

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~~ subsection 1 of section 6-09-49, as amended by section 1
7 of House Bill No. 1431, as approved by the sixty-seventh legislative assembly, section 6-09-49,
8 a new section to chapter 6-09, as created by section 2 of House Bill No. 1431, as approved by
9 the sixty-seventh legislative assembly, section 6-09.4-05.1, section 6-09.4-06, as amended by
10 section 3 of House Bill No. 1431, as approved by the sixty-seventh legislative assembly, section
11 15-11-40, subsection 6 of section 17-05-08, subsection 1 of section 38-22-14, subsection 1 of
12 section 38-22-15, and sections 54-17-40 and 57-51.1-07.9 of the North Dakota Century Code
13 and section 7 of House Bill No. 1431, as approved by the sixty-seventh legislative assembly,
14 relating to ~~the infrastructure revolving loan fund, borrowing and lending authority of the public~~
15 ~~finance authority, reserve funds associated with bonds, the long-term care facility loan fund, the~~
16 ~~state energy research center, and the housing incentive fund; to provide a continuing~~
17 ~~appropriation to the infrastructure revolving loan fund, the water infrastructure revolving loan~~
18 ~~fund, the state energy research center, transmission authority projects, public finance authority~~
19 ~~bonding, carbon dioxide storage fees, the housing incentive fund, and a bond issue limitation; to~~
20 repeal section 54-17-07.12 of the North Dakota Century Code, relating to the housing finance
21 agency participating as a wholesale servicing mortgage lender; to provide for a transfer; to
22 provide an exemption; to provide a statement of legislative intent; to provide for a study; ~~and to~~
23 provide for a legislative management report; and to provide an expiration date.

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

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1	Bank of North Dakota operations	\$62,847,799	\$3,433,380	\$66,281,179
2	Capital assets	1,510,000	0	1,510,000
3	Total special funds	\$64,357,799	\$3,433,380	\$67,791,179
4	Full-time equivalent positions	181.50	(8.50)	173.00

5 Subdivision 3.

6 HOUSING FINANCE AGENCY

7		Adjustments or		
8		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
9	Salaries and wages	\$8,509,015	\$1,128,509	\$9,637,524
10	Salaries and wages	\$8,509,015	\$1,047,257	\$9,556,272
11	Operating expenses	5,346,276	797,784	6,144,060
12	Capital assets	0	150,000	150,000
13	Grants	33,466,600	9,508,600	42,975,200
14	Housing finance agency contingencies	<u>100,000</u>	<u>0</u>	<u>100,000</u>
15	Total special funds	\$47,421,891	\$11,584,893	\$59,006,784
16	Full-time equivalent positions	44.00	5.00	49.00
17	Total special funds	\$47,421,891	\$11,503,641	\$58,925,532
18	Full-time equivalent positions	44.00	5.00	49.00

19 Subdivision 4.

20 MILL AND ELEVATOR ASSOCIATION

21		Adjustments or		
22		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
23	Salaries and wages	\$46,447,824	\$4,112,385	\$50,560,209
24	Operating expenses	29,837,000	6,980,000	36,817,000
25	Contingencies	500,000	0	500,000
26	Agriculture promotion	<u>210,000</u>	<u>290,000</u>	<u>500,000</u>
27	Total special funds	\$76,994,824	\$11,382,385	\$88,377,209
28	Full-time equivalent positions	156.00	0.00	156.00

29 Subdivision 5.

30 TOTAL - SECTION 1

	Base Level	Adjustments or Enhancements	Appropriation
Grand total general fund	\$27,254,198	(\$412,948)	\$26,841,250
Grand total special funds	201,498,304	37,861,747	239,360,051
Grand total all funds	\$228,752,502	\$37,448,799	\$266,201,301
<u>Grand total general fund</u>	<u>\$27,254,198</u>	<u>(\$658,325)</u>	<u>\$26,595,873</u>
<u>Grand total special funds</u>	<u>201,498,304</u>	<u>37,964,801</u>	<u>239,463,105</u>
<u>Grand total all funds</u>	<u>\$228,752,502</u>	<u>\$37,306,476</u>	<u>\$266,058,978</u>

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>
Temporary employees	\$175,000	\$0
Rare earth elements study	160,000	0
Fracturing sand study	110,000	0
Oil database software upgrade	5,000,000	0
High-level radioactive fund	20,000	0
Housing finance agency - housing incentive fund	7,500,000	0
<u>Housing finance agency - housing assessment</u>	<u>0</u>	<u>35,000</u>
Paleontology and geological equipment	<u>0</u>	<u>106,206</u>
Total all funds	\$12,965,000	\$106,206
Less estimated income	5,270,000	0
Total general fund	\$7,695,000	\$106,206
<u>Total all funds</u>	<u>\$12,965,000</u>	<u>\$141,206</u>
<u>Less estimated income</u>	<u>5,270,000</u>	<u>35,000</u>
<u>Total general fund</u>	<u>\$7,695,000</u>	<u>\$106,206</u>

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

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

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

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

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

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

25 **INCENTIVE FUND.** There is appropriated out of any moneys in the general fund in the state
26 treasury, not otherwise appropriated, the sum of ~~\$15,000,000~~\$9,500,000, which the office of
27 management and budget shall transfer to the housing incentive fund during the biennium
28 beginning July 1, 2021, and ending June 30, 2023.

