Sixty-second
Legislative Assembly
of North Dakota

# SENATE BILL NO. 2371

Introduced by

Senators Wardner, Christmann, Hogue

Representatives Carlson, Delzer, Vigesaa

(Approved by the Delayed Bills Committee)

A BILL for an Act to create and enact a new section to chapter 6-09 and a new subsection to section 39-12-02 of the North Dakota Century Code, relating to the establishment of a rebuilders loan program and to special permits for vehicles of excessive size and weight; to amend and reenact subsection 5 of section 57-35.3-05 and subsections 1 and 5 of section 57-38-01.32 of the North Dakota Century Code, section 4 of chapter 12 of the 2011 Session Laws, and subsection 4 of section 10 of chapter 12 of the 2011 Session Laws, relating to financial institutions tax and income tax credits for contributions to the housing incentive fund, department of transportation borrowing authority for emergency relief projects, and ~~relating to~~ the county and township road reconstruction program; to provide for a rebuilders loan program, principal reduction grants, a flood-impacted political subdivision infrastructure development grant program, ~~township financial stabilization grant program,~~ road grade raising grants, oil and gas impact grant funding enhancement, and transportation funding enhancement; to provide for transfers; to provide appropriations; to provide contingent appropriations and transfers; to provide a continuing appropriation; to provide statements of legislative intent; to provide for a study; to provide for retroactive application; to provide an effective date; and to provide an expiration date.

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

**SECTION 1.** A new section to chapter 6-09 of the North Dakota Century Code is created and enacted as follows:

**Rebuilders loan program - Loan fund - Continuing appropriation - Requirements.**

1. The Bank of North Dakota shall maintain a loan fund to make or participate in loans to North Dakota residents affected by a presidentially declared disaster in the state for the purpose of the resident rebuilding the resident's flood-damaged home or purchasing a new home in the disaster-impacted community. Up to twenty percent of

the loan proceeds disbursed under this program may be used for debt service, debt retirement, or other credit obligations. All moneys transferred into the fund, interest upon moneys in the fund, and payments to the fund of principal and interest on loans made from the fund are appropriated for the purpose of providing loans in accordance with this section.

2. The Bank shall administer and supervise the loan fund and loans made from the fund. The Bank may deduct, from interest payments received on loans, a service fee for administering the fund for the Bank and originating financial institutions. An application for a loan from the fund must be made to the Bank or originating financial institution and, upon approval, a loan must be made from the fund in accordance with this section.

3. A loan may be made from the fund only to a homeowner residing in an area in this state in which federal emergency management agency individual assistance was available to homeowners after a presidentially declared disaster in the state as a result of a flood event occurring during 2011. A loan may be made from the fund only to a homeowner residing in this state whose home was granted a reduction in 2011 in true and full valuation from the individual's property's preflood value by an assessment reduction pursuant to the governor's executive order 2011-22 or by an abatement for flood-damaged property granted by the board of county commissioners. An initial loan made to a homeowner under this section from state funds may not exceed thirty thousand dollars or the actual amount of documented damage not paid by flood insurance, whichever is less. If federal funds are made available for this program, an additional amount as determined by the Bank may be borrowed by eligible homeowners who received an initial loan of thirty thousand dollars.

4. A loan from the fund must have the interest rate fixed at one percent per year for no more than twenty years.

5. For every loan made from the fund, principal and interest payments must be deferred for the first ~~twelve~~twenty-four months of the loan.

6. A loan application under this section may not be accepted after September 30, 2012.

7. ~~In consideration of labors of residents to recover from disaster impacts, restore and strengthen the community, and rebuild or replace and reoccupy their homes and to~~

~~encourage the retention of homeowners and businesses in the disaster-stricken community, the city or county in which the homeowner resides may annually submit to the Bank payment equivalent to the annual principal reductions granted by the city or county to homeowners residing in the property for which loans were made. The benefit to a borrower under this subsection is limited to ten percent of the original loan principal for any full year the homeowner resides in the property for which the loan was made, up to a maximum of fifty percent of the original loan principal for any loan.~~ If, subsequent to receiving a loan from the fund, the property for which the loan was made is purchased for flood mitigation purposes or otherwise sold, the balance of the loan and any interest accrued on the loan must be repaid to the fund upon the closing of the sale.

