

Sixty-second  
Legislative Assembly  
of North Dakota

ENGROSSED SENATE BILL NO. 2057

Introduced by

Legislative Management

(Workforce Committee)

1 A BILL ~~for an Act to create and enact a new chapter to title 54 and a new section to chapter~~  
2 ~~54-60 of the North Dakota Century Code, relating to a centers of research excellence program~~  
3 ~~and centers of entrepreneurship excellence grants; to amend and reenact section 54-60-22 of~~  
4 ~~the North Dakota Century Code, relating to centers of workforce excellence grants; to provide~~  
5 ~~for transfers; to provide a continuing appropriation; and to provide an appropriation~~ for an Act to  
6 provide an appropriation for defraying the expenses of the department of commerce; to create  
7 and enact section 10-30.5-13, a new chapter to title 17, two new sections to chapter 54-60, a  
8 new chapter to title 54, a new subdivision to subsection 7 of section 57-38-30.3, and a new  
9 section to chapter 57-38 of the North Dakota Century Code, relating to a small business  
10 technology investment program, a biofuel blender pump incentive program, the internship fund,  
11 an electronic portfolio program, centers of research excellence, and income tax credits for  
12 purchases of manufacturing machinery and equipment for the purpose of automating  
13 manufacturing processes; to amend and reenact sections 10-30.5-02, 15-69-01, 15-69-03,  
14 15-69-04, and 15-69-05 of the North Dakota Century Code, relating to the North Dakota  
15 development fund, incorporated, and centers of excellence program; to repeal chapter 15-69 of  
16 the North Dakota Century Code, relating to the centers of excellence program; to provide for a  
17 legislative management study; to provide a vaccinology initiative grant; to provide a continuing  
18 appropriation; to provide exemptions; to provide for transfers; to provide legislative intent; to  
19 provide an effective date; to provide an expiration date; and to declare an emergency.

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

21 ~~—SECTION 1. AMENDMENT. Section 54-60-22 of the North Dakota Century Code is~~  
22 ~~amended and reenacted as follows:~~

1 ~~— **54-60-22. Workforce enhancement council – Grants**Centers of workforce excellence~~  
2 ~~**grants.**~~

3 ~~— The workforce enhancement council shall recommend to the commissioner the approval of~~  
4 ~~centers of workforce excellence grants to institutions of higher education assigned primary~~  
5 ~~responsibility for workforce training in this state to be used to create or enhance training~~  
6 ~~programs that address workforce needs of private sector companies. A grant made under this~~  
7 ~~section may be used for curriculum development, equipment, recruitment of participants, and~~  
8 ~~training and certification for instructors but may not be used to supplant funding for current~~  
9 ~~operations. The department may distribute funds under this section after:~~

10 ~~— 1. — The division of workforce development certifies that a proposed training program~~  
11 ~~meets a critical workforce shortage in a target industry or other high-demand~~  
12 ~~occupation and is expected to lead to employment in this state; and~~

13 ~~— 2. — The proposed recipient provides the department with detailed documentation of~~  
14 ~~private sector participation, including the availability of one dollar of matching funds for~~  
15 ~~each dollar of state funds.~~

16 ~~— **SECTION 2.** A new section to chapter 54-60 of the North Dakota Century Code is created~~  
17 ~~and enacted as follows:~~

18 ~~— **Centers of entrepreneurship excellence grants.**~~

19 ~~— The department shall administer a centers of entrepreneurship excellence grant program,~~  
20 ~~which shall provide grants to department certified entrepreneurial centers to be used to assist~~  
21 ~~entrepreneurs in accessing capital, to assist entrepreneurs through providing marketing~~  
22 ~~assistance, to support building entrepreneur infrastructure, and to develop entrepreneurial~~  
23 ~~talent. The centers of excellence commission, established under chapter 15-69, shall make~~  
24 ~~grant award determinations under this section. The department shall work with the centers of~~  
25 ~~excellence commission in establishing guidelines to qualify for a grant under this section which~~  
26 ~~may include preference for an applicant that establishes the availability of matching funds.~~

27 ~~— **SECTION 3.** A new chapter to title 54 of the North Dakota Century Code is created and~~  
28 ~~enacted as follows:~~

29 ~~— **Definitions.**~~

30 ~~— In this chapter, unless the context otherwise requires:~~

- 1 ~~1. "Center" means a center of research excellence that has been designated under this~~  
2 ~~chapter.~~
- 3 ~~2. "Commission" means the centers of excellence commission as defined under chapter~~  
4 ~~15-69.~~
- 5 ~~3. "Department" means the department of commerce.~~
- 6 ~~4. "Industry cluster" means one of the following industries:~~
- 7 ~~a. Advanced manufacturing;~~
- 8 ~~b. Energy;~~
- 9 ~~c. Information and technology;~~
- 10 ~~d. Tourism;~~
- 11 ~~e. Value-added agriculture; or~~
- 12 ~~f. An industry, including the aerospace industry, specifically identified by the~~  
13 ~~department of commerce as an industry that will contribute to the gross state~~  
14 ~~product.~~
- 15 ~~5. "Infrastructure" means new building construction or major building renovation. The~~  
16 ~~term does not include a purchase of equipment or remodel of an existing building.~~
- 17 ~~6. "Research university" means an institution under the control of the state board of~~  
18 ~~higher education.~~
- 19 ~~**Centers of research excellence - Application - Eligibility.**~~
- 20 ~~1. The department shall establish a centers of research excellence program. The~~  
21 ~~commission shall make funding award determinations under this program. A center~~  
22 ~~must be a research university or a nonprofit university-related or college-related~~  
23 ~~foundation of a research university which is working in partnership with the private~~  
24 ~~sector.~~
- 25 ~~2. The department shall provide center application forms, accept applications, review~~  
26 ~~applications for completeness and compliance with commission policy, forward~~  
27 ~~complete applications to the commission in accordance with guidelines established by~~  
28 ~~the commission, and assist with preaward reviews and postaward monitoring as may~~  
29 ~~be requested by the commission. No more than two applications per campus of a~~  
30 ~~research university institution may be submitted to the department for each round of~~  
31 ~~center funding.~~

- 1 ~~3. The commission shall meet as necessary to review all complete applications; consider~~  
2 ~~the potential need for independent, expert review of complete applications; approve or~~  
3 ~~disapprove complete applications; make funding award recommendations for~~  
4 ~~commission-approved proposed centers; direct the department to distribute funds to~~  
5 ~~the centers; monitor centers for compliance with award requirements; review changes~~  
6 ~~in assertions made in center applications; and conduct postaward monitoring of~~  
7 ~~centers.~~
- 8 ~~4. In considering whether to approve or disapprove a center application, the commission~~  
9 ~~shall determine whether the applicant has conducted the due diligence necessary to~~  
10 ~~put together a viable proposal, the commission shall determine whether the applicant~~  
11 ~~has provided information in the application which clearly outlines how the matching~~  
12 ~~fund requirement will be met, and the commission shall consider whether the center~~  
13 ~~will:~~
- 14 ~~a. Use university research to promote private sector job growth and expansion of~~  
15 ~~knowledge-based industries or use university research to promote the~~  
16 ~~development of new products, high-tech companies, or skilled jobs in this state;~~
- 17 ~~b. Create high-value private sector employment opportunities in this state;~~
- 18 ~~c. Provide for public-private sector involvement and partnerships;~~
- 19 ~~d. Leverage other funding, including cash from the private sector;~~
- 20 ~~e. Promote the commercialization of new products and services in industry clusters;~~
- 21 ~~f. Become financially self-sustaining; and~~
- 22 ~~g. Establish and meet a deadline for acquiring and expending all public and private~~  
23 ~~funds specified in the application.~~
- 24 ~~5. In considering whether to approve an application, the commission may provide for an~~  
25 ~~independent, expert review of the application to determine whether the proposed~~  
26 ~~center is viable and whether the proposed center is likely to have the desired~~  
27 ~~economic impact. As necessary, the commission may contract for additional technical~~  
28 ~~review of applications. The commission may not approve an application unless the~~  
29 ~~commission determines the proposed center has a high likelihood of viability and~~  
30 ~~success in positively impacting economic development in the state.~~

