

**FIRST ENGROSSMENT
with House Amendments**

Fifty-ninth
Legislative Assembly
of North Dakota

ENGROSSED SENATE BILL NO. 2018

Introduced by

Appropriations Committee

(At the request of the Governor)

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 appropriations to various agencies; to authorize
3 the office of management and budget to borrow funds from the Bank of North Dakota; to
4 provide a statement of legislative intent; to create and enact two new sections to chapter
5 54-34.3 and three new sections to chapter 54-60 of the North Dakota Century Code, relating to
6 a division of economic development and finance international business and trade office, a
7 division of economic development and finance local economic developer certification program,
8 department of commerce target industry requirements, a department of commerce state
9 employee image training program, and a department of commerce business hotline program; to
10 amend and reenact sections 4-41.1-10 and 54-34.3-03, subsection 1 of section 54-34.3-06, and
11 section 57-51.1-07.2 of the North Dakota Century Code, relating to the ethanol production
12 incentive fund, the structure of the division of economic development and finance, the division
13 of economic development and finance North Dakota American Indian business development
14 office, and the permanent oil tax trust fund; and to provide for state agency studies and reports
15 to the legislative council.

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

17 **SECTION 1. BASE LEVEL FUNDING INFORMATION.** The amounts identified in this
18 section represent the base level funding component appropriated to the department of
19 commerce in section 3 of this Act as follows:

20 Salaries and wages	\$6,713,340
21 Operating expenses	8,237,247
22 Grants	46,585,026
23 North Dakota development fund	1,550,000
24 Agricultural products utilization	2,983,179

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1	Discretionary grants	1,447,127
2	Lewis and Clark bicentennial	<u>3,851,911</u>
3	Total all funds - Base level	\$71,367,830
4	Less estimated income - Base level	<u>52,353,107</u>
5	Total general fund - Base level	\$19,014,723

6 **SECTION 2. FUNDING ADJUSTMENTS OR ENHANCEMENTS INFORMATION.** The
7 amounts identified in this section represent the funding adjustments or enhancements to the
8 base funding level for the department of commerce which are included in the appropriation in
9 section 3 of this Act as follows:

10	Salaries and wages	\$986,030
11	Operating expenses	1,094,721
12	Capital assets	25,000
13	Grants	3,517,844
14	North Dakota development fund	(1,550,000)
15	Agricultural products utilization	3,092,821
16	Discretionary funds	(7,000)
17	Economic development initiatives	644,568
18	Economic development grants	125,000
19	Lewis and Clark bicentennial	<u>80,733</u>
20	Total all funds - Adjustments/enhancements	\$8,009,717
21	Less estimated income - Adjustments/enhancements	<u>7,921,887</u>
22	Total general fund - Adjustments/enhancements	\$87,830

23 **SECTION 3. APPROPRIATION.** The funds provided in this section, or so much of the
24 funds as may be necessary, are appropriated out of any moneys in the general fund in the state
25 treasury, not otherwise appropriated, and from special funds derived from federal funds and
26 other income, to the department of commerce for the purpose of defraying the expenses of its
27 various divisions for the biennium beginning July 1, 2005, and ending June 30, 2007, as
28 follows:

29	Salaries and wages	\$7,699,370
30	Operating expenses	9,331,968
31	Capital assets	25,000

1	Grants	50,102,870
2	Agricultural products utilization	6,076,000
3	Discretionary funds	1,440,127
4	Economic development initiatives	644,568
5	Economic development grants	125,000
6	Lewis and Clark bicentennial	<u>3,932,644</u>
7	Total all funds	\$79,377,547
8	Less estimated income	<u>60,274,994</u>
9	Total general fund appropriation	\$19,102,553

10 **SECTION 4. APPROPRIATION.** There is appropriated out of any moneys in the
11 general fund in the state treasury, not otherwise appropriated, the sum of \$150,000, or so much
12 of the sum as may be necessary, to the office of management and budget for the purpose of
13 establishing and maintaining procurement information on the internet and for performing the
14 procurement assistance study, for the biennium beginning July 1, 2005, and ending June 30,
15 2007. The office of management and budget is authorized one full-time equivalent position.

