

Sixty-seventh
Legislative Assembly
of North Dakota

ENGROSSED SENATE BILL NO. 2014

Introduced by

Appropriations Committee

1 A BILL for an Act to provide an appropriation for defraying the expenses of the industrial
2 commission and the agencies under its control; to create and enact a new section to chapter
3 6-09.4 and subsections 7 and 8 of section 54-17-07.3 of the North Dakota Century Code,
4 relating to bonded debt repayments and housing finance agency programs; to amend and
5 reenact sections 6-09-49, 6-09.4-06, 6-09.4-10, 6-09.16-02, 6-09.16-03, 6-09.16-05, 15-11-40,
6 50-30-04, 54-17-40, and 57-51.1-07.9 of the North Dakota Century Code, relating the
7 infrastructure revolving loan fund, borrowing and lending authority of the public finance
8 authority, reserve funds associated with bonds, the long-term care facility loan fund, the state
9 energy research center, and the housing incentive fund; to provide a continuing appropriation;
10 to repeal section 54-17-07.12 of the North Dakota Century Code, relating to the housing finance
11 agency participating as a wholesale servicing mortgage lender; to provide for a transfer; to
12 provide an exemption; to provide a statement of legislative intent; to provide for a study; and to
13 provide for a legislative management report.

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

15 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds
16 as may be necessary, are appropriated out of any moneys in the general fund in the state
17 treasury, not otherwise appropriated, and from special funds derived from federal funds and
18 other income, to the industrial commission and agencies under its control for the purpose of
19 defraying the expenses of the industrial commission and the agencies under its control, for the
20 biennium beginning July 1, 2021, and ending June 30, 2023, as follows:

21 Subdivision 1.

22 INDUSTRIAL COMMISSION

23		Adjustments or	
24	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>

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1	Salaries and wages	\$23,409,450	\$536,548	\$23,945,998
2	Operating expenses	5,830,227	(704,669)	5,125,558
3	Capital assets	0	100,660	100,660
4	Grants - bond payments	10,508,767	11,531,954	22,040,721
5	Contingencies	<u>229,544</u>	<u>(229,544)</u>	<u>0</u>
6	Total all funds	\$39,977,988	\$11,234,949	\$51,212,937
7	Less estimated income	<u>12,723,790</u>	<u>11,647,897</u>	<u>24,371,687</u>
8	Total general fund	\$27,254,198	(\$412,948)	\$26,841,250
9	Full-time equivalent positions	112.25	(4.00)	108.25

10 Subdivision 2.

11 BANK OF NORTH DAKOTA

12			Adjustments or	
13		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
14	Bank of North Dakota operations	\$62,847,799	\$3,246,572	\$66,094,371
15	Capital assets	<u>1,510,000</u>	<u>0</u>	<u>1,510,000</u>
16	Total special funds	\$64,357,799	\$3,246,572	\$67,604,371
17	Full-time equivalent positions	181.50	(10.00)	171.50

18 Subdivision 3.

19 HOUSING FINANCE AGENCY

20			Adjustments or	
21		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
22	Salaries and wages	\$8,509,015	\$1,128,509	\$9,637,524
23	Operating expenses	5,346,276	797,784	6,144,060
24	Capital assets	0	150,000	150,000
25	Grants	33,466,600	9,508,600	42,975,200
26	Housing finance agency contingencies	<u>100,000</u>	<u>0</u>	<u>100,000</u>
27	Total special funds	\$47,421,891	\$11,584,893	\$59,006,784
28	Full-time equivalent positions	44.00	5.00	49.00

29 Subdivision 4.

30 MILL AND ELEVATOR ASSOCIATION

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		Adjustments or	
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
1			
2			
3	Salaries and wages	\$4,112,385	\$50,560,209
4	Operating expenses	6,980,000	36,817,000
5	Contingencies	0	500,000
6	Agriculture promotion	<u>290,000</u>	<u>500,000</u>
7	Total special funds	\$11,382,385	\$88,377,209
8	Full-time equivalent positions	0.00	156.00
9	Subdivision 5.		

TOTAL - SECTION 1

		Adjustments or	
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
11			
12			
13	Grand total general fund	(\$412,948)	\$26,841,250
14	Grand total special funds	<u>37,861,747</u>	<u>239,360,051</u>
15	Grand total all funds	\$37,448,799	\$266,201,301

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO THE SIXTY-EIGHTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-sixth legislative assembly for the 2019-21 biennium and the 2021-23 biennium one-time funding items included in the appropriation in section 1 of this Act:

	<u>One-Time Funding Description</u>	<u>2019-21</u>	<u>2021-23</u>
20			
21	Temporary employees	\$175,000	\$0
22	Rare earth elements study	160,000	0
23	Fracturing sand study	110,000	0
24	Oil database software upgrade	5,000,000	0
25	High-level radioactive fund	20,000	0
26	Housing finance agency - housing incentive fund	7,500,000	0
27	Paleontology and geological equipment	<u>0</u>	<u>106,206</u>
28	Total all funds	\$12,965,000	\$106,206
29	Less estimated income	<u>5,270,000</u>	<u>0</u>
30	Total general fund	\$7,695,000	\$106,206

1 The 2021-23 biennium one-time funding amounts are not a part of the entity's base budget
2 for the 2023-25 biennium. The industrial commission shall report to the appropriations
3 committees of the sixty-eighth legislative assembly on the use of this one-time funding for the
4 biennium beginning July 1, 2021, and ending June 30, 2023.