1 ~~6. The board rules adopted under subsection 9 of section 15-10-17, relating to ownership~~  
2 ~~of intellectual property, inventions, and discoveries, must address activities and issues~~  
3 ~~unique to centers.~~

4 ~~**Use of funds - Terms of funds - Distribution of funds - Postaward monitoring.**~~

5 ~~1. A center shall use center grant funds to enhance capacity and leverage state, federal,~~  
6 ~~and private sources of funding. A center awarded center funds under this chapter may~~  
7 ~~not use the funds for infrastructure, to supplant funding for current operations or~~  
8 ~~academic instructions, or to pay indirect costs.~~

9 ~~2. For no fewer than six years and no more than ten years following center designation,~~  
10 ~~the commission shall monitor the center's activities in order to determine whether the~~  
11 ~~center is having the desired economic impact.~~

12 ~~3. As a condition for receipt of center funds under this chapter, a center shall agree to~~  
13 ~~contract with an independent accountant annually in an agreed-upon procedures~~  
14 ~~engagement and provide the budget section of the legislative management with a~~  
15 ~~report of the results. The agreed-upon procedures report must be provided until the~~  
16 ~~completion of the commission's postaward monitoring of the center. As a condition for~~  
17 ~~receipt of center funds under this chapter, a center shall agree to provide the~~  
18 ~~commission with the information necessary to monitor the postaward activities of the~~  
19 ~~center.~~

20 ~~4. Before the commission directs the department to distribute center funds awarded~~  
21 ~~under this chapter, the center shall provide the commission with detailed~~  
22 ~~documentation of private sector participation and the availability of two dollars of~~  
23 ~~matching funds for each dollar of state funds to be distributed. Of the two dollars of~~  
24 ~~matching funds, at least one dollar must be cash, of which at least fifty cents must be~~  
25 ~~from the private sector. The matching funds may include funds facilitated through the~~  
26 ~~collaboration of the private sector participants with other funding entities. The noncash~~  
27 ~~matching funds may include in-kind assets with itemized value. Private sector~~  
28 ~~participation may be established through equity investments or through contracts for~~  
29 ~~services with private sector entities. In making funding recommendations and~~  
30 ~~designation determinations, the commission shall give major consideration to the~~  
31 ~~portion of the matching funds provided in cash by the private sector.~~

1 ~~5. The commission shall direct the department to distribute the center funds awarded~~  
2 ~~under this chapter in disbursements consistent with the center's budget and timeframe~~  
3 ~~outlined in the approved award. The commission may not direct distribution of center~~  
4 ~~funds under this chapter if there are no private sector partners participating or if the~~  
5 ~~statutorily required matching funds are not available.~~

6 ~~6. If, before center funds are distributed by the department, a center undergoes a change~~  
7 ~~in the terms of or assertions made in its application, the commission may direct that~~  
8 ~~the department withhold all or a portion of any undistributed funds pending~~  
9 ~~commission review of the changes.~~

10 ~~7. The commission may use funds appropriated for the centers of research excellence~~  
11 ~~program to pay for the commissioner's administrative expenses.~~

12 ~~**Eminent researcher recruitment challenge grants.**~~

13 ~~As part of the centers of research excellence program, the department of commerce shall~~  
14 ~~establish and administer an eminent researcher recruitment challenge grant program to provide~~  
15 ~~challenge grants to raise funds to be used by research universities and foundations established~~  
16 ~~to further the work of such research universities in endowing chairs to attract eminent research~~  
17 ~~scholars to join the faculties of the research universities. Under this program, the commission~~  
18 ~~shall make challenge grant award determinations. The commission shall adopt standards~~  
19 ~~relative to the award of a challenge grant under this section which must require that a~~  
20 ~~foundation contribute at least fifty percent and not more than seventy-five percent of the total~~  
21 ~~amount the commission deems necessary to endow a chair. The commission may revise the~~  
22 ~~contribution formulas at any time in order to maximize the benefits that may result from~~  
23 ~~endowing one or more chairs in the biennium and depending on the total funds available to the~~  
24 ~~grant program. In determining whether to make a grant award under this section, the~~  
25 ~~commission may consider the existing programs of the North Dakota university system, the~~  
26 ~~necessity for such a chair, and any duplication the creation of the chair might cause.~~

27 ~~**Centers of research excellence fund – Continuing appropriation.**~~

28 ~~The centers of research excellence fund is a special fund in the state treasury. All moneys~~  
29 ~~in the centers of research excellence fund are appropriated to the department of commerce on~~  
30 ~~a continuing basis for the purpose of implementing and administering this chapter. Interest~~  
31 ~~earned on moneys in the fund must be credited to the fund.~~

1 ~~— **SECTION 4. APPROPRIATION.** There is appropriated out of any moneys in the general~~  
2 ~~fund in the state treasury, not otherwise appropriated, the sum of \$5,000,000, or so much of the~~  
3 ~~sum as may be necessary, to the department of commerce for the purpose of funding centers of~~  
4 ~~entrepreneurship excellence grants under section 2 of this Act, for the biennium beginning~~  
5 ~~July 1, 2011, and ending June 30, 2013.~~

6 ~~— **SECTION 5. APPROPRIATION.** There is appropriated out of any moneys in the general~~  
7 ~~fund in the state treasury, not otherwise appropriated, the sum of \$3,500,000, or so much of the~~  
8 ~~sum as may be necessary, to the department of commerce for the purpose of working with the~~  
9 ~~North Dakota university system's research institutions, the adjutant general, and the North~~  
10 ~~Dakota aeronautics commission in leveraging private and federal funding to advance state~~  
11 ~~opportunities associated with a limited deployment cooperative airspace project in the state, for~~  
12 ~~the biennium beginning July 1, 2011, and ending June 30, 2013.~~

13 ~~— **SECTION 6. APPROPRIATION - TRANSFER - WORKFORCE ENHANCEMENT FUND.**~~  
14 ~~There is appropriated out of any moneys in the general fund in the state treasury, not otherwise~~  
15 ~~appropriated, the sum of \$2,000,000, which the office of management and budget shall transfer~~  
16 ~~to the workforce enhancement fund for the purpose of implementing and administering sections~~  
17 ~~54-60-21 and 54-60-22, for the biennium beginning July 1, 2011, and ending June 30, 2013.~~

18 ~~— **SECTION 7. APPROPRIATION - TRANSFER - CENTERS OF RESEARCH EXCELLENCE**~~  
19 ~~**FUND.** There is appropriated out of any moneys in the general fund in the state treasury, not~~  
20 ~~otherwise appropriated, the sum of \$8,000,000, which the office of management and budget~~  
21 ~~shall transfer to the centers of research excellence fund for the purpose of implementing and~~  
22 ~~administering the centers of research excellence grants provided for under section 3 of this Act,~~  
23 ~~for the biennium beginning July 1, 2011, and ending June 30, 2013.~~

24 ~~— **SECTION 8. APPROPRIATION - TRANSFER - CENTERS OF RESEARCH EXCELLENCE**~~  
25 ~~**FUND.** There is appropriated out of any moneys in the general fund in the state treasury, not~~  
26 ~~otherwise appropriated, the sum of \$1,500,000, which the office of management and budget~~  
27 ~~shall transfer to the centers of research excellence fund for the purpose of implementing and~~  
28 ~~administering the eminent researcher recruitment challenge grants provided for under section 3~~  
29 ~~of this Act, for the biennium beginning July 1, 2011, and ending June 30, 2013.~~

