

**FIRST ENGROSSMENT
with Senate Amendments
ENGROSSED HOUSE BILL NO. 1014**

Introduced by

Appropriations Committee

1 A BILL for an Act to provide for an appropriation for defraying the expenses of the industrial
2 commission and the agencies under the management of the industrial commission; to create
3 and enact section 6-09.4-28 of the North Dakota Century Code, relating to the infrastructure
4 revolving loan fund debt repayments; to amend and reenact sections 6-09-49, 6-09.4-06, and
5 6-09.4-10, subsection 6 of section 21-03-07, sections 21-03-19, 54-17-40, 57-15-06.6, and
6 57-47-02, and subdivision f of subsection 1 of section 57-51-15 of the North Dakota Century
7 Code, relating to the infrastructure revolving loan fund, borrowing and lending authority, reserve
8 funds, expanded bonding authority for counties, the housing incentive fund, and the fund
9 balance of the abandoned oil and gas well plugging and site reclamation fund; to repeal section
10 61-02-78 of the North Dakota Century Code, relating to a revolving loan fund for water projects;
11 to provide a contingent authorization; to provide for a transfer; to provide a continuing
12 appropriation; to provide a bond issuance limitation; to provide an exemption; to provide for a
13 study; to provide a report; to provide a statement of legislative intent; to provide an effective
14 date; and to declare an emergency.

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

16 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds
17 as may be necessary, are appropriated out of any moneys in the general fund in the state
18 treasury, not otherwise appropriated, and from special funds derived from federal funds and
19 other income to the industrial commission and agencies under its control for the purpose of
20 defraying the expenses of the industrial commission and agencies under its control, for the
21 biennium beginning July 1, 2019, and ending June 30, 2021, as follows:

22 Subdivision 1.

23

INDUSTRIAL COMMISSION

Sixty-sixth
Legislative Assembly

		Adjustments or	
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
1			
2			
3	Salaries and wages	\$1,570,366	\$23,584,450
4	Operating expenses	814,339	6,120,227
5	Capital assets	5,000,000	5,000,000
6	Grants - bond payments	(2,701,717)	10,508,767
7	Contingencies	<u>7,807</u>	<u>229,544</u>
8	Total all funds	\$4,690,795	\$45,442,988
9	Less estimated income	<u>2,670,584</u>	<u>18,013,790</u>
10	Total general fund	\$2,020,211	\$27,429,198
11	Full-time equivalent positions	2.00	112.25

12 Subdivision 2.

13 BANK OF NORTH DAKOTA

		Adjustments or	
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
14			
15			
16	Bank of North Dakota operations	\$4,358,595	\$62,847,799
17	Capital assets	<u>700,000</u>	<u>1,510,000</u>
18	Total special funds	\$5,058,595	\$64,357,799
19	Full-time equivalent positions	0.00	181.50

20 Subdivision 3.

21 HOUSING FINANCE AGENCY

		Adjustments or	
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
22			
23			
24	Salaries and wages	\$616,959	\$8,509,015
25	Operating expenses	602,921	5,346,276
26	Grants	1,671,772	33,466,600
27	Housing finance agency contingencies	<u>0</u>	<u>100,000</u>
28	Total special funds	\$2,891,652	\$47,421,891
29	Full-time equivalent positions	0.00	44.00

30 Subdivision 4.

31 MILL AND ELEVATOR ASSOCIATION

Sixty-sixth
Legislative Assembly

		Adjustments or	
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
1			
2			
3	Salaries and wages	\$7,269,376	\$46,577,895
4	Operating expenses	1,642,000	29,837,000
5	Contingencies	0	500,000
6	Agriculture promotion	0	210,000
7	Total special funds	\$8,911,376	\$77,124,895
8	Full-time equivalent positions	4.00	157.00
9	Subdivision 5.		

		Adjustments or	
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
10	BILL TOTAL		
11			
12			
13	Grand total general fund	\$22,040,211	\$47,449,198
14	Grand total special funds	19,532,207	206,918,375
15	Grand total all funds	\$41,572,418	\$254,367,573

16 **SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO THE**
 17 **SIXTY-SEVENTH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time
 18 funding items approved by the sixty-fifth legislative assembly for the 2017-19 biennium and the
 19 2019-21 biennium one-time funding items included in the appropriation in section 1 of this Act:

	<u>One-Time Funding Description</u>	<u>2017-19</u>	<u>2019-21</u>
20			
21	Litigation	\$1,000,000	\$0
22	Industrial water supply asset study	150,000	0
23	Soil remediation studies	5,000,000	0
24	Survey review	800,000	0
25	Temporary employees	0	175,000
26	Radioactive waste advisory council	0	20,000
27	Rare earth elements study	0	160,000
28	Fracturing sand study	0	110,000
29	Oil database software upgrade	0	5,000,000
30	Total all funds	\$6,950,000	\$5,465,000

1	Less estimated income	<u>6,950,000</u>	<u>5,290,000</u>
2	Total general fund	\$0	\$175,000

3 The 2019-21 biennium one-time funding amounts are not a part of the entity's base budget
4 for the 2021-23 biennium. The industrial commission shall report to the appropriations
5 committees of the sixty-seventh legislative assembly on the use of this one-time funding for the
6 biennium beginning July 1, 2019, and ending June 30, 2021.