5 **SECTION 3. BOND PAYMENTS.** The amount of \$22,040,721 included in subdivision 1 of
6 section 1 of this Act in the grants - bond payments line item must be paid from the following
7 funding sources, during the biennium beginning July 1, 2021, and ending June 30, 2023:

8 North Dakota university system	\$17,204,639
9 North Dakota university system - energy conservation projects	415,114
10 Department of corrections and rehabilitation	492,354
11 Department of corrections and rehabilitation - energy conservation projects	8,181
12 State department of health	341,365
13 Job service North Dakota	230,600
14 Office of management and budget	564,515
15 Attorney general's office	648,055
16 State historical society	1,179,015
17 Parks and recreation department	66,165
18 Research and extension service	483,447
19 Veterans' home	<u>407,271</u>
20 Total	\$22,040,721

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

22 In addition to the amount appropriated to the housing finance agency in subdivision 3 of
23 section 1 of this Act, there is appropriated any additional income or unanticipated income from
24 federal or other funds which may become available to the agency, for the biennium beginning
25 July 1, 2021, and ending June 30, 2023. The housing finance agency shall notify the office of
26 management and budget and the legislative council of any additional income or unanticipated
27 income that becomes available to the agency resulting in an increase in appropriation authority.

28 **SECTION 5. APPROPRIATION - GENERAL FUND - TRANSFER TO HOUSING**

29 **INCENTIVE FUND.** There is appropriated out of any moneys in the general fund in the state
30 treasury, not otherwise appropriated, the sum of \$15,000,000, which the office of management

1 and budget shall transfer to the housing incentive fund during the biennium beginning July 1,
2 2021, and ending June 30, 2023.

3 **SECTION 6. APPROPRIATION - GENERAL FUND - TRANSFER TO OIL AND GAS**

4 **RESEARCH FUND - INTENT.** There is appropriated out of any moneys in the general fund in
5 the state treasury, not otherwise appropriated, the sum of \$14,000,000, or so much of the sum
6 as may be necessary, which the office of management and budget shall transfer to the oil and
7 gas research fund during the biennium beginning July 1, 2021, and ending June 30, 2023. The
8 office of management and budget shall transfer the funds as requested by the industrial
9 commission. It is the intent of the sixty-seventh legislative assembly that the funds appropriated
10 under this section be derived from legacy fund earnings transferred to the general fund during
11 the biennium beginning July 1, 2019, and ending June 30, 2021.

12 **SECTION 7. PUBLIC FINANCE AUTHORITY - BOND ISSUE LIMITATION - BANK OF**
13 **NORTH DAKOTA - APPROPRIATION.**

- 14 1. Pursuant to the bonding authority under section 6-09.4-06, the public finance authority
15 may issue up to \$100,000,000 of bonds for transfer to the Bank of North Dakota for
16 allocations to the long-term care facility loan fund, for the biennium beginning July 1,
17 2021, and ending June 30, 2023.
- 18 2. The term of any bonds issued under this section may not exceed thirty years. The
19 public finance authority may issue bond anticipation notes or borrow from the Bank of
20 North Dakota to support the allocations to the long-term care facility loan fund to a
21 bond issue. The public finance authority shall make available up to ten percent of the
22 bonds for sale directly to North Dakota residents and financial institutions.
- 23 3. After payment of any issuance costs or any transfers to a reserve fund, \$100,000,000
24 from the bond proceeds issued by the public finance authority is appropriated to the
25 Bank of North Dakota for allocations to the long-term care facility loan fund, for the
26 biennium beginning July 1, 2021, and ending June 30, 2023.

27 **SECTION 8. TRANSFER - ENTITIES UNDER THE CONTROL OF THE INDUSTRIAL**

28 **COMMISSION TO INDUSTRIAL COMMISSION FUND.** The sum of \$1,215,980, or so much of
29 the sum as may be necessary, included in the appropriation in subdivision 1 of section 1 of this
30 Act, may be transferred from the entities within the control of the industrial commission or
31 entities directed to make payments to the industrial commission fund for administrative services

1 rendered by the commission. Transfers must be made during the biennium beginning July 1,
2 2021, and ending June 30, 2023, upon order of the commission. Transfers from the student
3 loan trust fund must be made to the extent permitted by sections 54-17-24 and 54-17-25.