30 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds  
31 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 the  
3 department of commerce, for the biennium beginning July 1, 2011, and ending June 30, 2013  
4 as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>	
5				
6				
7	Salaries and wages	\$10,020,840	\$837,411	\$10,858,251
8	Operating expenses	14,478,272	(451,622)	14,026,650
9	Capital assets	25,000	45,018	70,018
10	Grants	65,411,058	(5,383,064)	60,027,994
11	Discretionary funds	928,083	(1)	928,082
12	Workforce enhancement	0	375,000	375,000
13	Economic development initiatives	186,846	0	186,846
14	Agricultural products utilization	2,536,630	203,137	2,739,767
15	Centers of excellence	0	12,000,000	12,000,000
16	North Dakota trade office	2,064,000	549,400	2,613,400
17	Partner programs	2,022,044	50,000	2,072,044
18	Federal fiscal stimulus funds	<u>0</u>	<u>24,496,750</u>	<u>24,496,750</u>
19	Total all funds	\$97,672,773	\$32,722,029	\$130,394,802
20	Less estimated income	<u>69,666,470</u>	<u>18,968,467</u>	<u>88,634,937</u>
21	Total general fund	\$28,006,303	\$13,753,562	\$41,759,865
22	Full-time equivalent positions	68.00	0.25	68.25

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

24 **SIXTY-THIRD LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time funding  
25 items approved by the sixty-first legislative assembly for the 2009-11 biennium and the 2011-13  
26 one-time funding items included in the appropriation in section 1 of this Act:

	<u>One-Time Funding Description</u>	<u>2009-11</u>	<u>2011-13</u>
27			
28	Workforce enhancement fund	\$1,000,000	\$375,000
29	American Indian business office	0	50,000
30	Biofuel blender pumps	1,000,000	0
31	Promotion and marketing of USS North Dakota	100,000	0

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1	Lewis and Clark foundation grants	1,500,000	0
2	Theodore Roosevelt Medora foundation grant	500,000	0
3	Child care grants and loans	1,820,000	0
4	Centers of research excellence	19,500,000	12,000,000
5	Electronic portfolio pilot project	0	150,000
6	2020 and beyond	0	50,000
7	Great plains applied energy research center	5,000,000	0
8	Equine processing study	50,000	0
9	Federal fiscal stimulus	<u>68,594,635</u>	<u>24,496,750</u>
10	Total all funds	\$99,064,635	\$37,121,750
11	Less estimated income	<u>68,594,635</u>	<u>24,496,750</u>
12	Total general fund	\$30,470,000	\$12,625,000

13 The 2011-13 one-time funding amounts are not a part of the entity's base budget for the  
 14 2013-15 biennium. The department of commerce shall report to the appropriations committees  
 15 of the sixty-third legislative assembly on the use of this one-time funding for the biennium  
 16 beginning July 1, 2011, and ending June 30, 2013.

17 **SECTION 3. AMENDMENT.** Section 10-30.5-02 of the North Dakota Century Code is  
 18 amended and reenacted as follows:

19 **10-30.5-02. (Effective through July 31, ~~2011~~2013) Purpose and fund uses.**

- 20 1. It is the purpose of this chapter to create a statewide nonprofit development  
 21 corporation that will have the authority to take equity positions in, to provide loans to,  
 22 or to use other innovative financing mechanisms to provide capital for new or  
 23 expanding businesses in this state, or relocating businesses to this state. The  
 24 corporation's principal mission is the development and expansion of primary sector  
 25 business in this state. The corporation may form additional corporations, limited  
 26 liability companies, partnerships, or other forms of business associations in order to  
 27 further its mission of primary sector economic development.
- 28 2. The exclusive focus of this corporation is business development in this state; however,  
 29 it is not excluded from participation with other states or organizations in projects that  
 30 have a clear economic benefit to state residents in the creation of jobs or secondary

- 1 business. Emphasis should be to develop jobs that provide an income adequate to  
2 support a family above the poverty level.
- 3 3. Moneys in the development fund may be used to provide working capital or for  
4 financing the purchase of fixed assets but not to refinance existing debt. Moneys may  
5 also be used to make matching grants to county-authorized or city-authorized  
6 development corporations for the acquisition, leasing, or remodeling of real estate  
7 facilities for locating a prospective new primary sector business. A grant must be made  
8 as part of a package of financing in which the state is a participant.
- 9 4. The commissioner of commerce shall adopt rules, subject to the approval of the board  
10 of directors, necessary to implement the administration of the fund. The rules to  
11 implement the grant program must be developed to encourage local fundraising  
12 initiatives for developing locations for businesses financed by the corporation.
- 13 5. Moneys in the development fund may be used to provide financing to early childhood  
14 facilities licensed under chapter 50-11.1. Moneys also may be used to make grants or  
15 loans to match grants or loans made by county-authorized or city-authorized  
16 development corporations, job development authorities created under chapter 11-11.1  
17 or 40-57.4, and regional planning councils for acquiring, leasing, or remodeling of real  
18 estate facilities or for acquiring equipment for establishing or expanding a licensed  
19 early childhood facility. In providing financing under this subsection, the corporation  
20 shall ensure funds are distributed fairly among for-profit early childhood facilities,  
21 nonprofit early childhood facilities, and public early childhood facilities. An award under  
22 this subsection may not exceed one hundred thousand dollars per award.

23 **(Effective after July 31, 2011-2013) Purpose and fund uses.**

- 24 1. It is the purpose of this chapter to create a statewide nonprofit development  
25 corporation that will have the authority to take equity positions in, to provide loans to,  
26 or to use other innovative financing mechanisms to provide capital for new or  
27 expanding businesses in this state, or relocating businesses to this state. The  
28 corporation's principal mission is the development and expansion of primary sector  
29 business in this state. The corporation may form additional corporations, limited  
30 liability companies, partnerships, or other forms of business associations in order to  
31 further its mission of primary sector economic development.

- 1       2.    The exclusive focus of this corporation is business development in this state; however,  
2           it is not excluded from participation with other states or organizations in projects that  
3           have a clear economic benefit to state residents in the creation of jobs or secondary  
4           business. Emphasis should be to develop jobs that provide an income adequate to  
5           support a family above the poverty level.
- 6       3.    Moneys in the development fund may be used to provide working capital or for  
7           financing the purchase of fixed assets but not to refinance existing debt. Moneys may  
8           also be used to make matching grants to county-authorized or city-authorized  
9           development corporations for the acquisition, leasing, or remodeling of real estate  
10          facilities for locating a prospective new primary sector business. A grant must be made  
11          as part of a package of financing in which the state is a participant.
- 12      4.    The commissioner of commerce shall adopt rules, subject to the approval of the board  
13          of directors, necessary to implement the administration of the fund. The rules to  
14          implement the grant program must be developed to encourage local fundraising  
15          initiatives for developing locations for businesses financed by the corporation.

16       **SECTION 4.** Section 10-30.5-13 of the North Dakota Century Code is created and enacted  
17 as follows:

18       **10-30.5-13. Small business technology investment program.**

- 19      1.    The corporation shall administer a small business technology investment program that  
20          provides matching investments to startup technology-based businesses.
- 21      2.    The following provisions apply to small business technology investments:
  - 22          a.    A qualified applicant:
    - 23              (1)   Must be a North Dakota business that is at the startup stage;
    - 24              (2)   Must be a primary sector business in the technology field; and
    - 25              (3)   Shall meet underwriting guidelines established by the corporation.
  - 26          b.    Before the corporation distributes funds under this section, the recipient shall  
27              provide the corporation with detailed documentation of the availability of two  
28              dollars of angel fund investment matching funds for each dollar of state funds  
29              distributed under this section. The matching funds must be cash, must come from  
30              a North Dakota angel fund certified under section 57-38-01.26, and may not be  
31              an in-kind asset.

1 3. An investment under this section may not exceed fifty thousand dollars. Eligible use of  
2 the investment funds include developing a proof of concept. A recipient may not  
3 receive more than one award under this section.

4 4. An investment under this section is not a business incentive under chapter 54-60.1.

5 **SECTION 5. AMENDMENT.** Section 15-69-01 of the North Dakota Century Code is  
6 amended and reenacted as follows:

7 **15-69-01. ~~(Effective through July 31, 2011)~~ Definitions.**

8 In this chapter, unless the context otherwise requires:

- 9 1. "Board" means the state board of higher education.
- 10 2. "Center" means a center of excellence relating to economic development which has  
11 been designated or named under this chapter.
- 12 3. "Commission" means the centers of excellence commission.
- 13 4. "Department" means the department of commerce.
- 14 5. "Foundation" means the North Dakota economic development foundation.

