

**FIRST ENGROSSMENT
with House Amendments
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 subsections 7 and 8 of
3 section 54-17-07.3 of the North Dakota Century Code, relating to housing finance agency
4 programs; to amend and reenact section 6-09.4-05.1, subsection 6 of section 17-05-08,
5 subsection 1 of section 38-22-14, and subsection 1 of section 38-22-15 of the North Dakota
6 Century Code, relating to transmission authority projects and carbon dioxide storage fees; to
7 repeal section 54-17-07.12 of the North Dakota Century Code, relating to the housing finance
8 agency participating as a wholesale servicing mortgage lender; to provide for a transfer; to
9 provide an exemption; to provide a statement of legislative intent; to provide for a study; and to
10 provide for a legislative management report.

11 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

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

18 Subdivision 1.

INDUSTRIAL COMMISSION

		Adjustments or	
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
22 Salaries and wages	\$23,409,450	\$288,669	\$23,698,119
23 Operating expenses	5,830,227	(704,669)	5,125,558
24 Capital assets	0	100,660	100,660

Sixty-seventh
Legislative Assembly

1	Grants - bond payments	10,508,767	11,531,954	22,040,721
2	Contingencies	<u>229,544</u>	<u>(229,544)</u>	<u>0</u>
3	Total all funds	\$39,977,988	\$10,987,070	\$50,965,058
4	Less estimated income	<u>12,723,790</u>	<u>11,645,395</u>	<u>24,369,185</u>
5	Total general fund	\$27,254,198	(\$658,325)	\$26,595,873
6	Full-time equivalent positions	112.25	(4.00)	108.25
7	Subdivision 2.			

BANK OF NORTH DAKOTA

9			Adjustments or	
10		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
11	Bank of North Dakota operations	\$62,847,799	\$2,955,453	\$65,803,252
12	Capital assets	<u>1,510,000</u>	<u>0</u>	<u>1,510,000</u>
13	Total special funds	\$64,357,799	\$2,955,453	\$67,313,252
14	Full-time equivalent positions	181.50	(12.00)	169.50
15	Subdivision 3.			

HOUSING FINANCE AGENCY

17			Adjustments or	
18		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
19	Salaries and wages	\$8,509,015	\$972,680	\$9,481,695
20	Operating expenses	5,346,276	797,784	6,144,060
21	Capital assets	0	150,000	150,000
22	Grants	33,466,600	9,508,600	42,975,200
23	Housing finance agency contingencies	<u>100,000</u>	<u>0</u>	<u>100,000</u>
24	Total special funds	\$47,421,891	\$11,429,064	\$58,850,955
25	Full-time equivalent positions	44.00	4.00	48.00
26	Subdivision 4.			

MILL AND ELEVATOR ASSOCIATION

28			Adjustments or	
29		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
30	Salaries and wages	\$46,447,824	\$4,112,385	\$50,560,209
31	Operating expenses	29,837,000	6,980,000	36,817,000

Sixty-seventh
Legislative Assembly

1	Contingencies	500,000	0	500,000
2	Agriculture promotion	<u>210,000</u>	<u>290,000</u>	<u>500,000</u>
3	Total special funds	\$76,994,824	\$11,382,385	\$88,377,209
4	Full-time equivalent positions	156.00	0.00	156.00
5	Subdivision 5.			
6	TOTAL - SECTION 1			
7			Adjustments or	
8		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
9	Grand total general fund	\$27,254,198	(\$658,325)	\$26,595,873
10	Grand total special funds	<u>201,498,304</u>	<u>37,412,297</u>	<u>238,910,601</u>
11	Grand total all funds	\$228,752,502	\$36,753,972	\$265,506,474

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:

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

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. TRANSFER STRATEGIC INVESTMENT AND IMPROVEMENTS FUND TO**

25 **OIL AND GAS RESEARCH FUND.** The office of management and budget shall transfer the
26 sum of \$9,500,000 from the strategic investment and improvements fund to the oil and gas
27 research fund during the biennium beginning July 1, 2021, and ending June 30, 2023.

