

Sixty-eighth
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1014

Introduced by

Appropriations Committee

1 A BILL for an Act to provide an appropriation for defraying the expenses of the industrial
 2 commission and the agencies under its control; ~~to create and enact a new section to chapter~~
 3 ~~6-09, relating to a Bank of North Dakota retention incentive program;~~ to amend and reenact
 4 sections 6-09.7-05, 54-17-40, and 54-17.7-01, subsections 3 and 4 of section 54-17.7-04, and
 5 section 54-63.1-01 of the North Dakota Century Code and ~~section 8 of chapter 42 of the 2021~~
 6 ~~Session Laws~~ subsection 36 of section 1 of chapter 550 of the 2021 Special Session Session
 7 Laws, relating to fuel production facility loan guarantee reserve funding, the housing incentive
 8 fund, the powers of the North Dakota pipeline authority, definitions for the clean sustainable
 9 energy authority, and ~~a transfer of Bank of North Dakota profits to the general fund~~ an
 10 appropriation from the state fiscal recovery fund; to provide a contingent appropriation; to
 11 provide for a transfer; to provide an exemption; to provide for a report; to provide an effective
 12 date; and to declare an emergency.

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

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

20 Subdivision 1.

21 INDUSTRIAL COMMISSION

		Adjustments or	
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
24	Salaries and wages	\$23,698,119	(\$21,226,883)
			\$2,471,236

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1	Operating expenses	5,119,958	(1,412,940)	3,707,018
2	Capital assets	0	1,250,000	1,250,000
3	Grants	0	33,623,893	33,623,893
4	Grants - bond payments	22,040,721	97,839,192	119,879,913
5	Total all funds	\$50,858,798	\$110,073,262	\$160,932,060
6	Less estimated income	24,369,185	132,138,019	156,507,204
7	Total general fund	\$26,489,613	(\$22,064,757)	\$4,424,856
8	Full-time equivalent positions	108.25	(98.50)	9.75
9	Salaries and wages	\$23,698,119	(\$21,835,425)	\$1,862,694
10	Operating expenses	5,119,958	(924,889)	4,195,069
11	Capital assets	0	1,250,000	1,250,000
12	Grants	0	8,623,893	8,623,893
13	Grants - bond payments	22,040,721	97,839,192	119,879,913
14	Total all funds	\$50,858,798	\$84,952,771	\$135,811,569
15	Less estimated income	24,369,185	107,017,528	131,386,713
16	Total general fund	\$26,489,613	(\$22,064,757)	\$4,424,856
17	Full-time equivalent positions	108.25	(98.50)	9.75

Subdivision 2.

DEPARTMENT OF MINERAL RESOURCES

		Adjustments or		
	Base Level	Enhancements	Appropriation	
22	Salaries and wages	\$0	\$25,401,022	\$25,401,022
23	Operating expenses	0	11,410,044	11,410,044
24	Capital assets	0	80,000	80,000
25	Total all funds	\$0	\$36,891,066	\$36,891,066
26	Less estimated income	0	2,568,000	2,568,000
27	Total general fund	\$0	\$34,323,066	\$34,323,066
28	Full-time equivalent positions	0.00	108.00	108.00
29	Salaries and wages	\$0	\$23,123,267	\$23,123,267
30	Operating expenses	0	11,541,104	11,541,104
31	Capital assets	0	98,000	98,000

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1	Total all funds	\$0	\$34,762,371	\$34,762,371
2	Less estimated income	0	2,568,000	2,568,000
3	Total general fund	\$0	\$32,194,371	\$32,194,371
4	Full-time equivalent positions	0.00	108.00	108.00

Subdivision 3.

