

**FIRST ENGROSSMENT
with Conference Committee Amendments**

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 for an unemployment compensation shared work demonstration project; to provide for
5 a transfer from the beginning farmer revolving loan fund; to provide a statement of legislative
6 intent; to create and enact two new sections to chapter 54-34.3, a new section to chapter
7 54-44.5, and three new sections to chapter 54-60 of the North Dakota Century Code, relating to
8 a division of economic development and finance international business and trade office, a
9 division of economic development and finance local economic developer certification program,
10 creation of an office of renewable energy and energy efficiency within the division of community
11 services, department of commerce target industry requirements, a department of commerce
12 state employee image training program, and a department of commerce business hotline
13 program; to amend and reenact sections 2 and 3 of House Bill No. 1009, as approved by the
14 fifty-ninth legislative assembly, subsection 2 of section 4-14.1-07, sections 4-14.1-08,
15 4-14.1-09, 4-14.1-10, and 54-34.3-03, subsection 1 of section 54-34.3-06, and sections
16 57-02-27.3 and 57-51.1-07.2 of the North Dakota Century Code, relating to the agriculture
17 commissioner's appropriation, administration of ethanol production incentives, the structure of
18 the division of economic development and finance, the division of economic development and
19 finance North Dakota American Indian business development office, taxable valuation of wind
20 turbine electric generators, and the permanent oil tax trust fund; to provide for state agency
21 studies and reports to the legislative council; and to provide an effective date.

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

23 **SECTION 1. BASE LEVEL FUNDING INFORMATION.** The amounts identified in this

1 section represent the base level funding component appropriated to the department of
2 commerce in section 3 of this Act as follows:

| | | |
|----|------------------------------------|-------------------|
| 3 | Salaries and wages | \$6,713,340 |
| 4 | Operating expenses | 8,237,247 |
| 5 | Grants | 46,585,026 |
| 6 | North Dakota development fund | 1,550,000 |
| 7 | Agricultural products utilization | 2,983,179 |
| 8 | Discretionary grants | 1,447,127 |
| 9 | Lewis and Clark bicentennial | <u>3,851,911</u> |
| 10 | Total all funds - Base level | \$71,367,830 |
| 11 | Less estimated income - Base level | <u>52,353,107</u> |
| 12 | Total general fund - Base level | \$19,014,723 |

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

| | | |
|----|--|------------------|
| 17 | Salaries and wages | \$986,030 |
| 18 | Operating expenses | 1,294,721 |
| 19 | Capital assets | 25,000 |
| 20 | Grants | 3,517,844 |
| 21 | North Dakota development fund | (1,550,000) |
| 22 | Agricultural products utilization | (192,179) |
| 23 | Discretionary funds | 3,000 |
| 24 | Economic development initiatives | 644,568 |
| 25 | Economic development grants | 150,000 |
| 26 | Lewis and Clark bicentennial | <u>80,733</u> |
| 27 | Total all funds - Adjustments/enhancements | \$4,959,717 |
| 28 | Less estimated income - Adjustments/enhancements | <u>4,836,887</u> |
| 29 | Total general fund - Adjustments/enhancements | \$122,830 |

30 **SECTION 3. APPROPRIATION.** The funds provided in this section, or so much of the
31 funds as may be necessary, are appropriated out of any moneys in the general fund in the state

1 treasury, not otherwise appropriated, and from special funds derived from federal funds and
2 other income, to the department of commerce for the purpose of defraying the expenses of its
3 various divisions for the biennium beginning July 1, 2005, and ending June 30, 2007, as
4 follows:

| | | |
|----|-----------------------------------|-------------------|
| 5 | Salaries and wages | \$7,699,370 |
| 6 | Operating expenses | 9,531,968 |
| 7 | Capital assets | 25,000 |
| 8 | Grants | 50,102,870 |
| 9 | Agricultural products utilization | 2,791,000 |
| 10 | Discretionary funds | 1,450,127 |
| 11 | Economic development initiatives | 644,568 |
| 12 | Economic development grants | 150,000 |
| 13 | Lewis and Clark bicentennial | <u>3,932,644</u> |
| 14 | Total all funds | \$76,327,547 |
| 15 | Less estimated income | <u>57,189,994</u> |
| 16 | Total general fund appropriation | \$19,137,553 |

17 **SECTION 4. APPROPRIATION.** There is appropriated out of any moneys in the
18 general fund in the state treasury, not otherwise appropriated, the sum of \$150,000, or so much
19 of the sum as may be necessary, to the office of management and budget for the purpose of
20 establishing and maintaining procurement information on the internet and for performing the
21 procurement assistance study, for the biennium beginning July 1, 2005, and ending June 30,
22 2007. The office of management and budget is authorized one full-time equivalent position.