28 **SECTION 6. TRANSFER - ENTITIES UNDER THE CONTROL OF THE INDUSTRIAL**

29 **COMMISSION TO INDUSTRIAL COMMISSION FUND.** The sum of \$1,214,768, or so much of
30 the sum as may be necessary, included in the appropriation in subdivision 1 of section 1 of this
31 Act, may be transferred from the entities within the control of the industrial commission or

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

5 **SECTION 7. TRANSFER - BANK OF NORTH DAKOTA PROFITS TO GENERAL FUND.**

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

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

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

17 **SECTION 9. TRANSFER - AGRICULTURE PARTNERSHIP IN ASSISTING COMMUNITY**
18 **EXPANSION.** The Bank of North Dakota shall transfer the sum of \$5,000,000, or so much of the
19 sum as may be necessary, from the Bank's current earnings and undivided profits to the
20 agriculture partnership in assisting community expansion fund during the biennium beginning
21 July 1, 2021, and ending June 30, 2023.

22 **SECTION 10. TRANSFER - BIOFUELS PARTNERSHIP IN ASSISTING COMMUNITY**
23 **EXPANSION.** The Bank of North Dakota shall transfer the sum of \$1,000,000, or so much of the
24 sum as may be necessary, from the Bank's current earnings and undivided profits to the
25 biofuels partnership in assisting community expansion fund during the biennium beginning
26 July 1, 2021, and ending June 30, 2023.

27 **SECTION 11. TRANSFER - BEGINNING FARMER REVOLVING LOAN FUND.** The Bank
28 of North Dakota shall transfer the sum of \$8,000,000, or so much of the sum as may be
29 necessary, from the Bank's current earnings and undivided profits to the beginning farmer
30 revolving loan fund during the biennium beginning July 1, 2021, and ending June 30, 2023.

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

2 **LIGNITE MARKETING FEASIBILITY STUDY.** The amount of \$4,500,000 from the lignite
3 research fund, or so much of the amount as may be necessary, may be used for the purpose of
4 contracting for an independent, nonmatching lignite marketing feasibility study or studies that
5 determine those focused priority areas where near-term, market-driven projects, activities, or
6 processes will generate matching private industry investment and have the most potential of
7 preserving existing lignite production and industry jobs or that will lead to increased
8 development of lignite and its products and create new lignite industry jobs and economic
9 growth for the general welfare of this state. Moneys appropriated pursuant to this section also
10 may be used for the purpose of contracting for nonmatching studies and activities in support of
11 advanced energy technology and other technology development programs; for litigation that
12 may be necessary to protect and promote the continued development of lignite resources; for
13 nonmatching externality studies and activities in externality proceedings; or other marketing,
14 environmental, or transmission activities that assist with marketing of lignite-based electricity
15 and lignite-based byproducts. Moneys needed for the purposes stated in this section are
16 available to the industrial commission for funding projects, processes, or activities under the
17 lignite research, development, and marketing program.

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

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

1 at least one report to the legislative management regarding the results and recommendations of
2 the study.

3 **SECTION 14. 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 15. AMENDMENT.** Subsection 6 of section 17-05-08 of the North Dakota
14 Century Code is amended and reenacted as follows:

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

1 fund to an amount equal to the required debt service reserve fund approved by the
2 commission.

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

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

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

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

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

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

30 8. The housing finance agency may purchase, service, and sell residential real estate
31 loans secured by a first mortgage lien on real property originated by financial

1 institutions. The loans may be held in the agency's portfolio or sold on the secondary
2 market with servicing retained. All loans with a loan-to-value ratio exceeding eighty
3 percent and not guaranteed by a federal agency must be insured by an approved
4 mortgage insurance company.

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

7 **SECTION 20. EXEMPTION - OIL AND GAS TAX REVENUE ALLOCATIONS - NORTH**
8 **DAKOTA OUTDOOR HERITAGE FUND.** Notwithstanding the provisions of section 57-51-15
9 relating to the allocations to the North Dakota outdoor heritage fund, for the period beginning
10 September 1, 2021, and ending August 31, 2023, the state treasurer shall allocate eight percent
11 of the oil and gas gross production tax revenue available under subsection 1 of section
12 57-51-15 to the North Dakota outdoor heritage fund, but not in an amount exceeding
13 \$7,500,000 per fiscal year.

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.