7 **SECTION 3. BOND PAYMENTS.** The amount of \$10,508,767 included in subdivision 1 of
8 section 1 of this Act in the grants - bond payments line item must be paid from the following
9 funding sources during the biennium beginning July 1, 2019, and ending June 30, 2021:

10	North Dakota university system		\$4,959,448
11	North Dakota university system - energy conservation projects		415,664
12	Department of corrections and rehabilitation		689,299
13	Department of corrections and rehabilitation - energy conservation projects		16,180
14	State department of health		644,884
15	Job service North Dakota		434,847
16	Office of management and budget		567,125
17	Attorney general's office		647,500
18	State historical society		1,177,875
19	Parks and recreation department		66,875
20	Research and extension service		483,337
21	Veterans' home		<u>405,733</u>
22	Total		\$10,508,767

23 **SECTION 4. APPROPRIATION - HOUSING FINANCE AGENCY - ADDITIONAL INCOME.**

24 In addition to the amount appropriated to the housing finance agency in subdivision 3 of
25 section 1 of this Act, there is appropriated any additional income or unanticipated income from
26 federal or other funds which may become available to the agency for the biennium beginning
27 July 1, 2019, and ending June 30, 2021. The housing finance agency shall notify the office of
28 management and budget and the legislative council of any additional income or unanticipated
29 income that becomes available to the agency resulting in an increase in appropriation authority.

30 **SECTION 5. APPROPRIATION - 2017-19 BIENNIUM - PUBLIC FINANCE AUTHORITY -**
31 **EXEMPTION.** There is appropriated out of any moneys in the general fund in the state treasury,

1 not otherwise appropriated, the sum of \$26,000,000, or so much of the sum as may be
2 necessary, to the public finance authority for the purpose of debt service repayments associated
3 with bonds issued to support the infrastructure revolving loan fund and the resources trust fund,
4 for the period beginning with the effective date of this Act and ending June 30, 2019. The
5 funding provided in this section is not subject to section 54-44.1-11 and may be continued into
6 the biennium beginning July 1, 2019, and ending June 30, 2021.

7 **SECTION 6. APPROPRIATION - BANK OF NORTH DAKOTA - LINE OF CREDIT.** The
8 Bank of North Dakota may extend a line of credit, not to exceed \$100,000,000, to the
9 infrastructure revolving loan fund established under section 6-09-49. The Bank may access the
10 line of credit, to the extent necessary, the sum of which is appropriated, for the purpose of
11 financing loans under the infrastructure revolving loan fund prior to a bond issuance by the
12 public finance authority, for the biennium beginning July 1, 2019, and ending June 30, 2021.
13 The interest rate associated with the line of credit must be the same as the prevailing interest
14 rate charged by the Bank to North Dakota governmental entities. If a line of credit is extended
15 pursuant to this section, the Bank shall repay the line of credit from bond proceeds associated
16 with the bonds issued by the public finance authority to support the infrastructure revolving loan
17 fund.

18 **SECTION 7. APPROPRIATION - TRANSFER GENERAL FUND TO HIGH-LEVEL**
19 **RADIOACTIVE WASTE FUND.** There is appropriated out of any moneys in the general fund in
20 the state treasury, not otherwise appropriated, the sum of \$20,000, which the office of
21 management and budget shall transfer to the high-level radioactive waste fund during the
22 biennium beginning July 1, 2019, and ending June 30, 2021. The funding provided in this
23 section is considered a one-time funding item.

24 **SECTION 8. APPROPRIATION - TRANSFER GENERAL FUND TO HOUSING**
25 **INCENTIVE FUND.** There is appropriated out of any moneys in the general fund in the state
26 treasury, not otherwise appropriated, the sum of \$20,000,000, which the office of management
27 and budget shall transfer to the housing incentive fund during the biennium beginning July 1,
28 2019, and ending June 30, 2021. The funding provided in this section is considered a one-time
29 funding item.

30 **SECTION 9. CONTINGENT FUNDING - INDUSTRIAL COMMISSION.** The amount of
31 \$229,544 from the general fund and two full-time equivalent positions included in subdivision 1

1 of section 1 of this Act may be spent only in accordance with the provisions of this section. The
2 industrial commission shall notify the office of management and budget and the legislative
3 council when the total number of wells capable of production and injection exceeds twenty
4 thousand eight hundred. Subject to budget section approval, the industrial commission may
5 spend \$229,544 from the contingencies line item and may hire two full-time equivalent positions
6 if the total number of oil wells capable of production and injection exceeds twenty thousand
7 eight hundred.

8 **SECTION 10. TRANSFER - ENTITIES UNDER THE CONTROL OF THE INDUSTRIAL**
9 **COMMISSION TO INDUSTRIAL COMMISSION FUND.** The sum of \$1,172,603, or so much of
10 the sum as may be necessary, included in the appropriation in subdivision 1 of section 1 of this
11 Act, may be transferred from the entities within the control of the industrial commission or
12 entities directed to make payments to the industrial commission fund for administrative services
13 rendered by the commission. Transfers must be made during the biennium beginning July 1,
14 2019, and ending June 30, 2021, upon order of the commission. Transfers from the student
15 loan trust fund must be made to the extent permitted by sections 54-17-24 and 54-17-25.

16 **SECTION 11. TRANSFER - BANK OF NORTH DAKOTA PROFITS TO GENERAL FUND.**
17 The industrial commission shall transfer to the general fund \$140,000,000 from the current
18 earnings and the accumulated profits of the Bank of North Dakota during the biennium
19 beginning July 1, 2019, and ending June 30, 2021. The moneys must be transferred in the
20 amounts and at the times requested by the director of the office of management and budget
21 after consultation with the Bank of North Dakota president. For legislative council budget status
22 reporting purposes, the transfer under this section is considered an ongoing revenue source.

23 **SECTION 12. TRANSFER - PARTNERSHIP IN ASSISTING COMMUNITY EXPANSION.**
24 The Bank of North Dakota shall transfer the sum of \$26,000,000, or so much of the sum as may
25 be necessary, from the Bank's current earnings and undivided profits to the partnership in
26 assisting community expansion fund during the biennium beginning July 1, 2019, and ending
27 June 30, 2021.

28 **SECTION 13. TRANSFER - AGRICULTURE PARTNERSHIP IN ASSISTING COMMUNITY**
29 **EXPANSION.** The Bank of North Dakota shall transfer the sum of \$3,000,000, or so much of the
30 sum as may be necessary, from the Bank's current earnings and undivided profits to the

1 agriculture partnership in assisting community expansion fund during the biennium beginning
2 July 1, 2019, and ending June 30, 2021.