29 **SECTION 6. ~~APPROPRIATION - GENERAL FUND - TRANSFER~~ STRATEGIC**

30 **INVESTMENT AND IMPROVEMENTS FUND TO OIL AND GAS RESEARCH FUND - ~~INTENT.~~**
31 ~~There is appropriated out of any moneys in the general fund in the state treasury, not otherwise~~

1 ~~appropriated, the sum of \$14,000,000, or so much of the sum as may be necessary, which the~~
2 ~~office of management and budget shall transfer~~ The office of management and budget shall
3 transfer the sum of \$9,500,000 from the strategic investment and improvements fund to the oil
4 and gas research fund during the biennium beginning July 1, 2021, and ending June 30, 2023.
5 ~~The office of management and budget shall transfer the funds as requested by the industrial~~
6 ~~commission. It is the intent of the sixty-seventh legislative assembly that the funds appropriated~~
7 ~~under this section be derived from legacy fund earnings transferred to the general fund during~~
8 ~~the biennium beginning July 1, 2019, and ending June 30, 2021.~~

9 ~~— SECTION 7. PUBLIC FINANCE AUTHORITY – BOND ISSUE LIMITATION – BANK OF~~
10 ~~NORTH DAKOTA – APPROPRIATION.~~

11 ~~— 1. Pursuant to the bonding authority under section 6-09.4-06, the public finance authority~~
12 ~~may issue up to \$100,000,000 of bonds for transfer to the Bank of North Dakota for~~
13 ~~allocations to the long-term care facility loan fund, for the biennium beginning July 1,~~
14 ~~2021, and ending June 30, 2023.~~

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

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

24 **SECTION 7. TRANSFER - ENTITIES UNDER THE CONTROL OF THE INDUSTRIAL**
25 **COMMISSION TO INDUSTRIAL COMMISSION FUND.** The sum of ~~\$1,215,980~~ \$1,214,768, or
26 so much of the sum as may be necessary, included in the appropriation in subdivision 1 of
27 section 1 of this Act, may be transferred from the entities within the control of the industrial
28 commission or entities directed to make payments to the industrial commission fund for
29 administrative services rendered by the commission. Transfers must be made during the
30 biennium beginning July 1, 2021, and ending June 30, 2023, upon order of the commission.

1 Transfers from the student loan trust fund must be made to the extent permitted by sections
2 54-17-24 and 54-17-25.

3 **SECTION 8. TRANSFER - BANK OF NORTH DAKOTA PROFITS TO GENERAL FUND.**

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

10 **SECTION 9. TRANSFER - PARTNERSHIP IN ASSISTING COMMUNITY EXPANSION.**

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

15 **SECTION 10. TRANSFER - AGRICULTURE PARTNERSHIP IN ASSISTING COMMUNITY**

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

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

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

25 **SECTION 12. TRANSFER - BEGINNING FARMER REVOLVING LOAN FUND.** The Bank

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

29 **SECTION 13. LIGNITE RESEARCH, DEVELOPMENT, AND MARKETING PROGRAM -**

30 **LIGNITE MARKETING FEASIBILITY STUDY.** The amount of \$4,500,000 from the lignite
31 research fund, or so much of the amount as may be necessary, may be used for the purpose of

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

15 **SECTION 14. OIL AND GAS RESEARCH FUND - UNDERGROUND ENERGY STORAGE**
16 **STUDY - REPORT TO LEGISLATIVE MANAGEMENT.** Pursuant to the continuing
17 appropriation under section 57-51.1-07.3, the industrial commission shall use up to
18 ~~\$14,000,000~~\$9,500,000, or so much of the sum as may be necessary, from the oil and gas
19 research fund to contract with the energy and environmental research center for an
20 underground energy storage study. The study must include consideration of the potential
21 capacity of salt caverns in geological formations in North Dakota for the development of
22 underground storage of energy resources, including natural gas, liquified natural gas, natural
23 gas liquids, and hydrogen. The energy and environmental research center may collaborate with
24 other entities as needed on the study. Prior to contracting with the energy and environmental
25 research center, the commission must receive from at least one nonstate entity assurance of
26 financial or other types of support that demonstrate a commitment to the study. During the
27 2021-22 interim, the energy and environmental research center shall provide quarterly reports
28 to the industrial commission and at least one report to the legislative management regarding the
29 results and recommendations of the study.

