

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~~ section 6-09.4-05.1, subsection 6 of section 17-05-08,
7 subsection 1 of section 38-22-14, and subsection 1 of section 38-22-15 of the North Dakota
8 Century Code, relating ~~the infrastructure revolving loan fund, borrowing and lending authority of~~
9 ~~the public finance authority, reserve funds associated with bonds, the long-term care facility loan~~
10 ~~fund, the state energy research center, and the housing incentive fund; to provide a continuing~~
11 ~~appropriation~~ to transmission authority projects and carbon dioxide storage fees; to repeal
12 section 54-17-07.12 of the North Dakota Century Code, relating to the housing finance agency
13 participating as a wholesale servicing mortgage lender; to provide for a transfer; to provide an
14 exemption; to provide a statement of legislative intent; to provide for a study; and to provide for
15 a legislative management report.

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

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

23 Subdivision 1.

24

INDUSTRIAL COMMISSION

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		Adjustments or	
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$23,409,450	\$536,548	\$23,945,998
Salaries and wages	\$23,409,450	\$288,669	\$23,698,119
Operating expenses	5,830,227	(704,669)	5,125,558
Capital assets	0	100,660	100,660
Grants - bond payments	10,508,767	11,531,954	22,040,721
Contingencies	<u>229,544</u>	<u>(229,544)</u>	<u>0</u>
Total all funds	\$39,977,988	\$11,234,949	\$51,212,937
Less estimated income	12,723,790	11,647,897	24,371,687
Total general fund	\$27,254,198	(\$412,948)	\$26,841,250
Total all funds	\$39,977,988	\$10,987,070	\$50,965,058
Less estimated income	12,723,790	11,645,395	24,369,185
Total general fund	\$27,254,198	(\$658,325)	\$26,595,873
Full-time equivalent positions	112.25	(4.00)	108.25

Subdivision 2.

BANK OF NORTH DAKOTA

		Adjustments or	
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
Bank of North Dakota operations	\$62,847,799	\$3,246,572	\$66,094,371
Capital assets	1,510,000	0	1,510,000
Total special funds	\$64,357,799	\$3,246,572	\$67,604,371
Full-time equivalent positions	181.50	(10.00)	171.50
Bank of North Dakota operations	\$62,847,799	\$2,955,453	\$65,803,252
Capital assets	1,510,000	0	1,510,000
Total special funds	\$64,357,799	\$2,955,453	\$67,313,252
Full-time equivalent positions	181.50	(12.00)	169.50

Subdivision 3.

HOUSING FINANCE AGENCY

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

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1	Salaries and wages	\$8,509,015	\$1,128,509	\$9,637,524
2	<u>Salaries and wages</u>	<u>\$8,509,015</u>	<u>\$972,680</u>	<u>\$9,481,695</u>
3	Operating expenses	5,346,276	797,784	6,144,060
4	Capital assets	0	150,000	150,000
5	Grants	33,466,600	9,508,600	42,975,200
6	Housing finance agency contingencies	<u>100,000</u>	<u>0</u>	<u>100,000</u>
7	Total special funds	\$47,421,891	\$11,584,893	\$59,006,784
8	Full-time equivalent positions	44.00	5.00	49.00
9	<u>Total special funds</u>	<u>\$47,421,891</u>	<u>\$11,429,064</u>	<u>\$58,850,955</u>
10	<u>Full-time equivalent positions</u>	<u>44.00</u>	<u>4.00</u>	<u>48.00</u>

11 Subdivision 4.

MILL AND ELEVATOR ASSOCIATION

		Adjustments or		
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>	
14				
15	Salaries and wages	\$46,447,824	\$4,112,385	\$50,560,209
16	Operating expenses	29,837,000	6,980,000	36,817,000
17	Contingencies	500,000	0	500,000
18	Agriculture promotion	<u>210,000</u>	<u>290,000</u>	<u>500,000</u>
19	Total special funds	\$76,994,824	\$11,382,385	\$88,377,209
20	Full-time equivalent positions	156.00	0.00	156.00

