

2015 HOUSE APPROPRIATIONS

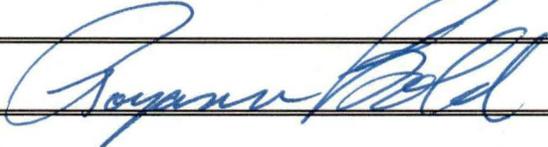
HB 1443

2015 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee
Roughrider Room, State Capitol

HB 1443
1/29/2015
22816

- Subcommittee
 Conference Committee



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Explanation or reason for introduction of bill/resolution:

Relating to creation of the infrastructure revolving loan fund; to provide for transfers; and to provide a continuing appropriation.

Minutes:

Attachments: 7

Chairman Jeff Delzer

Opened the hearing on HB1443

House Majority Leader Al Carlson

Spoke as primary sponsor of the bill.

Chairman Jeff Delzer

Why is in the State Treasury, not the bank as far as the fund itself?

Carlson: I don't have an answer for that; I thought it was standard procedure when I read how they wrote it.

Chairman Jeff Delzer

The other bill is that a loan fund or a grant fund?

Carlson loan fund

Vice Chairman Keith Kempenich

The banks administration fees are they taking that up front?

Carlson: Eric Hardmeyer, Bank of North Dakota President will answer that question.

Representative Nelson

You have a maximum of 30 years; no maximum award. A major infrastructure project could take up, all of the funding that is available. Did you consider a maximum award so it could be spread across a number of projects, rather than fewer?

Carlson:

We could add it to the bill, but what is the right number?

Representative Nelson

There are a number of major water supply projects; like Grand Forks water treatment. How would that mesh if this bill passes? Would the priority list that the water commission has gone through, would that change through the state water commission?

Carlson:

Not intended to supplant anything being done by the water commission. This was meant more for water and sewer.

Further questions/ and testimony

Brad Bekkedahl, Senator from District 1 and Finance Commissioner, city of Williston, ND testified in favor of the bill.

Handout #1

Chairman Jeff Delzer

Isn't Western Area Water Supply (WAWS) doing part of your treatment plant?

Bekkedahl: This is waste water treatment

Chairman Jeff Delzer

Have you got the same information on your taxable valuations have increased?

Bekkedahl: I could get that for you. Our taxable valuations have gone from \$33,000 per million in 2010 to \$150,000 per million in 2014.

Our property tax levy is \$4.8M.

Chairman Jeff Delzer

What kind of mills?

Bekkedahl: 39 mills.

Bekkedahl continued testimony.

Representative Skarphol

What's the interest rate on the bonds you recently issued?

Bekkedahl: About 4%; 20 year duration

Kent Costin, Director of Finance, for city of Fargo, ND

Gave testimony in favor of HB1443

Handout #2

Chairman Jeff Delzer

The 2% is very good, the revolving loan, is that the right number, or should we be looking at 2 ½ so you get a little more money back?

Costin: the interest rate; we are open for a favorable interest rate. Markets are volatile. If this was fully funded, it would produce \$20M payback annually. We dug deeper, and with research it looks like there are a number of cities, 80-90% of smaller cities doing bond issues. We believe it could sustain itself. I don't believe the smaller cities are issuing bonds every year.

Costin: These large cities are required to access Wall Street financing. We strongly favor this bill and would urge a Do Pass vote.

Representative Brandenburg

What's your mill rate in Fargo?

Costin 57.25

Chairman Jeff Delzer

Valuations of the mill?

Costin: \$380,000

Representative Streyle

What's property tax and sales tax you generate per year?

Costin: Approximately \$20 M and sales tax is currently a 2% levy overall.

Representative Streyle

What do you think about the state borrowing a billion dollars, we haven't been rated in years; a billions dollar bond, would be about be less than 3%.

Costin: you could issue bonds in the market, but you would be subject to same market fluctuations. We believe that's more expensive.

Representative Skarphol

The number on page 1, is that the indebtedness they acquired in 2010 to 13, or is that the total indebtedness prior to 14?

Costin: that's the amount of issues that were done during that time period.

Crystal Schneider, representing Ward 2 on the Grand Forks, ND City Council

Just here in general to express our support of this bill.

Handout # 3

Blake Crosby; League of Cities

Submitted testimony for the record.

Attachment #4

Chairman Jeff Delzer

Could you gather information about mill rates throughout the state?

Crosby:

We could gather it.

Chairman Jeff Delzer

Check with Legislative Council to see if this information was gathered and made available during the last interim session.

Representative Streyle

Would league of cities support a large bond and push it out that way?

Crosby; yes absolutely we would, I have been advocating that. We have cash, and when you bond against cash, you should be able to roll that over at least twice.

Deana Wiese Executive Director for the Information Technology Council of North Dakota (ITCND): Spoke for Doug Remboldt, Vice President of Utility and Shared Services, National Information Solutions Coop. (NISC) in Mandan, ND. In support of HB1443

Handout #5, including a proposed amendment.

Also handed out Economic Development testimony
Handout #6 (no testimony).

Laney Herauf; Government and Regulatory Affairs Specialist for Greater ND Chamber

Handout #7

Eric Hardmeyer, BND president

A question that was asked was how we would receive our service fee, it would come from the interest that is charged. It wouldn't be taken out of the principle; it would be as interest payments are made. You might want to consider adding an annual outside audit.

Chairman Jeff Delzer

Are most revolving loans you are involved in housed in the treasurer's office?

Hardmeyer

Not sure, standard verbiage, technically it not run through the treasurer, but it's a fund that is independent of the Bank that we administer.

Vice Chairman Keith Kempenich

If we got into the bonding arena, would it run through the Bank?

Chairman Jeff Delzer

No, it would go thru the Industrial Commission

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Representative Glassheim

Does capital construction, does that mean buildings?

Hardmeyer: I was interested in Rep. Carlson, description of that. It was to be used for the specific purposes and that it wouldn't be used for building construction.

Chairman Jeff Delzer

Further testimony?

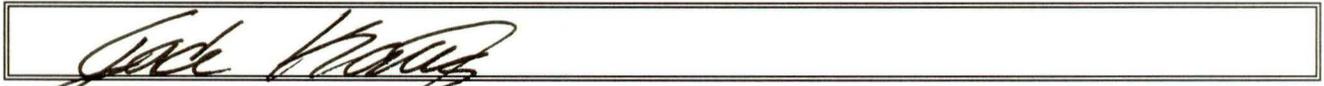
HB 1443 hearing closed.

2015 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee
Roughrider Room, State Capitol

HB 1443
2/23/2015
24265

- Subcommittee
 Conference Committee



Explanation or reason for introduction of bill/resolution:

Relating to creation of the infrastructure revolving loan fund; to provide for transfers; and to provide a continuing appropriation

Minutes:



Chairman Jeff Delzer: Communities limiting it to non-oil producing areas with the exception of we would have 150 million dollar fund and I think the amendments that show up would have a 15 million dollar limit on each community I think we also in that fund say that we could do something for critical access hospitals, new buildings or renovations they tuned it to 7 million with a total limit of 35 million for the hospital out of 150 million. I think we would set it up so that the bank set the rules or use good common banking principles for the payment and it would be a low interest loan.

Representative Streyle: That should hopefully be ready this afternoon but you hit all the bases except for in the next biennium the oil, hub cities and large producing counties would not be eligible. It would just be for that biennium if we would continue this program. Then they would become eligible.

Chairman Jeff Delzer: In all honesty I thought 1137 was basically a 100 million dollar load fund that was using the Public Finance authority instead of the Bank of North Dakota. I think 1443 pretty much take care of that situation so we could do 1137 and not proceed with that and then we have the issue of 1286 which was the 50 million dollars for the critical access hospitals and that 1443 would keep that issue alive as well. What are you wishes on how we do this, we can take up certainly 1137. We could do 1286 and then we could wait until we have the amendments and come in right after the floor session or we can wait until after we see the amendments.

Representative Nelson: I understand the revolving loan concept and I think that is a better long term stratagey anyway and this regard. The details as they were explained I would like to at least hear that again. It appears that the maximum loan allocation wouldn't be lowered from 15 million dollars to 7 million dollars.

Chairman Jeff Delzer: Then you would have 5 eligible and if someone borrowed less than 7 there would be more eligible.

Representative Nelson: It was low interest in the original bill, it was one percent, is that a floating number or is there an established number as far as the percentage?

Chairman Jeff Delzer: I think 1443 has a number in there I believe, two percent is what is in 1443 and that's an issue that we can talk about. I know they do need a certain amount. I would have no problem with 1.5.

Representative Streyle: One percent still should cover their costs but 1.5 percent might be more reasonable. The reason for the 7 million dollar cap I guess was just to allow more to access that fund if we did 15 million it would be 2.5 so that would allow for more expansions and remodels, which is about 20 percent of the total funds.

Representative Nelson: It keeps the issue alive I wouldn't object to running that up the ladder right now with that understanding although I would just make the point that the Bank of North Dakota is a different banking model than Representative Streyles independent bank and I would guess under what we consider to be their charter we should do what we want them to do regardless of banking principles.

Chairman Jeff Delzer: If you look at 1443 you look at the second page there I see one half of one percent. Where did we have the 2 percent loan?

Representative Glassheim: Line 13 page 1.

Chairman Jeff Delzer: If we were going to adopt those amendments on this bill and frankly I think we should wait to see the amendments.

Vice Chairman Keith Kempenich: The Bank might be but their depositors and the common schools trust fund is one of the bigger ones, if you can apply the investor rule to a loan the money would not be available.

Chairman Jeff Delzer: They certainly couldn't use common school trust fund money

Vice Chairman Keith Kempenich: No but that's part of their portfolio to lend monies out and what I'm saying is you aren't going to mandate that they lose money on it and expect the bank to be able to access that.

Chairman Jeff Delzer: Any revolving loan fund the more it comes back the more that's available too.

Representative Glassheim: Is this still 300 million?

Chairman Jeff Delzer: No we are going to make changes down to 100 million out of reporting's and 50 million from the SIF fund and that pretty much robs the SIF fund totally.

Representative Glassheim: The reach of the bank it's just that they take money that they would have load out anyway and put it in special funds.

Chairman Jeff Delzer: Right.

Representative Thoreson: So your plan is to work on 1443 this afternoon. I do have one additional amendment that I will distribute at that time. That deals with the telecommunications infrastructure issue.

2015 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee Roughrider Room, State Capitol

HB 1443
2/23/2015
Job #24273

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Relating to creation of the infrastructure revolving loan fund; to provide for transfers; and to provide a continuing appropriation

Minutes:

Handouts: #1, #2, #3

Afternoon Hearing 2/23/15
Handouts #1, #2, #3.

Chairman Jeff Delzer called the committee into session on HB 1443.

Representative Streyle: (Spoke on amendment 15.0867.01006)(Handout #1)

It excludes hub cities, oil producing counties and anything in oil country for the first biennium, from this loan fund. Therefore we're putting it up to the rest of the state. We just sent out some surge money, so this would be a good fund for the rest of the state in the biennium. And then my intent would be to open that up next session to the oil producing areas. The only thing that might be a discussion, the middle section, Section 2, does not apply to critical access hospitals. Therefore in the oil producing areas, they could, in theory, get this money, as well, through a loan. I'm amenable to taking them out, too.

Chairman Jeff Delzer: Is paragraph 4 of section 1 of the 2103 just the 10 counties, or is that all the fringe political subdivisions as well?

Representative Streyle: That should not include the Bakken boundary area. It should include everybody else, if I'm not mistaken.

Rep. Streyle: I move the amendment.

Rep. Thoreson: Second.

Chairman Delzer: Further discussion on the motion to amend?

Representative Glassheim: When we say \$100-million out of the bank's profits, does this decrease the bank's profits and their footings and their percentage that they are supposed to have?

Chairman Jeff Delzer: It does. What it would do; when you have this limited amount of return on it; it probably takes it and puts it in a different category so that it's not considered the same.

Representative Streyle: In the real banking world; if you wanted to create \$100-million loan pool, you would need \$8.5-\$10-million in capital. And then you would be able to leverage that to borrow \$100-million. They would just as soon have the pool created to borrow it. The \$100-million is not going to really affect them too much on their capital ratios. They are kicking out good income now, so it would take some of their income in the biennium and shift it in here. If you're a \$200-million bank, you roughly need \$20-million in capital and you can borrow \$180-million. It's a little bit different how this bank works, whereas they want the money to lend out then.

Chairman Jeff Delzer: In past years, before things started moving pretty quickly, we always used to transfer a bunch of money out of the profits of the bank of North Dakota, but we haven't done that for a considerable amount of time. Last time, I think we used some of it for loans to WAWS, maybe some infrastructure on some water treatment plants. But I know the request was for quite a bit more than this. But the Governor's request in 1137 was also \$100-million out of the same place.

Representative Glassheim: Are there other bills out there that would affect this?

Chairman Jeff Delzer: I believe there are. I think they are in the Senate. I'm not sure how many more in the House do something with this. That's something we'll have to watch in the second half.

Representative Nelson: Just to be clear, and to understand this amendment: it doesn't preclude any hospital that has already received a loan, and there are several that received a loan, but not up to the \$15-million limit that the current bill is working with; they could basically re-apply to back-fill what they didn't get up to the \$15-million. In fact, they could get the entire \$7-million as I read this.

Chairman Delzer: That's not necessarily their intent. That's the way I think the bill reads. I don't think we addressed that. If we so wish to address that, we can further amend to limit that.

Representative Nelson: What the original bill attempted to do was to allow those facilities to borrow up to the \$15-million threshold. I don't know how many facilities...

Chairman Delzer: We should probably consider putting a line in here that none of the hospitals can go above \$15-million total in the last two bienniums.

Rep. Nelson: There's probably one of the hospital administrators that's here today that would have the ability to exceed the \$15-million, but that was the understanding that the

original bill had; that they wanted the ability to go to \$15-million, but not more than that. So I would think, from a fairness standpoint, that that is something we should at least discuss.

Chairman Delzer: Rep. Streyle, what's your views on that, as far as the amendment?

Rep. Streyle: I don't have any problem with that or taking "however this section does not apply to loans for critical access hospitals." I don't know that there's any needs in the two committees that it would apply. I think there's already hospitals being built or built in those communities. I'm fine with that for this next biennium, if that's what the committee wants.

Representative Nelson: That's the other issue. I think the Hub City designation that's in Section 2 is a moot point because there are facilities that applied for the \$15 and got the \$15-million in both of the two Hub Cities. Maybe Mandan should be considered, if they're going to build a hospital, that they should get that because they would fit in this as well.

Chairman Delzer: Reps. Nelson, Streyle and Thoreson; as the authors of the amendment, would we consider .01006 with the addition of the total of \$15-million for the critical care hospitals between 13 and 17. I think that covers it. Doing July 1, 13 to July 31 of 17.

Rep. (UNIDENTIFIED): If you want to stop this fund from loaning additional funds to those two communities, I think you just take out "however this section does not apply to..."

Chairman Delzer: I think Rep. Nelson wants for the ones that might be out there that did not get the \$15-million, to be able to go up to the 15, but not for any of them to be able to go above the 15.

Rep. (UNIDENTIFIED): I think that would suffice. I'm fine with that.

Chairman Delzer: Rep. Thoreson? OK.

Chairman Delzer: Any further discussion? Amendment .01006 with that addition saying that no more than \$15-million between July 1 '13 and Jun 30 '17.

VOICE VOTE TAKEN;

MOTION CARRIES

Rep. Skarphol: What if the money is not utilized, say by the first of January 2017 and somebody wants more than the \$15-million? What is there's no one else that's been...?

Chairman Delzer: I don't think that's going to be a problem when you consider this is out there for all the rest of the communities. I'm afraid it's going to be on the other end.

Representative Thoreson: I did have distributed amendment .01001(Handout #2) along with a sheet of information (Handout #3)) on this amendment. (Explained amendment 15.0867.01001) This would also add telecommunications infrastructure. I would like to further amend the amendment that after "infrastructure," add "effective after July 1, 2017"

so that this would not go into effect until the next biennium after this one. So, with that, I would move Amendment .01001.

Rep. Brandenburg: Second.

Chairman Jeff Delzer: We have a motion and a second to further amend 1443 with 01001 with the addition after "infrastructure" add "effective after July 1, 2017." Rep. Thoreson, is this a competition with cities with private industry? I don't know that I had heard, why would cities want to own conduit, system, and who would lease it?

Representative Thoreson: From what I've understood, and working with ITCND and some other organizations, in a lot of cases the cities are placing this conduit in now, or if there is a private sector company doing it, a lot of times it ends up where you have to dig more than once, where it can cause other issues with roads being rebuilt or having to be taken out of service to put this conduit in. I think the idea here is to kind of harmonize things when a project is taking place that you would be able to use that time to also put this in there, because there are many different providers now in the markets especially in some of the cities, and rather than having each of them coming in and needing to take up time and space by putting in conduit underneath the ground, you could have one kind of centralized location where each of them can run fiber. I did speak with Rep. Streyle about this prior to running this amendment. There was some thought of putting it in with his, but I think maybe he can discuss it further. We decided to do it separately, so there can be discussion on it. But I would certainly defer to him if he has any further comments on this.

Chairman Jeff Delzer: Who do you see using this, mostly the bigger cities?

Representative Thoreson: It possibly would be in some of the larger population cities. One of the things, if you will notice on the sheet (Refers to Att. #1), is that some areas are now able to use Federal funds. There has been grants and funds given out through some of the RUS, and there's other funding sources for some more lower-population areas, but the larger cities are not able to access these funds. So this would kind of give them an option also to be able to use this if they wish to put in conduit and lease back the space to the providers. And this is something we're seeing a greater demand for because of health care education, businesses that are using more broadband services. So I think it's kind of a forward-looking item where, if we were to adopt this, it would be used in the future by these providers to get faster broadband and wider bandwidth to residents in our state.

Representative Streyle: And, surprisingly, if you look at the map, rural North Dakota for the most part is wired for fiber. It's in some of these larger communities. There's a lot of area. I mean, if you look in Fargo, there's big issues. My community, they're just starting the deployment of it, but I think this is a real innovative way of doing it because, why dig multiple times when you're going to put this infrastructure in, why not just put the stuff in then? Therefore allow the actual fiber to go into the ground. To me, this is an innovative way to do it. It pushes it off til '17. We'll have to look at it again anyway. I think it's good to put it in here and keep the discussion going. Quite frankly, fiber infrastructure is powering everything, and we need to catch up in some of these areas.

Representative Pollert: Just to get a clarification. So there's no limit to what this is, so some committee's going to decide whether it goes for roads, or whether it goes for telecommunications infrastructure, or whether it goes to hospitals.

Chairman Jeff Delzer: It would be up to the bank.

Representative Thoreson: I guess that is addressed in the bill itself, that the Bank of North Dakota would establish those. I would think that the bank, whoever serves on that committee, would certainly understand that priorities for critical things such as hospitals and those areas may take precedent in some areas over telecom. But I also think that, as Rep. Streytle said, we have put an effective date for 2017 in here just to allow the program to begin and see how it works, and we could hopefully allow this into the next biennium.

Chairman Jeff Delzer: The 2017 certainly helps. Otherwise I would certainly be reluctant. But the fact of the matter remains, I can't imagine there is going to be any money by 2017. I would guess this 150, if this goes forward and is passed the way it is, it would be loaned out long before that. The question of whether we have, I would imagine the bank, when you look at the bill, if it isn't changed at all, would do the \$115-million for infrastructure loans and hang onto the 35 for a short period of time for hospitals. If they didn't ask for it, they'd probably loan the rest out on infrastructure. This telecommunications, I don't know how much we're talking about. There's no limit, but it doesn't start until '17. I don't know if this bill will come back. Usually something like this is started, there's another bill. There isn't a sunset on the bill that I'm aware of, so it is a revolving loan process.

Representative Monson: My thought is, would there be cases where this would actually slow up development of putting fiber in the ground, where some city or entity that sees this as starting in 2017 would say, you know what, instead of doing it in 2016 or 2015, we'll wait until 2017 because we might have some money there then?

Representative Skarphol: Actually, I'd like a definition of conduit. Are we talking about putting a pipe in the ground that various entities would be able to put line through? Is that what we're referring to?

Representative Thoreson: Yes. It truly is some kind of pipe or sealed entity which you would be able to have access to, to place fiber, to run different nodes throughout an area.

Chairman Jeff Delzer: How many times could they run something through there without disrupting the previous ones that have been run through there?

Representative Thoreson: I think once the infrastructure is in place, it then becomes imminently easier to go ahead and run it from the central office or the head end, where they can route it in. Right now you have telecommunications wires running through an existing structure in some areas. But the problem is, some of these areas don't have them. This would allow for them to add it into their plan.

Chairman Jeff Delzer: Would this be steel or the protective shell or would this be the actual fiber? The fiber would be quite expensive.

Representative Thoreson: This would not be the actual fiber itself. That would have to be provided by the telecommunications or the communications providers. This would just be the space to place that fiber.

(22:00)

Chairman Delzer: Committee members, further discussion? Seeing, none, I guess we'll try a voice vote on it.

VOICE VOTE TAKEN

MOTION CARRIES

Chairman Delzer: The clerk will call the roll on a motion to further amend .01001 with the effective date, after July 1 of 2017.

YES: 12 NO: 11 ABSENT: 0

MOTION CARRIES

Chairman Delzer: Further discussion? If not, Rep. Streyle,

Rep. Streyle: I move a Do Pass As Amended.

Rep. Thoreson: Second.

Chairman Delzer: Discussion? Seeing none, the clerk will call the roll.

YES: 21 NO: 2 ABSENT: 0

Chairman Delzer: Motion carries, 21-2.

Rep. Streyle will carry the bill on the floor.

Chairman Delzer closed the hearing on HB 1443.

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1443

Page 1, line 1, replace "6-09.4-49" with "6-09-49"

Page 1, line 2, after the first semicolon insert "to provide a statement of legislative intent;"

Page 1, line 13, replace "two" with "one and one-half"

Page 1, line 20, after the second semicolon insert "new construction and renovation of critical access hospitals."

Page 1, line 23, after "qualify" insert ", not to exceed seven million dollars for an eligible critical access hospital loan and not to exceed fifteen million dollars each for all other eligible loan. The total amount of loans issued for critical access hospitals may not exceed thirty-five million dollars. The Bank shall consider the applicant's ability to repay the loan when processing the application and shall issue loans only to applicants that provide reasonable assurance of sufficient future income to repay the loan"

Page 1, line 24, replace "rules" with "policies"

Page 2, line 13, replace "rules" with "policies"

Page 2, line 14, replace "rules" with "policies"

Page 2, after line 15, insert:

"SECTION 2. LEGISLATIVE INTENT - ELIGIBLE BORROWERS UNDER INFRASTRUCTURE REVOLVING LOAN FUND. If a political subdivision receives funds distributed by the state treasurer under subsection 1 or 4 of section 1 or by the department of transportation under subsection 1 of section 2 of Senate Bill No. 2103, as approved by the sixty-fourth legislative assembly, it is the intent of the sixty-fourth legislative assembly that political subdivision be ineligible to receive a loan under the infrastructure revolving loan fund until July 1, 2017. However, this section does not apply to loans for critical access hospitals."

Page 2, line 24, replace "\$300,000,000" with "\$50,000,000"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment provides \$150 million for the infrastructure revolving loan fund, of which \$100 million is from Bank of North Dakota profits and \$50 million is from the strategic investment and improvements fund. This amendment also includes the following:

- Limits the interest rate to 1.5 percent for loans issued from the fund.
- Adds critical access hospitals to the list of eligible loans, limits critical access hospital loans to \$7 million per loan, and total critical access hospital loans issued to \$35 million.
- Limits all other eligible loans to \$15 million per loan.
- Provides legislative intent for eligible borrowers.

15.0867.01001
Title.

Prepared by the Legislative Council staff for
Representative Thoreson
February 2, 2015

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1443

Page 1, line 20, after the second underscored semicolon insert "new conduit for telecommunications infrastructure."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment adds telecommunications infrastructure to the list of projects eligible for funding from the infrastructure revolving loan fund.

8/2/24/15
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PROPOSED AMENDMENTS TO HOUSE BILL NO. 1443

Page 1, line 1, replace "6-09.4-49" with "6-09-49"

Page 1, line 2, after the first semicolon insert "to provide a statement of legislative intent;"

Page 1, line 2, remove "and"

Page 1, line 3, after "appropriation" insert "; to provide an effective date; and to provide an expiration date"

Page 1, line 7, after the bold period insert "**(Effective through June 30, 2017)**"

Page 1, line 13, replace "two" with "one and one-half"

Page 1, line 20, after the second semicolon insert "new construction and renovation of critical access hospitals;"

Page 1, line 23, after "qualify" insert ", not to exceed seven million dollars for an eligible critical access hospital loan and not to exceed fifteen million dollars each for all other eligible loans. The total amount of loans issued for critical access hospitals may not exceed thirty-five million dollars. The Bank shall consider the applicant's ability to repay the loan when processing the application and shall issue loans only to applicants that provide reasonable assurance of sufficient future income to repay the loan"

Page 1, line 24, replace "rules" with "policies"

Page 2, line 13, replace "rules" with "policies"

Page 2, line 14, replace "rules" with "policies"

Page 2, after line 15, insert:

"(Effective after June 30, 2017) Infrastructure revolving loan fund - Continuing appropriation.

1. The infrastructure revolving loan fund is a special fund in the state treasury from which the Bank of North Dakota shall provide loans to political subdivisions for essential infrastructure projects. The Bank shall administer the infrastructure revolving loan fund. The maximum term of a loan made under this section is thirty years. A loan made from the fund under this section must have an interest rate that does not exceed one and one-half percent per year.
2. The Bank shall establish priorities for making loans from the infrastructure revolving loan fund. Loan funds must be used to address the needs of the community by providing critical infrastructure funding. Except as expressly provided under this section, a political subdivision may not use infrastructure revolving loan funds for capital construction. In addition to eligible infrastructure needs established by the Bank, eligible infrastructure needs may include new water treatment plants; new wastewater treatment plants; new sewer lines and water lines; new conduit for telecommunications infrastructure; new construction and renovation of

2/3

critical access hospitals; and new storm water and transportation infrastructure, including curb and gutter construction.

3. In processing political subdivision loan applications under this section, the Bank shall calculate the maximum loan amount for which a qualified applicant may qualify, not to exceed seven million dollars for an eligible critical access hospital loan and not to exceed fifteen million dollars each for all other eligible loans. The total amount of loans issued for critical access hospitals may not exceed thirty-five million dollars. The Bank shall consider the applicant's ability to repay the loan when processing the application and shall issue loans only to applicants that provide reasonable assurance of sufficient future income to repay the loan. The Bank may adopt policies establishing priorities for issuance of loans, setting additional qualifications for applicants, and establishing timelines addressing when a participating political subdivision may be required to make loan draws and the consequences of not meeting these timelines, and setting other guidelines relating to the loan program under this section.

4. The Bank shall deposit in the infrastructure revolving loan fund all payments of interest and principal paid under loans made from the infrastructure revolving loan fund. The Bank may use a portion of the interest paid on the outstanding loans as a servicing fee to pay for administrative costs which may not exceed one-half of one percent of the amount of the interest payment. All moneys transferred to the fund, interest upon moneys in the fund, and payments to the fund of principal and interest are appropriated to the Bank on a continuing basis for administrative costs and for loan disbursement according to this section.

5. The Bank may adopt policies and establish guidelines to supplement and leverage the funds in the infrastructure revolving loan fund. Additionally, the Bank may adopt policies allowing participation by local financial institutions.

SECTION 2. LEGISLATIVE INTENT - ELIGIBLE BORROWERS UNDER INFRASTRUCTURE REVOLVING LOAN FUND. If a political subdivision receives funds distributed by the state treasurer under subsection 1 or 4 of section 1 or by the department of transportation under subsection 1 of section 2 of Senate Bill No. 2103, as approved by the sixty-fourth legislative assembly, it is the intent of the sixty-fourth legislative assembly that political subdivision be ineligible to receive a loan under the infrastructure revolving loan fund until July 1, 2017. However, this section does not apply to loans for critical access hospitals.

SECTION 3. LEGISLATIVE INTENT - CRITICAL ACCESS HOSPITAL LOAN LIMITATION. It is the intent of the sixty-fourth legislative assembly that the total amount of loans associated with a critical access hospital issued from the medical facility infrastructure fund and the infrastructure revolving loan fund for the period beginning July 1, 2013, and ending June 30, 2017, not exceed fifteen million dollars."

Page 2, line 24, replace "\$300,000,000" with "\$50,000,000"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment provides \$150 million for the infrastructure revolving loan fund, of which \$100 million is from Bank of North Dakota profits and \$50 million is from the strategic investment and improvements fund. This amendment also includes the following:

- Limits the interest rate to 1.5 percent for loans issued from the fund.
- Adds critical access hospitals to the list of eligible loans, limits critical access hospital loans to \$7 million per loan, and limits total critical access hospital loans issued to \$35 million.
- Limits all other eligible loans to \$15 million per loan.
- Allows new telecommunications conduit infrastructure to be eligible for loans after June 30, 2017.
- Provides legislative intent for eligible borrowers.
- Provides legislative intent to limit the total amount of loans associated with a critical access hospital issued from the medical facility infrastructure fund and the infrastructure revolving loan fund to \$15 million.

