

**Sixty-eighth Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 3, 2023**

HOUSE BILL NO. 1014
(Appropriations Committee)

AN ACT to provide an appropriation for defraying the expenses of the industrial commission and the agencies under its control; to amend and reenact sections 6-09.7-05, 54-17-40, and 54-17.7-01, subsections 3 and 4 of section 54-17.7-04, and subsection 3 of section 54-63.1-07 of the North Dakota Century Code and subsection 36 of section 1 of chapter 550 of the 2021 Special Session Session Laws, relating to fuel production facility loan guarantee reserve funding, the housing incentive fund, the powers of the North Dakota pipeline authority, definitions for the clean sustainable energy authority, a clean sustainable energy authority line of credit, and an appropriation from the state fiscal recovery fund; to provide a contingent appropriation; to provide for a transfer; to provide an exemption; to provide for a study; to provide for a report; to provide a statement of legislative intent; to provide an effective date; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, and from special funds derived from federal funds and other income, to the industrial commission and agencies under its control for the purpose of defraying the expenses of the industrial commission and the agencies under its control, for the biennium beginning July 1, 2023, and ending June 30, 2025, as follows:

Subdivision 1.

INDUSTRIAL COMMISSION

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$23,698,119	(\$21,835,425)	\$1,862,694
Operating expenses	5,119,958	(924,889)	4,195,069
Capital assets	0	1,250,000	1,250,000
Grants	0	8,623,893	8,623,893
Grants - bond payments	<u>22,040,721</u>	<u>97,839,192</u>	<u>119,879,913</u>
Total all funds	\$50,858,798	\$84,952,771	\$135,811,569
Less estimated income	<u>24,369,185</u>	<u>107,017,528</u>	<u>131,386,713</u>
Total general fund	\$26,489,613	(\$22,064,757)	\$4,424,856
Full-time equivalent positions	108.25	(98.50)	9.75

Subdivision 2.

DEPARTMENT OF MINERAL RESOURCES

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$0	\$23,123,267	\$23,123,267
Operating expenses	0	11,541,104	11,541,104
Capital assets	<u>0</u>	<u>98,000</u>	<u>98,000</u>
Total all funds	\$0	\$34,762,371	\$34,762,371
Less estimated income	<u>0</u>	<u>2,568,000</u>	<u>2,568,000</u>
Total general fund	\$0	\$32,194,371	\$32,194,371
Full-time equivalent positions	0.00	108.00	108.00

Subdivision 3.

BANK OF NORTH DAKOTA

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Bank of North Dakota operations	\$67,306,548	\$2,760,519	\$70,067,067
Capital assets	<u>1,510,000</u>	<u>0</u>	<u>1,510,000</u>
Total special funds	\$68,816,548	\$2,760,519	\$71,577,067
Full-time equivalent positions	173.00	14.00	187.00

Subdivision 4.

HOUSING FINANCE AGENCY

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$9,556,272	\$1,556,933	\$11,113,205
Operating expenses	6,109,060	4,794,823	10,903,883
Capital assets	150,000	(130,000)	20,000
Grants	42,975,200	5,829,910	48,805,110
Housing finance agency contingencies	<u>100,000</u>	<u>0</u>	<u>100,000</u>
Total all funds	\$58,890,532	\$12,051,666	\$70,942,198
Less estimated income	<u>58,890,532</u>	<u>9,551,666</u>	<u>68,442,198</u>
Total general fund	\$0	\$2,500,000	\$2,500,000
Full-time equivalent positions	49.00	5.00	54.00

Subdivision 5.

MILL AND ELEVATOR ASSOCIATION

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$50,560,209	\$3,290,171	\$53,850,380
Operating expenses	36,817,000	5,574,653	42,391,653
Contingencies	500,000	0	500,000
Agriculture promotion	<u>500,000</u>	<u>0</u>	<u>500,000</u>
Total special funds	\$88,377,209	\$8,864,824	\$97,242,033
Full-time equivalent positions	156.00	14.00	170.00

Subdivision 6.

