

2019 SENATE APPROPRIATIONS

SB 2282

2019 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

SB 2282
1/31/2019
JOB # 31938

- Subcommittee
 Conference Committee

Committee Clerk Signature: Florence Mayer for Alice Delzer

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide for an economic diversification through research grant program and advisory committee and to create an economic diversification research grant fund; to create and enact a new section to chapter 54-27 of the NDCC, relating to legacy fund earnings; to provide for a report to the legislative management; and to provide an appropriation.

Minutes:

1. Testimony of Senator Sorvaag
2. Testimony of Tammy Miller & Steve Burian
3. Testimony of Stephen Wonderlich
4. Testimony of Joe Heilman
5. Testimony of Nicholas Flom
6. Testimony of Justin Dever
7. Testimony of Andrew Alexis Varvel
8. Testimony of Terri Zimmerman
9. Testimony of Jeffry Volk
10. Order of Speakers

Chairman Holmberg: Called the Committee to order on SB 2282 at 2:30 pm. All committee members were present except Senator Robinson. Becky Deichert, OMB and Danielle Legislative Council were also present.

Senator Ron Sorvaag, District 45, Fargo/North Cass County: Introduced SB 2282 and provided Attachment # 1, which states this bill is a landmark investment in the future of North Dakota's economy.

Tammy Miller and Steve Burian, Co-chairs Valley Prosperity Partnership: Testified in favor of SB 2282 and provided Attachment # 2. (Also showed a brief video.)

(16:47) Dr. Dean Bresciani, President of NDSU: About 9 years ago, I saw the opportunity in ND, for higher education to change the economic projectory of the state. For someone who is a believer of higher education, that's not something you can say for every state. I saw a state with 2 research universities, both of which are nationally ranked. Our Institutional

peers are not at that level. They do somewhere between \$20-\$30M of research a year. Our states 2 research universities do about a quarter of a billion dollars of research a year. I was very surprised when I got to ND, we don't provide any specific funding for research. I had never heard of that in the states I had been before. As President Kennedy and I were discussing, we came to the conclusion that our universities could be contributing considerably more to the economic vitality of this state. I'm not just talking about ag and energy. I'm talking about bolstering those core industries, but also diversifying the economy in a way never imagined before. We started studying different programs across the nation. We focused in on the permanent university fund in Texas. That goes back to the late 1800s, it's an oil extraction tax endowment committed solely to their research universities. That program has been extremely successful. It has become the gold standard of research funds for the country. We looked at how it's rewarded. It's a block grant that the institutions choose how they will use. It's very competitive within the institutions, and it's very successful. The problem with the 4 grants that followed, is that went back to the plain bureaucratic path. They now wish they went back. When we went around our state, we had extreme enthusiasm for our 2 universities. Our point in the tour wasn't about NDSU or UND, it was about the state of ND and the powerful tools we have at our hands. At this point I will turn it over to the President of UND, Mark Kennedy.

(22:27) Mark Kennedy, President of UND: I will key off of what President Bresciani said. This is truly about the state. If you look at technology and how fast it's moving, it is automatic a lot of jobs, but it always creates new jobs. The new economy index rates ND 38th. We don't have those digital talents or discoveries in those states. If we don't have a surge of research and talents, we will have our jobs automated and the new ones will go to a different state. We have to invest in research to create that talent and create those discoveries. The economy index shows we are in the top 10 among states with new company start-ups. But we are in the bottom 10 of states when it comes to are they fast growing, attracting venture capital, are they eventually becoming a public company. This largely drives back to research. When we look at HB 1333, we describe that as the "red-zone". Our real challenge is we don't have enough opportunities in that red zone. That's what our bill is about. SB 2282 is that first ADRs, coming up with research to create those ideas. A key concern for us is that we need to have a post evaluation, this will have a bigger impact. We could allocate these 3 ways. It could be match funds, seed grants, or hires of new technology professors that we need. In the last 3 years, we have invested \$6M, even during these tough funding times. We just agreed to spend \$10M over the next 5 years to invest in new artificial intelligence. For 2 years we paid a professor 1/2 of a teacher's salary to go out and hunt for federal grants and more research we could do. I would expect in the next several months, we will be announcing \$7M of federal grants that this professor has been able to attract to UND. That's a 50-1 payback. If I needed to have an upfront match, we would have never crossed that hurdle. If we would have had to go to a committee for the 30 or more proposals that he went after, 3-5 of them will create that \$7M, he would have had a lot less time. Not all of our professors are able to attract that many funds. Mark from our medical school got a \$20M National Institute of Health grant, the largest in either of the Dakotas. Those are just 2 examples. When we hire those new professors, it is under the condition that we expect them to get outside funds. We are asking for the grant. We know the expectations; we know we have to be able to deliver that in 2 years. I am confident that if the state puts confidence in our path of research we will have good news to share with you. Introduced Tom, the next speaker.

(29:14) Tom Erickson, CEO, Energy and Environmental Research Center (EERC): As I mentioned earlier I wear a couple different hats at UND. One being the CEO of EERC, the other is serving as the Grand Challenge Champion Lead for Energy and Environmental Sustainability Studies. In that role I have the opportunity to work with all areas of faculty with UND. I see SB 2282 as being able to advance the ability for the law school, business school and engineering to do more research. I envision each branch to be able to research different branches. These are all possible with this funding. I am presenting on a panel later at BSC, the name is "The Next 40 Years". We have come so far with energy and technology I can't even predict the next 40. But I can tell you it will be research efforts paving the way.

(31:46) Stephen Wonderlich, Vice President for Research at Sanford in Fargo and a Professor in the Department of Psychiatry and Behavioral Science at UND School of Medicine and Health Sciences: Testified in favor of SB 2282 and provided Attachment #3, the support of high level research operations can promote a variety of benefits, which are outlined clearly in the bill.

(37:30) Joe Heilman, Past Representative & Intelligent Agricultural Solutions, Fargo, ND: Testified in favor of SB 2282 and provided Attachment # 4.

(43:08) Nicholas Flom, Executive Director of the Northern Plains Unmanned Aircraft Systems (UAS) Test Site: Testified in favor of SB 2282 and provided Attachment # 5 stating the background and the success of research grant program.

(47:21) Dr. Mark Hagerott, North Dakota University System (NDUS) Chancellor: I would just like to add a sense of urgency to this argument. Less than 2 hours ago I got off the phone with the Vice President's office on a digital initiative that I'm helping advise on. Next week I fly out for the President's retreat on digital cyber security. We are in a battle for research, talent, people in these digital spaces. We will never beat Google or the Cloud, but they don't have farms, air bases, or oil fields. What we do here in ND is so crucial. Our state is losing talent. I was at a conference in D.C. and I told him to stop poaching our people. He laughed and told me we were the farm team; they buy out our people. This is a great start, and I want to commend the work you've done. I support the passage of SB 2282.

(49:14) Senator Mathern: I had talked with the presidents before this session. And with the money, are there initiatives out there to get it up to the \$100M?

Mark Hagerott: The state board is very supportive itself. We've also established a fifth goal and metrics, which we think could support future initiatives. This is the main game in town right now. There is existing research and money, but there is this whole emerging spaces that we don't have people battling. We need to empower new things.

Senator Mathern: Where is the \$100M request?

Senator Sorvaag: The request was for \$100M, I wrote the bill for less. Trying to be practical, and that is a decision I made if I was going to take it forward. We did it at 15%, not knowing the funding. Right now we're working off of a fund of \$300M earnings, potentially more. We

have to divvy the pot up. With a potential \$300M earnings, asking for 1/3 of that is a big reach. I felt \$100M was asking too much. My goal was to put something forward to pass.

Vice Chair Krebsbach: Took over the committee in the absence of the Chair. Any further testimony?

(52:27) Justin Dever, Senior Public Affairs Specialist, MDU Resources Group, Inc.: Testified in favor of SB 2292 and provided Attachment # 6, which states MDU Resources Group, Inc. supports state investment in university research.

Neil Fisher, Administrator at the ND Wheat Commission: Testified in favor of SB 2282. The Wheat Commission has had a research partnership with NDSU for over 60 years. We rely on partnerships, I think the partnerships between the 2 universities, the regions, and other players in the area can be very beneficial. I would love to see us build on these platforms. We have a lot of next levels in the agriculture research world, and this will partner well with other fields.

(56:50) Senator Mathern: You mention partnerships a lot, is there enough cash to bring this up to \$100M?

Neil Fisher: Our leveraging is modest. The wheat footprint in research at NDSU is roughly \$10M per year. We are a mere \$1.5, so this has overshoot our ability to match that. There may be other partnerships that can be pursued.

Senator Mathern: I was thinking in the terms of multiple fields of industry.

(58:05) Andrew Alexis Varvel, lives in District 47, Bismarck, ND: Provided Attachment #7, expressing his views of remaining neutral regarding this bill. He stated that he likes the basic idea about the research fund and believes research is an important aspect to the furtherance of higher education and is asking for an effort to be achieving regional equilibrium in higher education. He stated he does not think this bill should be limited to NDSU and UND research.

Chairman Holmberg: Andrew is a past student of mine. You have some proposals that you have shared with Higher Ed.? (That was confirmed.)

The subcommittee will be: Senator Gary Lee: Chair, Senator Sorvaag, and Senator Grabinger. Closed the hearing on SB 2282.

Testimony submitted after the hearing is as follows. No verbal testimony was given.

Attachment #8: Testimony of **Terri Zimmerman, CEO Botlink and Packet Digital, Fargo.**

Attachment #9: Testimony of **Jeffry Volk, CEO Moore Engineering Inc., West Fargo.**

Attachment #10: Order of Speakers.

2019 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

SB 2282
2/4/2019
Job # 32137

Subcommittee
 Conference Committee

Committee Clerk Signature Rose Laning / Florence Mayer

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide for an economic diversification through research grant program and advisory committee and to create an economic diversification research grant fund

Minutes:

Testimony Attached # 1

Legislative Council: Adam Mathiak
OMB: Larry Martin

Chairman G. Lee called the sub-committee to order on SB 2282. Senators Sorvaag and Grabinger were also present.

Asked Senator Sorvaag to go through the highlights of the bill.

Senator Sorvaag: This is a new program that hasn't existed before. It goes to NDSU and UND. It is focused on taking ideas and get them to concept or product. Then they go out to other research areas. The presidents were pushing to use \$100M for the biennium from the Legacy earnings. I made it 15% of the Legacy earnings. Based on the projected earnings of \$300M, I capped it at \$45M. The only other part is the BND. The money wouldn't be available until July 1, 2021. They would like to get the money earlier. We put in this part with consultation with bank. They worked with LC to develop the wording we have here. The limitation is they can't borrow more than half of the projected dollars.

Senator G. Lee: The \$45M would be divided equally between NDSU & UND? And the BND would carry the line of credit at 3%?

Senator Sorvaag: The bank would like to make some wording changes on that. It also sets up the advisory committee.

Senator G. Lee: There would be criteria for where the research dollars go?

Senator Sorvaag: The research committee would draw up guidelines. No wording as of now.

Senator Grabinger: On the payback, when one project is completed, how do we handle this when it is saleable? What percentage is paid back to the institution?

Senator Sorvaag: I don't know if there are rights. The state would benefit from the economic Advantage. The idea is that more money will come in with the research. Each university has a different policy. A lot rides on the advisory committee, and not everything will be legitimized, it depends on how much is funded. The intention is not to take one idea and fund it all the way through. It might cover 50 ideas, we don't know. It's a complex deal. A lot of institutions around the country are doing it.

(7:47) Senator G. Lee: The advisory committee would decide how much money would go toward each project?

Senator Sorvaag: That or if any. They have to divide it between the 2 institutions and decide the projects. This will be something that they have to bring reports and account for this. Some of that will be down the road.

Senator G. Lee: So if the project looks like it's going forward, it could be funded several times?

Senator Sorvaag: Several times through this, and if it's to the state of helping the economy then you have Research ND, or Nathe has a bill. The idea is now the idea works, will it work commercially. That's where those dollars would go. They're critical but they're another piece to the puzzle. You can figure out how to make a widget, but can you use it. This doesn't do it, that's what the research dollars do.

Senator G. Lee: Where is says economic diversification, so if it's an energy or Ag product, it would be on a different track as opposed to what this is looking to fund?

Senator Sorvaag: With diversification it could be anything but Ag or energy. The reality is, we're married to Ag and energy. It's a diversification of the opportunities and jobs that would come. Its open and we're not limited to that. I like the idea that we have the bank the two presidents, all who have dollars invested.

(11:00) Eric Hardmeyer, President, Bank of North Dakota:
Amendment - Testimony Attached # 1.

There is the continuum of programs for economic development. We realize diversification is critical for NDs economy. Research money was a missing component. This is the beginning stage of the economic development process. Representative Nathe has another bill, 1333, which provides for a continuum of funding as the research becomes commercialized. The first dollars are occurring at the university system, then you could have Nathe's bill with commercialization, also the BND loan programs, and the development fund (Venture capital). Along with the university presidents is providing this continuum of funding for programs to allow ND to expand its economic abilities to go beyond energy and agriculture. We want to add value on the ag and energy side. You did a good job of explaining.

Senator Sorvaag: You'd be involved if this passes. There are nine members on the board.

Senator G. Lee: Is \$45M a big number when it comes to research, or a drop in the bucket? How do you see it playing out?

Eric Hardmeyer: Whether they get \$45M or \$22.5M, we'll see where that lands. They initially wanted \$100M. I think this is a good start. Looking at economic development for 30 years plus, this is a good start. Whether they can spend \$22.5 over a biennium, I don't know that. It seems like a fair amount. That combined with Nathe's bill, which is \$25M, but will be amended down, between the two I think this is a pretty significant effort. Written into this bill, it says it will not exceed an annual percentage rate of 33%. We would prefer the language in blue outlined on Attachment #1.

Senator G. Lee: You have the line of credit. They get \$22.5M at the start of the new biennium, are they going to pay that off right away? The interest isn't going to be much?

(18:26) Eric Hardmeyer: Right, when the money becomes available through the legacy fund, then that goes to pay off the line.

Senator Sorvaag: It won't be all going out at one time. It will be piece by piece and they will pay it off.

Senator G. Lee: Any questions for Mr. Hardmeyer? Is Mr. Hardmeyer's amendment reasonable to put in?

Senator Grabinger: If you'd entertain a motion, I'd agree.

Senator G. Lee: Asked Adam Mathiak if he wanted to take that over and then put all the amendments together.

Senator Grabinger: Moved a Do Pass on Mr. Hardmeyer's amendment.

Senator Sorvaag: Seconded the amendment.

Senator G. Lee: Adam Mathiak will hold onto that, and include it all in one amendment.

A Roll Call Vote Was Taken: 3 yeas, 0 nays, 0 absent.

Motion Carried.

Senator G. Lee: Closed the hearing on SB 2282.

2019 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

SB 2282
2/6/2019
Job # 32306

Subcommittee
 Conference Committee

Committee Clerk Signature Rose Laning/Amy Crane

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide for an economic diversification through research grant program and advisory committee and to create an economic diversification research grant fund.4r

Minutes:

Amendment 19.0891.02001

Legislative Council: Danielle Foster & Alex Cronquist

OMB: Larry Martin

Senator G. Lee called the sub-committee to order on SB 2282. **Senator Sorvaag** and **Senator Grabinger** were also present.

He stated the they offered the BND the opportunity to bring an amendment forth with the interest on line of credit.

Senator Sorvaag: (amendment19.0891.02001 – attached #1.) the interest rate by the BND was 1.5% rate. The 3%, the billing interest rate by the Bank of North Dakota government entities, which was 1 + 1 1/2. I'm not sure exactly how it got in there but I don't think the interest rates are gonna be a big concern. Most will be a year, year and a half loans.