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

28 **SECTION 6. APPROPRIATION.** There is appropriated out of any moneys in the
29 general fund in the state treasury, not otherwise appropriated, the sum of \$360,000, or so much
30 of the sum as may be necessary, to the upper great plains transportation institute for the

1 purpose of performing the transportation study provided for in Senate Bill No. 2032, for the
2 biennium beginning July 1, 2005, and ending June 30, 2007.

3 **SECTION 7. APPROPRIATION - JOB SERVICE.** There is appropriated out of any
4 moneys in the general fund in the state treasury, not otherwise appropriated, the sum of
5 \$20,000, or so much of the sum as may be necessary, and from other funds to be collected by
6 job service, the sum of \$20,000, or so much of the sum as may be necessary, to job service
7 North Dakota for the purpose of defraying any implementation costs associated with
8 implementing a shared work demonstration project, for the biennium beginning July 1, 2005,
9 and ending June 30, 2007.

10 **SECTION 8. JOB SERVICE NORTH DAKOTA - SHARED WORK DEMONSTRATION**

11 **PROJECT.** During the 2005-06 interim, job service North Dakota shall develop, implement,
12 and operate a shared work demonstration project to demonstrate the feasibility of providing for
13 a statewide shared work unemployment compensation program. Job service North Dakota
14 shall seek the advice of the unemployment insurance advisory council in developing,
15 implementing, and operating this demonstration project. The demonstration project must:

- 16 1. Operate for one selected employer, which must have at least seventy-five
17 employees and must be an experienced-rated employer.
- 18 2. Operate in accordance with a specific written agreement between job service
19 North Dakota, the selected employer, and the labor representative of the collective
20 bargaining agreement if a collective bargaining agreement exists.
- 21 3. Allow shared work compensation to be paid to employees who, being otherwise
22 eligible for unemployment insurance benefits, have their working hours reduced by
23 the selected employer by at least ten percent but no more than sixty percent.
- 24 4. Operate in such a manner that the selected employer's unemployment insurance
25 experience ratings are not compromised.
- 26 5. Operate in such a manner that the unemployment trust fund is not so negatively
27 impacted as to result in a greater tax burden to the remainder of the employers
28 contributing to the trust fund.
- 29 6. Operate from January 1, 2006, through June 30, 2007, after which the
30 demonstration project must cease.

1 7. Provide that employees receiving benefits calculated solely under the shared work
2 demonstration project are not subject to the sixty percent weekly earnings
3 disregard provided for under section 52-06-06.

4 **SECTION 9. LEGISLATIVE COUNCIL STUDY - SHARED WORK DEMONSTRATION**

5 **PROJECT.** During the 2005-06 interim, the legislative council shall consider studying the
6 implementation by job service North Dakota of a shared work demonstration project. If the
7 legislative council conducts this study, the legislative council shall report its findings and
8 recommendations, together with any legislation required to implement the recommendations, to
9 the sixtieth legislative assembly.

10 **SECTION 10. APPROPRIATION.** There is appropriated out of any moneys in the

11 agricultural fuel tax fund in the state treasury, not otherwise appropriated, the sum of \$75,000,
12 or so much of the sum as may be necessary, and from federal funds, the sum of \$150,000, or
13 so much as may be necessary, to the department of commerce for the agricultural products
14 utilization commission for the purpose of an animal identification initiatives grant program to
15 meet national standards for the biennium beginning July 1, 2005, and ending June 30, 2007.
16 The state's administrator of the animal identification program as provided for in section
17 36-09-25 shall establish the grant criteria to be used by the agricultural products utilization
18 commission for allocating the grants to auction markets, weighing associations, and feedlots.

19 **SECTION 11. CENTERS OF EXCELLENCE - OFFICE OF MANAGEMENT AND**

20 **BUDGET - BORROWING AUTHORITY - APPROPRIATION - REPAYMENT FROM**

21 **PERMANENT OIL TAX TRUST FUND.** As requested by the centers of excellence
22 commission, the office of management and budget shall borrow the sum of \$15,000,000, or so
23 much of the sum as may be necessary, from the Bank of North Dakota, which is appropriated
24 for the purpose of providing funding to centers of excellence as directed by the centers of
25 excellence commission, for the biennium beginning July 1, 2005, and ending June 30, 2007.
26 By June 30, 2007, the office of management and budget shall repay any loan obtained
27 pursuant to provisions of this section, including accrued interest, from funds available in the
28 permanent oil tax trust fund. Repayment may be made from transfers into the permanent oil
29 tax trust fund after a total of \$77,000,000 of oil tax revenues has been received by the general
30 fund during the 2005-07 biennium, including the \$71,000,000 deposited in the general fund in
31 accordance with section 57-51.1-07.2.