15 ~~5. "Industry cluster" means one of the following industries:~~

16 ~~a. Advanced manufacturing;~~

17 ~~b. Energy;~~

18 ~~c. Information and technology;~~

19 ~~d. Tourism;~~

20 ~~e. Value-added agriculture; or~~

21 ~~f. An industry, including the aerospace industry, specifically identified by the~~  
22 ~~department of commerce as an industry that will contribute to the gross state~~  
23 ~~product.~~

- 24 6. "Infrastructure" means new building construction or major building renovation. The  
25 term does not include a purchase of equipment or remodel of an existing building.

26 **SECTION 6. AMENDMENT.** Section 15-69-03 of the North Dakota Century Code is  
27 amended and reenacted as follows:

28 **15-69-03. ~~(Effective through July 31, 2011)~~ Centers of excellence commission.**

29 The centers of excellence commission consists of six members. The foundation shall  
30 appoint three of the foundation's members to serve on the commission and the board shall  
31 appoint three of the board's members to serve on the commission. The commission members

1 shall designate a chairman and a vice chairman of the commission. Each member of the  
2 commission shall serve for a term of three years, beginning July first; may be reappointed for  
3 additional terms; and serves at the pleasure of the appointing entity. If a commission member  
4 ceases to serve as a member of the appointing entity, that member's membership on the  
5 commission ceases immediately and the appointing entity shall appoint a new member for the  
6 remainder of the term. Terms of commission members must be staggered. On a  
7 meeting-by-meeting basis, an appointing entity may substitute a member of that appointing  
8 entity to serve in place of one of the regular members appointed by that entity. If the  
9 commission chairman and vice chairman are not present at a meeting, the commission  
10 members present at that meeting shall select a commission member to serve as chairman for  
11 that meeting. A commission member may receive compensation and travel and expense  
12 reimbursement from the appointing entity. The department of commerce shall provide the  
13 commission with appropriate staff services as may be requested by the commission.

14 **SECTION 7. AMENDMENT.** Section 15-69-04 of the North Dakota Century Code is  
15 amended and reenacted as follows:

16 **15-69-04. ~~(Effective through July 31, 2011) Application -- Eligibility~~**  
17 **~~requirements~~Centers of excellence program.**

- 18 1. The department of commerce shall ~~provide center application forms, accept~~  
19 ~~applications, review applications for completeness and compliance with board and~~  
20 ~~commission policy, forward complete applications to the commission in accordance~~  
21 ~~with guidelines established by the commission, and~~ assist with ~~preaward reviews and~~  
22 postaward monitoring as may be requested by the commission. ~~No more than two~~  
23 ~~applications per campus of an institution of higher education under the control of the~~  
24 ~~board may be submitted to the department of commerce for each round of center~~  
25 ~~funding.~~
- 26 2. The commission shall meet as necessary to ~~review all complete applications; consider~~  
27 ~~the potential need for independent, expert review of complete applications; approve or~~  
28 ~~disapprove complete applications; make funding award recommendations for~~  
29 ~~commission approved proposed centers;~~ direct the department of commerce to  
30 distribute funds to the centers; monitor centers for compliance with award

1 requirements; review changes in assertions made in center applications; and conduct  
2 postaward monitoring of centers.

3 ~~3. In considering whether to approve or disapprove an application, the commission shall~~  
4 ~~determine whether the applicant has conducted the due diligence necessary to put~~  
5 ~~together a viable proposal, the commission shall determine whether the applicant has~~  
6 ~~provided information in the application which clearly outlines how the matching fund~~  
7 ~~requirement will be met, and the commission shall consider whether the center will:~~

8 ~~a. Use university or college research to promote private sector job growth and~~  
9 ~~expansion of knowledge-based industries or use university or college research to~~  
10 ~~promote the development of new products, high-tech companies, or skilled jobs~~  
11 ~~in this state;~~

12 ~~b. Create high-value private sector employment opportunities in this state;~~

13 ~~c. Provide for public-private sector involvement and partnerships;~~

14 ~~d. Leverage other funding, including cash from the private sector;~~

15 ~~e. Increase research and development activities that may involve federal funding~~  
16 ~~from the national science foundation experimental program to stimulate~~  
17 ~~competitive research;~~

18 ~~f. Foster and practice entrepreneurship;~~

19 ~~g. Promote the commercialization of new products and services in industry clusters;~~

20 ~~h. Become financially self-sustaining; and~~

21 ~~i. Establish and meet a deadline for acquiring and expending all public and private~~  
22 ~~funds specified in the application.~~

23 ~~4. In considering whether to approve an application, the commission may provide for an~~  
24 ~~independent, expert review of the application to determine whether the proposed~~  
25 ~~center is viable and whether the proposed center is likely to have the desired~~  
26 ~~economic impact. As necessary, the commission may contract for additional technical~~  
27 ~~review of applications. The commission may not approve an application unless the~~  
28 ~~commission determines the proposed center has a high likelihood of viability and~~  
29 ~~success in positively impacting economic development in the state.~~

1 ~~5.~~ For no fewer than six years and no more than ten years following center designation,  
2 the commission shall monitor the center's activities in order to determine whether the  
3 center is having the desired economic impact.

4 **SECTION 8. AMENDMENT.** Section 15-69-05 of the North Dakota Century Code is  
5 amended and reenacted as follows:

6 **15-69-05. ~~(Effective through July 31, 2011)~~ Use of funds - Terms of funds -**

7 **Distribution of funds.**

8 1. A center shall use funds awarded under this chapter to enhance capacity and leverage  
9 state, federal, and private sources of funding. A center awarded funds under this  
10 chapter may not use the funds for infrastructure, to supplant funding for current  
11 operations or academic instructions, or to pay indirect costs.

12 2. As a condition for receipt of funds under this chapter, a center shall agree to provide  
13 the ~~board~~department, foundation, and budget section of the legislative management  
14 with annual audits on all funds distributed to the center under this chapter. The annual  
15 audits must be provided until the completion of the commission's postaward  
16 monitoring of the center. As a condition for receipt of funds under this chapter, a center  
17 shall agree to provide the commission with the information necessary to monitor the  
18 postaward activities of the center. Instead of requiring annual audits under this  
19 subsection, the commission may require that the center be audited on all funds  
20 distributed to the center under this chapter after the second full fiscal year of the  
21 postaward monitoring and after all funds distributed to the center under this chapter  
22 have been expended and that for all other years during the postaward monitoring the  
23 center contract with an independent accountant for an agreed-upon procedures  
24 engagement. A center may use funds distributed to the center under this chapter to  
25 pay for audits required under this subsection or for an agreed-upon procedures  
26 engagement. At a minimum, an agreed-upon procedures engagement under this  
27 subsection must include:

28 a. Verification of the accuracy of jobs data regarding jobs claimed created by the  
29 center, distinguishing between the creation of private sector jobs and jobs within  
30 the institution of higher education;

- 1 b. Verification of compliance with the centers of excellence program matching fund
- 2 requirements;
- 3 c. Verification awarded center funds were used for authorized uses;
- 4 d. Verification the center complied with the center's application timeline and any
- 5 authorized revisions;
- 6 e. Verification the center complied with the center's scope of activities as provided
- 7 under the center's application and any authorized revisions;
- 8 f. Review of a sample of center expenditures to verify the expenses were
- 9 approved, supported with documentation, and made in accordance with the
- 10 scope identified in the center's application;
- 11 g. Verification of a sample of labor charged to the center; and
- 12 h. Comparison of the center's application budget to the center's actual
- 13 expenditures, including documentation explaining any material differences.