21 Subdivision 5.

TOTAL - SECTION 1

		Adjustments or		
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>	
24				
25	Grand total general fund	\$27,254,198	(\$412,948)	\$26,841,250
26	Grand total special funds	201,498,304	37,861,747	239,360,051
27	Grand total all funds	\$228,752,502	\$37,448,799	\$266,201,301
28	<u>Grand total general fund</u>	<u>\$27,254,198</u>	<u>(\$658,325)</u>	<u>\$26,595,873</u>
29	<u>Grand total special funds</u>	<u>201,498,304</u>	<u>37,412,297</u>	<u>238,910,601</u>
30	<u>Grand total all funds</u>	<u>\$228,752,502</u>	<u>\$36,753,972</u>	<u>\$265,506,474</u>

1 **SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO THE**
 2 **SIXTY-EIGHTH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time funding
 3 items approved by the sixty-sixth legislative assembly for the 2019-21 biennium and the
 4 2021-23 biennium one-time funding items included in the appropriation in section 1 of this Act:

5	<u>One-Time Funding Description</u>	<u>2019-21</u>	<u>2021-23</u>
6	Temporary employees	\$175,000	\$0
7	Rare earth elements study	160,000	0
8	Fracturing sand study	110,000	0
9	Oil database software upgrade	5,000,000	0
10	High-level radioactive fund	20,000	0
11	Housing finance agency - housing incentive fund	7,500,000	0
12	<u>Housing finance agency - housing assessment</u>	<u>0</u>	<u>35,000</u>
13	Paleontology and geological equipment	<u>0</u>	<u>106,206</u>
14	Total all funds	\$12,965,000	\$106,206
15	Less estimated income	5,270,000	0
16	Total general fund	\$7,695,000	\$106,206
17	<u>Total all funds</u>	<u>\$12,965,000</u>	<u>\$141,206</u>
18	<u>Less estimated income</u>	<u>5,270,000</u>	<u>35,000</u>
19	<u>Total general fund</u>	<u>\$7,695,000</u>	<u>\$106,206</u>

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

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

27	North Dakota university system	\$17,204,639
28	North Dakota university system - energy conservation projects	415,114
29	Department of corrections and rehabilitation	492,354
30	Department of corrections and rehabilitation - energy conservation projects	8,181
31	State department of health	341,365

1	Job service North Dakota	230,600
2	Office of management and budget	564,515
3	Attorney general's office	648,055
4	State historical society	1,179,015
5	Parks and recreation department	66,165
6	Research and extension service	483,447
7	Veterans' home	<u>407,271</u>
8	Total	\$22,040,721

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

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

16 ~~—SECTION 5. APPROPRIATION - GENERAL FUND - TRANSFER TO HOUSING~~

17 ~~INCENTIVE FUND. There is appropriated out of any moneys in the general fund in the state~~
18 ~~treasury, not otherwise appropriated, the sum of \$15,000,000, which the office of management~~
19 ~~and budget shall transfer to the housing incentive fund during the biennium beginning July 1,~~
20 ~~2021, and ending June 30, 2023.~~

21 **SECTION 5. ~~APPROPRIATION - GENERAL FUND - TRANSFER~~ STRATEGIC**
22 **INVESTMENT AND IMPROVEMENTS FUND TO OIL AND GAS RESEARCH FUND ~~-INTENT.~~**

23 ~~There is appropriated out of any moneys in the general fund in the state treasury, not otherwise~~
24 ~~appropriated, the sum of \$14,000,000, or so much of the sum as may be necessary, which the~~
25 ~~office of management and budget shall transfer~~ The office of management and budget shall
26 transfer the sum of \$9,500,000 from the strategic investment and improvements fund to the oil
27 and gas research fund during the biennium beginning July 1, 2021, and ending June 30, 2023.
28 ~~The office of management and budget shall transfer the funds as requested by the industrial~~
29 ~~commission. It is the intent of the sixty-seventh legislative assembly that the funds appropriated~~
30 ~~under this section be derived from legacy fund earnings transferred to the general fund during~~
31 ~~the biennium beginning July 1, 2019, and ending June 30, 2021.~~

~~SECTION 7. PUBLIC FINANCE AUTHORITY - BOND ISSUE LIMITATION - BANK OF
NORTH DAKOTA - APPROPRIATION.~~

~~1. Pursuant to the bonding authority under section 6-09.4-06, the public finance authority may issue up to \$100,000,000 of bonds for transfer to the Bank of North Dakota for allocations to the long term care facility loan fund, for the biennium beginning July 1, 2021, and ending June 30, 2023.~~