1 **SECTION 12. APPROPRIATION - OFFICE OF MANAGEMENT AND BUDGET -**
2 **PERMANENT OIL TAX TRUST FUND - LOAN REPAYMENT.** Notwithstanding section
3 57-51.1-07.2, there is appropriated out of any moneys in the permanent oil tax trust fund in the
4 state treasury, not otherwise appropriated, the sum of \$16,000,000, or so much of the sum as
5 may be necessary, to the office of management and budget for the purpose of repaying the
6 Bank of North Dakota for loans and accrued interest relating to funds borrowed for centers of
7 excellence, for the biennium beginning July 1, 2005, and ending June 30, 2007. The
8 appropriation made under this section is limited to 50 percent or \$16,000,000, whichever is
9 less, of the revenues deposited in the permanent oil tax trust fund that exceed \$6,000,000 for
10 the 2005-07 biennium.

11 **SECTION 13. CENTERS OF EXCELLENCE - OFFICE OF MANAGEMENT AND**
12 **BUDGET - CONTINGENT BORROWING AUTHORITY - APPROPRIATION.** As requested by
13 the centers of excellence commission and subject to emergency commission and budget
14 section approval, the office of management and budget shall borrow the sum of \$5,000,000, or
15 so much of the sum as may be necessary, from the Bank of North Dakota, which is
16 appropriated for the purpose of providing funding to centers of excellence as directed by the
17 centers of excellence commission, for the biennium beginning July 1, 2005, and ending
18 June 30, 2007. The office of management and budget shall request funding from the sixtieth
19 legislative assembly to repay any loan obtained pursuant to provisions of this section, including
20 accrued interest, from funds available in the permanent oil tax trust fund. The borrowing
21 authority and appropriation provided for in this section is available only if all other funding
22 provided by the fifty-ninth legislative assembly for centers of excellence has been obligated.

23 **SECTION 14. LEGISLATIVE INTENT - FUTURE FUNDING FOR CENTERS OF**
24 **EXCELLENCE.** It is the intent of the fifty-ninth legislative assembly that the centers of
25 excellence program be a continuing program for economic development in North Dakota and
26 that the legislative assembly intends to make available an additional \$30,000,000 for centers of
27 excellence in future bienniums using similar funding mechanisms which will provide a total of
28 \$50,000,000 for centers of excellence.

29 **SECTION 15. AGRICULTURE FUEL TAX REFUNDS.** The less estimated income line
30 item in section 3 of this Act includes \$575,000 from refunds of tax for fuel used for agricultural

1 purposes, to be used by the agricultural products utilization commission, for the biennium
2 beginning July 1, 2005, and ending June 30, 2007.

3 **SECTION 16. TRANSFER.** During the biennium beginning July 1, 2005, and ending
4 June 30, 2007, the director of the office of management and budget and the state treasurer
5 shall transfer \$425,000 from the beginning farmer revolving loan fund to the agricultural fuel tax
6 fund.

7 **SECTION 17. EXEMPTION.** The funds appropriated in the agricultural products
8 utilization line item in section 3 of this Act are not subject to section 54-44.1-11 and any
9 unexpended funds from this line item for grants are available for grants during the biennium
10 beginning July 1, 2007, and ending June 30, 2009.

11 **SECTION 18. EXEMPTION.** The funds appropriated in the discretionary funds line
12 item in section 3 of this Act are not subject to section 54-44.1-11 and any unexpended funds
13 from this line item may be spent during the biennium beginning July 1, 2007, and ending
14 June 30, 2009.