3 **SECTION 14. TRANSFER - BIOFUELS PARTNERSHIP IN ASSISTING COMMUNITY**

4 **EXPANSION.** The Bank of North Dakota shall transfer the sum of \$1,000,000, or so much of the
5 sum as may be necessary, from the Bank's current earnings and undivided profits to the
6 biofuels partnership in assisting community expansion fund during the biennium beginning
7 July 1, 2019, and ending June 30, 2021.

8 **SECTION 15. TRANSFER - BEGINNING FARMER REVOLVING LOAN FUND.** The Bank
9 of North Dakota shall transfer the sum of \$6,000,000, or so much of the sum as may be
10 necessary, from the Bank's current earnings and undivided profits to the beginning farmer
11 revolving loan fund during the biennium beginning July 1, 2019, and ending June 30, 2021.

12 **SECTION 16. TRANSFER - NORTH DAKOTA DEVELOPMENT FUND.** The Bank of North
13 Dakota shall transfer the sum of \$15,000,000, or so much of the sum as may be necessary,
14 from the Bank's current earnings and undivided profits to the North Dakota development fund
15 established under chapter 10-30.5 during the biennium beginning July 1, 2019, and ending
16 June 30, 2021. Funding transferred under this section must be used to purchase existing
17 venture capital assets held by the Bank of North Dakota.

18 **SECTION 17. TRANSFER INFRASTRUCTURE REVOLVING LOAN FUND FOR WATER**
19 **PROJECTS TO INFRASTRUCTURE REVOLVING LOAN FUND.** The state water commission
20 shall transfer any outstanding loans from the infrastructure revolving loan fund under section
21 61-02-78 to the infrastructure revolving loan fund during the biennium beginning July 1, 2019,
22 and ending June 30, 2021.

23 **SECTION 18. ESTIMATED INCOME - STRATEGIC INVESTMENT AND IMPROVEMENTS**
24 **FUND.** The operating expenses line item and the estimated income line item in subdivision 1 of
25 section 1 of this Act include \$270,000 from the strategic investment and improvements fund for
26 a rare earth element study and a fracturing sand study.

27 **SECTION 19. ESTIMATED INCOME - ABANDONED OIL AND GAS WELL PLUGGING**
28 **AND SITE RECLAMATION FUND.** The capital assets line item and the estimated income line
29 item in subdivision 1 of section 1 of this Act include \$5,000,000 from the abandoned oil and gas
30 well plugging and site reclamation fund for a risk-based data management system information
31 technology project.

1 **SECTION 20. ESTIMATED INCOME - HIGH-LEVEL RADIOACTIVE WASTE FUND.** The
2 operating expenses line item and the estimated income line item in subdivision 1 of section 1 of
3 this Act include \$20,000 from the high-level radioactive waste fund for reimbursing travel and
4 other expenses of the high-level radioactive waste advisory council.

5 **SECTION 21. AMENDMENT.** Section 6-09-49 of the North Dakota Century Code is
6 amended and reenacted as follows:

7 **~~6-09-49. Infrastructure revolving loan fund – Continuing appropriation.~~**

- 8 1. ~~The infrastructure revolving loan fund is a special fund in the state treasury from which~~
9 ~~the Bank of North Dakota shall provide loans to political subdivisions for essential~~
10 ~~infrastructure projects. The Bank shall administer the infrastructure revolving loan~~
11 ~~fund. The maximum term of a loan made under this section is thirty years. A loan~~
12 ~~made from the fund under this section must have an interest rate that does not exceed~~
13 ~~two percent per year.~~
- 14 2. ~~For purposes of this section, "essential infrastructure projects" means capital~~
15 ~~construction projects for the following:~~
- 16 a. ~~New or replacement of existing water treatment plants;~~
- 17 b. ~~New or replacement of existing wastewater treatment plants;~~
- 18 c. ~~New or replacement of existing sewer lines and water lines; and~~
- 19 d. ~~New or replacement of existing storm water and transportation infrastructure,~~
20 ~~including curb and gutter construction.~~
- 21 3. ~~In processing political subdivision loan applications under this section, the Bank shall~~
22 ~~calculate the maximum loan amount for which a qualified applicant may qualify, not to~~
23 ~~exceed fifteen million dollars per loan. The Bank shall consider the applicant's ability to~~
24 ~~repay the loan when processing the application and shall issue loans only to~~
25 ~~applicants that provide reasonable assurance of sufficient future income to repay the~~
26 ~~loan.~~
- 27 4. ~~The Bank shall deposit in the infrastructure revolving loan fund all payments of interest~~
28 ~~and principal paid under loans made from the infrastructure revolving loan fund. The~~
29 ~~Bank may use a portion of the interest paid on the outstanding loans as a servicing fee~~
30 ~~to pay for administrative costs which may not exceed one half of one percent of the~~
31 ~~amount of the interest payment. All moneys transferred to the fund, interest upon~~

1 moneys in the fund, and payments to the fund of principal and interest are
2 appropriated to the Bank on a continuing basis for administrative costs and for loan
3 disbursement according to this section.

4 5. ~~The Bank may adopt policies and establish guidelines to administer this loan program
5 in accordance with the provisions of this section and to supplement and leverage the
6 funds in the infrastructure revolving loan fund. Additionally, the Bank may adopt
7 policies allowing participation by local financial institutions.~~

8 **Infrastructure revolving loan fund - Bank of North Dakota - Continuing appropriation.**

9 1. The infrastructure revolving loan fund is a special fund in the state treasury
10 administered by the Bank of North Dakota. The Bank shall use moneys in the fund to
11 provide loans to political subdivisions for eligible infrastructure projects pursuant to
12 subsections 6 and 7 and to provide loans to institutions of higher education for eligible
13 infrastructure projects pursuant to subsection 8.