BANK OF NORTH DAKOTA

		Adjustments or		
	Base Level	Enhancements	Appropriation	
9	Bank of North Dakota operations	\$67,306,548	\$7,421,138	\$74,727,686
10	Capital assets	1,510,000	0	1,510,000
11	Total special funds	\$68,816,548	\$7,421,138	\$76,237,686
12	Full-time equivalent positions	173.00	14.00	187.00
13	Bank of North Dakota operations	\$67,306,548	\$2,760,519	\$70,067,067
14	Capital assets	1,510,000	0	1,510,000
15	Total special funds	\$68,816,548	\$2,760,519	\$71,577,067
16	Full-time equivalent positions	173.00	14.00	187.00

Subdivision 4.

HOUSING FINANCE AGENCY

		Adjustments or		
	Base Level	Enhancements	Appropriation	
21	Salaries and wages	\$9,556,272	\$2,613,470	\$12,169,742
22	Operating expenses	6,109,060	4,629,181	10,738,241
23	Capital assets	150,000	(130,000)	20,000
24	Grants	42,975,200	5,829,910	48,805,110
25	Housing finance agency contingencies	100,000	0	100,000
26	Total all funds	\$58,890,532	\$12,942,561	\$71,833,093
27	Less estimated income	58,890,532	10,442,561	69,333,093
28	Total general fund	\$0	\$2,500,000	\$2,500,000
29	Full-time equivalent positions	49.00	4.00	53.00
30	Salaries and wages	\$9,556,272	\$1,556,933	\$11,113,205
31	Operating expenses	6,109,060	4,794,823	10,903,883

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1	Capital assets	150,000	(130,000)	20,000
2	Grants	42,975,200	5,829,910	48,805,110
3	Housing finance agency contingencies	100,000	0	100,000
4	Total all funds	\$58,890,532	\$12,051,666	\$70,942,198
5	Less estimated income	58,890,532	9,551,666	68,442,198
6	Total general fund	\$0	\$2,500,000	\$2,500,000
7	Full-time equivalent positions	49.00	5.00	54.00

8 Subdivision 5.

9 MILL AND ELEVATOR ASSOCIATION

10		Adjustments or		
11		Base Level	Enhancements	Appropriation
12	Salaries and wages	\$50,560,209	\$7,022,585	\$57,582,794
13	Operating expenses	36,817,000	5,574,653	42,391,653
14	Contingencies	500,000	0	500,000
15	Agriculture promotion	500,000	0	500,000
16	Total special funds	\$88,377,209	\$12,597,238	\$100,974,447
17	Full-time equivalent positions	156.00	14.00	170.00
18	Salaries and wages	\$50,560,209	\$3,290,171	\$53,850,380
19	Operating expenses	36,817,000	5,574,653	42,391,653
20	Contingencies	500,000	0	500,000
21	Agriculture promotion	500,000	0	500,000
22	Total special funds	\$88,377,209	\$8,864,824	\$97,242,033
23	Full-time equivalent positions	156.00	14.00	170.00

24 Subdivision 6.

25 TOTAL - SECTION 1

26		Adjustments or		
27		Base Level	Enhancements	Appropriation
28	Grand total general fund	\$26,489,613	\$14,758,309	\$41,247,922
29	Grand total special funds	240,453,474	165,166,956	405,620,430
30	Grand total all funds	\$266,943,087	\$179,925,265	\$446,868,352
31	Grand total general fund	\$26,489,613	\$12,629,614	\$39,119,227

1	<u>Grand total special funds</u>	<u>240,453,474</u>	<u>130,762,537</u>	<u>371,216,011</u>
2	<u>Grand total all funds</u>	<u>\$266,943,087</u>	<u>\$143,392,151</u>	<u>\$410,335,238</u>

3 **SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO THE**
4 **SIXTY-NINTH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time funding
5 items approved by the sixty-seventh legislative assembly for the 2021-23 biennium and the
6 2023-25 one-time funding items included in the appropriation in section 1 of this Act:

7	<u>One-Time Funding Description</u>	<u>2021-23</u>	<u>2023-25</u>
8	Administration - transfer to clean sustainable energy fund	\$25,000,000	\$0
9	Administration - pipeline grant fund	150,000,000	0
10	Administration - hydrogen grants	20,000,000	0
11	Administration - new employee expenses	0	12,110
12	Administration - transmission authority consulting	0	300,000
13	Administration - electricity grid resilience federal grant	0	8,623,893
14	Administration - lignite litigation expenses	0	3,000,000
15	Administration - transmission line grant	0	25,000,000
16	Administration - grant management software	0	1,250,000
17	<u>Administration - carbon capture education</u>	<u>0</u>	<u>300,000</u>
18	<u>Administration - records digitization</u>	<u>0</u>	<u>75,000</u>
19	<u>Administration - inflationary increases</u>	<u>0</u>	<u>35,688</u>
20	Mineral resources - paleontology and geological equipment	106,260	0
21	Mineral resources - abandoned well conversion program	3,200,000	0
22	Mineral resources - new employee expenses	0	68,335
23	Mineral resources - inflationary expenses	0	821,456
24	<u>Mineral resources - inflationary expenses</u>	<u>0</u>	<u>886,868</u>
25	<u>Mineral resources - drones and computers</u>	<u>0</u>	<u>83,648</u>
26	Mineral resources - core and mineral analyses	0	100,000
27	Mineral resources - computer server transition	0	80,000
28	Mineral resources - abandoned well reclamation	0	2,300,000
29	Mineral resources - oil and gas litigation expenses	0	3,000,000
30	Bank of North Dakota - contingent loan repayment	17,500,000	0
31	Bank of North Dakota - bond proceed allocation	680,000,000	0

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1	Bank of North Dakota - agriculture diversification fund	10,000,000	0
2	Bank of North Dakota - fuel production incentives	21,000,000	0
3	Bank of North Dakota - information technology projects	0	804,278
4	Housing finance agency - housing incentive fund	9,500,000	0
5	Housing finance agency - housing assessment	<u>35,000</u>	<u>0</u>
6	Total all funds	\$936,341,260	\$45,360,072
7	Less estimated income	874,235,000	8,744,647
8	Total general fund	\$62,106,260	\$36,615,425
9	<u>Total all funds</u>	<u>\$936,341,260</u>	<u>\$20,919,820</u>
10	<u>Less estimated income</u>	<u>874,235,000</u>	<u>9,155,335</u>
11	<u>Total general fund</u>	<u>\$62,106,260</u>	<u>\$11,764,485</u>

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

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

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

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

31 In addition to the amount appropriated to the housing finance agency in subdivision 3 of

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

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

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

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

- 20 1. There is appropriated out of any moneys in the general fund in the state treasury, not
21 otherwise appropriated, the sum of \$250,000, which the office of management and
22 budget shall transfer to the fossil excavation and restoration fund during the biennium
23 beginning July 1, 2023, and ending June 30, 2025.
- 24 2. There is appropriated out of any moneys in the general fund in the state treasury, not
25 otherwise appropriated, the sum of ~~\$12,500,000~~\$15,000,000, which the office of
26 management and budget shall transfer to the housing incentive fund during the
27 biennium beginning July 1, 2023, and ending June 30, 2025.
- 28 3. The funding provided in this section is considered a one-time funding item.

29 **SECTION 7. CONTINGENT FUNDING - HOUSING FINANCE AGENCY.** The sum of
30 \$82,068 from other funds from the new and vacant FTE funding pool and one full-time
31 equivalent position included in subdivision 4 of section 1 of this Act are available only in

1 accordance with the provisions of this section. If mortgage loan production for the fiscal year
2 ended June 30, 2024, exceeds \$435,000,000, the housing finance agency may ~~spend~~request
3 the office of management and budget transfer up to \$82,068 of other funds from the new and
4 vacant FTE funding pool for salaries and wages ~~line item~~for the full-time equivalent position
5 identified in this section, and the agency may hire one full-time equivalent position. The housing
6 finance agency shall notify the office of management and budget and the legislative council if
7 the contingency is met.