Date: 2/23/15

Roll Call Vote #: 2

2015 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1443

House Appropriations Committee

Subcommittee

Amendment LC# or Description: 15,0867,01001

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
Other Actions: Reconsider _____

Motion Made By: Thoreson Seconded By: Brandenburg

Representatives	Yes	No	Absent	Representatives	Yes	No	Absent	Representatives	Yes	No	Absent
Chairman Jeff Delzer		✓		Representative Nelson		✓		Representative Boe	✓		
Vice Chairman Keith Kempenich	✓			Representative Pollert		✓		Representative Glasheim	✓		
Representative Bellew		✓		Representative Sanford	✓			Representative Guggisberg	✓		
Representative Brandenburg	✓			Representative Schmidt		✓		Representative Hogan	✓		
Representative Boehning	✓			Representative Silbernagel		✓		Representative Holman		✓	
Representative Dosch		✓		Representative Skarphol	✓						
Representative Kreidt		✓		Representative Streyle	✓						
Representative Martinson		✓		Representative Thoreson	✓						
Representative Monson		✓		Representative Vigesaa	✓						
	<u>3</u>	<u>6</u>	<u>0</u>		<u>5</u>	<u>4</u>	<u>0</u>		<u>4</u>	<u>1</u>	<u>0</u>

Totals

(Yes)	<u>12</u>
No	<u>11</u>
Absent	<u>0</u>
Grand Total	<u>23</u>

Vote
Vote
Motion Carried

Floor Assignment: _____

If the vote is on an amendment, briefly indicate intent: _____

Addition ^{telecommunications} infrastructure effective
July 1, 2017

REPORT OF STANDING COMMITTEE

HB 1443: Appropriations Committee (Rep. Delzer, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (21 YEAS, 2 NAYS, 0 ABSENT AND NOT VOTING). HB 1443 was placed on the Sixth order on the calendar.

Page 1, line 1, replace "6-09.4-49" with "6-09-49"

Page 1, line 2, after the first semicolon insert "to provide a statement of legislative intent;"

Page 1, line 2, remove "and"

Page 1, line 3, after "appropriation" insert "; to provide an effective date; and to provide an expiration date"

Page 1, line 7, after the bold period insert "**(Effective through June 30, 2017)**"

Page 1, line 13, replace "two" with "one and one-half"

Page 1, line 20, after the second semicolon insert "new construction and renovation of critical access hospitals;"

Page 1, line 23, after "qualify" insert ", not to exceed seven million dollars for an eligible critical access hospital loan and not to exceed fifteen million dollars each for all other eligible loans. The total amount of loans issued for critical access hospitals may not exceed thirty-five million dollars. The Bank shall consider the applicant's ability to repay the loan when processing the application and shall issue loans only to applicants that provide reasonable assurance of sufficient future income to repay the loan"

Page 1, line 24, replace "rules" with "policies"

Page 2, line 13, replace "rules" with "policies"

Page 2, line 14, replace "rules" with "policies"

Page 2, after line 15, insert:

"(Effective after June 30, 2017) Infrastructure revolving loan fund - Continuing appropriation.

1. The infrastructure revolving loan fund is a special fund in the state treasury from which the Bank of North Dakota shall provide loans to political subdivisions for essential infrastructure projects. The Bank shall administer the infrastructure revolving loan fund. The maximum term of a loan made under this section is thirty years. A loan made from the fund under this section must have an interest rate that does not exceed one and one-half percent per year.
2. The Bank shall establish priorities for making loans from the infrastructure revolving loan fund. Loan funds must be used to address the needs of the community by providing critical infrastructure funding. Except as expressly provided under this section, a political subdivision may not use infrastructure revolving loan funds for capital construction. In addition to eligible infrastructure needs established by the Bank, eligible infrastructure needs may include new water treatment plants; new wastewater treatment plants; new sewer lines and water lines; new conduit for telecommunications infrastructure; new construction and renovation of critical access hospitals; and new storm water and transportation infrastructure, including curb and gutter construction.

3. In processing political subdivision loan applications under this section, the Bank shall calculate the maximum loan amount for which a qualified applicant may qualify, not to exceed seven million dollars for an eligible critical access hospital loan and not to exceed fifteen million dollars each for all other eligible loans. The total amount of loans issued for critical access hospitals may not exceed thirty-five million dollars. The Bank shall consider the applicant's ability to repay the loan when processing the application and shall issue loans only to applicants that provide reasonable assurance of sufficient future income to repay the loan. The Bank may adopt policies establishing priorities for issuance of loans, setting additional qualifications for applicants, and establishing timelines addressing when a participating political subdivision may be required to make loan draws and the consequences of not meeting these timelines, and setting other guidelines relating to the loan program under this section.
4. The Bank shall deposit in the infrastructure revolving loan fund all payments of interest and principal paid under loans made from the infrastructure revolving loan fund. The Bank may use a portion of the interest paid on the outstanding loans as a servicing fee to pay for administrative costs which may not exceed one-half of one percent of the amount of the interest payment. All moneys transferred to the fund, interest upon moneys in the fund, and payments to the fund of principal and interest are appropriated to the Bank on a continuing basis for administrative costs and for loan disbursement according to this section.
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2015 SENATE APPROPRIATIONS

HB 1443

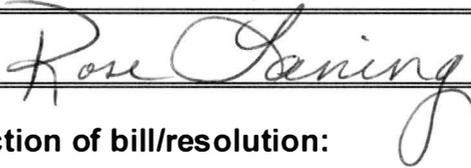
2015 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

HB 1443
3/10/2015
Job # 24620

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for an Act to create and reenact NDCC, relating to creation of the infrastructure revolving loan fund; to provide a statement of legislative intent; to provide for transfers; to provide a continuing appropriation; to provide an effective date and to provide an expiration date.

Minutes:

Attachments 1-12

Legislative Council - Adam Mathiak
OMB - Becky Keller

Chairman Holmberg called the committee to order on HB 1443.

Representative Al Carlson, House Majority Leader, District 41, Fargo:

There are a few things in this bill that were exactly how I wanted them as it started and there are a few things that changed from the original intent of the bill. This is a very important bill for the future of ND and for the growth of ND. We've been involved in the last number of biennium in a lot of one-time funding items; a lot of grants for various areas. Some of our excess resources that we've been collecting should be put into a revolving loan program that will last for the next 100 years for the citizens of this state to be able to help their communities grow. This does not totally take the place of bonding that happens in communities, but it would be a substitute for and it would assist a lot of medium, large and small communities in being able to fund projects that they need to have funded with a mechanism that will be run through the Bank of North Dakota.

The Governor had a \$100M infrastructure loan program and that bill was defeated in the House and when this bill was sent with more money in it, but with the same concept as with a revolving loan fund.

On the first page of the bill, the maximum term of this is 30 years. That matches up in many cases to what a bond would be. Instead of having all the fees that would be associated with bonding in the city, there would only be the minimal fees of administration through the bank. The loans made from this fund in this section must have an interest rate that does not exceed 1 ½%. Originally, it was at 2%. I think they lowered it and I'm not sure that was the correct thing to do. I think 2% would have been a more realistic number. It could even be tied to a floating number but the purpose was to make this affordable because it's the citizens who pay these bills in the end. So if we're using our bank for our advantage for our citizens for the growth of our future of our state, I think a very low interest

rate was beneficial, but yet, it should not be zero. There should be a payback into this fund so this fund grows for years and years and years. Our original investment should last for many years to come.

It says "The Bank shall establish priorities for making loans" and it should address the needs of the community by providing critical infrastructure loan. It did call out on line 20 that this was not to be used for capital construction. This should not be used for building court houses, YMCAs for swimming pools, for recreation centers. It should be used for infrastructure. It went on to talk about the things that were eligible; it said new water treatment plants, new wastewater treatment plants, new sewer lines and water lines; new construction and the one part they added that I personally would not add in here was the renovation of critical access hospitals. I think there are opportunities for other programs for the Bank of ND for doing that because now you're taking public money into a private venture. This is meant to be a revolving loan fund for years to come FOR state infrastructure. As that was added, it was not my original intent of the bill and I still believe that should not be in there. If the intent is there, it should be done in another vehicle.

On the 2nd page of the bill - and this has to do with critical access hospitals. This language said that the loans could not exceed \$7M and not to exceed \$15M each for other eligible loans. I did not have any caps on the first version of the bill. Whether you do that or not depends on what level of money you end up with in the bill. The total amount of loans issued for critical access hospitals may not exceed \$35M total. Again that language was added - that was not the original intent of the bill. It says, "The bank shall deposit (line 13) in the infrastructure revolving loan fund all payments of interest and principal" and they may use a portion of the interest paid on the outstanding loans as a servicing fee." The bank is here so if you have a question as to what kind of number that will be, they can answer those questions as well.

The next sections all were added to the bill because of the adding of the critical access hospitals. The effective date is after 2017. The Legislative Intent - they added another section on page 4 of the bill that deals with SB 2103 which is the infrastructure or surge bill. It basically says that anybody that received money from the treasurer in that bill would not be eligible to receive a loan under the infrastructure revolving loan fund until July of 2017. It basically took those counties which would be the top 10 oil producing counties and says you're not eligible for this fund at this point in time. That's a point of debate as I did not have that in the original bill. This loan does not apply to critical access hospitals which mean that they could have been in those 10 oil producing counties. The section 3 is the intent on limitation - again, that was added to the bill.

As the bill started out, I had \$100M from the Bank of North Dakota proceeds. It was the same as the Governor's bill. That bill is no longer with us. The rest of the money, I had \$300M from the Strategic Investment and Improvements Fund to go into this revolving loan fund. They changed that number to \$50M because of the fiscal situation that we're in today. As this bill moves forward, when we establish on the 18th of March what our future revenue would be, that you would have some targeted bench marks built in there on whatever method we use. And I believe this should be a minimum of \$400M depending on when we have the cash available. You could've made this a billion dollars and you would've had requests for those loans at 2% across the state. I believe that the \$50M is in the budget status for today, the \$100M plus the \$50M is in there. I think we need to realize at some point in time the day of the grant for everything we do is going to soon be over and we should have investments to these communities at a very low interest rate into the

development of those communities. I'm talking cities, counties and townships that need to borrow money for various things they need to have done. Many would be smaller municipalities which just plain don't have the authority to do much bonding, but if they could show a reasonable ability to pay back, the bank would establish those guidelines and it would help the smaller communities.

That is the bill. That is my reaction to what happened to the bill. Obviously I voted for it when it went thru the House because I feel the concept is crucial. It's forward looking with our revenues into the future for the development of our state and making it available to run through the Bank of North Dakota.

Senator G. Lee: I noticed in the bill, it says, after June 30, 2017, that was added to the bill - that whole section?

Rep. Carlson: Yes, it was. And that has to do with the critical access hospitals.

Senator G. Lee: I see on line 7 on page 3, they had new conduit for telecommunications infrastructure.

Rep. Carlson: When the people from the telecommunications companies came to me again, that's not a public entity, that's a private entity and I said that should not be in the bill and it should not be eligible. With 12-10 vote, it passed House appropriations. I don't think that should be in there either.

Senator G. Lee: In terms of the dollars that would come out of the SIIF fund, did you say your \$300M was coming out of the SIIF fund?

Rep. Carlson: The original \$300M was all out of the SIIF fund. They lowered that number to \$50M.

Senator G. Lee: Was there a prioritization in terms of when that came out? There's a lot of stuff being taken out of there.

Rep. Carlson: When this bill was originally drafted and introduced, there was still money in there and we had not passed the surge bill taking the \$1.1B out of there. It would've been in the priority list in which one survived out of the SIIF fund.

Senator Mathern: What is the rationale for creating the fund in the state treasurer's office versus just having the revolving loan fund in the bank?

Rep. Carlson: Where does it say the treasurer's office? It says in the state treasury - not the treasurer's office. My intent is that it is in the state treasury.

Senator Bowman: When you said the ultimate goal is to eliminate grants, are you talking about the grants we are currently receiving in the impacted counties?

Rep. Carlson: I'm talking about looking to the future. As these communities grow and establish a growing tax base, they are going to want to have the opportunity and I don't think we're going to be able to fund in years to come, where everything will be just based upon a grant; that we're going to give you X amount of dollars. As your community grows,

it will grow as the rest of the state grows, either bonding or through loans, that they are paid for by the local communities. I think that is the way of the future but down the road that will be the vehicle used instead of granting money.

Senator Bowman: When you have growth in those communities that have never seen growth like they're experiencing today, there's a reason for that. There's an industry that came in that is causing this. Once the industry is done drilling and they get down to producing the oil and they need the technicians to check the wells. If you shortchange the communities today, we're going to have a mess down the road. This is going to take a long time to drill all the wells that they say are going to be drilled.

Rep. Carlson: But that's also why we have formula bills that send a large percentage of that oil back to those oil producing counties which are to assist.... There are hub city dollars; there are all sorts of dollars that are built into that formula. Those dollars will not go away; they may change in their distribution. I'm from Cass County which is the fastest growing county in ND. As we build infrastructure, we special assess the individuals who live there for the growth of our city. And as you have a tax base to carry that, there's a point in time when your citizenry has to pay for those improvements. This is a vehicle that allows it to be more affordable than if they're going to go out and bond for it.

Senator Krebsbach: Is there a limit that any political sub can borrow from this?

Adam Mathiak, Legislative Council: \$15M.

Rep. Carlson: The original bill did not have a limit. If you only have \$150M, one or two towns could grab that all in one project. The idea and the concept for the next hundred years is rock solid, but it was originally for \$400M.

Senator Kilzer: You said this is designed to allow affordable growth for small communities. The way it is now, with critical access hospitals in there, they wouldn't be asking for money for growth. They're asking for money because they are in the red - and the reason they're in the red is because of Medicare cutbacks and bad debt. Does that qualify for this sort of loan when it looks like it's going to be pretty hard to repay that? I don't see Medicare reimbursement improving and I don't see bad debt improving very much in the immediate future.

Rep. Carlson: That's exactly why I thought it didn't belong in bill. They added it in the House because we had killed the bill that was allowing the grants. Last biennium, we put in funding for grants - it may have been \$10M-15M for the west, for the critical access hospitals who couldn't pay their bad debt because we knew they wouldn't have the money to pay it back. So I don't think they're a good candidate for this bill.

Senator Kilzer: It was one-time funding last time, but its back again.

Brad Bekkedahl, State Senator, District 1, Williston:
Testified in favor of HB 1443. Testimony - Attachment 1 & 2 (City of Williston brochure.)

Blake Crosby, Executive Director, North Dakota League of Cities:

Testified in favor of HB 1443.

Testimony - Attachment 3

City of Fargo testimony - Attachment 4

City of Bismarck testimony - Attachment 5

City of Grand Forks testimony - Attachment 6

(25:55) **Senator O'Connell:** If the \$15M stands as it is, and I put in for a loan, how soon can I come back?

Blake Crosby: I don't recall if there's any language in there about how soon you can come back to the table. Part of your ability to come back to the table is based on your ability to pay.

Senator Heckaman: In original bill, there was no maximum limit listed in that bill, but in the amended version there is. Where does the League of Cities stand on either having a maximum or not having it?

Blake Crosby: I think there should be some sort of limit. There should be some sort of a cap. As Rep. Carlson said, if it only comes in at \$150M, you could eat all that up instantly with just a couple of cities coming in and making that request. If this is to be a revolving loan fund for the entire state, there should be some sort of cap so the money can be spread out.

Jerry E. Jurena, President of North Dakota Hospital Association:

Testified in favor of HB 1443. Testimony - Attachment 7

Senator Mathern: Why don't we just appropriate money to that program? Was that your bill that was rejected? Why not use the present program and just fund it?

Jerry Jurena: That's what we were asking for in the beginning, is to have the same bill, 2187 brought forward with additional money to go forward and House Appropriations decided differently.

Senator Mathern: That was a 2 year bill. Wasn't that a continuing loan fund? And it's still in place?

Jerry Jurena: It was a loan fund, and yes, it's still in place.

Senator Mathern: We could put money into that program.

Jerry Jurena: That, you'd have to work thru the Bank of ND. That's what we were asking for.

Daniel Kelly, CEO, McKenzie County Healthcare Systems, Inc. Watford City, ND :

Testified in favor of HB 1443.

Testimony - Attachment 8.

Senator Mathern: Outside of being able to get the money from our present loan program, what was the process like? Was it a workable process? Do you like the present program?

Daniel Kelly: Yes, we also secured a USDA loan. That one is multiple times more onerous than the Bank of North Dakota process. ND process has been a breath of fresh air for us compared to what we've gone thru with USDA.

Darrold Bertsch, CEO, Sakakawea Medical Center, Hazen, ND and also Coal Country Community Health Centers, Beulah, ND:

Testified in favor of HB 1443.

Testimony - Attachment 9

Matt Grimshaw, President, CHI Mercy Medical Center, Williston, ND:

Testified in favor of HB 1443. No written testimony:

We did not access funding through the funding last time around and we do not anticipate asking for funding in the next several years. However, I was appointed to serve on the committee that reviewed the projects in the last biennium. It was very difficult for us to decide who should get funded and at what level. There was \$50M available but the requests far exceeded that number and that was just looking at the hospitals in the oil impacted areas. If we look across our state, and the population trends from east to west, the needs for critical access hospital investment are not going to go down, they're going to go up. As I pointed out earlier, reimbursement is not going up, however, these are not grants, these are loans and they will be repaid. So I strongly encourage you to leave the language in this bill that relates to critical access hospitals and be happy to answer any questions.

Keith Lund, Vice President, Grand Forks Regional Economic Development Corporation and President of the Economic Development Association of North Dakota (EDND): Testified in favor of HB 1443. Testimony - Attachment 10

Senator Mathern: What is the total public infrastructure financing need in ND? What is the total need going forward - \$400M? \$4B?

Keith Lund: I don't have a number for you. I'm not aware of any comprehensive planning effort that has pulled all those costs into one cost. I'm here in my capacity of the Association and feedback from our community is saying greater access to and greater affordability, we think this is a great start. I'm speaking for myself and not with any board communication, but certainly do support increasing this fund should revenue projections permit that type of increase but specifically I couldn't give you a number.

Deana Wiese, Executive Director, Information Technology Council of North Dakota:

Testified in favor of HB 1443. Testimony - Attachment 11.

Laney Herauf, Greater North Dakota Chamber:

Testified in favor of HB 1443. Testimony - Attachment 12.

Senator Krebsbach asked Eric Hardmeyer to come to the podium and asked about the rate of interest being assessed and what rate did he absolutely need to service a loan such as this one.

Eric Hardmeyer, President, State Bank of North Dakota: The ½% is a fee that has been standard for years for the Bank of ND. There is a lot of work involved in administering this program; working with the community, making sure everyone gets paid; proper loan administration, so ½% is a very fair number and it's very typical of the industry.

Senator Krebsbach: Looking at these loans, the intent is for the people that are utilizing them to pay back, however, how much from the pot of dollars that are being appropriated could we stand if there was bad debt in these loans?

Eric Hardmeyer: This is a revolving fund. It is not on the Bank of North Dakota's books. What will return to this fund are the principal plus the interest, so when you think about this fund at \$150M with a 1% net return to the fund, you're going to return, over time, maybe \$15M plus. You won't be building a big amount of money on the net asset growth of this. Anytime you have a loss, obviously it's going to impact the ability of the revolving fund to loan money back out. I would anticipate that you're not going to see a lot of losses to political subdivisions. I think they'll do what they have to do to make the payments.

Senator O'Connell: I was going to request the same info because we don't see the effect in profits. With \$114M profits this year, how many requests have been made out of the profits in North Dakota for builds that we have going.

Eric Hardmeyer: At this point, it started off at about \$240M of draws in the Bank of ND capital. There was a separate one for medical infrastructure; another one for broadband. Those two have been killed and brought into this. As it stands today, there's \$100M for this fund and \$40M coming out of the bank's earnings profits to fund all the buy down programs, so there's \$140M coming out of the bank for the next biennium.

Senator Mathern: If we were to pass this program, would you house it in your present bank or would it be better in a consumer finance building next door to your bank?

Eric Hardmeyer: Great question, but I think it can be done in both places pretty well.

Senator Kilzer: In section 1, subsection 2, it say the bank shall establish priorities for making loans. Are you in the usual situation of choosing winners and losers because obviously there would be a lot more applicants than there would be loans given out?

Eric Hardmeyer: That's a good point and one that we're going to have to give some thought to obviously. The Industrial commission manages the bank and will want to weigh in on that as well. As much direction as you can give us, in terms of how we appropriate those dollars, I think would be helpful. How big is this need? I think it's much greater than \$400M and could be close to \$1B. It is really going to be an art as to how you apportion those dollars. We don't want to pick winners or losers. It's going to be challenging.

Senator G. Lee: The number is \$100M from bank. If the SIIF fund is also looking to be tapped where there isn't much there, if any, is \$100M as good as the bank can do in terms

of this kind of a loan or are there other opportunities within the bank to put additional funds into this kind of a program.

Eric Hardmeyer: We've been pretty firm about what we can provide in terms of contributions back to the general fund or to the state. We came to OMB and to the governor early last October and said we know that we have not been providing a transfer to the state for the last 4-5 years. You haven't needed it. We've grown from \$4B to \$8B. For every billion dollars that we've grown, we needed to retain \$80M of profits just to maintain a capital level that is acceptable to the regulators. Looking at the bank's profits on a quarterly basis to determine if we could provide more, it took us just until last year to get to a point where our capital was adequate. Today the bank is roughly about \$8B in assets and our capital ratio is about right where it needs to be. If we continue to look at growth, the \$100M plus the \$40M is what we've been really firm about what we can afford to transfer to the general fund. That's my answer and I've been very consistent with that throughout the session.

Senator Bowman: When Rep. Carlson brought up using the SIIF fund, currently, we used a lot of it to get money out to the political subdivisions, but actually went all over the state. I looked at the grant requests for the oil producing counties in the last 3 biennium and we've paid out about \$500M plus in grants, but the requests for those grants was well over \$2B. We're still short a lot of still trying to meet today's needs. We better have something in reserve if we have to go through another one of these surge deals. Are we just going to let everything fall flat in western ND if that happens? Do you have enough capital there if that happens or what do we do?

Eric Hardmeyer: It depends on the magnitude. The BND has helped with disaster assistance whether it's agriculture, flooding in Minot or Grand Forks. There's a certain response that we can meet. If you're looking for additional equity contributions, I would tell you that I think the \$140M that we put on the table is what we can do. In terms of additional lending capacity, yes, as long as we are certain that there's a good possibility that we're going to get repaid, we certainly don't want to put a lot of loans on the books to charge them off. We're looked at by regulators and by rating agencies. We need to run this as a bank. Our response will have to be measured.

Senator O'Connell: Talked to dealership and their sales have been down 50%, have you seen anything backing off from the bank side in the last 2 months?

Eric Hardmeyer: We think we're going to see some of that in every sector of our economy right now. Agriculture is suffering with commodity prices, just like oil is. It's a little early to tell on the energy side.

Senator Bowman said we want to see something like this work. We are so privileged to be talking about something like this in our state. We'll do everything we can to see if we can put together a package, but I want to see some long term thinking.

He closed the hearing on HB 1443.

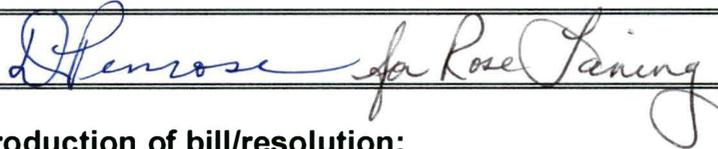
2015 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Harvest Room, State Capitol

HB 1443
3/30/2015
Job # 25619

Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Relating to creation of the infrastructure revolving loan fund.

Minutes:

Attachment 1

Legislative Council - Adam Mathiak
OMB - Becky Keller

Ch. Carlisle: Called the sub-committee to order on HB 1443. Senators Holmberg and Heckaman were present.

Ch. Carlisle: Amendment 15.0867.02001 (Attachment 1). This would change the interest rate on loans from 1.5 to 2 percent; which is the same as the bill was introduced in the House, it is .5% more than the House version. It takes critical access hospitals out of eligible projects but as you remember in the Industrial Commission the other day, Mr. Hardmeyer had a proposal. I had Adam check on 1176, there was \$10M and today there is an amendment that hasn't been acted on the formula bill for hospitals. My understanding is that is for bad debts; so it is two separate entities, so there isn't duplication. We took out the telecommunications conduit infrastructure from eligible projects in the limitation of the loan funding for each political subdivision. They were added by the House version in two sections of legislative intent so the discussion is to put the bill back, with the original intent when the bill was first put into the House, effective July 1, 2017.

Adam Mathiak: This amendment would take it back to the original intent. The only minor modification from the original one is that in the original bill there were some references to rule making; the bank doesn't make rules. We left it consistent. That is more of a technical correction, but the other ones would take it back to the original intent.

Ch. Carlisle: Where did the conduit come from?

Deanna Wiese, Exec. Director, Information Technology Council of ND: We are a trade association for ND's IT industries. Our members are IT businesses, companies with larger IT departments, state agencies, etc. This came out of the Dakota Fiber Initiative which ITCND is championing. The purpose of bringing affordable world class internet to ND and we met over the past year and a half to discuss policy options for putting ND on the map in

regard to broadband infrastructure. This was the one policy option that came out of those meetings. The goal was to have broadband infrastructure considered alongside traditional infrastructure to really encourage a dig once policy. So in cities where they had the ground open to do traditional infrastructure, they could also do telecom. infrastructure next to that. That would save costs for both the cities and the citizens by only having to dig up the ground once.

Ch. Carlisle: How did this amendment get onto this bill?

Deanna Wiese: There was another bill in the House, HB 1137. It was similar to this bill except it was under the public finance authority instead of the Bank of North Dakota. In visiting with the public finance authority and the sponsor of that bill, they stated that telecommunications infrastructure would be eligible under that bill and the House killed that bill and this was the revolving loan fund bill that remained. We were just working to make sure that it would have been eligible in this bill as well.

Ch. Carlisle: The house killed HB 1137, knowing that it was going to go onto this bill.

Deanna Wiese: That is correct, yes.

Sen. Holmberg: Was that their suggestion, is that the reason they killed the bill.

Deanna Wiese: I know that the two bills were very similar; I believe there was a \$100M in HB 1137 and there was \$400M in this bill originally. They weren't mirror images of each other, but similar.

Adam Mathiak: That's correct; they were both modeled with similar intent. Both of them were using the \$100M of bank profits that had been talked about. The thought was that one would be the vehicle and the other be killed so they used HB 1443. It was done in House appropriations.

Senator Heckaman: On page four of the amendment, why did you take out lines 4 through 10; which are the eligible borrowers?

Adam Mathiak: On page 4 lines 4-10 - eligible borrowers that were referenced in political subdivisions in certain oil producing counties that had received allocations in the Surge funding bill. That was not part of the original bill; that was one of the sections added by the House. I guess there were some considerations to limit the funding and exclude those political subdivisions from eligibility for the 15-17 biennium. They'd have become eligible later on. They were getting some funding through the Surge funding and this would allow other entities to be able to access the funding that maybe didn't receive as much or didn't receive funding in the Surge bill.

Senator Heckaman: That's been taken out, now correct?

Adam Mathiak: Yes, this amendment was to take it back to the original version and since that was added, it was taken out.

Senator Heckaman: I'd like that to be put back in. I would like that to be considered by the subcommittee. I'm looking at section 2 on page 4, isn't that what you were referencing, correct. That is gone now if we adopt this amendment. I don't know if I want that gone. I think we have quite a bit of funding out to those top 10 counties. This would allow eligible borrowers in the other 43 counties in the state. I would like that for a couple of years.

Sen. Holmberg: If I was a political subdivision out in the oil country and I received funding from the Surge bill, then if I were living in Grand Forks I wouldn't want them to access this money.

Senator Heckaman: I guess we would want this left in then, wouldn't we; because they could access all of this and the rest of the state gets nothing to access. I'm concerned about lines 4-10.

Ch. Carlisle: That's the bottom part of the amendment that you are referring to.

Sen. Heckaman: No, I'm on the bill. In your amendment, page 4, remove lines 1-15. I'm not as concerned I guess about lines 1-3, but I'm concerned about lines 4-10 being taken and that allows this revolving loan fund to be used by anybody across the state of North Dakota, and we have already put out Surge funding and the trust lands has a number of opportunities to fund western ND and I don't know if I want that gone out of there.

Sen. Carlisle: So lines 4-10, page 4 except the line "However critical access" is going to be taken with Eric Hardmeyers' bill.