14 2. The Bank may adopt policies and establish guidelines to administer the loan program
15 in accordance with this section, including policies to supplement and leverage the
16 moneys in the fund and policies to allow participation by local financial institutions. A
17 loan made from the fund must have an interest rate that does not exceed two percent
18 per year. The maximum term of a loan for an infrastructure project under
19 subsections 6 and 8 is thirty years, and the maximum term of a loan for an
20 infrastructure project under subsection 7 is forty years.

21 3. All principal and interest payments received on loans made from the infrastructure
22 revolving loan fund must be deposited into the fund. The Bank may use a portion of
23 the interest paid on the outstanding loans as a servicing fee to pay administrative
24 costs, which may not exceed one-half of one percent of the amount of the interest
25 payment. All moneys transferred to the fund, interest upon moneys in the fund, and
26 payments to the fund of principal and interest are appropriated to the Bank on a
27 continuing basis for administrative costs and for loan disbursement under this section.

28 4. An applicant shall issue an evidence of indebtedness as authorized by law. An
29 institution of higher education shall identify at least one funding source for the debt
30 repayment, including:

31 a. Tuition or fee revenue collected by the institution of higher education;

- 1 b. Distributions of state aid received by the institution of higher education under
2 chapter 15-18.2; or
- 3 c. Other sources of revenue.
- 4 5. In processing loan applications under this section, the Bank shall calculate the
5 maximum loan amount available to a qualified applicant. Each applicant may have no
6 more than twenty-five million dollars of outstanding loans from the fund for
7 infrastructure projects under subsections 6 and 8. The Bank shall consider the ability
8 of the applicant to repay the loan when processing the application and shall issue
9 loans only to applicants that provide reasonable assurance of sufficient future income
10 to repay the loan. If an infrastructure project qualifies for funding through the state
11 revolving fund established pursuant to chapters 61-28.1 and 61-28.2, the Bank shall
12 verify the loan application is for the portion of the project that is ineligible to receive
13 funding from the state revolving fund.
- 14 6. Eligible infrastructure projects are capital construction projects to construct new
15 infrastructure or to replace existing infrastructure which provide the fixed installations
16 necessary for the function of a political subdivision and are in the best interest of the
17 public. Except for routine maintenance and repair projects, eligible capital construction
18 projects include:
- 19 a. Water treatment plants;
20 b. Wastewater treatment plants;
21 c. Sewer lines and water lines, including lift stations and pumping systems;
22 d. Water storage systems, including dams, water tanks, and water towers;
23 e. Storm water infrastructure, including curb and gutter construction;
24 f. Road and bridge infrastructure, including paved and unpaved roads and bridges;
25 g. Airport infrastructure;
26 h. Electricity transmission infrastructure;
27 i. Natural gas transmission infrastructure; and
28 j. Communications infrastructure, excluding fiber optic infrastructure.
- 29 7. Eligible infrastructure projects are capital construction projects to construct new
30 infrastructure or to replace existing infrastructure which provide the fixed installations
31 necessary for the function of a political subdivision and are in the best interest of the

- 1 public. Except for routine maintenance and repair projects, eligible capital construction
2 projects include:
3 a. Flood control;
4 b. Water supply; and
5 c. Water management.
6 8. Eligible infrastructure projects for institutions of higher education are capital
7 construction projects to construct new infrastructure or to replace existing
8 infrastructure which provide the fixed installations necessary for the function of the
9 institution and are in the best interest of the public. Except for routine maintenance
10 and repair projects, eligible capital construction projects include:
11 a. Sewer lines and water lines;
12 b. Storm water infrastructure, including curb and gutter construction; and
13 c. Road infrastructure.

14 **SECTION 22. AMENDMENT.** Section 6-09.4-06 of the North Dakota Century Code is
15 amended and reenacted as follows:

16 **6-09.4-06. Lending and borrowing powers generally.**

- 17 1. The public finance authority may lend money to political subdivisions or other
18 contracting parties through the purchase or holding of municipal securities which, in
19 the opinion of the attorney general, are properly eligible for purchase or holding by the
20 public finance authority under this chapter or chapter 40-57 and for purposes of the
21 public finance authority's capital financing program the principal amount of any one
22 issue does not exceed five hundred thousand dollars. However, the public finance
23 authority may lend money to political subdivisions through the purchase of securities
24 issued by the political subdivisions through the capital financing program without
25 regard to the principal amount of the bonds issued, if the industrial commission
26 approves a resolution that authorizes the public finance authority to purchase the
27 securities. The capital financing program authorizing resolution must state that the
28 industrial commission has determined that private bond markets will not be responsive
29 to the needs of the issuing political subdivision concerning the securities or, if it
30 appears that the securities can be sold through private bond markets without the
31 involvement of the public finance authority, the authorizing resolution must state

1 reasons for the public finance authority's involvement in the bond issue. The public
2 finance authority may hold such municipal securities for any length of time it finds to
3 be necessary. The public finance authority, for the purposes authorized by this chapter
4 or chapter 40-57, may issue its bonds payable solely from the revenues available to
5 the public finance authority which are authorized or pledged for payment of public
6 finance authority obligations, and to otherwise assist political subdivisions or other
7 contracting parties as provided in this chapter or chapter 40-57.