~~2. The term of any bonds issued under this section may not exceed thirty years. The public finance authority may issue bond anticipation notes or borrow from the Bank of North Dakota to support the allocations to the long term care facility loan fund to a bond issue. The public finance authority shall make available up to ten percent of the bonds for sale directly to North Dakota residents and financial institutions.~~

~~3. After payment of any issuance costs or any transfers to a reserve fund, \$100,000,000 from the bond proceeds issued by the public finance authority is appropriated to the Bank of North Dakota for allocations to the long term care facility loan fund, for the biennium beginning July 1, 2021, and ending June 30, 2023.~~

SECTION 6. TRANSFER - ENTITIES UNDER THE CONTROL OF THE INDUSTRIAL COMMISSION TO INDUSTRIAL COMMISSION FUND. The sum of ~~\$1,215,980~~**\$1,214,768**, or so much of the sum as may be necessary, included in the appropriation in subdivision 1 of section 1 of this Act, may be transferred from the entities within the control of the industrial commission or entities directed to make payments to the industrial commission fund for administrative services rendered by the commission. Transfers must be made during the biennium beginning July 1, 2021, and ending June 30, 2023, upon order of the commission. Transfers from the student loan trust fund must be made to the extent permitted by sections 54-17-24 and 54-17-25.

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

1 **SECTION 8. TRANSFER - PARTNERSHIP IN ASSISTING COMMUNITY EXPANSION.**

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

6 **SECTION 9. TRANSFER - AGRICULTURE PARTNERSHIP IN ASSISTING COMMUNITY**

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

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

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

16 **SECTION 11. TRANSFER - BEGINNING FARMER REVOLVING LOAN FUND.** The Bank

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

20 **SECTION 12. LIGNITE RESEARCH, DEVELOPMENT, AND MARKETING PROGRAM -**

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

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

6 **SECTION 13. OIL AND GAS RESEARCH FUND - UNDERGROUND ENERGY STORAGE**

7 **STUDY - REPORT TO LEGISLATIVE MANAGEMENT.** Pursuant to the continuing
8 appropriation under section 57-51.1-07.3, the industrial commission shall use up to
9 ~~\$14,000,000~~\$9,500,000, or so much of the sum as may be necessary, from the oil and gas
10 research fund to contract with the energy and environmental research center for an
11 underground energy storage study. The study must include consideration of the potential
12 capacity of salt caverns in geological formations in North Dakota for the development of
13 underground storage of energy resources, including natural gas, liquified natural gas, natural
14 gas liquids, and hydrogen. The energy and environmental research center may collaborate with
15 other entities as needed on the study. Prior to contracting with the energy and environmental
16 research center, the commission must receive from at least one nonstate entity assurance of
17 financial or other types of support that demonstrate a commitment to the study. During the
18 2021-22 interim, the energy and environmental research center shall provide quarterly reports
19 to the industrial commission and at least one report to the legislative management regarding the
20 results and recommendations of the study.

21 ~~— **SECTION 16. AMENDMENT.** Section 6-09-49 of the North Dakota Century Code is-~~
22 ~~amended and reenacted as follows:~~

23 ~~— **6-09-49. Infrastructure revolving loan fund – Continuing appropriation.**~~

24 ~~— 1. — The infrastructure revolving loan fund is a special fund in the state treasury from which-~~
25 ~~the Bank of North Dakota shall provide loans to political subdivisions, the Garrison-~~
26 ~~Diversion Conservancy District, and the Lake Agassiz water authority for essential-~~
27 ~~infrastructure projects. The Bank shall administer the infrastructure revolving loan-~~
28 ~~fund. The maximum term of a loan made under this section is the lesser of thirty years~~
29 ~~or the useful life of the project, except for projects under subdivisions n, o, and p of~~
30 ~~subsection 2, which may have a maximum term of up to the lesser of forty years or the~~

1 ~~useful life of the project. A loan made from the fund under this section must have an~~
2 ~~interest rate that does not exceed two percent per year.~~

3 ~~2. For purposes of this section, "essential infrastructure projects" means capital~~
4 ~~construction projects for to construct new infrastructure or to replace existing~~
5 ~~infrastructure, which provide the fixed installations necessary for the function of a~~
6 ~~political subdivision. Capital construction projects exclude routine maintenance and~~
7 ~~repair projects, but include the following:~~