TOTAL - SECTION 1

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Grand total general fund	\$26,489,613	\$12,629,614	\$39,119,227
Grand total special funds	<u>240,453,474</u>	<u>130,762,537</u>	<u>371,216,011</u>
Grand total all funds	\$266,943,087	\$143,392,151	\$410,335,238

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO THE SIXTY-NINTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-seventh legislative assembly for the 2021-23 biennium and the 2023-25 one-time funding items included in the appropriation in section 1 of this Act:

<u>One-Time Funding Description</u>	<u>2021-23</u>	<u>2023-25</u>
Administration - transfer to clean sustainable energy fund	\$25,000,000	\$0
Administration - pipeline grant fund	150,000,000	0

Administration - hydrogen grants	20,000,000	0
Administration - new employee expenses	0	12,110
Administration - transmission authority consulting	0	300,000
Administration - electricity grid resilience federal grant	0	8,623,893
Administration - lignite litigation expenses	0	3,000,000
Administration - grant management software	0	1,250,000
Administration - carbon capture education	0	300,000
Administration - records digitization	0	75,000
Administration - inflationary increases	0	35,688
Mineral resources - paleontology and geological equipment	106,260	0
Mineral resources - abandoned well conversion program	3,200,000	0
Mineral resources - new employee expenses	0	68,335
Mineral resources - inflationary expenses	0	886,868
Mineral resources - drones and computers	0	83,648
Mineral resources - core and mineral analyses	0	100,000
Mineral resources - computer server transition	0	80,000
Mineral resources - abandoned well reclamation	0	2,300,000
Mineral resources - oil and gas litigation expenses	0	3,000,000
Bank of North Dakota - contingent loan repayment	17,500,000	0
Bank of North Dakota - bond proceed allocation	680,000,000	0
Bank of North Dakota - agriculture diversification fund	10,000,000	0
Bank of North Dakota - fuel production incentives	21,000,000	0
Bank of North Dakota - information technology projects	0	804,278
Housing finance agency - housing incentive fund	9,500,000	0
Housing finance agency - housing assessment	<u>35,000</u>	<u>0</u>
Total all funds	\$936,341,260	\$20,919,820
Less estimated income	<u>874,235,000</u>	<u>9,155,335</u>
Total general fund	\$62,106,260	\$11,764,485

The 2023-25 biennium one-time funding amounts are not part of the entity's base budget for the 2025-27 biennium. The industrial commission shall report to the appropriations committees of the sixty-ninth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2023, and ending June 30, 2025.

SECTION 3. BOND PAYMENTS. The amount of \$119,879,913 included in subdivision 1 of section 1 of this Act in the grants - bond payments line item must be paid from the following funding sources, during the biennium beginning July 1, 2023, and ending June 30, 2025:

Infrastructure project and program bonds - legacy sinking and interest fund	\$102,620,461
North Dakota university system	15,021,771
North Dakota university system - energy conservation projects	207,649
Department of corrections and rehabilitation	143,375
Office of management and budget	283,875
Attorney general's office	330,000
State historical society	592,375
Parks and recreation department	30,950
Agriculture research and extension service	242,205
Veterans' home	<u>407,252</u>
Total	\$119,879,913

SECTION 4. APPROPRIATION - HOUSING FINANCE AGENCY - ADDITIONAL INCOME. In addition to the amount appropriated to the housing finance agency in subdivision 3 of section 1 of this Act, there is appropriated any additional income or unanticipated income from federal or other funds which may become available to the agency, for the biennium beginning July 1, 2023, and ending June 30, 2025. The housing finance agency shall notify the office of management and budget and the legislative council of any additional income or unanticipated income that becomes available to the agency resulting in an increase in appropriation authority.

SECTION 5. APPROPRIATION - TRANSFER - 2021-23 BIENNIUM - DEPARTMENT OF MINERAL RESOURCES - FULL-TIME EQUIVALENT POSITIONS.

1. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$62,460, or so much of the sum as may be necessary, to the department of mineral resources for the purpose of employing full-time equivalent carbon capture positions for the period beginning with the effective date of this Act and ending June 30, 2023. The department is authorized three full-time equivalent positions pursuant to this subsection.
2. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$15,000, which the office of management and budget shall transfer to the fossil excavation and restoration fund during the period beginning with the effective date of this Act and ending June 30, 2023.

SECTION 6. APPROPRIATION - TRANSFER - FOSSIL RESTORATION FUND - HOUSING INCENTIVE FUND - ONE-TIME FUNDING.

1. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$250,000, which the office of management and budget shall transfer to the fossil excavation and restoration fund during the biennium beginning July 1, 2023, and ending June 30, 2025.
2. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$13,750,000, which the office of management and budget shall transfer to the housing incentive fund during the biennium beginning July 1, 2023, and ending June 30, 2025.
3. The funding provided in this section is considered a one-time funding item.

SECTION 7. CONTINGENT FUNDING - HOUSING FINANCE AGENCY. The sum of \$82,068 from other funds from the new and vacant FTE funding pool and one full-time equivalent position included in subdivision 4 of section 1 of this Act are available only in accordance with the provisions of this section. If mortgage loan production for the fiscal year ended June 30, 2024, exceeds \$435,000,000, the housing finance agency may request the office of management and budget transfer up to \$82,068 of other funds from the new and vacant FTE funding pool for salaries and wages for the full-time equivalent position identified in this section, and the agency may hire one full-time equivalent position. The housing finance agency shall notify the office of management and budget and the legislative council if the contingency is met.

SECTION 8. TRANSFER - ENTITIES UNDER THE CONTROL OF THE INDUSTRIAL COMMISSION TO INDUSTRIAL COMMISSION FUND - ADMINISTRATION - EXEMPTION.

1. The sum of \$1,818,114, or so much of the sum as may be necessary, included in the appropriation in subdivision 1 of section 1 of this Act, may be transferred from the entities within the control of the industrial commission or entities directed to make payments to the industrial commission fund for administrative services rendered by the commission. Transfers must be made during the biennium beginning July 1, 2023, and ending June 30, 2025, upon order of the commission. Transfers from the student loan trust fund must be made to the extent permitted by sections 54-17-24 and 54-17-25.
2. The amount of \$1,214,768 appropriated to the industrial commission in subdivision 1 of section 1 of chapter 42 of the 2021 Session Laws and transferred pursuant to section 7 of chapter 42 of the 2021 Session Laws is not subject to the provisions of section 54-44.1-11. Any unexpended funds from this appropriation are available to the industrial commission for administrative services rendered by the commission during the biennium beginning July 1, 2023, and ending June 30, 2025.

SECTION 9. TRANSFER - FUNDS UNDER THE CONTROL OF THE INDUSTRIAL COMMISSION TO INDUSTRIAL COMMISSION FUND - GRANT MANAGEMENT SOFTWARE. The sum of \$1,250,000, or so much of the sum as may be necessary, included in the appropriation in subdivision 1 of section 1 of this Act, may be transferred from funds under the control of the industrial commission to the industrial commission fund for grant management software expenses. Of the \$1,250,000, the industrial commission may transfer:

1. Up to \$250,000 from the clean sustainable energy fund;
2. Up to \$250,000 from the lignite research fund;
3. Up to \$250,000 from the oil and gas research fund;
4. Up to \$250,000 from the North Dakota outdoor heritage fund; and
5. Up to \$250,000 from the renewable energy development fund.

SECTION 10. TRANSFER - FUNDS UNDER THE CONTROL OF THE INDUSTRIAL COMMISSION TO INDUSTRIAL COMMISSION FUND - CARBON CAPTURE EDUCATION. The sum of \$300,000, or so much of the sum as may be necessary, included in the appropriation in subdivision 1 of section 1 of this Act, may be transferred from funds under the control of the industrial commission to the industrial commission fund to contract for carbon capture and utilization education and marketing in consultation with the lignite research council, the oil and gas research council, and the renewable energy council. Of the \$300,000, the industrial commission may transfer:

1. Up to \$100,000 from the lignite research fund;
2. Up to \$100,000 from the oil and gas research fund; and
3. Up to \$100,000 from the renewable energy development fund.