- 14 3. Before the commission directs the department of commerce to distribute funds
- 15 awarded under this chapter, the center shall provide the commission with detailed
- 16 documentation of private sector participation and the availability of two dollars of
- 17 matching funds for each dollar of state funds to be distributed under this chapter. Of
- 18 the two dollars of matching funds, at least one dollar must be cash, of which at least
- 19 fifty cents must be from the private sector. The matching funds may include funds
- 20 facilitated through the collaboration of the private sector participants with other funding
- 21 entities. The noncash matching funds may include in-kind assets with itemized value.
- 22 Private sector participation may be established through equity investments or through
- 23 contracts for services with private sector entities. ~~In making funding recommendations~~
- 24 ~~and designation determinations, the commission, board, foundation, and budget~~
- 25 ~~section shall give major consideration to the portion of the matching funds provided in~~
- 26 ~~cash by the private sector.~~
- 27 4. The commission shall direct the department of commerce to distribute the funds
- 28 awarded under this chapter in disbursements consistent with the center's budget and
- 29 timeframe outlined in the approved award. The commission may not direct distribution
- 30 of funds under this chapter if there are no private sector partners participating or if the
- 31 statutorily required matching funds are not available.

1 5. If, before funds are distributed by the department of commerce, a center undergoes a  
2 change in the terms of or assertions made in its application, the commission may  
3 direct that the department of commerce withhold all or a portion of any undistributed  
4 funds pending commission review of the changes.

5 6. The ~~commission~~department may use funds ~~appropriated for~~available within the  
6 centers of excellence ~~program~~fund to pay for the ~~commission's~~department's  
7 administrative expenses, ~~which may include contracting for independent, expert~~  
8 ~~reviews of complete applications and centers of excellence forums~~related to this  
9 program. ~~The amount of funds the commission uses each biennium for administrative~~  
10 ~~expenses may not exceed two and one half percent of the funds appropriated for the~~  
11 ~~program that biennium.~~

12 **SECTION 9.** A new chapter to title 17 of the North Dakota Century Code is created and  
13 enacted as follows:

14 **Definitions.**

15 For purposes of this chapter, unless the context otherwise requires:

- 16 1. "Biodiesel" means any non-petroleum-based diesel fuel made from a renewable  
17 resource such as vegetable oil or animal fat.
- 18 2. "E85 fuel" means a petroleum product that:
- 19 a. Is a blend of agriculturally derived denatured ethanol and gasoline or natural  
20 gasoline;
- 21 b. Typically contains eighty-five percent ethanol by volume but must at a minimum  
22 contain sixty percent ethanol by volume; and
- 23 c. Complies with the American society for testing materials specification D 5798-96.
- 24 3. "Motor fuel retailer" means a person that acquires motor vehicle fuel from a supplier or  
25 distributor for resale to a consumer at a retail location.
- 26 4. "Retail location" means a site at which motor vehicle fuel is dispensed through a pump  
27 from an underground or aboveground storage tank into the supply tank of a motor  
28 vehicle.

29 **Biofuel blender pump incentive program - Administration.**

- 30 1. The department of commerce shall administer the biofuel blender pump incentive  
31 program to provide cost-share grants of up to a maximum of twenty thousand dollars

1 per retail location to motor fuel retailers for the installation of biofuel blender pumps  
2 and up to fourteen thousand dollars per retail location for the installation of associated  
3 equipment, including the piping systems and storage components, when blender  
4 pumps are installed for a maximum grant of thirty-four thousand dollars per location.

5 2. In determining eligibility for grant funds, the department shall establish by rule criteria  
6 governing:

7 a. The verification of costs for biofuel blender pumps and associated equipment,  
8 including the piping system and storage components;

9 b. The eligibility of grant recipients;

10 c. The application and grant award procedure; and

11 d. Reporting and accountability procedures for grant recipients.

12 **Blender pumps - Requirements.**

13 1. To qualify for a grant under this chapter, a retailer must install an ethanol blender  
14 pump and an associated storage and piping system. The pump must be the type that:

15 a. Dispenses at retail a blend of gasoline and ethanol in the ratio selected by the  
16 purchaser;

17 b. Is manufactured to an industry standard and carries a warranty for compatibility  
18 with dispenser components and storage and piping systems;

19 c. Has at least four hoses and dispenses the following:

20 (1) Either a blend of ten percent ethanol or the minimum blend percentage  
21 approved for all vehicles by the United States environmental protection  
22 agency;

23 (2) A blend of at least twenty percent ethanol; and

24 (3) E85 fuel; and

25 d. Complies with all alternative fuel, biofuel, and flexible fuel requirements  
26 established by law.

27 2. In order to qualify for a grant under this chapter, a retailer must install a biodiesel  
28 blender pump that:

29 a. Dispenses at retail varying blends of biodiesel and mineral diesel in the ratio  
30 selected by the purchaser; and

1 b. Complies with all alternative fuel, biofuel, and flexible fuel requirements  
2 established by law.

3 **Biofuel blender pump incentive program - Administrative costs.**

4 The department may use up to five percent of any amount appropriated to the biofuel  
5 blender pump incentive program for administration, the dissemination of information regarding  
6 the biofuel blender pump incentive program, and the dissemination of information regarding the  
7 benefits of biofuels.

8 **SECTION 10.** A new section to chapter 54-60 of the North Dakota Century Code is created  
9 and enacted as follows:

10 **Internship fund - Continuing appropriation.**

11 The internship fund is a special fund in the state treasury. All funds in the internship fund are  
12 appropriated to the department of commerce on a continuing basis for the purpose of  
13 implementing and administering section 54-60-17. Interest earned by the fund must be credited  
14 to the fund.

15 **SECTION 11.** A new section to chapter 54-60 of the North Dakota Century Code is created  
16 and enacted as follows:

17 **Division of workforce development - Pilot program - Higher education electronic**  
18 **portfolio system.**

19 1. The division of workforce development, the North Dakota university system, job  
20 service North Dakota, and representatives of the institutions of higher education under  
21 the control of the state board of higher education shall work together to establish a  
22 pilot program through which an electronic portfolio system will be implemented by  
23 selected institutions of higher education under the control of the state board of higher  
24 education in order to address the needs of students, faculty, and employers. The pilot  
25 program may include Valley City state university and the North Dakota state college of  
26 science. If Valley City state university or the North Dakota state college of science  
27 chooses not to participate, any other institution of higher education under the control of  
28 the state board of higher education may participate in this pilot program.

29 2. The pilot program must provide for an electronic portfolio system that:

30 a. Is online;

- 1            b. Is a multimedia system that enables the user to create and manage the user's  
2            education and career information;
- 3            c. Enables students, job seekers, and professionals to showcase education and  
4            skills to potential employers;
- 5            d. Provides for creation of and access to lifelong personal electronic portfolio  
6            accounts and services to students, job seekers, and professionals seeking to  
7            advance their careers in the state;
- 8            e. Provides access to job seekers residing outside the state who may be interested  
9            in relocating or returning to the state; and
- 10           f. Allows employers and economic developers to conduct online searches to  
11           determine workforce potential by geographic region, skill, education, experience,  
12           and other factors.
- 13           3. Under this pilot program, the North Dakota university system, job service North  
14           Dakota, and the division of workforce development shall work together to:
- 15           a. Facilitate the effective integration of future workers into the workforce system and  
16           to enhance the ability of state and local economic development officials to  
17           effectively access North Dakota's skilled workforce through the system; and
- 18           b. Ensure the system is complementary to the state's workforce system and higher  
19           education system.
- 20           4. The division of workforce development shall administer the pilot program.
- 21           5. The division of workforce development shall report to the budget section on the use of  
22           the funding provided for this program, including an overview of the program, program  
23           expenditures, and statistics on the effectiveness of the program.
- 24           **SECTION 12.** A new chapter to title 54 of the North Dakota Century Code is created and  
25 enacted as follows:
- 26           **Definitions.**
- 27           In this chapter, unless the context otherwise requires:
- 28           1. "Center" means a center of research excellence that has been designated under this  
29           chapter.
- 30           2. "Commission" means the centers of excellence commission as defined under chapter  
31           15-69.

1       3. "Department" means the department of commerce.

2       4. "Industry cluster" means one of the following industries:

3           a. Advanced manufacturing;

4           b. Energy;

5           c. Information and technology;

6           d. Value-added agriculture; or

7           e. An industry, including the aerospace industry, specifically identified by the  
8           department of commerce as an industry that will contribute to the gross state  
9           product.