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

1 ~~6-09-49. Infrastructure revolving loan fund -- Continuing appropriation.~~

2 ~~1. The infrastructure revolving loan fund is a special fund in the state treasury from which~~
3 ~~the Bank of North Dakota shall provide loans to political subdivisions, the Garrison-~~
4 ~~Diversion Conservancy District, and the Lake Agassiz water authority for essential~~
5 ~~infrastructure projects. The Bank shall administer the infrastructure revolving loan-~~
6 ~~fund. The maximum term of a loan made under this section is the lesser of thirty years~~
7 ~~or the useful life of the project, except for projects under subdivisions n, o, and p of~~
8 ~~subsection 2, which may have a maximum term of up to the lesser of forty years or the~~
9 ~~useful life of the project. A loan made from the fund under this section must have an~~
10 ~~interest rate that does not exceed two percent per year.~~

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

- 16 ~~a. The Red River valley water supply project;~~
- 17 ~~b. New or replacement of existing water Water treatment plants;~~
- 18 ~~c. New or replacement of existing wastewater Wastewater treatment plants;~~
- 19 ~~d. New or replacement of existing sewer lines and water lines Sewerlines and~~
20 ~~waterlines, including lift stations and pumping systems; and~~
- 21 ~~e. New or replacement of existing storm water and transportation Storm water~~
22 ~~infrastructure, including curb and gutter construction;~~
- 23 ~~f. Water storage systems, including dams, water tanks, and water towers;~~
- 24 ~~g. Road and bridge infrastructure, including paved and unpaved roads and bridges;~~
- 25 ~~h. Airport infrastructure;~~
- 26 ~~i. Electricity transmission infrastructure;~~
- 27 ~~j. Natural gas transmission infrastructure;~~
- 28 ~~k. Communications infrastructure;~~
- 29 ~~l. Emergency services facilities, excluding hospitals;~~
- 30 ~~m. Political subdivision buildings;~~
- 31 ~~n. Flood control and conveyance infrastructure;~~

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

2 ~~p. General water management infrastructure.~~

3 ~~3. In processing political subdivision loan applications under this section, the Bank shall~~
4 ~~calculate the maximum loan amount for which a qualified applicant may qualify, not to~~
5 ~~exceed fifteenforty million dollars per loan for projects under subdivisions a through m~~
6 ~~of subsection 2. Loans for projects under subdivisions n, o, and p of subsection 2 are~~
7 ~~not limited to a specific amount per loan. The Bank shall consider the applicant's~~
8 ~~ability to repay the loan when processing the application and shall issue loans only to~~
9 ~~applicants that provide reasonable assurance of sufficient future income to repay the~~
10 ~~loan.~~

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

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

23 ~~6. If a political subdivision applies for a loan under this section for a county road or bridge~~
24 ~~project, the department of transportation shall review and approve the project before~~
25 ~~the Bank may issue a loan. If a political subdivision applies for a loan under this~~
26 ~~section for a water-related project under subdivisions n, o, and p of subsection 2, the~~
27 ~~state water commission shall review and approve the project before the Bank may~~
28 ~~issue a loan. The department of transportation and state water commission may~~
29 ~~develop policies for reviewing and approving projects under this section.~~

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

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

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

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

~~3. The public finance authority may transfer money to the Bank for allocations to the long-term care facility loan fund under chapter 6-09.16. The obligation of the state to pay the bond payments is subject to the biennial appropriations by the legislative assembly. Neither the obligation of the state to pay the bonds nor the obligation of the~~

~~issuer to pay debt service will constitute a debt of the state or any agency or political subdivision of the state within the meaning of any constitutional or statutory provision. The issuance of the bond does not directly or contingently obligate the state to pay the bond payments beyond the appropriation for the current biennium of the state. The issuer has no taxing power.~~

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

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

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

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

~~1. The public finance authority shall establish and maintain a reserve fund in which there must be deposited all moneys appropriated by the state for the purpose of the fund, all proceeds of bonds required to be deposited therein by terms of any contract between the public finance authority and its bondholders or any resolution of the public finance authority with respect to the proceeds of bonds, any other moneys or funds of the public finance authority which it determines to deposit therein, any contractual right to the receipt of moneys by the public finance authority for the purpose of the fund,~~

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

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

30 ~~3.~~ No bonds may be issued by the public finance authority unless there is in the reserve
31 fund the required debt service reserve for all bonds then issued and outstanding and

1 the bonds to be issued. Nothing in this chapter prevents or precludes the public-
2 finance authority from satisfying the foregoing requirement by depositing so much of
3 the proceeds of the bonds to be issued, upon their issuance, as is needed to achieve
4 the required debt service reserve. The public finance authority may at any time issue
5 its bonds or notes for the purpose of providing any amount necessary to increase the
6 amount in the reserve fund to the required debt service reserve, or to meet such
7 higher or additional reserve as may be fixed by the public finance authority with
8 respect to such fund.

