

Sixty-fifth
Legislative Assembly
of North Dakota

ENGROSSED SENATE BILL NO. 2014

Introduced by

Appropriations Committee

1 A BILL for an Act to provide an appropriation for defraying the expenses of the industrial
2 commission and the agencies under the management of the industrial commission; to provide a
3 continuing appropriation; to provide a contingent appropriation; to provide for transfers; to
4 create and enact a new subsection to section 54-17-07.3, a new section to chapter 54-17, a
5 new section to chapter 57-38, and two new subdivisions to subsection 7 of section 57-38-30.3
6 of the North Dakota Century Code, relating to the essential service worker home ownership
7 program, housing incentive fund tax credits, and essential service worker home ownership fund
8 tax credits; to amend and reenact sections 15-62.1-07, 28-25-11, 54-17-40, and 57-62-02 of the
9 North Dakota Century Code, relating to loan guarantee fees, suspension of occupational or
10 professional licenses, the housing incentive fund, and coal development trust fund allocations;
11 to repeal section 54-17-41 of the North Dakota Century Code, relating to housing incentive fund
12 reports; to provide statements of legislative intent; to provide exemptions; to provide an effective
13 date; and to provide an expiration date.

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

15 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds
16 as may be necessary, are appropriated out of any moneys in the general fund in the state
17 treasury, not otherwise appropriated, and from special funds derived from federal funds and
18 other income, to the industrial commission and agencies under its control for the purpose of
19 defraying the expenses of the industrial commission and agencies under its control, for the
20 biennium beginning July 1, 2017, and ending June 30, 2019, as follows:

21 Subdivision 1.

22 INDUSTRIAL COMMISSION

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

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1	Salaries and wages	\$22,132,229	(\$93,883)	\$22,038,346
2	Operating expenses	4,779,135	1,526,753	6,305,888
3	Grants - bond payments	15,040,829	(1,830,345)	13,210,484
4	Contingencies	<u>0</u>	<u>1,254,462</u>	<u>1,254,462</u>
5	Total all funds	\$41,952,193	\$856,987	\$42,809,180
6	Less estimated income	<u>16,994,447</u>	<u>(649,789)</u>	<u>16,344,658</u>
7	Total general fund	\$24,957,746	\$1,506,776	\$26,464,522
8	Full-time equivalent positions	116.75	(2.50)	114.25

9 Subdivision 2.

10 BANK OF NORTH DAKOTA - OPERATIONS

11			Adjustments or	
12		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
13	Bank of North Dakota operations	\$58,542,301	(\$15,357)	\$58,526,944
14	Capital assets	<u>745,000</u>	<u>65,000</u>	<u>810,000</u>
15	Total special funds	\$59,287,301	\$49,643	\$59,336,944
16	Full-time equivalent positions	181.50	0.00	181.50

17 Subdivision 3.

18 MILL AND ELEVATOR ASSOCIATION

19			Adjustments or	
20		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
21	Salaries and wages	\$36,278,898	\$3,061,347	\$39,340,245
22	Operating expenses	27,327,000	868,000	28,195,000
23	Contingencies	500,000	0	500,000
24	Agriculture promotion	<u>210,000</u>	<u>0</u>	<u>210,000</u>
25	Total from mill and elevator fund	\$64,315,898	\$3,929,347	\$68,245,245
26	Full-time equivalent positions	147.00	6.00	153.00

27 Subdivision 4.

28 HOUSING FINANCE AGENCY

29			Adjustments or	
30		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
31	Salaries and wages	\$7,745,034	\$156,353	\$7,901,387

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1	Operating expenses	3,744,275	999,080	4,743,355
2	Grants	25,930,780	5,864,048	31,794,828
3	Housing finance agency contingencies	<u>100,000</u>	<u>0</u>	<u>100,000</u>
4	Total special funds	\$37,520,089	\$7,019,481	\$44,539,570
5	Full-time equivalent positions	46.00	0.00	46.00

6 Subdivision 5.

7 BILL TOTAL

8			Adjustments or	
9		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
10	Grand total general fund	\$24,957,746	\$1,506,776	\$26,464,522
11	Grand total special funds	<u>178,117,735</u>	<u>10,348,682</u>	<u>188,466,417</u>
12	Grand total all funds	\$203,075,481	\$11,855,458	\$214,930,939

13 **SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO THE**

14 **SIXTY-SIXTH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time funding

15 items approved by the sixty-fourth legislative assembly as adjusted for the 2015-17 biennium

16 and the 2017-19 biennium one-time funding items included in the appropriation in section 1 of

17 this Act:

18	<u>One-Time Funding Description</u>	<u>2015-17</u>	<u>2017-19</u>
19	Litigation	\$2,500,000	\$1,000,000
20	Lignite research council grant	4,672,500	0
21	Aerial photography	104,143	0
22	Contract analysis	125,000	0
23	Digital conversion	25,000	0
24	Migration to RBDMS.net	250,000	0
25	All-terrain vehicles	41,500	0
26	Core library expansion	13,625,322	0
27	Financial center project	<u>17,000,000</u>	<u>0</u>
28	Total all funds	\$38,343,465	\$1,000,000
29	Total special funds	<u>30,625,322</u>	<u>1,000,000</u>
30	Total general fund	\$7,718,143	\$0

1 The 2017-19 biennium one-time funding amounts are not a part of the entity's base budget for
2 the 2019-21 biennium. The industrial commission shall report to the appropriations committees
3 of the sixty-sixth legislative assembly on the use of this one-time funding for the biennium
4 beginning July 1, 2017, and ending June 30, 2019.

5 **SECTION 3. LEGISLATIVE INTENT - BOND PAYMENTS.** The amount of \$13,210,484
6 included in subdivision 1 of section 1 of this Act in the grants - bond payments line item must be
7 paid from the following funding sources during the biennium beginning July 1, 2017, and ending
8 June 30, 2019:

9 North Dakota university system	\$6,605,326
10 North Dakota university system - energy conservation projects	491,500
11 Department of corrections and rehabilitation	1,158,679
12 Department of corrections and rehabilitation - energy conservation projects	16,285
13 State department of health	636,877
14 Job service North Dakota	428,100
15 Office of management and budget	665,411
16 Attorney general's office	766,012
17 State historical society	1,392,629
18 Parks and recreation department	73,642
19 Research and extension service	571,520
20 Veterans' home	<u>404,503</u>
21 Total	\$13,210,484

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

23 In addition to the amount appropriated to the housing finance agency in subdivision 4 of section
24 1 of this Act, there is appropriated any additional income or unanticipated income from federal
25 or other funds which may become available to the agency for the biennium beginning July 1,
26 2017, and ending June 30, 2019. The housing finance agency shall notify the office of
27 management and budget and the legislative council of any additional income or unanticipated
28 income that becomes available to the agency.

29 **SECTION 5. APPROPRIATION - ADDITIONAL FUNDS FROM BONDS - EMERGENCY**
30 **COMMISSION APPROVAL.** In addition to the amount appropriated to the industrial commission
31 in subdivision 1 of section 1 of this Act, there is appropriated, with the approval of the

1 emergency commission, funds that may become available to the commission from bonds
2 authorized by law to be issued by the industrial commission for the biennium beginning July 1,
3 2017, and ending June 30, 2019.

4 **SECTION 6. CONTINGENT APPROPRIATION - INDUSTRIAL COMMISSION FUNDING.**

5 The amount of \$1,254,462 from the general fund and six full-time equivalent positions included
6 in subdivision 1 of section 1 of this Act may be spent only in accordance with the provisions of
7 this section. The industrial commission shall notify the office of management and budget and
8 the legislative council when the total number of wells capable of production and injection
9 exceeds the thresholds identified in this section. Of the \$1,254,462 and the six full-time
10 equivalent positions in this section, the industrial commission may spend funding and hire
11 full-time equivalent positions, as follows:

- 12 1. Subject to budget section approval, \$418,154 from the contingencies line item and two
13 full-time equivalent positions if the total number of wells capable of production and
14 injection exceeds eighteen thousand two hundred.
- 15 2. In addition to the funding and full-time equivalent positions authorized in subsection 1
16 and subject to budget section approval, \$836,308 from the contingencies line item and
17 four full-time equivalent positions if the total number of wells capable of production and
18 injection exceeds nineteen thousand four hundred wells.

19 **SECTION 7. TRANSFER - ENTITIES WITHIN THE CONTROL OF THE INDUSTRIAL**

20 **COMMISSION TO INDUSTRIAL COMMISSION FUND.** The sum of \$1,103,986, or so much of
21 the sum as may be necessary, included in the special funds appropriation line item in
22 subdivision 1 of section 1 of this Act, may be transferred from the entities within the control of
23 the industrial commission or entities directed to make payments to the industrial commission
24 fund for administrative services rendered by the commission. Transfers must be made during
25 the biennium beginning July 1, 2017, and ending June 30, 2019, upon order of the commission.
26 Transfers from the student loan trust fund must be made to the extent permitted by sections
27 54-17-24 and 54-17-25.

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

29 The industrial commission shall transfer to the general fund \$140,000,000 from the current
30 earnings and the accumulated undivided profits of the Bank of North Dakota during the
31 biennium beginning July 1, 2017, and ending June 30, 2019. The moneys must be transferred

1 in the amounts and at the times requested by the director of the office of management and
2 budget after consultation with the Bank of North Dakota president.