8 2. The public finance authority may lend or transfer money to the Bank of North Dakota
9 underas follows:

10 a. Under terms and conditions requiring the Bank to use the proceeds to make
11 loans for agricultural improvements that qualify for assistance under the revolving
12 loan fund program established by chapter 61-28.2; and
13 b. Under terms and conditions requiring the Bank to use the transferred proceeds to
14 make loans for infrastructure projects that qualify for assistance under the
15 infrastructure revolving loan fund established under section 6-09-49 and to use
16 the transferred proceeds to support the resources trust fund. Bonds issued for
17 this purpose are payable in each biennium solely from amounts the legislative
18 assembly may appropriate for debt service for any biennium or from a reserve
19 fund established for the bonds. This section does not require the state to
20 appropriate funds sufficient to make debt service payments with respect to the
21 bonds or replenish a related reserve fund. The bonds are not a debt of the Bank
22 or the state, and the full faith, credit, and taxing powers of the state are not
23 pledged to the payment of the bonds. The obligation of the public finance
24 authority with respect to the bonds must terminate and the bonds are no longer
25 outstanding as of the date appropriated funds and reserves are insufficient to pay
26 debt service on the bonds. In addition to providing funds for transfers to the Bank,
27 the public finance authority may use the bond proceeds to pay the costs of
28 issuance of the bonds and establish a reserve fund for the bonds.

29 3. Bonds of the public finance authority issued under this chapter or chapter 40-57 are
30 not in any way a debt or liability of the state and do not constitute a loan of the credit of
31 the state or create any debt or debts, liability or liabilities, on behalf of the state, or

1 constitute a pledge of the faith and credit of the state, but all such bonds are payable
2 solely from revenues pledged or available for their payment as authorized in this
3 chapter. Each bond must contain on its face a statement to the effect that the public
4 finance authority is obligated to pay such principal or interest, and redemption
5 premium, if any, and that neither the faith and credit nor the taxing power of the state
6 is pledged to the payment of the principal of or the interest on such bonds. Specific
7 funds pledged to fulfill the public finance authority's obligations are obligations of the
8 public finance authority.

9 4. All expenses incurred in carrying out the purposes of this chapter or chapter 40-57 are
10 payable solely from revenues or funds provided or to be provided under this chapter or
11 chapter 40-57 and nothing in this chapter may be construed to authorize the public
12 finance authority to incur any indebtedness or liability on behalf of or payable by the
13 state.

14 **SECTION 23. AMENDMENT.** Section 6-09.4-10 of the North Dakota Century Code is
15 amended and reenacted as follows:

16 **6-09.4-10. Reserve fund.**

17 1. The public finance authority shall establish and maintain a reserve fund in which there
18 must be deposited all moneys appropriated by the state for the purpose of the fund, all
19 proceeds of bonds required to be deposited therein by terms of any contract between
20 the public finance authority and its bondholders or any resolution of the public finance
21 authority with respect to the proceeds of bonds, any other moneys or funds of the
22 public finance authority which it determines to deposit therein, any contractual right to
23 the receipt of moneys by the public finance authority for the purpose of the fund,
24 including a letter of credit or similar instrument, and any other moneys made available
25 to the public finance authority only for the purposes of the fund from any other source
26 or sources. Moneys in the reserve fund must be held and applied solely to the
27 payment of the interest on and the principal of bonds and sinking fund payments as
28 the same become due and payable and for the retirement of bonds, including payment
29 of any redemption premium required to be paid when any bonds are redeemed or
30 retired prior to maturity. Moneys in the reserve fund may not be withdrawn therefrom if
31 the withdrawal would reduce the amount in the reserve fund to an amount less than

1 the required debt service reserve, except for payment of interest then due and payable
2 on bonds and the principal of bonds then maturing and payable and sinking fund
3 payments and for the retirement of bonds in accordance with the terms of any contract
4 between the public finance authority and its bondholders and for the payments on
5 account of which interest or principal or sinking fund payments or retirement of bonds,
6 other moneys of the public finance authority are not then available in accordance with
7 the terms of the contract. The required debt service reserve must be an aggregate
8 amount equal to at least the largest amount of money required by the terms of all
9 contracts between the public finance authority and its bondholders to be raised in the
10 then current or any succeeding calendar year for the payment of interest on and
11 maturing principal of outstanding bonds, and sinking fund payments required by the
12 terms of any contracts to sinking funds established for the payment or redemption of
13 the bonds.

14 2. If the establishment of the reserve fund for an issue or the maintenance of an existing
15 reserve fund at a required level under this section would necessitate the investment of
16 all or any portion of a new reserve fund or all or any portion of an existing reserve fund
17 at a restricted yield, because to not restrict the yield may cause the bonds to be
18 taxable under the Internal Revenue Code, then at the discretion of the public finance
19 authority no reserve fund need be established prior to the issuance of bonds or the
20 reserve fund need not be funded to the levels required by other subsections of this
21 section or an existing reserve fund may be reduced.

22 3. No bonds may be issued by the public finance authority unless there is in the reserve
23 fund the required debt service reserve for all bonds then issued and outstanding and
24 the bonds to be issued. Nothing in this chapter prevents or precludes the public
25 finance authority from satisfying the foregoing requirement by depositing so much of
26 the proceeds of the bonds to be issued, upon their issuance, as is needed to achieve
27 the required debt service reserve. The public finance authority may at any time issue
28 its bonds or notes for the purpose of providing any amount necessary to increase the
29 amount in the reserve fund to the required debt service reserve, or to meet such
30 higher or additional reserve as may be fixed by the public finance authority with
31 respect to such fund.

- 1 4. In order to assure the maintenance of the required debt service reserve, there shall be
2 appropriated by the legislative assembly and paid to the public finance authority for
3 deposit in the reserve fund, such sum, if any, as shall be certified by the industrial
4 commission as necessary to restore the reserve fund to an amount equal to the
5 required debt service reserve. However, the commission may approve a resolution for
6 the issuance of bonds, as provided by section 6-09.4-06, which states in substance
7 that this subsection is not applicable to the required debt service reserve for bonds
8 issued under that resolution.
- 9 5. If the maturity of a series of bonds of the public finance authority is three years or less
10 from the date of issuance of the bonds, the public finance authority may determine that
11 no reserve fund need be established for that respective series of bonds. If such a
12 determination is made, holders of that respective series of bonds may have no interest
13 in or claim on existing reserve funds established for the security of the holders of
14 previously issued public finance authority bonds, and may have no interest in or claim
15 on reserve funds established for the holders of subsequent issues of bonds of the
16 public finance authority.
- 17 6. The industrial commission may determine ~~that~~ this section is inapplicable in whole or
18 in part for bonds issued ~~under section~~ as follows:
- 19 a. Under section 6-09.4-06 and as authorized by the sixty-sixth legislative
20 assembly;
- 21 b. Under section 6-09.4-24; or under
- 22 c. Under the public finance authority's state revolving fund program.