10       5. "Infrastructure" means new building construction or major building renovation. The  
11       term does not include a purchase of equipment or remodel of an existing building.

12       6. "Research university" means an institution under the control of the state board of  
13       higher education which has a full-time student enrollment in excess of nine thousand  
14       students.

15       **Centers of research excellence - Application - Eligibility.**

16       1. The department shall establish a centers of research excellence program. The  
17       commission shall make funding award determinations under this program. A center  
18       must be a research university or a nonprofit university-related or college-related  
19       foundation of a research university which is working in partnership with the private  
20       sector.

21       2. The department shall provide center application forms, accept applications, review  
22       applications for completeness and compliance with commission policy, forward  
23       complete applications to the commission in accordance with guidelines established by  
24       the commission, and assist with preaward reviews and postaward monitoring as may  
25       be requested by the commission.

26       3. The commission shall meet as necessary to review all complete applications; consider  
27       the potential need for independent, expert review of complete applications; approve or  
28       disapprove complete applications; make funding award recommendations for  
29       commission-approved proposed centers; direct the department to distribute funds to  
30       the centers; monitor centers for compliance with award requirements; review changes

1 in assertions made in center applications; and conduct postaward monitoring of  
2 centers.

3 4. In considering whether to approve or disapprove a center application, the commission  
4 shall determine whether the applicant has conducted the due diligence necessary to  
5 put together a viable proposal, the commission shall determine whether the applicant  
6 has provided information in the application which clearly outlines how the matching  
7 fund requirement will be met, and the commission shall consider whether the center  
8 will:

- 9 a. Use university research to promote private sector job growth and expansion of  
10 knowledge-based industries or use university research to promote the  
11 development of new products, high-tech companies, or skilled jobs in this state;  
12 b. Create high-value private sector employment opportunities in this state;  
13 c. Provide for public-private sector involvement and partnerships;  
14 d. Leverage other funding, including cash from the private sector;  
15 e. Promote the commercialization of new products and services in industry clusters;  
16 and  
17 f. Establish and meet a deadline for acquiring and expending all public and private  
18 funds specified in the application.

19 5. In considering whether to approve an application, the commission may provide for an  
20 independent, expert review of the application to determine whether the proposed  
21 center is viable and whether the proposed center is likely to have the desired  
22 economic impact. As necessary, the commission may contract for additional technical  
23 review of applications. The commission may not approve an application unless the  
24 commission determines the proposed center has a high likelihood of viability and  
25 success in positively impacting economic development in the state.

26 6. The board rules adopted under subsection 9 of section 15-10-17, relating to ownership  
27 of intellectual property, inventions, and discoveries, must address activities and issues  
28 unique to centers.

29 **Use of funds - Terms of funds - Distribution of funds - Postaward monitoring.**

30 1. A center shall use center grant funds to enhance capacity and leverage state, federal,  
31 and private sources of funding. A center awarded center funds under this chapter may

1 not use the funds for infrastructure, to supplant funding for current operations or  
2 academic instructions, or to pay indirect costs.

3 2. For no fewer than six years and no more than ten years following center designation,  
4 the commission shall monitor the center's activities in order to determine whether the  
5 center is having the desired economic impact.

6 3. As a condition for receipt of funds under this chapter, a center shall agree to provide  
7 the board, foundation, and budget section of the legislative management with annual  
8 audits on all funds distributed to the center under this chapter. The annual audits must  
9 be provided until the completion of the commission's postaward monitoring of the  
10 center. As a condition for receipt of funds under this chapter, a center shall agree to  
11 provide the commission with the information necessary to monitor the postaward  
12 activities of the center. Instead of requiring annual audits under this subsection, the  
13 commission may require that the center be audited on all funds distributed to the  
14 center under this chapter after the second full fiscal year of the postaward monitoring  
15 and after all funds distributed to the center under this chapter have been expended  
16 and that for all other years during the postaward monitoring the center contract with an  
17 independent accountant for an agreed-upon procedures engagement. A center may  
18 use funds distributed to the center under this chapter to pay for audits required under  
19 this subsection or for an agreed-upon procedures engagement. At a minimum, an  
20 agreed-upon procedures engagement under this subsection must include:

21 a. Verification of the accuracy of jobs data regarding jobs claimed created by the  
22 center, distinguishing between the creation of private sector jobs and jobs within  
23 the institution of higher education;

24 b. Verification of compliance with the centers of excellence program matching fund  
25 requirements;

26 c. Verification awarded center funds were used for authorized uses;

27 d. Verification the center complied with the center's application timeline and any  
28 authorized revisions;

29 e. Verification the center complied with the center's scope of activities as provided  
30 under the center's application and any authorized revisions;

1            f. Review of a sample of center expenditures to verify the expenses were  
2            approved, supported with documentation, and made in accordance with the  
3            scope identified in the center's application;

4            g. Verification of a sample of labor charged to the center; and

5            h. Comparison of the center's application budget to the center's actual  
6            expenditures, including documentation explaining any material differences.

7            4. Before the commission directs the department to distribute center funds awarded  
8            under this chapter, the center shall provide the commission with detailed  
9            documentation of private sector participation and the availability of two dollars of  
10           matching funds for each dollar of state funds to be distributed. Of the two dollars of  
11           matching funds, at least one dollar must be cash, of which at least fifty cents must be  
12           from the private sector. The matching funds may include funds facilitated through the  
13           collaboration of the private sector participants with other funding entities. The noncash  
14           matching funds may include in-kind assets with itemized value. Private sector  
15           participation may be established through equity investments or through contracts for  
16           services with private sector entities. In making funding recommendations and  
17           designation determinations, the commission shall give major consideration to the  
18           portion of the matching funds provided in cash by the private sector.

19           5. The commission shall direct the department to distribute the center funds awarded  
20           under this chapter in disbursements consistent with the center's budget and timeframe  
21           outlined in the approved award. The commission may not direct distribution of center  
22           funds under this chapter if there are no private sector partners participating or if the  
23           statutorily required matching funds are not available.

24           6. If, before center funds are distributed by the department, a center undergoes a change  
25           in the terms of or assertions made in its application, the commission may direct that  
26           the department withhold all or a portion of any undistributed funds pending  
27           commission review of the changes.

28           7. The commission may use funds appropriated for the centers of research excellence  
29           program to pay for the commission's administrative expenses.

**Base realignment grants.**

As part of the centers of research excellence program, the department of commerce shall establish and administer a base realignment grant program to provide grants to a research university or a nonprofit university-related foundation to enhance economic development and employment opportunities associated with the Grand Forks air force base resulting from action by the federal defense base closure and realignment commission and infrastructure and economic development projects or programs to accommodate growth in proximity to or at the Grand Forks air force base. Under this program, the commission shall make grant award determinations. The department shall work with the commission in establishing guidelines to qualify for a grant under this section.

**Centers of research excellence fund - Continuing appropriation.**

The centers of research excellence fund is a special fund in the state treasury. All moneys in the centers of research excellence fund are appropriated to the department of commerce on a continuing basis for the purpose of implementing and administering this chapter. Interest earned on moneys in the fund must be credited to the fund.

**SECTION 13.** A new subdivision to subsection 7 of section 57-38-30.3 of the North Dakota Century Code is created and enacted as follows:

Automating manufacturing processes tax credit under section 14 of this Act.

**SECTION 14.** A new section to chapter 57-38 of the North Dakota Century Code is created and enacted as follows:

**Income tax credit for purchases of manufacturing machinery and equipment for the purpose of automating manufacturing processes.**

1. A taxpayer that is a primary sector business is allowed a nonrefundable credit against the tax imposed under section 57-38-30 or 57-38-30.3 for purchases of manufacturing machinery and equipment for the purpose of automating manufacturing processes in this state. The amount of the credit under this section is twenty percent of the costs incurred in the taxable year to purchase manufacturing machinery and equipment for the purpose of automating manufacturing processes. Qualified expenditures under this section may not be used in the calculation of any other income tax deduction or credit allowed by law.

