

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

SENATE BILL NO. 2224
(Senators Wanzek, Meyer, Sorvaag)
(Representatives Keiser, Sanford, Schreiber-Beck)

AN ACT to create and enact a new section to chapter 4.1-01 of the North Dakota Century Code, relating to a bioscience innovation grant program; to amend and reenact sections 54-65-01, 54-65-06, and 54-65-07 of the North Dakota Century Code, relating to research North Dakota; to repeal section 10-30.5-14, chapters 15-69 and 54-65, and sections 54-65-02, 54-65-03, 54-65-04, and 54-65-05 of the North Dakota Century Code, relating to the centers of excellence, centers of research excellence, and research North Dakota; to provide a continuing appropriation; to provide an appropriation; to provide for a transfer; and to provide an effective date.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new section to chapter 4.1-01 of the North Dakota Century Code is created and enacted as follows:

Bioscience innovation grant program - Continuing appropriation.

1. The commissioner shall collaborate with a local association having bioscience experience to develop and administer a bioscience innovation grant program through the bioscience innovation grant fund. The commissioner shall collaborate with the department of commerce when awarding bioscience innovation grants to coordinate the management of the commissioner's bioscience innovation grant program and the department of commerce's biotechnology grant program.
2. The commissioner shall collaborate with the committee established under subsection 5 to adopt rules and criteria necessary to administer the bioscience innovation grant program. The rules must include criteria for program eligibility, including requiring a bioscience business that receives funding through the program match up to fifty percent of the amount of the grant received.
3. The bioscience innovation grant fund is a special fund created in the state treasury. Moneys in the fund are appropriated on a continuing basis to the commissioner to award grants to:
 - a. Support biotechnology innovation and commercialization in areas including crop genetics, biofuels, biomaterials, biosensors, and biotechnology in relation to food, nutrition, animals, humans, equipment, medical and health products and services, medical diagnostics, medical therapeutics, and farm-based pharmaceuticals;
 - b. Promote the creation of bioscience jobs in the state to be filled by graduates from institutions under the control of the state board of higher education;
 - c. Encourage the development of new bioscience technologies and bioscience startup companies in the state;
 - d. Leverage the agriculture industry in the state to support the development of bioscience technologies impacting livestock operations and crop production;
 - e. Promote bioscience research and development at institutions under the control of the state board of higher education; and
 - f. Encourage coordination and collaboration among other entities and programs in the state to promote bioscience innovation goals.

4. A bioscience business operating in the state is eligible to receive a grant under the program if the business:
 - a. Employs at least two employees;
 - b. Has documented annual sales of less than two million five hundred thousand dollars; and
 - c. Is a corporation, partnership, limited liability company, limited partnership, or limited liability partnership registered in the state.
5. The bioscience innovation program shall award grant funding through a committee consisting of:
 - a. One representative from the department of agriculture appointed by the agriculture commissioner;
 - b. One representative from the bioscience association of North Dakota appointed by the board of the bioscience association of North Dakota; and
 - c. One representative from the department of commerce appointed by the commissioner of the department of commerce.
6. Grant funds awarded under this section may not be used for capital improvements, academic programming or curriculum, or workforce training.

SECTION 2. AMENDMENT. Section 54-65-01 of the North Dakota Century Code is amended and reenacted as follows:

54-65-01. Definitions.

In this chapter, unless the context otherwise requires:

1. ~~"Center" means a center of research excellence that has been designated under this chapter.~~
2. ~~"Commission" means the centers of excellence commission as defined under chapter 15-69.~~
3. "Department" means the department of commerce.
4. "Industry cluster" means one of the following industries:
 - a. ~~Advanced manufacturing;~~
 - b. Energy;
 - c. ~~Information and technology;~~
 - d. ~~Value-added agriculture; or~~
 - e. ~~An industry, including the aerospace industry, specifically identified by the department of commerce as an industry that will contribute to the gross state product.~~
5. ~~"Infrastructure" means new building construction or major building renovation. The term does not include a purchase of equipment or remodel of an existing building.~~
- 6.2. "Research university" means an institution under the control of the state board of higher education which has a full-time student enrollment in excess of nine thousand students.

SECTION 3. AMENDMENT. Section 54-65-06 of the North Dakota Century Code is amended and reenacted as follows:

54-65-06. Research North Dakota grants.

The department shall establish and administer a research North Dakota grant program to provide grants to a research university for research, development, and commercialization activities related to a private sector partner. ~~The centers of excellence commission, established under chapter 15-69,~~ department shall make grant award determinations under this section. The department shall ~~work with the centers of excellence commission in establishing~~ establish guidelines to qualify for a grant under this section, including the requirement that an application must be accompanied by a partnership agreement between the private sector partner and a research university. The agreement must include details regarding the scope of the work, the budget, the location of the work to be completed, the intellectual property ownership rights, and the intellectual property income distribution. The ~~commission~~ department may approve changes to the scope of the work or the budget only to the extent that the changes are agreed upon by the private sector partner and the research university. Before the ~~commission directs the department to distribute~~ distributes funds awarded under this section, the research university shall provide the ~~commission~~ department with detailed documentation of private sector participation and the availability of one dollar of matching funds for each dollar of state funds to be distributed. Matching funds must be in the form of cash and may not include in-kind assets.

SECTION 4. AMENDMENT. Section 54-65-07 of the North Dakota Century Code is amended and reenacted as follows:

54-65-07. Research North Dakota venture grants.

The department shall establish and administer a research North Dakota venture grant program to provide grants to a research university for pursuing further commercialization of technology developed by the research university or developed jointly by the research university and a startup or spinoff business operating in North Dakota. The department shall ~~collaborate with the centers of excellence commission in establishing~~ establish guidelines to qualify for a grant under this section.

SECTION 5. REPEAL. Section 10-30.5-14 and chapter 54-65 of the North Dakota Century Code are repealed.

SECTION 6. REPEAL. Chapter 15-69 and sections 54-65-02, 54-65-03, 54-65-04, and 54-65-05 of the North Dakota Century Code are repealed.

SECTION 7. TRANSFER - CENTERS OF EXCELLENCE FUND AND CENTERS OF RESEARCH EXCELLENCE FUND TO THE RESEARCH NORTH DAKOTA FUND. The office of management and budget shall transfer any balance in the centers of excellence fund and the centers of research excellence fund to the research North Dakota fund on July 1, 2019.

SECTION 8. TRANSFER - RESEARCH NORTH DAKOTA FUND TO BIOSCIENCE INNOVATION GRANT FUND. The director of the office of management and budget shall transfer the sum of \$700,000, from the research North Dakota fund to the bioscience innovation grant fund during the biennium beginning July 1, 2019, and ending June 30, 2021. Of the funds transferred in this section, up to \$200,000 may be awarded to entities providing assistance to develop bioscience companies.

SECTION 9. TRANSFER - RESEARCH NORTH DAKOTA FUND TO THE STATE GENERAL FUND. Notwithstanding the amount appropriated in section 8 of this Act, the office of management and budget shall transfer any balance in the research North Dakota fund to the state general fund on June 30, 2021.

SECTION 10. EFFECTIVE DATE. Section 5 of this Act becomes effective July 1, 2021.

President of the Senate

Speaker of the House

Secretary of the Senate

Chief Clerk of the House

This certifies that the within bill originated in the Senate of the Sixty-sixth Legislative Assembly of North Dakota and is known on the records of that body as Senate Bill No. 2224.

Senate Vote: Yeas 47 Nays 0 Absent 0

House Vote: Yeas 78 Nays 14 Absent 2

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