8. The industrial commission shall contract with a certified public accounting firm to audit the fund as necessary. The cost of the audit, and any other actual costs incurred by the Bank on behalf of the fund, must be paid by the fund.

9. The Bank shall adopt policies to implement this section.

**SECTION 2.** A new subsection to section 39-12-02 of the North Dakota Century Code is created and enacted as follows:

A multitrip permit for nondivisible loads may be issued for specific routes identified in the permit application. The fee for this permit is the single trip permit fee multiplied by the number of days the permit is valid. This subsection does not apply to special mobile equipment or loads over one hundred fifty thousand pounds [68038.86 kilograms].

**SECTION 3. AMENDMENT.** Subsection 5 of section 57-35.3-05 of the North Dakota Century Code is amended and reenacted as follows:

5. There is allowed a credit against the tax imposed by sections 57-35.3-01 through 57-35.3-12 in an amount equal to the contribution to the housing incentive fund under section 54-17-40. ~~The taxpayer may not claim more than twenty percent of the credit for each separate contribution made in any taxable year.~~ For the purposes of the credit allowed in this subsection, subsections 2 through 8 of section 57-38-01.32 apply.

**SECTION 4. AMENDMENT.** Subsections 1 and 5 of section 57-38-01.32 of the North Dakota Century Code are amended and reenacted as follows:

1. A taxpayer is entitled to a credit as determined under this section against state income tax liability under section 57-38-30 or 57-38-30.3 for contributing to the housing incentive fund under section 54-17-40. The amount of the credit is equal to the amount contributed to the fund during the taxable year. ~~The taxpayer may not claim more than twenty percent of the credit for each separate contribution made in any taxable year.~~

5. The aggregate amount of tax credits allowed to all eligible contributors is limited to ~~four~~fifteen million dollars per biennium. This limitation applies to all contributions for which tax credits are claimed under section 57-35.3-05 and this section.

**SECTION 5. AMENDMENT.** Section 4 of chapter 12 of the 2011 Session Laws is amended and reenacted as follows:

**SECTION 4. APPROPRIATION - BORROWING AUTHORITY - ADDITIONAL EMERGENCY RELIEF PROGRAM.** The department of transportation may borrow the sum of ~~$120,000,000~~$200,000,000, or so much of the sum as may be necessary, from the Bank of North Dakota for the purpose of providing funding for emergency relief projects on the state highway system, for the period beginning with the effective date of this Act and ending June 30, 2013. Any funding borrowed from the Bank of North Dakota under this section is appropriated to the department of transportation for emergency relief projects on the state highway system. Funding appropriated under this section is considered one-time funding and is not to be considered a part of the department's 2013-15 base budget request. Any federal funding received for projects receiving funding under this section must be used to repay the loan from the Bank of North Dakota.

**SECTION 6. AMENDMENT.** Subsection 4 of section 10 of chapter 12 of the 2011 Session Laws is amended and reenacted as follows:

4. The funding included in the county and township road reconstruction program line item in section 1 of this Act may be used for:
   a. Ninety percent of the cost of the approved paved roadway projects not to exceed the funding available for that county.
   b. ~~Twenty-five~~Ninety percent of the cost of the approved unpaved roadway projects not to exceed the funding available for that county.

c. Funding may be used for construction, engineering, and plan development costs.

**SECTION 7. TRANSFER - BANK OF NORTH DAKOTA - REBUILDERS LOAN PROGRAM FUND.** The Bank of North Dakota shall transfer the sum of $30,000,000, or so much of the sum as may be necessary, from the Bank's current earnings and undivided profits to the rebuilders loan program fund during the period beginning with the effective date of this Act and ending June 30, 2013.