Sen. Heckaman: On line 10, after the "however" needs to be gone. I would like that other part left in there.

Sen. Holmberg: I would like to see that but maybe it should be there for, if nothing else, for conversation in sync with the House.

Sen. Heckaman: I would like it there for more than conversation.

Adam Mathiak: I guess it would be a slight change if we just amended it to remove the "however" but if you leave it in, it would be the same as the House version if you made the exception. The House version did exclude this section that excludes certain political subdivisions. You would be in agreement essentially if you add that back in, which would be a change to this amendment that you have before you.

Sen. Holmberg: Then your amendment would be as presented except when you get to the lines on page 4; you would remove lines 1, 3 and 10 after the first period, and then the of it through line 15.

Ch. Carlisle: The critical access is being addressed. How about this conduit infrastructure? Do we just leave it like it is right now? It doesn't have a home. How about for right now, if you put it back in as Sen. Holmberg said.

Adam Mathiak: Essentially the easiest way to think about it, it would be everything in the amendment, except we would be excluding certain political subdivisions from being eligible. It would remove all of the new changes made by the House except for most of section 2 as the bill came over would remain except for the critical access hospital portion of it.

Ch. Carlisle: After the period after 2017. Can you do a redraft and then we'd look at it again.

Adam Mathiak: It's easier to see with the marked up copies.

Ch. Carlisle: Loans from 1.5 to 2%; no problem with that part.

Senator Heckaman: I guess you referenced that is something I was interested. I was looking at the other half of 1% on page two - looking at the Housing Finance; they charge over 5, which was the ½ of 1% that I was referring to.

Ch. Carlisle: That's been addressed in an earlier meeting with the Bank.

Sen. Heckaman: I was looking at this in the fact that the Bank of ND only gets 1/2 of 1% and Housing Finance can get over 5% because they had no limit. That's why I was looking at it for Housing Finance. I'm not looking at changing anything on page 2, section 2.

Ch. Carlisle: We are going back to 2% because that was the House version.

Sen. Heckaman: I don't have a problem with that.

Ch. Carlisle: So the first part of the amendment is okay. The second part of the amendment of the bill is okay. I guess, at this point, we're leaving out the conduit infrastructure.

Sen. Holmberg: And the critical access.

Ch. Carlisle: Yes; and that's number 2.

Sen. Heckaman: So are we okay on the total funding that's in here.

Ch. Carlisle: Wasn't it \$100M now in.

Sen. Holmberg: \$115M.

Ch. Carlisle: No.

Adam Mathiak: This version has \$150M; \$50M from SIIF and \$100M from Bank profits. Originally as it was introduced there was a reference to it being \$400M - with \$300M coming out of SIIF and \$100M of Bank profits. With the passage of the Surge funding in SB 2103, the amount of funding that was available for other programs was reduced quite a bit.

Ch. Carlisle: What's left in the SIIF fund now?

Sen. Holmberg: \$66M.

Ch. Carlisle: But we'd snare \$50M out of that so there would be \$60 to \$66M. Pam says \$66M. So we'd want to leave the \$100M plus the \$50M, correct? Because there is money in the SIIF fund.

Sen. Holmberg: This is counted.

Ch. Carlisle: That's what I meant. We'll be meeting again on this. We will adjourn.

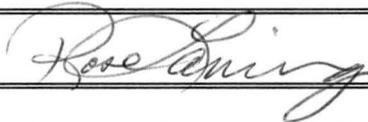
2015 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

HB 1014
(also **HB 1358, HB 1432, HB 1443**)
4/2/2015
Job # 25774

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

This is a sub-committee hearing on the budget of the State Industrial Commission.

Minutes:

Attachments: # 1 - 5

Legislative Council - Adam Mathiak
OMB - Sheila Peterson

Chairman Carlisle called the sub-committee to order on HB 1014. Senator Holmberg and Senator Heckaman were also present.
HB1443, 1432, 1358

Karlene Fine, Executive Director, State Industrial Commission passed out information packet on bills HB 1358, 1432, 1443 and 1014 - Attachment # 1
Proposed Amendments - Attachment # 1A

1358 - Rather than having dollars from HB 1358, she suggested they be amended into HB 1014.
Another amendment was going to be passed out HB 1432

Senator Heckaman: I have a question on HB 1032. There was a correlation on the green sheets that said there is a request for more funding into the abandoned oil and gas well plugging. What happened to that?

Lynn Helms, Director, Department of Mineral Resources: HB 1032 passed on the senate side that bill increases the cap of that fund to \$100M. If we don't hit the trigger before 12/31/15, it also increases the flow into the fund from \$5M a year to \$7.5M. If we do hit the big trigger, the annual inflow will remain capped at \$5M but the overall fund cap will still go up to \$100M.

Amendment proposed to HB 1358 (see attachment # 2). This amendment addresses the concern I raised this morning in committee that the operator of a salt water pipeline could just put the thing into service and file with the commission a number of items 60 days after

the pipeline had already been up and running and there was no approval by the commission of any of those items. This amendment says the director of the oil and gas division has thirty days after the receipt of those items which are the design drawing and the pressure test and the monitoring plan to review those and then approve them or notify the operator that we are going to require an increased monitoring plan. If there's some deficiency in one of those pipelines, we would require a significant increase in monitoring.

Senator Heckaman Do you have any concern on the language on line five where it says within 60 days of the pipeline being placed into service? Is that part ok with you?

Lynn Helms: We think that's reasonable, I was not apart of the discussions on how the 60 days was arrived at although I know in some other very complex operations like hydraulic fracturing it takes that long to get all the data together and file it with the commission. I'm comfortable with that if we have the language approving that if we have this language in here approving those items and the authority to require increased monitoring if there is a deficiency.

Senator Heckaman: My only question was I visited with one of the committee members who heard this policy bill and they said they thought there was confusion by the person who introduced the amendment on what the real meaning was and how it got written up. So if you're comfortable with this, that's fine with me.

Lynn Helms: We are comfortable with it if we can get this language amended into the bill.

HB 1432

Chairman Carlisle: We are looking at this money and we want to move \$2.5M into this budget for your litigation fund, is that my understanding of how that's going to work?

Lynn Helms: Yes, the amendments to HB 1432 are disassembling the \$4M fund so they are going to leave \$1.5M with that council but at the request of the Attorney General, they wanted to move \$2.5M back under the control of the Industrial commission for the purposes that the original \$3M was put in there under the governor's recommendation. If there needed to be litigation based on flaring, hydraulic fracking, or on oil conditioning or jurisdictional issue with the federal government or the tribes, that funding would be under the control of the Industrial Commission who could direct the Attorney General to take up those issues. The \$3M was originally in the Industrial Commission budget. The House took it out and put it into the HB 1432 pool. On the Senate side, HB 1432 is being unwound and \$2.5M is coming back.

Senator Heckaman: I'm looking at Senator Wanzek's hog house amendment 15.0961-04008 (see Attachment # 3)

Senator Holmberg: The money won't appear in this bill. We're not appropriating it.

Senator Heckaman: On 2nd page - section 2, how would this pertain to oil sector and oil production and agriculture at the same time? This money is going into the Agriculture Commissioner's budget, correct?

Lynn Helms: They could parse it out and it will be in an OMB pool.

Senator Heckaman: This different than what you would use your money for litigation work? Or could it be similar?

Lynn Helms: This would be there could be overlap.

HB 1443 - amendment 15.0867.02003 (see Attachment # 4)

Eric Hardmeyer: Our proposal is that we would take the critical access piece of this out of HB 1443 so we would carve out of existing biennium plus \$10M out of the next biennium, enough money to do what is needed in critical access hospital and it relieves HB 1443 of critical access.

Bonnie Storbakken, ND Commissioner of Labor: The only change on HB 1358 is the one that Lynne Helms introduced today. That was the only change that I'm aware of.

Chairman Carlisle: give me quick shot of square feet.

Eric Hardmeyer, President, Bank of North Dakota: \$17M from our assets on the property. Around 45,000 square feet and house 3 agencies: DFI, Commerce, and HFI. This is \$269/sq.ft and we are paying for it out of assets. We will earn a rate of return similar to bond. This is payment in lieu of taxes.

Senator Heckaman: If finance tax credits come to you, can you actually take a fee out of there?

Jolene Kline, Housing Finance Agency: We have two options under the current century code: we can either pull the fee out of the fund itself or we can charge and assess it to the applicant. In the first program with the \$15M, we pulled it out of the fund which meant we put 95% of that fund out in the street. When we went through the public hearing's process, we were proposing to pull it from the applicants so we could put the full \$35.4M. So if a developer pays a \$100,000 origination fee on a \$5M project that becomes a \$5.1M project and they receive 30% of it from the fund. The fund is helping to capitalize, we don't do both. Now we are going through another public hearing's process, the public hearing is scheduled for April 13 and it will be up for discussion during that public hearing whether the audience wants it to be continued to be paid by the applicant or whether they want it pulled from the fund. It's the same for the entire biennium program.

Chairman Carlisle: We're at \$30M in credits?

Jolene Kline: We're at \$30M in this bill, the Senate passed out \$50M in SB 2257. The House amended it down to \$30M in credits.

Chairman Carlisle: So there is \$30M in credits floating around?

Senator Holmberg: We've had numbers of discussions on this issue. At the appropriate time, I'm going to make motion to add another \$10M in cash for preparation for conference committee because the House doesn't seem to want any cash at this stage.

Jolene Kline: It's not the fifty that we wanted, but forty is better than thirty.

Chairman Carlisle: On the Mill, 3 years ago we settled on the 75% and we want to go back to 50%.

Senator Heckaman: Is the maximum amount in current law?

Karlene Fine, Executive Director, State Industrial Commission: It is currently \$6.3M.

Adam Mathiak, Legislative Council: Statute provides 50% and so session law I 2013 put a cap on the 50%. So if this section was removed, it would go back to 50% without a cap. The House removed the limitation and changed it to 50%.

Senator Heckaman: Where does the \$8M come from?

Senator Holmberg: That is what the mill proposed for language.

Chairman Carlisle: The Core Library - we have a lot of support.

Senator Holmberg: I would suggest we consider fully funding the library, but instead of giving UND \$100M to sit in bank until they get their proposals together that we authorize them to come for a deficiency appropriation next session and therefore we have saved \$1.8M that goes off the books but gives them the authority to come and ask. We still have to approve it.

Chairman Carlisle: 195 to 200 rigs, we are reorganizing some rigs correct?

Lynn Helms: The remainder of the \$1M in the current biennium litigation fund be carried over and we want to make that we don't miss that. We were given \$1M this biennium and we're already spending it and we want to carry it over.
Handed out 2015-2017 Staffing Model Field Inspector Increases (see attachment # 5).
He explained the FTE assignments.

Chairman Carlisle: We've done this before.

Senator Holmberg: This past session we utilized a notification OMB.

Lynn Helms: Previous to that, we had to hit the average and go to the emergency commission and that went through the budget section and we got the position approved. The last biennium we had to hit the average and then go to the emergency commission and that went to the budget section and we got the position approved. This last biennium, we shortened that to just a notification to OMB and that has worked much better for us to get the hiring process started so we would prefer that.

Senator Holmberg: Did we ever turn down any requests?

Lynn Helms: Never. The only thing that ever happened was sometimes we adjusted the dollars associated with the position because it came later in the biennium and there were unused funds there. Some of them came very late in the biennium we cut the amount for that position in half. We looked at possible triggers on oil prices and well counts but the only thing really predictable is that counts. Rig count will go back up, but we don't know how fast or how soon.

Karlene Fine: In addition to the new language for the general fund transfers, he also asked that we look at the retention of recruiting \$410,000 as a result the executive budget. It was up to you whether you put that back in.

Chairman Carlisle suggested to put it in for negotiations in the conference committee.

Senator Heckaman: if it's not general fund, I'm fine with it.

Karlene Fine went over the last section of the bill.

- 1) Core Library
- 2) Additional FTE
- 3) Transfer to HIF
- 4) Grants to the Lignite Research Council. They had requested \$10M, \$5M is in the bill right now.

Chairman Carlisle: We will meet on 1358, 1432, 1443 but as I understand it, we have the appropriate parts out of those bills into HB 1014.

Alexis Baxley, ND Petroleum Council: Right now we'd be in oppositions to the amendments Lynn proposed (HB 1358). The discussions that we had in the policy committee, those original 60 days were put in so the company would have to do their pneumatic testing and then only have to submit that paperwork once. That 60 days would provide the buffer time zone to make adjustments. It was also an understanding our understanding that those initial certificates were not meant to be a permitting process or be approved that those rules would come from the industrial commission following that study but this was a way to guarantee that those things were being looked at and done until we could get rules based on that study in place.

Chairman Carlisle asked if Alexis and Lynn could work together to figure out if there is a doable compromise.

Senator Heckaman: When I visited with the members of the committee, Senator Laffen's name came up as a sponsor of the amendment.

Alexis Baxley: The sponsor of the bill brought the amendments in but Senator Laffen helped provide the language on the construction drawings.

Senator Holmberg: I thought what we were doing is we wanted to make sure Adam Mathiak had the package on HB 1014 but then we would come back to these other three ancillary bills next week.

Chairman Carlisle adjourned the subcommittee.

2015 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Harvest Room, State Capitol

HB 1443
4/8/2015
Job # 25939

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for an Act regarding the creation of infrastructure revolving loan fund. (Do Pass as Amended)

Minutes:

Amendment # 15.0867.02003
Engrossed bill # 15.0867.02003

Chairman Holmberg called the committee to order on Wednesday, April 8, 2015 in regards to HB 1443. All committee members were present except V.Chairman Bowman. He stated to hold the report for V.Chairman Bowman to be able to vote on this bill. Alex Cronquist, Legislative Council and Tammy Dolan, OMB, were also present.

Senator Carlisle presented Attachment # 1 - engrossed bill # 15.0867.02003 and Attachment # 2- Amendment # 15.0867.02003. I move the amendment 15.0867.02003. **2nd by Senator Heckaman.** He explained the amendments. Then down on the bottom this is something I added I talked over in the House the Bill sponsor, the eligible borrowers by precluding political subs, you already have money in 2003 or going to get money they don't participate in this revolving loan. The House version provided certain political subdivisions receive funds under it are ineligible. So basically the bill is kind of back into the original intent of the bill which was at infrastructure revolving loan fund, and it's \$150M in the revolving loan fund. We stripped the bill back down so we have something to work with relative to the original intent of the bill. (1.35)

Senator Mathern: I am wondering in terms of making it such that cities that got impact grant funds wouldn't be eligible. It seems like the greatest need there. Why did you exclude them?

Senator Carlisle: I talked to some folks in the House on that and that's why I just added it for discussion.

Senator Mathern: Are you saying the House is saying they don't want?

Senator Carlisle: No, not the House. The bill sponsor asked me about that part of it because 2103 is already gone. I am just throwing it out there. That's why I'm making you aware of it.

Senator Robinson: So who is eligible for access to the loan fund? Let me give you an example: Stutsman County in the Spirit Wood station, could they approach this fund for law enforcement officers, for example? They are not in oil and gas country. I understand it's infrastructure but we've used infrastructure in a broad sense to include a whole lot more than roads and bridges, and so I am just wondering about the interruption of that.

Karlene Fine, Industrial Commission: If you look on the first page of the bill it gives us some guidelines. It talks about those were infrastructure needs established by the bank. So the bank has some flexibility but then it talks about do water treatment plants, do waste water treatment plants, do sewer lines and water lines and new storm water, so we're looking more towards the in the ground type of infrastructure and not so much as ongoing staffing. (4.05)

Senator Wanzek: I was in the governor's office talking about water issues with the project out at Spirit Wood. There's talk of one of the political subdivisions, rural water would build a plan? Would that kind of project qualify for a loan? It's water infrastructure.

Ms. Fine: Yes, if pipelines are involved.

Senator Wanzek: How about reuse for water treatment?

Ms. Fine: I am not so sure about that. He stated there is pipelines too. You have to remember there's only \$150M in here.

Senator Mathern: My question was about page 4, lines 8 through 9. This sort of limits where you could provide this revolving loan.

Ms. Fine: For the 15-17 biennium it would be limited to, those areas would not be eligible. As it's a revolving fund, in the future they would be eligible in the subsequent biennium.

Senator Mathern: Eventually this could serve the entire state. He was told yes.

Chairman Holmberg: All in favor of amendment say aye. It carried.

Senator Carlisle moved Do Pass as Amended. 2nd by Senator Erbele.

Chairman Holmberg: Any further discussion? This will go to conference committee.

Chairman Holmberg: Call the roll on a Do Pass as Amended on 1443.

A Roll Call vote was taken. Yea: 13; Nay: 0; Absent: 0.

Senator Carlisle will carry the bill. The hearing was closed on HB 1443.

April 1, 2015

1 of 2
TV
4/8/15

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1443

- Page 1, line 3, after the second semicolon insert "and"
 - Page 1, line 3, remove "; to provide an effective"
 - Page 1, line 4, remove "date; and to provide an expiration date"
 - Page 1, line 8, remove "**(Effective through June 30, 2017)**"
 - Page 1, line 15, replace "one and one-half" with "two"
 - Page 1, line 22, remove "new construction and"
 - Page 1, line 23, remove "renovation of critical access hospitals;"
 - Page 2, line 2, remove ", not to"
 - Page 2, remove lines 3 and 4
 - Page 2, line 5, remove "issued for critical access hospitals may not exceed thirty-five million dollars"
 - Page 2, remove lines 24 through 31
 - Page 3, remove lines 1 through 30
 - Page 4, remove lines 1 through 3
 - Page 4, line 6, remove "by the state treasurer under subsection 1 or 4 of section 1 or by the department of"
 - Page 4, line 7, remove "transportation"
 - Page 4, line 7, remove "subsection 1 of section 2 of"
 - Page 4, line 8, after the comma insert "or is anticipated to receive funds distributed from the oil and gas impact grant fund or under section 57-51-15,"
 - Page 4, line 10, remove "However, this section does not apply to loans for critical access hospitals."
 - Page 4, remove lines 11 through 15
- Re-number accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment:

- Changes the interest rate on loans from 1.5 to 2 percent, which is the same as the bill as introduced, but .5 percent more than the House version.
- Removes critical access hospitals from eligible projects, which was added by the House.

- Removes telecommunications conduit infrastructure from eligible projects effective July 1, 2017, which was added by the House version.
- Removes the limitations on loan funding for each political subdivision, which were added by the House version.
- Removes a section of legislative intent added by the House related to critical access hospital loan limitations.
- Changes the eligible borrows by precluding political subdivisions that received funds under Senate Bill No. 2103 or are anticipated to receive funds from the oil and gas impact grant fund or the oil and gas gross production tax formula from receiving a loan. The House version provided that certain political subdivisions that received funds under Senate Bill No. 2103 are ineligible.

Date: 4-8-15
Roll Call Vote #: 1

2015 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1443

Senate Appropriations Committee

Subcommittee

Amendment LC# or Description: 15.0847.02003

- Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
Other Actions: Reconsider _____

Motion Made By Carlisle Seconded By Heckaman

Senators	Yes	No	Senators	Yes	No
Chairman Holmberg			Senator Heckaman		
Senator Bowman			Senator Mathern		
Senator Krebsbach			Senator O'Connell		
Senator Carlisle			Senator Robinson		
Senator Sorvaag					
Senator G. Lee					
Senator Kilzer					
Senator Erbele					
Senator Wanzek					

Total (Yes) _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

*Voice vote
Carried*

Date: 4-8-15
Roll Call Vote #: 2

2015 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1443

Senate Appropriations Committee

Subcommittee

Amendment LC# or Description: _____

- Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
- Other Actions: Reconsider _____

Motion Made By Carlisle Seconded By Erbele

Senators	Yes	No	Senators	Yes	No
Chairman Holmberg	✓		Senator Heckaman	✓	
Senator Bowman	✓		Senator Mathern	✓	
Senator Krebsbach	✓		Senator O'Connell	✓	
Senator Carlisle	✓		Senator Robinson	✓	
Senator Sorvaag	✓				
Senator G. Lee	✓				
Senator Kilzer	✓				
Senator Erbele	✓				
Senator Wanzek	✓				

Total (Yes) 13 No 0

Absent 0

Floor Assignment Carlisle

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1443, as engrossed: Appropriations Committee (Sen. Holmberg, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (13 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1443 was placed on the Sixth order on the calendar.

Page 1, line 3, after the second semicolon insert "and"

Page 1, line 3, remove "; to provide an effective"

Page 1, line 4, remove "date; and to provide an expiration date"

Page 1, line 8, remove "**(Effective through June 30, 2017)**"

Page 1, line 15, replace "one and one-half" with "two"

Page 1, line 22, remove "new construction and"

Page 1, line 23, remove "renovation of critical access hospitals."

Page 2, line 2, remove ". not to"

Page 2, remove lines 3 and 4

Page 2, line 5, remove "issued for critical access hospitals may not exceed thirty-five million dollars"

Page 2, remove lines 24 through 31

Page 3, remove lines 1 through 30

Page 4, remove lines 1 through 3

Page 4, line 6, remove "by the state treasurer under subsection 1 or 4 of section 1 or by the department of"

Page 4, line 7, remove "transportation"

Page 4, line 7, remove "subsection 1 of section 2 of"

Page 4, line 8, after the comma insert "or is anticipated to receive funds distributed from the oil and gas impact grant fund or under section 57-51-15,"

Page 4, line 10, remove "However, this section does not apply to loans for critical access hospitals."

Page 4, remove lines 11 through 15

Re-number accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment:

- Changes the interest rate on loans from 1.5 to 2 percent, which is the same as the bill as introduced, but .5 percent more than the House version.
- Removes critical access hospitals from eligible projects, which was added by the House.

- Removes telecommunications conduit infrastructure from eligible projects effective July 1, 2017, which was added by the House version.
- Removes the limitations on loan funding for each political subdivision, which were added by the House version.
- Removes a section of legislative intent added by the House related to critical access hospital loan limitations.
- Changes the eligible borrows by precluding political subdivisions that received funds under Senate Bill No. 2103 or are anticipated to receive funds from the oil and gas impact grant fund or the oil and gas gross production tax formula from receiving a loan. The House version provided that certain political subdivisions that received funds under Senate Bill No. 2103 are ineligible.

2015 CONFERENCE COMMITTEE

HB 1443

2015 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee Roughrider Room, State Capitol

HB 1443
4/15/2015
26119

- Subcommittee
 Conference Committee



Explanation or reason for introduction of bill/resolution:

Relating to creation of the infrastructure revolving loan fund; to provide for transfers; and to provide a continuing appropriation

Minutes:

No attachments

Chairman Streyle called the committee to order.

Chairman Streyle: The only objections we would have are the cap on each loan; the reason being we didn't want to have each political subdivision get approved for a \$30 or \$40M loan; therefore taking a lot of the fund and at \$15M; that's reasonable for each political subdivision; therefore allowing this fund to get adequately used.

Senator Carlisle: where's that in the bill?

Representative Streyle:

On page 2; on line 2, 3, 4 and 5 where it says not to exceed \$15M. We think this is a real innovative idea; we'd like it to work; if there's no cap; in theory any community could take up a large chunk of it and dilute any benefit to this.

The other section; on section 2 page 4; in this part "or is anticipated to receive funds from the oil impact fund"; that bill isn't settled yet; if it's a pool of money, obviously the Senate sent that out where it was earmarked for different purposes.

If it were to pass; and they would go to borrow the money, but then receive money; to me that would create confusion; the way the House passed it was the oil producing counties, top ten and hub cities would be exempt. We felt that was appropriate; being the surge money put money out there. And then one final piece; would be for the first biennium; these oil producing areas and hub cities would not be allowed but then going forward they would be allowed to come into the deal.

We are agreeable on the rate changes; critical access hospitals taking that out, fine and then the technology piece; fine with that. I think those three issues; I don't find them to be too controversial and we would be meeting you half way.

Representative Vigesaa

On section 2; we know that in SB2103; the oil producing counties and the hub cities; are getting a significant amount of money and will get it in the formula bill; if we leave like we

had it; some smaller cities; even in the eastern part of the state; would be able to access this loan pool as well. By putting the cap in there, it will allow more communities to be involved in the process.

Senator Carlisle: we think the cap of \$50M; certainly could be doable; we put this other language on section 2 so there was in effect double dipping; between SB 2103 and HB 1176; we thought it was reasonable that, you wait a biennium; and then everyone accesses.

Chairman Streyle: we don't know who will receive the grant funds; they apply for the loan, then they get a grant round in the 3rd quarter; are they in violation? The anticipated to receive funds; we don't know whose going to receive funds. By saying hub cities; you know, you are throwing them all out essentially anyway, but like Washburn say they needed \$500K for infrastructure; under this way I would see those being out.

Senator Carlisle: we talked to the bill sponsor about this language; it was his thought for what I said, so I didn't know if you had talked to Representative Carlson. I'm looking at his note; we took some other things out of the bill; we moved critical access and took out the fiber optics. Have you talked to him?

Representative Vigesaa

I looked quickly; our language in section 2, named specific sections of SB 2103, which involves the large oil producing counties and hub cities. I think your section 2 would also include smaller communities that receive small amounts in 2103; but we feel the smaller communities, may be those that want to access this revolving loan fund. Your language takes everybody with that language in 2103 and excludes them. Some of the smaller communities may have needs where this pool would be very beneficial.

Chairman Streyle

Also, the \$112M to non-oil producing counties; if you received any of that; you do not qualify for this, so to me, you are taking all the non-oil producing counties out too.

Senator Carlisle: we think \$15M; we could take it off table; but on his note; the bill sponsor; if there is different language; looking at his note. If you could talk to him and there's a little different language; we could look at it.

Chairman Streyle

The ones that got the most money in 2103; would not allow in the next biennium; under that language; this would be anyone who received money. The rates are fine, critical access, fiber, after the next biennium; the smaller communities could apply; if this is a successful program then we could add money, the additional ones that would come in during the 17-18 biennium.

Senator Carlisle: we can approve your changes and work it out with the sponsor; and we can wait a day and visit with him and we can sure go along with it. We did it because he asked us about it. It's up to you guys.

Representative Vigesaa

Thank you, maybe we will visit with the prime sponsor; our interpretation is he preferred the language that we had originally, so may we will clarify with Majority Leader Carlson; and we'll come back at one more meeting.

Chairman Streyle: We will try to schedule one as soon as we can. It seems to me there are a few little wording changes and we can get this bill; get the money off the table and to our floors.

With that, we will adjourn for now and come back as soon as we can and get this bill done.

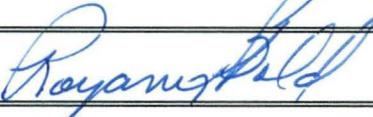
Meeting closed.

2015 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee
Roughrider Room, State Capitol

HB 1443
4/16/2015
26187

Subcommittee
 Conference Committee



Explanation or reason for introduction of bill/resolution:

Relating to creation of the infrastructure revolving loan fund; to provide for transfers; and to provide a continuing appropriation

Minutes:

Representative Streyle: Called the meeting to order.

Rep. Vigessa: We were going to double check with the bill sponsor about section 2 as to who would be eligible for these loans. The original section 2 in the house version is what was desired to remain. Section 2 in the House version named subsections of sections in SB 2103. And that eliminate the following from being able to access these loans: Any incorporated cities in the oil producing counties and the Hub cities. They're getting the majority of the funding in 2103; the state treasurer; Hub cities are getting \$172M; the oil counties are getting \$240M and there is also \$100M to the incorporated cities within the oil producing counties. Those are the ones we want to keep out of this particular loan program. The original bill section 2 of the House bill is what we should have as the section 2. We would take out that line about the critical access hospitals.

Carlisle: specific lines in 02003; is what you're referring to in this one.

Representative Streyle it would be line 6 and line 7; those would be unstruck and line 8 that would be struck and then the line 11 into 12 that would still be struck.

Carlisle: so you are going back to your version, right? If you are East River under this bill, will we get any money before 2017?

Streyle: not knowing where East River is...

Carlisle: I meant Bismarck and Grand Forks...

Streyle: absolutely that would be available; Fargo, Valley City, Jamestown, Devils Lake; any of those would be available. Minot, Dickinson, Williston, Stanley, Bottineau; etch would be out.

Carlisle: that was the sponsor's intent, he just wrote it a little bit different in his note.

Streyle: that was my amendment in full committee to take the oil ones out; we are happy with the surge bill. That should be used in the first biennium for that purpose and if it proves to be a good program, if it's completely full; we could add to it and then allow everyone to get into the loan fund.

Carlisle: Some folks won't be receiving, if they got under 2103 and the formula bill, right?

Representative Streyle

The formula bill is not included in this, but it's essentially the same, the hub cities, Mandan would still qualify for this loan program so it would be the three hub cities in 2103; the oil producing counties and the cities in the oil producing counties that receive funds.

Carlisle: do you have an actual hard copy amendment?

Vigessa: I do not for this meeting; we could put it all together...