23 **SECTION 24.** Section 6-09.4-28 of the North Dakota Century Code is created and enacted
24 as follows:

25 **6-09.4-28. Debt service requirements - Infrastructure revolving loan fund - Resources**
26 **trust fund.**

27 Each biennium, the public finance authority shall request from the legislative assembly an
28 appropriation from the general fund to meet the debt service requirements for evidences of
29 indebtedness issued by the authority to support the infrastructure revolving loan fund and the
30 resources trust fund.

1 **SECTION 25. AMENDMENT.** Subsection 6 of section 21-03-07 of the North Dakota
2 Century Code is amended and reenacted as follows:

3 6. The governing body of any county may also by resolution adopted by a two-thirds vote
4 dedicate the tax levy authorized by section 57-15-06.6 and subsection 5 of
5 section 57-15-06.7 and may authorize and issue general obligation bonds to be paid
6 by the dedicated levy for the ~~purpose of providing funds for the purchase, construction,~~
7 ~~reconstruction, or repair of regional or county correction centers, or parks and~~
8 ~~recreational facilities~~purposes identified under section 57-15-06.6 and subsection 5 of
9 section 57-15-06.7; provided, that the initial resolution authorizing the tax levy
10 dedication and general obligation bonds must be published in the official newspaper,
11 and any owner of taxable property within the county may, within sixty days after
12 publication, file with the county auditor a protest against the adoption of the resolution.
13 Protests must be in writing and must describe the property which is the subject of the
14 protest. If the governing body finds such protests to have been signed by the owners
15 of taxable property having an assessed valuation equal to five percent or more of the
16 assessed valuation of all taxable property within the county, as theretofore last finally
17 equalized, all further proceedings under the initial resolution are barred.

18 **SECTION 26. AMENDMENT.** Section 21-03-19 of the North Dakota Century Code is
19 amended and reenacted as follows:

20 **21-03-19. Bonds - Terms.**

21 Bonds issued under this chapter must be authorized by resolution, bear such date or dates,
22 be in such denomination or denominations, be in such form, be subject to redemption with or
23 without premium, and be subject to such other terms or conditions as in the judgment of the
24 municipality are in the public interest of the municipality, and must provide that the last
25 installment of principal falls due not more than twenty years from the date of the bonds or not
26 more than thirty years for bonds sold to the entities under section 21-03-30. The requirements
27 of this section apply to each new issue of bonds, or if so determined by the governing body, to
28 the bonds of a new issue combined with all of the outstanding bonds of one or more designated
29 issues of bonds previously issued and similarly payable from taxes or other sources of
30 revenues, or both, as the case may be.

1 **SECTION 27. AMENDMENT.** Section 54-17-40 of the North Dakota Century Code is
2 amended and reenacted as follows:

3 **54-17-40. Housing incentive fund - Continuing appropriation - Report to budget**
4 **section.**

- 5 1. The housing incentive fund is created as a special revolving fund at the Bank of North
6 Dakota. The housing finance agency may direct disbursements from the fund and a
7 continuing appropriation from the fund is provided for that purpose.
- 8 2. a. After a public hearing, the housing finance agency shall create an annual
9 allocation plan for the distribution of the fund. At least ~~twenty-five~~fifteen percent of
10 the fund must be used to assist developing communities to address an unmet
11 housing need or alleviate a housing shortage.
- 12 b. The annual allocation plan must give first priority ~~through its scoring and ranking~~
13 ~~process to housing for essential service workers. For purposes of this subsection,~~
14 ~~"essential service workers" means individuals employed by a city, county, school~~
15 ~~district, medical or long term care facility, the state of North Dakota, or others as~~
16 ~~determined by the housing finance agency who fulfill an essential public service.~~
- 17 c. ~~The second priority in the annual allocation plan must be to provide housing for~~
18 ~~individuals and families of low or moderate income. For purposes of this second~~
19 ~~priority, eligible income limits are determined as a percentage of median family~~
20 ~~income as published in the most recent federal register notice. Under this second~~
21 ~~priority, the annual allocation plan must give preference to projects that benefit~~
22 ~~households with the lowest income and to projects that have rent restrictions at~~
23 ~~or below department of housing and urban development published federal fair~~
24 ~~market rents or department of housing and urban development section 8~~
25 ~~payment standards.~~
- 26 3. The housing finance agency shall adopt guidelines for the fund so as to address
27 unmet housing needs in this state. Assistance from the fund may be used solely for:
- 28 a. New construction, rehabilitation, or acquisition of a multifamily housing project;
29 b. Gap assistance, matching funds, and accessibility improvements;

