

**FIRST ENGROSSMENT
with Conference Committee Amendments
ENGROSSED SENATE BILL NO. 2018**

Introduced by

Appropriations Committee

1 A BILL for an Act to provide an appropriation for defraying the expenses of the department of
2 commerce; to provide an appropriation to the department of transportation; to create and enact
3 a new section to chapter 4.1-01 of the North Dakota Century Code, relating to the transfer of the
4 international business and trade office from the department of commerce to the agriculture
5 commissioner; to amend and reenact sections 54-34.3-13 and 54-60-29 of the North Dakota
6 Century Code, relating to the rural growth incentive program and the unmanned aircraft
7 systems program fund; to repeal section 54-60-16 of the North Dakota Century Code, relating to
8 the international business and trade office; to provide a continuing appropriation; to provide for
9 a transfer; to provide for a report; to provide an exemption; to provide a statement of legislative
10 intent; to provide for a legislative management study; and to declare an emergency.

11 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

12 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds
13 as may be necessary, are appropriated out of any moneys in the general fund in the state
14 treasury, not otherwise appropriated, and from special funds derived from federal funds and
15 other income, to the department of commerce for the purpose of defraying the expenses of the
16 department of commerce, for the biennium beginning July 1, 2021, and ending June 30, 2023.

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
18 Salaries and wages	\$13,217,286	(\$381,855)	\$12,835,431
19 Operating expenses	14,873,203	9,009,989	23,883,192
20 Grants	52,638,527	35,193,803	87,832,330
21 Discretionary funds	2,150,000	0	2,150,000
22 North Dakota trade office	1,600,000	(1,600,000)	0
23 Partner programs	1,562,531	0	1,562,531

Sixty-seventh
Legislative Assembly

1	Entrepreneurship grants and vouchers	<u>948,467</u>	<u>0</u>	<u>948,467</u>
2	Total all funds	\$86,990,014	\$42,221,937	\$129,211,951
3	Less estimated income	<u>54,123,293</u>	<u>41,421,086</u>	<u>95,544,379</u>
4	Total general fund	\$32,866,721	\$800,851	\$33,667,572
5	Full-time equivalent positions	61.80	(3.00)	58.80

6 **SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO**
7 **SIXTY-EIGHTH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time funding
8 items approved by the sixty-sixth legislative assembly for the 2019-21 biennium and the
9 one-time funding items included in the appropriation in section 1 of this Act:

10	<u>One-Time Funding Description</u>	<u>2019-21</u>	<u>2021-23</u>
11	Unmanned aircraft system	\$2,225,000	\$1,000,000
12	Beyond visual line of sight unmanned aircraft system	0	20,000,000
13	Enhanced use lease grant	3,000,000	7,000,000
14	Workforce grants to tribally controlled community colleges	500,000	500,000
15	Census 2020 program	1,000,000	0
16	Workforce safety grant	1,000,000	1,500,000
17	Entrepreneurship grants and vouchers	2,000,000	0
18	Sculpture maintenance grants	75,000	0
19	Nonresident nurse employment recruitment	500,000	0
20	Intermodal container transportation shipping fees	1,300,000	0
21	Job development and economic growth grant	25,000	1,500,000
22	Tourism marketing	0	7,000,000
23	Technical skills training grants	0	1,000,000
24	Motion picture production and recruitment grant	0	100,000
25	Travel agent and tour operator emergency resiliency grants	0	2,000,000
26	Event center emergency resiliency grants	0	2,000,000
27	Tourism transportation improvement grant	<u>0</u>	<u>565,432</u>
28	Total all funds	\$11,625,000	\$44,165,432
29	Less estimated income	<u>4,300,000</u>	<u>42,000,000</u>
30	Total general fund	\$7,325,000	\$2,165,432

1 The 2021-23 biennium one-time funding amounts are not a part of the entity's base budget
2 for the 2023-25 biennium. The department of commerce shall report to the appropriations
3 committees of the sixty-eighth legislative assembly on the use of this one-time funding for the
4 biennium beginning July 1, 2021, and ending June 30, 2023.