Heckaman: are you still considering that cap as part of your request?

Streyle: we would agree to be leaving your 2% in, taking out the new construction on the critical access hospitals, putting the cap of 15M on and going back to the original language of the hub cities, oil producing counties.

Heckaman: and telecoms out?

Streyle: yes

Carlisle: your intent would be to have the amendment

Representative Streyle: Amendment or voice; but it's pretty straight forward.

Holmberg: Made a motion to recede from senate amendments and further amend by keeping senate amendment .02003 except for #15 million dollars limit on loans and changes to eligible borrowers and seconded by Representative Vigessa.

Roll call taken. Yes 6, No 0, Absent 0. Motion carried.

Meeting was adjourned.

82
4/20/15
1/2

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1443

That the Senate recede from its amendments as printed on pages 1306 and 1307 of the Senate Journal and pages 1506 and 1507 of the House Journal and that Engrossed House Bill No. 1443 be amended as follows:

Page 1, line 3, after the second semicolon insert "and"

Page 1, line 3, remove "; to provide an effective"

Page 1, line 4, remove "date; and to provide an expiration date"

Page 1, line 8, remove "**(Effective through June 30, 2017)**"

Page 1, line 15, replace "one and one-half" with "two"

Page 1, line 22, remove "new construction and"

Page 1, line 23, remove "renovation of critical access hospitals;"

Page 2, line 2, remove "not to"

Page 2, line 3, remove "exceed seven million dollars for an eligible critical access hospital loan and"

Page 2, line 4, replace "each for all other eligible loans" with "per loan"

Page 2, line 4, remove "The total amount of loans"

Page 2, line 5, remove "issued for critical access hospitals may not exceed thirty-five million dollars."

Page 2, remove lines 24 through 31

Page 3, remove lines 1 through 30

Page 4, remove lines 1 through 3

Page 4, line 10, remove "However, this section does not apply to loans for critical access hospitals."

Page 4, remove lines 11 through 15

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment:

- Changes the interest rate on loans from 1.5 to 2 percent, which is the same as the Senate version, but .5 percent more than the House version.
- Removes critical access hospitals from eligible projects, which is the same as the Senate version. The House version included critical access hospitals.

- Removes telecommunications conduit infrastructure from eligible projects effective July 1, 2017, which was included in the House version. The Senate version also remove telecommunications conduit infrastructure.
- Retains the limitation of \$15 million per loan, which was included in the House version. The Senate removed the loan limitations.
- Removes a section of legislative intent added by the House related to critical access hospital loan limitations, which is the same as the Senate version.
- Provides that certain political subdivisions that received funds under Senate Bill No. 2103 are ineligible for loans during the 2015-17 biennium, which is the same as the House version. The Senate version precluded political subdivisions that received funds under Senate Bill No. 2103 or that were anticipated to receive funds from the oil and gas impact grant fund or the oil and gas gross production tax formula from receiving a loan.

4/16/15
4/15/15

Date: 4/15/15
Roll Call Vote #: 1

2015 HOUSE CONFERENCE COMMITTEE
ROLL CALL VOTES

BILL/RESOLUTION NO. HB 1443 as (re) engrossed

House Full Appropriations Committee

- Action Taken
- HOUSE accede to Senate Amendments
 - HOUSE accede to Senate Amendments and further amend
 - SENATE recede from Senate amendments
 - SENATE recede from Senate amendments and amend as follows
 - Unable to agree, recommends that the committee be discharged and a new committee be appointed

Motion Made by: Holmberg Seconded by: Vigessa

Representatives	AH1	AH2	AH3	Yes	No	Senators	AH1	AH2	AH3	Yes	No
Streyle	✓	✓		✓		Carlisle	✓	✓		✓	
Vigessa	✓	✓		✓		Holmberg	✓	✓		✓	
Boe	✓	✓		✓		Heckaman	✓	✓		✓	
Total Rep. Vote						Total Senate Vote					

Vote Count Yes: 6 No: 0 Absent: 0

House Carrier _____ Senate Carrier _____

LC Number 15,0867 . 02004 of amendment

LC Number .04000 of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

Keeping Senate Amendment 02003 except for \$15 MD limit on loans + changes to eligible borrowers.

REPORT OF CONFERENCE COMMITTEE

HB 1443, as engrossed: Your conference committee (Sens. Carlisle, Holmberg, Heckaman and Reps. Streyle, Vigesaa, Boe) recommends that the **SENATE RECEDE** from the Senate amendments as printed on HJ pages 1506-1507, adopt amendments as follows, and place HB 1443 on the Seventh order:

That the Senate recede from its amendments as printed on pages 1306 and 1307 of the Senate Journal and pages 1506 and 1507 of the House Journal and that Engrossed House Bill No. 1443 be amended as follows:

Page 1, line 3, after the second semicolon insert "and"

Page 1, line 3, remove "; to provide an effective"

Page 1, line 4, remove "date; and to provide an expiration date"

Page 1, line 8, remove "**(Effective through June 30, 2017)**"

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Page 1, line 23, remove "renovation of critical access hospitals;"

Page 2, line 2, remove "not to"

Page 2, line 3, remove "exceed seven million dollars for an eligible critical access hospital loan and"

Page 2, line 4, replace "each for all other eligible loans" with "per loan"

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Re-number accordingly

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- Retains the limitation of \$15 million per loan, which was included in the House version. The Senate removed the loan limitations.
- Removes a section of legislative intent added by the House related to critical access hospital loan limitations, which is the same as the Senate version.
- Provides that certain political subdivisions that received funds under Senate Bill No. 2103 are ineligible for loans during the 2015-17 biennium, which is the same as the House version. The Senate version precluded political subdivisions that received funds under Senate Bill No. 2103 or that were anticipated to receive funds from the oil and gas impact grant fund or the oil and gas gross production tax formula from receiving a loan.

Engrossed HB 1443 was placed on the Seventh order of business on the calendar.

2015 TESTIMONY

HB 1443



P.O. Box 1306
Williston ND 58802-1306
PHONE: 701-577-8100
FAX: 701-577-8880
TDD State Relay: 711

House Approp.
#B1443
Test. # 1
1/29/15

HB 1443

Hearing Date

House Appropriations Committee

January 29, 2015

Honorable Representative Jeff Delzer, Chairman

Chairman Delzer and Committee,

Thank you Chairman Delzer and members of the Committee. I am Brad Bekkedahl, Senator from District 1 and Finance Commissioner for the City of Williston. I stand before you to today to offer testimony in support of HB 1443, a bill to assist municipalities and other political subdivisions in financing unmet infrastructure needs through a capital infrastructure revolving loan fund for all of North Dakota.

As the center of the Williston Basin and the Bakken formation, Williston has been privileged to be the hub location for over 500 oil service companies, including all 10 of the world's largest oil industry service giants. Williston also contains the vast majority of drilling contractors, fracking companies, completion tools businesses, and diversified trucking companies, along with the majority of their employee base. With this presence since 1951 and dominance in industry business locations, Williston began to feel the activity increase in 2006 from the first development in eastern Montana and the exploratory efforts beginning in North Dakota. Since this time, our community has been in perpetual catch-up mode in response to the accelerated drilling programs and industry growth. Our citizens invested in major infrastructure improvements to accommodate a population growth of 40% from our 2000 census level, but we surpassed all of that capacity by 2010. We have been the fastest growing micropolitan city in the United States for the last 3 years in a row, and judging by our building permit activity in 2014 of over \$500 million, we expect that to continue when the 2014 statistics are released by the US Census Bureau.

With my 19 years as Finance Commissioner, I have a great deal of history in local infrastructure development. This is a long and diligent process that follows a format that we believe brings the best results in terms of public information, bond financing, competitive bids, and quality construction results. One of the most critical elements in this process is securing the funds required to construct needed infrastructure. The availability of below-market interest rate loan funds allows cities like Williston to have another tool in its financial tool belt when it comes to funding infrastructure needed to support growth in the Bakken region. Therefore, I would ask for serious consideration and a Do Pass recommendation from this Committee for the Revolving Loan Fund Clause, to give us greater flexibility in funding our critical infrastructure projects.

Relative to Williston and our current situation, this bill is critical to our community. As a City, we have always used the State funding provided for infrastructure to support the industrial, commercial, and residential development needs placed upon us by the growth of this industry so critical to North Dakota and the Country. That demand continues and due to our central location and the contraction of the drilling to the most productive and profitable areas around us, along with the dominant industry presence in our community, the current decline in oil prices is not expected to have as large an impact on us as other areas. We remain Ground Zero for Bakken development in North Dakota. Our current project list for 2015 totals \$85 million and our 2016 project list is \$153 million, for a 2015-2017 biennium total of \$238 million. This total does not include our Airport relocation need of \$178 million. Further details are available on our Capital Improvements Plan attached.

As a City, we take very seriously the considerations you have to make on these important funding issues. We also take very seriously our responsibility to participate in this phenomenal growth impressed upon us. To illustrate, I would like to discuss our debt situation and our local financial inputs to this growth. In 2011, Williston had total debt of \$35 million. As of 2014, that debt had reached \$323 million. It is anticipated that with our list of projects deferred due to funding limits and future projects scheduled for this biennium, that the serviceable debt for the City of Williston will be \$673 million at year end 2017. Relative to operating costs, the City has committed to increasing our property tax assessments 5%/year, local sewer rates by over 20%/year from 2015-2020, and our garbage fees by 7%/year as well. All of this is intended to help reduce our operating deficit that even with potential State Surge funding and formula change to 60% local/40% state is predicted to be over \$200 million by the year 2020. Without the Surge funding and GPT formula change this session, our estimated deficit by 2020 grows to \$519 million. We also have the highest local Sales tax rate in the State at 3% to support this growth. Our first penny of local tax is for infrastructure, and is fully committed until its current expiration date of June 30, 2020 to payments for our 2013-2015 capital improvements bond issue of \$100 million. We also have a second penny that our local citizens approved as a quality of life improvement tax to build our Park District Recreation Center. This world class facility has never had any State funding or Oil tax proceeds in its construction or financing. Our third penny of local sales tax was just approved by a County wide vote that dedicates 50% of its funding to County and small city Public Safety issues, and 50% of that tax to the City of Williston for Police, Fire, and Emergency Services funding. As a City we are currently in the process of staffing a full time Fire department, and constructing and equipping three new fire substations in our growth areas, as well as continuing to grow our police force and ambulance service personnel. I can assure you that we have used all of our resources, including bonding that requires using future revenues to pay back new debt for current infrastructure improvements, to respond to the needs placed upon us.

On behalf of the Williston City Commission and our Citizens, I appreciate the opportunity to speak in support of HB 1443 before you today. Thank you for your attention and consideration and I ask you to support a Do Pass recommendation for this infrastructure funding bill critical to all of North Dakota. I would be happy to stand for any questions at this time.

Brad Bekkedahl

Finance Commissioner, City of Williston

House Approps
HB 1443
Testim. #2
1/29/15

HB 1443

Legislative Testimony – House Appropriations Committee

January 29, 2015

Honorable Chairman Delzer and members of the House Appropriations Committee, my name is Kent Costin. I am the Director of Finance for the City of Fargo. We are here to testify in support of HB 1443.

We believe that the impact of this bill will produce real and significant savings to our taxpayers by accessing and revolving the proposed loan fund. Currently, Cities and other political subdivisions access our capital in the municipal bond market and receive their long term capital loans by selling our bonds to Wall Street investors. This is a traditional method used for municipal transactions and it works as intended. To put State-wide utilization of debt financing into context, we are providing a table of municipal debt issued for special assessment bonds for larger North Dakota cities. This helps you understand the need for capital financing and the relative amounts currently being used across the State.

City	Debt Issued 2010-2013	2014 Issues
Fargo	\$176 million	\$89 million
West Fargo	146 million	30 million
Williston	122 million	145 million
Bismarck	63 million	26 million
Grand Forks	26 million	10 million
Totals	\$533 million	\$300 million

It is also important to know that we are seeing a stronger increase in the demand for new housing subdivisions as our local and State-wide economy continues to grow. The costs of the infrastructure for these sub-developments are repaid by special assessments. Demand is also high for funding municipal utilities. The interest rates on municipal bonds are subject to interest rate risk, meaning that what we pay for our long term financing is volatile and will go up and down over time. Currently, we are in an ultra low interest rate environment and the

bonds sold recently netted a true interest cost of 3.58% for a twenty five year assessment bond. Looking forward most economists anticipate a gradual increase in interest rates in the future.

The impact of funding HB 1443 is profound and could cut our financing costs by almost half from present levels. Even more savings will occur as interest rates begin to rise since this bill will provide a low fixed rate financing amount and will allow a long term amortization period. This is a visionary bill that has benefits for all communities not just fast growing cities.

One final thought is about the bond marketing process. During a normal bond sale process large institutional investors scoop up all of our high quality bonds and generally hold them as safe and secure tax free investments. As we make our interest payments on this debt, that money is being sent out of our State. This bill has a very positive impact because the debt payments will revolve through the Bank of North Dakota and can benefit many communities funding new loans each year.

You may receive some rebuttal from those who are parties of interest to the traditional bond sales process. Bond underwriters, financial advisors, and specialized bond attorneys are direct beneficiaries of a traditional bond sale transaction and are richly rewarded for their part of a bond transaction. We feel that offering a revolving loan fund option provides the best opportunity for an average taxpayer to directly benefit from the strength of our local economy and creates other administrative efficiencies for Cities that actively market bonds.

We fully support HB 1443 and think this is a great example of "out of the box" approach to helping taxpayers by providing with lower financing costs. Fargo and other Cities would access these low interest loans for capital projects immediately because capital improvement plans for 2015 have already been formulated. This bill is very good public policy and a wise investment in our State that will provide benefits for years to come. We urge a DO PASS vote on this bill.

Thank you for the opportunity to provide our testimony. I would be happy to answer any questions about the impact of this bill.



City of Grand Forks

255 North Fourth Street • P.O. Box 5200 • Grand Forks, ND 58206-5200

Michael R. Brown
Mayor

House Appr
HB 1443
Test. #3
1/29/15

(701) 746-2607
Fax: (701) 787-3773

TESTIMONY ON HOUSE BILL 1443

House Appropriations Committee

City of Grand Forks, ND

January 29, 2015

Mr. Chairman and members of the committee, my name is Crystal Schneider and I represent Ward 2 on the Grand Forks City Council. On behalf of the City of Grand Forks, thank you for the opportunity to provide testimony on House Bill 1443, express our support of this bill.

We appreciate all the work that has gone into crafting this bill. We see this as an extraordinary new state loan program and one more vital tool to help with the growth that is going on all across the state.

It's important to recognize the nature of the revolving program is that not only will the investments help communities with necessary infrastructure due to growth, but the investments will be returned to the state as the loan payments are made and then can be reinvested in North Dakota.

This program will assist the City of Grand Forks in making long-term infrastructure investments as our community continues to grow.

Specifically, we could use the program for growth related infrastructure investments including: Wastewater and Stormwater Pump Stations and related trunk mains; Water and wastewater treatment facilities; Water Trunk mains; and Transportation infrastructure for new development areas such as in Grand Forks' Northwest and Southwest areas.

In short, we have ample needs in Grand Forks to use an appropriately fair share of this program and more than ample growth to make very good use of it.

This isn't going to be the only tool we use to ensure sound infrastructure at the most effective cost to our residents. But it is going to be a very important tool in this process and a strong complement to the toolbox.

Thank you for this opportunity to express our support for House Bill 1443 and respectfully recommend a DO PASS.

January 29, 2015

HOUSE APPROPRIATIONS COMMITTEE
HB 1443

House Approps
HB 1443
Test. #4
1/29/15

CHAIRMAN DELZER AND MEMBERS OF THE COMMITTEE

For the record my name is Blake Crosby. I am the Executive Director of the North Dakota League of Cities representing the 357 cities across the State.

Ms. DeAnn Ament, Executive Director of the North Dakota Public Finance Authority, informed me in October of 2014 that Rep. Frantsvog could be sponsoring an infrastructure revolving loan fund (now introduced as HB 1137), emailed some initial criteria and very kindly asked for my feedback.

My response was that I liked the concept, but the amount of \$100 million was too low and the 3% growth factor was arbitrary. Not all cities in North Dakota have seen an economic benefit from the oil boom yet they have critical needs for infrastructure and were being forced to pay the "Bakken Penalty" prices.

When you look at the cost of construction in this oil driven environment, a million dollars does not go very far. A water tower can run \$3,000,000 (three million dollars), a water treatment plant and supply can run \$9,000,000 (nine million dollars), and street projects can run from \$50,000 (fifty thousand dollars) to well over \$200,000 (two hundred thousand dollars) per block.

This bill, as introduced by Rep. Carlson, addresses 2 of my concerns. However, I would ask you to consider a couple of changes. I would like to see the maximum term of a loan be 40 years and the interest rate to be no more than one and one-half percent including any administrative fee.

On behalf of the League, I ask for a Do-Pass on HB 1433.

THANK YOU FOR YOUR TIME AND CONSIDERATION. I will try to answer any questions.

Testimony of Doug Remboldt
Vice President – Utility and Shared Services
National Information Solutions Cooperative

In Support of HB 1443
January 29, 2015

Chairman Delzer and members of the House Appropriations Committee:

My name is Doug Remboldt, and I am the vice president of utility and shared services at National Information Solutions Cooperative (NISC) in Mandan. I also serve as the public policy committee chairman of the Information Technology Council of North Dakota (ITCND). It is on behalf of ITCND that I am here today to voice support of HB 1443 with a proposed amendment for your consideration. The amendment specifies the inclusion of new conduit for telecommunications infrastructure in eligibility for the infrastructure revolving loan fund.

ITCND was created in 2000 by North Dakota business, government and education leaders who recognized the need to strengthen the state's information technology infrastructure and reposition the state as a national leader in IT. ITCND has nearly 90 member organizations, with representatives from both the public and private sector.

ITCND is the champion of the Dakota Fiber Initiative with the objective of providing affordable, world-class internet speed and reliability to every individual in the state of North Dakota. Specifying the eligibility of conduit for telecommunications infrastructure within this bill will assist in reaching the objective of the Dakota Fiber Initiative.

The Initiative was rolled out during the Technology Conference hosted by Senator Hoeven and the Fargo-Moorhead-West Fargo Chamber in late August 2013 when Doug Burgum shared his vision for North Dakota to have the highest speed and greatest bandwidth internet infrastructure in the world by 2015 through partnerships with the public and private sector. ITCND was approached as a logical champion for the initiative because of its infrastructure development goal of working for affordable access to state-of-the-art voice, video and data service for all North Dakotans. In addition, ITCND is a statewide entity that represents both the supply and demand side of the broadband issue.

One of the Dakota Fiber Initiative's policy goals is to have broadband infrastructure included with traditional infrastructure as it relates to state incentives. This would be accomplished with adoption of the

proposed amendment. The House Political Subdivisions Committee heard HB 1137 several weeks ago, which is a capital infrastructure revolving loan fund under the Public Finance Authority. Public Finance Authority staff had indicated that broadband infrastructure, specifically conduit, would be eligible as that bill is currently written. However, sponsors of HB 1443 have indicated it is not eligible in this bill as currently written. This eligibility is very important to the Dakota Fiber Initiative stakeholders, which includes North Dakota broadband providers, IT businesses and economic development entities.

The proposed amendment specifies that new conduit for telecommunications infrastructure would be included in eligibility for the revolving loan fund, alongside traditional infrastructure.

Providing political subdivisions the opportunity to install conduit in conjunction with traditional infrastructure projects will assist in more rapidly bringing high-speed internet to communities. It is the intent of ITCND to create an opportunity for political subdivisions to create an underground infrastructure capable of supporting a fiber plant for governmental and/or private sector needs. Not having to dig again will benefit the political subdivision by decreasing the amount of construction and disruption of roadways, which impacts access to businesses and services for citizens. It will also decrease the cost of installing fiber for the provider, which will decrease the cost of service to the consumer.

High-speed broadband service is a huge economic asset to a community, as it makes the community more attractive to businesses and residents. A recent study conducted on the statewide impact of broadband indicates that installation and construction of broadband infrastructure generates direct economic impact in the form of jobs and revenue. It generates secondary economic impact in the form of productivity gains for businesses and income gains for families.

The presence of high-speed broadband service in a region also creates the environment for the high-value, exportable service industries, such as software development, engineering, and consulting, that are increasingly becoming a critical foundation to local economic prosperity. Along with the rest of the economy, North Dakota's high-tech service sectors have seen stratospheric growth over the past decade. However, ensuring that North Dakota communities remain connected is essential to global competitiveness and diversification of the state's economy.

North Dakota's broadband service providers have done an excellent job of connecting the state. North Dakota ranks third for its share of residents with access to gigabit-speed upload and download service at 58 percent. However, we all know the ever-changing nature of technology. Ensuring that broadband infrastructure is eligible for this fund is one more tool to make sure that North Dakota communities remain globally competitive.

We would urge the committee's support of HB 1443 with the proposed amendment, which would extend eligibility to conduit for telecommunications infrastructure, thus enhancing the state's broadband services.

January 29, 2015

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1443

Page 1, line 20, after "water lines;" insert

"new conduit for telecommunications infrastructure;"

Renumber accordingly

House Approps
HB 1443
Handout #6
(No Testimony)
1/29/15

**Testimony of Keith Lund, President
Economic Development Association of North Dakota
In Support of HB 1443
January 29, 2015**

Chairman Delzer and members of the House Appropriations Committee, I'm Keith Lund, vice president of the Grand Forks Region Economic Development and president of the Economic Development Association of North Dakota (EDND). On behalf of EDND, I would like to express our support for HB 1443, which establishes the infrastructure revolving loan fund.

EDND represents more than 80 state economic development organizations on the front line of economic development efforts throughout North Dakota. The primary purpose of the organization is to support the creation of new wealth and the diversification of North Dakota's economy.

Infrastructure is a key driver of economic growth. Essential infrastructure is critically important to the health and vitality of North Dakota in this time of tremendous growth. EDND supports judicious and progressive investment strategies, such as this, that help maintain existing infrastructure and create infrastructure for future growth.

Whether a community is growing or not, it is a challenge to come up with money for new or replacement infrastructure. Having a long-term financing tool such as proposed in HB 1443 to fund these improvements is critical. This fund could be used to extend roads and water systems, which helps in the growth and diversification of the economy.

EDND's legislative agenda supports incentives for future construction that is fiber-ready. Therefore, EDND also supports inclusion of conduit for "telecommunications" infrastructure in the eligibility for the infrastructure revolving loan fund. Providing political subdivisions with the the opportunity to install conduit in conjunction with traditional infrastructure projects will assist in more rapidly bringing high-speed internet to high-growth communities. Ensuring that broadband infrastructure is eligible for this fund is one more tool to make sure that North Dakota remains globally competitive.

We would urge the committee's support of HB 1443.

Testimony of Laney Herauf
Greater North Dakota Chamber of Commerce
HB 1443
January 29, 2015

Mr. Chairman and members of the committee, my name is Laney Herauf; I am the Government and Regulatory Affairs Specialist for the Greater North Dakota Chamber. GNDC is working on behalf of our more than 1,100 members, to build the strongest business environment in North Dakota. GNDC also represents the National Association of Manufacturers and works closely with the U.S. Chamber of Commerce. As a group we stand in support of House Bill 1443.

The last ten years in North Dakota has been very interesting. We've seen rapid growth, immigration, increases to nearly all funds in the state and a general era of prosperity. With those blessings have come a number of problems as well. Many of our communities weren't prepared for the boom and the infrastructure suffered. This bill offers a creative solution that will ultimately improve the quality of life in a number of different communities.

The Infrastructure revolving loan fund will make funding available for critical infrastructure needs including new water treatment plants, new wastewater treatment plants, new sewer lines and water lines, new storm water and transportation infrastructure. The GNDC is continually supportive of fiscally responsible programs that better communities.

We are also supportive of the amendment presented by ITCND. We contend that technology and communication, while not as critical as water and heat, have become another lifeblood of a community. We would like to see this fund utilized to bring technological infrastructure to the rural parts of North Dakota as well. The amendment achieves that. We respectfully request a DO PASS recommendation on House Bill 1443 and I would be happy to answer any questions.

Handout #1

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1443

Page 1, line 1, replace "6-09.4-49" with "6-09-49"

Page 1, line 2, after the first semicolon insert "to provide a statement of legislative intent;"

Page 1, line 13, replace "two" with "one and one-half"

Page 1, line 20, after the second semicolon insert "new construction and renovation of critical access hospitals;"

Page 1, line 23, after "qualify" insert ", not to exceed seven million dollars for an eligible critical access hospital loan and not to exceed fifteen million dollars each for all other eligible loan. The total amount of loans issued for critical access hospitals may not exceed thirty-five million dollars. The Bank shall consider the applicant's ability to repay the loan when processing the application and shall issue loans only to applicants that provide reasonable assurance of sufficient future income to repay the loan"

Page 1, line 24, replace "rules" with "policies"

Page 2, line 13, replace "rules" with "policies"

Page 2, line 14, replace "rules" with "policies"

Page 2, after line 15, insert:

"SECTION 2. LEGISLATIVE INTENT - ELIGIBLE BORROWERS UNDER INFRASTRUCTURE REVOLVING LOAN FUND. If a political subdivision receives funds distributed by the state treasurer under subsection 1 or 4 of section 1 or by the department of transportation under subsection 1 of section 2 of Senate Bill No. 2103, as approved by the sixty-fourth legislative assembly, it is the intent of the sixty-fourth legislative assembly that political subdivision be ineligible to receive a loan under the infrastructure revolving loan fund until July 1, 2017. However, this section does not apply to loans for critical access hospitals."

Page 2, line 24, replace "\$300,000,000" with "\$50,000,000"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment provides \$150 million for the infrastructure revolving loan fund, of which \$100 million is from Bank of North Dakota profits and \$50 million is from the strategic investment and improvements fund. This amendment also includes the following:

- Limits the interest rate to 1.5 percent for loans issued from the fund.
- Adds critical access hospitals to the list of eligible loans, limits critical access hospital loans to \$7 million per loan, and total critical access hospital loans issued to \$35 million.
- Limits all other eligible loans to \$15 million per loan.
- Provides legislative intent for eligible borrowers.

15.0867.01001
Title.

Prepared by the Legislative Council staff for
Representative Thoreson
February 2, 2015

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1443

Page 1, line 20, after the second underscored semicolon insert "new conduit for telecommunications infrastructure;"

2/23/15
Handout #2

Re-number accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment adds telecommunications infrastructure to the list of projects eligible for funding from the infrastructure revolving loan fund.

Handout #3
2/23

Amendment to HB 1443 Telecommunications Infrastructure

Over the past year, the Information Technology Council of North Dakota (ITCND), in cooperation with private and public sector stakeholders, has led the Dakota Fiber Initiative (DFI) with the purpose of providing affordable, world-class internet speed and reliability to every individual in the state of North Dakota. DFI is a statewide initiative focused on broadband policy and assessment.

After exploring numerous options, the following DFI policy objective was established:

- Include broadband infrastructure in eligibility for incentive programs, along with traditional infrastructure.

Amendment Details and Intent

The amendment specifies the inclusion of new conduit for telecommunications infrastructure in eligibility for the infrastructure revolving loan fund, alongside traditional infrastructure. The intent is to give *political subdivisions* the option of installing conduit (the pipe that fiber is pulled through) while the ground is dug up for traditional infrastructure projects. Any telecommunications company could then run its fiber through the conduit without having to dig up the ground again. **The city would own the conduit and lease space to interested telecommunications providers.** Multiple fibers could be pulled through a single conduit.

This provides the following benefits to the taxpayer:

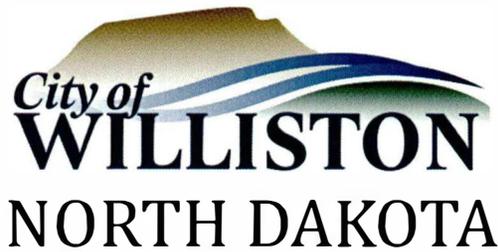
- **Cost savings for broadband services** – The cost of telecommunications infrastructure development will be decreased by having the conduit in the ground. This savings will be passed onto the consumer.
- **Less disruption in business and services** – Having the conduit in the ground will decrease the amount of construction and disruption of roadways, which impacts access to businesses and services for citizens.

This provides the following benefits to the political subdivision:

- **Direct and indirect economic impacts**
 - Generates direct economic impact in the form of jobs and revenue and secondary economic impact in the form of income gains for families and productivity gains for businesses.
- **Attractiveness to citizens, government and industry**
 - Assists in meeting the ever-increasing broadband needs of households with the use of broadband-reliant devices escalating. It also increases connectivity for government and education entities, and creates an environment for high-value, exportable service industries, such as software development, engineering, and consulting.

Why It Is Needed

- **Gaps in coverage and affordability**
 - Data shows that on average the cost of broadband service in North Dakota is well below the national average.
 - There are pockets in urban areas where the cost is above the national average due to the significant disruption and cost of construction in populated areas.
 - Some areas are able to receive federal funds to enhance broadband access and affordability, but others - due to greater populations - have less access to this type of funding.



