

Sixty-sixth  
Legislative Assembly  
of North Dakota

## ENGROSSED HOUSE BILL NO. 1018

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 exemptions; to provide for a legislative management study of the  
3 unmanned aircraft systems industry; to provide for a transfer; to provide for a report; and to  
4 declare an emergency.

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

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

	<u>Base Level</u>	Adjustments or <u>Enhancements</u>	<u>Appropriation</u>
14 Salaries and wages	\$12,995,788	\$169,782	\$13,165,570
15 Operating expenses	15,477,622	1,244,297	16,721,919
16 Grants	48,910,416	4,679,395	53,589,811
17 Discretionary funds	2,200,000	(2,200,000)	0
18 Agricultural products utilization 19 commission	3,152,915	(2,478,950)	673,965
20 North Dakota trade office	2,000,000	(400,000)	1,600,000
21 Partner programs	1,939,845	(377,314)	1,562,531
22 Entrepreneurship grants and vouchers	<u>1,950,000</u>	<u>(1,001,533)</u>	<u>948,467</u>
23 Total all funds	\$88,626,586	(\$364,323)	\$88,262,263
24 Less estimated income	<u>58,283,906</u>	<u>(3,499,311)</u>	<u>54,784,595</u>

1	Total general fund	\$30,342,680	\$3,134,988	\$33,477,668
2	Full-time equivalent positions	66.40	(4.60)	61.80

3       **SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO**

4       **SIXTY-SEVENTH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time  
5 funding items approved by the sixty-fifth legislative assembly for the 2017-19 biennium and the  
6 one-time funding items included in the appropriation in section 1 of this Act:

7	<u>One-Time Funding Description</u>	<u>2017-19</u>	<u>2019-21</u>
8	Flood impact grants/loans	\$5,201,752	\$0
9	Unmanned aircraft system	2,000,000	2,000,000
10	Base retention grants	600,000	0
11	Enhanced use lease grant	3,000,000	1,000,000
12	Workforce grants to tribally controlled community colleges	500,000	500,000
13	Census 2020 program	0	1,000,000
14	Workforce safety grant	<u>0</u>	<u>1,000,000</u>
15	Total all funds	\$11,301,752	\$5,500,000
16	Less estimated income	<u>10,301,752</u>	<u>0</u>
17	Total general fund	\$1,000,000	\$5,500,000

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

22       **SECTION 3. EXEMPTION.** The amount appropriated for the agricultural products utilization  
23 commission in section 1 of chapter 43 of the 2017 Session Laws is not subject to section  
24 54-44.1-11 and any unexpended funds from this line item for grants are available for grants  
25 during the biennium beginning July 1, 2019, and ending June 30, 2021.

26       **SECTION 4. EXEMPTION.** The amount appropriated for the unmanned aircraft systems  
27 program in section 1 of chapter 43 of the 2017 Session Laws is not subject to section  
28 54-44.1-11 and any unexpended funds from this program are available for the program during  
29 the biennium beginning July 1, 2019, and ending June 30, 2021.

30       **SECTION 5. TRANSFER - INTERNSHIP FUND.** The office of management and budget  
31 shall transfer \$855,000 of the amount appropriated in the operating expenses line item in

1 section 1 of this Act to the internship fund for the purpose of administering the operation intern  
2 program, for the biennium beginning July 1, 2019, and ending June 30, 2021.

3 **SECTION 6. TRADE OFFICE - MATCHING FUND REQUIREMENT.** The North Dakota  
4 trade office line item and the general fund appropriation in section 1 of this Act include  
5 \$1,600,000 of funding relating to the North Dakota trade office. The department of commerce  
6 may spend sixty percent of this amount without requiring any matching funds from the trade  
7 office. Any additional amounts may be spent only to the extent the North Dakota trade office  
8 provides one dollar of matching funds from private or other public sources for each one dollar  
9 provided by the department for the biennium beginning July 1, 2019, and ending June 30, 2021.  
10 Matching funds may include money spent by businesses or organizations to pay salaries to  
11 export assistants, provide training to export assistants, or buy computer equipment as part of  
12 the North Dakota trade office's export assistance program.