- 1 c. Assistance that does not exceed the amount necessary to qualify for a loan using
2 underwriting standards acceptable for secondary market financing or to make the
3 project feasible; and
- 4 d. Rental assistance, emergency assistance, or targeted supportive services
5 designated to prevent homelessness.
- 6 4. Eligible recipients include units of local, state, and tribal government; local and tribal
7 housing authorities; community action agencies; regional planning councils; and
8 nonprofit organizations and for-profit developers of multifamily housing. Individuals
9 may not receive direct assistance from the fund.
- 10 5. Except for subdivision d of subsection 3, assistance is subject to repayment or
11 recapture under the guidelines adopted by the housing finance agency. Any
12 assistance that is repaid or recaptured must be deposited in the fund and is
13 appropriated on a continuing basis for the purposes of this section.
- 14 6. The agency may collect a reasonable administrative fee from the fund, project
15 developers, applicants, or grant recipients. The origination fee assessed to grant
16 recipients may not exceed five percent of the project award.
- 17 7. ~~The housing finance agency shall maintain a register reflecting the number of housing~~
18 ~~units owned or master leased by cities, counties, school districts, or other employers~~
19 ~~of essential service workers. This register must also reflect those entities that are~~
20 ~~providing rent subsidies for their essential workers.~~
- 21 8. Upon request, the housing finance agency shall report to the industrial commission
22 regarding the activities of the housing incentive fund.
- 23 9.8. At least once per biennium, the housing finance agency shall provide a report to the
24 budget section of the legislative management regarding the activities of the housing
25 incentive fund. The report must include the following:
- 26 a. ~~The overall number of units owned, master leased, or subsidized by political~~
27 ~~subdivisions or other employers of essential service workers; and~~
- 28 b. ~~A listing of projects approved and the number of units within those projects that~~
29 ~~provide housing for essential service workers.~~

30 **SECTION 28. AMENDMENT.** Section 57-15-06.6 of the North Dakota Century Code is
31 amended and reenacted as follows:

1 **57-15-06.6. County capital projects levy.**

2 1. The board of county commissioners of each county may levy an annual tax not
3 exceeding ten mills plus any voter-approved additional levy as provided in
4 subsection 8 of section 57-15-06.7 for the purpose of the following capital projects:

5 ~~4.~~ a. Constructing and equipping and maintaining structural and mechanical
6 components of regional or county corrections centers or for the purpose of
7 contracting for corrections center space capacity from another public or private
8 entity.

9 ~~2.~~ b. Acquiring real estate as a site for public parks and construction and equipping
10 and maintaining structural and mechanical components of recreational facilities
11 under section 11-28-06.

12 ~~3.~~ c. Acquiring real estate as a site for county buildings and operations and
13 constructing and equipping and maintaining structural and mechanical
14 components of county buildings and property.

15 ~~4.~~ d. Acquiring real estate as a site for county fair buildings and operations and
16 constructing and equipping and maintaining structural and mechanical
17 components of county fair buildings and property as provided in section 4-02-26.

18 ~~5.~~ e. Acquiring and developing real estate, capital improvements, buildings, pavement,
19 equipment, and debt service associated with financing for county supported
20 airports or airport authorities.

21 ~~6.~~ f. Expenditures for the cost of leasing as an alternative means of financing for any
22 of the purposes for which expenditures are authorized under
23 ~~subsections 1~~subdivisions a through 5e.

24 ~~g.~~ g. Improvement of the county road system, including the acquisition of land,
25 construction of new paved and unpaved roads and bridges, replacement of
26 existing paved and unpaved roads and bridges, and maintenance and repair of
27 existing paved and unpaved roads and bridges.

28 2. Any voter-approved levy for the purposes specified in this section approved by the
29 electors before January 1, 2015, remains effective through 2024 or the period of time
30 for which it was approved by the electors, whichever is less, under the provisions of
31 law in effect at the time it was approved. After January 1, 2015, approval or

1 reauthorization by electors of increased levy authority under this section may not be
2 effective for more than ten taxable years.

3 **SECTION 29. AMENDMENT.** Section 57-47-02 of the North Dakota Century Code is
4 amended and reenacted as follows:

5 **57-47-02. County authorized to borrow - Term - Interest rate.**

6 Whenever in the judgment of the board of county commissioners all taxes authorized to be
7 levied in any one year for general or special county purposes are insufficient to carry on the
8 primary governmental functions, or to pay the mandatory obligations imposed by law upon a
9 county, then such a county may borrow money in such an amount as the board shall determine
10 to be necessary to meet the deficiencies existing in its general or special funds, or to carry on
11 primary governmental functions, and to pay mandatory obligations. For the purpose of
12 borrowing, a county may issue evidences of indebtedness, which must consist of an agreement
13 by the county to pay a stated sum on a specified date, or on or before a specified date, not
14 more than ~~five~~twenty years in the future, together with interest thereon at a rate or rates
15 resulting in an average annual net interest cost not to exceed twelve percent per annum if sold
16 privately, or with no interest rate ceiling if sold at a public sale or to the state of North Dakota or
17 any of its agencies or instrumentalities. A public sale must comply with the procedures set out in
18 chapter 21-03. There is no requirement for an advertisement for bids if an evidence of
19 indebtedness is sold privately or to the state of North Dakota or any of its agencies or
20 instrumentalities.

21 **SECTION 30. AMENDMENT.** Subdivision f of subsection 1 of section 57-51-15 of the North
22 Dakota Century Code is amended and reenacted as follows:

- 23 f. (1) For the period beginning September 1, 2017, and ending August 31, 2019,
24 the state treasurer shall allocate four percent of the amount available under
25 this subsection to the abandoned oil and gas well plugging and site
26 reclamation fund, but not in an amount exceeding four million dollars per
27 fiscal year and not in an amount that would bring the balance in the fund to
28 more than ~~one hundred~~fifty million dollars.
- 29 (2) After August 31, 2019, the state treasurer shall allocate four percent of the
30 amount available under this subsection to the abandoned oil and gas well
31 plugging and site reclamation fund, but not in an amount exceeding seven

1 million five hundred thousand dollars per fiscal year and not in an amount
2 that would bring the balance in the fund to more than ~~one hundred~~fifty
3 million dollars.

4 **SECTION 31. REPEAL.** Section 61-02-78 of the North Dakota Century Code is repealed.