2. For purposes of this section:

1           a. "Manufacturing machinery and equipment for the purpose of automating  
2           manufacturing processes" means new or used automation and robotic  
3           equipment.

4           b. "Primary sector business" means a business certified by the department of  
5           commerce which, through the employment of knowledge or labor, adds value to a  
6           product, process, or service that results in the creation of new wealth.

7           3. The taxpayer shall claim the total credit amount for the taxable year in which the  
8           manufacturing machinery and equipment are purchased. The credit under this section  
9           may not exceed the taxpayer's liability as determined under this chapter for any  
10           taxable year.

11           4. If the amount of the credit determined under this section exceeds the liability for tax  
12           under this chapter, the excess may be carried forward to each of the next five  
13           succeeding taxable years.

14           5. The aggregate amount of credits allowed under this section may not exceed two  
15           million dollars in any calendar year. Credits subject to this limitation must be  
16           determined based upon the date of the qualified purchase.

17           6. If a taxpayer entitled to the credit provided by this section is a member of a group of  
18           corporations filing a North Dakota consolidated tax return using the combined  
19           reporting method, the credit may be claimed against the aggregate North Dakota tax  
20           liability of all the corporations included in the North Dakota consolidated return.

21           7. A partnership, subchapter S corporation, limited partnership, limited liability company,  
22           or any other passthrough entity entitled to the credit under this section must be  
23           considered to be the taxpayer for purposes of calculating the credit. The amount of the  
24           allowable credit must be determined at the passthrough entity level. The total credit  
25           determined at the entity level must be passed through to the partners, shareholders, or  
26           members in proportion to their respective interests in the passthrough entity. An  
27           individual taxpayer may take the credit passed through under this subsection against  
28           the individual's state income tax liability under section 57-38-30.3.

29           8. The department of commerce shall provide the tax commissioner the name, address,  
30           and federal identification number or social security number of the taxpayer approved  
31           as qualifying for the credit under this section, and a list of those items that were

1 approved as a qualified expenditure by the department. The taxpayer claiming the  
2 credit shall file with the taxpayer's return, on forms prescribed by the tax  
3 commissioner, the following information:

4 a. The name, address, and federal identification number or social security number  
5 of the taxpayer who made the purchase; and

6 b. An itemization of:

7 (1) Each item of machinery or equipment purchased for automation;

8 (2) The amount paid for each item of machinery or equipment if the amount  
9 paid for the machinery or equipment is being used as a basis for calculating  
10 the credit; and

11 (3) The date on which payment for the purchase was made.

12 9. Notwithstanding the time limitations contained in section 57-38-38, this section does  
13 not prohibit the tax commissioner from conducting an examination of the credit  
14 claimed and assessing additional tax due under section 57-38-38.

15 **SECTION 15. EXEMPTION.** The amount appropriated for the agricultural products  
16 utilization commission in section 1 of chapter 46 of the 2009 Session Laws is not subject to  
17 section 54-44.1-11 and any unexpended funds from this line item for grants are available for  
18 grants during the biennium beginning July 1, 2011, and ending June 30, 2013.

19 **SECTION 16. EXEMPTION.** The amount appropriated for the discretionary funds line item  
20 in section 1 of chapter 46 of the 2009 Session Laws is not subject to section 54-44.1-11 and any  
21 unexpended funds from this line item are available during the biennium beginning July 1, 2011,  
22 and ending June 30, 2013.

23 **SECTION 17. EXEMPTION - TRANSFER.** The amount appropriated for internships  
24 contained in the operating expenses line item in section 1 of chapter 46 of the 2009 Session  
25 Laws is not subject to section 54-44.1-11. The office of management and budget shall transfer  
26 any unexpended funds from this appropriation to the internship fund at the end of the 2011-13  
27 biennium.

28 **SECTION 18. EXEMPTION - TRANSFER.** Of the \$5,000,000 appropriated for the great  
29 plains applied energy research center in section 1 of chapter 26 of the 2009 Session Laws,  
30 \$4,100,000 is not subject to section 54-44.1-11. The department of commerce shall spend these  
31 funds for the purposes provided for in this section, for the biennium beginning July 1, 2011, and

1 ending June 30, 2013. The office of management and budget shall transfer \$1,000,000 of these  
2 funds to the North Dakota development fund, incorporated, for the purpose of providing  
3 investments to startup stage technology-based businesses under section 4 of this Act. The  
4 office of management and budget shall transfer \$1,125,000 of these funds to the workforce  
5 enhancement fund for the purpose of implementing and administering sections 54-60-21 and  
6 54-60-22. The department of commerce shall use \$750,000 of these funds for tourism  
7 infrastructure grants. The department of commerce shall use \$600,000 of these funds for a  
8 grant to assist in the acquisition of the antiballistic missile site at the Stanley R. Mickelson  
9 safeguard complex in Nekoma. The department of commerce shall use \$325,000 for providing a  
10 base realignment grant to enhance economic development and employment opportunities  
11 associated with the Minot air force base resulting from action by the federal defense base  
12 closure and realignment commission. The department of commerce shall use \$300,000 for a  
13 grant to a not-for-profit organization assisting individuals with business ideas.

14 **SECTION 19. EXEMPTION.** The amount appropriated for the technology-based  
15 entrepreneurship grant program contained in the grants line item in section 1 of chapter 46 of  
16 the 2009 Session Laws is not subject to section 54-44.1-11 and any unexpended funds from  
17 this line item are available during the biennium beginning July 1, 2011, and ending June 30,  
18 2013.

19 **SECTION 20. EXEMPTION.** The amount appropriated for early childhood facility grants in  
20 section 6 of chapter 108 of the 2009 Session Laws is not subject to section 54-44.1-11 and any  
21 unexpended funds from this line item are available during the biennium beginning July 1, 2011,  
22 and ending June 30, 2013.

23 **SECTION 21. EXEMPTION.** The amount appropriated for the biofuel blender pump  
24 incentive program in sections 1 and 2 of chapter 46 of the 2009 Session Laws is not subject to  
25 section 54-44.1-11 and any unexpended funds from this line item are available during the  
26 biennium beginning July 1, 2011, and ending June 30, 2013.

27 **SECTION 22. EXEMPTION.** The amount appropriated for the promotion and marketing of  
28 the USS North Dakota contained in the grants line item in section 1 of chapter 46 of the 2009  
29 Session Laws is not subject to section 54-44.1-11 and any unexpended funds from this line item  
30 are available during the biennium beginning July 1, 2011, and ending June 30, 2013.

1       **SECTION 23. TRANSFER - WORKFORCE ENHANCEMENT FUND.** The office of  
2 management and budget shall transfer the amount appropriated in the workforce enhancement  
3 line item in section 1 of this Act to the workforce enhancement fund for the purpose of  
4 implementing and administering sections 54-60-21 and 54-60-22 for the biennium beginning  
5 July 1, 2011, and ending June 30, 2013.

6       **SECTION 24. TRANSFER - CENTERS OF RESEARCH EXCELLENCE FUND - USES.**  
7 The office of management and budget shall transfer the amount appropriated in the centers of  
8 research excellence line item in section 1 of this Act to the centers of research excellence fund  
9 for the purpose of implementing and administering the centers of research excellence grants,  
10 for the biennium beginning July 1, 2011, and ending June 30, 2013. Of the funds transferred,  
11 the centers of excellence commission may use up to \$4,000,000 for a limited  
12 deployment-cooperative airspace project grant as provided in section 28 of this Act. Of the  
13 \$8,000,000 remaining, the centers of excellence commission may not award more than  
14 \$4,000,000 to one research university or nonprofit foundation related to that research university.  
15 Of the \$4,000,000 available to the university of North Dakota, \$3,000,000 shall be used for base  
16 realignment grants. The commission may use any funds that are not committed within the first  
17 eighteen months of the biennium for the centers of research excellence program.

18       **SECTION 25. TRANSFER - INTERNSHIP FUND.** The office of management and budget  
19 shall transfer \$900,000 of the amount appropriated in the operating expenses line item in  
20 section 1 of this Act to the internship fund.