8 ~~a. The Red River valley water supply project;~~

9 ~~b. New or replacement of existing water Water treatment plants;~~

10 ~~c. New or replacement of existing wastewater Wastewater treatment plants;~~

11 ~~d. New or replacement of existing sewer lines and water lines Sewerlines and~~
12 ~~waterlines, including lift stations and pumping systems; and~~

13 ~~e. New or replacement of existing storm water and transportation Storm water~~
14 ~~infrastructure, including curb and gutter construction;~~

15 ~~f. Water storage systems, including dams, water tanks, and water towers;~~

16 ~~g. Road and bridge infrastructure, including paved and unpaved roads and bridges;~~

17 ~~h. Airport infrastructure;~~

18 ~~i. Electricity transmission infrastructure;~~

19 ~~j. Natural gas transmission infrastructure;~~

20 ~~k. Communications infrastructure;~~

21 ~~l. Emergency services facilities, excluding hospitals;~~

22 ~~m. Political subdivision buildings;~~

23 ~~n. Flood control and conveyance infrastructure;~~

24 ~~o. Water supply infrastructure, including rural water supply; and~~

25 ~~p. General water management infrastructure.~~

26 ~~3. In processing political subdivision loan applications under this section, the Bank shall~~
27 ~~calculate the maximum loan amount for which a qualified applicant may qualify, not to~~
28 ~~exceed fifteen forty million dollars per loan for projects under subdivisions a through m~~
29 ~~of subsection 2. Loans for projects under subdivisions n, o, and p of subsection 2 are~~
30 ~~not limited to a specific amount per loan. The Bank shall consider the applicant's~~
31 ~~ability to repay the loan when processing the application and shall issue loans only to~~

1 applicants that provide reasonable assurance of sufficient future income to repay the
2 loan.

3 ~~4. The Bank shall deposit in the infrastructure revolving loan fund all payments of interest
4 and principal paid under loans made from the infrastructure revolving loan fund. The
5 Bank may use a portion of the interest paid on the outstanding loans as a servicing fee
6 to pay for administrative costs which may not exceed one-half of one percent of the
7 amount of the interest payment. All moneys transferred to the fund, interest upon
8 moneys in the fund, and payments to the fund of principal and interest are
9 appropriated to the Bank on a continuing basis for administrative costs and for loan
10 disbursement according to this section.~~

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

15 ~~6. If a political subdivision applies for a loan under this section for a county road or bridge
16 project, the department of transportation shall review and approve the project before
17 the Bank may issue a loan. If a political subdivision applies for a loan under this
18 section for a water related project under subdivisions n, o, and p of subsection 2, the
19 state water commission shall review and approve the project before the Bank may
20 issue a loan. The department of transportation and state water commission may
21 develop policies for reviewing and approving projects under this section.~~

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

24 ~~**6-09.4-06. Lending and borrowing powers generally.**~~

25 ~~1. The public finance authority may lend money to political subdivisions or other
26 contracting parties through the purchase or holding of municipal securities which, in
27 the opinion of the attorney general, are properly eligible for purchase or holding by the
28 public finance authority under this chapter or chapter 40-57 and for purposes of the
29 public finance authority's capital financing program the principal amount of any one
30 issue does not exceed five hundred thousand dollars. However, the public finance
31 authority may lend money to political subdivisions through the purchase of securities~~

1 issued by the political subdivisions through the capital financing program without
2 regard to the principal amount of the bonds issued, if the industrial commission
3 approves a resolution that authorizes the public finance authority to purchase the
4 securities. The capital financing program authorizing resolution must state that the
5 industrial commission has determined that private bond markets will not be responsive
6 to the needs of the issuing political subdivision concerning the securities or, if it
7 appears that the securities can be sold through private bond markets without the
8 involvement of the public finance authority, the authorizing resolution must state
9 reasons for the public finance authority's involvement in the bond issue. The public
10 finance authority may hold such municipal securities for any length of time it finds to
11 be necessary. The public finance authority, for the purposes authorized by this chapter
12 or chapter 40-57, may issue its bonds payable solely from the revenues available to
13 the public finance authority which are authorized or pledged for payment of public
14 finance authority obligations, and to otherwise assist political subdivisions or other
15 contracting parties as provided in this chapter or chapter 40-57.