3 **SECTION 9. TRANSFER - BANK OF NORTH DAKOTA - PARTNERSHIP IN ASSISTING**
4 **COMMUNITY EXPANSION.** The Bank of North Dakota shall transfer the sum of \$16,000,000,
5 or so much of the sum as may be necessary, from the Bank's current earnings and undivided
6 profits to the partnership in assisting community expansion fund during the biennium beginning
7 July 1, 2017, and ending June 30, 2019.

8 **SECTION 10. TRANSFER - BANK OF NORTH DAKOTA - AGRICULTURE**
9 **PARTNERSHIP IN ASSISTING COMMUNITY EXPANSION.** The Bank of North Dakota shall
10 transfer the sum of \$2,000,000, or so much of the sum as may be necessary, from the Bank's
11 current earnings and undivided profits to the agriculture partnership in assisting community
12 expansion fund during the biennium beginning July 1, 2017, and ending June 30, 2019.

13 **SECTION 11. TRANSFER - BANK OF NORTH DAKOTA - BIOFUELS PARTNERSHIP IN**
14 **ASSISTING COMMUNITY EXPANSION.** The Bank of North Dakota shall transfer the sum of
15 \$1,000,000, or so much of the sum as may be necessary, from the Bank's current earnings and
16 undivided profits to the biofuels partnership in assisting community expansion fund during the
17 biennium beginning July 1, 2017, and ending June 30, 2019.

18 **SECTION 12. TRANSFER - BANK OF NORTH DAKOTA - BEGINNING FARMER**
19 **REVOLVING LOAN FUND.** The Bank of North Dakota shall transfer the sum of \$6,000,000, or
20 so much of the sum as may be necessary, from the Bank's current earnings and undivided
21 profits to the beginning farmer revolving loan fund during the biennium beginning July 1, 2017,
22 and ending June 30, 2019.

23 **SECTION 13. TRANSFER - BANK OF NORTH DAKOTA - SCHOOL CONSTRUCTION**
24 **LOAN INTEREST RATE BUYDOWNS.** The Bank of North Dakota shall transfer the sum of
25 \$6,000,000, or so much of the sum as may be necessary, from the Bank's current earnings and
26 undivided profits for interest rate buydowns on outstanding school construction loans under
27 section 15.1-36-06 during the biennium beginning July 1, 2017, and ending June 30, 2019.

28 **SECTION 14. TRANSFER - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND TO**
29 **LIGNITE RESEARCH FUND.** The department of trust lands shall transfer the sum of
30 \$3,000,000 from the strategic investment and improvements fund to the lignite research fund
31 during the biennium beginning July 1, 2017, and ending June 30, 2019. The funding must be

1 used to provide grants for advanced energy technology research and development. Grant
2 recipients must provide matching funds.

3 **SECTION 15. ESTIMATED INCOME - STRATEGIC INVESTMENT AND IMPROVEMENTS**

4 **FUNDS.** The estimated income line item in section 1 of this Act includes \$1,000,000 from the
5 strategic investment and improvements fund for litigation expenses.

6 **SECTION 16. AMENDMENT.** Section 15-62.1-07 of the North Dakota Century Code is
7 amended and reenacted as follows:

8 **15-62.1-07. Fees for insurance and other reasonable costs.**

9 The agency is hereby authorized to may charge reasonable fees for guarantee and
10 insurance to students obtaining or who have obtained loans under this chapter, ~~and such fees.~~
11 The agency may charge up to thirteen percent of accumulated principal and interest if the loans
12 are in default under section 15-62.1-06. The fees collected under this section must be available
13 to defray costs of administering the guarantee loan program. Fees in excess of the amount
14 required to pay the cost of administering the program must be deposited in the reserve fund.
15 The authority of the agency to charge reasonable fees under this section applies to all
16 borrowers and cosigners for loans obtained under this chapter whenever the underlying note
17 was executed and subject to the note providing for payments of fees and collections costs.

18 **SECTION 17. AMENDMENT.** Section 28-25-11 of the North Dakota Century Code is
19 amended and reenacted as follows:

20 **28-25-11. Property applied - Wages exempt - ~~Suspension of occupational or~~**
21 **~~professional license for nonpayment of defaulted state guaranteed student loans.~~**

- 22 1. The judge may order any property of the judgment debtor not exempt from execution
23 in the hands either of the judgment debtor or of any other person or due the judgment
24 debtor to be applied toward the satisfaction of the judgment, except that the earnings
25 of the debtor for the debtor's personal services at any time within sixty days next
26 preceding the order cannot be so applied when it is made to appear, by the debtor's
27 affidavit or otherwise, that the earnings are necessary for the use of a family supported
28 wholly or partly by the debtor's labor.
- 29 2. ~~If the debt for which a judgment is entered is for a guaranteed student loan, the court,~~
30 ~~after considering the factors in subsection 1, shall address and make specific findings~~
31 ~~on the issue of whether the judgment debtor has an occupational or a professional~~