4 **SECTION 9. TRANSFER - BANK OF NORTH DAKOTA PROFITS TO GENERAL FUND.**

5 The industrial commission shall transfer to the general fund \$140,000,000 from the current
6 earnings and the accumulated profits of the Bank of North Dakota during the biennium
7 beginning July 1, 2021, and ending June 30, 2023. The moneys must be transferred in the
8 amounts and at the times requested by the director of the office of management and budget
9 after consultation with the Bank of North Dakota president. For legislative council budget status
10 reporting purposes, the transfer under this section is considered an ongoing revenue source.

11 **SECTION 10. TRANSFER - PARTNERSHIP IN ASSISTING COMMUNITY EXPANSION.**

12 The Bank of North Dakota shall transfer the sum of \$26,000,000, or so much of the sum as may
13 be necessary, from the Bank's current earnings and undivided profits to the partnership in
14 assisting community expansion fund during the biennium beginning July 1, 2021, and ending
15 June 30, 2023.

16 **SECTION 11. TRANSFER - AGRICULTURE PARTNERSHIP IN ASSISTING COMMUNITY**

17 **EXPANSION.** The Bank of North Dakota shall transfer the sum of \$5,000,000, or so much of the
18 sum as may be necessary, from the Bank's current earnings and undivided profits to the
19 agriculture partnership in assisting community expansion fund during the biennium beginning
20 July 1, 2021, and ending June 30, 2023.

21 **SECTION 12. TRANSFER - BIOFUELS PARTNERSHIP IN ASSISTING COMMUNITY**

22 **EXPANSION.** The Bank of North Dakota shall transfer the sum of \$1,000,000, or so much of the
23 sum as may be necessary, from the Bank's current earnings and undivided profits to the
24 biofuels partnership in assisting community expansion fund during the biennium beginning
25 July 1, 2021, and ending June 30, 2023.

26 **SECTION 13. TRANSFER - BEGINNING FARMER REVOLVING LOAN FUND.** The Bank

27 of North Dakota shall transfer the sum of \$8,000,000, or so much of the sum as may be
28 necessary, from the Bank's current earnings and undivided profits to the beginning farmer
29 revolving loan fund during the biennium beginning July 1, 2021, and ending June 30, 2023.

30 **SECTION 14. LIGNITE RESEARCH, DEVELOPMENT, AND MARKETING PROGRAM -**

31 **LIGNITE MARKETING FEASIBILITY STUDY.** The amount of \$4,500,000 from the lignite

1 research fund, or so much of the amount as may be necessary, may be used for the purpose of
2 contracting for an independent, nonmatching lignite marketing feasibility study or studies that
3 determine those focused priority areas where near-term, market-driven projects, activities, or
4 processes will generate matching private industry investment and have the most potential of
5 preserving existing lignite production and industry jobs or that will lead to increased
6 development of lignite and its products and create new lignite industry jobs and economic
7 growth for the general welfare of this state. Moneys appropriated pursuant to this section also
8 may be used for the purpose of contracting for nonmatching studies and activities in support of
9 advanced energy technology and other technology development programs; for litigation that
10 may be necessary to protect and promote the continued development of lignite resources; for
11 nonmatching externality studies and activities in externality proceedings; or other marketing,
12 environmental, or transmission activities that assist with marketing of lignite-based electricity
13 and lignite-based byproducts. Moneys needed for the purposes stated in this section are
14 available to the industrial commission for funding projects, processes, or activities under the
15 lignite research, development, and marketing program.

16 **SECTION 15. OIL AND GAS RESEARCH FUND - UNDERGROUND ENERGY STORAGE**
17 **STUDY - REPORT TO LEGISLATIVE MANAGEMENT.** Pursuant to the continuing
18 appropriation under section 57-51.1-07.3, the industrial commission shall use up to
19 \$14,000,000, or so much of the sum as may be necessary, from the oil and gas research fund
20 to contract with the energy and environmental research center for an underground energy
21 storage study. The study must include consideration of the potential capacity of salt caverns in
22 geological formations in North Dakota for the development of underground storage of energy
23 resources, including natural gas, liquified natural gas, natural gas liquids, and hydrogen. The
24 energy and environmental research center may collaborate with other entities as needed on the
25 study. Prior to contracting with the energy and environmental research center, the commission
26 must receive from at least one nonstate entity assurance of financial or other types of support
27 that demonstrate a commitment to the study. During the 2021-22 interim, the energy and
28 environmental research center shall provide quarterly reports to the industrial commission and
29 at least one report to the legislative management regarding the results and recommendations of
30 the study.