15 **SECTION 19. ECONOMIC DEVELOPMENT INITIATIVES.** The economic
16 development initiatives line item in section 3 of this Act includes \$394,568 from the general
17 fund and \$250,000 of special funds raised by the department of commerce for the following
18 economic development initiatives recommended by the primary sector business congress for
19 the biennium beginning July 1, 2005, and ending June 30, 2007:

20 Target industry identification and report

21 Image information program

22 Business hotline program

23 Local economic developer certification and training program

24 Dakota manufacturing initiative

25 Intellectual property rights study and report

26 Economic development incentives study and report

27 Business climate initiative study

28 **SECTION 20. LIFE SCIENCES SECTOR DEVELOPMENT GRANT.** The department
29 of commerce shall provide a \$100,000 grant from funds appropriated in the economic
30 development grants line item in section 3 of this Act to an economic development corporation in
31 the Red River valley research corridor by June 30, 2006, to increase opportunities in the state

1 for expanded research and business development in the life sciences sector for the biennium
2 beginning July 1, 2005, and ending June 30, 2007.

3 **SECTION 21. RURAL DEVELOPMENT COUNCIL GRANT - BUDGET SECTION**

4 **REPORT.** The department of commerce shall provide a grant of up to \$50,000 from the funds
5 appropriated in the economic development grants line item in section 3 of this Act to the rural
6 development council for the purpose of matching federal funds for the biennium beginning
7 July 1, 2005, and ending June 30, 2007. The department of commerce shall report to the
8 budget section after July 1, 2006, on the use of this funding.

9 **SECTION 22. WHEAT SCAB RESEARCH GRANT - AGRICULTURAL PRODUCTS**

10 **UTILIZATION COMMISSION.** Upon receipt, review, and approval of an application for grant
11 funding that meets the provisions of House Bill No. 1519, as approved by the fifty-ninth
12 legislative assembly, from a private company within the state doing research on sensor
13 technology for the purpose of obtaining more detailed environmental data relating to wheat
14 scab disease and to improve the management of the disease, the agricultural products
15 utilization commission shall provide a grant to this company of \$100,000 from its funding
16 available for the biennium beginning July 1, 2005, and ending June 30, 2007.

17 **SECTION 23. LEWIS AND CLARK BICENTENNIAL - ADDITIONAL SALES TAX ON**

18 **LODGING.** The Lewis and Clark bicentennial line item in section 3 of this Act includes
19 \$3,041,511, or such lesser amount as is generated from the separate and additional tax
20 imposed under section 57-39.2-03.8 or 57-39.7-01 of the North Dakota Century Code.

21 **SECTION 24. STATE TAX COMMISSIONER - AUDIT OF ETHANOL PRODUCTION**

22 **INCENTIVE PROGRAM.** The state tax commissioner shall conduct an audit of the ethanol
23 production incentive program during the biennium beginning July 1, 2005, and ending June 30,
24 2007.

25 **SECTION 25. RED RIVER VALLEY RESEARCH CORRIDOR MARKETING -**

26 **BUDGET SECTION REPORT.** An amount up to \$400,000 from the general fund in section 3 of
27 this Act must be made available through a grant to the Red River valley research corridor for
28 the purpose of matching federal funds. The funds are available for the period beginning July 1,
29 2005, and ending June 30, 2007. The department of commerce shall report to the budget
30 section after July 1, 2006, on the use of this funding.

1 **SECTION 26. CENTER FOR TECHNOLOGY - BUDGET SECTION REPORT.** An
2 amount up to \$50,000 from the general fund in section 3 of this Act must be made available
3 through a grant to the North Dakota center for technology program. The department of
4 commerce shall report to the budget section after July 1, 2006, on the use of this funding.

5 **SECTION 27. PARTNERS IN MARKETING - BUDGET SECTION REPORT.** An
6 amount up to \$250,000 from the general fund in section 3 of this Act must be made available
7 for grants in the partners in marketing grant program. The department of commerce shall
8 report to the budget section after July 1, 2006, on the use of this funding.

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

17 **SECTION 29. AMENDMENT.** Subsection 2 of section 4-14.1-07 of the North Dakota
18 Century Code is amended and reenacted as follows:

19 2. The ~~agricultural products utilization commission~~ office of renewable energy and
20 energy efficiency shall determine the amount of production incentives to which a
21 plant is entitled under this section by multiplying the number of gallons of ethanol
22 produced by the plant and marketed to a distributor or wholesaler by forty cents.
23 The ~~commission~~ office shall forward the production incentives to the plant upon
24 receipt of an affidavit by the plant indicating that the ethanol is to be sold at retail to
25 consumers. The affidavit must be accompanied by an affidavit from a wholesaler
26 or retailer indicating that the ethanol is to be sold at retail to consumers. Within
27 ninety days after the conclusion of the plant's fiscal year, the plant shall submit to
28 the budget section of the legislative council a statement by a certified public
29 accountant indicating whether the plant produced a profit from its operation in the
30 preceding fiscal year, after deducting the payments received under this section.