1 certificate license or permit issued by or on behalf of the state or any occupational or
2 professional boards, which the judgment debtor is required to obtain before engaging
3 in the judgment debtor's occupation or profession. The court, based on principles of
4 fairness, including consideration of whether the judgment debtor has been unjustly
5 enriched, may suspend a judgment debtor's certificate, license, or permit. Following a
6 decision to suspend a judgment debtor's certificate, license, or permit, the court shall
7 notify the judgment debtor that the decision becomes final thirty days after the
8 notification unless the judgment debtor satisfies the entire outstanding payment due or
9 makes regular payment on the judgment in a manner and at times satisfactory to the
10 court. The court shall notify the proper licensing authority of the court's decision to
11 suspend a judgment debtor's certificate, license, or permit. A certificate, license, or
12 permit suspended by an order issued under this section may be reissued only by order
13 of the court. An appeal by a judgment debtor who has had a certificate, license, or
14 permit suspended under this section is an appeal from the court's order and may not
15 be appealed to the licensing authority.

16 **SECTION 18.** A new subsection to section 54-17-07.3 of the North Dakota Century Code is
17 created and enacted as follows:

18 Essential service worker home ownership incentive program. A program to provide
19 assistance for the purchase of a primary residence by an essential service worker as
20 provided in section 20 of this Act. The program may provide a secondary mortgage
21 lien to assist in the acquisition of a single-family residential dwelling unit.

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

24 **54-17-40. (Effective through June 30, 2017) Housing incentive fund - Continuing**
25 **appropriation - Report to budget section.**

- 26 1. The housing incentive fund is created as a special revolving fund at the Bank of North
27 Dakota. The housing finance agency may direct disbursements from the fund and a
28 continuing appropriation from the fund is provided for that purpose.
- 29 2. a. After a public hearing, the housing finance agency shall create an annual
30 allocation plan for the distribution of the fund. At least twenty-five percent of the
31 fund must be used to assist developing communities to address an unmet

1 housing need or alleviate a housing shortage. ~~The agency may collect a~~
2 ~~reasonable administrative fee from the fund, project developers, applicants, or~~
3 ~~grant recipients. The origination fee assessed to grant recipients may not exceed~~
4 ~~five percent of the project award.~~

5 b. The annual allocation plan must give first priority through its scoring and ranking
6 process to housing for essential service workers. For purposes of this subsection,
7 "essential service workers" means individuals employed by a city, county, school
8 district, medical or long-term care facility, the state of North Dakota, or others as
9 determined by the housing finance agency who fulfill an essential public service.

10 c. The second priority in the annual allocation plan must be to provide housing for
11 individuals and families of low or moderate income. For purposes of this second
12 priority, eligible income limits are determined as a percentage of median family
13 income as published in the most recent federal register notice. Under this second
14 priority, the annual allocation plan must give preference to projects that benefit
15 households with the lowest income and to projects that have rent restrictions at
16 or below department of housing and urban development published federal fair
17 market rents or department of housing and urban development section 8
18 payment standards.

19 ~~The housing finance agency shall maintain a register reflecting the number of~~
20 ~~housing units owned or master leased by cities, counties, school districts, or other~~
21 ~~employers of essential service workers. This register must also reflect those entities~~
22 ~~that are providing rent subsidies for their essential workers. The housing finance~~
23 ~~agency shall report quarterly to the budget section of the legislative management on~~
24 ~~the progress being made to reduce the overall number of units owned, master leased,~~
25 ~~or subsidized by these entities. This report must include a listing of projects approved~~
26 ~~and number of units within those projects that provide housing for essential service~~
27 ~~workers.~~

- 28 3. The housing finance agency shall adopt guidelines for the fund so as to address
29 unmet housing needs in this state. Assistance from the fund may be used solely for:
- 30 a. New construction, rehabilitation, or acquisition of a multifamily housing project;
 - 31 b. Gap assistance, matching funds, and accessibility improvements;

- 1 c. Assistance that does not exceed the amount necessary to qualify for a loan using
2 underwriting standards acceptable for secondary market financing or to make the
3 project feasible; and
- 4 d. Rental assistance, emergency assistance, or targeted supportive services
5 designated to prevent homelessness.
- 6 4. Eligible recipients include units of local, state, and tribal government; local and tribal
7 housing authorities; community action agencies; regional planning councils; and
8 nonprofit organizations and for-profit developers of multifamily housing. Individuals
9 may not receive direct assistance from the fund.
- 10 5. Except for subdivision d of subsection 3, assistance is subject to repayment or
11 recapture under the guidelines adopted by the housing finance agency. Any
12 assistance that is repaid or recaptured must be deposited in the fund and is
13 appropriated on a continuing basis for the purposes of this section.
- 14 6. The agency may collect a reasonable administrative fee from the fund, project
15 developers, applicants, or grant recipients. The origination fee assessed to grant
16 recipients may not exceed five percent of the project award.
- 17 7. The housing finance agency shall maintain a register reflecting the number of housing
18 units owned or master leased by cities, counties, school districts, or other employers
19 of essential service workers. This register must also reflect those entities that are
20 providing rent subsidies for their essential workers.
- 21 8. Upon request, the housing finance agency shall report to the industrial commission
22 regarding the activities of the housing incentive fund.
- 23 9. At least once per biennium, the housing finance agency shall provide a report to the
24 budget section of the legislative management regarding the activities of the housing
25 incentive fund. The report must include the following:
- 26 a. The overall number of units owned, master leased, or subsidized by political
27 subdivisions or other employers of essential service workers; and
- 28 b. A listing of projects approved and the number of units within those projects that
29 provide housing for essential service workers.