1 **SECTION 16. AMENDMENT.** Section 6-09-49 of the North Dakota Century Code is
2 amended and reenacted as follows:

3 **6-09-49. Infrastructure revolving loan fund - Continuing appropriation.**

- 4 1. The infrastructure revolving loan fund is a special fund in the state treasury from which
5 the Bank of North Dakota shall provide loans to political subdivisions, the Garrison
6 Diversion Conservancy District, and the Lake Agassiz water authority for essential
7 infrastructure projects. The Bank shall administer the infrastructure revolving loan
8 fund. The maximum term of a loan made under this section is the lesser of thirty years
9 or the useful life of the project, except for projects under subdivisions n, o, and p of
10 subsection 2, which may have a maximum term of up to the lesser of forty years or the
11 useful life of the project. A loan made from the fund under this section must have an
12 interest rate that does not exceed two percent per year.
- 13 2. For purposes of this section, "essential infrastructure projects" means capital
14 construction projects ~~to construct new infrastructure or to replace existing~~
15 infrastructure, which provide the fixed installations necessary for the function of a
16 political subdivision. Capital construction projects exclude routine maintenance and
17 repair projects, but include the following:
- 18 a. The Red River valley water supply project;
 - 19 b. ~~New or replacement of existing water~~Water treatment plants;
 - 20 c. ~~New or replacement of existing wastewater~~Wastewater treatment plants;
 - 21 d. ~~New or replacement of existing sewer lines and water lines~~Sewerlines and
22 waterlines, including lift stations and pumping systems; and
 - 23 e. ~~New or replacement of existing storm water and transportation~~Storm water
24 infrastructure, including curb and gutter construction;
 - 25 f. Water storage systems, including dams, water tanks, and water towers;
 - 26 g. Road and bridge infrastructure, including paved and unpaved roads and bridges;
 - 27 h. Airport infrastructure;
 - 28 i. Electricity transmission infrastructure;
 - 29 j. Natural gas transmission infrastructure;
 - 30 k. Communications infrastructure;
 - 31 l. Emergency services facilities, excluding hospitals;

- 1 m. Political subdivision buildings;
2 n. Flood control and conveyance infrastructure;
3 o. Water supply infrastructure, including rural water supply; and
4 p. General water management infrastructure.
- 5 3. In processing political subdivision loan applications under this section, the Bank shall
6 calculate the maximum loan amount for which a qualified applicant may qualify, not to
7 exceed ~~fifteen~~forty million dollars per loan for projects under subdivisions a through m
8 of subsection 2. Loans for projects under subdivisions n, o, and p of subsection 2 are
9 not limited to a specific amount per loan. The Bank shall consider the applicant's
10 ability to repay the loan when processing the application and shall issue loans only to
11 applicants that provide reasonable assurance of sufficient future income to repay the
12 loan.
- 13 4. The Bank shall deposit in the infrastructure revolving loan fund all payments of interest
14 and principal paid under loans made from the infrastructure revolving loan fund. The
15 Bank may use a portion of the interest paid on the outstanding loans as a servicing fee
16 to pay for administrative costs which may not exceed one-half of one percent of the
17 amount of the interest payment. All moneys transferred to the fund, interest upon
18 moneys in the fund, and payments to the fund of principal and interest are
19 appropriated to the Bank on a continuing basis for administrative costs and for loan
20 disbursement according to this section.
- 21 5. The Bank may adopt policies and establish guidelines to administer this loan program
22 in accordance with the provisions of this section and to supplement and leverage the
23 funds in the infrastructure revolving loan fund. Additionally, the Bank may adopt
24 policies allowing participation by local financial institutions.
- 25 6. If a political subdivision applies for a loan under this section for a county road or bridge
26 project, the department of transportation shall review and approve the project before
27 the Bank may issue a loan. If a political subdivision applies for a loan under this
28 section for a water-related project under subdivisions n, o, and p of subsection 2, the
29 state water commission shall review and approve the project before the Bank may
30 issue a loan. The department of transportation and state water commission may
31 develop policies for reviewing and approving projects under this section.

1 **SECTION 17. AMENDMENT.** Section 6-09.4-06 of the North Dakota Century Code is
2 amended and reenacted as follows:

3 **6-09.4-06. Lending and borrowing powers generally.**

4 1. The public finance authority may lend money to political subdivisions or other
5 contracting parties through the purchase or holding of municipal securities which, in
6 the opinion of the attorney general, are properly eligible for purchase or holding by the
7 public finance authority under this chapter or chapter 40-57 and for purposes of the
8 public finance authority's capital financing program the principal amount of any one
9 issue does not exceed five hundred thousand dollars. However, the public finance
10 authority may lend money to political subdivisions through the purchase of securities
11 issued by the political subdivisions through the capital financing program without
12 regard to the principal amount of the bonds issued, if the industrial commission
13 approves a resolution that authorizes the public finance authority to purchase the
14 securities. The capital financing program authorizing resolution must state that the
15 industrial commission has determined that private bond markets will not be responsive
16 to the needs of the issuing political subdivision concerning the securities or, if it
17 appears that the securities can be sold through private bond markets without the
18 involvement of the public finance authority, the authorizing resolution must state
19 reasons for the public finance authority's involvement in the bond issue. The public
20 finance authority may hold such municipal securities for any length of time it finds to
21 be necessary. The public finance authority, for the purposes authorized by this chapter
22 or chapter 40-57, may issue its bonds payable solely from the revenues available to
23 the public finance authority which are authorized or pledged for payment of public
24 finance authority obligations, and to otherwise assist political subdivisions or other
25 contracting parties as provided in this chapter or chapter 40-57.