**SECTION 8. CONTINGENT APPROPRIATION - TRANSFER - REBUILDERS LOAN PROGRAM FUND.** In the event moneys transferred pursuant to section 7 of this Act are fully obligated prior to June 30, 2013, there is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $20,000,000, or so much of the sum as may be necessary, which the office of management and budget shall transfer to the rebuilders loan program fund during the period beginning with the effective date of this Act and ending June 30, 2013.

**SECTION 9. APPROPRIATION - ADJUTANT GENERAL - FUNDING FOR REBUILDERS LOAN PROGRAM AND FLOOD-IMPACTED HOUSING REHABILITATION - CITY AND COUNTY AUTHORITY.** There is appropriated out of any moneys in the state disaster relief fund in the state treasury, not otherwise appropriated, the sum of ~~$30,000,000~~$10,000,000, or so much of the sum as may be necessary, to the adjutant general for the purpose of providing funds to the Bank of North Dakota's rebuilders loan program fund and to cities and counties for flood-impacted housing rehabilitation, for the period beginning with the effective date of this Act and ending June 30, 2013. Funds made available to cities and counties under this section must be used by the city or county as deemed most effective in that community to assist homeowners in rehabilitation or replacement of their flood-damaged homes and to retain homeowners in the community.

**SECTION 10. APPROPRIATION - LAND DEPARTMENT - FLOOD-IMPACTED POLITICAL SUBDIVISION INFRASTRUCTURE DEVELOPMENT GRANTS - ADMINISTRATION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $30,000,000, or so much of the sum as may be necessary, to the commissioner of university and school lands for the purpose of providing infrastructure development grants to flood-impacted political subdivisions, for the period

beginning with the effective date of this Act and ending June 30, 2013. The funding provided in this section is considered a one-time funding item. Up to $110,000 of this appropriation may be used by the commissioner of university and school lands for salaries and operating expenses relating to the administration of this grant program.

**SECTION 11. FLOOD-IMPACTED POLITICAL SUBDIVISION INFRASTRUCTURE DEVELOPMENT GRANTS - CRITERIA - DISTRIBUTION.**

1. The energy infrastructure and impact office director shall:
   a. Develop a plan for providing infrastructure development grants to eligible political subdivisions and establish procedures and forms to be used for making applications for funds.
   b. Receive and review applications for infrastructure development grants pursuant to this section.
   c. Make recommendations to the board of university and school lands on grants to eligible political subdivisions pursuant to this section.
2. The board of university and school lands shall award and distribute infrastructure development grants to eligible political subdivisions based on identified needs.
3. Eligible political subdivisions include counties, as well as cities, school districts, and other political subdivisions located within such counties, which have received an individual assistance designation by the federal emergency management agency relating to a flood event that occurred during 2011.
4. Grants received by eligible political subdivisions may be used to offset up to fifty percent of the costs not otherwise reimbursed through federal or other state funds to:
   a. Develop new community infrastructure, the need for which is directly related to the displacement of residents due to flooding. For the purposes of this Act, infrastructure includes community-owned waterlines, sewer, curb, and gutter.
   b. Evaluate the extent of damage to community-owned infrastructure.
   c. Restore or repair flood-related damage to community-owned infrastructure.
   d. Expand landfill capacity or reimburse flood-related waste disposal costs.
   e. Raise roads or develop flood control structures.
   f. Acquire property needed for floodway development or levy construction.
   g. Acquire homes damaged by levy construction.

h. Provide reimbursement for other flood-related expenses.

**SECTION 12. LEGISLATIVE INTENT - FLOOD-IMPACTED POLITICAL SUBDIVISION INFRASTRUCTURE DEVELOPMENT GRANTS.** The legislative assembly intends that the moneys appropriated to and distributed by the commissioner of university and school lands for flood-impacted political subdivision infrastructure development grants are to be used by grantees to address needs not funded by other state or federal response or insurance coverage.