SECTION 11. TRANSFER - BANK OF NORTH DAKOTA PROFITS TO GENERAL FUND. The Bank of North Dakota shall transfer \$140,000,000 from the Bank's current earnings and undivided profits to the general fund during the biennium beginning July 1, 2023, and ending June 30, 2025. The moneys must be transferred in the amounts and at the times requested by the director of the office of management and budget after consultation with the Bank of North Dakota president. For legislative council budget status reporting purposes, the transfer under this section is considered an ongoing revenue source.

SECTION 12. TRANSFER - BANK OF NORTH DAKOTA PROFITS TO ECONOMIC DEVELOPMENT PROGRAMS. During the biennium beginning July 1, 2023, and ending June 30, 2025, the Bank of North Dakota shall transfer the following amounts from the Bank's current earnings and undivided profits:

1. \$39,000,000 to the partnership in assisting community expansion fund;
2. \$5,000,000 to the agriculture partnership in assisting community expansion fund;
3. \$1,000,000 to the biofuels partnership in assisting community expansion fund;
4. \$15,000,000 to the beginning farmer revolving loan fund; and
5. \$1,500,000 to the university of North Dakota for the North Dakota small business development center for the purpose of matching federal grants.

SECTION 13. TRANSFER - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - PIPELINE LEAK DETECTION AND PREVENTION PROGRAM - CLEAN SUSTAINABLE ENERGY GRANTS AND LOANS. During the biennium beginning July 1, 2023, and ending June 30, 2025, the

office of management and budget shall transfer the following amounts from the strategic investment and improvements fund:

1. \$3,000,000 to the oil and gas research fund for a pipeline leak detection and prevention program;
2. \$30,000,000 to the clean sustainable energy fund for grants; and
3. \$30,000,000 to the clean sustainable energy fund to repay a line of credit and to provide funding for loans.

SECTION 14. TRANSFER - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND TO STATE ENERGY RESEARCH CENTER FUND - RARE EARTH MINERALS STUDY - REPORT TO LEGISLATIVE MANAGEMENT.

1. The office of management and budget shall transfer the sum of \$1,500,000 from the strategic investment and improvements fund to the state energy research center fund during the biennium beginning July 1, 2023, and ending June 30, 2025.
2. Pursuant to the continuing appropriation under section 57-51.1-07.9, the industrial commission shall distribute up to \$1,500,000 from the state energy research center fund to the state energy research center for a study related to prospective in-state resources of economically feasible accumulations of critical minerals, including rare earth elements and other high-value minerals or materials that may be suitable for extraction and enrichment.
3. The study must include a review of in-state mineral accumulations, including coal deposits, ore bodies, oil and gas reservoirs, produced water from oil and gas development activities, saltwater zones, and shale formations. While conducting the study, the state energy research center shall collaborate with the North Dakota geological survey and active mineral lessors and developers.
4. During the 2023-24 interim, the state energy research center shall provide at least one report to the legislative management regarding the study.

SECTION 15. TRANSFER - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND TO STATE ENERGY RESEARCH CENTER FUND - FEDERAL STATE FISCAL RECOVERY FUND - UNDERGROUND ENERGY STORAGE RESEARCH PROJECT - REPORT TO LEGISLATIVE MANAGEMENT.

1. The office of management and budget shall transfer the sum of \$6,000,000 from the strategic investment and improvements fund to the state energy research center fund.
2. Pursuant to the continuing appropriation authority under section 57-51.1-07.9 and pursuant to subsection 36 of section 1 of chapter 550 of the 2021 Special Session Session Laws, as amended in section 24 of this Act and exempted in section 26 of this Act, the industrial commission shall distribute up to \$6,000,000 from the state energy research center fund and up to \$5,300,000 of federal funds from the state fiscal recovery fund to the state energy research center for a salt cavern underground energy storage research project.
3. The research project must include construction of up to two salt caverns in geological formations in North Dakota for the development of underground storage of energy resources, including natural gas, liquified natural gas, natural gas liquids, and hydrogen. The state energy research center may collaborate with other entities as needed on the research project. Prior to distributing the funding, the industrial commission must receive, from at least one nonstate entity, assurance of financial or other types of support that demonstrate a commitment to the research project.

