

Rep. Johnson: Yes, when we were looking at it he was going to change it to just do education programs but there might be more need for certification, we're on page 5 under section 6, line 16-21. I just asked why we couldn't do both certification and education and let the department decide. If we just do one of these, we'd probably be coming back in two years and asking for the other. We want to give them the opportunity to do both.

Chairman Klein: Flexibility.

Senator Nodland: You changed shall to may?

Rep. Johnson: Yes, we didn't require them to do both education and certification in the same year.

Senator Behm: I like the change from, "shall to may."

Rep. Johnson: That's what we had in mind. They know what's needed out there and it gives them flexibility.

Motion made by Senator Nodland for the Senate to accede to the House.

Motion was seconded by Representative Nottestad.

Vote Taken: Yes 6-0

Senate Carrier: Senator Klein.

House Carrier: Representative Nottestad.

2009 SENATE CONFERENCE COMMITTEE ROLL CALL VOTES

BILL/RESOLUTION NO. SB 2110 as (re) engrossed

Senate IBL Committee

Check here for **Conference Committee**

- Action Taken
- SENATE accede to House Amendments
 - SENATE accede to House Amendments and further amend
 - HOUSE recede from House Amendments
 - HOUSE recede from House amendments and amend as follows

Senate/House Amendments on SJ/HJ pages(s) 708 -- 709

Unable to agree, recommends that the committee be discharged and a new committee be appointed.

((Re)Engrossed) _____ was placed on the Seventh order of business on the calendar.

Motion Made By Senator Nodland Seconded By Rep. Nottestad

Senators				Representatives			
	Attend.	Y	N		Attend.	Y	N
		e	o			e	o
		s				s	
Senator Klein	✓	✓		Rep. Nottestad	✓	✓	
Senator Nodland	✓	✓		Rep. N. Johnson	✓	✓	
Senator Behm	✓	✓		Rep. Amerman	✓	✓	

Vote Count 6 Yes 0 No 0 Absent

Senate Carrier Senator Klein House Carrier Rep. Nottestad

LC NO. _____ of amendment

LC NO. _____ of engrossment

Emergency clause added or deleted _____

Statement of purpose of amendment _____

REPORT OF CONFERENCE COMMITTEE

SB 2110, as engrossed: Your conference committee (Sens. Klein, Nodland, Behm and Reps. Nottestad, N. Johnson, Amerman) recommends that the **SENATE ACCEDE** to the House amendments on SJ pages 708-709 and place SB 2110 on the Seventh order.

Engrossed SB 2110 was placed on the Seventh order of business on the calendar.

2009 TESTIMONY

SB 2110



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Testimony of Bob Pope
President and Owner, Nexus Innovations, Inc.
SB 2110
January 13, 2009

Chairman Klein and members of the Industry, Business and Labor Committee:

My name is Bob Pope, and I am the President of Nexus Innovations, Inc., in Bismarck. As a member of the Information Technology Council of North Dakota (ITCND), I am here on behalf of ITCND to testify in support of SB 2110, specifically as it relates to the expansion of the Operation Intern program.

Nexus Innovations is a Microsoft Certified Partner. We provide innovative, results-focused solutions to tough technology and management challenges. Our clients include education, health care, the energy industry and the public sector. We specialize in writing custom software, collaboration solutions, project management and IT consulting services.

Nexus has been a member of ITCND since its inception in 2000, when it was created by North Dakota business, government and university leaders who recognized the need to strengthen the state's information technology infrastructure and reposition the state as a national leader in IT. ITCND has nearly 90 member organizations, with representatives from both the public and private sector.

ITCND supports the expansion of the Operation Intern program to include apprenticeships and participation from students in 11th and 12th grades. With a need for more than 2,500 new and replacement IT employees over the next 10 years in just the core IT industries, the development of a high-quality workforce is vital to the future growth of North Dakota's IT industry. A key component in this process is engaging students in IT careers by providing internship opportunities, which many times lead to full-time, permanent employment. The earlier we can expose students to opportunities in the state's target industries, the greater the chance we have of keeping them employed with our businesses post graduation.