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

20 ~~3.~~ The public finance authority may transfer money to the Bank for allocations to the
21 long term care facility loan fund under chapter 6-09.16. The obligation of the state to
22 pay the bond payments is subject to the biennial appropriations by the legislative
23 assembly. Neither the obligation of the state to pay the bonds nor the obligation of the
24 issuer to pay debt service will constitute a debt of the state or any agency or political
25 subdivision of the state within the meaning of any constitutional or statutory provision.
26 The issuance of the bond does not directly or contingently obligate the state to pay the
27 bond payments beyond the appropriation for the current biennium of the state. The
28 issuer has no taxing power.

29 ~~4.~~ 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 ~~5.~~ 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 18. 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:~~

19 ~~a. Section 6-09.4-06;~~

20 ~~b. Section 6-09.4-24; or under the~~

21 ~~c. The public finance authority's state revolving fund program.~~

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

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

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

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

1 ~~— **6-09.16-02. Long-term care facility loan fund – Continuing appropriation – Transfer to**~~
2 ~~**general fund.**~~

3 ~~— 1. A revolving loan fund must be maintained in the Bank of North Dakota for the purpose~~
4 ~~of making loans to nursing facilities, basic care facilities, or assisted living facilities for~~
5 ~~capital construction and renovation projects.~~

6 ~~— 2. All moneys transferred into the fund, interest upon moneys in the fund, and collections~~
7 ~~of interest and principal on loans made from the fund are appropriated to the Bank on~~
8 ~~a continuing basis for administrative expenses and loan disbursement pursuant to the~~
9 ~~requirements of this chapter.~~

10 ~~— 3. All interest upon moneys in the fund and payments of principal and interest on loans~~
11 ~~made from the fund must be transferred by the Bank to the state general fund at the~~
12 ~~beginning of each biennium.~~

13 ~~— **SECTION 21. AMENDMENT.** Section 6-09.16-03 of the North Dakota Century Code is~~
14 ~~amended and reenacted as follows:~~

15 ~~— **6-09.16-03. Long-term care facility loan fund.**~~

16 ~~— 1. There is created a long-term care facility loan fund. The fund consists of revenue~~
17 ~~transferred from the North Dakota health care trust fund, interest upon moneys in the~~
18 ~~fund, and collections of interest and principal on loans made from the fund and~~
19 ~~proceeds deposited in the fund.~~

20 ~~— 2. The Bank of North Dakota shall administer the loan fund. Funds in the The loan fund~~
21 ~~may be used for:~~

22 ~~— a. Loans as provided in this chapter and as approved by the department under~~
23 ~~chapter 50-30; and,~~

24 ~~— b. The costs of administration of the fund. The Bank may use a portion of the~~
25 ~~interest paid on the outstanding loans as a service fee to pay administrative~~
26 ~~costs, which may not exceed one-half of one percent of the amount of the~~
27 ~~interest payment.~~

28 ~~— 3. Any money in the fund not required for use under subsection 2 must be transferred to~~
29 ~~the North Dakota health care trust fund.~~

30 ~~— **SECTION 22. AMENDMENT.** Section 6-09.16-05 of the North Dakota Century Code is~~
31 ~~amended and reenacted as follows:~~

1 ~~— **6-09.16-05. Amount of loans – Terms and conditions.**~~

2 ~~— Loans in an amount not exceeding ninety percent of project costs may be made by the~~
3 ~~Bank of North Dakota from the fund maintained pursuant to this chapter. Such loans must bear~~
4 ~~interest at a rate of two percent of the outstanding principal balance of the loan. In consideration~~
5 ~~of the making of a loan under this chapter, each borrower shall execute a contract with the~~
6 ~~department to operate the project in accordance with standards established under chapter~~
7 ~~50-30. The contract must also provide that if the use of the project is discontinued or diverted to~~
8 ~~purposes other than those provided in the loan application without written consent of the~~
9 ~~department, the full amount of the loan provided under this chapter immediately becomes due~~
10 ~~and payable. The Bank of North Dakota may annually deduct, as a service fee for administering~~
11 ~~the loan fund maintained under this chapter, one-half of one percent of the principal balance of~~
12 ~~the outstanding loans from the fund.~~

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

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

16 ~~— 1. The state energy research center at the university of North Dakota energy and~~
17 ~~environmental research center is created for the purpose of conducting exploratory,~~
18 ~~transformational, and innovative research that advances future energy opportunities~~
19 ~~and benefits the state's economy and environment through:~~

20 ~~— a. Exploratory research of technologies and methodologies that facilitate the~~
21 ~~prudent development, and clean and efficient use, of the state's energy~~
22 ~~resources;~~