4. During the 2023-24 interim, the state energy research center shall provide quarterly reports to the industrial commission and at least one report to the legislative management regarding the status and results of the research project.

SECTION 16. LIGNITE RESEARCH, DEVELOPMENT, AND MARKETING PROGRAM - LIGNITE MARKETING FEASIBILITY STUDY - REPORT TO THE SIXTY-NINTH LEGISLATIVE ASSEMBLY.

1. Pursuant to the continuing appropriation under section 57-61-01.6, up to \$4,500,000 from the lignite research fund may be used for the purpose of contracting for an independent, nonmatching lignite marketing feasibility study or studies that determine those focused priority areas where near-term, market-driven projects, activities, or processes will generate matching private industry investment and have the most potential of preserving existing lignite production and industry jobs or that will lead to increased development of lignite and its products and create new lignite industry jobs and economic growth for the general welfare of this state. Moneys designated under this section also may be used for the purpose of contracting for nonmatching studies and activities in support of advanced energy technology and other technology development programs; for litigation that may be necessary to protect and promote the continued development of lignite resources; for nonmatching externality studies and activities in externality proceedings; or other marketing, environmental, or transmission activities that assist with marketing of lignite-based electricity and lignite-based byproducts. Moneys needed for the purposes stated in this section are available to the industrial commission for funding projects, processes, or activities under the lignite research, development, and marketing program.
2. The industrial commission shall report to the appropriations committees of the sixty-ninth legislative assembly on the amounts spent pursuant to this section.

SECTION 17. LIGNITE RESEARCH FUND - FUTURE LIGNITE ELECTRICAL GENERATION FACILITIES STUDY - REPORT TO LEGISLATIVE MANAGEMENT.

1. Pursuant to the continuing appropriation under section 57-61-01.6, up to \$500,000 from the lignite research fund may be used for the purpose of contracting with the energy and environmental research center for a nonmatching study of future lignite electrical generation facilities.
2. The study must include consideration of an energy demand forecast for dispatchable electricity generation and the regulatory environment for future lignite electrical generation facilities, an analysis of the economic impact of future lignite electrical generation facilities and the value-added products or services that may result from those facilities, and other factors related to the development and operation of future lignite electrical generation facilities.
3. During the 2023-24 interim, the energy and environmental research center shall provide at least one report to the legislative management regarding the status of the study.

SECTION 18. AMENDMENT. Section 6-09.7-05 of the North Dakota Century Code is amended and reenacted as follows:

6-09.7-05. Establishment and maintenance of adequate guarantee funds - Use of strategic investment and improvements fund.

The Bank of North Dakota shall establish and at all times maintain an adequate guarantee reserve fund in a special account in the Bank. The Bank may request the director of the office of management and budget to transfer funds from the strategic investment and improvements fund created by section 15-08.1-08 to maintain one hundred percent of the guarantee reserve fund balance. Transfers from the strategic investment and improvements fund may not exceed a total of eightyone hundred forty million dollars. Moneys in the guarantee reserve fund are available to reimburse lenders, including the Bank, for guaranteed loans in default. The securities in which the moneys in the reserve fund may be invested must meet the same requirements as those authorized for investment under the state investment

board. The income from such investments must be made available for the costs of administering the state guarantee loan program and income in excess of that required to pay the cost of administering the program must be deposited in the reserve fund. The amount of reserves for all guaranteed loans must be determined by a formula that will assure, as determined by the Bank, an adequate amount of reserve.

