

**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	40,193,803	92,832,330
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	\$47,221,937	\$134,211,951
3	Less estimated income	<u>54,123,293</u>	<u>46,421,086</u>	<u>100,544,379</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	Economic development, growth, and diversification grant	0	5,000,000
22	Job development and economic growth grant	25,000	1,500,000
23	Tourism marketing	0	7,000,000
24	Technical skills training grants	0	1,000,000
25	Motion picture production and recruitment grant	0	100,000
26	Travel agent and tour operator emergency resiliency grants	0	2,000,000
27	Event center emergency resiliency grants	0	2,000,000
28	Tourism transportation improvement grant	<u>0</u>	<u>565,432</u>
29	Total all funds	\$11,625,000	\$49,165,432
30	Less estimated income	<u>4,300,000</u>	<u>47,000,000</u>
31	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 15 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. LOAN AUTHORIZATION - ECONOMIC DEVELOPMENT, GROWTH, AND**  
4 **DIVERSIFICATION GRANT PROGRAM - MATCHING REQUIREMENT - ONE-TIME**

5 **FUNDING.** The department of commerce may borrow from the Bank of North Dakota, the sum  
6 of \$5,000,000, or so much of the sum as may be necessary, which is appropriated to the  
7 department of commerce in the grants line item in section 1 of this Act for the purpose of  
8 providing a grant to an organization dedicated to expanding economic development, growth,  
9 and diversification. This funding is considered a one-time funding item. The department of  
10 commerce shall request an appropriation from the sixty-eighth legislative assembly to repay any  
11 outstanding loan authorized in this section. To qualify for a grant under this program, an  
12 organization must have:

- 13 1. Secured a loan or qualified investment from the state investment board through the  
14 provisions established in House Bill No. 1425 as approved by the sixty-seventh  
15 legislative assembly for construction of an event and entertainment venue focused on  
16 highlighting North Dakota history and attractions;
- 17 2. Obtained \$5,000,000 of matching funds from nonstate sources; and
- 18 3. Entered a lease with the state of North Dakota for use of land for the event and  
19 entertainment venue.

20 Grant funds awarded may be used only for the operating costs of an event and entertainment  
21 venue used to promote the expansion of tourism and economic development and growth in the  
22 state.

23 **SECTION 8. ESTIMATED INCOME - STRATEGIC INVESTMENT AND IMPROVEMENTS**  
24 **FUND - ONE-TIME FUNDING.** The estimated income line item in section 1 of this Act includes

25 the sum of \$29,000,000 from the strategic investment and improvements fund, of which  
26 \$19,000,000 is for beyond visual line of sight unmanned aircraft system grants, \$7,000,000 is  
27 for enhanced use lease grants, \$1,500,000 is for a job development grant to an organization  
28 dedicated to promoting job development and economic growth, and \$1,500,000 is for a  
29 workforce safety grant to an organization that provides workforce safety. This funding is  
30 considered a one-time funding item.

1       **SECTION 9. ESTIMATED INCOME - FEDERAL CORONAVIRUS RELIEF FUND -**

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

- 7       1.   \$7,000,000 for tourism marketing and branding initiatives, of which \$6,565,432 is for  
8       tourism marketing and branding operating expenses and \$434,568 is for the tourism  
9       transportation improvement grant program for a grant to be provided to an  
10      organization dedicated to preserving and promoting a historic, tourism destination  
11      North Dakota city.
- 12      2.   \$1,000,000 for technical skills training grants.
- 13      3.   \$2,000,000 for travel agent and tour operator emergency resiliency grants. Grants  
14      may be awarded only to travel agents that book commission-based travel for private  
15      individuals or companies, tour companies that schedule tour details and itineraries in  
16      North Dakota, or transportation companies providing transportation services to tour  
17      planners for tours originating in North Dakota or operators bringing tours into North  
18      Dakota. The department of commerce shall establish additional eligibility requirements  
19      for the program. The following organizations are ineligible for a grant under this  
20      subsection:
  - 21      a.   National companies that provide travel services to individuals in North Dakota but  
22      do not employ at least one individual in the state;
  - 23      b.   Corporations with staff dedicated to purchasing and arranging travel for  
24      employees;
  - 25      c.   Military-based travel agents or other individuals employed by government  
26      entities; and
  - 27      d.   Organizations that only offer guided services and tours of their attraction.
- 28      4.   \$2,000,000 for event center emergency resiliency grants.

29       **SECTION 10. BEYOND VISUAL LINE OF SIGHT UNMANNED AIRCRAFT SYSTEM**

30       **PROGRAM - MATCHING FUND REQUIREMENT - ONE-TIME FUNDING.** The grants line item  
31 in section 1 of this Act includes \$1,000,000 from the general fund for grants to an organization

1 dedicated to expanding workforce opportunities, training, and education related to the beyond  
2 visual line of sight unmanned aircraft system industry, which the department of commerce may  
3 provide only to the extent the organization provides one dollar of matching funds from private or  
4 other public sources for each one dollar provided by the department. This funding is considered  
5 a one-time funding item.