23 ~~— b. Greater access to energy experts for timely scientific and engineering studies to~~
24 ~~support the state's interests; and~~

25 ~~— c. Education and outreach related to the state's energy resources.~~

26 ~~— 2. The state energy research center shall report all research activities and~~
27 ~~accomplishments annually to the interim legislative energy development and~~
28 ~~transmission committee and to the industrial commission. Upon request, the state~~
29 ~~energy research center shall report all research activities and accomplishments to the~~
30 ~~appropriations committees of the legislative assembly.~~

1 ~~3. To effectuate the purposes of this section, the energy and environmental research-~~
2 ~~center may:~~

3 ~~a. Select the research topics and projects to be pursued;~~

4 ~~b. Enter contracts or agreements with other North Dakota institutions of higher~~
5 ~~education to support select research topics and projects;~~

6 ~~c. Enter contracts or agreements with federal, private, and nonprofit organizations~~
7 ~~to carry out selected research topics and projects; and~~

8 ~~d. Accepting donations, grants, contributions, and gifts from any source to carry out~~
9 ~~the selected research topics and projects.~~

10 ~~4. The state energy research center may not conduct research or pursue projects that~~
11 ~~will result in the exploration, storage, treatment, or disposal of high-level radioactive~~
12 ~~waste in North Dakota.~~

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

15 ~~**50-30-04. Long-term care facility loans.**~~

16 ~~1. The department may approve loans from the long-term care facility loan fund~~
17 ~~established under chapter 6-09.16 for capital construction and renovation projects~~
18 ~~involving a nursing facility, basic care facility, or assisted living facility.~~

19 ~~2. An approved loan for any project may not exceed one million dollars or ninety percent~~
20 ~~of the project cost, whichever is less.~~

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

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

29 ~~5.4. In addition to other remedies provided by law or contract, the department may~~
30 ~~deduct the amount of any refund due from a recipient of a loan from any money owed by the~~
31 ~~department to such recipient or the recipient's successor in interest.~~

1 **SECTION 14. AMENDMENT.** Section 6-09.4-05.1 of the North Dakota Century Code is
2 amended and reenacted as follows:

3 **6-09.4-05.1. Administrative agreements with state agencies.**

4 The public finance authority and any state agency authorized by state or federal law to
5 make an allocation of bonds or bonding authority or to make loans, or to issue bonds to obtain
6 funds for the purpose of making loans, ~~to political subdivisions~~ or grants, may enter into an
7 administrative agreement, which may authorize the public finance authority to administer the
8 loan or bond program for the state agency. The agreement may delegate to the public finance
9 authority the authority to make loans, or to issue bonds to obtain funds for the purpose of
10 making loans, ~~to political subdivisions~~ or grants.

11 **SECTION 15. AMENDMENT.** Subsection 6 of section 17-05-08 of the North Dakota
12 Century Code is amended and reenacted as follows:

13 6. The commission may approve a resolution for the issuance of bonds as provided in
14 this section which states in substance that this subsection is applicable to any required
15 debt service reserve for bonds issued under that resolution in an aggregate amount
16 not to exceed two hundred forty million dollars plus costs of issuance, credit
17 enhancement, and any reserve funds required by agreements with or for the benefit of
18 holders of the evidences of indebtedness for the purposes for which the authority is
19 created under this chapter. The amount of any refinancing, however, may not be
20 counted toward the two hundred forty million dollar limitation to the extent the amount
21 does not exceed the outstanding amount of the obligations being refinanced. No more
22 than thirty percent of the total project costs or the appraised value, whichever is
23 greater, for any single transmission facility project may be financed by bonds issued
24 under this section which are supported by the debt service reserve fund approved by
25 the commission under this subsection. To ensure the maintenance of the required debt
26 service reserve fund approved by the commission under this subsection, the
27 legislative assembly shall appropriate and pay to the authority for deposit in the
28 reserve fund any sum, certified by the commission as necessary to restore the reserve
29 fund to an amount equal to the required debt service reserve fund approved by the
30 commission.