16 **SECTION 5. APPROPRIATION.** There is appropriated out of any moneys in the
17 general fund in the state treasury, not otherwise appropriated, the sum of \$50,000, or so much
18 of the sum as may be necessary, to the state board of higher education for the purpose of
19 performing the technology commercialization study provided for in Senate Bill No. 2032, for the
20 biennium beginning July 1, 2005, and ending June 30, 2007.

21 **SECTION 6. APPROPRIATION.** There is appropriated out of any moneys in the
22 general fund in the state treasury, not otherwise appropriated, the sum of \$360,000, or so much
23 of the sum as may be necessary, to the upper great plains transportation institute for the
24 purpose of performing the transportation study provided for in Senate Bill No. 2032, for the
25 biennium beginning July 1, 2005, and ending June 30, 2007.

26 **SECTION 7. CENTERS OF EXCELLENCE - OFFICE OF MANAGEMENT AND**
27 **BUDGET - BORROWING AUTHORITY - APPROPRIATION - REPAYMENT FROM**
28 **PERMANENT OIL TAX TRUST FUND.** As requested by the centers of excellence
29 commission, the office of management and budget shall borrow the sum of \$15,000,000, or so
30 much of the sum as may be necessary, from the Bank of North Dakota, which is appropriated
31 for the purpose of providing funding to centers of excellence as directed by the centers of

1 excellence commission, for the biennium beginning July 1, 2005, and ending June 30, 2007.
2 By June 30, 2007, the office of management and budget shall repay any loan obtained
3 pursuant to provisions of this section, including accrued interest, from funds available in the
4 permanent oil tax trust fund. Repayment may be made from transfers into the permanent oil
5 tax trust fund after a total of \$77,000,000 of oil tax revenues has been received by the general
6 fund during the 2005-07 biennium, including the \$71,000,000 deposited in the general fund in
7 accordance with section 57-51.1-07.2.

8 **SECTION 8. APPROPRIATION - OFFICE OF MANAGEMENT AND BUDGET -**
9 **PERMANENT OIL TAX TRUST FUND - LOAN REPAYMENT.** There is appropriated out of
10 any moneys in the permanent oil tax trust fund in the state treasury, not otherwise appropriated,
11 the sum of \$16,000,000, or so much of the sum as may be necessary, to the office of
12 management and budget for the purpose of repaying the Bank of North Dakota for loans and
13 accrued interest relating to funds borrowed for centers of excellence, for the biennium
14 beginning July 1, 2005, and ending June 30, 2007. The appropriation made under this section
15 is limited to 50 percent or \$16,000,000, whichever is less, of the revenues deposited in the
16 permanent oil tax trust fund that exceed \$6,000,000 for the 2005-07 biennium.

17 **SECTION 9. LEGISLATIVE INTENT - FUTURE FUNDING FOR CENTERS OF**
18 **EXCELLENCE.** It is the intent of the fifty-ninth legislative assembly that the centers of
19 excellence program be a continuing program for economic development in North Dakota and
20 that the legislative assembly intends to make available an additional \$35,000,000 for centers of
21 excellence in future bienniums using similar funding mechanisms which will provide a total of
22 \$50,000,000 for centers of excellence.

23 **SECTION 10. AGRICULTURE FUEL TAX REFUNDS.** The less estimated income line
24 item in section 3 of this Act includes \$575,000 from refunds of tax for fuel used for agricultural
25 purposes, to be used by the agricultural products utilization commission, for the biennium
26 beginning July 1, 2005, and ending June 30, 2007.

27 **SECTION 11. ESTIMATED INCOME - ETHANOL PRODUCTION INCENTIVE FUND.**
28 The less estimated income line item in section 3 of this Act includes \$3,285,000 from the
29 ethanol production incentive fund.

30 **SECTION 12. EXEMPTION.** The funds appropriated in the agricultural products
31 utilization line item in section 3 of this Act are not subject to section 54-44.1-11 and any

1 unexpended funds from this line item for grants are available for grants during the biennium
2 beginning July 1, 2007, and ending June 30, 2009.