Nexus Innovations is just one of 20 technology-based businesses taking advantage of the Operation Intern program. We have had five or six interns and have had very positive experiences. As a senior at NDSU in 1982, I had an internship and it played a huge role in opening up a rewarding career path and allowed us to stay in the state. Knowing first-hand the importance of internships, Nexus Innovations didn't hesitate to take advantage of Operation Intern. We would welcome the opportunity to use the program's incentives to hire interns in

grades 11 and 12 with hopes the exposure would solidify their pursuit of an IT career in North Dakota.

As a business owner, I want our tax dollars used wisely. I do believe this program is a wise investment with a solid payback for the State of North Dakota.

We thank you for your support of Operation Intern in the past, and we encourage you to give SB 2110 a DO PASS recommendation.

Pope testimony in support of SB 2110.

Attachment #1

**DEPARTMENT OF COMMERCE TESTIMONY ON SB 2110
JANUARY 13, 2009, 10:30 A.M.
SENATE INDUSTRY, BUSINESS AND LABOR COMMITTEE
ROOSEVELT PARK ROOM
SENATOR JERRY KLEIN, CHAIRMAN**

SHANE GOETTLE – COMMISSIONER, ND DEPARTMENT OF COMMERCE

Good morning, Mr. Chairman, and members of the committee. I am Shane Goettle, Commissioner of the North Dakota Department of Commerce and I am here before you today in support of SB 2110.

SB 2110 was introduced by the Department of Commerce to clean up our statute, modify a few Commerce related programs, and add a Rural Development Office and Council.

Section 1 makes permanent the North Dakota Development Fund’s role in the New Venture Capital Program that is currently set to expire on July 31, 2009. The Development Fund currently manages the New Venture Capital Program for the Bank of North Dakota. The Bank of North Dakota introduced SB 2103, a bill you will hear tomorrow, which makes permanent the New Venture Capital Program. Section 1 also removes the Development Fund’s authority to borrow the \$10 million from the Bank of North Dakota, as it has been decided that providing management services was a more appropriate way to run the New Venture Capital Program.

Section 2 generalizes the ED&F Division’s mission to focus on “identified target industries” instead of listing specific industries. The North Dakota Economic Development Foundation is undergoing a process to revisit its strategic plan and will be reviewing the target industries. Section 2 also removes a reference to the Myron G. Nelson Fund, which is no longer in existence.

Section 3 amends the ED&F Division structure to reflect current practice. The ED&F Division does not have a specific Finance Office and the International Business and Trade Office was changed to report directly to the Commerce Commissioner last session.

Section 4 adds the responsibilities of the Finance Office to the duties of the ED&F Division Director.

Section 5 removes the requirement for a Rural Growth Incentive City to prepare an economic development strategic plan. The strategic plan requirement has served as a barrier to cities accessing the program as the cost of developing a strategic plan many times outweighs the benefit of the Rural Growth Incentive.

Section 6 transitions the Local Economic Developer Certification Program to an education program. 32 developers were certified as Economic Development Finance Professionals by the National Development Council as a part of the program and we would like to continue an education program that could include more than just a certification.

Section 7 generalizes who the Tourism Division works with to "tourism partners." Tourism partners include more than just political subdivisions.

Section 8 updates the Tourism Division Director's duties to include current activities and strategies. Section 9 updates the state's tourism policy to reflect the role Tourism marketing plays in improving the image of North Dakota and assisting with attracting new residents.

Section 10 is a change recommended by the North Dakota Economic Development Foundation. It clarifies that the Foundation can spend its funds on Commerce activities in or out-of-state.

Section 11 removes the responsibility of the Commerce Cabinet in regards to preparing a list of economic development moneys included in the budget requests of cabinet agencies. This information is gathered elsewhere and provided to legislators, a copy of which is attached as an appendix. We are proposing an amendment to SB 2110, which is attached, to also remove this responsibility from the Commissioner of Commerce.

Section 12 expands Operation Intern to include apprenticeships and high school students in grades 11 and 12. These changes were recommended by the Workforce Development Council and reflect the importance of skilled trades and technology occupations in our workforce.

Section 13 creates a Rural Development Office within the Department of Commerce. The Department of Commerce currently contracts with the Center for Technology & Business to provide rural development services. Section 14 places the Rural Development Council into statute.