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

- 10 1. The sum of ~~\$1,899,877~~\$1,818,114, or so much of the sum as may be necessary,
11 included in the appropriation in subdivision 1 of section 1 of this Act, may be
12 transferred from the entities within the control of the industrial commission or entities
13 directed to make payments to the industrial commission fund for administrative
14 services rendered by the commission. Transfers must be made during the biennium
15 beginning July 1, 2023, and ending June 30, 2025, upon order of the commission.
16 Transfers from the student loan trust fund must be made to the extent permitted by
17 sections 54-17-24 and 54-17-25.
- 18 2. The amount of \$1,214,768 appropriated to the industrial commission in subdivision 1
19 of section 1 of chapter 42 of the 2021 Session Laws and transferred pursuant to
20 section 7 of chapter 42 of the 2021 Session Laws is not subject to the provisions of
21 section 54-44.1-11. Any unexpended funds from this appropriation are available to the
22 industrial commission for administrative services rendered by the commission during
23 the biennium beginning July 1, 2023, and ending June 30, 2025.

24 **SECTION 9. TRANSFER - FUNDS UNDER THE CONTROL OF THE INDUSTRIAL**
25 **COMMISSION TO INDUSTRIAL COMMISSION FUND - GRANT MANAGEMENT**

26 **SOFTWARE**. The sum of \$1,250,000, or so much of the sum as may be necessary, included in
27 the appropriation in subdivision 1 of section 1 of this Act, may be transferred from funds under
28 the control of the industrial commission to the industrial commission fund for grant management
29 software expenses. Of the \$1,250,000, the industrial commission may transfer:

- 30 1. Up to \$250,000 from the clean sustainable energy fund;
31 2. Up to \$250,000 from the lignite research fund;

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

4 **SECTION 10. TRANSFER - FUNDS UNDER THE CONTROL OF THE INDUSTRIAL**
5 **COMMISSION TO INDUSTRIAL COMMISSION FUND - CARBON CAPTURE EDUCATION.**

6 The sum of \$300,000, or so much of the sum as may be necessary, included in the
7 appropriation in subdivision 1 of section 1 of this Act, may be transferred from funds under the
8 control of the industrial commission to the industrial commission fund to contract for carbon
9 capture and utilization education and marketing in consultation with the lignite research council,
10 the oil and gas research council, and the renewable energy council. Of the \$300,000, the
11 industrial commission may transfer:

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

15 **SECTION 11. TRANSFER - BANK OF NORTH DAKOTA PROFITS TO GENERAL FUND.**

16 The Bank of North Dakota shall transfer ~~\$70,000,000~~ \$140,000,000 from the Bank's current
17 earnings and undivided profits to the general fund during the biennium beginning July 1, 2023,
18 and ending June 30, 2025. The moneys must be transferred in the amounts and at the times
19 requested by the director of the office of management and budget after consultation with the
20 Bank of North Dakota president. For legislative council budget status reporting purposes, the
21 transfer under this section is considered an ongoing revenue source.

22 **SECTION 12. TRANSFER - BANK OF NORTH DAKOTA PROFITS TO ECONOMIC**
23 **DEVELOPMENT PROGRAMS.** During the biennium beginning July 1, 2023, and ending

24 June 30, 2025, the Bank of North Dakota shall transfer the following amounts from the Bank's
25 current earnings and undivided profits:

- 26 1. \$39,000,000 to the partnership in assisting community expansion fund;
- 27 2. \$5,000,000 to the agriculture partnership in assisting community expansion fund;
- 28 3. \$1,000,000 to the biofuels partnership in assisting community expansion fund;
- 29 4. \$15,000,000 to the beginning farmer revolving loan fund; and

- 1 5. ~~\$3,000,000 to the agricultural products utilization fund~~ \$1,500,000 to the university of
2 North Dakota for the North Dakota small business development center for the purpose
3 of matching federal grants.