26 2. The public finance authority may lend money to the Bank of North Dakota under terms
27 and conditions requiring the Bank to use the proceeds to make loans for agricultural
28 improvements that qualify for assistance under the revolving loan fund program
29 established by chapter 61-28.2.

30 3. The public finance authority may transfer money to the Bank for allocations to the
31 long-term care facility loan fund under chapter 6-09.16. The obligation of the state to

1 pay the bond payments is subject to the biennial appropriations by the legislative
2 assembly. Neither the obligation of the state to pay the bonds nor the obligation of the
3 issuer to pay debt service will constitute a debt of the state or any agency or political
4 subdivision of the state within the meaning of any constitutional or statutory provision.
5 The issuance of the bond does not directly or contingently obligate the state to pay the
6 bond payments beyond the appropriation for the current biennium of the state. The
7 issuer has no taxing power.

8 4. Bonds of the public finance authority issued under this chapter or chapter 40-57 are
9 not in any way a debt or liability of the state and do not constitute a loan of the credit of
10 the state or create any debt or debts, liability or liabilities, on behalf of the state, or
11 constitute a pledge of the faith and credit of the state, but all such bonds are payable
12 solely from revenues pledged or available for their payment as authorized in this
13 chapter. Each bond must contain on its face a statement to the effect that the public
14 finance authority is obligated to pay such principal or interest, and redemption
15 premium, if any, and that neither the faith and credit nor the taxing power of the state
16 is pledged to the payment of the principal of or the interest on such bonds. Specific
17 funds pledged to fulfill the public finance authority's obligations are obligations of the
18 public finance authority.

19 5. All expenses incurred in carrying out the purposes of this chapter or chapter 40-57 are
20 payable solely from revenues or funds provided or to be provided under this chapter or
21 chapter 40-57 and nothing in this chapter may be construed to authorize the public
22 finance authority to incur any indebtedness or liability on behalf of or payable by the
23 state.

24 **SECTION 18. AMENDMENT.** Section 6-09.4-10 of the North Dakota Century Code is
25 amended and reenacted as follows:

26 **6-09.4-10. Reserve fund.**

27 1. The public finance authority shall establish and maintain a reserve fund in which there
28 must be deposited all moneys appropriated by the state for the purpose of the fund, all
29 proceeds of bonds required to be deposited therein by terms of any contract between
30 the public finance authority and its bondholders or any resolution of the public finance
31 authority with respect to the proceeds of bonds, any other moneys or funds of the

1 public finance authority which it determines to deposit therein, any contractual right to
2 the receipt of moneys by the public finance authority for the purpose of the fund,
3 including a letter of credit or similar instrument, and any other moneys made available
4 to the public finance authority only for the purposes of the fund from any other source
5 or sources. Moneys in the reserve fund must be held and applied solely to the
6 payment of the interest on and the principal of bonds and sinking fund payments as
7 the same become due and payable and for the retirement of bonds, including payment
8 of any redemption premium required to be paid when any bonds are redeemed or
9 retired prior to maturity. Moneys in the reserve fund may not be withdrawn therefrom if
10 the withdrawal would reduce the amount in the reserve fund to an amount less than
11 the required debt service reserve, except for payment of interest then due and payable
12 on bonds and the principal of bonds then maturing and payable and sinking fund
13 payments and for the retirement of bonds in accordance with the terms of any contract
14 between the public finance authority and its bondholders and for the payments on
15 account of which interest or principal or sinking fund payments or retirement of bonds,
16 other moneys of the public finance authority are not then available in accordance with
17 the terms of the contract. The required debt service reserve must be an aggregate
18 amount equal to at least the largest amount of money required by the terms of all
19 contracts between the public finance authority and its bondholders to be raised in the
20 then current or any succeeding calendar year for the payment of interest on and
21 maturing principal of outstanding bonds, and sinking fund payments required by the
22 terms of any contracts to sinking funds established for the payment or redemption of
23 the bonds.

- 24 2. If the establishment of the reserve fund for an issue or the maintenance of an existing
25 reserve fund at a required level under this section would necessitate the investment of
26 all or any portion of a new reserve fund or all or any portion of an existing reserve fund
27 at a restricted yield, because to not restrict the yield may cause the bonds to be
28 taxable under the Internal Revenue Code, then at the discretion of the public finance
29 authority no reserve fund need be established prior to the issuance of bonds or the
30 reserve fund need not be funded to the levels required by other subsections of this
31 section or an existing reserve fund may be reduced.