~~**SECTION 13. APPROPRIATION - ADJUTANT GENERAL - FINANCIAL STABILIZATION GRANTS TO FLOOD-IMPACTED TOWNSHIPS.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $5,000,000, or so much of the sum as may be necessary, to the adjutant general for the purpose of providing financial stabilization grants to flood-impacted townships, for the period beginning with the effective date of this Act and ending June 30, 2013. The funding provided in this section is considered a one-time funding item. Up to $50,000 of this appropriation may be used by the office of the adjutant general for salaries and operating expenses relating to the administration of this grant program.~~

~~**SECTION 14. FINANCIAL STABILIZATION GRANTS TO FLOOD-IMPACTED TOWNSHIPS - CRITERIA - DISTRIBUTION.**~~

~~1. The office of the adjutant general shall:~~

~~a. Develop a plan for providing financial stabilization grants to eligible townships and establish procedures and forms to be used for making applications for funds.~~

~~b. Receive and review applications for grants pursuant to this section.~~

~~c. Award and distribute township financial stabilization grants to eligible townships based on financial condition.~~

~~2. Eligible townships are those:~~

~~a. That incurred debt or financial obligations as a result of flood recovery and response efforts during 2011.~~

~~b. That have a general fund levy of at least eighteen mills.~~

~~c. Where the total of all outstanding flood-related debt and flood-related financial obligations is equal to or greater than total tax revenues received by the township during the preceding two fiscal years.~~

~~3. A township may apply to the office of the adjutant general for a grant under this subsection for up to fifty percent of the outstanding debt.~~

**SECTION 13. APPROPRIATION - DEPARTMENT OF COMMERCE - FLOOD-RELATED COSTS.** There is appropriated from special funds derived from federal funds the sum of $235,000,000, or so much of the sum as may be necessary, to the department of commerce for the purpose of providing loans or grants to flood-impacted individuals, property acquisitions, and infrastructure development grants to flood-impacted communities, for the period beginning with the effective date of this Act and ending June 30, 2013.

**SECTION 14. APPROPRIATION - STATE DISASTER RELIEF FUND - ~~ADJUTANT GENERAL~~DEPARTMENT OF TRANSPORTATION - ROAD GRADE RAISING GRANTS.** ~~There~~Notwithstanding section 37-17.1-27, there is appropriated out of any moneys in the state disaster relief fund in the state treasury, not otherwise appropriated, the sum of $6,000,000, or so much of the sum as may be necessary, to the ~~adjutant general~~department of transportation for grants to eligible counties for federal aid-eligible road grade raising projects, for the period beginning with the effective date of this Act and ending June 30, 2013. The director of the department of transportation shall distribute funds on a prorated basis based on the total federal aid-eligible roadway damage occurring in the eligible counties. For purposes of this section, an eligible county is one that contains any portion of a natural body of water that comprises more than one hundred fifty thousand acres at current water levels and has risen more than twenty-five feet since 1993.

**SECTION 15. APPROPRIATION - ADJUTANT GENERAL - STATE DISASTER RELIEF FUND.** There is appropriated out of any moneys in the state disaster relief fund, not otherwise appropriated, the sum of $29,500,000, or so much of the sum as may be necessary, to the adjutant general for the purposes of providing the required state share of funding for defraying the expenses associated with presidentially declared state disasters, for the period beginning with the effective date of this Act and ending June 30, 2013.

**SECTION 16. CONTINGENT APPROPRIATION - ADJUTANT GENERAL - 2012 DISASTERS.** If a disaster event occurring during 2012 exceeds $50,000,000 in damages across the state, there is appropriated out of any moneys in the state disaster relief fund in the state treasury, not otherwise appropriated, the sum of $5,000,000, or so much of the sum as may be necessary, to the adjutant general for the purpose of providing grants to political

subdivisions for a portion of the local share required to match federal emergency relief funding relating to the disaster, for the period beginning with the effective date of this Act and ending June 30, 2013. A political subdivision may apply to the adjutant general for an emergency relief grant under this subsection for up to fifty percent of the local match required to receive the federal emergency relief funding.