1 **SECTION 30. AMENDMENT.** Section 4-14.1-08 of the North Dakota Century Code is
2 amended and reenacted as follows:

3 **4-14.1-08. Ethanol production incentive - Calculation - Payment.** The ~~agricultural~~
4 ~~products utilization commission~~ office of renewable energy and energy efficiency shall provide
5 quarterly to each eligible facility a production incentive based on the average North Dakota
6 price per bushel of corn received by farmers during the quarter, as established by the North
7 Dakota agricultural statistics service and the average North Dakota rack price per gallon [3.79
8 liters] of ethanol during the quarter, as compiled by the American coalition for ethanol. The
9 amount payable as a production incentive must be calculated by including the sum arrived at
10 under subsection 1 with the sum arrived at under subsection 2.

- 11 1. a. If the average quarterly price per bushel of corn is above one dollar and
12 eighty cents, for each one cent by which the quarterly price is above one
13 dollar and eighty cents, the ~~agricultural products utilization commission~~ office
14 of renewable energy and energy efficiency shall add to the amount payable
15 under this section one-tenth of one cent times the number of gallons of
16 ethanol produced by the eligible facility during the quarter.
- 17 b. If the average quarterly price per bushel of corn is one dollar and eighty
18 cents, the ~~agricultural products utilization commission~~ office of renewable
19 energy and energy efficiency shall add zero to any amount payable under this
20 section.
- 21 c. If the average quarterly price per bushel of corn is below one dollar and eighty
22 cents, for each one cent by which the quarterly price is below one dollar and
23 eighty cents, the ~~agricultural products utilization commission~~ office of
24 renewable energy and energy efficiency shall subtract from the amount
25 payable under this section one-tenth of one cent times the number of gallons
26 of ethanol produced by the eligible facility during the quarter.
- 27 2. a. If the average quarterly rack price per gallon of ethanol is above one dollar
28 and thirty cents, for each one cent by which the average quarterly rack price
29 is above one dollar and thirty cents, the ~~agricultural products utilization~~
30 ~~commission~~ office of renewable energy and energy efficiency shall subtract
31 from the amount payable under this section, two-tenths of one cent times the

1 number of gallons of ethanol produced by the eligible facility during the
2 quarter.

3 b. If the average quarterly rack price per gallon of ethanol is one dollar and thirty
4 cents, the ~~agricultural products utilization commission~~ office of renewable
5 energy and energy efficiency shall subtract zero from any amount payable
6 under this section.

7 c. If the average quarterly rack price per gallon of ethanol is below one dollar
8 and thirty cents, for each one cent by which the average quarterly rack price
9 is below one dollar and thirty cents, the ~~agricultural products utilization~~
10 ~~commission~~ office of renewable energy and energy efficiency shall add to the
11 amount payable under this section two-tenths of one cent times the number of
12 gallons of ethanol produced by the eligible facility during the quarter.

13 **SECTION 31. AMENDMENT.** Section 4-14.1-09 of the North Dakota Century Code is
14 amended and reenacted as follows:

15 **4-14.1-09. Subsidy limitations.** The ~~agricultural products utilization commission~~ office
16 of renewable energy and energy efficiency may not distribute more than one million six hundred
17 thousand dollars annually in payments under section 4-14.1-08. No eligible facility may receive
18 state ethanol payments that exceed a cumulative total of ten million dollars. Change in
19 ownership of an eligible facility does not affect the ten million dollar cumulative total allowed to
20 be paid to that eligible facility under this section.

21 **SECTION 32. AMENDMENT.** Section 4-14.1-10 of the North Dakota Century Code is
22 amended and reenacted as follows:

23 **4-14.1-10. Ethanol production incentive fund - Continuing appropriation.** There is
24 created in the state treasury a special fund known as the ethanol production incentive fund.
25 The fund consists of transfers made in accordance with section 39-04-39 and deposits made in
26 accordance with section 57-43.1-03.1. All moneys in the fund are appropriated on a continuing
27 basis to the ~~agricultural products utilization commission~~ office of renewable energy and energy
28 efficiency for use in paying ethanol production incentives under sections 4-14.1-07, 4-14.1-08,
29 and 4-14.1-09.