5 **SECTION 3. APPROPRIATION - DEPARTMENT OF TRANSPORTATION - BEYOND**
6 **VISUAL LINE OF SIGHT UNMANNED AIRCRAFT SYSTEM PROGRAM - ONE-TIME**

7 **FUNDING.** There is appropriated from special funds, derived from grant funds received from the
8 department of commerce pursuant to section 14 of this Act, not otherwise appropriated, the sum
9 of \$5,000,000, or so much of the sum as may be necessary, to the department of transportation
10 for the purpose of defraying infrastructure construction expenses of the beyond visual line of
11 sight unmanned aircraft system program, for the biennium beginning July 1, 2021, and ending
12 June 30, 2023. The department of transportation may bid, award, and administer any contracts
13 necessary to complete the construction of the infrastructure. This funding is considered a
14 one-time funding item.

15 **SECTION 4. TRANSFER - INTERNSHIP FUND.** The office of management and budget
16 shall transfer \$755,000 of the amount appropriated in the operating expenses line item in
17 section 1 of this Act to the internship fund for the purpose of administering the operation intern
18 program, for the biennium beginning and ending June 30, 2023.

19 **SECTION 5. ENTREPRENEURSHIP GRANTS AND VOUCHER PROGRAM.** The
20 entrepreneurship grants and voucher line item in section 1 of this Act includes \$948,467, of
21 which \$740,956 is from the general fund and \$207,511 is from the economic development fund,
22 for the purpose of defraying the expenses of the entrepreneurship grants and voucher program.
23 The department shall establish guidelines to provide grants to entrepreneurial centers certified
24 by the department. The department also shall establish guidelines to award vouchers to
25 entrepreneurs to procure business development assistance from certified entrepreneurial
26 centers or to provide grants to entrepreneurs working with an entrepreneurial center.

27 **SECTION 6. RURAL HEALTH CARE GRANT PROGRAM - MATCHING FUNDS**

28 **REQUIREMENT.** The grants line item in section 1 of this Act includes \$250,000 from the
29 general fund for providing matching funds to an organization assisting in the recruitment,
30 distribution, and supply, and enhancing the quality and efficiency of personnel providing health
31 services in rural areas of the state. The department of commerce may spend the funds

1 appropriated in this section only to the extent the organization has secured matching funds from
2 nonstate sources on a dollar-for-dollar basis.

3 **SECTION 7. ESTIMATED INCOME - STRATEGIC INVESTMENT AND IMPROVEMENTS**

4 **FUND - ONE-TIME FUNDING.** The estimated income line item in section 1 of this Act includes
5 the sum of \$29,000,000 from the strategic investment and improvements fund, of which
6 \$19,000,000 is for beyond visual line of sight unmanned aircraft system grants, \$7,000,000 is
7 for enhanced use lease grants, \$1,500,000 is for a job development grant to an organization
8 dedicated to promoting job development and economic growth, and \$1,500,000 is for a
9 workforce safety grant to an organization that provides workforce safety. This funding is
10 considered a one-time funding item.

11 **SECTION 8. ESTIMATED INCOME - FEDERAL CORONAVIRUS RELIEF FUND -**

12 **ONE-TIME FUNDING.** The estimated income line item in section 1 of this Act includes the sum
13 of \$12,000,000 from the federal coronavirus relief fund, which is provided for the purposes
14 identified in this section. The department of commerce shall establish guidelines for awarding
15 funding under this section. This funding is considered a one-time funding item and is available
16 for the following:

- 17 1. \$7,000,000 for tourism marketing and branding initiatives, of which \$6,565,432 is for
18 tourism marketing and branding operating expenses and \$434,568 is for the tourism
19 transportation improvement grant program for a grant to be provided to an
20 organization dedicated to preserving and promoting a historic, tourism destination
21 North Dakota city.
- 22 2. \$1,000,000 for technical skills training grants.
- 23 3. \$2,000,000 for travel agent and tour operator emergency resiliency grants. Grants
24 may be awarded only to travel agents that book commission-based travel for private
25 individuals or companies, tour companies that schedule tour details and itineraries in
26 North Dakota, or transportation companies providing transportation services to tour
27 planners for tours originating in North Dakota or operators bringing tours into North
28 Dakota. The department of commerce shall establish additional eligibility requirements
29 for the program. The following organizations are ineligible for a grant under this
30 subsection:

- 1 a. National companies that provide travel services to individuals in North Dakota but
- 2 do not employ at least one individual in the state;
- 3 b. Corporations with staff dedicated to purchasing and arranging travel for
- 4 employees;
- 5 c. Military-based travel agents or other individuals employed by government
- 6 entities; and
- 7 d. Organizations that only offer guided services and tours of their attraction.
- 8 4. \$2,000,000 for event center emergency resiliency grants.

9 **SECTION 9. BEYOND VISUAL LINE OF SIGHT UNMANNED AIRCRAFT SYSTEM**

10 **PROGRAM - MATCHING FUND REQUIREMENT - ONE-TIME FUNDING.** The grants line item
11 in section 1 of this Act includes \$1,000,000 from the general fund for grants to an organization
12 dedicated to expanding workforce opportunities, training, and education related to the beyond
13 visual line of sight unmanned aircraft system industry, which the department of commerce may
14 provide only to the extent the organization provides one dollar of matching funds from private or
15 other public sources for each one dollar provided by the department. This funding is considered
16 a one-time funding item.

17 **SECTION 10.** A new section to chapter 4.1-01 of the North Dakota Century Code is created
18 and enacted as follows:

19 **International business and trade office - Advisory board - Continuing appropriation.**

- 20 1. The commissioner shall administer the international business and trade office. The
21 purpose of the office is to assist North Dakota businesses to expand exports to
22 international markets by:
 - 23 a. Advocating for exporters;
 - 24 b. Offering export educational opportunities to North Dakota businesses;
 - 25 c. Researching and raising awareness of export opportunities, issues, and
26 challenges impacting North Dakota businesses;
 - 27 d. Assisting North Dakota businesses in identifying, developing, and cultivating
28 international markets for products; and
 - 29 e. Organizing and carrying out trade missions that seek to facilitate contact and
30 communication between North Dakota businesses and international markets.

- 1 2. The commissioner may designate a nonprofit corporation incorporated in this state
2 which has the primary purpose of assisting North Dakota exporters or contract with a
3 third party for the provision of services for the international business and trade office. If
4 the commissioner designates a nonprofit corporation or contracts with a third party
5 under this subsection, all data and databases collected and created by the third party
6 in performing services for the office are the property of the department and the third
7 party.
- 8 3. The commissioner may seek and accept any gift, grant, or donation of funds, property,
9 services, or other assistance from public or private sources for the purpose of
10 furthering the objectives of the international business and trade office. Any funds
11 accepted under this subsection are appropriated to the commissioner on a continuing
12 basis.
- 13 4. The commissioner may establish an international business and trade office advisory
14 board with whom the commissioner may consult in administering the international
15 business and trade office. Each member of the advisory board is entitled to receive
16 per diem compensation at a rate established by the director not exceeding sixty-two
17 dollars and fifty cents and reimbursement of expenses as provided by law for state
18 officers, while attending meetings or performing duties directly related to board
19 membership, except that per diem compensation under this section may not be paid to
20 any member who receives compensation or salary as a regular state employee or
21 official.