Senator Sorvaag: moved amendment 19.0891.02001

Senator Grabinger: Seconded the motion.

Senator G. Lee: Yes

Senator Sorvaag: Yes

Senator Grabinger: Yes

Senator Sorvaag: moved SB 2282 as amended

Senator Grabinger: Seconded the motion.

Senator Grabinge: I'm looking in section 4, and it says that by passing this, 15% of Legacy Fund earnings will be transferred to the general fund at the end of each biennium in accordance with the constitution and must be transferred for economic use. Why are we tying this up continually for the future instead of just until the end of this biennium?

Senator Sorvaag: At the end of section 5 it says its only good until 2020. t's only good for the one biennium. Part of the rational is it's a brand new thing to have them come back and say, what happened and is it worthwhile. My understanding is it's just for one biennium, and they would have to come back and explain.

Alex Cronquist: This would continue, there is no expiration date on the transfer. Right now there is an appropriation for this biennium. So the money would still go to the fund, but they would need an appropriation to spend it. So right now the transfers would always be made into that economic diversification fund going forward. But they can't spend it unless they get another appropriation in the future.

Senator Sorvaag: Okay, but we'd still have to address it, in some capacity?

Alex Cronquist: Yes, that is correct.

Senator Grabinger: so rather than saying the 15% goes every biennium, we should date this as the next biennium?

Alex Cronquist: We can put an expiration date on that if you desire.

Senator Grabinger: I think that would make sense to me, because then we could revisit this in two years anyway. But leaving it, automatically you're putting the 15% in there, if we don't revisit this.

Senator Sorvaag: The way I understand it, it's there but we still have to appropriate it otherwise it's not gonna go to them. It could be used somewhere else.

Senator Grabinger: I'm just saying, do we want that to go there automatically? I mean for this biennium I'll support that, but I don't think we want to tie it up in the future beyond that.

Senator G. Lee: The money keeps rolling into the Legacy Fund, but the legislature needs to appropriate it each biennium if they want to use it.

Alex Cronquist: The money would be transferred over into this Economic Diversification Fund. And unless the legislature appropriated that money again next session, it would sit in that fund unused.

Senator Sorvaag: And we would have to move it back out of there if we didn't want to use it then?

Alex Cronquist: Right or repeal the section.

Senator Sorvaag: So if we didn't like it or it didn't work we could just eliminate and that money then would go back to the general fund or wherever we want it to go?

Senator Grabinger: We'd have to choose to put in this fund. It does not automatically get put into this fund.

Senator Sorvaag: We'd have to appropriate money and if we put an end date then we'd have to start this whole process all over again?

Alex Cronquist: You may recall from other sections of law, where there would simply be a date at the end of the title of that section of century code, where it says effective through June 30, 2020 and after that date its ineffective. So next session, if we put an expiration date, there would be a date in the century code that it says effective through this date. And next session, if you want to continue it, we'd have to amend it and strike out that expiration date. Or if you didn't strike that out, then it would expire and the language would go away.

Senator Sorvaag: Whereas its written now, the language says we have to do the appropriation? It doesn't automatically fund it next biennium, it puts it in the fund, but they can't use it unless there's an appropriation. So it just doesn't continue without action by the legislature.

Senator G. Lee: So in section 5 where it says, for the biennium July 1/2019 through June 30, 2021, does that say that the appropriation that we provided in that biennium is just one time. The legacy fund earnings, the 15% continue to go into this fund we create but we only appropriate it once and would have to put language in to say we're going to do it again?

Alex Cronquist: It's not identified as onetime funding, so it would become part of the Bank of North Dakota's base budget. So when they come back and discuss the Bank of North Dakota's budget next session, there would likely be a line item in this program in their budget.

Senator Sorvaag: My hope writing it would that this would be something to go forward, but they'd have to come back and explain a rationale to get any more money for it. But that if just didn't all expire and they'd have to start again from day 1. I'd like it to go forward, but we'd have to decide how much money it gets each biennium. At least at this early stage.

Senator Grabinger: The only think I would be saying is, if we put a date on this we're just saying that it has to, if we want it to continue, that money to automatically go into this fund, from the legacy, we'd have to visit that next session too. Rather than just automatically taking 15% of our money and putting it here. I think we're tying that up. We're not appropriating it, its still there.

Senator Sorvaag: That money will not be moved till June of 2023. We will have done a full session. That money sits there in the legacy earn. Nothing gets transferred until the end of each biennium. So you're saying you don't want it moved but it won't be until June of 2023. We'll have a session to determine whether we want to move it or not. That's the whole reason for the bank language, because that money sits there till the end of each biennium and we're already said we'd move it at 2021. So that money isn't going to go to that fund until June 30th, of 2023. That's the problem with other bills that use the legacy fund, you have to figure out some other way to fund it because that money sits in the legacy fund til the end of each biennium.

Senator G. Lee: I agree with what you're saying to but when that date is at the very end of section 5, to me that says something. In that, okay we're going to do it that time, but we're not going to do it. So we'd have to renew the date.

Alex Cronquist: For the appropriation, they'll have to come in and when they submit their budget requests, they'll have to ask for this 45 million again if they want it.

Senator G. Lee: We have a motion and a second for DO Pass as Amended.

Senator G. Lee: Yes

Senator Sorvaag: Yes

Senator Grabinger: Yes

Motion carried.

Senator Sorvaag: will carry the bill.

Senator G. Lee: closed the hearing on SB 2282.

2019 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

SB 2282
2/8/2019
JOB 32442

- Subcommittee
 Conference Committee

Committee Clerk: Alice Delzer

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide an appropriation regarding Research Grants (Do Pass as Amended.)

Minutes:

1, Proposed Amendment # 19.0891.02001

Chairman Holmberg: called the Committee to order on SB 2282. All committee members were present except Senator Gary Lee. Levi Kinnischtzke, Legislative Council and Larry Martin, OMB were also present.

Senator Sorvaag: submitted Attachment # 1. Proposed Amendment # 19.0891.02001 and explained the amendment. 2nd by Senator Robinson. .

Chairman Holmberg: called for a voice vote on the amendment. It carried.

Senator Sorvaag: Moved a Do Pass as Amended on SB 2282. 2nd by Senator Grabinger:

A Roll Call vote was taken. Yea: 13; Nay: 0; Absent: 1.

Senator Sorvaag: will carry the bill. The hearing was closed on SB 2282.

Amendment to SB 2282

SECTION 1.

Economic diversification through research grant program - Bank of North Dakota line of credit.

The Bank of North Dakota shall administer an economic diversification through research grant program for the purpose of stimulating economic activity across the state through innovation of new businesses, products, and industries; promotion of job creation and career and wage growth; enhancing health care outcomes; and providing experiential learning opportunities for students. The Bank of North Dakota shall distribute grants as directed by the economic diversification through research grant advisory committee. The Bank of North Dakota may provide the program a line of credit to allow grants to be awarded and disbursed before general fund transfers into the economic diversification research grant fund at the end of each biennium. The line of credit may not exceed fifty percent of the biennial appropriation for economic diversification through research grants. The Bank of North Dakota may charge interest on the outstanding balance of the line of credit at ~~a rate that may not exceed an annual percentage rate of three percent~~ [the prevailing interest rate charged to North Dakota governmental entities.](#)

Any outstanding line of credit balance must be repaid within ten days from the date the state treasurer deposits general fund revenues into the economic diversification research grant fund at the end of each biennium.



PROPOSED AMENDMENTS TO SENATE BILL NO. 2282

Page 1, line 18, remove "The Bank of North Dakota may charge"

Page 1, remove line 19

Page 1, line 20 replace "percentage rate of three percent" with "The interest rate associated with the line of credit must be the same as the prevailing interest rate charged by the Bank of North Dakota to North Dakota governmental entities"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment changes the interest rate on the line of credit for the economic diversification research grant program from 3 percent to the prevailing rate charged by the Bank of North Dakota to North Dakota governmental entities.

Date: 2-4-2019
 Roll Call Vote #: 1

**2019 SENATE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. SB 2282**

Senate Appropriations Committee

Subcommittee

Amendment LC# or Description: Hardmeyer amendment

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
 Other Actions: Reconsider _____

Motion Made By Grabinger Seconded By Sorvaag

Senators	Yes	No	Senators	Yes	No
Senator Holmberg			Senator Mathern		
Senator Krebsbach			Senator Grabinger	X	
Senator Wanzek			Senator Robinson		
Senator Erbele					
Senator Poolman					
Senator Bekkedahl					
Senator G. Lee	X				
Senator Dever					
Senator Sorvaag	X				
Senator Oehlke					
Senator Hogue					

Total (Yes) 3 No 0

Absent 0

Floor Assignment _____

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

Date: 2-6-2019
Roll Call Vote #: 1

2019 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2282

Senate Appropriations Committee

Subcommittee

Amendment LC# or Description: 19.0891.02001

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
Other Actions: Reconsider _____

Motion Made By Sorvaag Seconded By Grabinger

Senators	Yes	No	Senators	Yes	No
Senator Holmberg			Senator Mathern		
Senator Krebsbach			Senator Grabinger	X	
Senator Wanzek			Senator Robinson		
Senator Erbele					
Senator Poolman					
Senator Bekkedahl					
Senator G. Lee	X				
Senator Dever					
Senator Sorvaag	X				
Senator Oehlke					
Senator Hogue					

Total (Yes) 3 No 0

Absent 0

Floor Assignment _____

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

Date: 2-6-2019
Roll Call Vote #: 2

2019 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2282

Senate Appropriations Committee

Subcommittee

Amendment LC# or Description: _____

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
Other Actions: Reconsider _____

Motion Made By Sorvaag Seconded By Grabinger

Senators	Yes	No	Senators	Yes	No
Senator Holmberg			Senator Mathern		
Senator Krebsbach			Senator Grabinger	X	
Senator Wanzek			Senator Robinson		
Senator Erbele					
Senator Poolman					
Senator Bekkedahl					
Senator G. Lee	X				
Senator Dever					
Senator Sorvaag	X				
Senator Oehlke					
Senator Hogue					

Total (Yes) 3 No 0

Absent 0

Floor Assignment Sorvaag

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

Date: 2-8-2019
Roll Call Vote #: 1

2019 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2282

Senate Appropriations Committee

Subcommittee

Amendment LC# or Description: 19.0891.02001

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
Other Actions: Reconsider _____

Motion Made By Sorvaag Seconded By Robinson

Senators	Yes	No	Senators	Yes	No
Senator Holmberg			Senator Mathern		
Senator Krebsbach			Senator Grabinger		
Senator Wanzek			Senator Robinson		
Senator Erbele					
Senator Poolman					
Senator Bekkedahl					
Senator G. Lee					
Senator Dever					
Senator Sorvaag					
Senator Oehlke					
Senator Hogue					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

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

*Voice Vote
Carried*

Date: 2-8-2019
Roll Call Vote #: 2

2019 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2282

Senate Appropriations Committee

Subcommittee

Amendment LC# or Description: _____

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
Other Actions: Reconsider _____

Motion Made By Sorvaag Seconded By Grabinger

Senators	Yes	No	Senators	Yes	No
Senator Holmberg	✓		Senator Mathern	✓	
Senator Krebsbach	✓		Senator Grabinger	✓	
Senator Wanzek	✓		Senator Robinson	✓	
Senator Erbele	✓				
Senator Poolman	✓				
Senator Bekkedahl	✓				
Senator G. Lee	✓				
Senator Dever	✓				
Senator Sorvaag	✓				
Senator Oehlke	✓				
Senator Hogue	✓				

Total (Yes) 13 No 0

Absent 1

Floor Assignment Sorvaag

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

REPORT OF STANDING COMMITTEE

SB 2282: Appropriations Committee (Sen. Holmberg, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). SB 2282 was placed on the Sixth order on the calendar.

Page 1, line 18, remove "The Bank of North Dakota may charge"

Page 1, remove line 19

Page 1, line 20 replace "percentage rate of three percent" with "The interest rate associated with the line of credit must be the same as the prevailing interest rate charged by the Bank of North Dakota to North Dakota governmental entities"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment changes the interest rate on the line of credit for the economic diversification research grant program from 3 percent to the prevailing rate charged by the Bank of North Dakota to North Dakota governmental entities.

2019 HOUSE APPROPRIATIONS

SB 2282

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee
Roughrider Room, State Capitol

SB2282
3/11/2019
33533

- Subcommittee
 Conference Committee

Committee Clerk: Risa Bergquist

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide for an economic diversification through research grant program and advisory committee and to create an economic diversification research grant fund; to create and enact a new section to chapter 54-27 of the North Dakota Century Code, relating to legacy fund earnings; to provide for a report to the legislative management; and to provide an appropriation.

Minutes:

1-9

Chairman Delzer: We will call the committee back to order for SB 2082. Which is an economic diversification through research program.

-11:33 Senator Sorvaag, District 45, Fargo: Introduced SB 2282, we see this as a land mark investment in the future of North Dakota's economy. This bill creates a research grant program and an advisory committee for the purpose of stimulating economic activity across the state. This is developing sectors from atomist vehicles and many other areas. This legislation specifies 15% of the legacy funds earnings each biennium would be transferred to the economic diversification research grant fund, from there to the general fund. It caps the amount on money that can spent in any biennium at 45 million, which would be distributed equaling between the two research universities. Since the earnings wouldn't be available until July 1st of 2021 the Bank of North Dakota was put into the program to provide a line of credit. They could borrow up to half the projected earnings in a line of credit for the biennium. That would be paid back at an interest rate equal to that of other agencies.

This got through our chamber but we do need an amendment, section 4 where it talks about the 15% transfer there was no cap, section 5 there is a cap on how much you can spend. So if this goes forward we need a cap on section 4 that stops hold much goes into that research fund.

3:15 Chairman Delzer: If this was to go forward you would want it capped at 45 million plus interest for the first year and 45 million thereafter? The bank is only included one time for a line of credit

Senator Sorvaag: The bank can only borrow 22.5, the transfer would be capped at 45 million.

Chairman Delzer: You come up with the 45 million by saying there's going to be 300 in there and that's 15%?

Senator Sorvaag: I picked the number, it was 100 million and I picked it as 15% of 300 million.

Chairman Delzer: Section 2 of the bill you have a grant committee of 9 people and 5 of them are from the Bank of North Dakota?

Senator Sorvaag: We made them the administer because of the loan mechanism, and the commerce commissioner is also involved. We would be open to any discussion if you wanted to make changes to this board.

Chairman Delzer: The chairman of the board isn't so bad it's the four other members appointed by the Bank of North Dakota.

Representative Kempenich: I see your report to legislative management but shouldn't it be before a bigger audience? It was always something about how this money got used is it buildings or research? And who is our competition in the research?

7:35 Senator Sorvaag: First what does it do, this bill is more on the raw original research. You have an idea and you think it might be real, if this committee is willing to fund that idea, this works toward getting it to be a concept or a product.

Representative Kempenich: The reporting? Makes it to management but how far does it go?

Senator Sorvaag: We would make it to whatever committee you asked during the interim.

Representative Kempenich: As this goes forward and the money gets expended would there be a report of what the money was spent for?

Chairman Delzer: The appropriation is only a two-year appropriation; it would have to come back to the legislative assembly even if the money was sitting in the fund.

Senator Sorvaag: They will have to justify this, this is a new concept.

Chairman Delzer: Is this to replace any federal money that used to be available to these two universities?

Senator Sorvaag: I would enhance federal and private dollars. This is to be seed money not to be put out there saying you have to match it.

Chairman Delzer: So you don't see any kind of return on the investment?

Senator Sorvaag: I will leave that to the people testifying after me to give you more numbers.

