

**Department of Commerce
Budget 601
Senate Bill No. 2019**

	FTE Positions	General Fund	Other Funds	Total
2001-03 legislative appropriation	57.00	\$17,880,287	\$43,653,725	\$61,534,012
1999-2001 legislative appropriation	55.00 ¹	12,953,300 ¹	45,372,357 ¹	58,325,659 ¹
2001-03 appropriation increase (decrease) to 1999-2001 appropriation	2.00	\$4,926,987	(\$1,718,632)	\$3,208,355

¹ For comparison purposes, the 1999-2001 biennium amounts include the appropriations for the Department of Economic Development and Finance, Department of Tourism, and the Division of Community Services.

Item Description

Creation of an economic development foundation and development of a strategic plan - Senate Bill No. 2032, approved by the 2001 Legislative Assembly, provides for the creation of an economic development foundation, consisting of from 15 to 30 individuals appointed by the Governor, to advise the commissioner and to develop a strategic plan for the department.

Senate Bill No. 2019 provided that the department, with the assistance of an economic development consultant, develop a strategic plan, including the new economy initiative, with input from a task force, including members of the Economic Development Foundation, three legislators, and one member appointed by the Economic Development Association of North Dakota.

In addition, the bill provided legislative intent that the department use up to \$100,000 of the grants line item for expenses of the Economic Development Foundation and for the development of a strategic plan for economic development in North Dakota.

Cowboy Hall of Fame - The 2001 Legislative Assembly appropriated \$100,000 from the general fund for providing a grant to the North Dakota Cowboy Hall of Fame.

Statewide talent recruitment initiative - The 2001 Legislative Assembly appropriated \$250,000 from the general fund for a public/private partnership statewide talent recruitment initiative.

Status/Result

The department has organized the Economic Development Foundation, consisting of 16 members. The foundation has been meeting monthly since September 2001. The department has contracted with Angelo Economics, located in Texas, to assist it in the development of the strategic plan for economic development in North Dakota. The contract amount is \$94,000, and the plan should be completed by May 2002.

The department has provided the \$100,000 grant to the North Dakota Cowboy Hall of Fame.

Activities of the department in this initiative include:

- Developing a web site (*NorthDakotaHasJobs.com*) to expand North Dakota's workforce by recruiting former North Dakotans and other skilled workers from other states to meet the needs of North Dakota employers.
- Developing methods for providing consistent community labor availability and underemployment studies.
- Obtaining a \$2.1 million United States Department of Labor grant to provide training to entry-level workers in health-related occupations to address the needs of underemployed workers.

Lewis and Clark Bicentennial - The 2001 Legislative Assembly appropriated \$905,751 from the general fund for:

- A tourism marketing specialist (\$110,681).
- Marketing (\$600,000).
- Grants to political subdivisions for extraordinary costs incurred in river rescues directly related to Lewis and Clark Bicentennial activities (\$150,000).
- Other operating expenses (\$45,070).

Value-added agriculture program - Senate Bill No. 2379, approved by the 2001 Legislative Assembly, created a value-added agriculture promotion board that is to administer the value-added agriculture program and review plans for value-added agriculture projects.

Ethanol incentive program - The 2001 Legislative Assembly appropriated \$2.5 million from the highway tax distribution fund for the ethanol incentive program. Of this amount, the Alchem plant in Grafton is eligible for incentives of up to \$750,000 for each year of the biennium and the ADM plant in Walhalla and any new plant that begins operations are eligible to share equally in up to \$500,000 for each year of the biennium. The Legislative Assembly added the requirement that, in order to be eligible for incentives during the 2001-03 biennium, the plant must notify the Agricultural Products Utilization Commission in writing by October 1, 2001, of its intent to request ethanol incentive payments during the 2001-03 biennium.

Development Fund - The 2001 Legislative Assembly provided \$2.35 million from the general fund for the Development Fund for the 2001-03 biennium.

- Developing a method of gathering data from businesses on the information technology skills needed by workers.

The department has hired the marketing specialist and has developed its marketing strategy and materials for the Lewis and Clark Bicentennial. The marketing program will begin in March 2002 and primarily target Minnesota, South Dakota, Nebraska, and Iowa. Some advertising will be done at the national level on cable television networks and national print publications.

The department has developed guidelines for reimbursing political subdivisions for extraordinary costs incurred in river rescues relating to Lewis and Clark Bicentennial activities, but no requests for funding have been received.

The Lieutenant Governor is chairing the board, which met in September 2001 and January 2002. Governor Hoeven allocated \$40,000 of a United States Department of Agriculture grant to the board in September 2001 for board operations, joint venture development, and administrative costs.

In February 2002, both ethanol plants in North Dakota received their maximum incentive payment for the first year of the biennium. The Alchem plant in Grafton received \$750,000 and the ADM plant in Walhalla received \$500,000.

Through February 2002, the Development Fund has provided or committed \$2.1 million to 20 projects, 11 in urban areas and 9 in rural areas. As of March 2002, the Development Fund has \$6.5 million of funding available for new projects.