22 **SECTION 11. AMENDMENT.** Section 54-34.3-13 of the North Dakota Century Code is
23 amended and reenacted as follows:

24 **54-34.3-13. Rural growth incentive program.**

- 25 1. The department shall manage and administer the rural growth incentive program. A
26 city with a population of less than two thousand five hundred may apply to the
27 department to be designated as a rural growth incentive city. A rural growth incentive
28 city may be eligible for a loan, grant, or both under this section.
- 29 2. The department shall designate an applicant city as a rural growth incentive city
30 eligible for a loan if the city raises funds in the amount of a dollar-for-dollar match for
31 the amount requested in the loan and meets any additional program requirements

1 provided by rule. The source of city funds used for loan matching funds may be any
2 combination of public and private funds. If the department designates a city as a rural
3 growth incentive city eligible for a loan under this section, subject to the availability of
4 funds, the state shall make a loan to the city in an amount not less than twenty-five
5 thousand dollars and not more than seventy-five thousand dollars. The department
6 shall establish the amount of the interest rate for loans provided to a city under this
7 subsection. The funding source of the state loan is the North Dakota development
8 fund. The city shall distribute the city and state funds to qualifying new or expanded
9 ~~primary sector~~ businesses in the city. A qualifying business in the city includes a
10 business that provides essential services to the city. For purposes of this subsection, a
11 business that provides essential services does not include a public utility. The
12 governing body of the city determines whether a new or expanded ~~primary sector-~~
13 business qualifies for funding, and the director of the department determines whether
14 a business that provides essential services to the city qualifies for funding. The state
15 shall distribute a loan to a rural growth incentive city once the city establishes the city
16 has chosen a specified qualified business to receive funding.

- 17 3. The department shall designate an applicant city as a rural growth incentive city
18 eligible for a grant if the city raises funds in the amount of a dollar-for-dollar match for
19 the amount requested in the grant application and meets any additional program
20 requirements provided by rule. The source of city funds used for grant matching funds
21 may be any combination of public and private funds. If the department designates a
22 city as a rural growth incentive city eligible for a grant under this section, subject to
23 availability of funds, the state shall make a grant to the city in an amount not to exceed
24 ten thousand dollars. The recipient rural growth incentive city shall use the grant
25 money received to conduct a feasibility study for the location of a new business,
26 including an expansion of a business with the primary place of business outside the
27 rural growth incentive city. ~~The business under this subsection is not limited to primary-~~
28 ~~sector businesses.~~ The funding source of the state grant is the North Dakota
29 development fund. Total grants awarded by the department under this subsection may
30 not exceed one hundred thousand dollars per biennium.

- 1 4. The city may not use city or state funds raised or provided under this section for costs
2 associated with administering the rural growth incentive city. The department shall
3 provide the rural growth incentive city with training to assist the city in expanding
4 ~~primary sector~~ businesses, locating new businesses, and working with state economic
5 development programs.

6 **SECTION 12. AMENDMENT.** Section 54-60-29 of the North Dakota Century Code is
7 amended and reenacted as follows:

8 **54-60-29. Unmanned aircraft systems program fund - Continuing appropriation.**

- 9 1. There is created in the state treasury a special fund known as the unmanned aircraft
10 systems fund, which ~~must~~may be used to defray the expenses of the ~~operations~~;
11 a. ~~Operations~~ of an unmanned aircraft systems test site officially designated by the
12 federal aviation administration;
13 b. ~~Beyond visual line of sight unmanned aircraft system program; and~~
14 c. ~~Enhanced use lease grant program.~~
15 2. The fund consists of fees collected for the administration of the test site and other
16 funds appropriated by the legislative assembly. All moneys in the fund are
17 appropriated to the department of commerce on a continuing basis for the purpose of
18 defraying the expenses of the ~~unmanned aircraft systems program~~programs identified
19 in subsection 1. Interest earned on moneys in the fund must be credited to the fund.

20 **SECTION 13. REPEAL.** Section 54-60-16 of the North Dakota Century Code is repealed.

21 **SECTION 14. EXEMPTION - BEYOND VISUAL LINE OF SIGHT UNMANNED AIRCRAFT**
22 **SYSTEM PROGRAM.** Of the \$28,000,000 appropriated from the general fund in the grants line
23 item for the beyond visual line of sight unmanned aircraft system program in section 27 of
24 chapter 40 of the 2019 Session Laws is not subject to section 54-44.1-11, up to \$5,000,000 of
25 unexpended funds may be continued and is available for the program during the biennium
26 beginning July 1, 2021, and ending June 30, 2023. The department of commerce may provide
27 grants of up to \$5,000,000, to the department of transportation, for the purpose of defraying
28 infrastructure construction expenses of the beyond visual line of sight unmanned aircraft system
29 program during the 2021-23 biennium.