9 ~~4.~~ In order to assure the maintenance of the required debt service reserve, there shall be
10 appropriated by the legislative assembly and paid to the public finance authority for
11 deposit in the reserve fund, such sum, if any, as shall be certified by the industrial
12 commission as necessary to restore the reserve fund to an amount equal to the
13 required debt service reserve. However, the commission may approve a resolution for
14 the issuance of bonds, as provided by section 6-09.4-06, which states in substance
15 that this subsection is not applicable to the required debt service reserve for bonds
16 issued under that resolution.

17 ~~5.~~ If the maturity of a series of bonds of the public finance authority is three years or less
18 from the date of issuance of the bonds, the public finance authority may determine that
19 no reserve fund need be established for that respective series of bonds. If such a
20 determination is made, holders of that respective series of bonds may have no interest
21 in or claim on existing reserve funds established for the security of the holders of
22 previously issued public finance authority bonds, and may have no interest in or claim
23 on reserve funds established for the holders of subsequent issues of bonds of the
24 public finance authority.

25 ~~6.~~ The industrial commission may determine that this section is inapplicable in whole or
26 in part for bonds issued under section:

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

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

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

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

1 ~~— **Debt service requirements – Bonds for long-term care facility loan fund.**~~

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

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

8 ~~— **6-09.16-02. Long-term care facility loan fund – Continuing appropriation – Transfer to**~~
9 ~~**general fund.**~~

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

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

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

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

22 ~~— **6-09.16-03. Long-term care facility loan fund.**~~

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

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

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

1 ~~_____ b. The costs of administration of the fund. The Bank may use a portion of the~~
2 ~~interest paid on the outstanding loans as a service fee to pay administrative~~
3 ~~costs, which may not exceed one-half of one percent of the amount of the~~
4 ~~interest payment.~~

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

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

9 ~~_____ **6-09.16-05. Amount of loans -- Terms and conditions.**~~

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

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

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

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

28 ~~_____ a. Exploratory research of technologies and methodologies that facilitate the~~
29 ~~prudent development, and clean and efficient use, of the state's energy~~
30 ~~resources;~~

1 ~~_____ b. Greater access to energy experts for timely scientific and engineering studies to~~
2 ~~support the state's interests; and~~

3 ~~_____ c. Education and outreach related to the state's energy resources.~~

4 ~~_____ 2. The state energy research center shall report all research activities and~~
5 ~~accomplishments annually to the interim legislative energy development and~~
6 ~~transmission committee and to the industrial commission. Upon request, the state~~
7 ~~energy research center shall report all research activities and accomplishments to the~~
8 ~~appropriations committees of the legislative assembly.~~

9 ~~_____ 3. To effectuate the purposes of this section, the energy and environmental research~~
10 ~~center may:~~

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

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

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

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

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

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

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

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

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

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

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

7 ~~5.4. In addition to other remedies provided by law or contract, the department may~~
8 ~~deduct the amount of any refund due from a recipient of a loan from any money owed by the~~
9 ~~department to such recipient or the recipient's successor in interest.~~

10 **SECTION 15. OIL AND GAS RESEARCH FUND - EXEMPTION - ENERGY AND**
11 **ENVIRONMENTAL RESEARCH CENTER - STUDY OF HYDROGEN.** Pursuant to the
12 continuing appropriation in section 57-51.1-07.3 and notwithstanding any policies developed by
13 the oil and gas research council requiring matching funds, the industrial commission shall use
14 \$500,000, or so much of the sum as may be necessary, from the oil and gas research fund to
15 contract with the energy and environmental research center for a study regarding the
16 development and implementation of hydrogen energy in the state. The study must include a
17 plan for the development and implementation of hydrogen energy and must include
18 consideration of existing resources, methods of production and delivery, and potential uses of
19 hydrogen. The study may include estimates of the cost and timeline to develop infrastructure for
20 hydrogen energy and the use of public and private partnerships to assist in the development of
21 infrastructure for hydrogen energy. During the 2021-22 interim, the energy and environmental
22 research center shall provide at least one report to the legislative management regarding the
23 study.

24 **SECTION 16. AMENDMENT.** Subsection 1 of section 6-09-49 of the North Dakota Century
25 Code, as amended by section 1 of House Bill No. 1431, as approved by the sixty-seventh
26 legislative assembly, is amended and reenacted as follows:

- 27 1. The infrastructure revolving loan fund is a special fund in the state treasury from which
28 the Bank of North Dakota shall provide loans to political subdivisions, the Garrison
29 Diversion Conservancy District, and the Lake Agassiz water authority for essential
30 infrastructure projects. The Bank shall administer the infrastructure revolving loan
31 fund. The maximum term of a loan made under this section is thirty years. A loan

1 made from the fund under this section must have an interest rate ~~starting at two-~~
2 ~~percent per year and increasing by one percent every five years, up to a maximum-~~
3 ~~rate of five percent per year~~ that does not exceed two percent per year.