3 **SECTION 13. EXEMPTION.** The funds appropriated in the discretionary funds line
4 item in section 3 of this Act are not subject to section 54-44.1-11 and any unexpended funds
5 from this line item may be spent during the biennium beginning July 1, 2007, and ending
6 June 30, 2009.

7 **SECTION 14. ECONOMIC DEVELOPMENT INITIATIVES.** The economic
8 development initiatives line item in section 3 of this Act includes \$394,568 from the general
9 fund and \$250,000 of special funds raised by the department of commerce for the following
10 economic development initiatives recommended by the primary sector business congress for
11 the biennium beginning July 1, 2005, and ending June 30, 2007:

12 Target industry identification and report

13 Image information program

14 Business hotline program

15 Local economic developer certification and training program

16 Dakota manufacturing initiative

17 Intellectual property rights study and report

18 Economic development incentives study and report

19 Business climate initiative study

20 **SECTION 15. LIFE SCIENCES SECTOR DEVELOPMENT GRANT.** The department
21 of commerce shall provide a \$100,000 grant from funds appropriated in the economic
22 development grants line item in section 3 of this Act to an economic development corporation in
23 the Red River valley research corridor by June 30, 2006, to increase opportunities in the state
24 for expanded research and business development in the life sciences sector for the biennium
25 beginning July 1, 2005, and ending June 30, 2007.

26 **SECTION 16. WIND TO HYDROGEN DEMONSTRATION PROJECT GRANT.** The
27 department of commerce shall provide a \$25,000 grant from funds appropriated in the
28 economic development grants line item in section 3 of this Act to a North Dakota city with a
29 population exceeding 75,000 for a wind to hydrogen demonstration project for the biennium
30 beginning July 1, 2005, and ending June 30, 2007.

1 **SECTION 17. LEWIS AND CLARK BICENTENNIAL - ADDITIONAL SALES TAX ON**
2 **LODGING.** The Lewis and Clark bicentennial line item in section 3 of this Act includes
3 \$3,041,511, or such lesser amount as is generated from the separate and additional tax
4 imposed under section 57-39.2-03.8 of the North Dakota Century Code.

5 **SECTION 18. STATE TAX COMMISSIONER - AUDIT OF ETHANOL PRODUCTION**
6 **INCENTIVE PROGRAM.** The state tax commissioner shall conduct an audit of the ethanol
7 production incentive program during the biennium beginning July 1, 2005, and ending June 30,
8 2007.

9 **SECTION 19. RED RIVER VALLEY RESEARCH CORRIDOR MARKETING -**
10 **BUDGET SECTION REPORT.** An amount up to \$400,000 from the general fund in section 3 of
11 this Act must be made available through a grant to the Red River valley research corridor for
12 the purpose of matching federal funds. The funds are available for the period beginning July 1,
13 2005, and ending June 30, 2007. The department of commerce shall report to the budget
14 section after July 1, 2006, on the use of this funding.

15 **SECTION 20. CENTER FOR TECHNOLOGY - BUDGET SECTION REPORT.** An
16 amount up to \$50,000 from the general fund in section 3 of this Act must be made available
17 through a grant to the North Dakota center for technology program. The department of
18 commerce shall report to the budget section after July 1, 2006, on the use of this funding.

19 **SECTION 21. PARTNERS IN MARKETING - BUDGET SECTION REPORT.** An
20 amount up to \$250,000 from the general fund in section 3 of this Act must be made available
21 for grants in the partners in marketing grant program. The department of commerce shall
22 report to the budget section after July 1, 2006, on the use of this funding.

23 **SECTION 22. NORTH DAKOTA DEVELOPMENT FUND - INTERNATIONAL**
24 **BUSINESS AND TRADE OFFICE.** Notwithstanding chapter 10-30.5, during the 2005-07
25 biennium the North Dakota development fund shall provide the division of economic
26 development and finance with grant funds of up to \$500,000 for the purpose of funding the
27 international business and trade office. The North Dakota development fund shall distribute
28 funds to the division of economic development and finance upon proof of the division securing
29 one dollar of matching funds from other public or private sources for every two dollars from the
30 development fund.