30 **SECTION 33. AMENDMENT.** Section 2 of House Bill No. 1009, as approved by the
31 fifty-ninth legislative assembly, is amended and reenacted as follows:

1 **SECTION 2. FUNDING ADJUSTMENTS OR ENHANCEMENTS INFORMATION.**

2 The amounts identified in this section represent the funding adjustments or
3 enhancements to the base funding level for the agriculture commissioner which are
4 included in the appropriation in section 3 of this Act as follows:

| | | | |
|----|--|------------------------|--------------------|
| 5 | Salaries and wages | | \$1,243,403 |
| 6 | Operating expenses | | 896,050 |
| 7 | Capital assets | | (3,000) |
| 8 | Grants | | 1,674,225 |
| 9 | Board of animal health | 4,309,224 | <u>1,159,224</u> |
| 10 | Contingent appropriation - Wildlife services | | 130,000 |
| 11 | State meat inspection | | (763,461) |
| 12 | Pride of Dakota | | (180,948) |
| 13 | Wildlife services | | (800,000) |
| 14 | Safe send | | (308,870) |
| 15 | Noxious weeds | | (1,596,836) |
| 16 | Agriculture in the classroom | | <u>(45,000)</u> |
| 17 | Total all funds - Adjustments/enhancements | \$1,554,847 | <u>\$1,404,847</u> |
| 18 | Less estimated income - Adjustments/enhancements | 4,294,916 | <u>1,144,916</u> |
| 19 | Total general fund - Adjustments/enhancements | | \$259,931 |

20 **SECTION 34. AMENDMENT.** Section 3 of House Bill No. 1009, as approved by the
21 fifty-ninth legislative assembly, is amended and reenacted as follows:

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

| | | | |
|----|--------------------|--|-------------|
| 28 | Salaries and wages | | \$5,738,433 |
| 29 | Operating expenses | | 4,255,875 |
| 30 | Capital assets | | 5,000 |
| 31 | Grants | | 1,774,225 |

| | | |
|---|--|---|
| 1 | Board of animal health | 2,178,688 <u>2,028,688</u> |
| 2 | Contingent appropriation - Wildlife services | 130,000 |
| 3 | Crop harmonization board | <u>25,000</u> |
| 4 | Total all funds | \$14,107,221 <u>\$13,957,221</u> |
| 5 | Less estimated income | 9,613,765 <u>9,463,765</u> |
| 6 | Total general fund appropriation | \$4,493,456 |

7 **SECTION 35. AMENDMENT.** Section 54-34.3-03 of the North Dakota Century Code is
8 amended and reenacted as follows:

9 **54-34.3-03. Division structure.** The division consists of:

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

15 **SECTION 36. AMENDMENT.** Subsection 1 of section 54-34.3-06 of the North Dakota
16 Century Code is amended and reenacted as follows:

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

23 **SECTION 37.** A new section to chapter 54-34.3 of the North Dakota Century Code is
24 created and enacted as follows:

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

- 26 1. The director shall administer the international business and trade office. The
27 purpose of the office is to assist North Dakota businesses expand exports to
28 international markets by:
 - 29 a. Advocating for exporters;
 - 30 b. Offering export educational opportunities to North Dakota businesses;

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

24 **SECTION 38.** A new section to chapter 54-34.3 of the North Dakota Century Code is
25 created and enacted as follows:

26 **Local economic developer certification program.** The director shall implement a
27 certification program through which the division provides training to assist local economic
28 developers in meeting the needs of businesses. The director may contract with a third-party
29 service provider to assist in implementing the program. The director may set and charge a fee
30 for the receipt of services under this program.

1 **SECTION 39.** A new section to chapter 54-44.5 of the North Dakota Century Code is
2 created and enacted as follows:

3 **Office of renewable energy and energy efficiency.** The office of renewable energy
4 and energy efficiency is established within the division of community services. The office shall
5 assist in the development of renewable energy within this state to provide secure, diverse,
6 sustainable, and competitive renewable energy supplies and promote the conservation of
7 energy and the wise use of energy resources in both the public and private sectors. The office
8 shall communicate and disseminate information concerning state and federal energy
9 conservation and renewable energy incentives, including tax credits, financing and grants to
10 business entities seeking to invest in wind-generated power and transmission, ethanol
11 production and distribution; and the development of biodiesel, biomass, solar, hydropower,
12 geothermal, and other renewable energy sources. The office shall also manage and distribute
13 all production incentive payments as authorized by chapter 4-14.1.