Section 14 repeals the ED&F Division's Finance Office, the Tourism Division's Motion Picture Development Office, and the Target Industries reporting requirement. The Finance Office responsibilities were transferred to the Division Director in Section 4. The Tourism Division does not currently have an active Motion Picture Development Office. We will continue our work in regards to target industries, but do not feel it's necessary to do so in the manner outlined in NDCC § 54-60-11.

Thank you for your time and attention this morning. I will be happy to respond to your questions.

PROPOSED AMENDMENTS TO SENATE BILL NO. 2110

Page 1, line 5, after "54-34.4-03," insert "section 54-60-03,"

Page 1, line 9, after "policy," insert "the commissioner of commerce,"

Page 8, after line 12, insert:

"SECTION 10. AMENDMENT. Section 54-60-03 of the North Dakota Century Code is amended and reenacted as follows:

54-60-03. Commissioner of commerce - Duties. With the advice and counsel of the North Dakota development foundation, the governor shall appoint a commissioner to supervise, control, and administer the department. The commissioner serves at the pleasure of the governor and receives a salary set by the governor within the limits of legislative appropriations. The commissioner:

1. Shall file an oath of office in the usual form before commencing to perform the duties of the commissioner;
2. Shall serve as chairman of the cabinet;
3. ~~Shall prepare the cabinet's list identifying economic development moneys included in budget requests of cabinet agencies;~~
4. Shall appoint personnel as may be determined necessary to carry out the duties of the department;
- 4 5. Shall manage the operations of the department and oversee each of the divisions;
- 5 6. Shall assume central responsibilities to develop, implement, and coordinate a working network of commerce service providers;
- 6 7. Shall coordinate the department's services with commerce-related services of other state agencies;
- 7 8. Shall advise and cooperate with departments and agencies of the federal government and of other states; private businesses, agricultural organizations, and associations; research institutions; and with any individual or other private or public entity;
- 8 9. May enter contracts upon terms and conditions as determined by the commissioner to be reasonable and to effectuate the purposes of this chapter;
- 9 ~~10~~ 10. Shall report between the first and tenth legislative days of each regular legislative session to a standing committee of each house of the legislative assembly as determined by the legislative council and shall report annually to the foundation:

- a. On the department's goals and objectives since the last report;
- b. On the department's goals and objectives for the period until the next report;
- c. On the department's long-term goals and objectives;
- d. On the department's activities and measurable results occurring since the last report; and
- e. On commerce benchmarks, including the average annual wage in the state, the gross state product exclusive of agriculture, and the number of primary sector jobs in the state;

10 44. Shall adopt rules necessary to implement this chapter; and

11 42. May take any actions necessary and proper to implement this chapter."

Renumber accordingly

ECONOMIC DEVELOPMENT - GENERAL FUND APPROPRIATIONS

	2005-07 Legislative Appropriation	2007-09 Legislative Appropriation	2009-11 Executive Recommendation	Increase (Decrease)
Department of Commerce - SB 2018				
Administration				
Marketing program	\$1,450,127	\$1,304,352 ¹	\$1,305,162 ¹	\$810
Discretionary funds	150,000	1,450,127	928,083	(522,044)
Partner programs		50,000	2,022,044 ²	1,972,044
Trade Office		1,500,000	2,000,000	500,000
Division of Economic Development and Finance				
Operating costs	4,876,020	2,497,997 ¹	2,694,310 ¹	196,313
North Dakota Development Fund, Inc.		3,000,000		(3,000,000)
Economic development initiatives	500,000	286,846	186,846	(100,000)
Agricultural Products Utilization Commission	1,446,046	1,662,115	1,686,630	24,515
Innovation and technology				
Operating costs		702,109	601,641	(100,468)
Innovate ND program		150,000	250,000	100,000
Division of Workforce Development				
Operating costs	313,056	110,058	1,014,794	904,736
Operation Intern		600,000	1,200,000	600,000
Economic development initiatives		760,000		(760,000)
Transfer to the workforce enhancement fund		2,000,000	2,000,000	
Matching grants to communities to establish or expand child care options			3,500,000	3,500,000
Division of Community Services				
Cost-share programs for installation of biofuels blender pumps and other alternative energy projects			2,000,000	2,000,000
Total	\$8,735,249	\$16,073,604	\$21,389,510	\$5,315,906
Department of Agriculture - HB 1009				
Pride of Dakota	\$139,594	\$250,000	\$250,000	
Agricultural mediation	84,360	120,497	152,023	\$31,526
Total	\$223,954	\$370,497	\$402,023	\$31,526
Department of Career and Technical Education - SB 2019				
Farm management program	\$499,802	\$549,802	\$749,802	\$200,000
Workforce training contracts	1,350,000	3,000,000	3,305,000	305,000
Total	\$1,849,802	\$3,549,802	\$4,054,802	\$505,000
Job Service North Dakota - SB 2016				
Workforce 20/20	\$1,480,628	\$1,500,000	\$1,512,491	\$12,491
Industrial Commission - SB 2014				
Renewable energy development fund		\$3,000,000	\$5,000,000	\$2,000,000