30 **SECTION 20.** A new section to chapter 54-17 of the North Dakota Century Code is created
31 and enacted as follows:

1 **Essential service worker home ownership incentive fund - Continuing appropriation.**

2 1. The essential service worker home ownership incentive fund is created as a special
3 revolving fund at the Bank of North Dakota. The moneys in the fund are appropriated
4 on a continuing basis to the housing finance agency to provide purchasing assistance
5 on single-family residential mortgage loans under the essential worker home
6 ownership incentive program. The agency may deduct a reasonable administrative fee
7 from the fund.

8 2. For purposes of this section, "essential service worker" means an individual employed
9 by the state or a city, county, school district, medical or long-term care facility, or any
10 other individual employed in providing an essential public service as determined by the
11 housing finance agency.

12 3. Pursuant to housing finance agency underwriting and credit standards and guidelines
13 adopted under subsection 4, the agency may provide a secondary loan to a qualified
14 essential service worker in conjunction with a single-family residential mortgage loan
15 originated by a lender under a housing finance agency home ownership program. If, at
16 any time during the term of the loan, the borrower ceases to be employed as an
17 essential service worker or if the borrower sells the home or refinances the mortgage
18 loan, the borrower must repay the secondary loan in full or begin making amortized
19 monthly payments on the secondary loan.

20 4. The agency shall adopt guidelines for the implementation and administration of the
21 essential service worker home ownership incentive program. The guidelines must
22 provide the moneys in the essential service worker home ownership incentive fund
23 may be used only to assist in the acquisition of owner-occupied single-family
24 residential housing that will serve as the primary residence of the essential service
25 worker. The guidelines must establish income limits for eligibility to participate in the
26 program and purchase price limitations as determined by the agency.

27 5. Any assistance that is repaid or recaptured must be deposited in the fund and is
28 appropriated on a continuing bases for the purposes of this section.

29 **SECTION 21.** A new section to chapter 57-38 of the North Dakota Century Code is created
30 and enacted as follows:

1 **(Effective for the first two taxable years beginning after December 31, 2016) Housing**
2 **incentive fund tax credit.**

- 3 1. A taxpayer is entitled to a credit as determined under this section against state income
4 tax liability under section 57-38-30 or 57-38-30.3 for contributing to the housing
5 incentive fund under section 54-17-40. The amount of the credit is equal to the amount
6 contributed to the fund during the taxable year.
- 7 2. North Dakota taxable income must be increased by the amount of the contribution
8 upon which the credit under this section is computed but only to the extent the
9 contribution reduced federal taxable income.
- 10 3. The contribution amount used to calculate the credit under this section may not be
11 used to calculate any other state income tax deduction or credit allowed by law.
- 12 4. If the amount of the credit exceeds the taxpayer's tax liability for the taxable year, the
13 excess may be carried forward to each of the ten succeeding taxable years.
- 14 5. The aggregate amount of tax credits allowed to all eligible contributors is limited to five
15 million dollars.
- 16 6. Within thirty days after the date on which a taxpayer makes a contribution to the
17 housing incentive fund, the housing finance agency shall file with each contributing
18 taxpayer, and a copy with the tax commissioner, completed forms that show as to
19 each contribution to the fund by that taxpayer the following:
- 20 a. The name, address, and social security number or federal employer identification
21 number of the taxpayer that made the contribution.
- 22 b. The dollar amount paid for the contribution by the taxpayer.
- 23 c. The date the payment was received by the fund.
- 24 7. To receive the tax credit provided under this section, a taxpayer shall claim the credit
25 on the taxpayer's state income tax return in the manner prescribed by the tax
26 commissioner and file with the return a copy of the form issued by the housing finance
27 agency under subsection 6.
- 28 8. Notwithstanding the time limitations contained in section 57-38-38, this section does
29 not prohibit the tax commissioner from conducting an examination of the credit
30 claimed and assessing additional tax due under section 57-38-38.

1 9. A passthrough entity making a contribution to the housing incentive fund under this
2 section is considered to be the taxpayer for purposes of this section, and the amount
3 of the credit allowed must be determined at the passthrough entity level. The amount
4 of the total credit determined at the entity level must be passed through to the
5 partners, shareholders, or members in proportion to their respective interests in the
6 passthrough entity.