4 **SECTION 13. TRANSFER - ~~LEGACY EARNINGS~~ STRATEGIC INVESTMENT AND**
5 **IMPROVEMENTS FUND - PIPELINE LEAK DETECTION AND PREVENTION PROGRAM -**

6 **CLEAN SUSTAINABLE ENERGY GRANTS ~~AND LOANS~~.** During the biennium beginning
7 July 1, 2023, and ending June 30, 2025, ~~and pursuant to the designation of funding for other~~
8 ~~legislative purposes under subdivision c of subsection 4 of section 21-10-13, the state~~
9 ~~treasurer~~ the office of management and budget shall transfer the following amounts from the
10 ~~legacy earnings~~ strategic investment and improvements fund:

- 11 1. ~~\$5,000,000~~ \$3,000,000 to the oil and gas research fund for a pipeline leak detection
12 and prevention program; and
13 2. ~~\$50,000,000~~ \$30,000,000 to the clean sustainable energy fund for grants; ~~and~~
14 ~~3. \$250,000,000 to the clean sustainable energy fund to repay a line of credit and to~~
15 ~~provide funding for loans.~~

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

- 19 1. The office of management and budget shall transfer the sum of ~~\$3,000,000~~ \$1,500,000
20 from the strategic investment and improvements fund to the state energy research
21 center fund during the biennium beginning July 1, 2023, and ending June 30, 2025.
22 2. Pursuant to the continuing appropriation under section 57-51.1-07.9, the industrial
23 commission shall distribute up to ~~\$3,000,000~~ \$1,500,000 from the state energy
24 research center fund to the state energy research center for a study related to
25 prospective in-state resources of economically feasible accumulations of critical
26 minerals, including rare earth elements and other high-value minerals or materials that
27 may be suitable for extraction and enrichment.
28 3. The study must include a review of in-state mineral accumulations, including coal
29 deposits, ore bodies, oil and gas reservoirs, produced water from oil and gas
30 development activities, saltwater zones, and shale formations. While conducting the

1 study, the state energy research center shall collaborate with the North Dakota
2 geological survey and active mineral lessors and developers.

3 4. During the 2023-24 interim, the state energy research center shall provide at least one
4 report to the legislative management regarding the study.

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

9 1. The office of management and budget shall transfer the sum of
10 ~~\$22,000,000~~\$6,000,000 from the strategic investment and improvements fund to the
11 state energy research center fund.

12 2. Pursuant to the continuing appropriation authority under section 57-51.1-07.9 and
13 pursuant to subsection 36 of section 1 of chapter 550 of the 2021 Special Session
14 Session Laws, as amended in section 24 of this Act and exempted in section 26 of this
15 Act, the industrial commission shall distribute up to ~~\$22,000,000~~\$6,000,000 from the
16 state energy research center fund and up to \$5,300,000 of federal funds from the state
17 fiscal recovery fund to the state energy research center for a salt cavern underground
18 energy storage research project.

19 3. The research project must include construction of up to two salt caverns in geological
20 formations in North Dakota for the development of underground storage of energy
21 resources, including natural gas, liquified natural gas, natural gas liquids, and
22 hydrogen. The state energy research center may collaborate with other entities as
23 needed on the research project. Prior to distributing the funding, the industrial
24 commission must receive, from at least one nonstate entity, assurance of financial or
25 other types of support that demonstrate a commitment to the research project.

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

29 ~~SECTION 15. ESTIMATED INCOME - STRATEGIC INVESTMENT AND IMPROVEMENTS~~
30 ~~FUND - TRANSMISSION LINE GRANT. The sum of \$25,000,000 included in the grants line~~
31 ~~item and the estimated income line item in subdivision 1 of section 1 of this Act and identified as~~

~~one-time funding in section 2 of this Act is from the strategic investment and improvements fund. The industrial commission shall use the funding to provide a grant, based on the recommendation of the North Dakota transmission authority, to an entity for a project to upgrade a high-voltage direct current transmission line. A grant may be awarded only if the project to upgrade a transmission line has been approved by the public service commission.~~

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

1 energy and environmental research center for a nonmatching study of future lignite
2 electrical generation facilities.