4 **SECTION 17. AMENDMENT.** Section 6-09-49 of the North Dakota Century Code is
5 amended and reenacted as follows:

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

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

1 l. Emergency services facilities, excluding hospitals; and

2 m. Critical political subdivision buildings and infrastructure.

3 3. In processing political subdivision loan applications under this section, the Bank shall
4 calculate the maximum outstanding loan amount ~~for which a per~~ qualified applicant
5 ~~may qualify, not to exceed fifteen million dollars per loan.~~ A qualified applicant under
6 this section may have a maximum combined total of forty million dollars in outstanding
7 loans under this section and section 6-09-49.1. The Bank shall consider the applicant's
8 ability to repay the loan when processing the application and shall issue loans only to
9 applicants that provide reasonable assurance of sufficient future income to repay the
10 loan.

11 4. The Bank shall deposit in the infrastructure revolving loan fund all payments of interest
12 and principal paid under loans made from the infrastructure revolving loan fund. The
13 Bank may use a portion of the interest paid on the outstanding loans as a servicing fee
14 to pay for administrative costs which may not exceed one-half of one percent of the
15 amount of the interest payment. All moneys transferred to the fund, interest upon
16 moneys in the fund, and payments to the fund of principal and interest are
17 appropriated to the Bank on a continuing basis for administrative costs and for loan
18 disbursement according to this section.

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

23 6. If a political subdivision applies for a loan under this section for a county road or bridge
24 project, the department of transportation shall review and approve the project before
25 the Bank may issue a loan. If a political subdivision applies for a loan under this
26 section for a water-related project, the state water commission shall review and
27 approve the project before the Bank may issue a loan. The department of
28 transportation and state water commission may develop policies for reviewing and
29 approving projects under this section.

1 | **SECTION 18. AMENDMENT.** A new section to chapter 6-09 of the North Dakota Century
2 Code, as created by section 2 of House Bill No. 1431, as approved by the sixty-seventh
3 legislative assembly, is amended and reenacted as follows:

4 | **Water infrastructure revolving loan fund - State water commission - Continuing**
5 **appropriation.**

- 6 | 1. There is created in the state treasury the water infrastructure revolving loan fund to
7 provide loans for water supply, flood protection, or other water development and water
8 management projects. The fund consists of moneys transferred into the fund, interest
9 earned on moneys in the fund, and principal and interest payments to the fund. All
10 moneys in the fund are appropriated to the Bank of North Dakota on a continuing
11 basis for loan disbursements and administrative costs.
- 12 | 2. The state water commission shall approve eligible projects for loans from the water
13 infrastructure loan fund. The state water commission shall consider the following when
14 evaluating eligible projects:
- 15 | a. A description of the nature and purposes of the proposed infrastructure project,
16 including an explanation of the need for the project, the reasons why the project
17 is in the public interest, and the overall economic impact of the project.
- 18 | b. The estimated cost of the project, the amount of loan funding requested, and
19 other proposed sources of funding.
- 20 | c. The extent to which completion of the project will provide a benefit to the state or
21 regions within the state.
- 22 | 3. Projects not eligible for the state revolving funds under chapters 61-28.1 and 61-28.2
23 must be given priority for loans from the water infrastructure revolving loan fund.
- 24 | 4. In consultation with the state water commission, the Bank of North Dakota shall
25 develop policies for the review and approval of loans under this section. Loans made
26 under this section must be made at the same interest rate as the revolving loan funds
27 established under chapters 61-28.1 and 61-28.2.
- 28 | 5. The Bank of North Dakota shall manage and administer loans from the water
29 infrastructure loan fund. The Bank shall deposit in the fund all principal and interest
30 paid on loans made from the fund. Annually, the Bank may deduct ~~one-quarter~~one-half
31 of one percent of the outstanding loan balance as a service fee for administering the

1 water infrastructure revolving loan fund. The Bank shall contract with a certified public
2 accounting firm to audit the fund. The cost of the audit must be paid from the fund.