12:00 Delores Zimmerman, Valley Prosperity Partnership: I am here to introduce Tammy Miller, Co-Chair of the Valley Prosperity Partnership.

12:20-17:10 Tammy Miller, CEO and board chair at Border States Electric Supply and also the Co- Chair of VPP: (see attachment 1) First a little about Border States Electric, we are a whole seller of electric supplies. We are a 2 billion dollars' company located in North Dakota. We got our start in Grand Forks and now have over 100 locations in 22 states. I also serve as the Co-Chair VPP, we are a group of business leaders, members of higher ed and from the economic development community. We came together in 2012 to find ways to enhance and diversify our economy in the Red River Valley. We came up with a plan to focus on five areas including work force, entrepreneurial community, infostrucater water and university research. I also have letters of support from Minnkota Power, Altru Health Services, Bremer Bank, RDO, Eide Bailly, Choice Bank, APPAREO, JLG Architects Construction Engineers and Botlink.

Chairman Delzer: How would you feel about a partial match from the business for the research?

Mrs. Miller: Business is very interested in support of supporting this and many of us are doing this already.

18:15 Representative Schatz: We are already shorthanded of qualified workforce now, if this passes how are we going to handle that?

Mrs. Miller: You will hear form our testimony that we are losing top talent that are interested in this state but we do not have the equipment and resources to fund the research.

19:00-21:30 Video (see attachment 2) <https://www.legis.nd.gov/downloads/bill-history-media-file/66-2019/sb2282/sb2282-happr-02112019-northdakotaleadersprioritizeresearch.mp4>

21:45-26:35 Dr. Dean Bresciani, NDSU President: We are funded in a very modest manner, both of our research universities are producing a quarter of a billion dollars of research annually. We believe we could be doing a lot more; we are one of the few if not only public research university that receives no state support for them activates. We are funded the same as the other 9 institutions in the system. Research is the creation of new knowledge that creates new businesses, that creates new jobs and new tax base. North Dakota gave up a multi-million dollars grant because we didn't have 300 thousand to match that fund.

Representative Nathe: Doesn't NDSU get money for research for the Ag research?

Dr. Bresciani: Yes, research for ag is separate from the budget at NDSU.

Representative Nathe: Wouldn't his be doubling up the money?

Dr. Bresciani: I would say it is maximizing productivity. I suspect the other areas of the university would be perusing this, they have no avenue to peruse at this point. Other than competitive grants national and we just don't have much to put on the table.

27:50-31:40 Mark Kennedy, President UND: Although the universities are vehicles to expend this research this is really about the state's economy. The new economy index right now, North Dakota ranks 38th, meaning a lot of new jobs aren't being created here. First of all, we need both of these bills talked about. HB 1333 which I describe as the red zone, once you get it in the last 20 yards how do we get it into the end zone, but we also need research to get to that red zone. North Dakota we are in the top 10 for new business started but the bottom 10 states for them being fast growing, weather they attract venture capital, weather they become public companies. What is this going to be used for? Larger things that not only focused on get more commercialization but also how are we going to get a return form federal and cooperate dollars? We have about a ratio of 8-1 for federal dollars to state dollars. We've invested 6 million dollars over the last few years. We are going to require them to deliver if they want their contract renewed.

31:50 Representative Schobinger: You testified for new jobs, new taxes new businesses, my concern is that those new jobs, business and then taxes may not be located in North Dakota. Is there anything in here that would keep those things here?

Mr. Kennedy: If they do the research here they are more likely to stay here. We would also say with Representative Nathe's bill we think making sure there is a clear plan to commercialization is an enhancement.

Chairman Delzer: Over the past 10 biennium we have invested a ton of money into research ND and haven't had much of any return, why is this different?

Mr. Kennedy: I agree; we've had a red zone only focus in this state, we haven't invested in the green zone to get companies to the red zone.

35:15 Chairman Delzer: Where are we talking match? There's isn't anything in the bill?

Mr. Kennedy: When we come back in two years we will be able to tell you about the money that we had federal match. An upfront match requirement has a reverse impact on productivity.

36:35-42:50 Dr. Steven Wonderlich, President for Research at Sanford: (see attachment 3)

Representative Kempenich: Who's our competition? Are we chasing something retainable?

44:30 Mr. Wonderlich: We do have a center here that is getting NIH grants for over 20 years in Fargo, we had an applicant that wanted to come to us, she's tired of San Francisco, she wanted to come back to the Midwest but turned us down because we don't have this central piece.

Representative J. Nelson: In that cancer research at NDSU, these state dollars would leverage for the federal dollars that are coming into the state. What's the possibilities when it comes to the leveraging effect of these state dollars to do more then what we might see today.

Mr. Wonderlich: These state funds could be used pilot programs, seed programs to make us a lot more competitive for those big federal dollars. The UND grant came in at about 20 million, I just submitted one that's 7 ½ million for 5 years. I had to have a bunch of work and infrastructure behind me to make that case.

Representative Mock: Do you have any information for what North Dakota is losing for lack of this?

Mr. Wonderlich: I don't know how we could measure that. I did have four young scientist working and they have all left because we didn't have enough of what they needed in terms of research.

48:45-52:25 Mark Nisbet, North Dakota Principal Manager for Xcel Energy: (see attachment 4)

52:45-57:30 Joe Heilman, (see attachment 5)

57:50-1:00:30 Neal Fischer, Administrator of the North Dakota Wheat Commission, (see attachment 6)

1:00:45-1:02:00 Keith Lund, President of Grand Forks Reign Economic Development Cooperation: EDND represents economic development to originations in North Dakota. collectively those professionals share in the responsibility to grown and diversify the state's economy. We have representation from all across the state.

1:02:25- 1:03:30 Justin Dever, MDU Resources: (see attachment 7)

1:03:45- 1:05:00 Mark Hagerott, Chancellor, NDUS (see attachment 8) State board and my office takes a look at the state and what we need for the state. A common concern is the poaching of talent form the Midwest universities. I've seen it personally, they have the advantage of big companies and big donors, big universities, this bill and our state government to help diversify our economy that are rightfully ours.

Chairman Delzer: Any more testimony in favor? Any opposition? See none we will close this hearing.

Attachment 9 was a hand out and some testimony that wasn't addressed in the hearing.

2019 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee
Roughrider Room, State Capitol

SB 2282
3/14/2019
33763

- Subcommittee
 Conference Committee

Committee Clerk: Risa Bergquist

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to provide for an economic diversification through research grant program and advisory committee and to create an economic diversification research grant fund; to create and enact a new section to chapter 54-27 of the North Dakota Century Code, relating to legacy fund earnings; to provide for a report to the legislative management

Minutes:

Chairman Delzer: Calls the meeting back to order for SB 2282. That is the research money, 15% of the legacy fund earnings up to 45 million dollars, for the research, two steps before venture capital would come in. I've done some research and there are two or three funds out there for this type of thing. The idea of having some loose research money is one thing but is we were going to go forward we should try to make it so that they have to get somebody from some business to have some kind of match.

Representative Mock: I have one amendment; I didn't like that it was using the Legacy earnings to the fund for 45 million dollars. All this amendment will do is change it to 45 million per biennium from the earnings of the Bank of North Dakota rather than the Legacy fund. Not comfortable dedicating Legacy fund earnings for another fund and also if the committee does give this a Do Not Pass recommendation and the vote is flipped on the floor I would hate for us not bring this back to conference committee knowing there are so many other opportunities out there for research. I know we would want to look at all the programs so we can make sure we aren't sending out duplicate programs. With that I would make a **Motion to amend with 19.0891.03001.**

Representative Holman: Second

Chairman Delzer: We have a motion to amend with 19.0891.03001. When we adopted the forecast today with 100 million dollars in there of legacy money, what we were told in the meeting with the senate leadership that the fiscal note will show 100 million dollars for earnings next time. This is based on 15% of those earnings so the fiscal note of this bill would

listed as 15 million. I don't believe that would limit it to 15 million at the end of the biennium when more money than the 100 million flows into the general fund.

6:15 Representative Mock: This was drafted before we adopted the budget and this was drafted to cap 25% of the Bank of North Dakota not to exceed 45 million in a biennium. I would be open to changing this to mirror the way it is now capping it at 7.5 million a year not to exceed 15 million in a biennium. Knowing that would be 15% of the current 100 million that is in the forecast.

Chairman Delzer: As far as the amendment goes with changing it to the Bank of ND, I am not sure which one is easier to try to get a Do Not Pass. It might be easier to do it with the Legacy fund. Maybe we should put a sunset on here for four years, or make a reporting requirement or something.

Representative Mock: I would agree and I just want to make sure that it is an amendment that would trigger conference committee and not an amendment that the senate would concur with a modest change.

Chairman Delzer: Page 2 of the bill, we have an advisory committee and there are 5 from the Bank of ND, 1 from each of the universities, and 1 from the department of commerce and 1 from higher ed. I don't like that advisory board. How can we change that? I don't like having the Bank picking the majority of these people.

Representative Kreidt: I think we need an ending date if we are going to do it.

Chairman Delzer: I don't know if a two-year sunset, that might help it pass as well. Let's take voice vote on the motion to amend.

Voice vote all in favor, Inconclusive results,

A Roll Call vote was taken. Yea: 7 Nay: 12 Absent: 2

Motion fails

Chairman Delzer: I think we should leave the president of the Bank of North Dakota as the chairman but maybe 1 appointed by the bank and 3 appointed by the department of commerce. I can have that drafted, we can further amend and put a sunset on it.

14:15 Representative Kreidt: Motion to add a 4-year sunset.

Representative Monson: Second

Representative J. Nelson: The one project that I was interested in was a research grant that the school of medicine received and it involved some cancer research. That money doesn't have to be matched but it can be leveraged with state dollars. Maybe we have to have the people with some vision be part of the team to decide rather than the department of commerce. I would put a pitch in for Dr. Wynne as one of those individuals that would be good to have his input.

Chairman Delzer: We do have a motion for the 4year sunset, let's take care of that. **Voice vote, All in favor, Motion carries.**

I think we can consider to have council draft something on the appointed members being one from commerce, one from the bank, maybe somebody from ag research and possible Dr. Wynne from the medical side. Representative J. Nelson, Would Dr. Wynne be too close to the school side, is there somebody that would be better?

Representative J. Nelson: Let me do some checking on that.

Chairman Delzer: I don't know if this would be a big enough thing to take it to conference.

Representative Nathe: I have a few issues with bill, there's no matching money in this, there's really no strings in this at all. There's no reporting, I've talked to both presidents and this is what they want, give us the money and we'll do the research and leave us alone. I'll make a motion to **Move a DO Not Pass**

Representative Martinson: Second

Chairman Delzer: We have a motion for a Do Not Pass as amended on SB 2282. Is there any further discussion?

A Roll Call vote was taken. Yea: 13 Nay: 6 Absent: 2

Motion Carries, Representative Nathe will carry this bill.

Chairman Delzer: We will have some discussion with leadership and some of the caucus member and see how we are sitting. I did mention it in both committees and it didn't seem to think there was much heart burn, if they think it's okay we will run it.

Representative Mock: Just to clarify, because of the revised revenue forecast, it is 15% of those earnings and section 5 of the bill states 45 million so that would be changed to 15 million?

Chairman Delzer: No, it will still stay at 45, the issue is the fiscal note will change but the fiscal effect will not because in the end of the biennium there's going to be 300 million or more that will show. This runs off this biennium so it's the 15% this time but that will change so it will stay with the 45, that's because he is saying we are only going to get 100 million of Legacy money next time.

Representative Monson: I am wondering why it would happen this biennium? Are you talking the 2019/21 biennium or 2017/19?

Chairman Delzer: Brady is it all based on what comes in in 19/21?

Brady Larson, Legislative Council: Yes, this would only go into effect July first.

Chairman Delzer: So the fiscal note will change but the fiscal effect will not it's still going to be 45 million.

Representative Mock: All of our work sheets will show a fiscal effect of 15 million but it would authorize up to 45 million dollars if the earnings are high enough that 15% would equal 45 million.

Chairman Delzer: Right, anything further? If not we will close this meeting.

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2282

Page 1, line 2, replace the first "and" with a comma

Page 1, line 2, after the semicolon insert "and"

Page 1, line 2, remove "create and"

Page 1, replace line 3 with "provide for the transfer of Bank of North Dakota"

Page 1, line 4, after "earnings" insert "to the economic diversification research grant fund"

Page 1, line 7, remove "**Bank of North Dakota line**"

Page 1, line 8, remove "**of credit**"

Page 1, line 14, remove "The Bank of North Dakota"

Page 1, remove lines 15 through 22

Page 2, replace lines 24 through 30 with:

"SECTION 4. TRANSFER OF BANK OF NORTH DAKOTA EARNINGS - ECONOMIC DIVERSIFICATION RESEARCH GRANT FUND. Within 90 days of the conclusion of each fiscal year, the industrial commission shall transfer twenty-five percent of the annual earnings and undivided profits of the Bank of North Dakota for that fiscal year to the economic diversification research grant fund, but not in an amount that exceeds \$22.5 million per year."

Renumber accordingly

DP 3/15/19

19.0891.03002
Title.04000

Prepared by the Legislative Council staff for
the House Appropriations Committee
March 15, 2019

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2282

Page 1, line 4, remove "and"

Page 1, line 4, after "appropriation" insert "; and to provide an expiration date"

Page 2, line 28, after "Dakota" insert ", up to a maximum of forty-five million dollars."

Page 3, after line 5, insert:

"SECTION 6. EXPIRATION DATE. This Act is effective through June 30, 2023,
and after that date is ineffective."

Renumber accordingly

Date: 3/14/2019
 Roll Call Vote #: 1

**2019 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. SB 2282**

House Appropriations Committee

Subcommittee

Amendment LC# or Description: 19.0891.03001

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
 Other Actions: Reconsider _____

Motion Made By Representative Mock Seconded By Representative Holman

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer					
Representative Kempenich					
Representative Anderson			Representative Schobinger		
Representative Beadle			Representative Vigesaa		
Representative Bellew					
Representative Brandenburg					
Representative Howe			Representative Boe		
Representative Kreidt			Representative Holman		
Representative Martinson			Representative Mock		
Representative Meier					
Representative Monson					
Representative Nathe					
Representative J. Nelson					
Representative Sanford					
Representative Schatz					
Representative Schmidt					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

Voice Vote- Inconclusive A Roll Call vote requested

Date: 3/14/2019
 Roll Call Vote #: 2

**2019 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. SB 2282**

House Appropriations Committee

Subcommittee

Amendment LC# or Description: 19.0891.03001

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
 Other Actions: Reconsider _____

Motion Made By Representative Mock Seconded By Representative Holman

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer		X			
Representative Kempenich	A				
Representative Anderson	X		Representative Schobinger		X
Representative Beadle	X		Representative Vigesaa		X
Representative Bellew		X			
Representative Brandenburg		X			
Representative Howe		X	Representative Boe	A	
Representative Kreidt		X	Representative Holman	X	
Representative Martinson		X	Representative Mock	X	
Representative Meier		X			
Representative Monson	X				
Representative Nathe		X			
Representative J. Nelson		X			
Representative Sanford	X				
Representative Schatz		X			
Representative Schmidt	X				

Total (Yes) 7 No 12

Absent 2

Floor Assignment Representative Meier

Motion Fails

Date: 3/14/2019
 Roll Call Vote #: 3

**2019 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. SB 2282**

House Appropriations Committee

Subcommittee

Amendment LC# or Description: Add a 4 year sunset

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
 Other Actions: Reconsider _____

Motion Made By Representative Kreidt Seconded By Representative Monson

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer					
Representative Kempenich					
Representative Anderson			Representative Schobinger		
Representative Beadle			Representative Vigesaa		
Representative Bellew					
Representative Brandenburg					
Representative Howe			Representative Boe		
Representative Kreidt			Representative Holman		
Representative Martinson			Representative Mock		
Representative Meier					
Representative Monson					
Representative Nathe					
Representative J. Nelson					
Representative Sanford					
Representative Schatz					
Representative Schmidt					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

Voice Vote- Motion Carries

Date: 3/14/2019
 Roll Call Vote #: 4

**2019 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. SB 2282**

House Appropriations Committee

Subcommittee

Amendment LC# or Description: _____

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar

Other Actions: Reconsider _____

Motion Made By Representative Nathe Seconded By Representative Martinson

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer	X				
Representative Kempenich	A				
Representative Anderson	X		Representative Schobinger	X	
Representative Beadle		X	Representative Vigesaa	X	
Representative Bellew	X				
Representative Brandenburg	X				
Representative Howe		X	Representative Boe	A	
Representative Kreidt	X		Representative Holman		X
Representative Martinson	X		Representative Mock		X
Representative Meier	X				
Representative Monson	X				
Representative Nathe	X				
Representative J. Nelson		X			
Representative Sanford		X			
Representative Schatz	X				
Representative Schmidt	X				

Total (Yes) 13 No 6

Absent 2

Floor Assignment Representative Nathe

Motion Carries

REPORT OF STANDING COMMITTEE

SB 2282, as engrossed and amended: Appropriations Committee (Rep. Delzer, Chairman) recommends **DO NOT PASS** (13 YEAS, 6 NAYS, 2 ABSENT AND NOT VOTING). Engrossed SB 2282, as amended, was placed on the Fourteenth order on the calendar.