- 1 3. No bonds may be issued by the public finance authority unless there is in the reserve
2 fund the required debt service reserve for all bonds then issued and outstanding and
3 the bonds to be issued. Nothing in this chapter prevents or precludes the public
4 finance authority from satisfying the foregoing requirement by depositing so much of
5 the proceeds of the bonds to be issued, upon their issuance, as is needed to achieve
6 the required debt service reserve. The public finance authority may at any time issue
7 its bonds or notes for the purpose of providing any amount necessary to increase the
8 amount in the reserve fund to the required debt service reserve, or to meet such
9 higher or additional reserve as may be fixed by the public finance authority with
10 respect to such fund.
- 11 4. In order to assure the maintenance of the required debt service reserve, there shall be
12 appropriated by the legislative assembly and paid to the public finance authority for
13 deposit in the reserve fund, such sum, if any, as shall be certified by the industrial
14 commission as necessary to restore the reserve fund to an amount equal to the
15 required debt service reserve. However, the commission may approve a resolution for
16 the issuance of bonds, as provided by section 6-09.4-06, which states in substance
17 that this subsection is not applicable to the required debt service reserve for bonds
18 issued under that resolution.
- 19 5. If the maturity of a series of bonds of the public finance authority is three years or less
20 from the date of issuance of the bonds, the public finance authority may determine that
21 no reserve fund need be established for that respective series of bonds. If such a
22 determination is made, holders of that respective series of bonds may have no interest
23 in or claim on existing reserve funds established for the security of the holders of
24 previously issued public finance authority bonds, and may have no interest in or claim
25 on reserve funds established for the holders of subsequent issues of bonds of the
26 public finance authority.
- 27 6. The industrial commission may determine ~~that~~ this section is inapplicable in whole or
28 in part for bonds issued under ~~section~~;
29 a. Section 6-09.4-06;
30 b. Section 6-09.4-24; or ~~under the~~
31 c. The public finance authority's state revolving fund program.

1 **SECTION 19.** A new section to chapter 6-09.4 of the North Dakota Century Code is created
2 and enacted as follows:

3 **Debt service requirements - Bonds for long-term care facility loan fund.**

4 Each biennium, the public finance authority shall request from the legislative assembly an
5 appropriation from the general fund, derived from legacy fund earnings, Bank of North Dakota
6 profits, or other sources to meet the debt service requirements or bonds issued by the authority
7 for allocations to the long-term care facility loan fund under chapter 6-09.16.

8 **SECTION 20. AMENDMENT.** Section 6-09.16-02 of the North Dakota Century Code is
9 amended and reenacted as follows:

10 **6-09.16-02. Long-term care facility loan fund - Continuing appropriation - Transfer to**
11 **general fund.**

- 12 1. A revolving loan fund must be maintained in the Bank of North Dakota for the purpose
13 of making loans to nursing facilities, basic care facilities, or assisted living facilities for
14 capital construction and renovation projects.
- 15 2. All moneys transferred into the fund, ~~interest upon moneys in the fund, and collections~~
16 ~~of interest and principal on loans made from the fund~~ are appropriated to the Bank on
17 a continuing basis for administrative expenses and loan disbursement pursuant to the
18 requirements of this chapter.
- 19 3. All interest upon moneys in the fund and payments of principal and interest on loans
20 made from the fund must be transferred by the Bank to the state general fund at the
21 beginning of each biennium.

22 **SECTION 21. AMENDMENT.** Section 6-09.16-03 of the North Dakota Century Code is
23 amended and reenacted as follows:

24 **6-09.16-03. Long-term care facility loan fund.**

- 25 1. There is created a long-term care facility loan fund. The fund consists of revenue-
26 transferred from the North Dakota health care trust fund, ~~interest upon moneys in the~~
27 ~~fund, and collections of interest and principal on loans made from the fund~~bond
28 proceeds deposited in the fund.
- 29 2. The Bank of North Dakota shall administer the loan fund. ~~Funds in the~~The loan fund
30 may be used for:

- 1 a. Loans as provided in this chapter and as approved by the department under
2 chapter 50-30; and
3 b. The costs of administration of the fund. The Bank may use a portion of the
4 interest paid on the outstanding loans as a service fee to pay administrative
5 costs, which may not exceed one-half of one percent of the amount of the
6 interest payment.
7 ~~3. Any money in the fund not required for use under subsection 2 must be transferred to~~
8 ~~the North Dakota health care trust fund.~~

9 **SECTION 22. AMENDMENT.** Section 6-09.16-05 of the North Dakota Century Code is
10 amended and reenacted as follows:

11 **6-09.16-05. Amount of loans - Terms and conditions.**

12 Loans in an amount not exceeding ninety percent of project costs may be made by the
13 Bank of North Dakota from the fund maintained pursuant to this chapter. Such loans must bear
14 interest at a rate of two percent of the outstanding principal balance of the loan. In consideration
15 of the making of a loan under this chapter, each borrower shall execute a contract with the
16 department to operate the project in accordance with standards established under chapter
17 50-30. The contract must also provide that if the use of the project is discontinued or diverted to
18 purposes other than those provided in the loan application without written consent of the
19 department, the full amount of the loan provided under this chapter immediately becomes due
20 and payable. ~~The Bank of North Dakota may annually deduct, as a service fee for administering~~
21 ~~the loan fund maintained under this chapter, one-half of one percent of the principal balance of~~
22 ~~the outstanding loans from the fund.~~

23 **SECTION 23. AMENDMENT.** Section 15-11-40 of the North Dakota Century Code is
24 amended and reenacted as follows:

25 **15-11-40. State energy research center - Report. (Effective through June 30, 2023)**

- 26 1. The state energy research center at the university of North Dakota energy and
27 environmental research center is created for the purpose of conducting exploratory,
28 transformational, and innovative research that advances future energy opportunities
29 and benefits the state's economy and environment through:

- 1 a. Exploratory research of technologies and methodologies that facilitate the
2 prudent development, and clean and efficient use, of the state's energy
3 resources;
- 4 b. Greater access to energy experts for timely scientific and engineering studies to
5 support the state's interests; and
- 6 c. Education and outreach related to the state's energy resources.
- 7 2. The state energy research center shall report all research activities and
8 accomplishments annually to the interim legislative energy development and
9 transmission committee and to the industrial commission. Upon request, the state
10 energy research center shall report all research activities and accomplishments to the
11 appropriations committees of the legislative assembly.
- 12 3. To effectuate the purposes of this section, the energy and environmental research
13 center may:
 - 14 a. Select the research topics and projects to be pursued;
 - 15 b. Enter contracts or agreements with other North Dakota institutions of higher
16 education to support select research topics and projects;
 - 17 c. Enter contracts or agreements with federal, private, and nonprofit organizations
18 to carry out selected research topics and projects; and
 - 19 d. Accepting donations, grants, contributions, and gifts from any source to carry out
20 the selected research topics and projects.
- 21 4. The state energy research center may not conduct research or pursue projects that
22 will result in the exploration, storage, treatment, or disposal of high-level radioactive
23 waste in North Dakota.

24 **SECTION 24. AMENDMENT.** Section 50-30-04 of the North Dakota Century Code is
25 amended and reenacted as follows:

26 **50-30-04. Long-term care facility loans.**

- 27 1. The department may approve loans from the long-term care facility loan fund
28 established under chapter 6-09.16 for capital construction and renovation projects
29 involving a nursing facility, basic care facility, or assisted living facility.
- 30 2. An approved loan for any project may not exceed ~~one million dollars or~~ ninety percent
31 of the project cost, ~~whichever is less.~~

1 3. ~~The department shall give preference for loan approval to an applicant that is~~
2 ~~converting nursing facility bed capacity to basic care bed capacity.~~

3 4. No loan may be approved unless the applicant agrees to repay to the long-term care
4 facility loan fund the outstanding balance of the loan and any accrued interest if the
5 applicant or its successor in interest ceases to operate the project or facility financed
6 by the loan proceeds during the ten-year period after the date the applicant began
7 operation of the project or facility or fails to commence operations within a reasonable
8 time.

9 ~~5.4.~~ In addition to other remedies provided by law or contract, the department may deduct
10 the amount of any refund due from a recipient of a loan from any money owed by the
11 department to such recipient or the recipient's successor in interest.

12 **SECTION 25.** Subsections 7 and 8 of section 54-17-07.3 of the North Dakota Century Code
13 are created and enacted as follows:

14 7. Residential mortgage program. A program or programs to originate residential
15 mortgages if private sector mortgage loan services are not reasonably available.
16 Under this program, a local financial institution or credit union may assist the agency
17 with receiving loan applications, gathering required documents, ordering legal
18 documents, and maintaining contact with borrowers. The applicant must be referred to
19 the agency by a local financial institution or credit union. The agency shall provide all
20 regulatory disclosures, process and underwrite loans, prepare closing documents, and
21 distribute loan funds. A loan under this program may be issued only for an owner-
22 occupied primary residence.

23 8. The housing finance agency may purchase, service, and sell residential real estate
24 loans secured by a first mortgage lien on real property originated by financial
25 institutions. The loans may be held in the agency's portfolio or sold on the secondary
26 market with servicing retained. All loans with a loan-to-value ratio exceeding eighty
27 percent and not guaranteed by a federal agency must be insured by an approved
28 mortgage insurance company.

29 **SECTION 26. AMENDMENT.** Section 54-17-40 of the North Dakota Century Code is
30 amended and reenacted as follows:

1 **54-17-40. Housing incentive fund - Continuing appropriation - Report to budget**
2 **section.**

3 1. The housing incentive fund is created as a special revolving fund at the Bank of North
4 Dakota. The housing finance agency may direct disbursements from the fund and a
5 continuing appropriation from the fund is provided for that purpose.

6 2. a. After a public hearing, the housing finance agency shall create an annual
7 allocation plan for the distribution of the fund as authorized under subsection 3.
8 At least ~~fifteen~~ten percent of the fund must be used to assist developing
9 communities to address an unmet housing need or alleviate a housing shortage.
10 At least ten percent of the fund must be made available to prevent homelessness
11 as authorized by subdivision d of subsection 3.

12 b. The annual allocation plan must give priority to provide housing for individuals
13 and families of low or moderate income. For purposes of this priority, eligible
14 income limits are determined as a percentage of median family income as
15 published in the most recent federal register notice. Under this priority, the annual
16 allocation plan must give preference to projects that benefit households with the
17 lowest income and to projects that have rent restrictions at or below department
18 of housing and urban development published federal fair market rents or
19 department of housing and urban development section 8 payment standards.