3 **SECTION 19. AMENDMENT.** Section 6-09.4-05.1 of the North Dakota Century Code is
4 amended and reenacted as follows:

5 **6-09.4-05.1. Administrative agreements with state agencies.**

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

13 **SECTION 20. AMENDMENT.** Section 6-09.4-06 of the North Dakota Century Code, as
14 amended by section 3 of House Bill No. 1431, as approved by the sixty-seventh legislative
15 assembly, is amended and reenacted as follows:

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

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

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

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

12 3. The public finance authority may transfer money to the Bank of North Dakota for
13 allocations to infrastructure projects and programs. Bonds issued for these purposes
14 are payable in each biennium solely from amounts the legislative assembly may
15 appropriate for debt service for any biennium or from a reserve fund established for
16 the bonds. ~~This section may not be construed to require the state to appropriate funds~~
17 ~~sufficient to make debt service payments with respect to the bonds or to replenish a~~
18 ~~related reserve fund. The bonds are not a debt of the Bank of North Dakota or the~~
19 ~~state. The full faith, credit, and taxing powers of the state are not pledged to the~~
20 ~~payment of the bonds. As of the date appropriated funds and reserves are not~~
21 ~~sufficient to pay debt service on the bonds, the obligation of the public finance~~
22 ~~authority with respect to the bonds must terminate, and the bonds are no longer~~
23 ~~outstanding. In addition to providing funds for the transfers, the public finance authority~~
24 ~~may use the bond proceeds to pay the costs of issuance of the bonds and establish a~~
25 ~~reserve fund for the bonds.~~Neither the obligation of the state to pay the bonds nor the
26 obligation of the issuer to pay debt service will constitute a debt of the state or any
27 agency or political subdivision of the state within the meaning of any constitutional or
28 statutory provision. The issuance of the bond does not directly or contingently obligate
29 the state to pay the bond payments beyond the appropriation for the current biennium
30 of the state. The issuer has no taxing power. In addition to providing funds for the

transfers, the public finance authority may use the bond proceeds to pay the costs of issuance of the bonds, capitalized interest, and establish a reserve fund for the bonds.

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

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

SECTION 21. AMENDMENT. Section 15-11-40 of the North Dakota Century Code is amended and reenacted as follows:

15-11-40. State energy research center - Report. (Effective through June 30, 2023~~2027~~)

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

- a. Exploratory research of technologies and methodologies that facilitate the prudent development, and clean and efficient use, of the state's energy resources;
- b. Greater access to energy experts for timely scientific and engineering studies to support the state's interests; and

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

19 **SECTION 22. AMENDMENT.** Subsection 6 of section 17-05-08 of the North Dakota
20 Century Code is amended and reenacted as follows:

- 21 6. The commission may approve a resolution for the issuance of bonds as provided in
22 this section which states in substance that this subsection is applicable to any required
23 debt service reserve for bonds issued under that resolution in an aggregate amount
24 not to exceed two hundred forty million dollars plus costs of issuance, credit
25 enhancement, and any reserve funds required by agreements with or for the benefit of
26 holders of the evidences of indebtedness for the purposes for which the authority is
27 created under this chapter. The amount of any refinancing, however, may not be
28 counted toward the two hundred forty million dollar limitation to the extent the amount
29 does not exceed the outstanding amount of the obligations being refinanced. No more
30 than thirty percent of the total project costs or the appraised value, whichever is
31 greater. for any single transmission facility project may be financed by bonds issued

1 under this section which are supported by the debt service reserve fund approved by
2 the commission under this subsection. To ensure the maintenance of the required debt
3 service reserve fund approved by the commission under this subsection, the
4 legislative assembly shall appropriate and pay to the authority for deposit in the
5 reserve fund any sum, certified by the commission as necessary to restore the reserve
6 fund to an amount equal to the required debt service reserve fund approved by the
7 commission.

8 **SECTION 23. AMENDMENT.** Subsection 1 of section 38-22-14 of the North Dakota
9 Century Code is amended and reenacted as follows:

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

16 **SECTION 24. AMENDMENT.** Subsection 1 of section 38-22-15 of the North Dakota
17 Century Code is amended and reenacted as follows:

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

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

- 26 7. Residential mortgage program. A program or programs to originate residential
27 mortgages if private sector mortgage loan services are not reasonably available.
28 Under this program, a local financial institution or credit union may assist the agency
29 with receiving loan applications, gathering required documents, ordering legal
30 documents, and maintaining contact with borrowers. The applicant must be referred to
31 the agency by a local financial institution or credit union. The agency shall provide all

1 regulatory disclosures, process and underwrite loans, prepare closing documents, and
2 distribute loan funds. A loan under this program may be issued only for an owner-
3 occupied primary residence.

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

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

12 **54-17-40. Housing incentive fund - Continuing appropriation - Report to budget**
13 **section.**

- 14 1. The housing incentive fund is created as a special revolving fund at the Bank of North
15 Dakota. The housing finance agency may direct disbursements from the fund and a
16 continuing appropriation from the fund is provided for that purpose.
- 17 2. a. After a public hearing, the housing finance agency shall create an annual
18 allocation plan for the distribution of the fund as authorized under subsection 3.
19 At least ~~fifteen~~ten percent of the fund must be used to assist developing
20 communities to address an unmet housing need or alleviate a housing shortage.
21 At least ten percent of the fund must be made available to prevent homelessness
22 as authorized by subdivision d of subsection 3.
- 23 b. The annual allocation plan must give priority to provide housing for individuals
24 and families of low or moderate income. For purposes of this priority, eligible
25 income limits are determined as a percentage of median family income as
26 published in the most recent federal register notice. Under this priority, the annual
27 allocation plan must give preference to projects that benefit households with the
28 lowest income and to projects that have rent restrictions at or below department
29 of housing and urban development published federal fair market rents or
30 department of housing and urban development section 8 payment standards.