7 **SECTION 22.** A new section to chapter 57-38 of the North Dakota Century Code is created
8 and enacted as follows:

9 **(Effective for the first two taxable years beginning after December 31, 2016) Essential**
10 **service worker home ownership incentive fund tax credit.**

11 1. A taxpayer is entitled to a credit as determined under this section against state income
12 tax liability under section 57-38-30 or 57-38-30.3 for contributing to the essential
13 service worker home ownership incentive fund under section 19 of this Act. The
14 amount of the credit is equal to the amount contributed to the fund during the taxable
15 year.

16 2. North Dakota taxable income must be increased by the amount of the contribution
17 upon which the credit under this section is computed but only to the extent the
18 contribution reduced federal taxable income.

19 3. The contribution amount used to calculate the credit under this section may not be
20 used to calculate any other state income tax deduction or credit allowed by law.

21 4. If the amount of the credit exceeds the taxpayer's tax liability for the taxable year, the
22 excess may be carried forward to each of the ten succeeding taxable years.

23 5. The aggregate amount of tax credits allowed to all eligible contributors is limited to five
24 hundred thousand dollars.

25 6. Within thirty days after the date on which a taxpayer makes a contribution to the
26 essential service worker home ownership incentive fund, the housing finance agency
27 shall file with each contributing taxpayer, and a copy with the tax commissioner,
28 completed forms that show as to each contribution to the fund by that taxpayer the
29 following:

30 a. The name, address, and social security number or federal employer identification
31 number of the taxpayer that made the contribution.

- 1 b. The dollar amount paid for the contribution by the taxpayer.
2 c. The date the payment was received by the fund.
3 7. To receive the tax credit provided under this section, a taxpayer shall claim the credit
4 on the taxpayer's state income tax return in the manner prescribed by the tax
5 commissioner and file with the return a copy of the form issued by the housing finance
6 agency under subsection 6.
7 8. Notwithstanding the time limitations contained in section 57-38-38, this section does
8 not prohibit the tax commissioner from conducting an examination of the credit
9 claimed and assessing additional tax due under section 57-38-38.
10 9. A passthrough entity making a contribution to the essential service worker home
11 ownership incentive fund under this section is considered to be the taxpayer for
12 purposes of this section, and the amount of the credit allowed must be determined at
13 the passthrough entity level. The amount of the total credit determined at the entity
14 level must be passed through to the partners, shareholders, or members in proportion
15 to their respective interests in the passthrough entity.

16 **SECTION 23.** A new subdivision to subsection 7 of section 57-38-30.3 of the North Dakota
17 Century Code is created and enacted as follows:

18 Housing incentive fund tax credit under section 21 of this Act.

19 **SECTION 24.** A new subdivision to subsection 7 of section 57-38-30.3 of the North Dakota
20 Century Code is created and enacted as follows:

21 Essential service worker home ownership incentive fund tax credit under
22 section 22 of this Act.

23 **SECTION 25. AMENDMENT.** Section 57-62-02 of the North Dakota Century Code is
24 amended and reenacted as follows:

25 **57-62-02. Allocation of moneys in coal development fund**

26 Moneys deposited in the coal development fund shall be apportioned monthly by the state
27 treasurer as follows:

- 28 1. ~~Thirty~~Fifteen percent must be deposited in a permanent trust fund in the state treasury,
29 to be known as the coal development trust fund, pursuant to section 21 of article X of
30 the Constitution of North Dakota. Those funds held in trust and administered by the
31 board of university and school lands on March 5, 1981, pursuant to section 12, chapter

1 563, 1975 Session Laws; section 12, chapter 560, 1977 Session Laws; or section 13,
2 chapter 626, 1979 Session Laws must also be deposited in the trust fund created
3 pursuant to this subsection. The fund must be held in trust and administered by the
4 board of university and school lands for loans to coal-impacted counties, cities, and
5 school districts as provided in section 57-62-03 and for loans to school districts
6 pursuant to chapter 15.1-36. The board of university and school lands may invest such
7 funds as are not loaned out as provided in this chapter and may consult with the state
8 investment board as provided by law. The income, including interest payments on
9 loans, from the trust must be used first to replace uncollectible loans made from the
10 fund and the balance must be deposited in the school construction assistance loan
11 fund. Loan principal payments must be redeposited in the trust fund. The trust fund
12 must be perpetual and held in trust as a replacement for depleted natural resources
13 subject to the provisions of this chapter and chapter 15.1-36.

14 2. Fifteen percent must be deposited in the lignite research fund for the purpose of
15 developing advanced energy technology.