**SECTION 17. APPROPRIATION - TRANSFER - STATE DISASTER RELIEF FUND.** The office of management and budget shall transfer ~~$68,700,000~~$48,700,000 from the state general fund to the state disaster relief fund during the period beginning with the effective date of this Act and ending June 30, 2013.

**SECTION 18. STATE WATER COMMISSION - FLOODWAY PROPERTY ACQUISITION AND CONSTRUCTION FUNDING.** In its future plans, the state water commission shall place a high priority on providing funding for floodway property acquisitions and construction. The funding must be used to supplement federal hazard mitigation grant funds or other federal funds for acquiring property and for the construction of flood control projects in qualifying political subdivisions, including necessary funding for any state or local match requirements. For purposes of this section, qualifying political subdivisions are cities or counties that are eligible for federal emergency management agency hazard mitigation grant funding or other comparable federal programs for flood mitigation and have received, or are located within counties that have received, an individual assistance designation by the federal emergency management agency as a result of a flood event occurring during 2011.

**SECTION 19. APPROPRIATION - STATE WATER COMMISSION - RESOURCES TRUST FUND.** There is appropriated out of any moneys in the resources trust fund, not otherwise appropriated, the sum of $50,000,000, or so much of the sum as may be necessary, to the state water commission for the purpose of defraying the expenses of that agency, for the period beginning with the effective date of this Act and ending June 30, 2013. As provided in section 4 of chapter 46 of the 2011 Session Laws, expenditures pursuant to this section require budget section approval.

**SECTION 20. APPROPRIATION - ADJUTANT GENERAL - FLOOD-DAMAGED SCHOOL INFRASTRUCTURE GRANTS.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $500,000, or so much of the sum as may be necessary, to the adjutant general for the purpose of providing flood-damaged school

infrastructure grants to eligible school districts in the state to defray expenses relating to school buildings or other infrastructure damage due to flooding, for the period beginning with the effective date of this Act and ending June 30, 2013. For the purposes of this section, an eligible school district is a school district that experienced a flood event during the summer of 2011 which resulted in multiple school facilities being damaged and determined to be unusable.

**SECTION 21. APPROPRIATION - FULL-TIME EQUIVALENT POSITIONS - HIGHWAY PATROL.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $681,870, or so much of the sum as may be necessary, to the highway patrol for the purpose of hiring additional patrol officers, for the period beginning with the effective date of this Act and ending June 30, 2013. The highway patrol is authorized four additional full-time equivalent positions.

**SECTION 22. FLEX PACE PROGRAM USE.** The Bank of North Dakota shall utilize the flex partnership in assisting community expansion program to assist in financing of affordable multifamily housing units for individuals in areas of North Dakota affected by oil and gas development, for the period beginning with the effective date of this Act and ending June 30, 2013.

**SECTION 23. CONTINGENT APPROPRIATION - TRANSFER - OIL AND GAS IMPACT GRANT FUND.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $30,000,000, or so much of the sum as may be necessary, which the office of management and budget shall transfer to the oil and gas impact grant fund during the period beginning April 1, 2012, and ending June 30, 2013. The office of management and budget may transfer this funding only if the tax commissioner certifies that total oil and gas tax revenue collections for the period July 1, 2011, through February 29, 2012, exceed total oil and gas tax revenue collection projections for that period by at least $48,000,000, based on legislative estimates made at the close of the 2011 regular legislative session.