- 1 3. The housing finance agency shall adopt guidelines for the fund so as to address
2 unmet housing needs in this state. Assistance from the fund may be used solely for:
 - 3 a. New construction, rehabilitation, preservation, or acquisition of a multifamily
4 housing project;
 - 5 b. Gap assistance, matching funds, and accessibility improvements;
 - 6 c. Assistance that does not exceed the amount necessary to qualify for a loan using
7 underwriting standards acceptable for secondary market financing or to make the
8 project feasible; and
 - 9 d. Rental assistance, emergency assistance, barrier mitigation, or targeted
10 supportive services designated to prevent homelessness.
- 11 4. Eligible recipients include units of local, state, and tribal government; local and tribal
12 housing authorities; community action agencies; regional planning councils; and
13 nonprofit organizations and for-profit developers of multifamily housing. Individuals
14 may not receive direct assistance from the fund.
- 15 5. Except for subdivision d of subsection 3, assistance is subject to repayment or
16 recapture under the guidelines adopted by the housing finance agency. Any
17 assistance that is repaid or recaptured must be deposited in the fund and is
18 appropriated on a continuing basis for the purposes of this section.
- 19 6. The agency may collect a reasonable administrative fee from the fund, project
20 developers, applicants, or grant recipients. The origination fee assessed to grant
21 recipients may not exceed five percent of the project award.
- 22 7. Upon request, the housing finance agency shall report to the industrial commission
23 regarding the activities of the housing incentive fund.
- 24 8. At least once per biennium, the housing finance agency shall provide a report to the
25 budget section of the legislative management regarding the activities of the housing
26 incentive fund.

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

1 **57-51.1-07.9. State energy research center fund - Continuing appropriation. (Effective**
2 **through June 30, 20232027)**

3 The state energy research center fund is a special fund in the state treasury. Before
4 depositing oil and gas gross production tax and oil extraction tax revenues under section
5 57-51.1-07.5, one percent of the revenues must be deposited monthly into the state energy
6 research center fund, up to five million dollars per biennium. All moneys deposited in the state
7 energy research center fund and interest on all such moneys are appropriated on a continuing
8 basis to the industrial commission for distribution to the state energy research center. The state
9 energy research center shall use the funds in accordance with section 15-11-40.

10 **SECTION 28. AMENDMENT.** Section 7 of House Bill No. 1431, as approved by the sixty-
11 seventh legislative assembly, is amended and reenacted as follows:

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

- 14 1. Pursuant to the bonding authority under section 6-09.4-06, the public finance
15 authority only may issue bonds under this Act to provide up to \$680,000,000 of
16 ~~bonds~~funds for transfer to the Bank of North Dakota for allocations to
17 infrastructure projects and programs, for the biennium beginning July 1, 2021,
18 and ending June 30, 2023.
- 19 2. The term of any bonds issued under this section may not exceed twenty years.
20 The public finance authority may issue bond anticipation notes or borrow from the
21 Bank to support the allocations to infrastructure projects and programs prior to a
22 bond issue. ~~The public finance authority shall make available up to ten percent of~~
23 ~~the bonds for sale directly to North Dakota residents and financial institutions~~The
24 state investment board may purchase the bonds as investments for the funds
25 under its management.
- 26 3. After payment of any issuance costs, capitalized interest, or any transfers to a
27 reserve fund, \$680,000,000 from the bond proceeds issued by the public finance
28 authority is appropriated to the Bank of North Dakota for allocations to
29 infrastructure projects and programs, for the biennium beginning July 1, 2021,
30 and ending June 30, 2023, as follows:
- 31 a. \$435,500,000 for the Fargo diversion project;

- 1 b. \$74,500,000 to the resources trust fund;
- 2 c. \$50,000,000 to the infrastructure revolving loan fund under section 6-09-49;
- 3 d. \$70,000,000 to the highway fund; and
- 4 e. \$50,000,000 to North Dakota state university, which is appropriated to North
- 5 Dakota state university, for an agriculture products development center
- 6 including a northern crops institute project.

7 **SECTION 29. REPEAL.** Section 54-17-07.12 of the North Dakota Century Code is
8 repealed.

