

Chairman Delzer and members of the committee, my name is Shawn Kessel and I proudly serve as the COO/Deputy Commerce Commissioner for the State of ND.

You have been provided the testimony that Commerce shared during the interim session just a week ago. I would like to highlight sections 34, 36 and 37 today and follow Commissioner Leiman's philosophy of "Be brief, be bold, be gone." If I may, I would like to also provide testimony on the proposed Rural Workforce Housing program and then I would like to yield the floor to WF Director Katie Ralston to discuss sections 38 and 39.

I would like to start with section 34 – Fuel production facility incentive program. This \$21m is intended to help the ethanol producers in the state who have experienced exceptionally high corn prices. We have talked this grant program over with the Bank of ND and when this proposal was made research was going on regarding how the funds could be distributed. Now that research is complete and BND can administer this program directly, without assistance from Commerce. We are happy to have the Bank of ND take lead on this program if that is the desire of the legislative body.

Section 36 – hydrogen development grants in the amount of \$20m. To advance and accelerate the newly established hydrogen industry in North Dakota, Commerce will provide \$20 million in 1:1 matching grants to private industry. These grants can be utilized to accelerate investment into the new industry, build out needed infrastructure necessary to redevelop facilities, and/or retain and grow jobs. Put simply, hydrogen is among several major transformative energy investments that will grow the economy while ensuring that existing industry grows simultaneously. Competition – gas plays Pennsylvania & Texas

Section 37 – autonomous agriculture matching grant \$10m. With the vision of creating the first fully autonomous farm in the world, the Grand Farm Initiative is accelerating research and innovation to develop technologies for the farm of the future. Grand Farm is the nexus point for industry, producers, higher education, and government to collaborate on autonomy and advanced agriculture technology. The

resulting projects are testing innovations, providing demonstrations, and showcasing integrations that amplify the technologies in North Dakota and attract businesses from around the world.

The proposed \$10 million match grant will leverage federal American Rescue Plan Act funds with private investments to establish a permanent, world-class destination innovation facility in North Dakota for advanced agricultural technology. It would enable robust project management capabilities for the building and operations of the facilities, ecosystem, and farm projects. It will make possible expanded workforce development offerings beyond the existing software development bootcamp into cyber security, embedded software, and more.

This funding would be directed towards:

- Grand Farm Innovation Facility planning and development.
- Project management.
- Workforce development in advanced technology in agriculture.

Innovators who use the space will be able to immediately test their products in the fields that surround this hub, empowering the creators to investigate their product performance in a highly capable, real-world environment. The proximity of the facility to the testing area, small businesses, corporations, and startups, as well as larger farm equipment companies, will allow the participating entities to quickly transform their ideas into viable and commercializable products.

Funding for project management will be spent on the work done to build-up to the launch of the innovation facility. Each element will supplement the phases of facility construction. These elements include:

1. Construction management
2. Legal work and permit acquisition
3. Project development
4. Stakeholder input gathering
5. Contract development

Project funding will also be used for critical workforce development through the expansion of the Emerging Digital Academy and the diversification of the offerings.

To raise the matching funds for this project, Grand Farm will develop and launch a capital campaign. This capital campaign will bring in investments from individuals, philanthropic organizations, and corporations from a global setting – many of

which have already expressed their interest in supporting the development of this facility

Chairman Holmberg – do we have time for me to provide an overview of the \$21m Rural Workforce Housing program and the \$10m?

As we visit with rural community leaders across the state there are consistent hurdles that these communities are desperately trying to overcome and one of them is workforce housing. As you are aware the workforce challenge across the state and nation is significant and is impairing our businesses and communities from growing. The challenge is so great for some businesses that they have had to close their doors. The rural workforce housing program was conceived to provide workforce housing, eliminate blight, address the “appraisal gap”, and increase city coffers without raising taxes in communities with a population of 5,000 or less. This is all accomplished by asking the local leaders to identify the type of housing needed to address the workforce in a community (so its targeted) and to identify blighted properties in a community. The program provides a small grant to conduct the housing review and matching funds to acquire, demolish or rehab blighted properties and a requirement that the bare ground be sold for a \$1 to a willing builder. The builder then builds the workforce housing identified by the local leaders without any land cost and the infrastructure (water, sewer, roads, etc.) is already in place so there should be no need for special assessments. Once the new home is completed and sold it raises the property value from something nominal to over \$225,000. The secondary benefits of work for the skilled trades, sales tax collections for all the purchases made to build and occupy the home and the community pride from removing blighted properties are all tangible. We would like to work with almost 100 communities across the state and in each community, we would like to identify up to seven different properties in each community to transform. The average ROI for this investment is calculated at 7x! A big reason is the impact on property values such as the following general example...

Blighted property value - \$2,000 x 1% property tax = \$20 x 7 = \$140

New construction value - \$225,000 x 1% = \$2,250 x 7 = \$15,750 or \$15,610 annually

Thank you for your time and consideration. I will gladly stand for any questions. I would like to yield the floor to WF Director Katie Ralston to go over sections 38 and 39.