SECTION 19. AMENDMENT. Section 54-17-40 of the North Dakota Century Code is amended and reenacted as follows:

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

1. The housing incentive fund is created as a special revolving fund at the Bank of North Dakota. The housing finance agency may direct disbursements from the fund and a continuing appropriation from the fund is provided for that purpose.
2.
 - a. After a public hearing, the housing finance agency shall create an annual allocation plan for the distribution of the fund as authorized under subsection 3. ~~At least ten percent of the fund must be used to assist developing communities to address an unmet housing need or alleviate a housing shortage. At least ten percent of the fund must be made available to prevent homelessness as authorized by subdivision d of subsection 3.~~
 - b. The annual allocation plan must give priority to provide housing for individuals and families of low or moderate income. For purposes of this priority, eligible income limits are determined as a percentage of median family income as published in the most recent federal register notice. Under this priority, the annual allocation plan must give preference to projects that benefit households with the lowest income and to projects that have rent restrictions at or below department of housing and urban development published federal fair market rents or department of housing and urban development section 8 payment standards.
 - c. At least ten percent of the fund must be used to assist developing communities to address an unmet housing need or alleviate a housing shortage.
3. The housing finance agency shall adopt guidelines for the fund so as to address unmet housing needs in this state. Assistance from the fund may be used solely for:
 - a. New construction, rehabilitation, preservation, or acquisition of a multifamily housing project;
 - b. New construction, rehabilitation, preservation, or acquisition of a single-family housing project in a developing community or a community land trust project;
 - c. Gap assistance, matching funds, and accessibility improvements;
 - e.d. Assistance that does not exceed the amount necessary to qualify for a loan using underwriting standards acceptable for secondary market financing or to make the project feasible; and
 - d.e. Rental assistance, emergency assistance, barrier mitigation, or ~~targeted supportive services~~ designated to prevent or end homelessness.
4. Eligible recipients include units of local, state, and tribal government; local and tribal housing authorities; community action agencies; regional planning councils; and nonprofit organizations and for-profit developers of multifamily residential housing. Individuals may not receive direct assistance from the fund.
5. Except for subdivision d of subsection 3, assistance is subject to repayment or recapture under the guidelines adopted by the housing finance agency. Any assistance that is repaid or

recaptured must be deposited in the fund and is appropriated on a continuing basis for the purposes of this section.

6. The agency may collect a reasonable administrative fee from the fund, project developers, applicants, or grant recipients. The origination fee assessed to grant recipients may not exceed five percent of the project award.
7. Upon request, the housing finance agency shall report to the industrial commission regarding the activities of the housing incentive fund.
8. At least once per biennium, the housing finance agency shall provide a report to the budget section of the legislative management regarding the activities of the housing incentive fund.

SECTION 20. AMENDMENT. Section 54-17.7-01 of the North Dakota Century Code is amended and reenacted as follows:

54-17.7-01. North Dakota pipeline authority - Legislative intent.

There is created the North Dakota pipeline authority, which shall be governed by the industrial commission. It is the intent of the legislative assembly that the pipeline authority consider the operations, finances, and market positions of private entities engaged in pipeline activities while carrying out the purposes of this chapter to avoid competing with private entities to the extent possible.

SECTION 21. AMENDMENT. Subsection 3 of section 54-17.7-04 of the North Dakota Century Code is amended and reenacted as follows:

3. ~~Acquire, purchase, hold, use, lease, license, sell, transfer, and dispose of an undivided or other interest in or the right to capacity in any pipeline system or systems, including interconnection of pipeline systems, within or without the state of North Dakota in order to facilitate the production, transportation, distribution, or delivery of energy-related commodities produced in North Dakota as a purchaser of last resort. The obligation of the state may not exceed ten percent of the pipeline authority's acquisition or purchase of a right to capacity in any pipeline system or systems, or interconnection of pipeline systems, and the state's obligation is limited to the funding available from the oil and gas research fund. If the authority acquires, purchases, holds, uses, or leases capacity positions, the authority shall sell, transfer, release, or dispose of the capacity positions at intervals that are no more frequent than monthly and in an amount that is equal to or greater than the market rate, but only if the sale, transfer, release, or disposal of the capacity positions is sufficient to cover the expenses and obligations incurred. The authority's contract obligations for the capacity positions are limited to the capacity rates, charges, and terms.~~