1 **SECTION 16. AMENDMENT.** Subsection 1 of section 38-22-14 of the North Dakota
2 Century Code is amended and reenacted as follows:

- 3 1. Storage operators shall pay the commission a fee on each ton of carbon dioxide
4 injected for storage. The fee must be in the amount set by commission rule. The
5 amount must be based on the contribution of the storage facility and the source of the
6 carbon dioxide to the energy and agriculture production economy of North Dakota and
7 the commission's anticipated expenses that it will incur in regulating storage facilities
8 during their construction, operational, and preclosure phases.

9 **SECTION 17. AMENDMENT.** Subsection 1 of section 38-22-15 of the North Dakota
10 Century Code is amended and reenacted as follows:

- 11 1. Storage operators shall pay the commission a fee on each ton of carbon dioxide
12 injected for storage. The fee must be in the amount set by commission rule. The
13 amount must be based on the contribution of the storage facility and the source of the
14 carbon dioxide to the energy and agriculture production economy of North Dakota and
15 the commission's anticipated expenses associated with the long-term monitoring and
16 management of a closed storage facility.

17 **SECTION 18.** Subsections 7 and 8 of section 54-17-07.3 of the North Dakota Century Code
18 are created and enacted as follows:

- 19 7. Residential mortgage program. A program or programs to originate residential
20 mortgages if private sector mortgage loan services are not reasonably available.
21 Under this program, a local financial institution or credit union may assist the agency
22 with receiving loan applications, gathering required documents, ordering legal
23 documents, and maintaining contact with borrowers. The applicant must be referred to
24 the agency by a local financial institution or credit union. The agency shall provide all
25 regulatory disclosures, process and underwrite loans, prepare closing documents, and
26 distribute loan funds. A loan under this program may be issued only for an owner-
27 occupied primary residence.
- 28 8. The housing finance agency may purchase, service, and sell residential real estate
29 loans secured by a first mortgage lien on real property originated by financial
30 institutions. The loans may be held in the agency's portfolio or sold on the secondary
31 market with servicing retained. All loans with a loan-to-value ratio exceeding eighty

1 percent and not guaranteed by a federal agency must be insured by an approved
2 mortgage insurance company.

3 ~~— **SECTION 26. AMENDMENT.** Section 54-17-40 of the North Dakota Century Code is~~
4 ~~amended and reenacted as follows:~~

5 ~~— **54-17-40. Housing incentive fund – Continuing appropriation – Report to budget**~~
6 ~~**section.**~~

7 ~~— 1. The housing incentive fund is created as a special revolving fund at the Bank of North~~
8 ~~Dakota. The housing finance agency may direct disbursements from the fund and a~~
9 ~~continuing appropriation from the fund is provided for that purpose.~~

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

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

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

26 ~~— a. New construction, rehabilitation, preservation, or acquisition of a multifamily~~
27 ~~housing project;~~

28 ~~— b. Gap assistance, matching funds, and accessibility improvements;~~

29 ~~— c. Assistance that does not exceed the amount necessary to qualify for a loan using~~
30 ~~underwriting standards acceptable for secondary market financing or to make the~~
31 ~~project feasible; and~~

1 ~~———— d. Rental assistance, emergency assistance, barrier mitigation, or targeted~~
2 ~~supportive services designated to prevent homelessness.~~

3 ~~———— 4. Eligible recipients include units of local, state, and tribal government; local and tribal~~
4 ~~housing authorities; community action agencies; regional planning councils; and~~
5 ~~nonprofit organizations and for-profit developers of multifamily housing. Individuals~~
6 ~~may not receive direct assistance from the fund.~~

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

11 ~~———— 6. The agency may collect a reasonable administrative fee from the fund, project~~
12 ~~developers, applicants, or grant recipients. The origination fee assessed to grant~~
13 ~~recipients may not exceed five percent of the project award.~~

14 ~~———— 7. Upon request, the housing finance agency shall report to the industrial commission~~
15 ~~regarding the activities of the housing incentive fund.~~

16 ~~———— 8. At least once per biennium, the housing finance agency shall provide a report to the~~
17 ~~budget section of the legislative management regarding the activities of the housing~~
18 ~~incentive fund.~~

19 ~~———— **SECTION 27. AMENDMENT.** Section 57-51.1-07.9 of the North Dakota Century Code is~~
20 ~~amended and reenacted as follows:~~

21 ~~———— **57-51.1-07.9. State energy research center fund – Continuing appropriation. (Effective**~~
22 ~~**through June 30, 2023)**~~

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

30 **SECTION 19. REPEAL.** Section 54-17-07.12 of the North Dakota Century Code is
31 repealed.