1 **SECTION 23. AMENDMENT.** Section 4-14.1-10 of the North Dakota Century Code is
2 amended and reenacted as follows:

3 **4-14.1-10. Ethanol production incentive fund –~~Continuing appropriation.~~** There is
4 created in the state treasury a special fund known as the ethanol production incentive fund.
5 The fund consists of transfers made in accordance with section 39-04-39 and deposits made in
6 accordance with section 57-43.1-03.1. All moneys in the fund are ~~appropriated on a continuing~~
7 ~~basis~~ available to the agricultural products utilization commission for use in paying ethanol
8 production incentives under sections 4-14.1-07, 4-14.1-08, and 4-14.1-09 and may be spent
9 pursuant to legislative appropriations.

10 **SECTION 24. AMENDMENT.** Section 54-34.3-03 of the North Dakota Century Code is
11 amended and reenacted as follows:

12 **54-34.3-03. Division structure.** The division consists of:

- 13 1. A finance office;
- 14 2. An international business and trade office; ~~and~~
- 15 3. ~~Other offices that~~ Offices established by statute; and
- 16 4. Offices the director organizes and establishes as necessary to carry out most
17 efficiently and effectively the mission and duties of the division.

18 **SECTION 25. AMENDMENT.** Subsection 1 of section 54-34.3-06 of the North Dakota
19 Century Code is amended and reenacted as follows:

- 20 1. A North Dakota American Indian business development office to assist North
21 Dakota American Indian tribal and individual economic development
22 representatives, businesses, and ~~North Dakota American Indian~~ entrepreneurs
23 with access to state and federal programs designed to assist ~~them~~ these business
24 interests. The office shall provide services to assist in the formation of
25 partnerships between American Indian and non-American Indian businesses.

26 **SECTION 26.** A new section to chapter 54-34.3 of the North Dakota Century Code is
27 created and enacted as follows:

28 **International business and trade office - Advisory board.**

- 29 1. The director shall administer the international business and trade office. The
30 purpose of the office is to assist North Dakota businesses expand exports to
31 international markets by:

- 1 a. Advocating for exporters;
- 2 b. Offering export educational opportunities to North Dakota businesses;
- 3 c. Researching and raising awareness of export opportunities, issues, and
- 4 challenges impacting North Dakota businesses;
- 5 d. Assisting North Dakota businesses in identifying, developing, and cultivating
- 6 international markets for products; and
- 7 e. Organizing and carrying out trade missions that seek to facilitate contact and
- 8 communication between North Dakota businesses and international markets.
- 9 2. The director may contract with a third party for the provision of services for the
- 10 international business and trade office. If the director contracts with a third party
- 11 under this subsection, all data and data bases collected and created by the third
- 12 party in performing services for the office are the property of the department and
- 13 the third party.
- 14 3. The division may seek and accept any gift, grant, or donation of funds, property,
- 15 services, or other assistance from public or private sources for the purpose of
- 16 furthering the objectives of the office of international business and trade.
- 17 4. The director may establish an international business and trade office advisory
- 18 board with which the director may consult in administering the international
- 19 business and trade office. Each member of the advisory board created under this
- 20 subsection is entitled to receive per diem compensation at a rate established by
- 21 the director not exceeding sixty-two dollars and fifty cents, and reimbursement of
- 22 expenses as provided by law for state officers, while attending meetings or
- 23 performing duties directly related to board membership, except that per diem
- 24 compensation under this section may not be paid to any member who receives
- 25 compensation or salary as a regular state employee or official.

26 **SECTION 27.** A new section to chapter 54-34.3 of the North Dakota Century Code is
27 created and enacted as follows:

28 **Local economic developer certification program.** The director shall implement a
29 certification program through which the division provides training to assist local economic
30 developers in meeting the needs of businesses. The director may contract with a third-party

1 service provider to assist in implementing the program. The director may set and charge a fee
2 for the receipt of services under this program.