Same number given to House.

Bank of North Dakota - SB 2014

PACE	\$5,700,000	\$8,000,000	\$8,000,000
Ag PACE	1,200,000	1,400,000	1,400,000
Biodiesel PACE		4,200,000	1,400,000
Biofuels PACE			(\$2,800,000)
Total	\$6,900,000	\$13,600,000	\$10,800,000
	\$19,189,633	\$38,093,903	\$43,158,826
			\$5,064,923

Total economic development funding

¹The marketing program now under administration was previously included in the operating costs of the Division of Economic Development and Finance.

²This amount includes funding for Small Business Development Centers, the Manufacturing Extension Partnership, American Indian Business Development Office, and rural development business and technology programs. Funding for these programs was previously included in other divisions.

*Same
language
given to
House.*

**A RESOLUTION REGARDING
EXPANION OF OPERATION INTERN**

WHEREAS, all students will eventually enter the workforce sometime in their lives, and

WHEREAS, in order for North Dakota business to remain competitive in a global economy, they need access to an available and trained workforce, and

WHEREAS, employers have identified shortages in the skilled trades and a lack of secondary students electing to pursue skilled trades as a career, and

WHEREAS, Cooperative work experience is an integral part of career and technical education instructional programs which may be offered for credit to meet graduation requirements, and

WHEREAS, before a student can make an informed career decision, they need to be aware of the career opportunities that North Dakota employers have available, and

WHEREAS, youth apprenticeship, work experience, cooperative work experience, job shadowing, and internships are tools to assist students make career choices and are proven work based learning activities that help students develop the skills, competencies, work attitudes and work ethic, and

WHEREAS, the North Dakota Youth Development Council and the North Dakota Workforce Development Council recognizes the importance of career promotion and universal access to supporting activities to expand to talent pipeline for skilled trades and technology occupations, and

WHEREAS, the North Dakota Workforce Development Council has gone on record in support of expanding the Operation Intern program to secondary students in the 11th and 12th grade who are pursuing careers in skilled trades or technology occupations , and

THEREFORE BE IT RESOLVED that the North Dakota Department of Commerce Division of Workforce Development actively work with the USDOL Office of Apprenticeship, the Department of Career and Technical Education, the Governor's Office and the North Dakota State Legislature to seek expansion of Operation Intern to include secondary students in the 11th and 12th Grades who express interest in pursuing careers in skilled trades and technology occupations.

CERTIFICATION:

We, the undersigned, hereby certify that the North Dakota Workforce Development Council is comprised of 25 members, of whom 15 members, constituting a quorum were present at a meeting duly and regularly called, noticed, convened and held this 12th day of June, 2008, and that the foregoing Resolution was duly adopted at said meeting by the affirmative vote of 15 members, and opposed by 0 members, and that said Resolution has not been rescinded or amended in any way.

Signed this 12th Day of June, 2008

T. J. Russell, Chairperson



Testimony of Bill Shalhoob
Economic Development Association of North Dakota
SB 2110
January 13, 2009

Mr. Chairman and members of the committee, my name is Bill Shalhoob. I am representing the Economic Development Association of North Dakota (EDND).

EDND is the voice of the state's economic development community and provides networking for its 80 members, which include development organizations, communities, businesses and state agencies. Our mission is to increase economic opportunities for residents of the state by supporting primary sector growth, professionalism among economic development practitioners and cooperation among development organizations. We are asking that you support the Operation Intern portion (54-60-17) of SB 2110 and thus, North Dakota's economic growth.

