

**Sixty-sixth Legislative Assembly of North Dakota
In Regular Session Commencing Thursday, January 3, 2019**

HOUSE BILL NO. 1018
(Appropriations Committee)

AN ACT to provide an appropriation for defraying the expenses of the department of commerce; to create and enact a new section to chapter 54-60 of the North Dakota Century Code, relating to a beyond visual line of sight unmanned aircraft system program; to provide exemptions; to provide for a legislative management study; to provide for a transfer; to provide for a report; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, and from special funds derived from federal funds and other income, to the department of commerce for the purpose of defraying the expenses of the department of commerce, for the biennium beginning July 1, 2019, and ending June 30, 2021, as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$12,995,788	\$221,498	\$13,217,286
Operating expenses	15,477,622	2,620,581	18,098,203
Grants	48,910,416	8,928,111	57,838,527
Discretionary funds	2,200,000	(50,000)	2,150,000
Agricultural products utilization commission	3,152,915	(3,152,915)	0
North Dakota trade office	2,000,000	(400,000)	1,600,000
Partner programs	1,939,845	(377,314)	1,562,531
Entrepreneurship grants and vouchers	1,950,000	998,467	2,948,467
Intermodal container shipping fees	0	<u>1,300,000</u>	<u>1,300,000</u>
Total all funds	\$88,626,586	\$10,088,428	\$98,715,014
Less estimated income	<u>58,283,906</u>	<u>139,387</u>	<u>58,423,293</u>
Total general fund	\$30,342,680	\$9,949,041	\$40,291,721
Full-time equivalent positions	66.40	(4.60)	61.80

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SIXTY-SEVENTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-fifth legislative assembly for the 2017-19 biennium and the one-time funding items included in the appropriation in section 1 of this Act:

<u>One-Time Funding Description</u>	<u>2017-19</u>	<u>2019-21</u>
Flood impact grants/loans	\$5,201,752	\$0
Unmanned aircraft system	2,000,000	2,225,000
Base retention grants	600,000	0
Enhanced use lease grant	3,000,000	3,000,000
Workforce grants to tribally controlled community colleges	500,000	500,000
Census 2020 program	0	1,000,000
Workforce safety grant	0	1,000,000
Entrepreneurship grants and vouchers	0	2,000,000
Sculpture maintenance grants	0	75,000
Nonresident nurse employment recruitment	0	800,000
Intermodal container transportation shipping fees	0	1,300,000
Job development and economic growth grant	0	<u>25,000</u>
Total all funds	\$11,301,752	\$11,925,000

Less estimated income	<u>10,301,752</u>	<u>4,300,000</u>
Total general fund	\$1,000,000	\$7,625,000

The 2019-21 biennium one-time funding amounts are not a part of the entity's base budget for the 2021-23 biennium. The department of commerce shall report to the appropriations committees of the sixty-seventh legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 3. DISCRETIONARY FUNDS - RURAL HEALTH. Of the \$2,150,000 from the general fund appropriated in the discretionary funds line item in section 1 of this Act, \$200,000 is designated for providing matching funds to an organization assisting in the recruitment, distribution, and supply, and enhancing the quality and efficiency of personnel providing health services in rural areas of the state.

SECTION 4. EXEMPTION. The amount of \$2,200,000 appropriated in the discretionary funds line item in section 1 of chapter 43 of the 2017 Session Laws, of which \$1,200,000 was from the general fund and \$1,000,000 was from the research North Dakota fund, is not subject to section 54-44.1-11 and any unexpended funds from this appropriation are available for discretionary uses during the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 5. EXEMPTION. The amount of \$2,000,000 appropriated from the strategic investment and improvements fund for the unmanned aircraft systems program in section 1 of chapter 43 of the 2017 Session Laws is not subject to section 54-44.1-11 and any unexpended funds from this program are available for the program during the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 6. EXEMPTION. The amount of \$1,500,000 appropriated from the general fund for the early childhood education grant program in section 1 of chapter 43 of the 2017 Session Laws is not subject to section 54-44.1-11 and any unexpended funds from this program are available for the program during the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 7. TRANSFER - INTERNSHIP FUND. The office of management and budget shall transfer \$855,000 of the amount appropriated in the operating expenses line item in section 1 of this Act to the internship fund for the purpose of administering the operation intern program, for the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 8. EXEMPTION. The amount of \$950,000 appropriated from the general fund in the operating expenses line item for the operation intern program in section 1 of chapter 43 of the 2017 Session Laws and transferred to the internship fund in section 7 of chapter 43 of the 2017 Session Laws is not subject to section 54-44.1-11 and any unexpended funds from this program are available for the program during the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 9. TRADE OFFICE - MATCHING FUND REQUIREMENT. The North Dakota trade office line item and the general fund appropriation in section 1 of this Act include \$1,600,000 of funding relating to the North Dakota trade office. The department of commerce may spend sixty percent of this amount without requiring any matching funds from the trade office. Any additional amounts may be spent only to the extent the North Dakota trade office provides one dollar of matching funds from private or other public sources for each one dollar provided by the department for the biennium beginning July 1, 2019, and ending June 30, 2021. Matching funds may include money spent by businesses or organizations to pay salaries to export assistants, provide training to export assistants, or buy computer equipment as part of the North Dakota trade office's export assistance program.