6 **SECTION 11.** A new section to chapter 4.1-01 of the North Dakota Century Code is created  
7 and enacted as follows:

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

- 9 1. The commissioner shall administer the international business and trade office. The  
10 purpose of the office is to assist North Dakota businesses to expand exports to  
11 international markets by:
- 12 a. Advocating for exporters;
  - 13 b. Offering export educational opportunities to North Dakota businesses;
  - 14 c. Researching and raising awareness of export opportunities, issues, and  
15 challenges impacting North Dakota businesses;
  - 16 d. Assisting North Dakota businesses in identifying, developing, and cultivating  
17 international markets for products; and
  - 18 e. Organizing and carrying out trade missions that seek to facilitate contact and  
19 communication between North Dakota businesses and international markets.
- 20 2. The commissioner may designate a nonprofit corporation incorporated in this state  
21 which has the primary purpose of assisting North Dakota exporters or contract with a  
22 third party for the provision of services for the international business and trade office. If  
23 the commissioner designates a nonprofit corporation or contracts with a third party  
24 under this subsection, all data and databases collected and created by the third party  
25 in performing services for the office are the property of the department and the third  
26 party.
- 27 3. The commissioner may seek and accept any gift, grant, or donation of funds, property,  
28 services, or other assistance from public or private sources for the purpose of  
29 furthering the objectives of the international business and trade office. Any funds  
30 accepted under this subsection are appropriated to the commissioner on a continuing  
31 basis.

1       4. The commissioner may establish an international business and trade office advisory  
2       board with whom the commissioner may consult in administering the international  
3       business and trade office. Each member of the advisory board is entitled to receive  
4       per diem compensation at a rate established by the director not exceeding sixty-two  
5       dollars and fifty cents and reimbursement of expenses as provided by law for state  
6       officers, while attending meetings or performing duties directly related to board  
7       membership, except that per diem compensation under this section may not be paid to  
8       any member who receives compensation or salary as a regular state employee or  
9       official.

10       **SECTION 12. AMENDMENT.** Section 54-34.3-13 of the North Dakota Century Code is  
11 amended and reenacted as follows:

12       **54-34.3-13. Rural growth incentive program.**

- 13       1. The department shall manage and administer the rural growth incentive program. A  
14       city with a population of less than two thousand five hundred may apply to the  
15       department to be designated as a rural growth incentive city. A rural growth incentive  
16       city may be eligible for a loan, grant, or both under this section.
- 17       2. The department shall designate an applicant city as a rural growth incentive city  
18       eligible for a loan if the city raises funds in the amount of a dollar-for-dollar match for  
19       the amount requested in the loan and meets any additional program requirements  
20       provided by rule. The source of city funds used for loan matching funds may be any  
21       combination of public and private funds. If the department designates a city as a rural  
22       growth incentive city eligible for a loan under this section, subject to the availability of  
23       funds, the state shall make a loan to the city in an amount not less than twenty-five  
24       thousand dollars and not more than seventy-five thousand dollars. The department  
25       shall establish the amount of the interest rate for loans provided to a city under this  
26       subsection. The funding source of the state loan is the North Dakota development  
27       fund. The city shall distribute the city and state funds to qualifying new or expanded  
28       ~~primary sector~~ businesses in the city. A qualifying business in the city includes a  
29       business that provides essential services to the city. For purposes of this subsection, a  
30       business that provides essential services does not include a public utility. The  
31       governing body of the city determines whether a new or expanded ~~primary sector~~

1 business qualifies for funding, and the director of the department determines whether  
2 a business that provides essential services to the city qualifies for funding. The state  
3 shall distribute a loan to a rural growth incentive city once the city establishes the city  
4 has chosen a specified qualified business to receive funding.

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

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

24 **SECTION 13. AMENDMENT.** Section 54-60-29 of the North Dakota Century Code is  
25 amended and reenacted as follows:

26 **54-60-29. Unmanned aircraft systems program fund - Continuing appropriation.**

27 1. There is created in the state treasury a special fund known as the unmanned aircraft  
28 systems fund, which ~~must~~may be used to defray the expenses of the ~~operations~~;

29 a. Operations of an unmanned aircraft systems test site officially designated by the  
30 federal aviation administration;

31 b. Beyond visual line of sight unmanned aircraft system program; and

1           c. Enhanced use lease grant program.

2           2. The fund consists of fees collected for the administration of the test site and other  
3           funds appropriated by the legislative assembly. All moneys in the fund are  
4           appropriated to the department of commerce on a continuing basis for the purpose of  
5           defraying the expenses of the ~~unmanned aircraft systems program~~programs identified  
6           in subsection 1. Interest earned on moneys in the fund must be credited to the fund.