30 **SECTION 15. EXEMPTION - UNMANNED AIRCRAFT SYSTEM PROGRAM.** The amount
31 of \$2,250,000 appropriated from the general fund in the operating expenses line item for the

1 unmanned aircraft system program in section 27 of chapter 40 of the 2019 Session Laws is not
2 subject to section 54-44.1-11 and is available for the program during the biennium beginning
3 July 1, 2021, and ending June 30, 2023.

4 **SECTION 16. EXEMPTION - ENHANCED USE LEASE GRANT PROGRAM.** The amount
5 of \$3,000,000 appropriated from the general fund in the grants line item for the enhanced use
6 lease grant program in section 27 of chapter 40 of the 2019 Session Laws is not subject to
7 section 54-44.1-11 and is available for the program during the biennium beginning July 1, 2021,
8 and ending June 30, 2023.

9 **SECTION 17. EXEMPTION - NONRESIDENT NURSE EMPLOYMENT RECRUITMENT**
10 **PROGRAM - ELIGIBILITY.** Of the \$500,000 appropriated from the general fund in the grants
11 line item for the nonresident nurse employment recruitment program in section 27 of chapter 40
12 of the 2019 Session Laws, \$320,000 is not subject to section 54-44.1-11 and is available for the
13 program during the biennium beginning July 1, 2021, and ending June 30, 2023. In addition to
14 the program eligibility guidelines established for the 2019-21 biennium, the department of
15 commerce shall provide funding authorized in this section to eligible nursing students in the
16 state who have not been employed by a health care provider on a full-time basis in the year
17 preceding the grant award.

18 **SECTION 18. EXEMPTION - DISCRETIONARY FUNDS.** The amount of \$2,150,000
19 appropriated from the general fund in the discretionary funds line item in section 27 of chapter
20 40 of the 2019 Session Laws is not subject to section 54-44.1-11 and is available for the
21 program during the biennium beginning July 1, 2021, and ending June 30, 2023. Of this
22 amount, up to \$200,000 must be used to retrain up to ten displaced energy industry workers to
23 enhance programmer development and engineering skills.

24 **SECTION 19. LEGISLATIVE INTENT - NORTHERN PLAINS UNMANNED AIRCRAFT**
25 **SYSTEM TEST SITE.** It is the intent of the sixty-seventh legislative assembly that the northern
26 plains unmanned aircraft system test site maximize earned revenue to the extent possible while
27 operating and conducting business of the test site.

28 **SECTION 20. LEGISLATIVE MANAGEMENT STUDY - DATA STORAGE.** During the
29 2021-22 interim, the legislative management shall consider studying data storage by state
30 entities. The study must include input from the information technology department, North
31 Dakota university system, and kindergarten through grade twelve education coordination

1 council. The study must consider data security, geographical locations of storage, geographical
2 locations of corporate contractors, state and federal laws that may affect North Dakota data,
3 ownership and control of data storage, and current and estimated data storage costs related to
4 cloud-based, out-of-state data storage of North Dakota state and local government data. The
5 legislative management shall report its findings and recommendations, together with any
6 legislation necessary to implement the recommendations, to the sixty-eighth legislative
7 assembly.

8 **SECTION 21. EMERGENCY.** The \$12,000,000 appropriated from the federal coronavirus
9 relief fund, of which \$6,565,432 is in the operating expenses line item and \$5,434,568 is in the
10 grants line item in section 1 and identified in sections 2 and 8, and the \$100,000 appropriated
11 from the general fund for a motion picture production and recruitment grant in the grants line
12 item in section 1 and identified in section 2 of this Act are declared to be an emergency
13 measure.