SECTION 22. AMENDMENT. Subsection 4 of section 54-17.7-04 of the North Dakota Century Code is amended and reenacted as follows:

4. Borrow money and issue evidences of indebtedness as provided in this chapter, including borrowing from the Bank of North Dakota.
 - a. The authority may borrow up to sixty million dollars through a line of credit from the Bank. The interest rate on the line of credit must be the prevailing interest rate charged to North Dakota governmental entities.
 - b. The line of credit must be guaranteed by reserves under section 6-09.7-05.
 - c. The line of credit may be used to support activities under subsection 3.
 - d. The authority shall repay the line of credit from amounts available. If the amounts available on June 30, 2027, are not sufficient to repay the line of credit, the authority shall notify the director of the office of management and budget, and the director of the office of management and budget shall transfer funds from the strategic investment and

improvements fund to the Bank for the repayment pursuant to section 6-09.7-05 based on the amount certified by the Bank.

SECTION 23. AMENDMENT. Subsection 3 of section 54-63.1-07 of the North Dakota Century Code is amended and reenacted as follows:

3. The Bank of North Dakota shall extend a line of credit to the industrial commission to support loans or loan guarantees issued from the clean sustainable energy fund. The line of credit may not exceed ~~two~~three hundred ~~fifty~~ninety million dollars, and the interest rate associated with the line of credit must be the prevailing interest rate charged to North Dakota governmental entities. The industrial commission shall repay the line of credit from moneys available in the clean sustainable energy fund derived from payments received on loans issued under this chapter or other sources. If the moneys available from the clean sustainable energy fund on June 30, 2025, are not sufficient to repay the line of credit, the industrial commission shall request from the legislative assembly a deficiency appropriation to repay the line of credit or the industrial commission may repay the line of credit from other funds, as appropriated by the legislative assembly.

SECTION 24. AMENDMENT. Subsection 36 of section 1 of chapter 550 of the 2021 Special Session Session Laws is amended and reenacted as follows:

36. There is appropriated from federal funds derived from the state fiscal recovery fund, not otherwise appropriated, the sum of \$20,000,000, or so much of the sum as may be necessary, to the industrial commission for the purpose of providing hydrogen development grants, as approved by the clean sustainable energy authority, and distributions to the state energy research center for an underground energy storage research project, for the period beginning with the effective date of this Act, and ending June 30, 2023. Of the \$20,000,000, up to \$5,300,000 is available for distributions to the state energy research center for an underground energy storage research project, and any remaining amounts are available for providing hydrogen development grants, as approved by the clean sustainable energy authority.

SECTION 25. EMPLOYEE RECRUITMENT AND RETENTION INCENTIVE PROGRAM STUDY - REPORT TO LEGISLATIVE MANAGEMENT. During the 2023-24 interim, the industrial commission and Bank of North Dakota shall study the feasibility and desirability of creating an employee recruitment and retention incentive program for the Bank of North Dakota. The industrial commission shall report its findings and recommendations to the legislative management by March 31, 2024.

SECTION 26. EXEMPTION - OIL AND GAS TAX REVENUE ALLOCATIONS - NORTH DAKOTA OUTDOOR HERITAGE FUND - OIL AND GAS RESEARCH FUND.

1. Notwithstanding the provisions of section 57-51-15 relating to the allocations to the North Dakota outdoor heritage fund, for the period beginning September 1, 2023, and ending August 31, 2025, the state treasurer shall allocate eight percent of the oil and gas gross production tax revenue available under subsection 1 of section 57-51-15 to the North Dakota outdoor heritage fund, but not in an amount exceeding \$7,500,000 per fiscal year.
2. Notwithstanding the provisions of section 57-51.1-07.3 relating to the allocations to the oil and gas research fund, for the period beginning August 1, 2023, and ending July 31, 2025, the state treasurer shall allocate two percent of the oil and gas gross production tax and oil extraction tax revenues, up to \$17,500,000, into the oil and gas research fund before allocating oil and gas tax revenues under sections 57-51.1-07.5, 57-51.1-07.9, and 57-51.1-07.10.