7           **SECTION 14. REPEAL.** Section 54-60-16 of the North Dakota Century Code is repealed.

8           **SECTION 15. EXEMPTION - BEYOND VISUAL LINE OF SIGHT UNMANNED AIRCRAFT**  
9           **SYSTEM PROGRAM.** Of the \$28,000,000 appropriated from the general fund in the grants line  
10          item for the beyond visual line of sight unmanned aircraft system program in section 27 of  
11          chapter 40 of the 2019 Session Laws is not subject to section 54-44.1-11, up to \$5,000,000 of  
12          unexpended funds may be continued and is available for the program during the biennium  
13          beginning July 1, 2021, and ending June 30, 2023. The department of commerce may provide  
14          grants of up to \$5,000,000, to the department of transportation, for the purpose of defraying  
15          infrastructure construction expenses of the beyond visual line of sight unmanned aircraft system  
16          program during the 2021-23 biennium.

17          **SECTION 16. EXEMPTION - UNMANNED AIRCRAFT SYSTEM PROGRAM.** The amount  
18          of \$2,250,000 appropriated from the general fund in the operating expenses line item for the  
19          unmanned aircraft system program in section 27 of chapter 40 of the 2019 Session Laws is not  
20          subject to section 54-44.1-11 and is available for the program during the biennium beginning  
21          July 1, 2021, and ending June 30, 2023.

22          **SECTION 17. EXEMPTION - ENHANCED USE LEASE GRANT PROGRAM.** The amount  
23          of \$3,000,000 appropriated from the general fund in the grants line item for the enhanced use  
24          lease grant program in section 27 of chapter 40 of the 2019 Session Laws is not subject to  
25          section 54-44.1-11 and is available for the program during the biennium beginning July 1, 2021,  
26          and ending June 30, 2023.

27          **SECTION 18. EXEMPTION - NONRESIDENT NURSE EMPLOYMENT RECRUITMENT**  
28          **PROGRAM - ELIGIBILITY.** Of the \$500,000 appropriated from the general fund in the grants  
29          line item for the nonresident nurse employment recruitment program in section 27 of chapter 40  
30          of the 2019 Session Laws, \$320,000 is not subject to section 54-44.1-11 and is available for the  
31          program during the biennium beginning July 1, 2021, and ending June 30, 2023. In addition to

1 the program eligibility guidelines established for the 2019-21 biennium, the department of  
2 commerce shall provide funding authorized in this section to eligible nursing students in the  
3 state who have not been employed by a health care provider on a full-time basis in the year  
4 preceding the grant award.

5 **SECTION 19. EXEMPTION - DISCRETIONARY FUNDS.** The amount of \$2,150,000  
6 appropriated from the general fund in the discretionary funds line item in section 27 of chapter  
7 40 of the 2019 Session Laws is not subject to section 54-44.1-11 and is available for the  
8 program during the biennium beginning July 1, 2021, and ending June 30, 2023. Of this  
9 amount, up to \$200,000 must be used to retrain up to ten displaced energy industry workers to  
10 enhance programmer development and engineering skills.

11 **SECTION 20. LEGISLATIVE INTENT - NORTHERN PLAINS UNMANNED AIRCRAFT**  
12 **SYSTEM TEST SITE.** It is the intent of the sixty-seventh legislative assembly that the northern  
13 plains unmanned aircraft system test site maximize earned revenue to the extent possible while  
14 operating and conducting business of the test site.

15 **SECTION 21. LEGISLATIVE MANAGEMENT STUDY - DATA STORAGE.** During the  
16 2021-22 interim, the legislative management shall consider studying data storage by state  
17 entities. The study must include input from the information technology department, North  
18 Dakota university system, and kindergarten through grade twelve education coordination  
19 council. The study must consider data security, geographical locations of storage, geographical  
20 locations of corporate contractors, state and federal laws that may affect North Dakota data,  
21 ownership and control of data storage, and current and estimated data storage costs related to  
22 cloud-based, out-of-state data storage of North Dakota state and local government data. The  
23 legislative management shall report its findings and recommendations, together with any  
24 legislation necessary to implement the recommendations, to the sixty-eighth legislative  
25 assembly.

26 **SECTION 22. EMERGENCY.** The \$12,000,000 appropriated from the federal coronavirus  
27 relief fund, of which \$6,565,432 is in the operating expenses line item and \$5,434,568 is in the  
28 grants line item in section 1 and identified in sections 2 and 9, and the \$100,000 appropriated  
29 from the general fund for a motion picture production and recruitment grant in the grants line  
30 item in section 1 and identified in section 2 of this Act are declared to be an emergency  
31 measure.