16 3. Seventy percent must be allocated to the coal-producing counties and must be
17 distributed among such counties in such proportion as the number of tons [metric tons]
18 of coal severed at each mining operation bears to the total number of tons [metric
19 tons] of coal severed in the state during such monthly period. Allocations under
20 subdivisions a and b must be apportioned by the state treasurer as follows:

21 a. If the tipple of the currently active coal mining operation in a county is not within
22 fifteen miles [24.14 kilometers] of another county in which no coal is mined, the
23 revenue apportioned according to this subdivision must be allocated as follows:

24 (1) Thirty percent must be paid by the state treasurer to the incorporated cities
25 of the county based upon the population of each incorporated city according
26 to the last official regular or special federal census or the census taken in
27 accordance with the provisions of chapter 40-02 in case of a city
28 incorporated subsequent to such census.

29 (2) Forty percent must be paid to the county treasurer who shall deposit it in the
30 county general fund to be used for general governmental purposes.

1 (3) Thirty percent must be apportioned by the state treasurer to school districts
2 within the county on the average daily membership basis, as certified to the
3 state treasurer by the county superintendent of schools.

4 b. If the tipple of a currently active coal mining operation in a county is within fifteen
5 miles [24.14 kilometers] of another county in which no coal is mined, the revenue
6 from the production not exceeding the production limitation in a calendar year
7 which is apportioned from that coal mining operation according to this subsection
8 must be allocated, subject to the definitions of terms and the requirements in
9 paragraph 4, as provided in this subdivision. For purposes of this subdivision, the
10 production limitation is three million eight hundred thousand tons [3447302.02
11 metric tons] through calendar year 1995, three million six hundred thousand tons
12 [3265865.07 metric tons] in calendar years 1996 and 1997, and three million four
13 hundred thousand tons [3084428.12 metric tons] in calendar years after 1997.
14 Revenue from production exceeding the production limitation in a calendar year
15 from that coal mining operation must be allocated only within the coal-producing
16 county under subdivision a. Allocations under this subdivision must be made as
17 follows:

18 (1) Thirty percent must be paid by the state treasurer to the incorporated cities
19 of the coal-producing county and to any city of a non-coal-producing county
20 when any portion of the city lies within fifteen miles [24.14 kilometers] of the
21 tipple of the currently active coal mining operation in the coal-producing
22 county, based upon the population of each incorporated city according to
23 the last official regular or special federal census or the census taken in
24 accordance with the provisions of chapter 40-02 in case of a city
25 incorporated subsequent to such census.

26 (2) Forty percent must be divided by the state treasurer between the general
27 fund of the coal-producing county and the general fund of any
28 non-coal-producing county when any portion of the latter county lies within
29 fifteen miles [24.14 kilometers] of the tipple of the currently active coal
30 mining operation in the coal-producing county. The non-coal-producing
31 county portion must be based upon the ratio which the assessed valuation

1 of all quarter sections of land in that county, any portion of which lies within
2 fifteen miles [24.14 kilometers] of the tipple of the currently active coal
3 mining operation, bears to the combined assessed valuations of all land in
4 the coal-producing county and the quarter sections of land in the
5 non-coal-producing county within fifteen miles [24.14 kilometers] of the
6 tipple of the currently active coal mining operation. The county director of
7 tax equalization of the coal-producing county shall certify to the state
8 treasurer the number of quarter sections of land in the non-coal-producing
9 counties which lie at least in part within fifteen miles [24.14 kilometers] of
10 the tipple of the currently active coal mining operation and their assessed
11 valuations.

12 (3) Thirty percent must be apportioned by the state treasurer to school districts
13 within the coal-producing county and to school districts in adjoining
14 non-coal-producing counties when a portion of those school districts' land
15 includes any of the quarter sections of land certified by the director of tax
16 equalization to the state treasurer to be eligible to share county funds as
17 provided for in paragraph 2. The county superintendent of the
18 non-coal-producing counties shall certify to the state treasurer the number
19 of students actually residing on these quarter sections lying outside the
20 coal-producing county and each school district in non-coal-producing
21 counties shall receive a portion of the money under this paragraph based
22 upon the ratio of the number of children residing on quarter sections of that
23 school district within the fifteen-mile [24.14-kilometer] radius of the tipple of
24 a currently active coal mining operation to the total number of schoolchildren
25 from the coal-producing county combined with all the schoolchildren
26 certified to be living on quarter sections within fifteen miles [24.14
27 kilometers] of the tipple of the currently active coal mining operation in the
28 coal-producing county.