5 **SECTION 32. PUBLIC FINANCE AUTHORITY - BOND ISSUANCE LIMITATION.** Pursuant
6 to the bonding authority under section 6-09.4-06, the public finance authority may issue up to
7 \$500,000,000 of evidences of indebtedness, but not in an amount that would cause the
8 repayments to exceed \$55,000,000 per biennium, for the purpose of supporting the
9 infrastructure revolving loan fund and the resources trust fund during the biennium beginning
10 July 1, 2019, and ending June 30, 2021. Of the total evidences of indebtedness issued by the
11 public finance authority, an amount equal to the outstanding principal balance of loans
12 transferred under section 17 of this Act must be used to support the resources trust fund, and
13 the remaining amount must be used to support the infrastructure revolving loan fund. The term
14 of any evidences of indebtedness issued under this section may not exceed thirty years. The
15 public finance authority may issue bond anticipation notes for the purpose of financing loans
16 under the infrastructure revolving loan fund prior to a bond issuance.

17 **SECTION 33. EXEMPTION - OIL AND GAS TAX REVENUE ALLOCATIONS - NORTH**
18 **DAKOTA OUTDOOR HERITAGE FUND.** Notwithstanding the provisions of section 57-51-15
19 relating to the allocations to the North Dakota outdoor heritage fund, for the period beginning
20 September 1, 2019, and ending August 31, 2021, the state treasurer shall allocate eight percent
21 of the oil and gas gross production tax revenue available under subsection 1 of section
22 57-51-15 to the North Dakota outdoor heritage fund, but not in an amount exceeding
23 \$7,500,000 per fiscal year.

24 **SECTION 34. EXEMPTION - OIL AND GAS TAX REVENUE ALLOCATIONS - OIL AND**
25 **GAS RESEARCH FUND - PILOT PROJECT FOR UNDERGROUND GAS STORAGE.**

26 1. Notwithstanding the provisions of section 57-51.1-07.3 relating to the allocations to the
27 oil and gas research fund, for the period beginning August 1, 2019, and ending
28 July 31, 2021, the state treasurer shall deposit two percent of the oil and gas gross
29 production tax and oil extraction tax revenues, up to \$18,000,000, into the oil and gas
30 research fund before depositing oil and gas tax revenues under section 57-51.1-07.5.

1 2. Pursuant to the continuing appropriation in section 57-51.1-07.3, the industrial
2 commission shall use \$8,000,000, or so much of the sum as may be necessary, from
3 the oil and gas research fund to contract with the energy and environmental research
4 center for pilot projects relating to the underground storage of produced natural gas.
5 The pilot projects may include studies and demonstration projects. During the 2019-20
6 interim, the energy and environmental research center shall provide quarterly reports
7 to the industrial commission and at least one report to the legislative management
8 regarding the results and recommendations of the pilot project.

9 **SECTION 35. EXEMPTION - INDUSTRIAL COMMISSION FUND.** The amount of
10 \$1,103,779 appropriated to the industrial commission in subdivision 1 of section 1 of chapter 39
11 of the 2017 Session Laws and transferred pursuant to section 8 of chapter 39 of the
12 2017 Session Laws is not subject to the provisions of section 54-44.1-11. Any unexpended
13 funds from this appropriation are available to the industrial commission for administrative
14 services rendered by the commission during the biennium beginning July 1, 2019, and ending
15 June 30, 2021.

16 **SECTION 36. EXEMPTION - SURVEY REVIEW - STRATEGIC INVESTMENT AND**
17 **IMPROVEMENTS FUND.** The amount of \$800,000 appropriated from the strategic investment
18 and improvements fund in section 2 of chapter 426 of the 2017 Session Laws is not subject to
19 section 54-44.1-11. Any unexpended funds from this appropriation are available to the industrial
20 commission for expert legal testimony associated with the survey review during the biennium
21 beginning July 1, 2019, and ending June 30, 2021.

22 **SECTION 37. LIGNITE RESEARCH, DEVELOPMENT, AND MARKETING PROGRAM -**
23 **LIGNITE MARKETING FEASIBILITY STUDY.** The amount of \$4,500,000 from the lignite
24 research fund, or so much of the amount as may be necessary, may be used for the purpose of
25 contracting for an independent, nonmatching lignite marketing feasibility study or studies that
26 determine those focused priority areas where near-term, market-driven projects, activities, or
27 processes will generate matching private industry investment and have the most potential of
28 preserving existing lignite production and industry jobs or that will lead to increased
29 development of lignite and its products and create new lignite industry jobs and economic
30 growth for the general welfare of this state. Moneys appropriated pursuant to this section also
31 may be used for the purpose of contracting for nonmatching studies and activities in support of

1 the lignite vision 21 program; for litigation that may be necessary to protect and promote the
2 continued development of lignite resources; for nonmatching externality studies and activities in
3 externality proceedings; or other marketing, environmental, or transmission activities that assist
4 with marketing of lignite-based electricity and lignite-based byproducts. Moneys needed for the
5 purposes stated in this section are available to the industrial commission for funding projects,
6 processes, or activities under the lignite research, development, and marketing program.

7 **SECTION 38. HEDGING STRATEGIES STUDY - BANK OF NORTH DAKOTA - REPORT**

8 **TO LEGISLATIVE ASSEMBLY.** During the 2019-20 interim, the Bank of North Dakota shall
9 conduct a study on the use of various hedging strategies to protect the state from volatile
10 swings in oil prices. Before January 15, 2021, the Bank of North Dakota shall report the results
11 of its study to the appropriations committees of the sixty-seventh legislative assembly.

12 **SECTION 39. LEGISLATIVE INTENT - LIGNITE RESEARCH FUND - LIGNITE**

13 **LITIGATION.** It is the intent of the sixty-sixth legislative assembly that at least \$500,000 of the
14 funding in section 37 of this Act and any funding deposited in the lignite research fund related to
15 successful litigation is available from the lignite research fund to be used to pay fees associated
16 with lignite litigation that may be brought by the state to protect and promote the continued
17 development of lignite resources.

18 **SECTION 40. EFFECTIVE DATE.** Section 31 of this Act becomes effective July 1, 2021.

19 **SECTION 41. EMERGENCY.** Section 5 of this Act is declared to be an emergency
20 measure.