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HB 1443

Hearing Date

Senate Appropriations Committee

March 10, 2015

Honorable Senator Ray Holmberg, Chairman

HB 1443
3-10-15 #1

Chairman Holmberg and Committee,

Thank you Chairman Holmberg and members of the Committee. I am Brad Bekkedahl, Senator from District 1 and Finance Commissioner for the City of Williston. I stand before you today to offer testimony in support of HB 1443, a bill to assist municipalities and other political subdivisions in financing unmet infrastructure needs through a capital infrastructure revolving loan fund for all of North Dakota.

As the center of the Williston Basin and the Bakken formation, Williston has been privileged to be the hub location for over 500 oil service companies, including all 10 of the world's largest oil industry service giants. Williston also contains the vast majority of drilling contractors, fracking companies, completion tools businesses, and diversified trucking companies, along with the majority of their employee base. With this presence since 1951 and dominance in industry business locations, Williston began to feel the activity increase in 2006 from the first development in eastern Montana and the exploratory efforts beginning in North Dakota. Since this time, our community has been in perpetual catch-up mode in response to the accelerated drilling programs and industry growth. Our citizens invested in major infrastructure improvements to accommodate a population growth of 40% from our 2000 census level, but we surpassed all of that capacity by 2010. We have been the fastest growing micropolitan city in the United States for the last 3 years in a row, and judging by our building permit activity in 2014 of over \$500 million, we expect that to continue when the 2014 statistics are released by the US Census Bureau.

With my 19 years as Finance Commissioner, I have a great deal of history in local infrastructure development. This is a long and diligent process that follows a format that we believe brings the best results in terms of public information, bond financing, competitive bids, and quality construction results. One of the most critical elements in this process is securing the funds required to construct needed infrastructure. The availability of below-market interest rate loan funds allows cities like Williston to have another tool in its financial tool belt when it comes to funding infrastructure needed to support growth in the Bakken region. Therefore, I would ask for serious consideration and a Do Pass recommendation from this Committee for the Revolving Loan Fund Clause, to give us greater flexibility in funding our critical infrastructure projects.

Relative to Williston and our current situation, this bill is critical to our community. As a City, we have always used the State funding provided for infrastructure to support the industrial, commercial, and residential development needs placed upon us by the growth of this industry so critical to North Dakota and the Country. That demand continues and due to our central location and the contraction of the drilling to the most productive and profitable areas around us, along with the dominant industry presence in our community, the current decline in oil prices is not expected to have as large an impact on us as other areas. We remain Ground Zero for Bakken development in North Dakota. Our current project list for 2015 totals \$85 million and our 2016 project list is \$153 million, for a 2015-2017 biennium total of \$238 million. This total does not include our Airport relocation need of \$178 million. Further details are available on our Capital Improvements Plan attached.

As a City, we take very seriously the considerations you have to make on these important funding issues. We also take very seriously our responsibility to participate in this phenomenal growth impressed upon us. To illustrate, I would like to discuss our debt situation and our local financial inputs to this growth. In 2011, Williston had total debt of \$35 million. As of 2014, that debt had reached \$323 million. It is anticipated that with our list of projects deferred due to funding limits and future projects scheduled for this biennium, that the serviceable debt for the City of Williston will be \$673 million at year end 2017. Relative to operating costs, the City has committed to increasing our property tax assessments 5%/year, local sewer rates by over 20%/year from 2015-2020, and our garbage fees by 7%/year as well. All of this is intended to help reduce our operating deficit that even with potential State Surge funding and formula change to 60% local/40% state is predicted to be over \$200 million by the year 2020. Without the Surge funding and GPT formula change this session, our estimated deficit by 2020 grows to \$519 million. We also have the highest local Sales tax rate in the State at 3% to support this growth. Our first penny of local tax is for infrastructure, and is fully committed until its current expiration date of June 30, 2020 to payments for our 2013-2015 capital improvements bond issue of \$100 million. We also have a second penny that our local citizens approved as a quality of life improvement tax to build our Park District Recreation Center. This world class facility has never had any State funding or Oil tax proceeds in its construction or financing. Our third penny of local sales tax was just approved by a County wide vote that dedicates 50% of its funding to County and small city Public Safety issues, and 50% of that tax to the City of Williston for Police, Fire, and Emergency Services funding. As a City we are currently in the process of staffing a full time Fire department, and constructing and equipping three new fire substations in our growth areas, as well as continuing to grow our police force and ambulance service personnel. I can assure you that we have used all of our resources, including bonding that requires using future revenues to pay back new debt for current infrastructure improvements, to respond to the needs placed upon us.

On behalf of the Williston City Commission and our Citizens, I appreciate the opportunity to speak in support of HB 1443 before you today. Thank you for your attention and consideration and I ask you to support a Do Pass recommendation for this infrastructure funding bill critical to all of North Dakota. I would be happy to stand for any questions at this time.

Brad Bekkedahl

Finance Commissioner, City of Williston

1.2

2

HB 1443
3-10-15
2

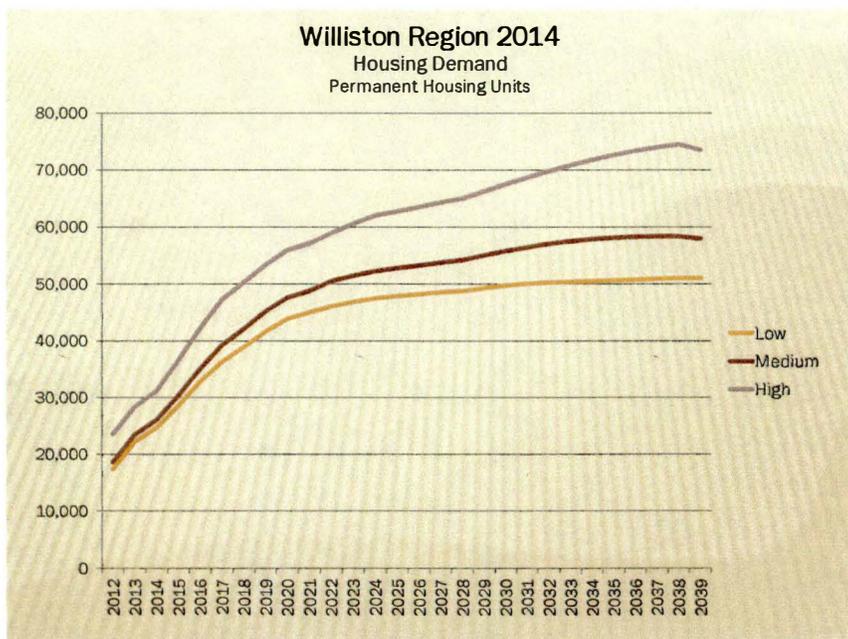
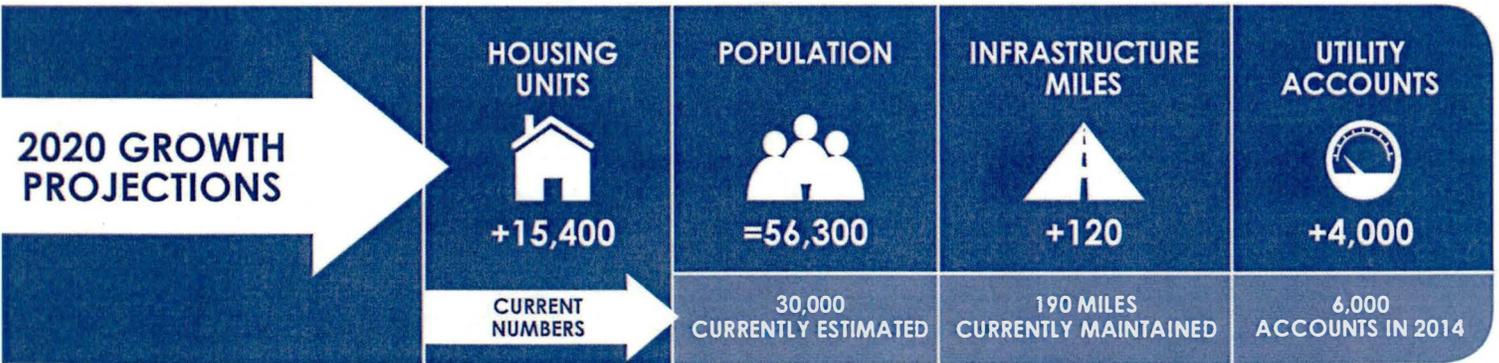


WILLISTON

ENERGY RELATED GROWTH IMPACTS

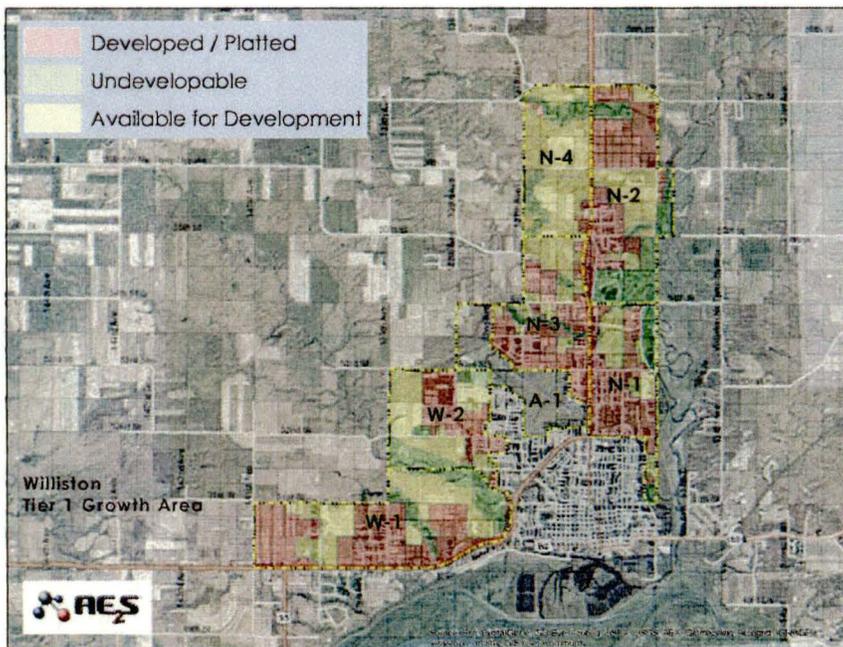
FUNDING NEEDS | 2015-2017

6 YEAR GROWTH PROJECTIONS



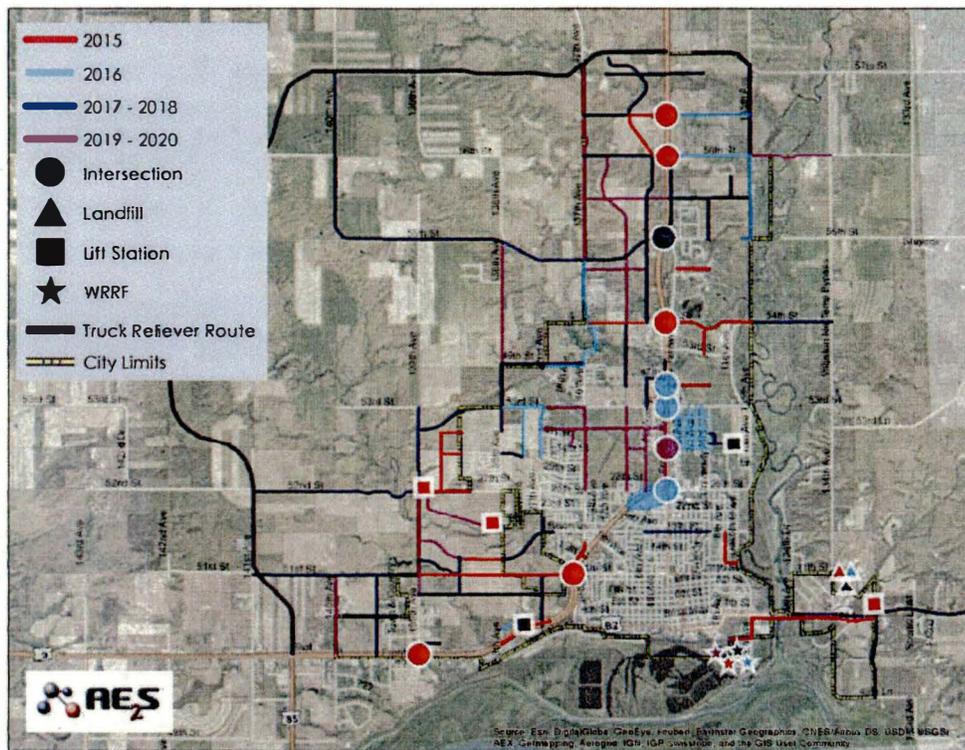
Source: NDSU Employment Housing and Population Projections – 2014 Shale Projection Webinar Series

- By 2020 the Williston Region's (Williams, McKenzie, and Divide Counties) projected demand for housing is an additional 24,190 units (Williston will accommodate 63% of this demand).
- By 2020 the Williston Region's permanent population will grow by 50,760 (City projections indicate Williston will comprise 52% of the new population growth).



- Between 2010 and 2014, the City tripled in size growing from 4,781 acres to 14,167 acres.
- Since the start of the building boom in Williston, the City has platted/developed approximately 5,040 acres in its Tier 1 growth area. By 2020, on additional 3,900 acres will be needed for development to accommodate the growth of the community. This growth is expected to drive significant capital and operational needs for the City.

CAPITAL IMPROVEMENTS SUMMARY



- Projected Capital Improvement needs for the next six years include trunk water, wastewater, stormwater, and transportation improvements. With major staff and fleet additions projected for the City, significant vertical infrastructure needs are also anticipated for public facilities such as City Hall, Fire Stations, and Public Works.

In total, \$1.04 Billion in capital needs have been identified for the City over the next 6-years.

CAPITAL IMPROVEMENTS SUMMARY | 2015-2020

Category	Biennium		
	2015 - 2017	2017 - 2019	2019 - 2021
TRANSPORTATION	\$141,225,000	\$213,421,600	\$113,000,000
WASTEWATER	\$74,937,120	\$43,356,400	\$9,543,520
WATER	\$12,322,560	\$23,609,200	\$18,427,040
STORMWATER	\$23,376,000	\$8,386,000	\$4,000,000
SOLID WASTE	\$7,000,000	\$8,630,000	TBD
AIRPORT	\$178,351,000	\$51,394,500	TBD
PUBLIC BUILDINGS	\$57,165,000	\$50,805,000	\$6,500,000
TOTALS	\$494,376,680	\$396,602,700	\$151,470,560

**2015-2017
CIP NEEDS**

- Unprecedented growth is driving significant increases in capital improvements to support the booming energy industry in the Williston region.
- With this growth comes significant financial impacts.
- The 2015-2017 biennium accounts for approximately one-half (\$494M) of the total projected need.

6-YEAR STAFFING AND OPERATIONAL PROJECTIONS

- Williston staffing levels are estimated to grow from 198 FTEs in 2014 to 458 FTEs by 2020, an increase of 260 FTEs.
- The additional cost per year for the increase in FTEs is approximately \$20.4 million annually by 2020.
- Due to increased service levels and growth in FTEs, total City fleet levels are also expected to grow from a count of 116 in 2014 to 237 by 2020.
- The total cost for additional fleet by 2020 is estimated to be \$37.9 million.
- The growth in FTEs and fleet generate significant future City facility needs.
- City Hall, Police, Public Works and Fire facilities will require further study to make final determinations. Initial square footage estimates were generated to create planning level cost estimates, as shown on the Capital Improvements Summary.

PROJECTED INCREMENTAL STAFFING COSTS | 2015-2020

	2015	2016	2017	2018	2019	2020
TOTAL ANNUAL COST PROJECTIONS FOR NEW FTE	\$6.6M	\$9.4M	\$13.3M	\$16.0M	\$18.5M	\$20.4M
ADDITIONAL FTE	87	37	50	31	30	25
TOTAL FTE	285	322	372	403	433	458

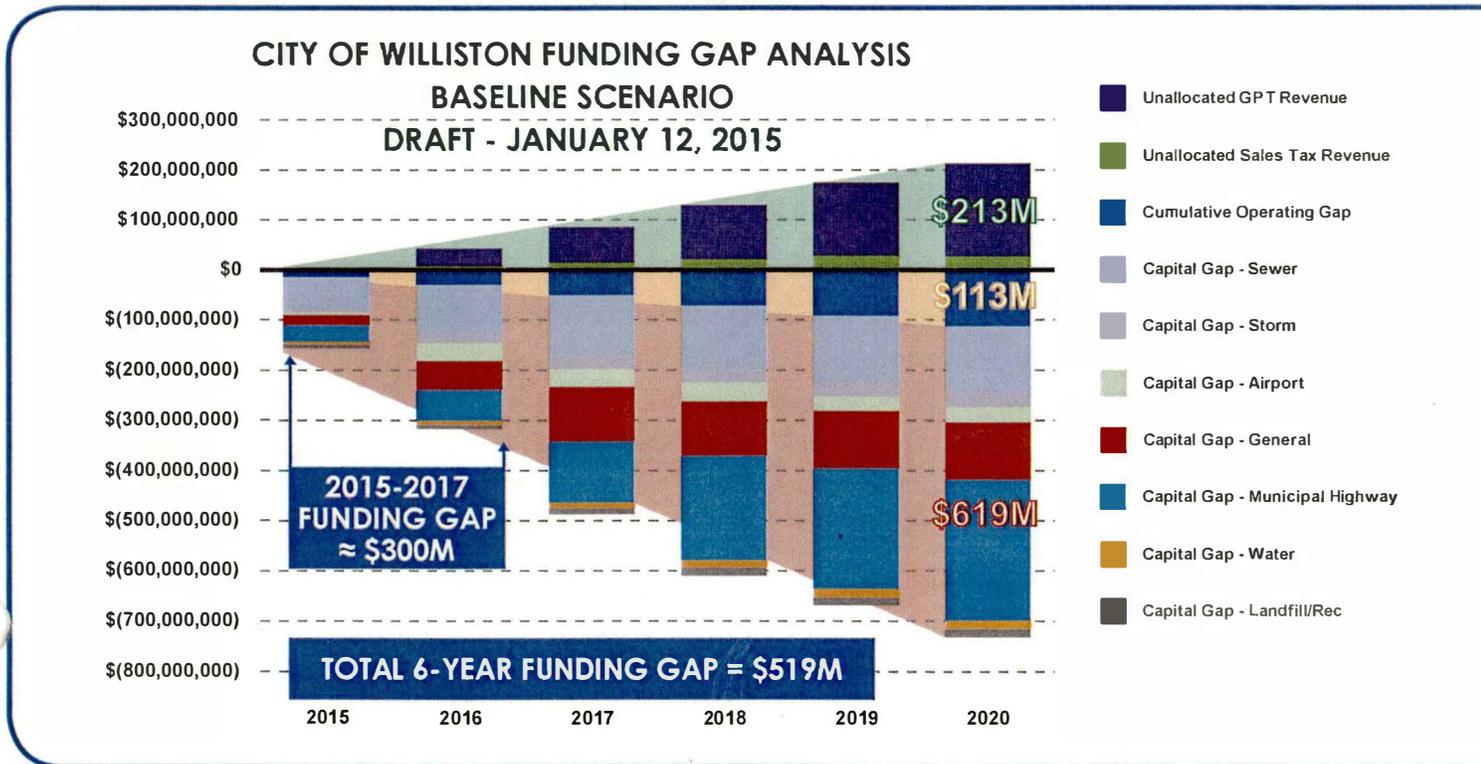
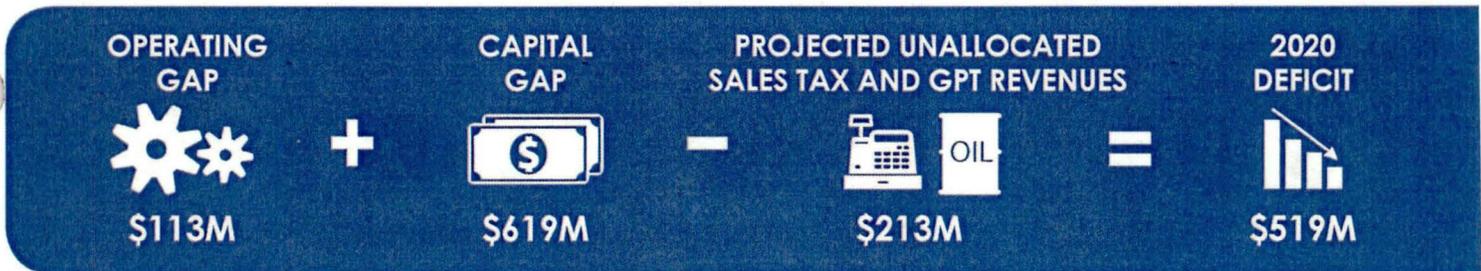
PROJECTED FLEET LEVELS/COSTS | 2015-2020

SUMMARY FLEET PROJECTIONS	2014	2015	2016	2017	2018	2019	2020
TOTAL ANNUAL COST PROJECTIONS FOR FLEET	-	\$8.32M	\$6.12M	\$6.63M	\$6.92M	\$4.89M	\$5.02M
TOTAL ANNUAL COUNT PROJECTIONS FOR FLEET	116	157	174	194	208	223	237

2020 FLEET NEEDS = \$37.9M

FINANCIAL GAP ANALYSIS FOR 6-YEAR CIP AND OPERATIONS PROJECTIONS

- Williston understands that it cannot rely solely on the State to assist with growth related impacts. Growth drives increased local revenues in many areas including property taxes, utility fees, building permit fees, and sales tax. To demonstrate how these revenues may grow and assist with identified needs, the City compiled a comprehensive revenue and expense model to determine the funding gap the City is faced with.
- To date, nearly all gross production tax revenues directed to the City have been used for infrastructure projects and have not been used to construct facilities needed for operations.
- Considering all modeled revenue and expense projections, the gap analysis indicates that **Williston will face a deficit of approximately \$519M by 2020**. This deficit includes:
 - An Operating Gap of \$113M
 - A Capital Gap of \$619M
 - \$213M of Unallocated Sales Tax and GPT Revenues can be applied to either capital or operating expenses based on further City funding strategy development. GPT projections are based on a \$50/barrel price of oil for the current biennium and \$60 and \$70/barrel for subsequent biennia respectively, and on the current 25% County/75% State split.



DOING OUR PART LOCALLY



Utility Rate Increases (Sewer/Refuse)

- Under current conditions, the City's utility enterprise funds represent a significant portion of the operating gap presented. To address these operational needs, the City implemented significant rate increases in 2015 for its most heavily impacted funds (Sewer and Refuse). In order to completely close this operational gap over the next 6 years, the City is expecting a **21% increase per year for the next 6 years in its Sewer Fund** and a **5% increase per year for the next 6 years in its Refuse Fund**.



Prudent Approach to Property Tax Increases

- Williston is committed to raising local property taxes to aid in meeting its growing needs. With its 2015 budget, the City Commission committed to beginning a strategy of raising property taxes up to a ceiling of 5% per year on in-place property for the foreseeable future beyond 2015.



Debt Burden for Needed Infrastructure

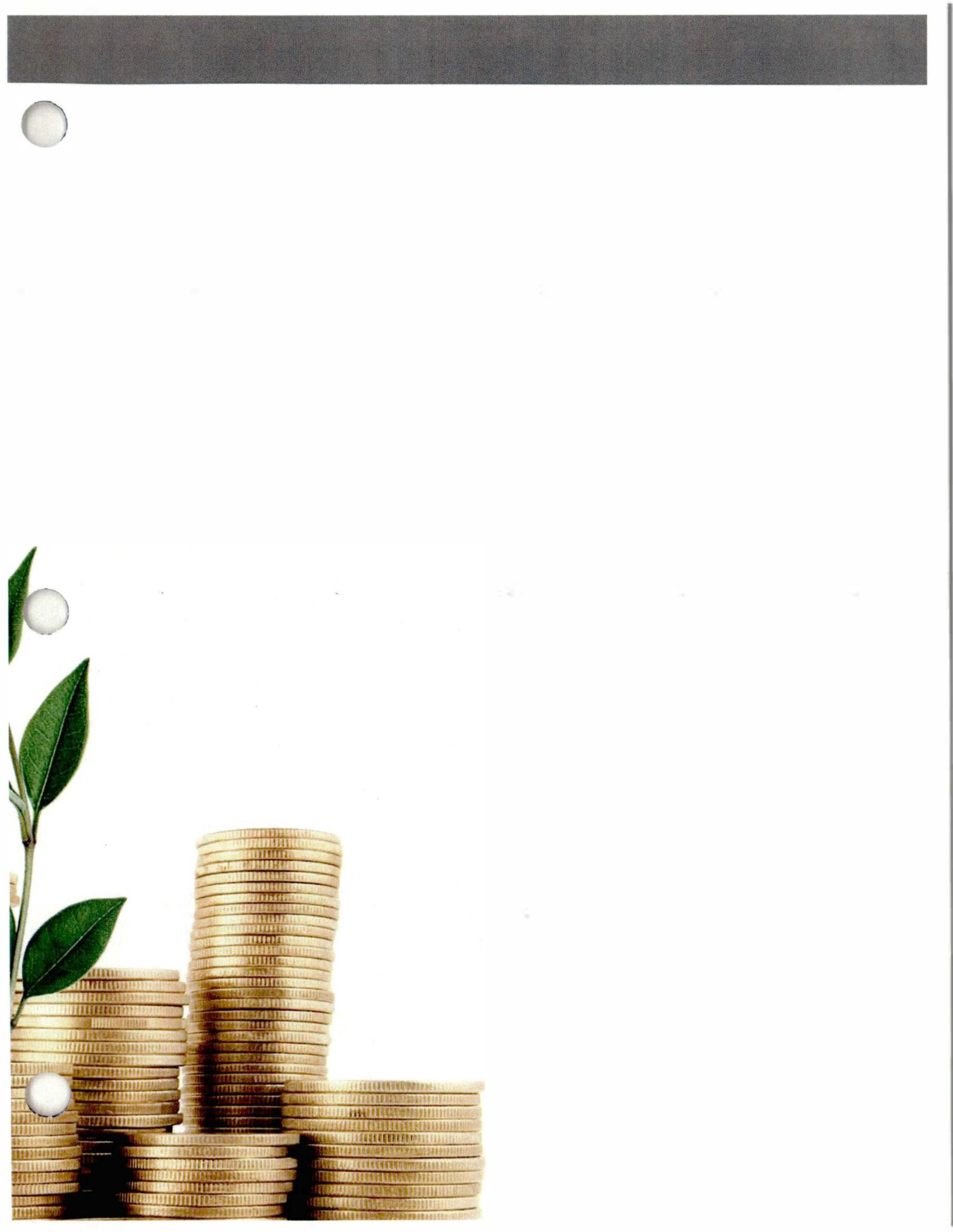
- Over the past few years, the City has significantly increased its debt load to fund its growing needs. To meet the City's funding shortfall in the 2013-2015 biennium, the City incurred approximately \$100M in debt to fund needed projects. Looking forward, the City has received approval from the Bank of North Dakota for a \$83M loan to fund critical 2015 infrastructure projects and has also secured a \$125M Clean Water State Revolving Fund loan from the North Dakota Department of Health to finance its new mechanical wastewater treatment plant. In total, the **City has committed to \$323M in debt to fund critical infrastructure for the years 2013-2015**. With construction of a new airport (\$230M) and another \$120M in capital improvements in 2016, **total City debt is expected to grow to \$673M by the end of the 2015-2017 biennium**.



New Public Safety Sales Tax

- City and County voters recently approved a 1% public health and safety sales tax that is expected to generate significant local revenue to meet the police and fire needs of the City. In total, **this sales tax is expected to eliminate \$76.2M of the proposed funding gap presented**. The new sales tax is in addition to a 2% sales tax already in place, with 1% dedicated to infrastructure and 1% dedicated to the Park District, bringing the **total City sales tax to 3%**.







CITY OF WILLISTON | PO BOX 1306, WILLISTON, ND 58802

March 10, 2015

SENATE APPROPRIATIONS COMMITTEE
HB 1443

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3-10-15
3

CHAIRMAN HOLMBERG AND MEMBERS OF THE COMMITTEE

For the record my name is Blake Crosby. I am the Executive Director of the North Dakota League of Cities representing the 357 cities across the State.

The League is in support of HB 1443. We understand the financial uncertainty associated with the price change in the oil commodity because one way or another it is affecting most of us also. But, we would ask that when oil prices increase and stabilize, this loan fund see an infusion of additional monies from SIIF or if BND profits come in higher, some of that profit is added to this loan fund. This could be done on a quarterly basis during this biennium.

When you look at the cost of construction in this oil driven environment, a million dollars does not go very far. A water tower can run \$3,000,000 (three million dollars), a water treatment plant and supply can run \$9,000,000 (nine million dollars), and street projects can run from \$50,000 (fifty thousand dollars) to well over \$200,000 (two hundred thousand dollars) per block.