We are all aware that workforce, both availability and development, has become a limiting factor in our growth opportunities. Operation Intern was started last biennium as a pilot program to address this need. It worked so well that the governor's budget proposes doubling the funds and, just as importantly, adding apprenticeships to the internship element of the program. Both elements have been endorsed by the interim Workforce committee.

EDND believes the Operation Intern portion of SB 2110 will aid development in North Dakota by helping address our workforce shortage. We urge a do pass. I would be happy to answer any questions.

**DEPARTMENT OF COMMERCE TESTIMONY ON SB 2110
MARCH 4, 2009, 2:00 P.M.
HOUSE INDUSTRY, BUSINESS AND LABOR COMMITTEE
PEACE GARDEN ROOM
REPRESENTATIVE GEORGE KEISER, CHAIRMAN**

SHANE GOETTLE – COMMISSIONER, ND DEPARTMENT OF COMMERCE

Good afternoon, Mr. Chairman, and members of the committee. I am Shane Goettle, Commissioner of the North Dakota Department of Commerce and I am here before you today in support of SB 2110.

SB 2110 was introduced by the Department of Commerce to clean up our statute, modify a few Commerce related programs, and add a Rural Development Office and Council.

Section 1 makes permanent the North Dakota Development Fund's role in the New Venture Capital Program that is currently set to expire on July 31, 2009. The Development Fund currently manages the New Venture Capital Program for the Bank of North Dakota. The Bank of North Dakota introduced SB 2103 which makes permanent the New Venture Capital Program. Section 1 also removes the Development Fund's authority to borrow the \$10 million from the Bank of North Dakota, as it has been decided that providing management services was a more appropriate way to run the New Venture Capital Program.

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education program that could include more than just a certification. This change also expands the program to include community leaders.

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Thank you for your time and attention this afternoon. I will be happy to respond to your questions.

**Testimony of Bob Pope
President and Owner, Nexus Innovations, Inc.
SB 2110
March 4, 2009**

Chairman Keiser and members of the Industry, Business and Labor Committee:

My name is Bob Pope, and I am the President of Nexus Innovations, Inc., in Bismarck. As a member of the Information Technology Council of North Dakota (ITCND), I would like to voice my support of SB 2110, specifically as it relates to the expansion of the Operation Intern program.

Nexus Innovations is a Microsoft Certified Partner. We provide innovative, results-focused solutions to tough technology and management challenges. Our clients include education, health care, the energy industry and the public sector. We specialize in writing custom software, collaboration solutions, project management and IT consulting services.

Nexus has been a member of ITCND since its inception in 2000, when it was created by North Dakota business, government and university leaders who recognized the need to strengthen the state's information technology infrastructure and reposition the state as a national leader in IT. ITCND has nearly 90 member organizations, with representatives from both the public and private sector.

ITCND supports the expansion of the Operation Intern program to include apprenticeships and participation from students in 11th and 12th grades. With a need for more than 2,500 new and replacement IT employees over the next 10 years in just the core IT industries, the development of a high-quality workforce is vital to the future growth of North Dakota's IT industry. A key component in this process is engaging students in IT careers by providing internship opportunities, which many times lead to full-time, permanent employment. The earlier we can expose students to opportunities in the state's target industries, the greater the chance we have of keeping them employed with our businesses post graduation.

Nexus Innovations is just one of 21 technology-based businesses or businesses hosting a technology intern through the Operation Intern program. We have had five or six interns and have had very positive experiences. As a senior at NDSU in 1982, I had an internship and it

played a huge role in opening up a rewarding career path and allowed us to stay in the state. Knowing first-hand the importance of internships, Nexus Innovations didn't hesitate to take advantage of Operation Intern. We would welcome the opportunity to use the program's incentives to hire interns in grades 11 and 12 with hopes the exposure would solidify their pursuit of an IT career in North Dakota.

As a business owner, I want our tax dollars used wisely. I do believe this program is a wise investment with a solid payback for the State of North Dakota.

We thank you for your support of Operation Intern in the past, and we encourage you to give SB 2110 a DO PASS recommendation.

Pope testimony in support of SB 2110.