14 **SECTION 40.** A new section to chapter 54-60 of the North Dakota Century Code is
15 created and enacted as follows:

16 **Target industries - Report to legislative council.** The commissioner shall identify
17 target industries on which the commissioner shall focus economic development efforts. The
18 commissioner shall designate one of these target industries as a special focus target industry.
19 In identifying and updating target industries, the commissioner shall solicit the advice of the
20 foundation and the North Dakota university system. The commissioner may contract for the
21 services of a third party in identifying target industries. The commissioner shall report biennially
22 to the legislative council. This report must include information regarding the process used and
23 factors considered in identifying and updating the target industries, the specific tactics the
24 department has used to specifically address the needs of the target industries, the unique
25 tactics and the specific incentives the department has used to support the growth of the special
26 focus target industry, and any recommended legislative changes necessary to better focus
27 economic development services on these industries.

28 **SECTION 41.** A new section to chapter 54-60 of the North Dakota Century Code is
29 created and enacted as follows:

30 **North Dakota image information program.** The commissioner shall implement a
31 program for use by state agencies to assist state agencies and state agencies' employees to

1 present to the public a positive image of the state. The commissioner may expand the program
2 to include use of the program by the private sector.

3 **SECTION 42.** A new section to chapter 54-60 of the North Dakota Century Code is
4 created and enacted as follows:

5 **Business hotline.** The commissioner shall create and implement a business hotline
6 program. The program must provide for a telephone number through which the department
7 shall provide, during regular business hours, in-state and out-of-state callers with information
8 regarding how to do business in the state, the services and assistance available to businesses,
9 the advantages of doing business in the state, and information on state and other resources
10 that provide assistance to businesses in the state. In addition to directly providing information,
11 the department may use the business hotline as a clearinghouse through which to refer callers
12 to other federal, state, local, or private sector economic developers. The program must include
13 an in-state and out-of-state marketing campaign in support of the program. The commissioner
14 shall follow up on business leads gained through the program and shall gather data on the
15 results of calls, including business expansion, location, and startup.

16 **SECTION 43. AMENDMENT.** Section 57-02-27.3 of the North Dakota Century Code is
17 amended and reenacted as follows:

18 **57-02-27.3. Taxable valuation of centrally assessed wind turbine electric**
19 **generators.** A centrally assessed wind turbine electric generation unit with a nameplate
20 generation capacity of one hundred kilowatts or more, on which construction is completed
21 before January 1, 2011, must be valued at three percent of assessed value to determine
22 taxable valuation of the property. However, a centrally assessed wind turbine electric
23 generation unit with a nameplate generation capacity of one hundred kilowatts or more, for
24 which a purchased power agreement has been executed after April 30, 2005, and before
25 January 1, 2006, and construction is begun after April 30, 2005, and before July 1, 2006, must
26 be valued at one and one-half percent of assessed value to determine taxable valuation of the
27 property and this reduced valuation applies for that property for the duration of the initial
28 purchased power agreement for that generation unit.

29 **SECTION 44. AMENDMENT.** Section 57-51.1-07.2 of the North Dakota Century Code
30 is amended and reenacted as follows:

1 **57-51.1-07.2. Permanent oil tax trust fund - Deposits - Interest - Adjustment of**
2 **distribution formula.** ~~At the end of any biennium beginning after June 30, 1997, all~~ All
3 revenue deposited in the general fund during ~~that a~~ a biennium ~~and~~ derived from taxes imposed
4 on oil and gas under chapters 57-51 and 57-51.1 which exceeds seventy-one million dollars
5 must be transferred by the state treasurer to a special fund in the state treasury known as the
6 permanent oil tax trust fund. The state treasurer shall transfer interest earnings of the
7 permanent oil tax trust fund to the general fund at the end of each fiscal year. The principal of
8 the permanent oil tax trust fund may not be expended except upon a two-thirds vote of the
9 members elected to each house of the legislative assembly.

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

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

21 **SECTION 45. DAKOTA MANUFACTURING INITIATIVE.** The department of
22 commerce shall seek to contract with the Dakota manufacturing extension partnership,
23 incorporated, to implement the Dakota manufacturing initiative. The initiative includes building
24 a membership association of manufacturers in North Dakota and South Dakota, complementing
25 existing national, regional, and local manufacturing entities; providing nonduplicative services to
26 the association's manufacturing members which address critical needs, including identifying
27 and developing private procurement opportunities; and developing a consortium of major
28 manufacturers in North Dakota and South Dakota to design and support overall supply chain
29 development and supplier development. Under the initiative, state funds must be leveraged
30 with additional public and private funds, which may include federal funding sources, South
31 Dakota state funding, and funding from manufacturers.