2019 TESTIMONY

SB 2282

SB 2282
1-31-19



NORTH DAKOTA SENATE

STATE CAPITOL
600 EAST BOULEVARD
BISMARCK, ND 58505-0360



Senator Ronald Sorvaag

District 45
3402 Birdie Street North
Fargo, ND 58102-1201
701-361-2156
rsorvaag@nd.gov

COMMITTEES:
Appropriations

January 31, 2019

Chairman Holmberg and Members of the Senate Appropriations Committee,

Today, I am pleased to introduce Senate Bill 2282, together with my fellow sponsors, who see this as a landmark investment in the future of North Dakota's economy.

We believe research is a worthy cause for the state to support in efforts to diversity North Dakota's economy, which will ease the burdens of volatility in energy and agriculture that affect all areas of the state.

Our bill creates a research grant program and advisory committee for the purpose of stimulating economic activity across the state – through the innovation of new technologies, businesses, and products in North Dakota's critical industries of value-added energy and agriculture, but also developing sectors from autonomous vehicles and UAS technologies to advanced data and healthcare.

The legislation specifies that 15% of Legacy Fund earnings would be transferred to the economic diversification research grant fund from the General fund, up to \$45 million and awarded equally between our state's two research universities, the University of North Dakota (UND) and North Dakota State University (NDSU).

Since the earnings will not be available till July 1, 2021, the Bank of North Dakota may provide the program a line of credit to allow grants before the end of the biennium. The line of credit may not exceed 50 percent of the biennial appropriation.

Making a significant and predictable investment in research will:

- sustain and boost our competitive advantages in agriculture and energy, and
- produce discoveries and innovations in emerging sectors that translate into
 - new 21st century economic opportunities,
 - a more skilled workforce, and
 - higher-paying jobs for North Dakotans.

Today, we are pleased to join the Valley Prosperity Partnership and business and community leaders from across North Dakota, as well as our two University Presidents, UND President Mark Kennedy and NDSU President Dean Bresciani who are here to provide remarks as well.

Thank you for your time and I would be glad to answer any questions.


Sen. Ronald Sorvaag, District 45

Senate Bill 2282
Senate Appropriations Committee
Economic Diversification through Research Grant Program
January 31, 2019

Testimony by
Tammy Miller & Steve Burian, Co-Chairs



Good afternoon Chairman Holmberg and members of the Senate Appropriations Committee. The Valley Prosperity Partnership (VPP) is an initiative led by business executives to identify and advance common strategic economic development opportunities for the Red River Valley region and the state of North Dakota.

The VPP's business executives desire to strengthen and diversify our economy for a more vibrant and prosperous future. We feel that the best means of doing so at this moment in our state's history is by investing in North Dakota's university research enterprise.

The VPP and a growing coalition of businesses, business groups, and economic development leaders believe that the University of North Dakota (UND) and North Dakota State University (NDSU) are important economic drivers in our state. Research conducted at UND and NDSU helps to sustain and boost our competitive advantage in agriculture and energy. Their research also leads to innovations in emerging technology sectors that translate into new economic opportunities, a more skilled workforce, and higher-paying jobs for North Dakotans.

When we as co-chairs of the VPP approached Presidents Bresciani and Kennedy about NDSU and UND playing a greater role in diversifying the economy,

SB 2282
1-31-19
#2
P1

P1

SB 2282
1-31-19

they indicated the need for a solid and predictable base of funding to ensure that they could attract and leverage transformational research opportunities to generate diversified economic growth.

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It's not only business leaders who support the state investing in research, as demonstrated by the strong and growing coalition we've provided in the handout to you. So do the voters of ND.

In a state-wide scientific poll commissioned by the VPP last year, we found that voters demonstrated strong support for research. Specifically, 79% of respondents agreed that the state of North Dakota should invest research dollars in new industries in addition to agriculture and energy in order to diversify the economy. Further, 77% of respondents agreed that NDSU and UND can aid in the diversification of the economy through research of emerging technologies.

The survey results were similar for all regions of the state – rural to urban, north to south, and east and west. Our joint meetings in the fall of 2018 with NDSU President Bresciani and UND President Kennedy in Grand Forks, Fargo, Bismarck, Minot, Williston, Dickinson and Watford City confirm these findings.

As business leaders, we support using Legacy Fund proceeds and/or other state funding for universities to perform collaborative research with technology and business innovators, compete for federal and corporate research dollars, and proactively build expertise and capacity in research clusters with high potential. This will empower North Dakota's two research universities to reach their full potential as engines of innovation, diversification and economic vitality.

Thank you for your consideration of SB2282, and please know that business leaders throughout the state support funding for research to strengthen and diversify our economy.

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Business Coalition Supports Expanded University Research Funding to Diversify North Dakota's Economy

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Research is the single best investment that North Dakota can make to strengthen and diversify our economy for a more vibrant and prosperous future. A broad coalition of businesses and business groups believe that the University of North Dakota (UND) and North Dakota State University (NDSU) are important economic drivers, whose research sustains our competitive advantages in agriculture and energy and leads to innovations that translate into new economic opportunities, a more skilled workforce, and higher-paying jobs for North Dakotans.

A solid and predictable base of funding is required to ensure that North Dakota's research institutions attract and leverage transformational research opportunities to generate diversified economic growth. These kinds of investments are especially important for developing opportunities associated with key technology sectors with high potential in North Dakota, including value-added agriculture and energy, autonomous and unmanned vehicles, health care, and advanced computing/big data.

As private-sector leaders, we support using Legacy Fund earnings and/or other state funding for universities to perform collaborative research with technology and business innovators, compete for federal and corporate research dollars, and proactively build expertise and capacity in high potential research clusters. Research will diversify our economy and has the strong potential to broaden our state's economic reach for a generation.

AE2S
Alerus Financial
Altru Health
American Crystal Sugar
Appareo Systems
Blue Cross Blue Shield
Border States Electric
Bremer Bank
Cass County Electric Cooperative
Choice Financial
Construction Engineers
Eide Bailly
Ellingson Companies
Forum Communications Company
Gate City Bank
Happy Harry's Bottle Shops
Intelligent Ag
JLG Architects
Midco

Nodak Electric Cooperative
Praxis Strategy Group
RD Offutt Company
Roer's Development
Sanford Health
Xcel Energy
WCCO Belting

Economic Development Association of
North Dakota (EDND)
Grand Forks Region EDC
Great Plains Chapter – Association of
Unmanned Vehicle Systems International
Greater Fargo-Moorhead EDC
North Dakota Petroleum Council
Valley Prosperity Partnership

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North Dakotans Support Funding University Research

A statewide, scientific poll commissioned by the Valley Prosperity Partnership in 2018 shows that North Dakotans support university research.

Research to Diversify Economy

79% of respondents agreed that the state of North Dakota should invest research dollars in new industries in addition to agriculture and energy in order to diversify the economy.



Emerging Technologies Research

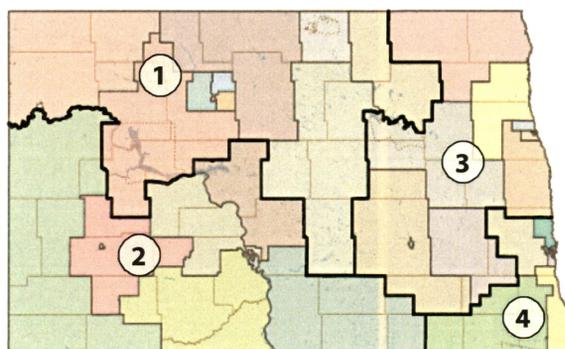
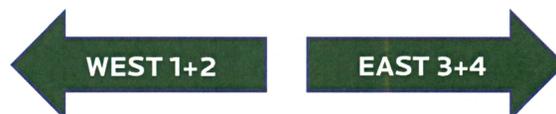
77% of respondents agreed that NDSU and UND can aid in the diversification of the economy through research of emerging technologies.

⇒ 80% in the East

⇒ 78% in the West

⇒ 83% in the East

⇒ 78% in the West



Business and higher education leaders, joined by economic development partners, working together to advocate for and achieve common strategic economic development goals.

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The Valley Prosperity Partnership (VPP) is focused on developing a unified, shared vision for high value and sustained economic growth for all Red River Valley residents. Private sector industry and higher education leaders, joined by economic development partners, formed the Valley Prosperity Partnership to identify common strategic economic development opportunities for the Red River Valley region of North Dakota and Minnesota. The VPP's six priorities are:

1. Attract, develop and retain **talent**
2. Ensure **water** security and management
3. Expand **research** capacity and relevancy
4. Accelerate **entrepreneurial** activity and output
5. Invest in critical **infrastructure** development and capital improvement
6. Define and improve the internal and external **perception** of the Valley

Members of the Steering Committee

Tammy Miller, CEO
Border States Electric
Co-Chairperson, Valley Prosperity Partnership

Steve Burian, Senior Consultant
AE2S
Co-Chairperson, Valley Prosperity Partnership

Marshal Albright, President & CEO
Cass County Electric Cooperative

Tom Astrup, President & CEO
American Crystal Sugar

Barry Batcheller, Chairman & CEO
Appareo Systems

Karl Bollingberg, Executive Vice President
Alerus Financial

Dennis Bona, President
Northland Community and Technical College

Dean Bresciani, President
North Dakota State University

Jeff Megaard, Vice President
Construction Engineers

Mylo Einarson, President & CEO
Nodak Electric Cooperative

Chad Flanagan, Partner
Eide Bailly

Jim Galloway, Principal
JLG Architects

Hal Gershman, Owner
Happy Harry's Bottle Shops

Judd Graham, CEO Fargo Region
Bremer Bank

Tim Huckle, President & CEO
Blue Cross Blue Shield North Dakota

Brian Johnson, CEO
Choice Financial Group

Mark Kennedy, President
University of North Dakota

Joe Raso, President & CEO
Greater Fargo Moorhead EDC

Keith Lund, President & CEO
Grand Forks Region EDC

William C. Marcil, Sr. Chairman
Forum Communications Company

Pat McAdaragh, President & CEO
Midco

Brad Wehe, CEO
Altru Health System

Mark Nisbet, North Dakota Principal Manager
Xcel Energy

Ronald Offutt, Chairman & CEO
RD Offutt Company

John Richman, President
North Dakota State College of Science

Jim Roers, President & CEO
Roers Construction & Development

Thomas Shorma, President & CEO
WCCO Belting, Inc.

Richard Solberg, Chairman & CEO
Bell State Bank & Trust

Steve Swiontek, President & CEO
Gate City Bank

Nate White, COO & Executive Vice President
Sanford Medical Center Fargo

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Senate Appropriations Committee Testimony-1/31/19

- Chairman Holmberg and members of the committee, thank you for the opportunity to offer my opinions on Senate Bill 2282.
- My name is Stephen Wonderlich. I am currently Vice-President for Research at Sanford in Fargo and a Professor in the Department of Psychiatry and Behavioral Science at the UND School of Medicine and Health Sciences. I have held various clinical, administrative, and research positions in North Dakota over the last 32 years.
- I believe we are fortunate to have many excellent scientists at our North Dakota universities who provide outstanding service to their institutions and professions. However, it is clear to me that the impact that these individuals might exert on our state could be enhanced with increased scientific and technological resources. Today, I will comment on my specific professional focus, which has always been delivering healthcare to patients and conducting scientific research on medical and mental health issues. I would like to briefly note three examples, which I believe highlight the potential value of an infusion of research oriented resources in the university system.
- The first example I would offer is in the area of brain studies related to neurologic and psychiatric illnesses such as stroke, neurodegenerative diseases, depression, and substance abuse. The "Brain Initiative" was introduced by the federal government in April of 2013 and has been considered "the next great American project". In a document from the National Institutes of Health, the objective of this initiative is described as developing tools and technologies that will deepen our understanding of the brain's structure and function. One of the central technologies in this brain-based science is called functional magnetic resonance imaging (fMRI). Some of us who compete for mental health grants at NIH, have commented in the last few years that if you don't have fMRI in your study your chances of being funded are reduced. In North Dakota, we currently do not have fMRI technology available. We try and come up with creative strategies to work around the issue, but these are limited. Recently, I discussed a plan with one of our local scientists to go to the University of Minnesota for training in fMRI for two years with hopes that she will return to North Dakota and help us figure out how to develop this technology. My fear, of course, is that she may not come back
- My second example focuses on the fact that scientists around the world have recently produced substantial evidence that the bacterial environment

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of the gut (i.e., the microbiome) may be associated with a variety of diseases ranging from cancer to autoimmune diseases and mental illness. Scientists at NDSU and Sanford are currently conducting federally funded studies on the microbiome and its relationship to psychiatric disorders, obesity, and asthma. This is truly exciting work. However, to accomplish these studies, these local scientists must send their biological samples to other states for analyses, in spite of having a highly capable, local, biomedical workforce. Unfortunately, this results in grant related funds being diverted away from North Dakota to other sites around the country. This is the kind of discovery-oriented research, with real-life clinical implications for people that we could conduct more fully in North Dakota with increased resources.

- Finally, 10 years ago, high level, federally funded research on cancer was relatively rare in North Dakota. The good news, as I see it, is that this is changing. NIH grants recently obtained by Dr. Marc Basson from the UND School of Medicine and Health Sciences and Dr. Sanku Mallik from the NDSU Department of Pharmaceutical Sciences promote a significant increase in cancer research infrastructure, which should have tremendous impact on the next generation of cancer researchers in North Dakota. Furthermore, these types of grants promote collaboration between our research universities and our health systems, such as Sanford, which results in a model of pairing research scientists with clinicians. This approach not only elevates the scientists' work, but may also enhance the clinical care delivered to our patients. Furthermore, such clinical-research collaborations enhance our ability to recruit top tier doctors and top tier scientists to come to North Dakota.
- In closing, the support of high level research operations can promote a variety of benefits, which are outlined clearly in the bill, but in order to reach those goals, resources similar to those proposed in Senate Bill 2282 are clearly required. Thank you for your time and attention.