1 **SECTION 20. EXEMPTION - OIL AND GAS TAX REVENUE ALLOCATIONS - NORTH**
2 **DAKOTA OUTDOOR HERITAGE FUND.** Notwithstanding the provisions of section 57-51-15
3 relating to the allocations to the North Dakota outdoor heritage fund, for the period beginning
4 September 1, 2021, and ending August 31, 2023, the state treasurer shall allocate eight percent
5 of the oil and gas gross production tax revenue available under subsection 1 of section
6 57-51-15 to the North Dakota outdoor heritage fund, but not in an amount exceeding
7 \$7,500,000 per fiscal year.

8 ~~—**SECTION 20. EXEMPTION - OIL AND GAS TAX REVENUE ALLOCATIONS - OIL AND**~~
9 ~~**GAS RESEARCH FUND.** Notwithstanding the provisions of section 57-51.1-07.3 relating to the~~
10 ~~allocations to the oil and gas research fund, for the period beginning August 1, 2021, and~~
11 ~~ending July 31, 2023, the state treasurer shall deposit two percent of the oil and gas gross~~
12 ~~production tax and oil extraction tax revenues, up to \$16,000,000, into the oil and gas research~~
13 ~~fund before depositing oil and gas tax revenues under sections 57-51.1-07.5 and 57-51.1-07.9.~~

14 **SECTION 21. EXEMPTION - SCHOOL CONSTRUCTION ASSISTANCE REVOLVING**
15 **LOAN FUND.** Notwithstanding the requirements under section 15.1-36-08 to use the moneys in
16 the fund for loan disbursements and administrative expenses and pursuant to the continuing
17 appropriation authority under section 15.1-36-08, \$2,500,000, or so much of the sum as may be
18 necessary, is available from the school construction assistance revolving loan fund to the Bank
19 of North Dakota to provide interest rate buydowns associated with loans issued under section
20 15.1-36-06, for the biennium beginning July 1, 2021, and ending June 30, 2023. In addition,
21 subject to sufficient funding being available for loans to local school districts, the Bank of North
22 Dakota may utilize funding from the school construction assistance revolving loan fund to repay
23 a portion of the outstanding principal balance of loans issued under section 15.1-36-06 for the
24 purpose of transferring a portion of the loans issued under that section from the Bank of North
25 Dakota to the school construction assistance revolving loan fund, for the biennium beginning
26 July 1, 2021, and ending June 30, 2023.

27 **SECTION 22. EXEMPTION - SURVEY REVIEW - STRATEGIC INVESTMENT AND**
28 **IMPROVEMENTS FUND.** The amount of \$800,000 appropriated from the strategic investment
29 and improvements fund in section 2 of chapter 426 of the 2017 Session Laws and continued
30 into the 2019-21 biennium pursuant to section 27 of chapter 14 of the 2019 Session Laws is not
31 subject to section 54-44.1-11. Any unexpended funds from this appropriation are available to the

1 industrial commission for expert legal testimony associated with the survey review until June 30,
2 2023.

3 **SECTION 23. EXEMPTION - INDUSTRIAL COMMISSION FUND.** The amount of
4 \$1,172,603 appropriated to the industrial commission in subdivision 1 of section 1 of chapter 14
5 of the 2019 Session Laws and transferred pursuant to section 8 of chapter 14 of the
6 2019 Session Laws is not subject to the provisions of section 54-44.1-11. Any unexpended
7 funds from this appropriation are available to the industrial commission for administrative
8 services rendered by the commission during the biennium beginning July 1, 2021, and ending
9 June 30, 2023.

10 **SECTION 24. STATE ENERGY RESEARCH CENTER - STUDY OF HYDROGEN.** In
11 addition to the duties under section 15-11-40, the state energy research center shall consider
12 studying the development and implementation of hydrogen energy in the state during the
13 biennium beginning July 1, 2021, and ending June 30, 2023. The study must include a plan for
14 the development and implementation of hydrogen energy and must include consideration of
15 existing resources, methods of production and delivery, and potential uses of hydrogen. The
16 study may include estimates of the cost and timeline to develop infrastructure for hydrogen
17 energy and the use of public and private partnerships to assist in the development of
18 infrastructure for hydrogen energy. During the 2021-22 interim, the state energy research center
19 shall provide at least one report to the legislative management regarding the study.