1 **SECTION 46. NORTH DAKOTA AMERICAN INDIAN BUSINESS DEVELOPMENT**
2 **OFFICE AND INTERNATIONAL BUSINESS AND TRADE OFFICE - REPORT TO**

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

12 **SECTION 47. LOCAL ECONOMIC DEVELOPERS CERTIFICATION PROGRAM -**
13 **REPORT TO LEGISLATIVE COUNCIL.** During the 2005-06 interim, the commissioner of

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

21 **SECTION 48. IMAGE INFORMATION PROGRAM - REPORT TO LEGISLATIVE**
22 **COUNCIL.** During the 2005-06 interim, the commissioner of commerce shall report to the

23 legislative council on the status of the image information program. The report must include
24 information regarding what information the program provides to state agencies and state
25 agencies' employees, the manner in which the information is provided, the state agencies
26 reached through the program, whether the program has been expanded to provide information
27 to the private sector, whether the program should continue, and whether there are potential
28 changes that could be made to better enhance the state's and private sector's ability to present
29 a positive image of the state.

30 **SECTION 49. BUSINESS HOTLINE PROGRAM - REPORT TO LEGISLATIVE**
31 **COUNCIL.** During the 2005-06 interim, the commissioner of commerce shall report to the

1 legislative council on the status of the business hotline program. This report must include
2 information regarding what information the program provides to callers; the number of calls
3 made to the business hotline number; the manner in which the information is provided to
4 callers; followup data; how the program is marketed; whether the program should continue; and
5 whether there are potential changes that could be made to improve the dissemination of
6 business information to businesses in the state, to persons planning on starting a business in
7 the state, and to businesses wishing to do business in the state.

8 **SECTION 50. DAKOTA MANUFACTURING INITIATIVE - 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 Dakota manufacturing initiative. This report
11 must include information regarding how the initiative has been established and regarding the
12 activities of the Dakota manufacturing extension partnership, incorporated. The commissioner
13 shall include in the report whether the state should continue this initiative or whether the goal of
14 assisting manufacturers would be better served by alternative means. The commissioner shall
15 report whether there are potential changes that could be made to improve the networking of
16 manufacturing businesses and other suppliers in this state.

17 **SECTION 51. INTELLECTUAL PROPERTY RIGHTS STUDY - REPORT TO**

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

28 **SECTION 52. ECONOMIC DEVELOPMENT INCENTIVES STUDY - REPORT TO**

29 **LEGISLATIVE COUNCIL.** During the 2005-06 interim, the department of commerce shall
30 conduct a study of the state's economic development incentives. The study must include an
31 inventory of all of the state's economic development incentives, a review of the nature of each

1 incentive, an indication of the targeted class of recipients of each incentive, an indication of the
2 stage of business targeted by each incentive, an analysis of possible barriers to using the
3 incentives, an analysis of possible gaps and overlaps in the state's economic development
4 incentive system, a review of the effectiveness of each incentive and how to gauge the
5 effectiveness of each incentive, and a review of economic development incentive best practices
6 and how the state's incentives compare to best practices. The department of commerce may
7 contract with a third party in performing this study. Before July 1, 2006, the commissioner of
8 commerce shall report to the legislative council the outcome of the study and identify proposed
9 legislative changes necessary to implement any recommended changes to the state's
10 economic development incentive system to make the state's business environment more
11 effective, efficient, and competitive.

12 **SECTION 53. ACCOUNTABILITY MEASURES - REPORTING.** The commissioner of
13 the department of commerce shall monitor and report annually during the 2005-06 interim to
14 either the budget section or an interim committee designated by the legislative council
15 regarding the following North Dakota economic goals and associated benchmarks:

- 16 1. Develop unified efforts for economic development based on collaboration and
17 accountability:
- 18 a. Site selection ranking of the North Dakota department of commerce.
 - 19 b. Share of local economic development organizations participating in statewide
20 marketing strategy.
- 21 2. Strengthen cooperation between the university system, economic development
22 organizations, and private businesses:
- 23 a. Academic research and development expenditures as percentage of gross
24 state product.
 - 25 b. Industry research and development expenditures as percentage of gross
26 state product.
- 27 3. Create quality jobs that retain North Dakota's workforce and attract new
28 high-skilled labor:
- 29 a. Net job growth.
 - 30 b. New private sector businesses per one hundred thousand residents.
 - 31 c. Average annual wage.

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

25 **SECTION 54. EFFECTIVE DATE.** Section 43 of this Act is effective for taxable years
26 beginning after December 31, 2004.