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Testimony in Support of SB 2282
Senate Appropriations Committee
January, 31st 2019

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Joe Heilman
Residence: 3323 26th Ave S, Fargo, ND 58103
Work: 1810 NDSU Research Circle North, Fargo, ND 58102

SB 2282: A BILL for an Act to provide for an economic diversification through research grant program and advisory committee and to create an economic diversification research grant fund; to create and enact a new section to chapter 54-27 of the North Dakota Century Code, relating to legacy fund earnings; to provide for a report to the legislative management; and to provide an appropriation.

Chairman Holmberg and Members of the Senate Appropriations Committee,

My name is Joe Heilman. I'm a lifelong North Dakotan born in Rugby, ND and now reside in Fargo, ND. I proudly served with many of you in the ND House of Representatives from 2011-2014 and now lead a cutting-edge agriculture technology business in Fargo, ND named Intelligent Agricultural Solutions, LLC. (Intelligent Ag). I am excited to be able to attend this hearing and lend my support for this initiative.

Since 2011, Intelligent Ag has been developing game-changing, agricultural technology products that help growers get more out of their equipment. We have grown rapidly since our founding; now serving thousands of customers and hundreds of dealers throughout North America and the world. Our business is focused on bringing new

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26 technologies to market at a rapid pace. We've been able to do so by leveraging the
27 amazing talent and work ethic of the people in this region.

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28 I would like to extend my support for SB 2282. As a company focused on innovation
29 and closely connected to the problems our customers in agriculture face, we generally
30 have a pipeline full of new ideas begging to be researched and "demystified". There are
31 many instances where we would like to partner with our great Universities to advance
32 some of these research areas, but they are generally not able to support the initiative due
33 to a lack of resources and the endeavor is difficult, if not impossible, to complete on our
34 own. The end result is that we are not able to take on more meaningful research
35 initiatives as soon as we should, or not at all. Partnering with our great Universities could
36 truly accelerate some game-changing technology concepts and this Bill is a step that
37 helps provide that focus. For our company, specifically, more opportunities to work with
38 NDSU, a leading agricultural research university, would be a tremendous accelerant for
39 our efforts to become a world-leading innovator of game-changing agriculture
40 technologies and services.

41 In my experience, even with adequate resources, it can take 5 years or more to bring a
42 product from an idea, through multiple research phases, to design, and finally, to an end
43 product. There are several projects we have been researching that would benefit greatly
44 from additional resources to start or finish our research, conduct field trials, and validate
45 our product concepts. Additional resources to help partner with University experts,
46 should ultimately help us bring these products to market faster and help our customers
47 realize the gains in efficiency and productivity we know can be delivered.

48 With accelerated speed to market, we will help North Dakota elevate its position as a
49 global leader in all-things agriculture. We will generate margins sooner which will allow

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50 us to hire more staff and design engineers to develop and manufacture our next great
51 products.

52 In conclusion, I believe that a State supported grant program to help accelerate research
53 partnerships between great North Dakota businesses and Universities utilizing some of
54 the Legacy Fund earnings is an excellent implementation of Legacy Fund intent. I
55 believe that businesses across many sectors of North Dakota's economy could benefit
56 greatly from this level of partnership with our Research Universities. This is why I
57 strongly support SB 2282 and urge a Do Pass recommendation from this committee.

58 Thank you for your consideration and your service to our great State.

59 Sincerely,

60

61 Joe Heilman

62 General Manager

63 jheilman@intelligentag.com

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**TESTIMONY OF
NICHOLAS FLOM
EXECUTIVE DIRECTOR, NORTHERN PLAINS UAS TEST SITE
JANUARY 31, 2019
SENATE BILL NO. 2282**

Mr. Chairman and Members of the Committee:

I am Nicholas Flom, Executive Director of the Northern Plains Unmanned Aircraft Systems Test Site. I have been the Executive Director since November of 2016 and have been a part of the Test Site since early 2014. I am testifying today in support of Senate Bill No. 2282.

Background

Since the FAA announced North Dakota being selected as one of six UAS Test in December of 2013, we have had a strong research connection with the research universities. Our first project that we ever supported was with North Dakota State University to use UAS for precision agriculture at their Carrington Extension Center. Our second project was with the University of North Dakota biology department where we used a UAS to count wildlife at Sullys Hill National Game Preserve.

Our relationship with both research universities within the state have only gotten stronger. This is largely due to the collaborative work that we have been able to execute with private industry partners through different research funding opportunities. Not only has incredible research results been executed through these partnerships, but the Northern Plains UAS Test Site has been able to leverage these relationships with the private industry partners into contracts that have kept the companies conducting their research in North Dakota. With the success that we have had with collaborative research initiatives providing funding to the research universities, we are favorable to research grant program proposed in Senate Bill No. 2282.

Success of Research Grant Program

For the Northern Plains UAS Test Site, a program like this is a great way to attract companies to North Dakota who may not have done their research here. We have also seen that once we conduct this research through a matching program, additional opportunities have been enabled bringing more investment to the state

I want to provide some examples of the types of research that the test site has supported through these types of initiatives. First off we started with North Dakota State University to support an agricultural research initiative with Elbit of America, a Dallas/Ft. Worth Company. For reference, Texas has a UAS Test Site. This project not only brought success for precision agriculture but we were also able to work with the University of North Dakota and Elbit to successfully research how UAS could be used for post storm damage assessment. At this conclusion of the research opportunities through the matching funds program, Elibt contracted with us directly to focus on data collected for precisions agriculture, again with partnership of NDSU. What started out as a

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week on two week off event where they were flying crew in, they are no spending the growing season full time in North Dakota.

The University of North Dakota has entered into two research projects with Harris Corporation of Melbourne, FL. Again for reference, Harris has a \$1B division in New York who has a UAS test site. Through these projects and a state investment of \$500,000 over \$2M has been contributed by the private partner. At the conclusion of these projects, we have entered into a private contract with Harris. Since they started working in North Dakota, Harris has made multiple visits to North Dakota looking for additional opportunities to support additional activity. They are taking their business opportunities out to the Bakken, they have a working relationship with BNSF and are enabling operations for Xcel Energy. Programs like this provide those opportunities by introducing North Dakota to out of state companies.

Another success story comes from a matching funds research initiative funded by the Test Site with Airware, a San Francisco, CA company. A small \$7,000 matching funds research initiative had over a \$80K direct contact opportunity and over a \$250K indirect benefit from people who were introduced to North Dakota through that program that are now working at other companies. We are currently working with over 5 new companies as a direct benefit of this investment.

Just these three examples have connected more than 20 companies to North Dakota. They now know our capabilities which provides more opportunities. We have recognized that the when we support a single companies initiative that there is a supporting cast beyond just the single private company

There has been great success of working with the NDSU and UND as resources to exemplify our capabilities of researchers. We are able to take advantage of these resources that the University can provide will continue to attract more companies to North Dakota. We are stronger together and having a research grant program like outlined in Senate Bill No. 2822, will provide opportunities for companies to come to North Dakota to conduct their research. And based on our experiences, once they are here, they keep coming back which provides more opportunities.

Mr. Chairman that completes my testimony. I ask for your favorable support of Senate Bill No. 2282 and I will be glad to answer any questions.

TESTIMONY IN SUPPORT OF SB 2282
SENATE APPROPRIATIONS COMMITTEE
JANUARY 31, 2018

JUSTIN DEVER - SENIOR PUBLIC AFFAIRS SPECIALIST, MDU RESOURCES GROUP, INC.

Good afternoon, Mr. Chairman and members of the committee. My name is Justin Dever and I am testifying today on behalf of MDU Resources Group. MDU Resources is Building a Strong America® by providing essential products and services through its regulated energy delivery and construction materials and services businesses. MDU Resources presence in North Dakota includes Montana-Dakota Utilities Co., WBI Energy, Knife River Corporation, and MDU Construction Service Group.

We recognize that a strong North Dakota requires a growing and diverse economy. SB 2282 promises to strengthen our economy by leveraging our state's two outstanding research universities in converting scientific and medical research into new businesses and jobs.

State investment in university research helps grow our research base and enhances its ability to generate new knowledge. This leads to new innovations and products that will ultimately be sold in the marketplace. These innovations and products will not only be traditional industries such as energy and agriculture, but also in new and emerging industries.

MDU Resources supports state investment in university research as a means of diversifying the state's economy. A growing economy benefits the businesses and citizens of the state, and will provide future tax revenues that can be used to fund priorities.

Mr. Chairman and members of the committee, thank you for allowing me to visit with you today. That concludes my testimony and I am happy to entertain any questions.

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*Testimony to the
Senate Appropriations Committee*

SB 2282

Andrew Alexis Varvel

January 31, 2019

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Chairman Holmberg and Members of the Committee:

My name is Andrew Alexis Varvel, and I live in Bismarck. This is neutral testimony.

I like the general idea behind the research fund proposed in Senate Bill 2282. It would be better if this fund were proposed within a context of regional equilibrium in higher education where research grant funding would not be limited to UND and NDSU.

My first vote was in 1989 during the tax referendum. I voted yes for tax increases to support higher education. Most of North Dakota voted otherwise, and higher education has been in a crisis ever since. We need to learn from the 1989 referendum and understand how it has shaped the politics of higher education since then. One lesson we ought to learn is that our state needs a win-win scenario rather than a zero sum game. A zero sum game may be fun when it is on the gridiron, but in the sausage making of power politics, the real loser may very well be the ostensible winner.

One of the lessons I have learned from the 1989 referendum is how the presently unbalanced status quo is not in the long term interests of higher education. Basic game theory would suggest that depriving the west of higher education opportunities hurts the Red River Valley, and specifically Grand Forks and Fargo, in the long run.

I think support for this research fund would be half-hearted at best unless at least some of this research gets done in the west. Not "on behalf of the west". Not "benefitting the west". Actual research getting done in the west. If research is truly important in and for our state, then research is important in and for *all regions* of our state.

I have already recommended to the State Historical Society of North Dakota that they should study the example of the Richard Gilder Graduate School at the American Museum of Natural History as a template for a museum-based graduate program. This would be easier to arrange if we had a statewide dean of graduate studies rather than separate graduate schools under the auspices of UND and NDSU, but that comes under my proposal for establishing North Dakota University elsewhere in this session.

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Turnaround time is important. Shenzhen is successful in the electronics industry because of its quick turnaround time in its supply chain. Likewise, Dyson is siting its electric car factory in Singapore because its research and development for electric motors is already in Singapore. In contrast, North Dakota faces an awkward situation where the hub of our energy industry is in Bismarck while our center for energy research is in Grand Forks. If we were truly serious about reducing turnaround time in the energy industry, we would be moving the School of Mines, the Core Library, and EERC to Bismarck. Likewise, the law school would be moved much closer to the North Dakota Supreme Court and the United States District Court.

If you are worried that such decisions may be difficult for Grand Forks, please consider what it meant to Bismarck when Wesley College came to the University of North Dakota rather than Bismarck in 1905. Bringing Wesley College to Grand Forks was perhaps President Merrifield's greatest achievement, one that raised UND's prestige, enhanced its curriculum, and increased its residence hall space. Yet, Bismarck went without higher education for over three decades and without a four year college for over half a century because of this. Historical memories of these events have faded in the west, but not necessarily the emotions shaped by this history. One need only remember the crusades of Robert McCarney and Kent French to see where such resentment can go.

Out of deference to my alma mater, the University of North Dakota, I will refrain from recommending against Senate Bill 2282. What I will say is that this bill desperately needs considerable revision, and should perhaps get turned into a study resolution so it can gain more support down the road. Don't get me wrong – I want more research and the basic idea behind this legislation is sound. We ought to be achieving regional equilibrium in higher education, and I don't think Senate Bill 2282 gets us there.

Thank you.

Andrew Alexis Varvel
2630 Commons Avenue
Bismarck, ND 58503
701-255-6639
mr.a.alexis.varvel@gmail.com

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To: Legislative Committee

From: Terri Zimmerman, CEO Botlink and Packet Digital, Fargo, ND

RE: Letter of Support Bill No. Intellectual Property Private/Public Partnership

I would like to lend my wholehearted support in favor of the intellectual property partnership between ND universities and private business being proposed in Bill No. SB 2282. We have reviewed the proposed business model and find it to be well-researched based on best practices successfully implemented at University of MN and Iowa. Critical to the success will be capital, operations, execution, and collaboration. We are committed to assisting in this process and will bring our industry partners to bear should the bill be passed. Without this bill passage, we fear the ND IP acquisition process will continue to languish and we as companies will continue to be forced to forge partnerships with other states that implement the model well.

The model can Work

Both Botlink and Packet Digital were born out of this type of partnership and have subsequently risen to industry leadership recognized and used by NASA, Amazon, U.S. Military, and the FAA with numerous "firsts" in both the power management and the unmanned aerial (drone) space(s). As a result of this partnership we have hired dozens of people from NDSU in addition to several veterans from the Air National Guard to enable this success. It should be recognized however that we had to seek our own capital and patent lawyers for R&D outside the university system. Had this model been in place, the ND university system would have been in a position to reap joint benefit.

Crucial Technology Shift enables ND to be at the forefront

We are at a crucial point in the industry for unmanned aerial and power management development with the onslaught of 5G and robotics. Given these are new industries and markets, capital is crucial to fund research and development and develop these skills in our young engineers. With combined capital and human resources from universities, the state and private investment, I firmly believe not only my companies, but we in North Dakota, can be at the forefront of this global future that can spawn numerous other companies. I have experienced this kind of critical industry shift once before in the 1990's as former CFO of Great Plains Software/Microsoft, and now see it emerging again with digital technology and sensors that will power everything. As a result, I urge the passage of this bill to enable us to lead the nation in this global shift.

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Senate Appropriations Committee
Testimony in support of SB 2282
By: Jeffry Volk, CEO Moore Engineering, Inc., West Fargo

Chairman Holmberg and committee members.

SB 2282 is a practical means to increase research activity and research output in North Dakota. Utilizing a portion of the earning from the Legacy Fund creates an opportunity to develop a sustainable funding source for increased research development.

The recent state wide poll commissioned by the Valley Prosperity Partnership clearly shows citizens of North Dakota understand the need for increased research activity and support dedicated funding for that research.

Advancing this funding proposal will demonstrate the states commitment to research and the desire to diversify our economy. The funding commitment will support our research universities attract and develop research specialists. Recent success stories demonstrate the potential to advance commercial opportunities in biomedical, precision ag, UAS, aviation, and materials to name a few.

I had the pleasure to serve as Chair of the Greater Fargo Moorhead EDC for the past two years. From that position it is clear that increased university research will lead to improved economic activity, growth and diversification.

I ask that you move SB 2282 out of committee with a do pass recommendation.

Thank you for your consideration.

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SB2282 Hearing: Order of Speakers

Senator Sorvaag, prime sponsor
(other sponsors that may comment)

Tammy Miller and Steve Burian, Co-Chairs Valley Prosperity Partnership
(introduced by Delore)

- Show video as intro to testimony

President Dean Bresciani, NDSU
President Mark Kennedy, UND

Other Supporting Testimony

- Dr. Stephen Wonderlich, Vice President for Research, Sanford Health
- Tom Erickson, CEO, Energy and Environmental Research Center
- Joe Heilman, General Manager, Intelligent Ag
- Nick Flom, Executive Director, Northern Plains UAS Test Site
- Justin Dever, Senior Public Affairs Specialist, MDU
- Neal Fisher, North Dakota Wheat Commission

Amendment to SB 2282

SECTION 1.

Economic diversification through research grant program - Bank of North Dakota line of credit.