SECTION 10. ENTREPRENEURSHIP GRANTS AND VOUCHER PROGRAM - ONE-TIME FUNDING - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - EXEMPTION. Section 1 of this Act includes the sum of \$2,948,467, of which \$740,956 is from the general fund, \$2,000,000 is from the strategic investment and improvements fund, and \$207,511 is from the economic development fund, for an entrepreneurship grants and voucher program to be developed and administered by the department of commerce, for the biennium beginning July 1, 2019, and ending June 30, 2021. The \$2,000,000 from the strategic investment and improvements fund is considered a one-time funding item. Of the \$2,000,000 from the strategic investment and improvements fund, \$900,000 is to be

distributed equally to entrepreneurial centers located in Bismarck, Fargo, and Grand Forks, and \$150,000 is to be distributed to the entrepreneurial center located in Jamestown. The funding for the Jamestown entrepreneurial center may only be provided to the extent the center provides one dollar of matching funds from private or other nonstate sources for each one dollar provided by the department for the biennium beginning July 1, 2019, and ending June 30, 2021. The department shall establish guidelines to provide grants to entrepreneurial centers certified by the department. The department also shall establish guidelines to award vouchers to entrepreneurs to procure business development assistance from certified entrepreneurial centers or to provide grants to entrepreneurs working with an entrepreneurial center. The amount appropriated for entrepreneurship grants in section 1 of this Act is not subject to section 54-44.1-11 and any unexpended funds from this line item are available during the biennium beginning July 1, 2021, and ending June 30, 2023.

SECTION 11. BIOTECHNOLOGY GRANT PROGRAM. The grants line item in section 1 of this Act includes \$300,000 from the general fund for the purpose of providing biotechnology grants to a local association with bioscience experience to promote bioscience and biotechnology research and business development in North Dakota agriculture and life and energy science industries.

SECTION 12. APPROPRIATION - 2017-19 BIENNIUM - BEYOND VISUAL LINE OF SIGHT UNMANNED AIRCRAFT SYSTEM PROGRAM - EXEMPTION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$28,000,000, or so much as the sum as may be necessary, to the department of commerce for the purpose of defraying the expenses relating to the beyond visual line of sight unmanned aircraft system program, for the period beginning with the effective date of this Act, and ending June 30, 2019. The funding provided under this section is not subject to section 54-44.1-11 and any unexpended funds may be continued and are available for the program during the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 13. A new section to chapter 54-60 of the North Dakota Century Code is created and enacted as follows:

Beyond visual line of sight unmanned aircraft system program - Requirements - Report to legislative management.

The department may establish and administer a beyond visual line of sight unmanned aircraft system program for the design, purchase, implementation, and operating costs of a beyond visual line of sight unmanned aircraft system. The department shall require any entity receiving funding for this program which is operating the beyond visual line of sight unmanned aircraft system to provide quarterly payments to the state treasurer equal to three percent of the entity's gross income associated with the operation of the beyond visual line of sight unmanned aircraft system as reported in the entity's prior year financial statements. The state treasurer shall deposit any funds received under this section in the state general fund. The department shall provide semi-annual reports to the legislative management regarding the development of the beyond visual line of sight unmanned aircraft system program and the total amount deposited by the state treasurer in the state general fund.

SECTION 14. LEGISLATIVE MANAGEMENT STUDY - BEYOND VISUAL LINE OF SIGHT UNMANNED AIRCRAFT SYSTEM PROGRAM. During the 2019-20 interim, the legislative management shall consider studying the future administration and regulation of the unmanned aircraft systems industry in North Dakota, including beyond visual line of sight unmanned aircraft system. The study must include a determination of the appropriate state agency or private entity to be assigned responsibility of regulating unmanned aircraft system programs, including licensing, registration, appropriate fees, and other responsibilities. The study may include a review of the audited financial statements associated with the beyond visual line of sight unmanned aircraft system of an entity receiving funding from the appropriation for the beyond visual line of sight unmanned aircraft system program in section 9 of this Act. The legislative management shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to the sixty-seventh legislative assembly.