3 **SECTION 28.** A new section to chapter 54-60 of the North Dakota Century Code is
4 created and enacted as follows:

5 **Target industries - Report to legislative council.** The commissioner shall identify
6 target industries on which the commissioner shall focus economic development efforts. The
7 commissioner shall designate one of these target industries as a special focus target industry.
8 In identifying and updating target industries, the commissioner shall solicit the advice of the
9 foundation and the North Dakota university system. The commissioner may contract for the
10 services of a third party in identifying target industries. The commissioner shall report biennially
11 to the legislative council. This report must include information regarding the process used and
12 factors considered in identifying and updating the target industries, the specific tactics the
13 department has used to specifically address the needs of the target industries, the unique
14 tactics and the specific incentives the department has used to support the growth of the special
15 focus target industry, and any recommended legislative changes necessary to better focus
16 economic development services on these industries.

17 **SECTION 29.** A new section to chapter 54-60 of the North Dakota Century Code is
18 created and enacted as follows:

19 **North Dakota image information program.** The commissioner shall implement a
20 program for use by state agencies to assist state agencies and state agencies' employees to
21 present to the public a positive image of the state. The commissioner may expand the program
22 to include use of the program by the private sector.

23 **SECTION 30.** A new section to chapter 54-60 of the North Dakota Century Code is
24 created and enacted as follows:

25 **Business hotline.** The commissioner shall create and implement a business hotline
26 program. The program must provide for a telephone number through which the department
27 shall provide, during regular business hours, in-state and out-of-state callers with information
28 regarding how to do business in the state, the services and assistance available to businesses,
29 the advantages of doing business in the state, and information on state and other resources
30 that provide assistance to businesses in the state. In addition to directly providing information,
31 the department may use the business hotline as a clearinghouse through which to refer callers

1 to other federal, state, local, or private sector economic developers. The program must include
2 an in-state and out-of-state marketing campaign in support of the program. The commissioner
3 shall follow up on business leads gained through the program and shall gather data on the
4 results of calls, including business expansion, location, and startup.

5 **SECTION 31. AMENDMENT.** Section 57-51.1-07.2 of the North Dakota Century Code
6 is amended and reenacted as follows:

7 **57-51.1-07.2. Permanent oil tax trust fund - Deposits - Interest - Adjustment of**
8 **distribution formula.** ~~At the end of any biennium beginning after June 30, 1997, all~~ All
9 revenue deposited in the general fund during ~~that a~~ a biennium ~~and~~ derived from taxes imposed
10 on oil and gas under chapters 57-51 and 57-51.1 which exceeds seventy-one million dollars
11 must be transferred by the state treasurer to a special fund in the state treasury known as the
12 permanent oil tax trust fund. The state treasurer shall transfer interest earnings of the
13 permanent oil tax trust fund to the general fund at the end of each fiscal year. The principal of
14 the permanent oil tax trust fund may not be expended except upon a two-thirds vote of the
15 members elected to each house of the legislative assembly.

16 If the distribution formulas under chapter 57-51 or 57-51.1 are amended effective after
17 June 30, 1997, the director of the budget shall adjust the seventy-one million dollar amount in
18 this section by the same percentage increase or decrease in the amount of revenue allocable
19 to the general fund after the change in the allocation formula, and transfers to the permanent oil
20 tax trust fund shall thereafter be made using that adjusted figure so that the dollar amount of
21 the transfers to the permanent oil tax trust fund is not increased or decreased merely because
22 of changes in the distribution formulas.