3 2. The study must include consideration of an energy demand forecast for dispatchable
4 electricity generation and the regulatory environment for future lignite electrical
5 generation facilities, an analysis of the economic impact of future lignite electrical
6 generation facilities and the value-added products or services that may result from
7 those facilities, and other factors related to the development and operation of future
8 lignite electrical generation facilities.

9 3. During the 2023-24 interim, the energy and environmental research center shall
10 provide at least one report to the legislative management regarding the status of the
11 study.

12 ~~SECTION 18. A new section to chapter 6-09 of the North Dakota Century Code is created~~
13 ~~and enacted as follows:~~

14 ~~Employee recruitment and retention incentive program - Report to legislative~~
15 ~~management.~~

16 ~~The Bank of North Dakota may develop an employee recruitment and retention incentive~~
17 ~~program that promotes profitability and productivity. The provisions of the program must be~~
18 ~~approved annually by the Bank of North Dakota advisory board of directors and the industrial~~
19 ~~commission. The provisions must ensure that the amount available for program funding does~~
20 ~~not exceed one percent of the Bank's annual profits and that program may receive funding only~~
21 ~~if the Bank's profits exceed one hundred million dollars for the year. Each interim, the Bank shall~~
22 ~~provide at least one report to the legislative management regarding the status of the program,~~
23 ~~including the provisions of the program; the total amount of the Bank's profits used to fund the~~
24 ~~program; the total amount of incentives paid out to employees each year; and the minimum,~~
25 ~~maximum, and average payout per eligible full-time equivalent position.~~

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

28 **6-09.7-05. Establishment and maintenance of adequate guarantee funds - Use of**
29 **strategic investment and improvements fund.**

30 The Bank of North Dakota shall establish and at all times maintain an adequate guarantee
31 reserve fund in a special account in the Bank. The Bank may request the director of the office of

1 management and budget to transfer funds from the strategic investment and improvements
2 fund created by section 15-08.1-08 to maintain one hundred percent of the guarantee reserve
3 fund balance. Transfers from the strategic investment and improvements fund may not exceed
4 a total of ~~eightyone hundred forty~~ million dollars. Moneys in the guarantee reserve fund are
5 available to reimburse lenders, including the Bank, for guaranteed loans in default. The
6 securities in which the moneys in the reserve fund may be invested must meet the same
7 requirements as those authorized for investment under the state investment board. The income
8 from such investments must be made available for the costs of administering the state
9 guarantee loan program and income in excess of that required to pay the cost of administering
10 the program must be deposited in the reserve fund. The amount of reserves for all guaranteed
11 loans must be determined by a formula that will assure, as determined by the Bank, an
12 adequate amount of reserve.

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

15 **54-17-40. Housing incentive fund - Continuing appropriation - Report to budget**
16 **section.**

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

1 of housing and urban development published federal fair market rents or
2 department of housing and urban development section 8 payment standards.

3 c. At least ten percent of the fund must be used to assist developing communities to
4 address an unmet housing need or alleviate a housing shortage.

5 3. The housing finance agency shall adopt guidelines for the fund so as to address
6 unmet housing needs in this state. Assistance from the fund may be used solely for:

7 a. New construction, rehabilitation, preservation, or acquisition of a multifamily
8 housing project;

9 b. New construction, rehabilitation, preservation, or acquisition of a single family
10 housing project in a developing community or a community land trust project;

11 c. Gap assistance, matching funds, and accessibility improvements;

12 ~~e.d.~~ Assistance that does not exceed the amount necessary to qualify for a loan using
13 underwriting standards acceptable for secondary market financing or to make the
14 project feasible; and

15 ~~d.e.~~ Rental assistance, emergency assistance, barrier mitigation, or ~~targeted-~~
16 ~~supportive~~ services designated to prevent or end homelessness.