SECTION 15. LEGISLATIVE MANAGEMENT STUDY - MOTION PICTURE INCENTIVES. During the 2019-20 interim, the legislative management shall consider studying motion picture incentives. The study must include a review of upper Midwest and neighboring states' statutes on motion picture incentives to assess their successes and challenges; an analysis of the economic impact that would benefit communities through food, lodging, supplies, and transportation; an assessment of existing industry infrastructure in the state and opportunities for growth; and an identification of unique geographic, seasonal, regulatory, and topographical assets the state has for the motion picture industry. The legislative management shall report its findings and recommendations, together with any legislation necessary to implement the recommendations, to the sixty-seventh legislative assembly.

SECTION 16. SCULPTURE MAINTENANCE GRANTS - ONE-TIME FUNDING. The grants line item in section 1 of this Act includes \$75,000 from the general fund for the purpose of providing grants, on a reimbursement basis, to maintain the structure and appearance of metal sculptures located adjacent to highways in North Dakota. Grant funds may be awarded only for sculptures with current land leases. The department of commerce shall establish guidelines to require a privately funded maintenance plan to be established for future maintenance cost of metal sculptures adjacent to highways in North Dakota. This funding is considered a one-time funding item.

SECTION 17. NONRESIDENT NURSE EMPLOYMENT RECRUITMENT PROGRAM - ONE-TIME FUNDING. The grants line item in section 1 of this Act includes \$800,000 from the general fund for the purpose of establishing a nonresident nurse employment recruitment program. The department of commerce shall provide up to \$4,000 in incentives for each nonresident licensed nurse who signs a written agreement to work at least four years in a North Dakota licensed health care facility. Any licensed health care facility receiving funds from this program must provide two dollars of incentive matching funds for each one dollar provided by the department. This funding is considered a one-time funding item.

SECTION 18. TRANSFER - ESTIMATED INCOME- BEGINNING FARMER REVOLVING LOAN FUND - ONE-TIME FUNDING. As requested by the commissioner of the department of commerce, the Bank of North Dakota shall transfer from the beginning farmer revolving loan fund to the department of commerce the sum of \$1,300,000, or so much of the sum as may be necessary, included in the estimated income line item in section 1 of this Act for paying intermodal container transportation shipping fees in the event intermodal containers are unable to be shipped, resulting in fees for the transport of containers to new locations for the biennium beginning July 1, 2019, and ending June 30, 2021. This funding is considered a one-time funding item.

SECTION 19. APPROPRIATION - 2017-19 BIENNIUM - NORTH DAKOTA GORGE PRESERVATION GRANTS - EXEMPTION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$750,000, or so much of the sum as may be necessary, to the department of commerce for the purpose of providing grants, on a reimbursement basis, to an organization dedicated to preserving a North Dakota gorge for the period beginning with the effective date of this Act, and ending June 30, 2019. Grant funds may be awarded only for expenditures related to the purchase and maintenance of outdoor recreation equipment, the improvement and maintenance of real property, enhancing public access to natural resources, and addressing public safety hazards in a North Dakota gorge. Grant funds may be awarded only to the extent that matching funds on a dollar-for-dollar basis are provided from private or other nonstate sources. Matching funds may include in-kind payments for labor and materials. The funding provided in this section is considered a one-time funding item. The funding provided under this section is not subject to section 54-44.1-11 and any unexpended funds may be continued and are available for the program during the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 20. JOB DEVELOPMENT AND ECONOMIC GROWTH GRANT - ONE-TIME FUNDING. The grants line item in section 1 of this Act includes \$25,000 from the general fund for the purpose of providing a grant to an organization dedicated to promoting job development and economic growth through the purchase of a vacant building previously used to promote job development and economic growth for the biennium beginning July 1, 2019, and ending June 30, 2021. This funding is considered a one-time funding item.

SECTION 21. EMERGENCY. Sections 12, 13, and 19 of this Act are declared to be an emergency measure.

Speaker of the House

President of the Senate

Chief Clerk of the House

Secretary of the Senate

This certifies that the within bill originated in the House of Representatives of the Sixty-sixth Legislative Assembly of North Dakota and is known on the records of that body as House Bill No. 1018 and that two-thirds of the members-elect of the House of Representatives voted in favor of said law.

Vote: Yeas 72 Nays 20 Absent 2

Speaker of the House

Chief Clerk of the House

This certifies that two-thirds of the members-elect of the Senate voted in favor of said law.

Vote: Yeas 44 Nays 2 Absent 1

President of the Senate

Secretary of the Senate

Received by the Governor at _____ M. on _____, 2019.

Approved at _____ M. on _____, 2019.

Governor

Filed in this office this _____ day of _____, 2019,

at _____ o'clock _____ M.

Secretary of State