The main selling point is that this is a revolving loan fund. At some point in time it will become self-funding as the interest earnings will provide the capital needed to maintain an appropriate level of lending activity. The trick is to provide enough money quickly so interest payments start coming in at an amount to keep the fund "revolving".

On behalf of the League, I ask for a Do-Pass on HB 1433.

THANK YOU FOR YOUR TIME AND CONSIDERATION. I will try to answer any questions.

3.1

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#4

HB 1443

Legislative Testimony – Senate Appropriations Committee

March 10, 2015

Honorable Chairman Holmberg and members of the Senate Appropriations Committee, my name is Kent Costin. I am the Director of Finance for the City of Fargo and we are providing our testimony in support of HB 1443.

We believe that the impact of this bill will produce real and significant savings to our taxpayers by accessing and revolving the proposed loan fund. Currently, Cities and other political subdivisions access our capital in the municipal bond market and receive their long term capital loans by selling our bonds to Wall Street investors. This is a traditional method used for municipal transactions and it works as intended. To put State-wide utilization of debt financing into context, we are providing a table of municipal debt issued for special assessment bonds for larger North Dakota cities. This helps you understand the need for capital financing and the relative amounts currently being used across the State.

City	Debt Issued 2010-2013	2014 Issues
Fargo	\$176 million	\$89 million
West Fargo	146 million	30 million
Williston	122 million	145 million
Bismarck	63 million	26 million
Grand Forks	26 million	10 million
Totals	\$533 million	\$300 million

It is also important to know that we are seeing a stronger increase in the demand for new housing subdivisions as our local and State-wide economy continues to grow. The costs of the infrastructure for these sub-developments are repaid by special assessments. Demand is also high for funding municipal utilities. The interest rates on municipal bonds are subject to interest rate risk, meaning that what we pay for our long term financing is volatile and will go up and down over time. Currently, we are in an ultra low interest rate environment and the

bonds sold recently netted a true interest cost of 3.58% for a twenty five year assessment bond. Looking forward most economists anticipate a gradual increase in interest rates in the future.

The impact of funding HB 1443 is profound and could cut our financing costs by almost half from present levels. Even more savings will occur as interest rates begin to rise since this bill will provide a low fixed rate financing amount and will allow a long term amortization period. This is a visionary bill that has benefits for all communities not just fast growing cities.

One final thought is about the bond marketing process. During a normal bond sale process large institutional investors scoop up all of our high quality bonds and generally hold them as safe and secure tax free investments. As we make our interest payments on this debt, that money is being sent out of our State. This bill has a very positive impact because the debt payments will revolve through the Bank of North Dakota and can benefit many communities funding new loans each year.

You may receive some rebuttal from those who are parties of interest to the traditional bond sales process. Bond underwriters, financial advisors, and specialized bond attorneys are direct beneficiaries of a traditional bond sale transaction and are richly rewarded for their part of a bond transaction. We feel that offering a revolving loan fund option provides the best opportunity for an average taxpayer to directly benefit from the strength of our local economy and creates other administrative efficiencies for Cities that actively market bonds.

We fully support HB 1443 and think this is a great example of "out of the box" approach to helping taxpayers by providing with lower financing costs. Fargo and other Cities would access these low interest loans for capital projects immediately because capital improvement plans for 2015 have already been formulated. This bill is very good public policy and a wise investment in our State that will provide benefits for years to come. **We urge a DO PASS vote on this bill.**

Thank you for the opportunity to provide our testimony.

HB 1443

3-10-15

#5

House Bill 1443
Senate Appropriations Committee
March 10, 2015

Good afternoon Mr. Chairman and Members of the Senate Appropriations Committee. My name is Bill Wocken. I am City Administrator for the City of Bismarck and I am appearing on behalf of the Bismarck City Commission. The City is in support of House Bill 1443.

House Bill 1443 seeks to create an infrastructure revolving loan fund in Section 6-09 of the North Dakota Century Code. The fund would be administered by the Bank of North Dakota with its funding coming from the Bank of North Dakota and the Strategic Investments and Improvements Fund.

The concept of this bill is important. It provides a vehicle for local government to utilize for investment in the basic infrastructure necessary to fuel growth. It makes money available to meet local infrastructure needs in areas experiencing rapid growth. It is an investment in the future of our state.

While there may be criticism of the bill and its impact on the needs in our state, this piece of legislation is an important effort to provide a revolving loan fund that can start to assist in the provision of financial resources to allow the state to continue to grow. We have the opportunity to work with this program and to grow it based on experience gained. The loan repayments will allow the program to expand its impact. We need to start somewhere. I think this is the place and the time.

I am asking for your support of a "Do Pass" recommendation for HB 1443.

Bill Wocken
For City of Bismarck

5,1



City of Grand Forks

255 North Fourth Street • P.O. Box 5200 • Grand Forks, ND 58206-5200

HB 1443
3-10-15
Michael R. Brown
Mayor

#6

(701) 746-2607
Fax: (701) 787-3773

TESTIMONY ON HOUSE BILL 1443

Senate Appropriations Committee

City of Grand Forks, ND

March 10, 2015

Mr. Chairman and members of the committee, on behalf of the City of Grand Forks, thank you for the opportunity to provide testimony on House Bill 1443, and express our support of this bill.

We appreciate all the work that has put into crafting this bill. We see this as an extraordinary new state loan program and one more vital tool to help with the growth that is going on all across the state.

It's important to recognize the nature of the revolving program is that not only will the investments help communities with necessary infrastructure due to growth, but the investments will be returned to the state as the loan payments are made and then can be reinvested in North Dakota.

This program will assist the City of Grand Forks in making long-term infrastructure investments as our community continues to grow.

Specifically, we could use the program for growth related infrastructure investments including: Wastewater and Stormwater Pump Stations and related trunk mains; Water and wastewater treatment facilities; Water Trunk mains; and Transportation infrastructure for new development areas such as in Grand Forks' Northwest and Southwest areas.

In short, we have ample needs in Grand Forks to use an appropriately fair share of this program and more than ample growth to make very good use of it.

6.1

This isn't going to be the only tool we use to ensure sound infrastructure at the most effective cost to our residents. But it is going to be a very important tool in this process and a strong complement to the toolbox.

Thank you for this opportunity to express our support for House Bill 1443 and recommend a DO PASS.



HB 1443
3-10-15

#7

Vision

The North Dakota Hospital Association will take an active leadership role in major Healthcare issues.

Mission

The North Dakota Hospital Association exists to advance the health status of persons served by the membership.

**Testimony: HB 1443
Infrastructure Revolving Loan Fund
Senate Appropriations
March 10, 2015**

Good morning Chairman Holmberg and Members of the Senate Appropriations Committee. I am Jerry E. Jurena, President of the North Dakota Hospital Association. I am here in support of HB 1443 and ask that you provide a **Do Pass** on this bill.

In 2013 the 63rd Legislature passed SB 2187 which provided \$50 million to hospitals at a 1% interest rate. The maximum loan a hospital could receive was \$15 million or 75% of the project, whichever was less. A project had to be at least one million dollars in size and have a usefulness of 30 years. Loans were to be paid back over 25 years. Preference was given to hospitals in oil producing counties.

SB 2187 was a savior to many of the rural hospital boards that were struggling with an influx of new patients, emergency rooms that were too small to meet the current demands and spiraling bad debt. There were hospitals that needed to have the existing out-patient departments remodeled while other hospitals needed to be replaced to meet the growing demands. Cost of construction and interest rates were factors in each board room.

In August of 2013 under a committee appointed by the Governor, the North Dakota Hospital Association (NDHA) sent out information to all the hospitals regarding this program. The committee received six applications for a total of \$60 million, all from oil producing counties. The committee recommended all six hospitals receive some funding. Recommendations were sent to the Bank of North Dakota listing the projects and the recommended dollar amounts for each hospital.

7.1

In September of 2014 I had our staff at the North Dakota Hospital Association (NDHA) surveyed the hospitals regarding upcoming capital projects for 2015 and 2016. Some of the original projects have grown in size and additional projects have come on board. The cost of building has increased as much as 30% in western counties. The total estimated cost of all projects across the state is over \$482 million. The estimated cost for Critical Access Hospitals is over \$122 million.

I have been told by board members and administrators that their project would never have moved forward without the assistance of the low interest loan they received.

Our original bill in this Session was HB 1286 a stand-alone bill requesting \$50 million dollars to be loaned to hospitals using the same criteria. With the down-turn in the price of oil HB 1286 was consolidated with HB 1443 and reduced to \$35 million in the new bill.

Creating a hospital that will meet the demands of the increase populations is paramount. Again the hospitals are asking for assistance with a low interest low so they can meet the increased demands.

I thank you for your consideration. I ask that you support and give HB 1443 a **Do Pass**.

Respectfully Submitted,



Jerry E. Jurena, President
North Dakota Hospital Association

HB 1443

3-10-15

#8

**Testimony In Favor of House Bill 1443
Senate Appropriations Committee
March 10, 2015**

Chairman Holmberg and members of the Senate Appropriations Committee I testify today in support of House Bill 1443.

For the record my name is Daniel Kelly, and I am the Chief Executive Officer of the McKenzie County Healthcare Systems, Inc. in Watford City, North Dakota. The McKenzie County Healthcare Systems, Inc. consists of the Critical Access Hospital, Skilled Nursing Facility, Basic Care Facility, Assisted Living Facility, Rural Health Clinic and the Connie Wold Wellness Center.

Hospitals are a vital component of a community infrastructure. We are often the largest employer in a community. Also when businesses and individuals consider where they will locate they choose a community which has a good school system and a viable hospital.

Our physical plants are overwhelmed given the current age of our structures coupled with the significant increases we are experiencing in emergency room visits, clinic visits as well as utilization of our outpatient departments.

While we will need to demonstrate that our balance sheet supports our ability to repay this loan, having access to lower interest money will make the difference between our being able to make the necessary changes to our physical plants or not.

Specific to the McKenzie County Healthcare Systems, Inc. we were the recipient of a \$12,500,000.00 loan from the Bank of North Dakota this last biennium. The Bank of North Dakota loan and the loan we received from the USDA are the financing mechanism for our project. If it were not for the Bank of North Dakota low interest loan we would not have been able to consider undertaking our replacement facility project.

Bids on projects in North Dakota are coming in higher than anticipated and if that becomes the reality for our project we will need to access additional loan funds from the Bank of North Dakota.

Therefore, I request you amend HB 1443 such that a Critical Access Hospital is allowed to apply for \$7,000,000.00 in low interest loan funds this biennium

With the above outlined amendment it is my strong request that you approve House Bill 1443. This bill is beneficial to the economy of North Dakota; necessary to support

8.1

the provision of medical services and a vital benefit to all the citizens we serve. The medical facility infrastructure loan program was successful last legislative session and the need continues this legislative session.

I am happy to answer any questions you may have.

As always I am available by email or telephone to address any questions you may have after today.

Daniel Kelly, CEO
McKenzie County Healthcare Systems, Inc.
516 North Main Street
Watford City, North Dakota 58854
(701) 842-3000

Email: dkelly@mchsnd.org

HB 1443
3-10-15
#9

**Testimony in Support of HB 1443
Senate Appropriations Committee
March 10, 2015**

Chairman Holmberg and members of the Senate Appropriations Committee. Good afternoon, I am Darrold Bertsch, the CEO of Sakakawea Medical Center in Hazen and also the CEO of Coal Country Community Health Centers in Beulah. I am here today to testify in support of HB 1443.

Sakakawea Medical Center is a Critical Access Hospital that also owns and operates a Rural Health Clinic, Basic Care Services, Home Health and Hospice Services. Similar to many hospitals in North Dakota, we have a need to update our facility. The clinic building we currently rent is located across the street from our hospital and is an older facility with only 6 exam rooms. We need to expand the number of exam rooms available for patients not only for our own providers, but also to accommodate visiting specialists who travel to Hazen from Bismarck. It is our intent to incorporate a clinic into new hospital construction, making it more convenient for our patients to access registration, clinic and ancillary services, such as physical therapy, respiratory therapy, lab and x-ray services.

During the last legislative session, Infrastructure Loan Funds were made available to Critical Access Hospitals, and we were subsequently awarded \$6.7 million from that fund, which we have yet to access. Since that time, we have finalized our facility plans and have revised the scope of our project to accommodate a more appropriate and comprehensive solution. That, combined with the fact that bids on projects are coming in higher than anticipated, the construction costs for our project are now estimated to be in excess of \$28 million. USDA financing and Infrastructure Loan Funds are the primary sources for funding our project. Being able to secure an additional \$7 million dollars at 1.5% through the Infrastructure Revolving Loan Fund, versus 4.5% financing through a USDA loan would save Sakakawea Medical Center approximately \$11,000 per month in interest, with a total interest savings of approximately \$3 million over a 25 year term. Savings of that magnitude can be a determining factor in a facility's decision whether or not to move forward with a project, and/or allow a facility to use the savings realized for staff or increased access to services. It's also worthy to note that our community has demonstrated its support for our construction project through a capital campaign, which is projected to raise \$4.1 million to help fund the facility improvements.

As the Chairman of the North Dakota Hospital Association, I am aware of several other hospital projects that would greatly benefit from these low interest loan funds. As you all know, hospitals and clinics are vital to our rural communities both socially and economically and provide convenient local access to healthcare services. Hospitals must also ensure that they are able to accommodate the demands of our demographics and the changing environment in the future delivery of health care services.

I am asking for your support of HB 1443 and the provision to make low interest loan funds available for our rural Critical Access Hospitals to replace older facilities or update their current facilities.

Thank you for allowing me the opportunity to share my testimony. I would be happy to answer any questions that you may have.

Respectfully,

Darold Bertsch, CEO
Sakakawea Medical Center, Hazen
Coal Country Community Health Centers, Beulah
dbertsch@smcnd.org
Cell 701-880-1440

**Testimony of Keith Lund, President
Economic Development Association of North Dakota
In Support of HB 1443
March 10, 2015**

Chairman Holmberg and members of the Senate Appropriations Committee, I'm Keith Lund, vice president of the Grand Forks Region Economic Development and president of the Economic Development Association of North Dakota (EDND). On behalf of EDND, I would like to express our support for HB 1443, which establishes the infrastructure revolving loan fund.

EDND represents more than 80 state economic development organizations on the front line of economic development efforts throughout North Dakota. The primary purpose of the organization is to support the creation of new wealth and the diversification of North Dakota's economy.

Infrastructure is a key driver of economic growth. Essential infrastructure is critically important to the health and vitality of North Dakota in this time of tremendous growth. EDND supports judicious and progressive investment strategies, such as this, that help maintain existing infrastructure and create infrastructure for future growth.

Whether a community is growing or not, it is a challenge to come up with money for new or replacement infrastructure. Having a long-term financing tool such as proposed in HB 1443 to fund these improvements is critical. This fund could be used to extend roads and water systems, which helps in the growth and diversification of the economy.

EDND's legislative agenda includes support for incentives for future construction that is fiber-ready. Therefore, EDND also supports inclusion of conduit for "telecommunications" infrastructure in the eligibility for the infrastructure revolving loan fund. Providing political subdivisions with the the opportunity to install conduit in conjunction with traditional infrastructure projects will assist in more rapidly bringing high-speed internet to high-growth communities. Ensuring that broadband infrastructure is eligible for this fund is one more tool to make sure that North Dakota remains globally competitive.

We would urge the committee's support of HB 1443.

HB 1443
3-10-15
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Testimony of Deana Wiese
Executive Director

In Support of HB 1443
March 10, 2015

Chairman Holmberg and members of the Senate Appropriations Committee:

My name is Deana Wiese, and I am the executive director of the Information Technology Council of North Dakota (ITCND). I am here today to voice support of HB 1443, specifically the provision that allows the revolving loan fund to be used for new conduit for telecommunications infrastructure after June 30, 2017.

ITCND was created in 2000 by North Dakota business, government and education leaders who recognized the need to strengthen the state's information technology infrastructure and reposition the state as a national leader in IT. ITCND has nearly 90 member organizations, with representatives from both the public and private sector.

ITCND is the champion of the Dakota Fiber Initiative with the objective of providing affordable, world-class internet speed and reliability to every individual in the state of North Dakota. Including the eligibility of conduit for telecommunications infrastructure within this bill will assist in reaching the objective of the Dakota Fiber Initiative.

The Initiative was rolled out during the Technology Conference hosted by Senator Hoeven and the Fargo-Moorhead-West Fargo Chamber in late August 2013 when Doug Burgum shared his vision for North Dakota to have the highest speed and greatest bandwidth internet infrastructure in the world by 2015 through partnerships with the public and private sector. ITCND was approached as a logical champion for the initiative because of its infrastructure development goal of working for affordable access to state-of-the-art voice, video and data service for all North Dakotans. In addition, ITCND is a statewide entity that represents both the supply and demand side of the broadband issue.

One of the Dakota Fiber Initiative's policy goals is to have broadband infrastructure included with traditional infrastructure as it relates to state incentives, which is achieved with the provision included in this bill. This eligibility is very important to the Dakota Fiber Initiative stakeholders, which includes North Dakota broadband providers, IT businesses and economic development entities. While eligibility in the upcoming biennium would be ideal, we recognize the magnitude of the traditional infrastructure needs that exist.

11.1

Providing political subdivisions the opportunity to install conduit in conjunction with traditional infrastructure projects will assist in more rapidly bringing high-speed internet to communities. It is the intent of ITCND to create an opportunity for political subdivisions to create an underground infrastructure capable of supporting a fiber plant for governmental and/or private sector needs. Not having to dig again will benefit the political subdivision by decreasing the amount of construction and disruption of roadways, which impacts access to businesses and services for citizens. It will also decrease the cost of installing fiber for the provider, which will decrease the cost of service to the consumer.

High-speed broadband service is a huge economic asset to a community, as it makes the community more attractive to businesses and residents. A recent study conducted on the statewide impact of broadband indicates that installation and construction of broadband infrastructure generates direct economic impact in the form of jobs and revenue. It generates secondary economic impact in the form of productivity gains for businesses and income gains for families.

The presence of high-speed broadband service in a region also creates the environment for the high-value, exportable service industries, such as software development, engineering, and consulting, that are increasingly becoming a critical foundation to local economic prosperity. Along with the rest of the economy, North Dakota's high-tech service sectors have seen stratospheric growth over the past decade. However, ensuring that North Dakota communities remain connected is essential to global competitiveness and diversification of the state's economy.

North Dakota's broadband service providers have done an excellent job of connecting the state. North Dakota ranks third for its share of residents with access to gigabit-speed upload and download service at 58 percent. However, we all know the ever-changing nature of technology. Ensuring that broadband infrastructure is eligible for this fund is one more tool to make sure that North Dakota communities remain globally competitive.

We would urge the committee's support of HB 1443, including the provision that extends eligibility to new conduit for telecommunications infrastructure, thus enhancing the state's broadband services.

HB 1443

3-10-15

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Testimony of Laney Herauf
Greater North Dakota Chamber of Commerce
HB 1443
March 10, 2015

Mr. Chairman and members of the committee, my name is Laney Herauf; I am the Government and Regulatory Affairs Specialist for the Greater North Dakota Chamber. GNDC is working on behalf of our more than 1,100 members, to build the strongest business environment in North Dakota. GNDC also represents the National Association of Manufacturers and works closely with the U.S. Chamber of Commerce. As a group we stand in support of House Bill 1443.

The last ten years in North Dakota has been very interesting. We've seen rapid growth, immigration, increases to nearly all funds in the state and a general era of prosperity. With those blessings have come a number of problems as well. Many of our communities weren't prepared for the boom and the infrastructure suffered. This bill offers a creative solution that will ultimately improve the quality of life in a number of different communities.

The Infrastructure revolving loan fund will make funding available for critical infrastructure needs including new water treatment plants, new wastewater treatment plants, new sewer lines and water lines, new storm water and transportation infrastructure. The GNDC is continually supportive of fiscally responsible programs that better communities.

We are also supportive of the amendment presented by ITCND. We contend that technology and communication, while not as critical as water and heat, have become another lifeblood of a community. We would like to see this fund utilized to bring technological infrastructure to the rural parts of North Dakota as well. The amendment achieves that. We respectfully request a DO PASS recommendation on House Bill 1443 and I would be happy to answer any questions.

March 12, 2015

HB 1443
3-30-15

#1

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1443

Page 1, line 2, remove "to provide a statement of legislative"

Page 1, line 3, remove "intent;"

Page 1, line 3, after the second semicolon insert "and"

Page 1, line 3, remove "; to provide an effective"

Page 1, line 4, remove "date; and to provide an expiration date"

Page 1, line 8, remove "**(Effective through June 30, 2017)**"

Page 1, line 15, replace "one and one-half" with "two"

Page 1, line 22, remove "new construction and"

Page 1, line 23, remove "renovation of critical access hospitals;"

Page 2, line 2, remove ", not to"

Page 2, remove lines 3 and 4

Page 2, line 5, remove "issued for critical access hospitals may not exceed thirty-five million dollars"

Page 2, remove lines 24 through 31

Page 3, remove lines 1 through 30

Page 4, remove lines 1 through 15

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment:

- Changes the interest rate on loans from 1.5 to 2 percent, which is the same as the bill as introduced, but .5 percent more than the House version.
- Removes critical access hospitals from eligible projects, which was added by the House.
- Removes telecommunications conduit infrastructure from eligible projects effective July 1, 2017, which was added by the House version.
- Removes the limitations on loan funding for each political subdivision, which were added by the House version.
- Removes two sections of legislative intent added by the House version related to eligible projects and critical access hospital loan limitations.

HB 1443 + HB 1014 # 1
4-2-15

Subcommittee Meeting April 2, 2015

Second Engrossment with Senate Amendments Reengrossed House Bill No. 1358
(15.0460.04000) -

Relating to the operation of underground gathering pipelines and the sharing of information by a surface owner; to amend and reenact subsection 18 of section 38-08-02, subdivisions d and l of subsection 1 of section 38-08-04, subsection 6 of section 38-08-04, and section 38-08-04.5 of the North Dakota Century Code, relating to an exception to confidentiality of well data, to underground gathering pipelines, to temporarily abandoned status, and the uses of the abandoned oil and gas well plugging and site reclamation fund; to provide a report to the legislative management; to provide a transfer; to provide an appropriation; and to declare an emergency.

Fiscal Impact - Includes funding of \$3,500,000 from the Abandoned Oil and Gas Well Plugging and Site Reclamation Fund

Fiscal Note - Does not refer to the \$3,500,000 from the Abandoned Oil and Gas Well Plugging and Site Reclamation Fund but refers to the General Fund funding of \$379,980 needed to administer the additional responsibilities being given to the Industrial Commission/Department of Mineral Resources. **The Industrial Commission is requesting that the \$379,980 in General Fund dollars to be amended into House Bill 1014.**

Second Engrossment with Senate Amendments Reengrossed House Bill No. 1432
(15.0961.05000) -

Relating to federal environmental legislation and regulations that detrimentally impact or have the potential to detrimentally impact the state's agricultural, energy, or oil production sectors; to provide for a transfer; to provide for a continuing appropriation; and to provide an appropriation.

At the Senate Appropriations hearing Senator Wanzek proposed Amendment 15.0961.04007 which replaced the entire bill.

Fiscal Impact - As the bill came to the Senate it included \$4,000,000 of General Fund dollars to be transferred to the Federal Environmental Law Impact Review Fund. (The Governor's Executive Budget had included \$3,000,000 for litigation in House Bill 1014. That amount was removed by the House and the discussion was that this \$3,000,000 would be in the Federal Environmental Law Impact Review Fund.) Amendment 15.0961.04007 reduces the amount to go into the Federal Environmental Law Impact Review Fund to \$1,500,000. **The Industrial Commission is requesting that the remaining \$2,500,000 be reinstated in House Bill 1014.**

First Engrossment Engrossed House Bill No. 1443 (15.0867.02000) -

Relating to creation of the infrastructure revolving loan fund; to provide a statement of legislative intent; to provide for transfers; to provide a continuing appropriation; to provide an effective date; and to provide an expiration date.

Amendment 15.0867.02001 was previously presented to the subcommittee by Senator Carlisle which removes references to:

- hospitals being able to access loans from the infrastructure revolving loan fund (**that is being handled by the MedPACE amendments being proposed for House Bill 1014**) and
- political subdivisions being able to access loans for the purpose of installing new conduit for telecommunications infrastructure (broadband).....

These proposed amendments remove most of the amendments that were made by the House. See statement of purpose of amendment.

Fiscal Impact - As the bill came to the Senate it included \$150,000,000 for the Infrastructure Revolving Loan Fund. \$100,000,000 of the \$150,000,000 would come from Bank of North Dakota

profits and \$50,000,000 from the Strategic Investment and Improvements Fund. Amendment 15.0867.02001 does not change the total fiscal amount or the source of the funding.

First Engrossment Engrossed House Bill No. 1014 (15.8122.02000) - *Appropriation bill for the Industrial Commission agencies and relates to the housing incentive fund credits, the lignite research council, and the use of the flex PACE program; and to provide an expiration date.*

Proposed amendments include:

BND - Med PACE Program - Attachment 1

BND - Construction of North Dakota Financial Center - Attachment 2

HFA - Kresbach/Streyle amendment - already presented to full Senate Appropriations Committee - Attachment 3

HFA - Amendment to cap origination fees at no more than 5% of project award - Attachment 4

MILL - Transfers to the General Fund set at 50% level with \$8 million cap - Attachment 5

MILL - Funding for retention/recruiting at \$410,000 as proposed in Executive Budget

DMR (Department of Mineral Resources)

DMR - Funding for expansion of Core Library - \$13,625,321.63 (one-time), \$1,850,000 (one-time) for parking replacement and \$20,500 (annual on-going) for operating costs for a total of \$15,495,821.63. An emergency clause is requested for at least a portion of this project.

DMR - Amendment that would allow any of the \$1,000,000 currently in the 2013-2015 budget for litigation that is unused be carried over to the 2015-2017 biennium and not returned to the General Fund

DMR - Amendment for a one-time spending line of \$2,500,000 for litigation (similar to what was in the original bill - see discussion on HB 1432)

DMR - Amendment to add funding and 2 FTE positions for the additional duties as a result of passage of House Bill 1358. - Attachment 6

DMR - Contingency amendment with trigger for the 10 positions -- 1 position for every 10 additional rigs with the first trigger being when the number of rigs averages 110 for one month. - Attachment 7

DMR - Correction on one-time ATV's w/Trailers funding

Open Issues:

HFA - Additional funding of \$20 million for Housing Incentive Fund in General Fund dollars for this bill or for Senate Bill No. 2257

Section 18 - Legislative Intent regarding funding that may be triggered.

15.0460.04000

Sixty-fourth
Legislative Assembly
of North Dakota

**SECOND ENGROSSMENT
with Senate Amendments
REENGROSSED HOUSE BILL NO. 1358**

Introduced by

Representatives D. Anderson, Hatlestad, J. Nelson, Porter, Weisz

Senators Bekkedahl, O'Connell

1 A BILL for an Act to create and enact a new section to chapter 38-08 and a new subsection to
2 section 38-08-26 of the North Dakota Century Code, relating to the operation of underground
3 gathering pipelines and the sharing of information by a surface owner; to amend and reenact
4 subsection 18 of section 38-08-02, subdivisions d and l of subsection 1 of section 38-08-04,
5 subsection 6 of section 38-08-04, and section 38-08-04.5 of the North Dakota Century Code,
6 relating to an exception to confidentiality of well data, to underground gathering pipelines, to
7 temporarily abandoned status, and the uses of the abandoned oil and gas well plugging and
8 site reclamation fund; to provide a report to the legislative management; to provide a transfer; to
9 provide an appropriation; and to declare an emergency.

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

11 **SECTION 1. AMENDMENT.** Subsection 18 of section 38-08-02 of the North Dakota
12 Century Code is amended and reenacted as follows:

13 18. "Underground gathering pipeline" means an underground gas or liquid pipeline
14 that with associated above ground equipment which is designed for or capable of
15 transporting crude oil, natural gas, carbon dioxide, or water produced in association
16 with oil and gas which is not subject to chapter 49-22. As used in this subsection,
17 "associated above ground equipment" means equipment and property located above
18 ground level which is incidental to and necessary for or useful for transporting crude
19 oil, natural gas, carbon dioxide, or water produced in association with oil and gas from
20 a production facility. As used in this subsection, "equipment and property" includes a
21 pump, a compressor, storage, leak detection or monitoring equipment, and any other
22 facility or structure.