17 4. Eligible recipients include units of local, state, and tribal government; local and tribal
18 housing authorities; community action agencies; regional planning councils; and
19 nonprofit organizations and for-profit developers of ~~multifamily~~residential housing.
20 Individuals may not receive direct assistance from the fund.

21 5. Except for subdivision d of subsection 3, assistance is subject to repayment or
22 recapture under the guidelines adopted by the housing finance agency. Any
23 assistance that is repaid or recaptured must be deposited in the fund and is
24 appropriated on a continuing basis for the purposes of this section.

25 6. The agency may collect a reasonable administrative fee from the fund, project
26 developers, applicants, or grant recipients. The origination fee assessed to grant
27 recipients may not exceed five percent of the project award.

28 7. Upon request, the housing finance agency shall report to the industrial commission
29 regarding the activities of the housing incentive fund.

- 1 8. At least once per biennium, the housing finance agency shall provide a report to the
2 budget section of the legislative management regarding the activities of the housing
3 incentive fund.

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

6 **54-17.7-01. North Dakota pipeline authority - Legislative intent.**

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

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

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

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

- 1 4. Borrow money and issue evidences of indebtedness as provided in this chapter,
2 including borrowing from the Bank of North Dakota.
- 3 a. The authority may borrow up to sixty million dollars through a line of credit from
4 the Bank. The interest rate on the line of credit must be the prevailing interest
5 rate charged to North Dakota governmental entities.
- 6 b. The line of credit must be guaranteed by reserves under section 6-09.7-05.
- 7 c. The line of credit may be used to support activities under subsection 3.
- 8 d. The authority shall repay the line of credit from amounts available. If the amounts
9 available on June 30, 20252027, are not sufficient to repay the line of credit, the
10 authority shall notify the director of the office of management and budget, and the
11 director of the office of management and budget shall transfer funds from the
12 strategic investment and improvements fund to the Bank for the repayment
13 pursuant to section 6-09.7-05 based on the amount certified by the Bank.

14 **SECTION 23. AMENDMENT.** Section 54-63.1-01 of the North Dakota Century Code is
15 amended and reenacted as follows:

16 **54-63.1-01. Definitions.**

17 As used in this chapter:

- 18 1. "Authority" means the clean sustainable energy authority.
- 19 2. "Clean" means a technology or concept that reduces emissions to the air, water, or
20 land and meets or exceeds state and federal environmental regulations.
- 21 3. "Commission" means the industrial commission.
- 22 4. "Fund" means the clean sustainable energy fund.
- 23 5. "Program" means the clean sustainable energy program.
- 24 6. "Sustainable" means a technology or concept that allows the use of a natural
25 resource, including hydrogen and other energy sources, to be maintained or enhanced
26 through increased efficiency and life cycle benefits while either increasing or not
27 adversely impacting energy security, affordability, reliability, resilience, or national
28 security.

29 ~~**SECTION 23. AMENDMENT.** Section 8 of chapter 42 of the 2021 Session Laws is~~
30 ~~amended and reenacted as follows:~~

1 ~~—SECTION 8. TRANSFER – BANK OF NORTH DAKOTA PROFITS TO GENERAL~~
2 ~~FUND. The industrial commission shall transfer to the general fund~~
3 ~~\$140,000,000\$70,000,000 from the current earnings and the accumulated profits of~~
4 ~~the Bank of North Dakota during the biennium beginning July 1, 2021, and ending~~
5 ~~June 30, 2023. The moneys must be transferred in the amounts and at the times~~
6 ~~requested by the director of the office of management and budget after consultation~~
7 ~~with the Bank of North Dakota president. For legislative council budget status reporting~~
8 ~~purposes, the transfer under this section is considered an ongoing revenue source.~~