23 ~~Notwithstanding section 54-27.2-02, the state treasurer shall make the transfers~~
24 ~~required by this section before calculating any general fund revenue balance available for~~
25 ~~transfer to the budget stabilization fund under chapter 54-27.2. In this section, "at the end of~~
26 ~~any biennium" has the same meaning as in section 54-27.2-02.~~

27 **SECTION 32. DAKOTA MANUFACTURING INITIATIVE.** The department of
28 commerce shall seek to contract with the Dakota manufacturing extension partnership,
29 incorporated, to implement the Dakota manufacturing initiative. The initiative includes building
30 a membership association of manufacturers in North Dakota and South Dakota, complementing
31 existing national, regional, and local manufacturing entities; providing nonduplicative services to

1 the association's manufacturing members which address critical needs, including identifying
2 and developing private procurement opportunities; and developing a consortium of major
3 manufacturers in North Dakota and South Dakota to design and support overall supply chain
4 development and supplier development. Under the initiative, state funds must be leveraged
5 with additional public and private funds, which may include federal funding sources, South
6 Dakota state funding, and funding from manufacturers.

7 **SECTION 33. NORTH DAKOTA AMERICAN INDIAN BUSINESS DEVELOPMENT**
8 **OFFICE AND INTERNATIONAL BUSINESS AND TRADE OFFICE - REPORT TO**

9 **LEGISLATIVE COUNCIL.** During the 2005-06 interim, the commissioner of commerce shall
10 report to the legislative council on the status of the North Dakota American Indian business
11 development office and the status of the international business and trade office; whether the
12 North Dakota American Indian business development office and international business and
13 trade office should continue; whether the division of economic development and finance should
14 continue to contract with a third party for international business and trade office services; and
15 whether there are potential changes that could be made to enhance the support of American
16 Indian businesses and to enhance the support of international trade by North Dakota
17 businesses.

18 **SECTION 34. LOCAL ECONOMIC DEVELOPERS CERTIFICATION PROGRAM -**
19 **REPORT TO LEGISLATIVE COUNCIL.** During the 2005-06 interim, the commissioner of

20 commerce shall report to the legislative council on the status of the certification program
21 through which the division of economic development and finance provides training services to
22 local economic developers. The report must include information regarding what services have
23 been provided under the program to assist local economic developers, to whom the services
24 were provided, local economic developer level of satisfaction with the program, whether the
25 program should continue, and whether there are changes that could be made to better assist
26 local economic developers.

27 **SECTION 35. IMAGE INFORMATION PROGRAM - REPORT TO LEGISLATIVE**
28 **COUNCIL.** During the 2005-06 interim, the commissioner of commerce shall report to the

29 legislative council on the status of the image information program. The report must include
30 information regarding what information the program provides to state agencies and state
31 agencies' employees, the manner in which the information is provided, the state agencies

1 reached through the program, whether the program has been expanded to provide information
2 to the private sector, whether the program should continue, and whether there are potential
3 changes that could be made to better enhance the state's and private sector's ability to present
4 a positive image of the state.

5 **SECTION 36. BUSINESS HOTLINE PROGRAM - REPORT TO LEGISLATIVE**

6 **COUNCIL.** During the 2005-06 interim, the commissioner of commerce shall report to the
7 legislative council on the status of the business hotline program. This report must include
8 information regarding what information the program provides to callers; the number of calls
9 made to the business hotline number; the manner in which the information is provided to
10 callers; followup data; how the program is marketed; whether the program should continue; and
11 whether there are potential changes that could be made to improve the dissemination of
12 business information to businesses in the state, to persons planning on starting a business in
13 the state, and to businesses wishing to do business in the state.

14 **SECTION 37. DAKOTA MANUFACTURING INITIATIVE - REPORT TO**

15 **LEGISLATIVE COUNCIL.** During the 2005-06 interim, the commissioner of commerce shall
16 report to the legislative council on the status of the Dakota manufacturing initiative. This report
17 must include information regarding how the initiative has been established and regarding the
18 activities of the Dakota manufacturing extension partnership, incorporated. The commissioner
19 shall include in the report whether the state should continue this initiative or whether the goal of
20 assisting manufacturers would be better served by alternative means. The commissioner shall
21 report whether there are potential changes that could be made to improve the networking of
22 manufacturing businesses and other suppliers in this state.