29 (4) For the purposes of this subdivision:

30 (a) The terms "currently active coal mining operation in a county",
31 "currently active coal mining operation in the coal-producing county",

- 1 and "currently active coal mining operation" mean a coal mining
2 operation that produced more than one hundred fifty thousand tons
3 [136077.71 metric tons] of coal in a coal-producing county during the
4 prior quarterly period.
- 5 (b) The term "coal-producing county" means a county in which more than
6 one hundred fifty thousand tons [136077.71 metric tons] of coal were
7 mined in the prior quarterly period.
- 8 (c) The term "another county in which no coal is mined" means a county
9 in which not more than seventy-five thousand tons [68038.86 metric
10 tons] of coal were mined in the prior quarterly period.
- 11 (d) The terms "non-coal-producing county" and "non-coal-producing
12 counties" mean any county in which not more than seventy-five
13 thousand tons [68038.86 metric tons] of coal were mined in the prior
14 quarterly period.
- 15 (e) In computing each amount to be paid as provided in paragraph 1, 2,
16 or 3 for coal severance tax revenue from coal mined during a monthly
17 period, the state treasurer shall deduct from the allocation the amount
18 of coal severance tax revenue, if any, that the governmental body in
19 the non-coal-producing county received from the coal mined in the
20 non-coal-producing county during the same monthly period.
- 21 (5) The state treasurer shall allocate funds provided by legislative appropriation
22 to cities, the county general fund, and school districts within a
23 coal-producing county according to the allocation method provided in
24 subdivision a in an amount to offset fifty percent of the loss of that county's
25 share of coal severance tax revenue allocated to a non-coal-producing
26 county under this subdivision in the previous calendar year. The state
27 treasurer shall make the allocation and distribute the funds, within the limits
28 of legislative appropriations, under this paragraph during the first month of
29 each calendar year. The state treasurer shall include in each biennial
30 budget request the amounts estimated to be necessary for the biennium for

1 purposes of this paragraph, based on the allocations under this subdivision
2 in the most recent calendar years.

3 **SECTION 26. REPEAL.** Section 54-17-41 of the North Dakota Century Code is repealed.

4 **SECTION 27. EXEMPTION - INDUSTRIAL COMMISSION FUND.** The amount
5 appropriated to the industrial commission in the special funds appropriation line item in
6 section 1 of chapter 14 of the 2015 Session Laws and transferred pursuant to section 6 of
7 chapter 14 of the 2015 Session Laws is not subject to the provisions of 54-44.1-11. Any
8 unexpended funds from this appropriation are available to the industrial commission for
9 administrative services rendered by the commission during the biennium beginning July 1,
10 2017, and ending June 30, 2019.

11 **SECTION 28. EXEMPTION - LIGNITE RESEARCH GRANTS.** The amount appropriated to
12 the industrial commission from the general fund for lignite research grants in the grants line item
13 in section 1 of chapter 14 of the 2015 Session Laws is not subject to the provisions of
14 54-44.1-11. Any unexpended funds from this appropriation are available to the industrial
15 commission for lignite research grants during the biennium beginning July 1, 2017, and ending
16 June 30, 2019.

17 **SECTION 29. LEGISLATIVE INTENT - RENEWABLE ENERGY DEVELOPMENT FUND.** It
18 is the intent of the sixty-fifth legislative assembly that the industrial commission consider
19 applications for funding from the renewable energy development fund for advanced energy
20 technology development projects.

21 **SECTION 30. LEGISLATIVE INTENT - ESSENTIAL SERVICE WORKER HOME**
22 **OWNERSHIP INCENTIVE FUND.** Of the contributions deposited in the essential service worker
23 home ownership incentive fund during the biennium beginning July 1, 2017, and ending
24 June 30, 2019, it is the intent of the sixty-fifth legislative assembly that the housing finance
25 agency disburse fifty percent within planning regions one and eight and shall disburse the
26 remaining fifty percent within the other planning regions.

27 **SECTION 31. LIGNITE RESEARCH, DEVELOPMENT, AND MARKETING PROGRAM -**
28 **LIGNITE MARKETING FEASIBILITY STUDY.** The amount of \$4,500,000 from the lignite
29 research fund, or so much of the amount as may be necessary, may be used for the purpose of
30 contracting for an independent, nonmatching lignite marketing feasibility study or studies that
31 determine those focused priority areas where near-term, market-driven projects, activities, or

1 processes will generate matching private industry investment and have the most potential of
2 preserving existing lignite production and industry jobs or that will lead to increased
3 development of lignite and its products and create new lignite industry jobs and economic
4 growth for the general welfare of this state. Moneys appropriated pursuant to this section also
5 may be used for the purpose of contracting for nonmatching studies and activities in support of
6 the lignite vision 21 program; for litigation that may be necessary to protect and promote the
7 continued development of lignite resources; for nonmatching externality studies and activities in
8 externality proceedings; or other marketing, environmental, or transmission activities that assist
9 with marketing of lignite-based electricity and lignite-based byproducts. Moneys not needed for
10 the purposes stated in this section are available to the industrial commission for funding
11 projects, processes, or activities under the lignite research, development, and marketing
12 program.

13 **SECTION 32. EFFECTIVE DATE - EXPIRATION DATE.** Sections 23 and 24 of this Act are
14 effective for the first two taxable years beginning after December 31, 2016, and are thereafter
15 ineffective.