20 3. The housing finance agency shall adopt guidelines for the fund so as to address
21 unmet housing needs in this state. Assistance from the fund may be used solely for:

22 a. New construction, rehabilitation, preservation, or acquisition of a multifamily
23 housing project;

24 b. Gap assistance, matching funds, and accessibility improvements;

25 c. Assistance that does not exceed the amount necessary to qualify for a loan using
26 underwriting standards acceptable for secondary market financing or to make the
27 project feasible; and

28 d. Rental assistance, emergency assistance, barrier mitigation, or targeted
29 supportive services designated to prevent homelessness.

30 4. Eligible recipients include units of local, state, and tribal government; local and tribal
31 housing authorities; community action agencies; regional planning councils; and

1 nonprofit organizations and for-profit developers of multifamily housing. Individuals
2 may not receive direct assistance from the fund.

3 5. Except for subdivision d of subsection 3, assistance is subject to repayment or
4 recapture under the guidelines adopted by the housing finance agency. Any
5 assistance that is repaid or recaptured must be deposited in the fund and is
6 appropriated on a continuing basis for the purposes of this section.

7 6. The agency may collect a reasonable administrative fee from the fund, project
8 developers, applicants, or grant recipients. The origination fee assessed to grant
9 recipients may not exceed five percent of the project award.

10 7. Upon request, the housing finance agency shall report to the industrial commission
11 regarding the activities of the housing incentive fund.

12 8. At least once per biennium, the housing finance agency shall provide a report to the
13 budget section of the legislative management regarding the activities of the housing
14 incentive fund.

15 **SECTION 27. AMENDMENT.** Section 57-51.1-07.9 of the North Dakota Century Code is
16 amended and reenacted as follows:

17 **57-51.1-07.9. State energy research center fund - Continuing appropriation. (Effective**
18 **through June 30, 2023)**

19 The state energy research center fund is a special fund in the state treasury. Before
20 depositing oil and gas gross production tax and oil extraction tax revenues under section
21 57-51.1-07.5, one percent of the revenues must be deposited monthly into the state energy
22 research center fund, up to five million dollars per biennium. All moneys deposited in the state
23 energy research center fund and interest on all such moneys are appropriated on a continuing
24 basis to the industrial commission for distribution to the state energy research center. The state
25 energy research center shall use the funds in accordance with section 15-11-40.

26 **SECTION 28. REPEAL.** Section 54-17-07.12 of the North Dakota Century Code is
27 repealed.

28 **SECTION 29. EXEMPTION - OIL AND GAS TAX REVENUE ALLOCATIONS - NORTH**
29 **DAKOTA OUTDOOR HERITAGE FUND.** Notwithstanding the provisions of section 57-51-15
30 relating to the allocations to the North Dakota outdoor heritage fund, for the period beginning
31 September 1, 2021, and ending August 31, 2023, the state treasurer shall allocate eight percent

1 of the oil and gas gross production tax revenue available under subsection 1 of section
2 57-51-15 to the North Dakota outdoor heritage fund, but not in an amount exceeding
3 \$7,500,000 per fiscal year.

4 **SECTION 30. EXEMPTION - OIL AND GAS TAX REVENUE ALLOCATIONS - OIL AND**
5 **GAS RESEARCH FUND.** Notwithstanding the provisions of section 57-51.1-07.3 relating to the
6 allocations to the oil and gas research fund, for the period beginning August 1, 2021, and
7 ending July 31, 2023, the state treasurer shall deposit two percent of the oil and gas gross
8 production tax and oil extraction tax revenues, up to \$16,000,000, into the oil and gas research
9 fund before depositing oil and gas tax revenues under sections 57-51.1-07.5 and 57-51.1-07.9.

10 **SECTION 31. EXEMPTION - SURVEY REVIEW - STRATEGIC INVESTMENT AND**
11 **IMPROVEMENTS FUND.** The amount of \$800,000 appropriated from the strategic investment
12 and improvements fund in section 2 of chapter 426 of the 2017 Session Laws and continued
13 into the 2019-21 biennium pursuant to section 27 of chapter 14 of the 2019 Session Laws is not
14 subject to section 54-44.1-11. Any unexpended funds from this appropriation are available to the
15 industrial commission for expert legal testimony associated with the survey review until June 30,
16 2023.

17 **SECTION 32. EXEMPTION - INDUSTRIAL COMMISSION FUND.** The amount of
18 \$1,172,603 appropriated to the industrial commission in subdivision 1 of section 1 of chapter 14
19 of the 2019 Session Laws and transferred pursuant to section 8 of chapter 14 of the
20 2019 Session Laws is not subject to the provisions of section 54-44.1-11. Any unexpended
21 funds from this appropriation are available to the industrial commission for administrative
22 services rendered by the commission during the biennium beginning July 1, 2021, and ending
23 June 30, 2023.