23 **SECTION 2.** A new section to chapter 38-08 of the North Dakota Century Code is created
24 and enacted as follows:

1 **Controls, inspections, and engineering design on crude oil and produced water**
2 **underground gathering pipelines.**

3 The application of this section is limited to an underground gathering pipeline that is
4 designed or intended to transfer oil or produced water from a production facility for disposal,
5 storage, or sale purposes and which was placed into service after August 1, 2015. Within sixty
6 days of an underground gathering pipeline being placed into service, the operator of that
7 pipeline shall file with the commission the underground gathering pipeline engineering final
8 construction design drawings and specifications, an independent inspector's certificate of
9 hydrostatic or pneumatic testing of the underground gathering pipeline, and a plan for leak
10 detection and monitoring for the underground gathering pipeline.

11 **SECTION 3. AMENDMENT.** Section 38-08-04.5 of the North Dakota Century Code is
12 amended and reenacted as follows:

13 **38-08-04.5. Abandoned oil and gas well plugging and site reclamation fund - Budget**
14 **section report.**

15 There is hereby created an abandoned oil and gas well plugging and site reclamation fund.

16 1. Revenue to the fund must include:

- 17 a. Fees collected by the oil and gas division of the industrial commission for permits
18 or other services.
- 19 b. Moneys received from the forfeiture of drilling and reclamation bonds.
- 20 c. Moneys received from any federal agency for the purpose of this section.
- 21 d. Moneys donated to the commission for the purposes of this section.
- 22 e. Moneys received from the state's oil and gas impact fund.
- 23 f. Moneys recovered under the provisions of section 38-08-04.8.
- 24 g. Moneys recovered from the sale of equipment and oil confiscated under section
25 38-08-04.9.
- 26 h. Moneys transferred from the cash bond fund under section 38-08-04.11.
- 27 i. Such other moneys as may be deposited in the fund for use in carrying out the
28 purposes of plugging or replugging of wells or the restoration of well sites.
- 29 j. Civil penalties assessed under section 38-08-16.

30 2. Moneys in the fund may be used for the following purposes:

- 31 a. Contracting for the plugging of abandoned wells.

Sixty-fourth
Legislative Assembly

- 1 b. Contracting for the reclamation of abandoned drilling and production sites,
2 saltwater disposal pits, drilling fluid pits, and access roads.
- 3 c. To pay mineral owners their royalty share in confiscated oil.
- 4 d. Defraying costs incurred under section 38-08-04.4 in reclamation of oil and
5 gas-related pipelines and associated facilities.
- 6 e. Reclamation and restoration of land and water resources impacted by oil and gas
7 development, including related pipelines and facilities that were abandoned or
8 were left in an inadequate reclamation status before August 1, 1983, and for
9 which there is not any continuing reclamation responsibility under state law. Land
10 and water degraded by any willful act of the current or any former surface owner
11 are not eligible for reclamation or restoration. The commission may expend up to
12 one million five hundred thousand dollars per biennium from the fund in the
13 following priority:
- 14 (1) For the restoration of eligible land and water that are degraded by the
15 adverse effects of oil and gas development including related pipelines and
16 facilities.
- 17 (2) For the development of publicly owned land adversely affected by oil and
18 gas development including related pipelines and facilities.
- 19 (3) For administrative expenses and cost in developing an abandoned site
20 reclamation plan and the program.
- 21 (4) Demonstration projects for the development of reclamation and water
22 quality control program methods and techniques for oil and gas
23 development, including related pipelines and facilities.
- 24 3. All moneys collected under this section must be deposited in the abandoned oil and
25 gas well plugging and site reclamation fund. This fund must be maintained as a
26 special fund and all moneys transferred into the fund are appropriated and must be
27 used and disbursed solely for the purpose of defraying the costs incurred in carrying
28 out the plugging or replugging of wells, the reclamation of well sites, and all other
29 related activities.
- 30 4. The commission shall report to the budget section of the legislative management on
31 the balance of the fund and expenditures from the fund each biennium.

1 **SECTION 4. AMENDMENT.** Subdivision d of subsection 1 of section 38-08-04 of the North
2 Dakota Century Code is amended and reenacted as follows:

- 3 d. The furnishing of a reasonable bond with good and sufficient surety, conditioned
4 upon the full compliance with this chapter, and the rules and orders of the
5 industrial commission, including without limitation a bond covering the operation
6 of any underground gathering pipeline transferring oil or produced water from a
7 production facility for disposal, storage, or sale purposes, except that if the
8 commission requires a bond to be furnished, the person required to furnish the
9 bond may elect to deposit under such terms and conditions as the industrial
10 commission may prescribe a collateral bond, self-bond, cash, or any alternative
11 form of security approved by the commission, or combination thereof, by which
12 an operator assures faithful performance of all requirements of this chapter and
13 the rules and orders of the industrial commission.

14 **SECTION 5. AMENDMENT.** Subdivision l of subsection 1 of section 38-08-04 of the North
15 Dakota Century Code is amended and reenacted as follows:

- 16 l. The placing of wells in abandoned-well status which have not produced oil or
17 natural gas in paying quantities for one year. A well in abandoned-well status
18 must be promptly returned to production in paying quantities, approved by the
19 commission for temporarily abandoned status, or plugged and reclaimed within
20 six months. If none of the three preceding conditions are met, the industrial
21 commission may require the well to be placed immediately on a single-well bond
22 in an amount equal to the cost of plugging the well and reclaiming the well site. In
23 setting the bond amount, the commission shall use information from recent
24 plugging and reclamation operations. After a well has been in abandoned-well
25 status for one year, the well's equipment, all well-related equipment at the well
26 site, and salable oil at the well site are subject to forfeiture by the commission. If
27 the commission exercises this authority, section 38-08-04.9 applies. After a well
28 has been in abandoned-well status for one year, the single-well bond referred to
29 above, or any other bond covering the well if the single-well bond has not been
30 obtained, is subject to forfeiture by the commission. A surface owner may request
31 a review of the temporarily abandoned status of a well that has been on

1 temporarily abandoned status for at least seven years. The commission shall
2 require notice and hearing to review the temporarily abandoned status. After
3 notice and hearing, the surface owner may request a review of the temporarily
4 abandoned status every two years.

5 **SECTION 6. AMENDMENT.** Subsection 6 of section 38-08-04 of the North Dakota Century
6 Code is amended and reenacted as follows:

7 6. To provide for the confidentiality of well data reported to the commission if requested in
8 writing by those reporting the data for a period not to exceed six months. However, the
9 commission may release:

10 a. Volumes injected into a saltwater injection well.

11 b. Information from the spill report on a well on a site at which more than ten barrels
12 of fluid, not contained on the well site, was released for which an oilfield
13 environmental incident report is required by law.

14 **SECTION 7.** A new subsection to section 38-08-26 of the North Dakota Century Code is
15 created and enacted as follows:

16 The surface owner may share information contained in the geographic information
17 system database.

18 **SECTION 8. TRANSFER - ABANDONED OIL AND GAS WELL PLUGGING AND SITE**
19 **RECLAMATION FUND TO OIL AND GAS RESEARCH FUND - PRODUCED WATER**

20 **PIPELINE STUDY - REPORT TO LEGISLATIVE MANAGEMENT.** The director of the office of
21 management and budget shall transfer the sum of \$1,500,000 from the abandoned oil and gas
22 well plugging and site reclamation fund to the oil and gas research fund for the purpose of
23 funding a special project through the energy and environmental research center at the
24 university of North Dakota during the biennium beginning July 1, 2015, and ending June 30,
25 2017. The special project must focus on conducting an analysis of crude oil and produced water
26 pipelines including the construction standards, depths, pressures, monitoring systems,
27 maintenance, types of materials used in the pipeline including backfill, and an analysis of the
28 ratio of spills and leaks occurring in this state in comparison to other large oil and gas-producing
29 states with substantial volumes of produced water. The industrial commission shall contract with
30 the energy and environmental research center to compile the information and the center shall
31 work with the department of mineral resources to analyze the existing regulations on

1 construction and monitoring of crude oil and produced water pipelines, determine the feasibility
2 and cost effectiveness of requiring leak detection and monitoring technology on expansion of
3 existing pipeline systems, and provide a report with recommendations to the industrial
4 commission and the energy development and transmission committee by December 1, 2015.
5 The industrial commission shall adopt the necessary administrative rules necessary to improve
6 produced water pipeline safety and integrity. In addition, the industrial commission shall contract
7 for a pilot project to evaluate a pipeline leak detection and monitoring system.

8 **SECTION 9. APPROPRIATION.** Notwithstanding section 38-08-04.5, there is appropriated
9 out of any moneys in the abandoned oil and gas well plugging and site reclamation fund in the
10 state treasury, not otherwise appropriated, the sum of \$500,000, or so much of the sum as may
11 be necessary, to the industrial commission for the purpose of conducting a pilot program
12 involving the oil and gas research council in conjunction with research facilities in this state to
13 determine the best techniques for remediating salt and any other contamination from the soil
14 surrounding waste pits reclaimed by trenching between 1951 and 1984 in the north central
15 portion of this state, for the biennium beginning July 1, 2015, and ending June 30, 2017.

16 **SECTION 10. EMERGENCY.** This Act is declared to be an emergency measure.

FISCAL NOTE
 Requested by Legislative Council
 03/30/2015

Amendment to: HB 1358

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures			\$379,980		\$379,980	
Appropriations			\$379,980		\$379,980	

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This measure requires controls, inspection oversight, and bonding for underground gathering pipelines; expands reclamation for pre 08/01/1983 damages; changes temporarily abandoned statuses and confidentiality of well data; and provides transfers for pipeline and salt removing technique studies.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 2 requires the Oil & Gas division to oversee the proper filing of construction drawings, specifications, pressure tests, and leak detection/monitoring plans, and verify independent inspections are properly completed. Section 3 adds the use of AWPSRF funds for reclamation and restoration of pre 08/01/1983 oil and gas development damages. Section 4 requires the Oil & Gas division to administer a new category of bonds for gathering pipelines. Sections 5, 6, and 7 require substantial increases in processing of temporary abandoned well cases, confidential well status and spill reports, and pipeline information requests. Section 8 requires the Industrial Commission to analyze pipeline regulations, provide a report, adopt and enforce rules to improve pipeline safety and integrity.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

No revenue is anticipated at this time.

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

Expenditures per biennium include:

\$240,340 for one petroleum engineer to develop standards of inspections and technological devices as well as

supervise the pipeline program;

\$139,640 for one administration assistant to administer bonds;

Three engineering technicians (one per district) for pipeline inspection programs are included in HB1014 budget request approved by House;

One RBDMS technician to update and maintain the database and gather pipeline records is included in HB1014 budget request approved by House;

One petroleum engineer for reclamation and restoration of pre 08/01/1983 oil and gas development damages is included in HB1014 budget request approved by House; and

One GIS Engineering technician FTE (100% of time) is included in HB1014 budget request approved by House.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

The Oil & Gas Division expenditures for the increased costs in FTE expenses mentioned in 3B total \$379,980. The FTE costs are general fund expenses, and are not included in the executive budget.

Name: Robyn Loumer

Agency: Industrial Commission

Telephone: 701-328-8011

Date Prepared: 03/05/2015

15.0961.05000

Sixty-fourth
Legislative Assembly
of North Dakota

**SECOND ENGROSSMENT
with Senate Amendments
REENGROSSED HOUSE BILL NO. 1432**

Introduced by

Representatives Brandenburg, Belter, Boe, Headland, D. Johnson, Kasper, Kempenich,
Thoreson

Senators Dotzenrod, Erbele, Schaible, Wanzek

1 A BILL for an Act to create and enact four new sections to chapter 4-01 of the North Dakota
2 Century Code, relating to federal environmental legislation and regulations that detrimentally
3 impact or have the potential to detrimentally impact the state's agricultural, energy, or oil
4 production sectors; to provide for a transfer; to provide for a continuing appropriation; and to
5 provide an appropriation.

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

7 **SECTION 1.** A new section to chapter 4-01 of the North Dakota Century Code is created
8 and enacted as follows:

9 **Federal environmental law impact review committee.**

- 10 1. The federal environmental law impact review committee consists of:
11 a. The agriculture commissioner, who shall serve as the chairman;
12 b. The governor or the governor's designee;
13 c. The majority leader of the house of representatives, or the leader's designee;
14 d. The majority leader of the senate, or the leader's designee;
15 e. One member of the legislative assembly from the minority party, selected by the
16 chairman of the legislative management;
17 f. One individual appointed by the lignite energy council;
18 g. One individual appointed by the North Dakota corn growers association;
19 h. One individual appointed by the North Dakota grain growers association;
20 i. One individual appointed by the North Dakota petroleum council;
21 j. One individual appointed by the North Dakota soybean growers association; and
22 k. One individual appointed by the North Dakota stockmen's association.

1 2. The committee shall review federal environmental legislation and regulations that
2 detrimentally impact or have the potential to detrimentally impact the state's
3 agricultural, energy, or oil production sectors and advise the attorney general with
4 respect to participation in administrative or judicial processes pertaining to such
5 legislation or regulations.

6 **SECTION 2.** A new section to chapter 4-01 of the North Dakota Century Code is created
7 and enacted as follows:

8 **Environmental impact - Cost of participation.**

- 9 1. If the attorney general elects to participate in an administrative or judicial process, as
10 recommended by the review committee under section 1 of this Act, any expenses
11 incurred by the attorney general in the participation must be paid by the agriculture
12 commissioner from the federal environmental law impact review fund.
13 2. For purposes of this section, "expenses" include consulting fees, research costs,
14 expert witness fees, attorney fees, and travel costs.

15 **SECTION 3.** A new section to chapter 4-01 of the North Dakota Century Code is created
16 and enacted as follows:

17 **Gifts - Grants - Donations.**

18 The agriculture commissioner may accept gifts, grants, and donations for the purposes set
19 forth in section 2 of this Act, provided the commissioner posts the amount and source of any
20 gifts, grants, and donations on the department of agriculture's website. Any moneys received in
21 accordance with this section must be deposited in the federal environmental law impact review
22 fund.

23 **SECTION 4.** A new section to chapter 4-01 of the North Dakota Century Code is created
24 and enacted as follows:

25 **Federal environmental law impact review fund - Continuing appropriation.**

- 26 1. The federal environmental law impact review fund consists of:
27 a. Any moneys appropriated or transferred for the purposes set forth in section 2 of
28 this Act; and
29 b. Any gifts, grants, and donations forwarded to the agriculture commissioner for the
30 purposes set forth in section 2 of this Act.

1 2. All moneys in the federal environmental law impact review fund are appropriated to the
2 commissioner on a continuing basis for the purposes set forth in section 2 of this Act.

3 **SECTION 5. APPROPRIATION - TRANSFER - FEDERAL ENVIRONMENTAL LAW**

4 **IMPACT REVIEW FUND.** There is appropriated out of any moneys in the general fund in the
5 state treasury, not otherwise appropriated, the sum of \$4,000,000, or so much of the sum as
6 may be necessary, which sum the office of management and budget shall transfer to the federal
7 environmental law impact review fund, for the purpose of funding the state's participation in
8 administrative or judicial processes based on federal environmental legislation or regulations
9 that detrimentally impact or have the potential to detrimentally impact the state's agricultural,
10 energy, or oil production sectors, for the biennium beginning July 1, 2015, and ending June 30,
11 2017. The office of management and budget shall transfer sums under this section at the time
12 and in the amount directed by the agriculture commissioner.

March 30, 2015

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1432

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact four new sections to chapter 4-01 of the North Dakota Century Code, relating to federal environmental legislation and regulations that detrimentally impact or have the potential to detrimentally impact the state's agricultural, energy, or oil production sectors; to provide for a transfer; to provide for a continuing appropriation; and to provide an appropriation.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new section to chapter 4-01 of the North Dakota Century Code is created and enacted as follows:

Federal environmental law impact review committee.

1. The federal environmental law impact review committee consists of:
 - a. The agriculture commissioner, who shall serve as the chairman;
 - b. The governor or the governor's designee;
 - c. The majority leader of the house of representatives, or the leader's designee;
 - d. The majority leader of the senate, or the leader's designee;
 - e. One member of the legislative assembly from the minority party, selected by the chairman of the legislative management;
 - f. One individual appointed by the lignite energy council;
 - g. One individual appointed by the North Dakota corn growers association;
 - h. One individual appointed by the North Dakota grain growers association;
 - i. One individual appointed by the North Dakota petroleum council;
 - j. One individual appointed by the North Dakota soybean growers association; and
 - k. One individual appointed by the North Dakota stockmen's association.
2. The committee shall review federal environmental legislation and regulations that detrimentally impact or have the potential to detrimentally impact the state's agricultural, energy, or oil production sectors and advise the attorney general with respect to participation in administrative or judicial processes pertaining to such legislation or regulations.

3.
 - a. Any member of the legislative assembly serving on the committee is entitled to compensation at the rate provided for attendance at interim committee meetings and reimbursement for expenses, as provided by law for state officers, if the member is attending meetings of the committee or performing duties directed by the committee.
 - b. The compensation and reimbursement of expenses, as provided for in this subsection, is payable by the legislative council.

SECTION 2. A new section to chapter 4-01 of the North Dakota Century Code is created and enacted as follows:

Environmental impact - Cost of participation.

1. If the attorney general elects to participate in an administrative or judicial process, pertaining to federal environmental legislation or regulations, which detrimentally impact or have the potential to detrimentally impact the state's agricultural, energy, or oil production sectors, any expenses incurred by the attorney general in the participation must be paid by the agriculture commissioner from the federal environmental law impact review fund.
2. For purposes of this section, "expenses" include consulting fees, research costs, expert witness fees, attorney fees, and travel costs.

SECTION 3. A new section to chapter 4-01 of the North Dakota Century Code is created and enacted as follows:

Gifts - Grants - Donations.

The agriculture commissioner may accept gifts, grants, and donations for the purposes set forth in section 2 of this Act, provided the commissioner posts the amount and source of any gifts, grants, and donations on the department of agriculture's website. Any moneys received in accordance with this section must be deposited in the federal environmental law impact review fund.

SECTION 4. A new section to chapter 4-01 of the North Dakota Century Code is created and enacted as follows:

Federal environmental law impact review fund - Continuing appropriation.

1. The federal environmental law impact review fund consists of:
 - a. Any moneys appropriated or transferred for the purposes set forth in section 2 of this Act; and
 - b. Any gifts, grants, and donations forwarded to the agriculture commissioner for the purposes set forth in section 2 of this Act.
2. All moneys in the federal environmental law impact review fund are appropriated to the commissioner on a continuing basis for the purposes set forth in section 2 of this Act.

SECTION 5. APPROPRIATION - TRANSFER - FEDERAL ENVIRONMENTAL LAW IMPACT REVIEW FUND. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$1,500,000, or so

much of the sum as may be necessary, which the office of management and budget shall transfer to the federal environmental law impact review fund, for the purpose of funding the state's participation in administrative or judicial processes based on federal environmental legislation or regulations that detrimentally impact or have the potential to detrimentally impact the state's agricultural, energy, or oil production sectors, for the biennium beginning July 1, 2015, and ending June 30, 2017. The office of management and budget shall transfer sums under this section at the time and in the amount directed by the agriculture commissioner."

Renumber accordingly

Sixty-fourth
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1443

Introduced by

Representatives Carlson, Belter, Delzer

Senators Cook, Schaible

1 A BILL for an Act to create and enact section 6-09-49 of the North Dakota Century Code,
2 relating to creation of the infrastructure revolving loan fund; to provide a statement of legislative
3 intent; to provide for transfers; to provide a continuing appropriation; to provide an effective
4 date; and to provide an expiration date.

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

6 SECTION 1. Section 6-09-49 of the North Dakota Century Code is created and enacted as
7 follows:

8 6-09-49. (Effective through June 30, 2017) Infrastructure revolving loan fund -
9 Continuing appropriation.

- 10 1. The infrastructure revolving loan fund is a special fund in the state treasury from which
11 the Bank of North Dakota shall provide loans to political subdivisions for essential
12 infrastructure projects. The Bank shall administer the infrastructure revolving loan
13 fund. The maximum term of a loan made under this section is thirty years. A loan
14 made from the fund under this section must have an interest rate that does not exceed
15 one and one-half percent per year.
- 16 2. The Bank shall establish priorities for making loans from the infrastructure revolving
17 loan fund. Loan funds must be used to address the needs of the community by
18 providing critical infrastructure funding. Except as expressly provided under this
19 section, a political subdivision may not use infrastructure revolving loan funds for
20 capital construction. In addition to eligible infrastructure needs established by the
21 Bank, eligible infrastructure needs may include new water treatment plants; new
22 wastewater treatment plants; new sewer lines and water lines; new construction and
23 renovation of critical access hospitals; and new storm water and transportation
24 infrastructure, including curb and gutter construction.

1 3. In processing political subdivision loan applications under this section, the Bank shall
2 calculate the maximum loan amount for which a qualified applicant may qualify, not to
3 exceed seven million dollars for an eligible critical access hospital loan and not to
4 exceed fifteen million dollars each for all other eligible loans. The total amount of loans
5 issued for critical access hospitals may not exceed thirty-five million dollars. The Bank
6 shall consider the applicant's ability to repay the loan when processing the application
7 and shall issue loans only to applicants that provide reasonable assurance of sufficient
8 future income to repay the loan. The Bank may adopt policies establishing priorities for
9 issuance of loans, setting additional qualifications for applicants, and establishing
10 timelines addressing when a participating political subdivision may be required to
11 make loan draws and the consequences of not meeting these timelines, and setting
12 other guidelines relating to the loan program under this section.

13 4. The Bank shall deposit in the infrastructure revolving loan fund all payments of interest
14 and principal paid under loans made from the infrastructure revolving loan fund. The
15 Bank may use a portion of the interest paid on the outstanding loans as a servicing fee
16 to pay for administrative costs which may not exceed one-half of one percent of the
17 amount of the interest payment. All moneys transferred to the fund, interest upon
18 moneys in the fund, and payments to the fund of principal and interest are
19 appropriated to the Bank on a continuing basis for administrative costs and for loan
20 disbursement according to this section.

21 5. The Bank may adopt policies and establish guidelines to supplement and leverage the
22 funds in the infrastructure revolving loan fund. Additionally, the Bank may adopt policies
23 allowing participation by local financial institutions.

24 **(Effective after June 30, 2017) Infrastructure revolving loan fund - Continuing**
25 **appropriation.**

26 1. The infrastructure revolving loan fund is a special fund in the state treasury from which
27 the Bank of North Dakota shall provide loans to political subdivisions for essential
28 infrastructure projects. The Bank shall administer the infrastructure revolving loan
29 fund. The maximum term of a loan made under this section is thirty years. A loan
30 made from the fund under this section must have an interest rate that does not exceed
31 one and one-half percent per year.

- 1 2. The Bank shall establish priorities for making loans from the infrastructure revolving
2 loan fund. Loan funds must be used to address the needs of the community by
3 providing critical infrastructure funding. Except as expressly provided under this
4 section, a political subdivision may not use infrastructure revolving loan funds for
5 capital construction. In addition to eligible infrastructure needs established by the
6 Bank, eligible infrastructure needs may include new water treatment plants; new
7 wastewater treatment plants; new sewer lines and water lines; new conduit for
8 telecommunications infrastructure; new construction and renovation of critical access
9 hospitals; and new storm water and transportation infrastructure, including curb and
10 gutter construction.
- 11 3. In processing political subdivision loan applications under this section, the Bank shall
12 calculate the maximum loan amount for which a qualified applicant may qualify, not to
13 exceed seven million dollars for an eligible critical access hospital loan and not to
14 exceed fifteen million dollars each for all other eligible loans. The total amount of loans
15 issued for critical access hospitals may not exceed thirty-five million dollars. The Bank
16 shall consider the applicant's ability to repay the loan when processing the application
17 and shall issue loans only to applicants that provide reasonable assurance of sufficient
18 future income to repay the loan. The Bank may adopt policies establishing priorities for
19 issuance of loans, setting additional qualifications for applicants, and establishing
20 timelines addressing when a participating political subdivision may be required to
21 make loan draws and the consequences of not meeting these timelines, and setting
22 other guidelines relating to the loan program under this section.
- 23 4. The Bank shall deposit in the infrastructure revolving loan fund all payments of interest
24 and principal paid under loans made from the infrastructure revolving loan fund. The
25 Bank may use a portion of the interest paid on the outstanding loans as a servicing fee
26 to pay for administrative costs which may not exceed one-half of one percent of the
27 amount of the interest payment. All moneys transferred to the fund, interest upon
28 moneys in the fund, and payments to the fund of principal and interest are
29 appropriated to the Bank on a continuing basis for administrative costs and for loan
30 disbursement according to this section.

1 5. The Bank may adopt policies and establish guidelines to supplement and leverage the
2 funds in the infrastructure revolving loan fund. Additionally, the Bank may adopt
3 policies allowing participation by local financial institutions.

4 **SECTION 2. LEGISLATIVE INTENT - ELIGIBLE BORROWERS UNDER**
5 **INFRASTRUCTURE REVOLVING LOAN FUND.** If a political subdivision receives funds
6 distributed by the state treasurer under subsection 1 or 4 of section 1 or by the department of
7 transportation under subsection 1 of section 2 of Senate Bill No. 2103, as approved by the
8 sixty-fourth legislative assembly, it is the intent of the sixty-fourth legislative assembly that
9 political subdivision be ineligible to receive a loan under the infrastructure revolving loan fund
10 until July 1, 2017. However, this section does not apply to loans for critical access hospitals.

11 **SECTION 3. LEGISLATIVE INTENT - CRITICAL ACCESS HOSPITAL LOAN LIMITATION.**
12 It is the intent of the sixty-fourth legislative assembly that the total amount of loans associated
13 with a critical access hospital issued from the medical facility infrastructure fund and the
14 infrastructure revolving loan fund for the period beginning July 1, 2013, and ending June 30,
15 2017, not exceed fifteen million dollars.

16 **SECTION 4. TRANSFER - BANK OF NORTH DAKOTA - INFRASTRUCTURE**
17 **REVOLVING LOAN FUND.** During the biennium beginning July 1, 2015, and ending June 30,
18 2017, the Bank of North Dakota shall transfer the sum of \$100,000,000, or so much of the sum
19 as may be necessary, from the Bank's current earnings and undivided profits to the
20 infrastructure revolving loan fund.

21 **SECTION 5. TRANSFER - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND -**
22 **INFRASTRUCTURE REVOLVING LOAN FUND.** During the biennium beginning July 1, 2015,
23 and ending June 30, 2017, the office of management and budget shall transfer the sum of
24 \$50,000,000 from the strategic investment and improvements fund to the infrastructure
25 revolving loan fund. The office of management and budget shall transfer the funds provided
26 under this section to the infrastructure revolving loan fund as requested by the Bank of North
27 Dakota.

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1443

- Page 1, line 2, remove "to provide a statement of legislative"
- Page 1, line 3, remove "intent;"
- Page 1, line 3, after the second semicolon insert "and"
- Page 1, line 3, remove "; to provide an effective"
- Page 1, line 4, remove "date; and to provide an expiration date"
- Page 1, line 8, remove "(Effective through June 30, 2017)"
- Page 1, line 15, replace "one and one-half" with "two"
- Page 1, line 22, remove "new construction and"
- Page 1, line 23, remove "renovation of critical access hospitals."
- Page 2, line 2, remove ". not to"
- Page 2, remove lines 3 and 4
- Page 2, line 5, remove "issued for critical access hospitals may not exceed thirty-five million dollars"
- Page 2, remove lines 24 through 31
- Page 3, remove lines 1 through 30
- Page 4, remove lines 1 through 15
- Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment:

- Changes the interest rate on loans from 1.5 to 2 percent, which is the same as the bill as introduced, but .5 percent more than the House version.
- Removes critical access hospitals from eligible projects, which was added by the House.
- Removes telecommunications conduit infrastructure from eligible projects effective July 1, 2017, which was added by the House version.
- Removes the limitations on loan funding for each political subdivision, which were added by the House version.
- Removes two sections of legislative intent added by the House version related to eligible projects and critical access hospital loan limitations.

15.8122.02000

FIRST ENGROSSMENT

Sixty-fourth
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1014

Introduced by

Appropriations Committee

(At the request of the Governor)

1 A BILL for an Act to provide an appropriation for defraying the expenses of the state industrial
2 commission and the agencies under the management of the industrial commission; to provide a
3 continuing appropriation; to authorize transfers; to provide legislative intent; to amend and
4 reenact sections 54-17-40, 54-17-41, 54-17.5-02, and 57-38-01.32 of the North Dakota Century
5 Code and section 22 of chapter 579 of the 2011 Session Laws, relating to the housing incentive
6 fund credits, the lignite research council, and the use of the flex PACE program; and to provide
7 an expiration date.