The Bank of North Dakota shall administer an economic diversification through research grant program for the purpose of stimulating economic activity across the state through innovation of new businesses, products, and industries; promotion of job creation and career and wage growth; enhancing health care outcomes; and providing experiential learning opportunities for students. The Bank of North Dakota shall distribute grants as directed by the economic diversification through research grant advisory committee. The Bank of North Dakota may provide the program a line of credit to allow grants to be awarded and disbursed before general fund transfers into the economic diversification research grant fund at the end of each biennium. The line of credit may not exceed fifty percent of the biennial appropriation for economic diversification through research grants. The Bank of North Dakota may charge interest on the outstanding balance of the line of credit at ~~a rate that may not exceed an annual percentage rate of three percent~~ [the prevailing interest rate charged to North Dakota governmental entities.](#)

Any outstanding line of credit balance must be repaid within ten days from the date the state treasurer deposits general fund revenues into the economic diversification research grant fund at the end of each biennium.

#1 SB 2282
2-6-2019 #91

19.0891.02001
Title.

Prepared by the Legislative Council staff for
Senator Sorvaag
February 6, 2019

PROPOSED AMENDMENTS TO SENATE BILL NO. 2282

Page 1, line 18, remove "The Bank of North Dakota may charge"

Page 1, remove line 19

Page 1, line 20 replace "percentage rate of three percent" with "The interest rate associated with the line of credit must be the same as the prevailing interest rate charged by the Bank of North Dakota to North Dakota governmental entities"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment changes the interest rate on the line of credit for the economic diversification research grant program from 3 percent to the prevailing rate charged by the Bank of North Dakota to North Dakota governmental entities.

19.0891.02001
Title.

#1
Prepared by the Legislative Council staff for
Senator Sorvaag

February 6, 2019

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2-8-2019

pg 1

PROPOSED AMENDMENTS TO SENATE BILL NO. 2282

Page 1, line 18, remove "The Bank of North Dakota may charge"

Page 1, remove line 19

Page 1, line 20 replace "percentage rate of three percent" with "The interest rate associated with the line of credit must be the same as the prevailing interest rate charged by the Bank of North Dakota to North Dakota governmental entities"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment changes the interest rate on the line of credit for the economic diversification research grant program from 3 percent to the prevailing rate charged by the Bank of North Dakota to North Dakota governmental entities.

Senate Bill 2282
House Appropriations Committee
Economic Diversification through Research Grant Program
March 11, 2019

Testimony by
Tammy Miller, Co-Chair



Good afternoon Chairman Delzer and members of the House Appropriations Committee. My name is Tammy Miller, CEO of Border States Electric. I also serve Co-Chair of the Valley Prosperity Partnership, an initiative led by business executives to identify and advance common strategic economic development opportunities for the Red River Valley region and the state of North Dakota.

The VPP's business executives desire to strengthen and diversify our economy for a more vibrant and prosperous future. We feel that the best means of doing so at this moment in our state's history is by investing in North Dakota's university research enterprise.

The VPP and a growing coalition of businesses, business groups, and economic development leaders believe that the University of North Dakota (UND) and North Dakota State University (NDSU) are important economic drivers in our state. Research conducted at UND and NDSU helps to sustain and boost our competitive advantage in agriculture and energy. Their research also leads to innovations in emerging technology sectors that translate into new economic opportunities, a more skilled workforce, and higher-paying jobs for North Dakotans.

When Steve Burian of AE2S and I, co-chairs of the VPP, approached Presidents Bresciani and Kennedy about NDSU and UND playing a greater role in

diversifying the economy, they indicated the need for a solid and predictable base of funding to ensure that they could attract and leverage transformational research opportunities to generate diversified economic growth.

Let me be very clear: this is an initiative of business executives who do business all across North Dakota, not higher education. This initiative is bigger than personalities and the political back-and-forth. The many business leaders that have advanced this initiative respectfully ask you to consider this idea on its own merits, avoiding the temptation to use the effort as a means of interacting with higher education leaders. As a business leader, I must run our enterprise in a way that rewards merit. We hope that is the approach the committee uses as it considers this important bill to diversify our state's economy.

It's not only business leaders who support the state investing in research, as demonstrated by the strong and growing coalition we've provided in the handout to you. So do the voters of ND.

In a state-wide scientific poll commissioned by the VPP last year, we found that voters demonstrated strong support for research. Specifically, 79% of respondents agreed that the state of North Dakota should invest research dollars in new industries in addition to agriculture and energy in order to diversify the economy. Further, 77% of respondents agreed that NDSU and UND can aid in the diversification of the economy through research of emerging technologies.

The survey results were similar for all regions of the state – rural to urban, north to south, and east and west. Our joint meetings in the fall of 2018 with NDSU President Bresciani and UND President Kennedy in Grand Forks, Fargo, Bismarck, Minot, Williston, Dickinson and Watford City confirm these findings.

As business leaders, we support using Legacy Fund proceeds and/or other state funding for universities to perform collaborative research with technology and business innovators, compete for federal and corporate research dollars, and proactively build expertise and capacity in research clusters with high potential. This will empower North Dakota's two research universities to reach their full potential as engines of innovation, diversification and economic vitality.

Thank you for your consideration of SB2282, which passed overwhelmingly in the Senate, and please know that business leaders and throughout the state support funding for research to strengthen and diversify our economy.

North Dakotans Support Funding University Research

A statewide, scientific poll commissioned by the Valley Prosperity Partnership in 2018 shows that North Dakotans support university research.

Research to Diversify Economy

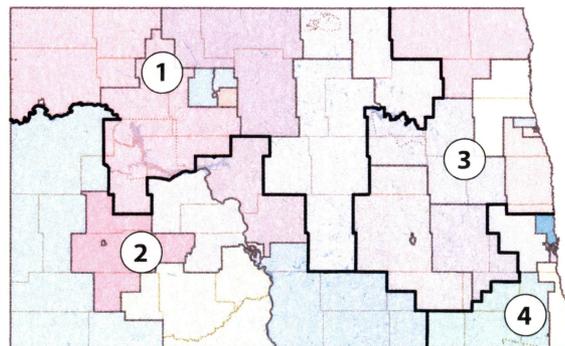
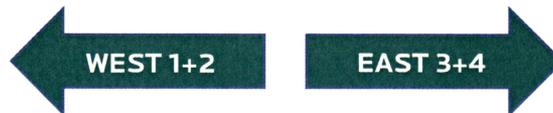
79% of respondents agreed that the state of North Dakota should invest research dollars in new industries in addition to agriculture and energy in order to diversify the economy.

- ⇒ 80% in the East
- ⇒ 78% in the West

Emerging Technologies Research

77% of respondents agreed that NDSU and UND can aid in the diversification of the economy through research of emerging technologies.

- ⇒ 83% in the East
- ⇒ 78% in the West



Business and higher education leaders, joined by economic development partners, working together to advocate for and achieve common strategic economic development goals.

Business Coalition Supports Expanded University Research Funding to Diversify North Dakota's Economy

A broad coalition of businesses and business groups believe that the University of North Dakota (UND) and North Dakota State University (NDSU) are important economic drivers, whose research sustains our competitive advantages in agriculture and energy and leads to innovations that translate into new economic opportunities, a more skilled workforce, and higher-paying jobs for North Dakotans.

A solid and predictable base of funding is required to ensure that North Dakota's research institutions attract and leverage transformational research opportunities to generate diversified economic growth. These kinds of investments are especially important for developing opportunities associated with key technology sectors with high potential in North Dakota, including value-added agriculture and energy, autonomous and unmanned vehicles, health care, and advanced computing/big data.

As private-sector leaders, we support using Legacy Fund earnings and/or other state funding for universities to perform collaborative research with technology and business innovators, compete for federal and corporate research dollars, and proactively build expertise and capacity in high potential research clusters. Research will diversify our economy and has the strong potential to broaden our state's economic reach for a generation.

AE2S
Alerus Financial
Altru Health
American Crystal Sugar
Appareo Systems
Blue Cross Blue Shield
Border States Electric
Bremer Bank
Cass County Electric Cooperative
Choice Financial
Construction Engineers
Eide Bailly
Ellingson Companies
Forum Communications Company
Gate City Bank
Happy Harry's Bottle Shops
Intelligent Ag
JLG Architects
Midco
Nodak Electric Cooperative

Praxis Strategy Group
RD Offutt Company
Roer's Development
Sanford Health
Xcel Energy
WCCO Belting

Economic Development Association of
North Dakota (EDND)
Grand Forks Region EDC
Great Plains Chapter – Association of
Unmanned Vehicle Systems International
Greater Fargo-Moorhead EDC
North Dakota Petroleum Council
Valley Prosperity Partnership



The Valley Prosperity Partnership (VPP) is focused on developing a unified, shared vision for high value and sustained economic growth for all Red River Valley residents. Private sector industry and higher education leaders, joined by economic development partners, formed the Valley Prosperity Partnership to identify common strategic economic development opportunities for the Red River Valley region of North Dakota and Minnesota. The VPP's five priorities are:

1. Attract, develop and retain **talent**
2. Ensure **water** security and management
3. Expand **research** capacity and relevancy
4. Accelerate **entrepreneurial** activity and output
5. Invest in critical **infrastructure** development and capital improvement

Members of the Steering Committee

Tammy Miller, CEO
Border States Electric
Co-Chairperson, Valley Prosperity Partnership

Steve Burian, Senior Consultant
AE2S
Co-Chairperson, Valley Prosperity Partnership

Marshal Albright, President & CEO
Cass County Electric Cooperative

Tom Astrup, President & CEO
American Crystal Sugar

Barry Batcheller, Chairman & CEO
Appareo Systems

Karl Bollingberg, Executive Vice President
Alerus Financial

Dennis Bona, President
Northland Community and Technical College

Dean Bresciani, President
North Dakota State University

Jeff Megaard, Vice President
Construction Engineers

Mylo Einarson, President & CEO
Nodak Electric Cooperative

Chad Flanagan, Partner
Eide Bailly

Jim Galloway, Principal
JLG Architects

Hal Gershman, Owner
Happy Harry's Bottle Shops

Judd Graham, CEO Fargo Region
Bremer Bank

Tim Huckle, President & CEO
Blue Cross Blue Shield North Dakota

Brian Johnson, CEO
Choice Financial Group

Mark Kennedy, President
University of North Dakota

Joe Raso, President & CEO
Greater Fargo Moorhead EDC

Keith Lund, President & CEO
Grand Forks Region EDC

William C. Marcil, Sr. Chairman
Forum Communications Company

Pat McAdaragh, President & CEO
Midco

Brad Wehe, CEO
Altru Health System

Mark Nisbet, North Dakota Principal Manager
Xcel Energy

Ronald Offutt, Chairman & CEO
RD Offutt Company

John Richman, President
North Dakota State College of Science

Jim Roers, President & CEO
Roers Construction & Development

Thomas Shorma, President & CEO
WCCO Belting, Inc.

Richard Solberg, Chairman & CEO
Bell State Bank & Trust

Steve Swiontek, President & CEO
Gate City Bank

Nate White, COO & Executive Vice President
Sanford Medical Center Fargo



North Dakota Senate Bill 2282

Letter from Mac McLennan – Minnkota Power Cooperative
House Appropriations Committee
March 11, 2019

Chairman Delzer and Members of the House Appropriations Committee,

Thank you for the opportunity to express our support for SB 2282 because of the many benefits it can provide to our state. As CEO of Minnkota Power Cooperative, based in Grand Forks, we are immensely proud of the role we play in powering the communities of eastern North Dakota and northwest Minnesota. Minnkota is a not-for-profit electricity generation and transmission cooperative and is the sole supplier of electricity for eleven (11) not-for-profit cooperative distribution companies and the operating agent for Northern Municipal Power Agency which serves twelve (12) small cities in eastern North Dakota and northwest Minnesota. Minnkota serves approximately 130,000 customers over a 35,000 square mile area.

Research and development is critical to our future as a utility. Whether it is the future of managing and utilizing carbon dioxide through projects like Tundra, increasing utilization of UAS technology to retain a reliable grid, or any number of new possibilities – we all stand to benefit as a state. As a relatively small not-for-profit cooperative, Minnkota has greatly benefited from the formation of public-private partnerships. With respect to Project Tundra, which if built would be the largest carbon capture project in the world, we have been able to conduct our feasibility and initial design engineering because of the commitment the state of North Dakota has made to the future of natural resource development.

Building upon the important investments the state has already made in research and development, making a significant and predictable investment like that proposed in SB 2282 will sustain and boost our competitive advantages in areas like agriculture and energy. Additionally, this source of funding can greatly support discovery and innovations in emerging sectors that translate into new economic opportunity and a more skilled workforce.

Minnkota is pleased to join the Valley Prosperity Partnership, business and community leaders from across North Dakota, as well as President Kennedy and President Bresciani in supporting this legislation.

Sincerely,

President & CEO
Minnkota Power Cooperative, Inc.



March 11, 2019

Representative Jeff Delzer
2919 Fifth Street NW
Underwood, ND 58576-9603

Dear Chairman Delzer and Members of the House Appropriations Committee:

Altru Health System believes that the University of North Dakota (UND) and North Dakota State University (NDSU) are important economic drivers in our state. Research conducted at UND and NDSU helps to sustain and boost our competitive advantage in agriculture and energy. Their research also leads to innovations in emerging technology sectors that translate into new economic opportunities, a more skilled workforce, and higher-paying jobs for North Dakotans. We therefore support SB2282, which establishes an economic diversification through research grant program.

It makes a lot of sense to use Legacy Fund proceeds and/or other state funding for universities to perform collaborative research with technology and business innovators, compete for federal and corporate research dollars, and proactively build expertise and capacity in research clusters with high potential. This will empower North Dakota's two research universities to reach their full potential as engines of innovation, diversification and economic vitality.

Thank you for your consideration of SB2282, and please know that Altru Health System joins the Valley Prosperity Partnership and business leaders throughout the state in supporting funding for research to strengthen and diversify our economy.

Sincerely,

A handwritten signature in blue ink, appearing to read "Meghan Compton".

Meghan Compton, JD
Chief Legal Officer

8



1444 45th Street South
PO Box 10998
Fargo, North Dakota 58106-0998
phone: 701-492-2600
fax: 701-492-2652

March 11, 2019

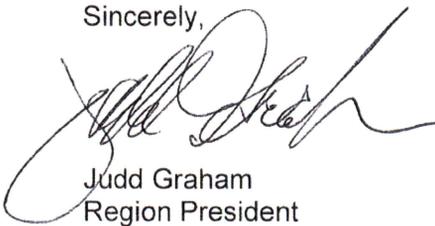
Dear Chairman Delzer and Members of the House Appropriations Committee:

Bremer Bank believes that the University of North Dakota (UND) and North Dakota State University (NDSU) are important economic drivers in our state. Research conducted at UND and NDSU helps to sustain and boost our competitive advantage in agriculture and energy. Their research also leads to innovations in emerging technology sectors that translate into new economic opportunities, a more skilled workforce, and higher-paying jobs for North Dakotans. We therefore support SB2282, which establishes an economic diversification through research grant program.

It makes a lot of sense to use Legacy Fund proceeds and/or other state funding for universities to perform collaborative research with technology and business innovators, compete for federal and corporate research dollars, and proactively build expertise and capacity in research clusters with high potential. This will empower North Dakota's two research universities to reach their full potential as engines of innovation, diversification and economic vitality

Thank you for your consideration of SB2282, and please know that Bremer Bank joins the Valley Prosperity Partnership and business leaders throughout the state in supporting funding for research to strengthen and diversify our economy.

Sincerely,



Judd Graham
Region President

R.D. OFFUTT COMPANY

700 South 7th Street
P.O. Box 7160/58106-7160
Fargo, North Dakota 58103
(701) 237-6062

March 11, 2019

Dear Chairman, Delzer and Members of the House Appropriations Committee:

RD Offutt Company believes that the University of North Dakota (UND) and North Dakota State University (NDSU) are important economic drivers in our state. Research conducted at UND and NDSU helps to sustain and boost our competitive advantage in agriculture and energy. Their research also leads to innovations in emerging technology sectors that translate into new economic opportunities, a more skilled workforce, and higher-paying jobs for North Dakotans. We therefore support SB2282, which establishes an economic diversification through research grant program.