13 **SECTION 7. ENTREPRENEURSHIP GRANTS AND VOUCHER PROGRAM -**  
14 **EXEMPTION.** Section 1 of this Act includes the sum of \$948,467, of which \$740,956 is from the  
15 general fund and \$207,511 is from special funds, for an entrepreneurship grants and voucher  
16 program to be developed and administered by the department of commerce, for the biennium  
17 beginning July 1, 2019, and ending June 30, 2021. The department shall establish guidelines to  
18 provide grants to entrepreneurial centers certified by the department. The department also shall  
19 establish guidelines to award vouchers to entrepreneurs to procure business development  
20 assistance from certified entrepreneurial centers or to provide grants to entrepreneurs working  
21 with an entrepreneurial center. The amount appropriated for entrepreneurship grants in  
22 section 1 of this Act is not subject to section 54-44.1-11 and any unexpended funds from this  
23 line item are available during the biennium beginning July 1, 2021, and ending June 30, 2023.

24 **SECTION 8. BIOTECHNOLOGY GRANT PROGRAM.** Section 1 of this Act includes  
25 \$300,000 from the general fund for the purpose of providing biotechnology grants to a local  
26 association with bioscience experience to promote bioscience and biotechnology research and  
27 business development in North Dakota agriculture and life and energy science industries.

28 **SECTION 9. APPROPRIATION - 2017-19 BIENNIUM - BEYOND VISUAL LINE OF SIGHT**  
29 **UNMANNED AIRCRAFT SYSTEMS PROGRAM - EXEMPTION.** There is appropriated out of  
30 any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of  
31 \$27,000,000, or so much as the sum as may be necessary, to the department of commerce for

1 the purpose of defraying the expenses relating to the beyond visual line of sight unmanned  
2 aircraft systems program, for the period beginning with the effective date of this Act, and ending  
3 June 30, 2019. The funding provided under this section is not subject to section 54-44.1-11 and  
4 any unexpended funds may be continued and are available for the program during the biennium  
5 beginning July 1, 2019, and ending June 30, 2021.

6 **SECTION 10. BEYOND VISUAL LINE OF SIGHT UNMANNED AIRCRAFT SYSTEMS**

7 **PROGRAM - REQUIREMENTS - LEGISLATIVE MANAGEMENT REPORT.** Section 9 of this

8 Act includes a \$27,000,000 general fund appropriation to the department of commerce for  
9 operating expenses of the beyond visual line of sight unmanned aircraft systems program. The  
10 department of commerce shall require any entity receiving funding from this appropriation to  
11 provide the department a copy of the entity's annual audited financial statements associated  
12 with the beyond visual line of sight unmanned aircraft systems. Any entity receiving funding  
13 from this appropriation shall provide quarterly payments to the state treasurer equal to  
14 15 percent of the entity's annual net income associated with beyond visual line of sight  
15 unmanned aircraft systems as reported in its prior year audited financial statements, until the  
16 state treasurer has received a total of \$27,000,000. Thereafter, the entity shall provide quarterly  
17 payments to the state treasurer equal to 10 percent of the entity's annual net income associated  
18 with beyond visual line of sight unmanned aircraft systems as reported in its prior year audited  
19 financial statements. The state treasurer shall deposit any funds received under this section in  
20 the state general fund. The department of commerce shall provide periodic reports to the  
21 legislative management during the 2019-20 interim regarding the development of the beyond  
22 visual line of sight unmanned aircraft systems program and the total amount deposited by the  
23 state treasurer in the state general fund related to this section.

24 **SECTION 11. LEGISLATIVE MANAGEMENT STUDY - BEYOND VISUAL LINE OF**

25 **SIGHT UNMANNED AIRCRAFT SYSTEMS PROGRAM.** During the 2019-20 interim, the

26 legislative management shall consider studying the future administration and regulation of the  
27 unmanned aircraft systems industry in North Dakota, including beyond visual line of sight  
28 unmanned aircraft systems. The study must include a determination of the appropriate state  
29 agency or private entity to be assigned responsibility of regulating unmanned aircraft systems  
30 programs, including licensing, registration, appropriate fees, and other responsibilities. The  
31 study may include a review of the audited financial statements associated with the beyond

1 visual line of sight unmanned aircraft systems of an entity receiving funding from the  
2 appropriation for the beyond visual line of sight unmanned aircraft systems program in section 9  
3 of this Act. The legislative management shall report its findings and recommendations, together  
4 with any legislation necessary to implement the recommendations, to the sixty-seventh  
5 legislative assembly.

6 **SECTION 12. EMERGENCY.** Sections 9 and 10 of this Act are declared to be an  
7 emergency measure.