23 **SECTION 38. INTELLECTUAL PROPERTY RIGHTS STUDY - REPORT TO**

24 **LEGISLATIVE COUNCIL.** During the 2005-06 interim, the department of commerce, in
25 consultation with the state board of higher education, shall conduct a study of the state's
26 intellectual property laws as they relate to the protection of intellectual property rights. The
27 study must include a review of the state's intellectual property laws, including barriers that may
28 inhibit research and development in the state, and must include consideration of successful
29 actions taken by other states to improve the protection of intellectual property rights. The
30 department shall contract with a third party in performing this study. Before July 1, 2006, the
31 commissioner of commerce shall report to the legislative council the outcome of the study and

1 identify proposed legislative changes necessary to implement any recommendations to improve
2 the protection of intellectual property rights.

3 **SECTION 39. ECONOMIC DEVELOPMENT INCENTIVES STUDY - REPORT TO**
4 **LEGISLATIVE COUNCIL.** During the 2005-06 interim, the department of commerce shall
5 conduct a study of the state's economic development incentives. The study must include an
6 inventory of all of the state's economic development incentives, a review of the nature of each
7 incentive, an indication of the targeted class of recipients of each incentive, an indication of the
8 stage of business targeted by each incentive, an analysis of possible barriers to using the
9 incentives, an analysis of possible gaps and overlaps in the state's economic development
10 incentive system, a review of the effectiveness of each incentive and how to gauge the
11 effectiveness of each incentive, and a review of economic development incentive best practices
12 and how the state's incentives compare to best practices. The department of commerce may
13 contract with a third party in performing this study. Before July 1, 2006, the commissioner of
14 commerce shall report to the legislative council the outcome of the study and identify proposed
15 legislative changes necessary to implement any recommended changes to the state's
16 economic development incentive system to make the state's business environment more
17 effective, efficient, and competitive.

18 **SECTION 40. ACCOUNTABILITY MEASURES - REPORTING.** The commissioner of
19 the department of commerce shall monitor and report annually during the 2005-06 interim to
20 either the budget section or an interim committee designated by the legislative council
21 regarding the following North Dakota economic goals and associated benchmarks:

- 22 1. Develop unified efforts for economic development based on collaboration and
23 accountability:
- 24 a. Site selection ranking of the North Dakota department of commerce.
 - 25 b. Share of local economic development organizations participating in statewide
26 marketing strategy.
- 27 2. Strengthen cooperation between the university system, economic development
28 organizations, and private businesses:
- 29 a. Academic research and development expenditures as percentage of gross
30 state product.

- 1 b. Industry research and development expenditures as percentage of gross
- 2 state product.
- 3 3. Create quality jobs that retain North Dakota's workforce and attract new
- 4 high-skilled labor:
- 5 a. Net job growth.
- 6 b. New private sector businesses per one hundred thousand residents.
- 7 c. Average annual wage.
- 8 d. Net migration.
- 9 4. Create a strong marketing image that builds on the state's numerous strengths,
- 10 including workforce, education, and quality of life:
- 11 a. Positive national and out-of-state media exposure (favorable mentions).
- 12 b. Number of North Dakota department of commerce web site hits per months.
- 13 c. Number of leads generated by the North Dakota department of commerce.
- 14 5. Accelerate job growth in sustainable, diversified industry clusters to provide
- 15 opportunities for the state's economy:
- 16 a. Net job growth in manufacturing.
- 17 b. Net job growth in business services.
- 18 c. New private sector businesses in manufacturing.
- 19 d. New private sector businesses in business services.
- 20 e. Number of utility patents per one hundred thousand residents.
- 21 6. Strengthen North Dakota's business climate to increase international
- 22 competitiveness:
- 23 a. Gross state product (annual growth rate).
- 24 b. Venture capital investments (thousands).
- 25 c. Merchandise export value (per capita).
- 26 The department, in cooperation with job service North Dakota, the department of human
- 27 services, and the university system, shall include in its report the number of individuals trained
- 28 and the number who became employed as a result of each department's workforce
- 29 development and training programs, including the state's investment, the areas of occupational
- 30 training, the average annual salary of those employed, and the average increase in earnings
- 31 twelve months after completion of training.