It makes a lot of sense to use Legacy Fund proceeds and/or other state funding for universities to perform collaborative research with technology and business innovators, compete for federal and corporate research dollars, and proactively build expertise and capacity in research clusters with high potential. This will empower North Dakota's two research universities to reach their full potential as engines of innovation, diversification and economic vitality

Thank you for your consideration of SB2282, and please know that RD Offutt Company joins the Valley Prosperity Partnership and business leaders throughout the state in supporting funding for research to strengthen and diversify our economy.

Sincerely,



Tim Curoe
Chief Executive Officer



March 9, 2019

Dear Chairman Delzer and Members of the House Appropriations Committee:

Eide Bailly LLP believes that the University of North Dakota (UND) and North Dakota State University (NDSU) are important economic drivers in our state. Research conducted at UND and NDSU helps to sustain and boost our competitive advantage in agriculture and energy. Their research also leads to innovations in emerging technology sectors that translate into new economic opportunities, a more skilled workforce, and higher-paying jobs for North Dakotans. We therefore support SB2282, which establishes an economic diversification through research grant program.

We support the use of some of the Legacy Fund proceeds and/or other state funding for universities to perform collaborative research with technology and business innovators, compete for federal and corporate research dollars, and proactively build expertise and capacity in research clusters with high potential. This will empower North Dakota's two research universities to reach their full potential as engines of innovation, diversification and economic vitality

Thank you for your consideration of SB2282, and please know that Eide Bailly LLP joins the Valley Prosperity Partnership and business leaders throughout the state in supporting funding for research to strengthen and diversify our economy.

Sincerely,

A handwritten signature in black ink, appearing to read 'Chad Flanagan', with a long, sweeping underline.

Chad Flanagan, CPA/ABV
Partner-In-Charge, Fargo Office

//

What inspires you, inspires us. | eidebailly.com



Dear Chairman Delzer and Members of the House Appropriations Committee:

Choice Financial believes that the University of North Dakota (UND) and North Dakota State University (NDSU) are important economic drivers in our state. Research conducted at UND and NDSU helps to sustain and boost our competitive advantage in agriculture and energy. Their research also leads to innovations in emerging technology sectors that translate into new economic opportunities, a more skilled workforce, and higher-paying jobs for North Dakotans. We therefore support SB2282, which establishes an economic diversification through research grant program.

It makes a lot of sense to use Legacy Fund proceeds and/or other state funding for universities to perform collaborative research with technology and business innovators, compete for federal and corporate research dollars, and proactively build expertise and capacity in research clusters with high potential. This will empower North Dakota's two research universities to reach their full potential as engines of innovation, diversification and economic vitality

Thank you for your consideration of SB2282, and please know that Choice Financial joins the Valley Prosperity Partnership and business leaders throughout the state in supporting funding for research to strengthen and diversify our economy.

Sincerely

Brian L. Johnson, CEO

House Appropriations Committee
Testimony in support of SB 2282
By: Jeffrey Volk, CEO Moore Engineering, Inc., West Fargo

Chairman Delzer and committee members

SB 2282 is a practical means to increase research activity and research output in North Dakota. Utilizing a portion of the earning from the Legacy Fund creates an opportunity to develop a sustainable funding source for increased research development.

The recent state wide poll commissioned by the Valley Prosperity Partnership clearly shows citizens of North Dakota understand the need for increased research activity and support dedicated funding for that research.

Advancing this funding proposal will demonstrate the states commitment to research and the desire to diversify our economy. The funding commitment will support our research universities attract and develop research specialists. Recent success stories demonstrate the potential to advance commercial opportunities in biomedical, precision ag, UAS, aviation, and materials to name a few.

I had the pleasure to serve as Chair of the Greater Fargo Moorhead EDC for the past two years. From that position it is clear that increased university research will lead to improved economic activity, growth and diversification.

I ask that you move SB 2282 out of committee with a Do Pass recommendation.

Thank you for your consideration.



March 11, 2019

Dear Chairman Delzer and Members of the House Appropriations Committee:

JLG Architects believes that the University of North Dakota (UND) and North Dakota State University (NDSU) are important economic drivers in our state. Research conducted at UND and NDSU helps to sustain and boost our competitive advantage in agriculture and energy. Their research also leads to innovations in emerging technology sectors that translate into new economic opportunities, a more skilled workforce, and higher-paying jobs for North Dakotans. We therefore support SB2282, which establishes an economic diversification through research grant program.

It makes a lot of sense to use Legacy Fund proceeds and/or other state funding for universities to perform collaborative research with technology and business innovators, compete for federal and corporate research dollars, and proactively build expertise and capacity in research clusters with high potential. This will empower North Dakota's two research universities to reach their full potential as engines of innovation, diversification and economic vitality.

Thank you for your consideration of SB2282, and please know that JLG Architects joins the Valley Prosperity Partnership and business leaders throughout the state in supporting funding for research to strengthen and diversify our economy.

Sincerely

James Galloway



Construction Engineers, Inc.
200 North 69th Street | Grand Forks, ND 58208
PO Box 13378 (58208-3378)
Phone 701.792.3200
www.ConstructionEngineers.com

SB 2282
March 11, 2019
Attachment

SB 2282
3/11/19
Att. 1

March 11, 2019

Dear Chairman Delzer and Members of the House Appropriations Committee:

Construction Engineers believes that the University of North Dakota (UND) and North Dakota State University (NDSU) are important economic drivers in our state. Research conducted at UND and NDSU helps to sustain and boost our competitive advantage in agriculture and energy. Their research also leads to innovations in emerging technology sectors that translate into new economic opportunities, a more skilled workforce, and higher-paying jobs for North Dakotans. We therefore support SB2282, which establishes an economic diversification through research grant program.

It makes a lot of sense to use Legacy Fund proceeds and/or other state funding for universities to perform collaborative research with technology and business innovators, compete for federal and corporate research dollars, and proactively build expertise and capacity in research clusters with high potential. This will empower North Dakota's two research universities to reach their full potential as engines of innovation, diversification and economic vitality.

Thank you for your consideration of SB2282, and please know that Construction Engineers joins the Valley Prosperity Partnership and business leaders throughout the state in supporting funding for research to strengthen and diversify our economy.

Sincerely,

Jeff Melgaard

Co-Owner & Vice President

Construction Engineers

PO Box 13378, Grand Forks, ND 58208-3378

Direct: 701-792-3205 Cell: 701-740-4348

Office: 701-792-3200 Fax: 701-772-1808

Jeff@ConstructionEngineers.com

March 10th, 2019

House Appropriations Committee
C/O Chairman Delzer

SUBJECT: Support for SB2282

Dear Chairman Delzer and Members of the House Appropriations Committee:

Appareo believes that the University of North Dakota (UND) and North Dakota State University (NDSU) are important economic drivers in our state. Research conducted at UND and NDSU helps to sustain and boost our competitive advantage in agriculture and energy. Their research also leads to innovations in emerging technology sectors that translate into new economic opportunities, a more skilled workforce, and higher-paying jobs for North Dakotans. We therefore support SB2282, which establishes an economic diversification through research grant program.

It makes a lot of sense to use Legacy Fund proceeds and/or other state funding for universities to perform collaborative research with technology and business innovators, compete for federal and corporate research dollars, and proactively build expertise and capacity in research clusters with high potential. This will empower North Dakota's two research universities to reach their full potential as engines of innovation, diversification and economic vitality

Thank you for your consideration of SB2282, and please know that Appareo joins the Valley Prosperity Partnership and business leaders throughout the state in supporting funding for research to strengthen and diversify our economy.

Sincerely



David Batcheller
President & CEO
Appareo Systems, LLC



To: Chairman Delzer and the House Appropriations Committee

From: Terri Zimmerman, CEO Botlink and Packet Digital, Fargo, ND

RE: Letter of Support Bill No. Intellectual Property Private/Public Partnership

I would like to lend my wholehearted support in favor of the intellectual property partnership between ND universities and private business being proposed in Bill No. SB 2282. We have reviewed the proposed business model and find it to be well-researched based on best practices successfully implemented at University of MN and Iowa. Critical to the success will be capital, operations, execution, and collaboration. We are committed to assisting in this process and will bring our industry partners to bear should the bill be passed. Without this bill passage, we fear the ND IP acquisition process will continue to languish and we as companies will continue to be forced to forge partnerships with other states that implement the model well.

The model can Work

Both Botlink and Packet Digital were born out of this type of partnership and have subsequently risen to industry leadership recognized and used by NASA, Amazon, U.S. Military, and the FAA with numerous "firsts" in both the power management and the unmanned aerial (drone) space(s). As a result of this partnership we have hired dozens of people from NDSU in addition to several veterans from the Air National Guard to enable this success. It should be recognized however that we had to seek our own capital and patent lawyers for R&D outside the university system. Had this model been in place, the ND university system would have been in a position to reap joint benefit.

Crucial Technology Shift enables ND to be at the forefront

We are at a crucial point in the industry for unmanned aerial and power management development with the onslaught of 5G and robotics. Given these are new industries and markets, capital is crucial to fund research and development and develop these skills in our young engineers. With combined capital and human resources from universities, the state and private investment, I firmly believe not only my companies, but we in North Dakota, can be at the forefront of this global future that can spawn numerous other companies. I have experienced this kind of critical industry shift once before in the 1990's as former CFO of Great Plains Software/Microsoft, and now see it emerging again with digital technology and sensors that will power everything. As a result, I urge the passage of this bill to enable us to lead the nation in this global shift.

**TESTIMONY OF
NICHOLAS FLOM
EXECUTIVE DIRECTOR, NORTHERN PLAINS UAS TEST SITE
MARCH 11, 2019
SENATE BILL NO. 2282**

Mr. Chairman Delzer and Members of the Committee:

I am Nicholas Flom, Executive Director of the Northern Plains Unmanned Aircraft Systems Test Site. I have been the Executive Director since November of 2016 and have been a part of the Test Site since early 2014. I am testifying today in support of Senate Bill No. 2282.

Background

Since the FAA announced North Dakota being selected as one of six UAS Test in December of 2013, we have had a strong research connection with the research universities. Our first project that we ever supported was with North Dakota State University to use UAS for precision agriculture at their Carrington Extension Center. Our second project was with the University of North Dakota biology department where we used a UAS to count wildlife at Sullys Hill National Game Preserve.

Our relationship with both research universities within the state have only gotten stronger. This is largely due to the collaborative work that we have been able to execute with private industry partners through different research funding opportunities. Not only has incredible research results been executed through these partnerships, but the Northern Plains UAS Test Site has been able to leverage these relationships with the private industry partners into contracts that have kept the companies conducting their research in North Dakota. With the success that we have had with collaborative research initiatives providing funding to the research universities, we are favorable to research grant program proposed in Senate Bill No. 2282.

Success of Research Grant Program

For the Northern Plains UAS Test Site, a program like this is a great way to attract companies to North Dakota who may not have done their research here. We have also seen that once we conduct this research through a matching program, additional opportunities have been enabled bringing more investment to the state

I want to provide some examples of the types of research that the test site has supported through these types of initiatives. First off we started with North Dakota State University to support an agricultural research initiative with Elbit of America, a Dallas/Ft. Worth Company. For reference, Texas has a UAS Test Site. This project not only brought success for precision agriculture but we were also able to work with the University of North Dakota and Elbit to successfully research how UAS could be used for post storm damage assessment. At this conclusion of the research opportunities through the matching funds program, Elibt contracted with us directly to focus on data collected for precisions agriculture, again with partnership of NDSU. What started out as a week on two week off event where they were flying crew in, they are no spending the growing season full time in North Dakota.

The University of North Dakota has entered into two research projects with Harris Corporation of Melbourne, FL. Again for reference, Harris has a \$1B division in New York who has a UAS test site. Through these projects and a state investment of \$500,000 over \$2M has been contributed by the private partner. At the conclusion of these projects, we have entered into a private contract with Harris. Since they started working in North Dakota, Harris has made multiple visits to North Dakota looking for additional opportunities to support additional activity. They are taking their business opportunities out to the Bakken, they have a working relationship with BNSF and are enabling operations for Xcel Energy. Programs like this provide those opportunities by introducing North Dakota to out of state companies.

Another success story comes from a matching funds research initiative funded by the Test Site with Airware, a San Francisco, CA company. A small \$7,000 matching funds research initiative had over a \$80K direct contact opportunity and over a \$250K indirect benefit from people who were introduced to North Dakota through that program that are now working at other companies. We are currently working with over 5 new companies as a direct benefit of this investment.

Just these three examples have connected more than 20 companies to North Dakota. They now know our capabilities which provides more opportunities. We have recognized that the when we support a single companies initiative that there is a supporting cast beyond just the single private company

There has been great success of working with the NDSU and UND as resources to exemplify our capabilities of researchers. We are able to take advantage of these resources that the University can provide will continue to attract more companies to North Dakota. We are stronger together and having a research grant program like outlined in Senate Bill No. 2822, will provide opportunities for companies to come to North Dakota to conduct their research. And based on our experiences, once they are here, they keep coming back which provides more opportunities.

Mr. Chairman that completes my testimony. I ask for your favorable support of Senate Bill No. 2282.

House Appropriations Committee Testimony 3/11/19

- Chairman Delzer and members of the committee, thank you for the opportunity to offer my opinions on Senate Bill 2282.
- My name is Stephen Wonderlich. I am currently Vice President for Research at Sanford in Fargo and a Professor in the Department of Psychiatry and Behavioral Science at the UND School of Medicine and Health Sciences. Over the last 32 years, I have taught many students and trainees, conducted a wide range of clinical studies, and directed a comprehensive treatment center for individuals with psychiatric and medical illnesses. In my opinion, the targeted funds in Senate Bill 2282 would not only enhance biomedical research in our state, but provide the opportunity to improve the quality of various educational programs and the delivery of healthcare in North Dakota.
- In North Dakota, we are fortunate to have many excellent scientists and university based faculty members. Their service to the university and their professions is often outstanding. However, at UND, and also at NDSU, my colleagues and I often felt constrained in our professional impact because of limited research infrastructure and scientific resources. Today, I will offer comments in the context of my professional focus, which has involved treating patients and conducting scientific research about medical and mental health issues. I would like to briefly note three examples, which highlight potential value of an increase of research oriented resources in the university system.
- First, scientists around the world have produced evidence that the bacterial environment of the gut may be associated with a variety of diseases ranging from cancer to autoimmune diseases and mental illness. These investigations are broadly referred to as studies of the microbiome. Scientists at NDSU and Sanford are currently conducting studies on the microbiome and its relationship to psychiatric disorders, obesity, and asthma. This is truly exciting work. However, to accomplish these studies, these scientists must send their biological samples to other states for analyses, in spite of having a highly capable biomedical workforce here at home. Unfortunately, this results in grant related funds being diverted away from North Dakota and reduces our perceived competitiveness in the scientific community. This is the kind of discovery oriented research which has real-life clinical implications for people that we could do in North Dakota with increased resources.
- Another example I would offer is in the area of brain studies related to neurologic and psychiatric illnesses such as stroke, neurodegenerative diseases, depression, and substance abuse. The brain initiative was introduced by the federal government in April of 2013 and considered "the next great American project". In a document from the National Institutes of Health, this initiative is described as developing tools and technologies that will deepen our understanding of brain structure and function. Perhaps the centerpiece of this brain-based technology is called functional magnetic resonance imaging (fMRI). Some of us who compete for grants at NIH have said in the last few years that if you don't have fMRI in your study, your chances of being funded are low. In

North Dakota, we currently do not have fMRI technology available. We try and come up with creative strategies to work around the issue, but these are limited. Recently, I approved a plan for one of our scientists to go to the University of Minnesota for training in fMRI technology for two years with hopes that she will return to North Dakota and help us figure out how to develop this technology. My fear, of course, is that she may not come back.