21       **SECTION 26. TRADE OFFICE - MATCHING FUND REQUIREMENT.** The total North  
22 Dakota trade office special line and the general fund appropriation in section 1 of this Act  
23 include \$2,613,400 of funding relating to the North Dakota trade office. The department of  
24 commerce may spend seventy percent of this amount without requiring any matching funds  
25 from the trade office. Any additional amounts may be spent only to the extent that the North  
26 Dakota trade office provides \$1 of matching funds from private or other public sources for each  
27 \$1 provided by the department for the biennium beginning July 1, 2011, and ending June 30,  
28 2013. Matching funds may include money spent by businesses or organizations to pay salaries  
29 to export assistants, provide training to export assistants, or buy computer equipment as part of  
30 the North Dakota trade office's export assistance program.

1       **SECTION 27. APPROPRIATION - DEPARTMENT OF HUMAN SERVICES.** There is  
2 appropriated out of any moneys in the general fund in the state treasury, not otherwise  
3 appropriated, the sum of \$3,100,000, or so much of the sum as may be necessary, to the  
4 department of human services, for the purpose of providing grants to child care service  
5 providers for workforce development, quality improvement, technical assistance, and capacity  
6 building as provided for in section 50-11.1-14.1, for the biennium beginning July 1, 2011, and  
7 ending June 30, 2013.

8       **SECTION 28. CENTERS OF RESEARCH EXCELLENCE LIMITED**  
9 **DEPLOYMENT-COOPERATIVE AIRSPACE PROJECT GRANT.** The department of commerce  
10 may use \$4,000,000 of the funds transferred to the centers of research excellence fund in  
11 section 24 of this Act for grants to the North Dakota university system's research institutions for  
12 the purpose of leveraging private and federal funding to advance state opportunities associated  
13 with a limited deployment-cooperative airspace project in the state during the biennium  
14 beginning July 1, 2011, and ending June 30, 2013. Up to \$2,700,000 of this amount may be  
15 awarded to the university of North Dakota and up to \$1,300,000 to North Dakota state  
16 university. The commissioner of commerce shall develop application criteria, review submitted  
17 applications, and recommend applications for approval to the centers of excellence  
18 commission. The commission may use any funds available under this section which are not  
19 committed by July 1, 2012, for the centers of research excellence program. Of the remaining  
20 available funds, the commission may not award more than one-half to one research university  
21 or nonprofit foundation related to that research university.

22       **SECTION 29. NORTH DAKOTA ECONOMIC DEVELOPMENT FOUNDATION - 2020 AND**  
23 **BEYOND INITIATIVE.**

- 24       1. During the 2011-12 interim, the North Dakota economic development foundation shall  
25 contract with an organization with North Dakota business membership which is  
26 statewide in scope and represents business interests across the state in order to  
27 conduct a 2020 and beyond initiative. The 2020 and beyond initiative must include  
28 periodic meetings of six legislators appointed by the chairman of the legislative  
29 management, with two members of the senate, one of whom must be from the  
30 majority party and one of whom must be from the minority party and two members of  
31 the house of representatives, one of whom must be from the majority party and one of

1 whom must be from the minority party; individuals representing North Dakota business  
2 interests, individuals representing North Dakota education interests, and individuals  
3 representing state and local government interests.

4 2. The 2020 and beyond initiative must:

- 5 a. Assess current assets and resources of the state and whether these assets and  
6 resources match the emerging opportunities and trends in the state;  
7 b. Study and assess successful models of other states and countries in creating  
8 economic growth and whether those models could be replicated and improved  
9 upon in this state;  
10 c. Evaluate the effectiveness of programs and investments in the state designed to  
11 develop the state's workforce and to attract and retain businesses in the state;  
12 d. Identify impediments to and opportunities for economic growth and job creation in  
13 the state;  
14 e. Consider what new investments in infrastructure and changes to the state's tax  
15 and regulatory environment could be made to maintain and increase the state's  
16 standing as a business-friendly state;  
17 f. Evaluate the state's higher education model to determine whether maximum  
18 opportunities for synergy between public and private sectors are being realized;  
19 g. Consider how higher education institutions in the state could spur economic  
20 development in the state through innovation, knowledge transfer, and community  
21 engagement;  
22 h. Find ways to unite public, nonprofit, and business interests behind common goals  
23 and solutions for faster, better results; and  
24 i. Make recommendations to the North Dakota economic development foundation  
25 based on the outcome of the initiative.

26 3. The legislative members of the 2020 and beyond initiative are entitled to receive  
27 compensation and expenses from the legislative council in the same manner as  
28 provided for members of the legislative management committees under section  
29 54-35-10.

30 4. The grants line item in section 1 of this Act includes the sum of \$50,000 from the  
31 general fund for providing a grant to implement the 2020 and beyond initiative.

1       **SECTION 30. DEPARTMENT OF COMMERCE GRANT - INSTITUTION OF HIGHER**  
2 **EDUCATION VACCINOLOGY INITIATIVE.** Of the funds appropriated in the discretionary funds  
3 line item in section 1 of this Act, \$50,000 from the general fund may be used by the department  
4 of commerce to provide a matching grant to an institution of higher education for a vaccinology  
5 initiative. The department shall require one dollar of matching funds from the institution for each  
6 one dollar of state funds awarded as a grant.

7       **SECTION 31. LEGISLATIVE MANAGEMENT STUDY - EXAMINATION OF POPULATION**  
8 **GROWTH IMPACT ON REVENUES.** During the 2011-12 interim, the legislative management  
9 shall consider studying the development of a reliable means of estimating the effect of future  
10 population growth on state and local government revenues. The legislative management shall  
11 report its findings and recommendations, together with any legislation required to implement the  
12 recommendations, to the sixty-third legislative assembly.

13       **SECTION 32. LEGISLATIVE MANAGEMENT STUDY - EARLY CHILDHOOD SERVICES**  
14 **PROVIDER TRAINING AND ASSISTANCE.** During the 2011-12 interim, the legislative  
15 management shall consider studying the means by which training and assistance are provided  
16 to early childhood services providers and the efficiency of administering training and assistance  
17 to early childhood services providers, including whether there is duplication of efforts. The study  
18 should review the effectiveness of funding provided to the department of human services for  
19 early childhood care, including workforce development, child care capacity, and quality  
20 improvement for early childhood facilities, for the 2009-11 biennium and to the department of  
21 commerce for financing to early childhood facilities and early childhood facility grants for  
22 technical assistance, a business plan, or infrastructure for the 2009-11 biennium. The study  
23 should also consider the effectiveness of funding provided to the department of human services  
24 for child care service provider grants for the 2011-13 biennium. The legislative management  
25 shall report its findings and recommendations, together with any legislation required to  
26 implement the recommendations, to the sixty-third legislative assembly.

27       **SECTION 33. LEGISLATIVE INTENT - CENTER OF RESEARCH EXCELLENCE**  
28 **PROGRAM CONTINUITY.** It is the intent of the sixty-second legislative assembly that the  
29 center of research excellence program be considered an ongoing program of the department of  
30 commerce.

31       **SECTION 34. REPEAL.** Chapter 15-69 of the North Dakota Century Code is repealed.

1       **SECTION 35. EFFECTIVE DATE.** Section 34 of this Act becomes effective on August 1,  
2 2023.

3       **SECTION 36. EXPIRATION DATE.** Section 9 of this Act is effective through July 31, 2013,  
4 and after that date is ineffective. Section 11 of this Act is effective through June 30, 2013, and  
5 after that date is ineffective.

6       **SECTION 37. EFFECTIVE DATE - EXPIRATION DATE.** Sections 13 and 14 of this Act are  
7 effective for the first three taxable years beginning after December 31, 2012, and are thereafter  
8 ineffective.

9       **SECTION 38. EMERGENCY.** Funding of \$900,000 in the operating expenses line item in  
10 section 1 of this Act, relating to the operation intern program, and sections 9, 10, and 18 of this  
11 Act are declared to be an emergency measure.