**SECTION 24. CONTINGENT APPROPRIATION - LAND DEPARTMENT - OIL AND GAS IMPACT GRANTS.** If the office of management and budget transfers $30,000,000 from the general fund to the oil and gas impact grant fund in accordance with provisions of section ~~22~~23 of this Act, there is appropriated out of any moneys in the oil and gas impact grant fund in the state treasury, not otherwise appropriated, the sum of $30,000,000, or so much of the sum as

may be necessary, to the commissioner of university and school lands for providing oil and gas impact grants in accordance with sections 57-62-03.1 and 57-62-05, for the period beginning April 1, 2012, and ending June 30, 2013. ~~At least $3,500,000 of the amount~~The commissioner of university and school lands shall request appropriation authority for the 2013-15 biennium for any grants approved but not distributed by the end of the 2011-13 biennium. In determining grant awards with the funds appropriated in this section~~ must be made available for~~, the commissioner shall give priority to grants relating to ~~licensed emergency medical services operations~~emergency services, including licensed emergency medical services operations, fire districts and departments, sheriff offices, and police departments providing service in an area affected by oil and gas development. Any amounts made available for emergency services grants under this section are not to be considered in making grant recommendations under section 57-62-05.

**SECTION 25. APPROPRIATION - TRANSFER - OIL AND GAS IMPACT GRANT FUND.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $5,000,000, or so much of the sum as may be necessary, which the office of management and budget shall transfer to the oil and gas impact grant fund only as necessary to provide funding for grants distributed under section 26 of this Act during the period beginning with the effective date of this Act and ending June 30, 2013.

**SECTION 26. APPROPRIATION - LAND DEPARTMENT - OIL AND GAS IMPACT GRANT FUND.** There is appropriated out of any moneys in the oil and gas impact grant fund in the state treasury, not otherwise appropriated, the sum of $5,000,000, or so much of the sum as may be necessary, to the commissioner of university and school lands for the purpose of providing distributions to eligible counties experiencing new oil and gas development activities, for the period beginning with the effective date of this Act and ending June 30, 2013. As determined by the director of the department of mineral resources, a county is eligible for a distribution under this section if the county produced fewer than one hundred thousand barrels of oil for the month of November 2011 and after November 2011 the number of active oil rigs operating in the county in any one month exceeds four rigs. Upon the determination by the director of the department of mineral resources that a county is eligible for a distribution under this section, the commissioner of university and school lands shall provide $1,250,000 to the county for defraying expenses associated with oil and gas development impacts in the county.

The county, in determining the use of the funds received, shall consider and, to the extent possible, address the needs of other political subdivisions in the county resulting from the impact of oil and gas development.

**SECTION 27. CONTINGENT APPROPRIATION - STATE TREASURER - TRANSPORTATION FUNDING DISTRIBUTIONS TO NON-OIL-PRODUCING POLITICAL SUBDIVISIONS.** If the tax commissioner certifies that total oil and gas tax revenue collections for the period July 1, 2011, through February 29, 2012, exceed total oil and gas tax revenue collection projections for that period by at least $48,000,000, based on legislative estimates made at the close of the 2011 regular legislative session, there is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of ~~$18,000,000~~$23,000,000, or so much of the sum as may be necessary, to the state treasurer for the purpose of providing transportation funding distributions, for the period beginning with the effective date of this Act and ending June 30, 2013. The funding provided in this section is considered a one-time funding item. The state treasurer shall distribute the funds provided under this section on April 1, 2012, as follows:

1. ~~Eighty percent~~Six million eight hundred thousand dollars to non-oil-producing counties and cities pursuant to subsection 4 of section 54-27-19.
2. ~~Twenty percent~~One million seven hundred thousand dollars to counties and townships in non-oil-producing counties pursuant to section 54-27-19.1. Organized townships are not required to provide matching funds to receive distributions under this section.
3. Fourteen million five hundred thousand dollars to counties and townships in non-oil-producing counties through a distribution of $10,000 to each organized township and a distribution of $10,000 for each unorganized township to the county in which the unorganized township is located. If any funds remain after the distributions provided under this subsection, the state treasurer shall distribute eighty percent of the remaining funds to counties and cities pursuant to the method provided in subsection 1 and shall distribute twenty percent of the remaining funds to counties and townships pursuant to the method provided in subsection 2.