- Finally, I would like to offer two specific examples of how infusions of research dollars have already demonstrated the potential to enhance the quality of both cancer research and cancer healthcare in North Dakota. Ten years ago high level, federally funded research on cancer was relatively rare in North Dakota. The good news, as I see it, is that this is changing. NIH grants obtained by Dr. Marc Basson from the UND School of Medicine and Health Sciences and Dr. Sanku Mallik from the NDSU Department of Pharmaceutical Sciences promote a robust increase in cancer research infrastructure, which has a potentially tremendous impact on young researchers in North Dakota. Furthermore, these types of grants will promote collaboration between our research universities and our health systems, such as Sanford. This model of pairing research scientists with clinicians, such as oncologists, not only enhances the scientists work, but also elevates the care delivered to our patients. Furthermore, such clinical research platforms enhance our ability to hire top tier doctors and top tier scientist's to come into North Dakota and prosper professionally.
- In summary, Sanford remains highly supportive of our collaborations with NDSU and UND and in promoting high quality healthcare-related research in our state.
- Thank you for your time and attention.

Senate Bill 2282
House Appropriations Committee
Economic Diversification through Research Grant Program
March 11, 2019

Testimony by
Mark Nisbet, Xcel Energy

Good afternoon Chairman Delzer and members of the House Appropriations Committee. My name is Mark Nisbet, North Dakota Principal Manager for Xcel Energy, which provides the energy that powers millions of homes and businesses across eight Western and Midwestern states, including North Dakota. Xcel Energy's success in meeting the energy needs of our customers is directly related to the research that we have been involved with over the years in traditional as well as renewable sources of energy. Recently Xcel Energy has been actively involved in research to integrate drones into our operations with UND and NDSU.

We believe that the University of North Dakota (UND) and North Dakota State University (NDSU) are important economic drivers in our state. Research conducted at UND and NDSU helps to sustain and boost our competitive advantage in agriculture and energy. Their research also leads to innovations in emerging technology sectors that translate into new economic opportunities, a more skilled workforce, and higher-paying jobs for North Dakotans.

It makes a lot of sense to use Legacy Fund proceeds and/or other state funding for universities to perform collaborative research with technology and business innovators, compete for federal and corporate research dollars, and proactively build expertise and capacity in research clusters with high potential.

This will empower North Dakota's two research universities to reach their full potential as engines of innovation, diversification and economic vitality.

Thank you for your consideration of SB2282, and please know that Xcel Energy joins the Valley Prosperity Partnership and business leaders throughout the state in supporting funding for research to strengthen and diversify our economy.

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Testimony in Support of SB 2282

House Appropriations Committee

March 11, 2019

Joe Heilman

Residence: 3323 26th Ave S, Fargo, ND 58103

Work: 1810 NDSU Research Circle North, Fargo, ND 58102

11 SB 2282: A BILL for an Act to provide for an economic diversification through research
12 grant program and advisory committee and to create an economic diversification
13 research grant fund; to create and enact a new section to chapter 54-27 of the North
14 Dakota Century Code, relating to legacy fund earnings; to provide for a report to the
15 legislative management; and to provide an appropriation.

16 Chairman Delzer and Members of the House Appropriations Committee,

17 My name is Joe Heilman. I'm a lifelong North Dakotan born in Rugby, ND and now
18 reside in Fargo, ND. I proudly served with many of you in the ND House of
19 Representatives from 2011-2014 and now lead a cutting-edge agriculture technology
20 business in Fargo, ND named Intelligent Agricultural Solutions, LLC. (Intelligent Ag).
21 I am excited to be able to attend this hearing and lend my support for this initiative.

22 Since 2011, Intelligent Ag has been developing game-changing, agricultural technology
23 products that help growers get more out of their equipment. We have grown rapidly
24 since our founding; now serving thousands of customers and hundreds of dealers
25 throughout North America and the world. Our business is focused on bringing new

26 technologies to market at a rapid pace. We've been able to do so by leveraging the
27 amazing talent and work ethic of the people in this region.

28 I would like to extend my support for SB 2282. As a company focused on innovation
29 and closely connected to the problems our customers in agriculture face, we generally
30 have a pipeline full of new ideas begging to be researched and "demystified". There are
31 many instances where we would like to partner with our great Universities to advance
32 some of these research areas, but they are generally not able to support the initiative due
33 to a lack of resources and the endeavor is difficult, if not impossible, to complete on our
34 own. The end result is that we are not able to take on more meaningful research
35 initiatives as soon as we should, or not at all. Partnering with our great Universities could
36 truly accelerate some game-changing technology concepts and this Bill is a step that
37 helps provide that focus. For our company, specifically, more opportunities to work with
38 NDSU, a leading agricultural research university, would be a tremendous accelerant for
39 our efforts to become a world-leading innovator of game-changing agriculture
40 technologies and services.

41 In my experience, even with adequate resources, it can take 5 years or more to bring a
42 product from an idea, through multiple research phases, to design, and finally, to an end
43 product. There are several projects we have been researching that would benefit greatly
44 from additional resources to start or finish our research, conduct field trials, and validate
45 our product concepts. Additional resources to help partner with University experts,
46 should ultimately help us bring these products to market faster and help our customers
47 realize the gains in efficiency and productivity we know can be delivered.

48 With accelerated speed to market, we will help North Dakota elevate its position as a
49 global leader in all-things agriculture. We will generate margins sooner which will allow

50 us to hire more staff and design engineers to develop and manufacture our next great
51 products.

52 In conclusion, I believe that a State supported grant program to help accelerate research
53 partnerships between great North Dakota businesses and Universities utilizing some of
54 the Legacy Fund earnings is an excellent implementation of Legacy Fund intent. I
55 believe that businesses across many sectors of North Dakota's economy could benefit
56 greatly from this level of partnership with our Research Universities. This is why I
57 strongly support SB 2282 and urge a Do Pass recommendation from this committee.

58 Thank you for your consideration and your service to our great State.

59 Sincerely,

60

61 Joe Heilman

62 General Manager

63 jheilman@intelligentag.com

Testimony of Neal Fisher, SB2282, House Appropriations Committee,
March 11, 2019

Good afternoon, Mr. Chairman and members of the House Appropriations Committee. Name is Neal Fisher, I am the Administrator of the North Dakota Wheat Commission.

The Wheat Commission has had a 60 year leveraged research partnership with NDSU Agriculture. Very productive research programs, many of which have been made possible through important research appropriations, have played a significant role in expanding and diversifying the primary components of our states largest industry and the entire state economy.

As citizens of North Dakota we are blessed to have not one but two prominent research universities, with important, but distinctly and intentionally different research missions and platforms. Both have made significant contributions to our larger, more diversified state and regional economies.

SB2282 – A Good Idea

Senate Bill 2282 is a positive measure with potential and means to further advance important economic and educational goals in our state and region. Ongoing efforts of policymakers, administrators, scientists, and students have already established time-proven, successful research platforms at these two renowned, ranking, research institutions. This is an opportunity to build on those highly enviable, existing platforms.

Over the years many have realized we are able to accomplish much more when we have active, mutually beneficial partnerships that enhance our abilities to succeed. Partnerships and partnering are a necessity at the Wheat Commission, where we realize we couldn't accomplish many of the critical elements of our mission without our partners at NDSU, US Wheat Associates, our Grower Associations, the Northern Crops Institute, Wheat Foods Council, our neighbor state Wheat Commissions and many other partner organizations.

Partnership opportunities could also become a more prominent feature of future research efforts at these two universities. Some have already been explored.

The State Board of Agricultural Research and Education (SBARE) has several potential prospects in its list of current priorities. For example:

- Precision Agriculture seems to be a natural, with an obvious connection to the UAS program at UND, connecting via the use of drone technology in several aspects of Precision Agriculture. Some of this is already occurring.
- The microbiome, a relatively new twist on human, plant, animal and soil health, is another SBARE priority. Perhaps this opens an opportunity for collaboration in the fields of medicine, veterinary science, soil science, biotechnology, genomics, pharmacy or some aspects of engineering.

One more exciting aspect of this discussion is the high percentage of students that are already actively involved and engaged in research projects at the undergraduate level at these two institutions.

SB2282 will allow these student leaders and the reputation programs in which they are involved, additional opportunity to take us to the NEXT LEVELS, providing even greater potential for economic diversification, reliability, and resilience, for the benefit of every future citizen of our great state and region.

Thank you for the opportunity to appear before your committee.

If you have questions I will try to answer them.

TESTIMONY IN SUPPORT OF SB 2282
HOUSE APPROPRIATIONS COMMITTEE
MARCH 11, 2019

JUSTIN DEVER - SENIOR PUBLIC AFFAIRS SPECIALIST, MDU RESOURCES GROUP, INC.

Good afternoon, Mr. Chairman and members of the committee. My name is Justin Dever and I am testifying today on behalf of MDU Resources Group. MDU Resources is Building a Strong America ® by providing essential products and services through its regulated energy delivery and construction materials and services businesses. MDU Resources presence in North Dakota includes Montana-Dakota Utilities Co., WBI Energy, Knife River Corporation, and MDU Construction Service Group.

We recognize that a strong North Dakota requires a growing and diverse economy. SB 2282 promises to strengthen our economy by leveraging our state's two outstanding research universities in converting scientific and medical research into new businesses and jobs.

State investment in university research helps grow our research base and enhances its ability to generate new knowledge. This leads to new innovations and products that will ultimately be sold in the marketplace. These innovations and products will not only be traditional industries such as energy and agriculture, but also in new and emerging industries.

MDU Resources supports state investment in university research as a means of diversifying the state's economy. A growing economy benefits the businesses and citizens of the state, and will provide future tax revenues that can be used to fund priorities.

Mr. Chairman and members of the committee, thank you for allowing me to visit with you today. That concludes my testimony and I am happy to entertain any questions.

SB 2282

House Appropriations

March 11, 2019

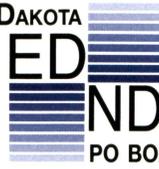
Mark Hagerott, Chancellor, NDUS

701.328.2963 | mark.hagerott@ndus.edu

Good afternoon, Chair Delzer and Committee Members. My name is Mark Hagerott, and I am the chancellor of the North Dakota University System. I am here today to provide brief testimony in support of Senate Bill 2282. As other testimony has described in detail, there is an urgent need to provide additional research funding in the North Dakota University System, especially to support the efforts of our two research universities as they support the goal of helping the state of North Dakota diversify our economy.

The State Board of Higher Education recognized this need during strategic planning efforts. Research matters because we need to invest in the future of our state. Seeing this importance, the Board added a fifth goal set (Research) and accompanying metrics to the NDUS strategic plan in 2017, which focuses solely on research and innovation. In addition, the SBHE took unprecedented action this budget cycle with a request of \$10 million to support new research fields. Research at our universities can help drive increased economic diversification of our state, and the forward-thinking research proposals before this committee (as well as 1333 in the House) are very much appreciated.

Thank you.



Testimony of Jennifer Greuel
Economic Development Association of North Dakota
In Support of SB 2282
March 11, 2019

Chairman Delzer and members of the House Appropriations Committee:

My name is Jennifer Greuel, and I represent the Economic Development Association of North Dakota (EDND). I am testifying in support of SB 2249.

EDND represents large and small and rural and urban economic development organizations on the front line of growing businesses and communities in North Dakota. The primary purpose of the organization is to promote the creation of new wealth throughout North Dakota to develop more vibrant communities and improve quality of life.

EDND has long supported research investments that will enhance North Dakota's historical economic sectors and advance new technologies to support growth of other sectors to diversify our economy. North Dakota has long benefitted from energy and agriculture being the leading pillars of its economy. However, relying heavily on these industries has caused a boom and bust cycle several times over the state's history. The more the state supports investment in other industries, the more stable our economy will become.

Another reason why investment in research is a worthwhile opportunity for North Dakota is it will put us at the forefront of emerging industries. As we are seeing with the state's early investment in the unmanned aircraft systems industry, if we can establish ourselves as a leader while an industry is in the research stage, we can benefit when it flourishes, and there is the potential for the sector to become a major part of the state's economy.

EDND considers the investment in research in the state as an investment for the future. We urge your support for SB 2282.

Severe Weather Announcements (4)

Our view: House should OK 2282 on its own merits

By Herald editorial board on Mar 3, 2019 at 6:10 a.m.

1

The idea behind the proposal is this: North Dakota's research universities — UND and NDSU — could use this influx of financial support to boost research.

Herald editorial board

Herald editorial board

ch has been reported in the Herald and other media about a proposal in the Legislature that would designate dollars to boost research at the state's two largest universities.

2

Senate Bill 2282 proposes to transfer 15 percent of earnings from the Legacy Fund to an economic diversification research account to support work by UND and North Dakota State University. Funding would be capped at \$45 million, and oversight would be the responsibility of the Bank of North Dakota and an advisory committee.

The idea behind the proposal is this: North Dakota's research universities — UND and NDSU — could use this influx of financial support to boost research. The result, the presidents of those universities say, could be innovative inventions and ideas that benefit the entire state. NDSU President Dean Bresciani has said the model proposed is "proven around the nation" and that our state's current lack of research funding is unusual.

Last month, SB 2282 breezed through the Senate, 43-4. It now is in the hands of the House of Representatives, where we hope it again gains approval.

However, winds of discontent blow, and it makes us wonder if SB 2282 could be jeopardized as a result.

Specifically, UND President Mark Kennedy — who along with Bresciani has been vocal in support of SB 2282 — has made headlines in recent weeks. He was criticized for hiring a chief of staff who planned to work remotely from Texas; in the wake of the criticism, those plans changed. He also has been criticized for hiring a remote interim director for UND's Center for Innovation, and for apparently failing to maintain good relations with the family of Ralph Engelstad, the late UND benefactor.

Kennedy's management style is an issue of statewide interest, but for the purpose of today's editorial, it's enough to observe that the research proposal is bigger than any one president—or any one university. Instead, the proposal is vital to the entire state, and that's shown by the fact that it passed the Senate by the aforementioned vote: 43-4.

SB 2282
March 11th 2019
Attachment 9

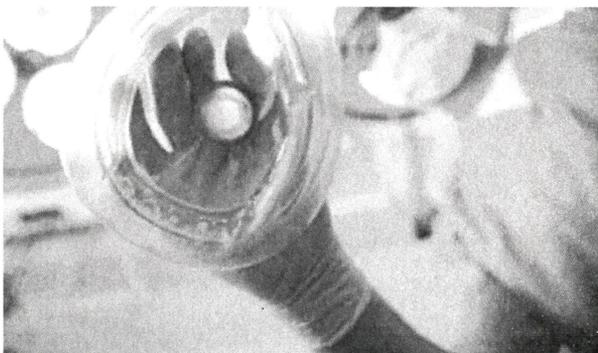
Remember, neither Kennedy nor Bresciani will be in charge of the money. That task will be handled by the Bank of North Dakota and the advisory committee, and they'll make sure the dollars flow to projects that could goose North Dakota's growth. The Bank of North Dakota has credibility with the Legislature, which lends hope to SB 2282.

Who was president of the University of Minnesota when the university's taconite research took off? Who cares? It's not the personalities that matter; it's the research that brought billions of dollars and decades of growth to the Minnesota Iron Range.

That's what's at stake in this research proposal.

SB 2282 is an investment for North Dakota and not just for the administrators backing it. That's why the North Dakota House should support it as enthusiastically as did the North Dakota Senate.

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By Ranker

4