SECTION 27. EXEMPTION - UNEXPENDED APPROPRIATIONS. The following appropriations are not subject to the provisions of section 54-44.1-11 and may be continued into the biennium beginning July 1, 2023, and ending June 30, 2025:

1. The sum of \$3,200,000 appropriated from the federal state fiscal recovery fund for an abandoned oil well conversion to water supply grant program in subsection 2 of section 1 of chapter 550 of the 2021 Special Session Session Laws;
2. The sum of \$20,000,000 appropriated from the federal state fiscal recovery fund for hydrogen development grants and an underground energy storage research project in subsection 36 of section 1 of chapter 550 of the 2021 Special Session Session Laws as amended in section 24 of this Act; and
3. The sum of \$800,000 appropriated from the strategic investment and improvements fund to the department of mineral resources for a survey review in section 2 of chapter 426 of the 2017 Session Laws and continued into the 2019-21 biennium pursuant to section 27 of chapter 14 of the 2019 Session Laws and into the 2021-23 biennium pursuant to section 33 of chapter 42 of the 2021 Session Laws.

SECTION 28. LEGISLATIVE INTENT - USE OF BANK OF NORTH DAKOTA PROFITS. It is the intent of the sixty-eighth legislative assembly that the sixty-ninth legislative assembly consider developing procedures or adopting legislative rules for introducing bills and amendments related to the use of Bank of North Dakota profits.

SECTION 29. LEGISLATIVE INTENT - ENERGY DEVELOPMENT PROJECTS. It is the intent of the sixty-eighth legislative assembly that the state provide support for an entity's application for federal funding to upgrade a high-voltage direct current transmission line in the state and that the state provide support for energy development projects in the state through the state's energy-related programs, including:

1. The clean sustainable energy authority;
2. The North Dakota pipeline authority;
3. The North Dakota transmission authority;
4. The lignite research council;
5. The oil and gas research council; and
6. The renewable energy council.

SECTION 30. EFFECTIVE DATE. Section 18 of this Act becomes effective July 1, 2025.

SECTION 31. EMERGENCY. The following are declared to be an emergency measure:

1. The sum of \$3,000,000 from the general fund in the operating expenses line item included in subdivision 1 of section 1 of this Act and identified as one-time funding in section 2 of this Act for lignite litigation expenses.
2. The sum of \$3,000,000 from the general fund in the operating expenses line item included in subdivision 2 of section 2 of this Act and identified as one-time funding in section 2 of this Act for oil and gas litigation expenses.
3. The sum of \$230,000 from the general fund in the operating expenses line item included in subdivision 2 of section 1 of this Act for computer server transition.
4. The sum of \$80,000 from the general fund in the operating expenses line item included in subdivision 2 of section 1 of this Act and identified as one-time funding in section 2 of this Act for computer server transition.
5. Sections 5 and 24 of this Act.
6. Senate Bill No. 2165, as approved by the sixty-eighth legislative assembly.

Speaker of the House

President of the Senate

Chief Clerk of the House

Secretary of the Senate

This certifies that the within bill originated in the House of Representatives of the Sixty-eighth Legislative Assembly of North Dakota and is known on the records of that body as House Bill No. 1014 and that two-thirds of the members-elect of the House of Representatives voted in favor of said law.

Vote: Yeas 77 Nays 9 Absent 8

Speaker of the House

Chief Clerk of the House

This certifies that two-thirds of the members-elect of the Senate voted in favor of said law.

Vote: Yeas 46 Nays 0 Absent 1

President of the Senate

Secretary of the Senate

Received by the Governor at _____ M. on _____, 2023.

Approved at _____ M. on _____, 2023.

Governor

Filed in this office this _____ day of _____, 2023,
at _____ o'clock _____ M.

Secretary of State