9 **SECTION 30. EXEMPTION - OIL AND GAS TAX REVENUE ALLOCATIONS - NORTH**
10 **DAKOTA OUTDOOR HERITAGE FUND.** Notwithstanding the provisions of section 57-51-15
11 relating to the allocations to the North Dakota outdoor heritage fund, for the period beginning
12 September 1, 2021, and ending August 31, 2023, the state treasurer shall allocate eight percent
13 of the oil and gas gross production tax revenue available under subsection 1 of section
14 57-51-15 to the North Dakota outdoor heritage fund, but not in an amount exceeding
15 \$7,500,000 per fiscal year.

16 **SECTION 31. EXEMPTION - OIL AND GAS TAX REVENUE ALLOCATIONS - OIL AND**
17 **GAS RESEARCH FUND.** Notwithstanding the provisions of section 57-51.1-07.3 relating to the
18 allocations to the oil and gas research fund, for the period beginning August 1, 2021, and
19 ending July 31, 2023, the state treasurer shall deposit two percent of the oil and gas gross
20 production tax and oil extraction tax revenues, up to ~~\$16,000,000~~ \$14,500,000, into the oil and
21 gas research fund before depositing oil and gas tax revenues under sections 57-51.1-07.5 and
22 57-51.1-07.9.

23 **SECTION 32. EXEMPTION - SCHOOL CONSTRUCTION ASSISTANCE REVOLVING**
24 **LOAN FUND.** Notwithstanding the requirements under section 15.1-36-08 to use the moneys in
25 the fund for loan disbursements and administrative expenses and pursuant to the continuing
26 appropriation authority under section 15.1-36-08, \$2,500,000, or so much of the sum as may be
27 necessary, is available from the school construction assistance revolving loan fund to the Bank
28 of North Dakota to provide interest rate buydowns associated with loans issued under section
29 15.1-36-06, for the biennium beginning July 1, 2021, and ending June 30, 2023. In addition,
30 subject to sufficient funding being available for loans to local school districts, the Bank of North
31 Dakota may utilize funding from the school construction assistance revolving loan fund to repay

1 a portion of the outstanding principal balance of loans issued under section 15.1-36-06 for the
2 purpose of transferring a portion of the loans issued under that section from the Bank of North
3 Dakota to the school construction assistance revolving loan fund, for the biennium beginning
4 July 1, 2021, and ending June 30, 2023.

5 **SECTION 33. EXEMPTION - SURVEY REVIEW - STRATEGIC INVESTMENT AND**
6 **IMPROVEMENTS FUND.** The amount of \$800,000 appropriated from the strategic investment
7 and improvements fund in section 2 of chapter 426 of the 2017 Session Laws and continued
8 into the 2019-21 biennium pursuant to section 27 of chapter 14 of the 2019 Session Laws is not
9 subject to section 54-44.1-11. Any unexpended funds from this appropriation are available to the
10 industrial commission for expert legal testimony associated with the survey review until June 30,
11 2023.

12 **SECTION 34. EXEMPTION - INDUSTRIAL COMMISSION FUND.** The amount of
13 \$1,172,603 appropriated to the industrial commission in subdivision 1 of section 1 of chapter 14
14 of the 2019 Session Laws and transferred pursuant to section 8 of chapter 14 of the
15 2019 Session Laws is not subject to the provisions of section 54-44.1-11. Any unexpended
16 funds from this appropriation are available to the industrial commission for administrative
17 services rendered by the commission during the biennium beginning July 1, 2021, and ending
18 June 30, 2023.

19 **SECTION 35. LEGISLATIVE MANAGEMENT STUDY - LONG-TERM CARE FACILITY**
20 **DEBT.**

- 21 1. During the 2021-22 interim, the legislative management shall consider studying the
22 levels of debt associated with long-term care facilities in the state. The study must
23 include consideration of the following:
- 24 a. The current debt of long-term care facilities and the potential debt that may be
25 incurred in the next ten years by long-term care facilities;
 - 26 b. The status of existing loan programs to assist long-term care facilities, including
27 Bank of North Dakota loan programs and the United States department of
28 agriculture rural loan program; and
 - 29 c. Any potential cost-savings for the state and private payers resulting from lower
30 interest rates associated with loans to long-term care facilities.

1 2. The legislative management shall report its findings and recommendations, together
2 with any legislation required to implement the recommendations, to the sixty-eighth
3 legislative assembly.

4 **SECTION 36. BANK OF NORTH DAKOTA LOAN PROGRAMS - REPORT TO**

5 **LEGISLATIVE MANAGEMENT.** During the 2021-22 interim, the Bank of North Dakota shall
6 provide at least one report to the legislative management regarding the status of the
7 infrastructure revolving loan fund under section 6-09-49, the legacy infrastructure loan fund
8 under section 6-09-49.1, and the water infrastructure revolving loan fund under section 16 of
9 this Act. The report must include information regarding the types of projects funded with the
10 loans, outstanding loans, and new loans issued, and the report must identify outstanding loans
11 and new loans by communities with a population of less than five thousand and by communities
12 with a population of at least five thousand.