9 ~~—SECTION 24. EXEMPTION – MILL AND ELEVATOR ASSOCIATION PROFITS ANNUAL~~
10 ~~TRANSFER. Notwithstanding the provisions of section 54-18-19 relating to the annual transfer~~
11 ~~of mill and elevator association profits to the general fund, for the biennium beginning July 1,~~
12 ~~2023, and June 30, 2025, the industrial commission shall transfer ten percent of the mill and~~
13 ~~elevator association profits to the general fund.~~

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

16 36. There is appropriated from federal funds derived from the state fiscal recovery
17 fund, not otherwise appropriated, the sum of \$20,000,000, or so much of the sum
18 as may be necessary, to the industrial commission for the purpose of providing
19 hydrogen development grants, as approved by the clean sustainable energy
20 authority, and distributions to the state energy research center for an
21 underground energy storage research project, for the period beginning with the
22 effective date of this Act, and ending June 30, 2023. Of the \$20,000,000, up to
23 \$5,300,000 is available for distributions to the state energy research center for an
24 underground energy storage research project, and any remaining amounts are
25 available for providing hydrogen development grants, as approved by the clean
26 sustainable energy authority.

27 **SECTION 25. EXEMPTION - OIL AND GAS TAX REVENUE ALLOCATIONS - NORTH**
28 **DAKOTA OUTDOOR HERITAGE FUND - OIL AND GAS RESEARCH FUND.**

29 1. Notwithstanding the provisions of section 57-51-15 relating to the allocations to the
30 North Dakota outdoor heritage fund, for the period beginning September 1, 2023, and
31 ending August 31, 2025, the state treasurer shall allocate eight percent of the oil and

1 gas gross production tax revenue available under subsection 1 of section 57-51-15 to
2 the North Dakota outdoor heritage fund, but not in an amount exceeding \$7,500,000
3 per fiscal year.

4 2. Notwithstanding the provisions of section 57-51.1-07.3 relating to the allocations to the
5 oil and gas research fund, for the period beginning August 1, 2023, and ending
6 July 31, 2025, the state treasurer shall allocate two percent of the oil and gas gross
7 production tax and oil extraction tax revenues, up to ~~\$14,500,000~~\$17,500,000, into the
8 oil and gas research fund before allocating oil and gas tax revenues under sections
9 57-51.1-07.5, 57-51.1-07.9, and 57-51.1-07.10.

10 **SECTION 26. EXEMPTION - UNEXPENDED APPROPRIATIONS.** The following
11 appropriations are not subject to the provisions of section 54-44.1-11 and may be continued into
12 the biennium beginning July 1, 2023, and ending June 30, 2025:

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

25 **SECTION 27. EFFECTIVE DATE.** Section 18 of this Act is effective July 1, 2025.

26 **SECTION 28. EMERGENCY.** The following are declared to be an emergency measure:

- 27 1. The sum of \$3,000,000 from the general fund in the operating expenses line item
28 included in subdivision 1 of section 1 of this Act and identified as one-time funding in
29 section 2 of this Act for lignite litigation expenses.

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- 1 2. The sum of \$3,000,000 from the general fund in the operating expenses line item
- 2 included in subdivision 2 of section 2 of this Act and identified as one-time funding in
- 3 section 2 of this Act for oil and gas litigation expenses.
- 4 3. The sum of \$230,000 from the general fund in the operating expenses line item
- 5 included in subdivision 2 of section 1 of this Act for computer server transition.
- 6 4. The sum of \$80,000 from the general fund in the operating expenses line item
- 7 included in subdivision 2 of section 1 of this Act and identified as one-time funding in
- 8 section 2 of this Act for computer server transition.
- 9 5. ~~Section 5~~Sections 5 and 24 of this Act.
- 10 6. ~~Section 23 of this Act~~Senate Bill No. 2165, as approved by the sixty-eighth legislative
- 11 assembly.