For purposes of this section, a "non-oil-producing county" means a county that received no allocation of funding or a total allocation under section 57-51-15 of less than $500,000 for state fiscal year 2011. Any funds received by a county under this section for an unorganized township

distribution must be used for roadway purposes in those unorganized townships located in the county. All funds distributed under this section must be used for extraordinary roadway maintenance purposes.

**SECTION 28. ~~CONTINGENT~~ APPROPRIATION ~~AND BANK OF NORTH DAKOTA LINE OF CREDIT~~ - LITIGATION AND ADMINISTRATIVE PROCEEDINGS COSTS - REPORT TO BUDGET SECTION.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of ~~$500,000~~$1,000,000, or so much of the sum as may be necessary, to the industrial commission for the purpose of defraying expenses associated with possible litigation and other administrative proceedings involving the United States environmental protection agency's effort to regulate hydraulic fracturing, for the period beginning with the effective date of this Act and ending June 30, 2013. ~~In addition, the industrial commission, contingent on litigation and administrative proceedings, may borrow the sum of $500,000, or so much of the sum as may be necessary, from the Bank of North Dakota, the proceeds of which is appropriated to the industrial commission for the purpose of defraying the expenses associated with possible litigation and other administrative proceedings involving the United States environmental protection agency's efforts to regulate hydraulic fracturing, for the period beginning with the effective date of this Act and ending June 30, 2013. The industrial commission may spend the general fund moneys and access the line of credit only upon approval by the attorney general.~~The industrial commission may spend the general fund moneys appropriated in this section only for expenses relating to possible litigation and other administrative proceedings involving the United States environmental protection agency's efforts to regulate hydraulic fracturing and any moneys not spent must be canceled pursuant to section 54-44.1-11. The industrial commission shall report quarterly to the budget section during the 2011-12 interim regarding the status of any litigation and other administrative proceedings. ~~The industrial commission will request a deficiency appropriation to repay any funds borrowed from the Bank.~~

**SECTION 29. FLOOD RESPONSE AND COORDINATION STUDY - REPORT TO SIXTY-THIRD LEGISLATIVE ASSEMBLY.** The department of emergency services shall coordinate an executive branch study of flood response measures and coordination of state, local, and federal resources to mitigate future flooding in the state. The department of emergency services shall utilize all relevant executive branch resources in conducting the study.

The study must include potential flood plain building restrictions, establishment of permanent levees and diversion works, financial institution lending policies, Bank of North Dakota and housing finance agency acquisition of secondary market loans regarding flood insurance requirements for housing, and any other flood insurance issues affecting property owners in the state. The department of emergency services shall report the findings and recommendations of the study to committees designated by the chairman of the legislative management and to the sixty-third legislative assembly.

**SECTION 30. EXEMPTION.** The ~~amounts~~amount appropriated to the commissioner of university and school lands ~~and the office of the adjutant general~~ pursuant to ~~sections 8 and 11~~section 10 of this Act ~~are~~is not subject to the provisions of section 54-44.1-11. Any unexpended funds from ~~these appropriations~~this appropriation are available for continuing the grant ~~programs~~program authorized by this Act during the biennium beginning July 1, 2013, and ending June 30, 2015.

**SECTION 31. RETROACTIVE APPLICATION.** Section ~~5~~6 of this Act applies retroactively to July 1, 2011.

**SECTION 32. EFFECTIVE DATE.** This Act becomes effective November 14, 2011.

**SECTION 33. EXPIRATION DATE.** Section 2 of this Act is effective through December 31, 2013, and is thereafter ineffective. Sections 3 and 4 of this Act are effective for the first two taxable years beginning after December 31, 2010, and are thereafter ineffective.