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

9 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds
10 as may be necessary, are appropriated out of any moneys in the general fund in the state
11 treasury, not otherwise appropriated, and from special funds derived from federal funds and
12 other income, to the state industrial commission and agencies under its control for the purpose
13 of defraying the expenses of the state industrial commission and agencies under its control, for
14 the biennium beginning July 1, 2015, and ending June 30, 2017, as follows:

15 Subdivision 1.

16 INDUSTRIAL COMMISSION

		Adjustments or	
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
19 Salaries and wages	\$17,873,876	\$4,345,078	\$22,218,954
20 Accrued leave payments	347,696	(347,696)	0
21 Operating expenses	4,775,576	1,552,846	6,328,422
22 Grants	19,500,000	(14,500,000)	5,000,000
23 Grants - bond payments	<u>19,809,969</u>	<u>(4,769,140)</u>	<u>15,040,829</u>
24 Total all funds	\$62,307,117	(\$13,718,912)	\$48,588,205

Sixty-fourth
Legislative Assembly

1	Less estimated income	<u>40,973,792</u>	<u>(23,974,385)</u>	<u>16,999,407</u>
2	Total general fund	\$21,333,325	\$10,255,473	\$31,588,798
3	Full-time equivalent positions	98.75	16.00	114.75
4	Subdivision 2.			
5	BANK OF NORTH DAKOTA - OPERATIONS			
6			Adjustments or	
7		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
8	Bank of North Dakota operations	\$51,523,916	\$7,156,915	\$58,680,831
9	Accrued leave payments	881,231	(881,231)	0
10	Capital assets	<u>745,000</u>	<u>0</u>	<u>745,000</u>
11	Total special funds	\$53,150,147	\$6,275,684	\$59,425,831
12	Full-time equivalent positions	179.50	2.00	181.50
13	Subdivision 3.			
14	MILL AND ELEVATOR ASSOCIATION			
15			Adjustments or	
16		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
17	Salaries and wages	\$29,141,750	\$6,837,821	\$35,979,571
18	Accrued leave payments	575,807	(575,807)	0
19	Operating expenses	21,796,000	5,531,000	27,327,000
20	Contingencies	400,000	100,000	500,000
21	Agriculture promotion	<u>210,000</u>	<u>0</u>	<u>210,000</u>
22	Total from mill and elevator fund	\$52,123,557	\$11,893,014	\$64,016,571
23	Full-time equivalent positions	135.00	12.00	147.00
24	Subdivision 4.			
25	HOUSING FINANCE AGENCY			
26			Adjustments or	
27		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
28	Salaries and wages	\$7,434,877	\$343,660	\$7,778,537
29	Accrued leave payments	147,806	(147,806)	0
30	Operating expenses	3,791,758	(47,483)	3,744,275
31	Grants	29,533,050	(3,602,270)	25,930,780

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Legislative Assembly

1	Housing finance agency contingencies	<u>100,000</u>	<u>0</u>	<u>100,000</u>
2	Total special funds	\$41,007,491	(\$3,453,899)	\$37,553,592
3	Full-time equivalent positions	46.00	0.00	46.00
4	Subdivision 5.			
5		BILL TOTAL		
6			Adjustments or	
7		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
8	Grand total general fund	\$21,333,325	\$10,255,473	\$31,588,798
9	Grand total special funds	<u>187,254,987</u>	<u>(9,259,586)</u>	<u>177,995,401</u>
10	Grand total all funds	\$208,588,312	\$995,887	\$209,584,199

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

12 **SIXTY-FIFTH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time funding
 13 items approved by the sixty-third legislative assembly for the 2013-15 biennium and the 2015-
 14 17 one-time funding items included in the grand total appropriation in section 1 of this Act:

15	<u>One-Time Funding Description</u>	<u>2013-15</u>	<u>2015-17</u>
16	Oil-bearing rock study	\$80,000	\$0
17	Possible litigation	1,000,000	0
18	Core library - architect services	25,000	0
19	Temperature profiles study	50,000	0
20	Wide-bed plotter	5,800	0
21	Lignite research council grants	0	5,000,000
22	All-terrain vehicles	0	41,500
23	Aerial photography	0	104,143
24	Contract analysis	0	125,000
25	Digital conversion	0	100,000
26	Migration to RBDMS.net	0	250,000
27	Medical loan program	50,000,000	0
28	Housing incentive fund	15,400,000	0
29	Flood housing grants	<u>1,500,000</u>	<u>0</u>
30	Total all funds	\$68,060,800	\$5,620,643

Sixty-fourth
Legislative Assembly

1	Total special fund	<u>51,500,000</u>	<u>0</u>
2	Total general fund	\$16,560,800	\$5,620,643

3 The 2015-17 one-time funding amounts are not a part of the entity's base budget for the
4 2017-19 biennium. The industrial commission shall report to the appropriations committees of
5 the sixty-fifth legislative assembly on the use of this one-time funding for the biennium
6 beginning July 1, 2015, and ending June 30, 2017.

7 **SECTION 3. LEGISLATIVE INTENT - BOND PAYMENTS.** The amount of \$15,040,829
8 included in subdivision 1 of section 1 of this Act in the grants - bond payments line item must be
9 paid from the following funding sources during the biennium beginning July 1, 2015, and ending
10 June 30, 2017:

11	North Dakota university system		\$8,368,836
12	North Dakota university system - energy conservation projects		491,161
13	Department of corrections and rehabilitation		1,279,524
14	Department of corrections and rehabilitation - energy conservation projects		16,206
15	State department of health		637,940
16	Job service North Dakota		427,131
17	Office of management and budget		664,952
18	Office of attorney general		765,483
19	State historical society		1,391,668
20	Parks and recreation department		73,592
21	Research and extension service		571,126
22	Veterans' home		<u>353,210</u>
23	Total		\$15,040,829

24 **SECTION 4. APPROPRIATION.** In addition to the amount appropriated to the housing
25 finance agency in subdivision 4 of section 1 of this Act, there is appropriated any additional
26 income or unanticipated income from federal or other funds which may become available to the
27 agency for the biennium beginning July 1, 2015, and ending June 30, 2017.

28 **SECTION 5. APPROPRIATION - EMERGENCY COMMISSION APPROVAL.** In addition to
29 the amount appropriated to the state industrial commission in subdivision 1 of section 1 of this
30 Act, there is appropriated, with the approval of the emergency commission, funds that may

1 become available to the commission from bonds authorized by law to be issued by the state
2 industrial commission for the biennium beginning July 1, 2015, and ending June 30, 2017.

3 **SECTION 6. TRANSFER.** The sum of \$930,000, or so much of the sum as may be
4 necessary, included in the special funds appropriation line item in subdivision 1 of section 1 of
5 this Act, may be transferred from the entities within the control of the state industrial commission
6 or entities directed to make payments to the industrial commission fund for administrative
7 services rendered by the commission. Transfers shall be made during the biennium beginning
8 July 1, 2015, and ending June 30, 2017, upon order of the commission. Transfers from the
9 student loan trust must be made to the extent permitted by sections 54-17-24 and 54-17-25.

10 **SECTION 7. TRANSFER - BANK OF NORTH DAKOTA - PARTNERSHIP IN ASSISTING**
11 **COMMUNITY EXPANSION.** The Bank of North Dakota shall transfer the sum of \$28,000,000,
12 or so much of the sum as may be necessary, from the Bank's current earnings and undivided
13 profits to the partnership in assisting community expansion fund during the biennium beginning
14 July 1, 2015, and ending June 30, 2017.

15 **SECTION 8. TRANSFER - BANK OF NORTH DAKOTA - AGRICULTURE PARTNERSHIP**
16 **IN ASSISTING COMMUNITY EXPANSION.** The Bank of North Dakota shall transfer the sum of
17 \$3,000,000, or so much of the sum as may be necessary, from the Bank's current earnings and
18 undivided profits to the agriculture partnership in assisting community expansion fund during the
19 biennium beginning July 1, 2015, and ending June 30, 2017.

20 **SECTION 9. TRANSFER - BANK OF NORTH DAKOTA - BIOFUELS PARTNERSHIP IN**
21 **ASSISTING COMMUNITY EXPANSION.** The Bank of North Dakota shall transfer the sum of
22 \$2,000,000, or so much of the sum as may be necessary, from the Bank's current earnings and
23 undivided profits to the biofuels partnership in assisting community expansion fund during the
24 biennium beginning July 1, 2015, and ending June 30, 2017.

25 **SECTION 10. TRANSFER - BANK OF NORTH DAKOTA - BEGINNING FARMER**
26 **REVOLVING LOAN FUND.** The Bank of North Dakota shall transfer the sum of \$7,000,000, or
27 so much of the sum as may be necessary, from the Bank's current earnings and undivided
28 profits to the beginning farmer revolving loan fund during the biennium beginning July 1, 2015,
29 and ending June 30, 2017.

30 **SECTION 11. MILL AND ELEVATOR PROFITS - TRANSFER TO THE GENERAL FUND.**
31 Notwithstanding any other provision of law, the industrial commission shall transfer to the state

1 general fund seventy-five percent of the annual earnings and undivided profits of the North
2 Dakota mill and elevator association after any transfers to other state agricultural-related
3 programs during the biennium beginning July 1, 2015, and ending June 30, 2017. The moneys
4 must be transferred on an annual basis in the amounts and at the times requested by the
5 director of the office of management and budget.

6 **SECTION 12. LIGNITE RESEARCH, DEVELOPMENT, AND MARKETING PROGRAM -**
7 **LIGNITE MARKETING FEASIBILITY STUDY.** The amount of \$4,500,000 from the lignite
8 research fund, or so much of the amount as may be necessary, may be used for the purpose of
9 contracting for an independent, nonmatching lignite marketing feasibility study or studies that
10 determine those focused priority areas where near-term, market-driven projects, activities, or
11 processes will generate matching private industry investment and have the most potential of
12 preserving existing lignite production and industry jobs or that will lead to increased
13 development of lignite and its products and create new lignite industry jobs and economic
14 growth for the general welfare of this state. Moneys appropriated under this section also may be
15 used for the purpose of contracting for nonmatching studies and activities in support of the
16 lignite vision 21 program; for litigation that may be necessary to protect and promote the
17 continued development of lignite resources; for nonmatching externality studies and activities in
18 externality proceedings; or other marketing, environmental, or transmission activities that assist
19 with marketing of lignite-based electricity and lignite-based byproducts. Moneys not needed for
20 the purposes stated in this section are available to the commission for funding projects,
21 processes, or activities under the lignite research, development, and marketing program.

22 **SECTION 13. 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, ~~2015~~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. After a public hearing, the housing finance agency shall create an annual allocation
30 plan for the distribution of the fund. At least twenty-five percent of the fund must be
31 used to assist developing communities to address an unmet housing need or alleviate

1 a housing shortage. The agency may collect a reasonable administrative fee from the
2 fund, project developers, applicants, or grant recipients.

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

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

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

- 25 3. The housing finance agency shall adopt guidelines for the fund so as to address
26 unmet housing needs in this state. Assistance from the fund may be used solely for:
- 27 a. New construction, rehabilitation, or acquisition of a multifamily housing project;
 - 28 b. Gap assistance, matching funds, and accessibility improvements;
 - 29 c. Assistance that does not exceed the amount necessary to qualify for a loan using
30 underwriting standards acceptable for secondary market financing or to make the
31 project feasible; and

1 d. Rental assistance, emergency assistance, or targeted supportive services
2 designated to prevent homelessness.

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

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

11 **SECTION 14. AMENDMENT.** Section 54-17-41 of the North Dakota Century Code is
12 amended and reenacted as follows:

13 **54-17-41. (Effective through June 30, ~~2015~~2017) Report.**

14 Upon request, the housing finance agency shall report to the industrial commission on the
15 activities of the housing incentive fund.

16 **SECTION 15. AMENDMENT.** Section 54-17.5-02 of the North Dakota Century Code is
17 amended and reenacted as follows:

18 **54-17.5-02. Lignite research council - Compensation - Appointment of members.**

19 The industrial commission shall consult with the lignite research council established by
20 executive order in matters of policy affecting the administration of the lignite research fund.

21 Section 44-03-04 does not apply to members of the council appointed by the governor.

22 **SECTION 16. AMENDMENT.** Section 57-38-01.32 of the North Dakota Century Code is
23 amended and reenacted as follows:

24 **57-38-01.32. (Effective for the first two taxable years beginning after December 31,
25 ~~2012~~2014) Housing incentive fund tax credit.**

26 1. A taxpayer is entitled to a credit as determined under this section against state income
27 tax liability under section 57-38-30 or 57-38-30.3 for contributing to the housing
28 incentive fund under section 54-17-40. The amount of the credit is equal to the amount
29 contributed to the fund during the taxable year.

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

1 **SECTION 17. AMENDMENT.** Section 22 of chapter 579 of the 2011 Session Laws is
2 amended and reenacted as follows:

3 **SECTION 22. FLEX PACE PROGRAM USE.** The Bank of North Dakota shall
4 utilize the flex partnership in assisting community expansion program to assist in
5 financing of affordable multifamily housing units for individuals in ~~areas of~~ North
6 Dakota ~~affected by oil and gas development~~, for the period beginning with the effective
7 date of this Act and ending June 30, ~~2013~~2019.

8 **SECTION 18. LEGISLATIVE INTENT - CONTINGENT FUNDING PRIORITY LIST.** It is the
9 intent of the sixty-fourth legislative assembly that a list of funding priorities be developed for
10 contingent funding if the actual general fund revenues exceed the legislative forecast during
11 the 2015-17 biennium. The priorities may include a core library project, additional full-time
12 equivalent positions for the industrial commission, transfers to the housing incentive fund, and
13 grants for the lignite research council.

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1014

Page 6, after line 5, insert:

SECTION 12. MED PACE PROGRAM USE. The Bank of North Dakota shall utilize the medical partnership in assisting community expansion program to assist in the financing of critical access medical infrastructure projects, for the period beginning with the effective date of this Act and ending June 30, 2017. The Bank shall adopt policies and procedures implementing this program. Notwithstanding section 6-09.14-03, the Bank may originate loans made under this program or participate with a lead financial institution. Eligible projects receiving moneys for an interest rate buydown under the medical partnership in assisting community expansion program are not subject to the community commitment requirement in section 6-09.14-0~~2~~, the maximum interest rate buydown limitation in subsection 4 of section 6-09.14-04, or the state grantor recipient reporting requirement in section 54-60.1-05." 3

Renumber accordingly

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1014

Page 2, line 10, replace the "0" with "17,000,000"

Page 2, line 10, replace the second "745,000" with "17,745,000"

Page 2, line 11, replace "\$6,275,684" with "\$23,275,684"

Page 2, line 11, replace "\$59,425,831" with "\$76,425,831"

Page 5, after line 2, insert:

"SECTION 11. APPROPRIATION – BANK OF NORTH DAKOTA – NORTH DAKOTA FINANCIAL CENTER. The capital assets line item in subdivision 2 of section 1 of this Act includes \$17,000,000 from the assets of The Bank of North Dakota which the Bank shall use for the purpose of the construction of the North Dakota financial center on a site adjacent to the existing Bank of North Dakota location. The Bank shall lease space for the purpose of housing financially related state agencies."

Renumber accordingly

PROPOSED AMENDMENT TO HB 1014

Page 7, at the end of line 2 insert "The origination fee assessed to grant recipients may not exceed five percent of the project award."

1A.3

SECTION 11. MILL AND ELEVATOR PROFITS - TRANSFER TO THE GENERAL FUND.

Notwithstanding any other provision of law, the industrial commission shall transfer to the state general fund ~~seventy-five~~ fifty percent of the annual earnings and undivided profits of the North Dakota mill and elevator association after any transfers to other state agricultural-related programs or the sum of \$8,000,000, whichever is less, during the biennium beginning July 1, 2015, and ending June 30, 2017. The moneys must be transferred on an annual basis in the amounts and at the times requested by the director of the office of management and budget.

SECTION ?? DEPARTMENT OF MINERAL RESOURCES FUNDING - PIPELINE REGULATORY PROGRAM

Of the funds appropriated in subdivision 1 of section 1 of this Act, \$360,700 in the salaries and wages line and \$19,278 in the operating line are from the general fund. Due to the passage of the Pipeline Regulatory Program (HB 1358), the oil and gas division may hire one full-time equivalent position at the rate of \$240,339 for a pipeline regulatory program supervisor, and one full-time equivalent position at the rate of \$139,639 for an administrative assistant.

SECTION ?? DEPARTMENT OF MINERAL RESOURCES FUNDING - CONTINGENCY TRIGGER

Of the funds appropriated in subdivision 1 of section 1 of this Act, \$1,681,050 in the salaries and wages line and \$544,030 in the operating line are from the general fund. If funds are required due to an increase in the drilling rig count, the oil and gas division may hire one full-time equivalent position at the rate of \$222,508 upon notification to the office of management and budget, for each ten drilling rigs exceeding one hundred drilling rigs are operating for at last thirty consecutive days up to a maximum of ten additional full-time equivalent positions and a maximum of \$2,225,080 of funds.

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4-2-15

2

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1358

Page 2, line 10, after the underscored period insert: "The director of the oil and gas division shall review the plan, the construction drawings, and pressure testing within thirty days of receipt and shall notify the pipeline operator that the they are either approved or inform the operator of any improvements to the monitoring system that are required."

Renumber accordingly

March 31, 2015

3

PROPOSED AMENDMENTS TO REENGROSSED HOUSE BILL NO. 1432

Page 1, line 1, after "A BILL" replace the remainder of the bill with "for an Act to create and enact four new sections to chapter 4-01 of the North Dakota Century Code, relating to federal environmental legislation and regulations that detrimentally impact or have the potential to detrimentally impact the state's agricultural, energy, or oil production sectors; to provide for a transfer; to provide for a continuing appropriation; and to provide an appropriation.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. A new section to chapter 4-01 of the North Dakota Century Code is created and enacted as follows:

Federal environmental law impact review committee.

1. The federal environmental law impact review committee consists of:
 - a. The agriculture commissioner, who shall serve as the chairman;
 - b. The governor or the governor's designee;
 - c. The majority leader of the house of representatives, or the leader's designee;
 - d. The majority leader of the senate, or the leader's designee;
 - e. One member of the legislative assembly from the minority party, selected by the chairman of the legislative management;
 - f. One individual appointed by the lignite energy council;
 - g. One individual appointed by the North Dakota corn growers association;
 - h. One individual appointed by the North Dakota grain growers association;
 - i. One individual appointed by the North Dakota petroleum council;
 - j. One individual appointed by the North Dakota soybean growers association; and
 - k. One individual appointed by the North Dakota stockmen's association.
2. The committee shall review federal environmental legislation and regulations that detrimentally impact or have the potential to detrimentally impact the state's agricultural, energy, or oil production sectors and advise the attorney general with respect to participation in administrative or judicial processes pertaining to such legislation or regulations.

3. a. Any member of the legislative assembly serving on the committee is entitled to compensation at the rate provided for attendance at interim committee meetings and reimbursement for expenses, as provided by law for state officers, if the member is attending meetings of the committee or performing duties directed by the committee.
- b. The compensation and reimbursement of expenses, as provided for in this subsection, are payable by the legislative council.

SECTION 2. A new section to chapter 4-01 of the North Dakota Century Code is created and enacted as follows:

Environmental impact - Cost of participation.

1. Any expenses incurred by the agriculture commissioner or by the federal environmental law impact review committee in meeting the requirements of section 1 of this Act must be paid by the agriculture commissioner from the federal environmental law impact fund.
2. If the attorney general elects to participate in an administrative or judicial process, pertaining to federal environmental legislation or regulations, which detrimentally impact or have the potential to detrimentally impact the state's agricultural, energy, or oil production sectors, any expenses incurred by the attorney general in the participation must be paid by the agriculture commissioner from the federal environmental law impact review fund.
3. For purposes of this section, "expenses" include administrative costs, consulting fees, research costs, expert witness fees, attorney fees, and travel costs.

SECTION 3. A new section to chapter 4-01 of the North Dakota Century Code is created and enacted as follows:

Gifts - Grants - Donations.

The agriculture commissioner may accept gifts, grants, and donations for the purposes set forth in section 2 of this Act, provided the commissioner posts the amount and source of any gifts, grants, and donations on the department of agriculture's website. Any moneys received in accordance with this section must be deposited in the federal environmental law impact review fund.

SECTION 4. A new section to chapter 4-01 of the North Dakota Century Code is created and enacted as follows:

Federal environmental law impact review fund - Continuing appropriation.

1. The federal environmental law impact review fund consists of:
 - a. Any moneys appropriated or transferred for the purposes set forth in section 2 of this Act; and
 - b. Any gifts, grants, and donations forwarded to the agriculture commissioner for the purposes set forth in section 2 of this Act.

2. All moneys in the federal environmental law impact review fund are appropriated to the commissioner on a continuing basis for the purposes set forth in section 2 of this Act.

SECTION 5. APPROPRIATION - TRANSFER - FEDERAL ENVIRONMENTAL LAW IMPACT REVIEW FUND. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$1,500,000, or so much of the sum as may be necessary, which the office of management and budget shall transfer to the federal environmental law impact review fund, for the purpose of funding the state's participation in administrative or judicial processes based on federal environmental legislation or regulations that detrimentally impact or have the potential to detrimentally impact the state's agricultural, energy, or oil production sectors, for the biennium beginning July 1, 2015, and ending June 30, 2017. The office of management and budget shall transfer sums under this section at the time and in the amount directed by the agriculture commissioner."

Renumber accordingly

April 1, 2015

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4-2-15

#4

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1443

Page 1, line 3, after the second semicolon insert "and"

Page 1, line 3, remove "; to provide an effective"

Page 1, line 4, remove "date; and to provide an expiration date"

Page 1, line 8, remove "(Effective through June 30, 2017)"

Page 1, line 15, replace "one and one-half" with "two"

Page 1, line 22, remove "new construction and"

Page 1, line 23, remove "renovation of critical access hospitals;"

Page 2, line 2, remove ", not to"

Page 2, remove lines 3 and 4

Page 2, line 5, remove "issued for critical access hospitals may not exceed thirty-five million dollars"

Page 2, remove lines 24 through 31

Page 3, remove lines 1 through 30

Page 4, remove lines 1 through 3

Page 4, line 6, remove "by the state treasurer under subsection 1 or 4 of section 1 or by the department of"

Page 4, line 7, remove "transportation"

Page 4, line 7, remove "subsection 1 of section 2 of"

Page 4, line 8, after the comma insert "or is anticipated to receive funds distributed from the oil and gas impact grant fund or under section 57-51-15,"

Page 4, line 10, remove "However, this section does not apply to loans for critical access hospitals."

Page 4, remove lines 11 through 15

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

This amendment:

- Changes the interest rate on loans from 1.5 to 2 percent, which is the same as the bill as introduced, but .5 percent more than the House version.
- Removes critical access hospitals from eligible projects, which was added by the House.

4.1

- Removes telecommunications conduit infrastructure from eligible projects effective July 1, 2017, which was added by the House version.
- Removes the limitations on loan funding for each political subdivision, which were added by the House version.
- Removes a section of legislative intent added by the House related to critical access hospital loan limitations.
- Changes the eligible borrows by precluding political subdivisions that received funds under Senate Bill No. 2103 or are anticipated to receive funds from the oil and gas impact grant fund or the oil and gas gross production tax formula from receiving a loan. The House version provided that certain political subdivisions that received funds under Senate Bill No. 2103 are ineligible.

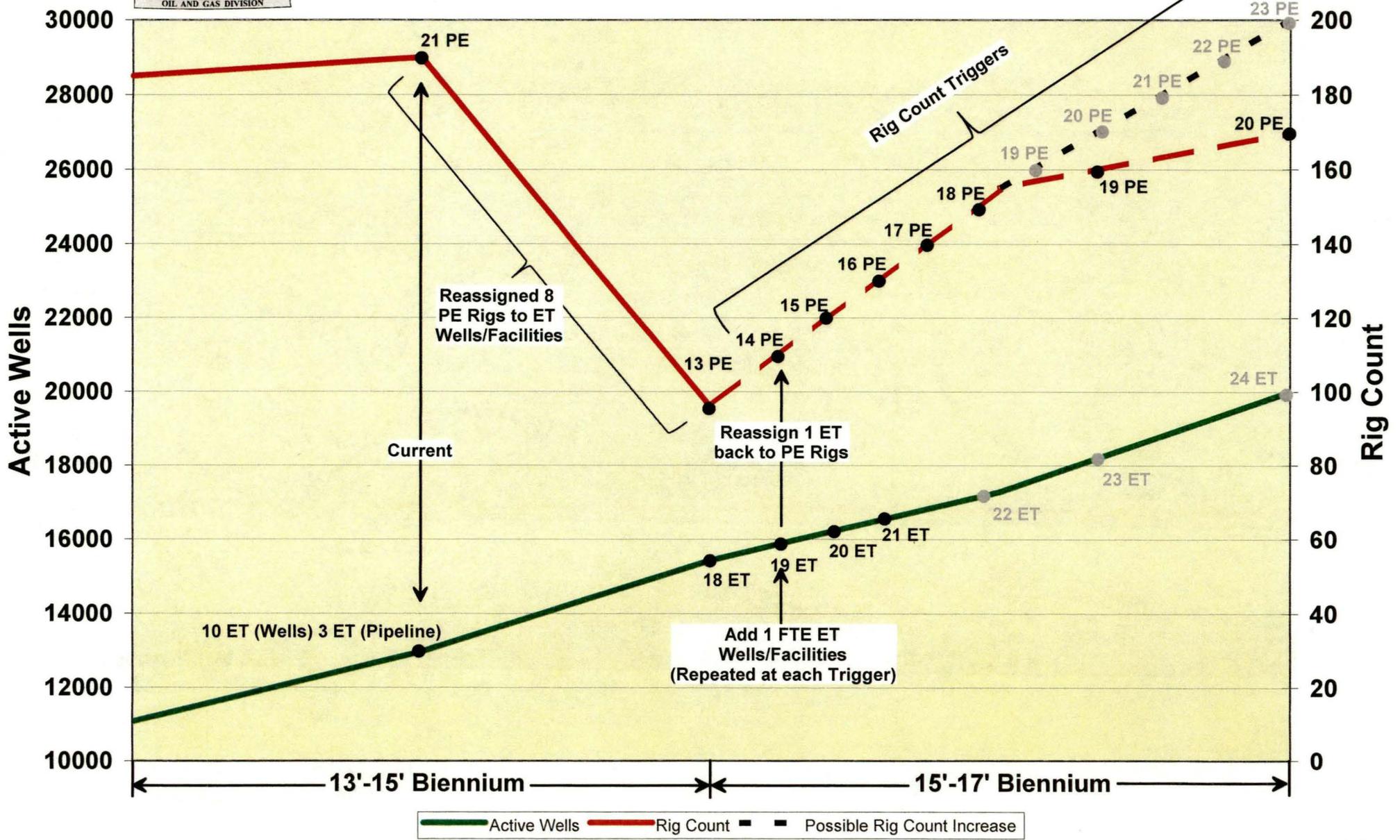
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HB 1443 +
 HB 1014
 4-2-15

#5



2015-2017 Staffing Model Field Inspector Increases



April 1, 2015

1
H.B. 13

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1443

Page 1, line 3, after the second semicolon insert "and"

Page 1, line 3, remove "; to provide an effective"

Page 1, line 4, remove "date; and to provide an expiration date"

Page 1, line 8, remove "**(Effective through June 30, 2017)**"

Page 1, line 15, replace "one and one-half" with "two"

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Page 1, line 23, remove "renovation of critical access hospitals;"

Page 2, line 2, remove ", not to"

Page 2, remove lines 3 and 4

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Page 2, remove lines 24 through 31

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- Removes the limitations on loan funding for each political subdivision, which were added by the House version.
- Removes a section of legislative intent added by the House related to critical access hospital loan limitations.
- Changes the eligible borrows by precluding political subdivisions that received funds under Senate Bill No. 2103 or are anticipated to receive funds from the oil and gas impact grant fund or the oil and gas gross production tax formula from receiving a loan. The House version provided that certain political subdivisions that received funds under Senate Bill No. 2103 are ineligible.

Sixty-fourth
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1443

2
4-8-15

Introduced by

Representatives Carlson, Belter, Delzer

Senators Cook, Schaible

1 A BILL for an Act to create and enact section 6-09-49 of the North Dakota Century Code,
2 relating to creation of the infrastructure revolving loan fund; to provide a statement of legislative
3 intent; to provide for transfers; and to provide a continuing appropriation; ~~to provide an effective~~
4 ~~date; and to provide an expiration date.~~

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

6 SECTION 1. Section 6-09-49 of the North Dakota Century Code is created and enacted as
7 follows:

8 6-09-49. (Effective through June 30, 2017) Infrastructure revolving loan fund -
9 Continuing appropriation.

- 10 1. The infrastructure revolving loan fund is a special fund in the state treasury from which
11 the Bank of North Dakota shall provide loans to political subdivisions for essential
12 infrastructure projects. The Bank shall administer the infrastructure revolving loan
13 fund. The maximum term of a loan made under this section is thirty years. A loan
14 made from the fund under this section must have an interest rate that does not exceed
15 one and one-half two percent per year.
- 16 2. The Bank shall establish priorities for making loans from the infrastructure revolving
17 loan fund. Loan funds must be used to address the needs of the community by
18 providing critical infrastructure funding. Except as expressly provided under this
19 section, a political subdivision may not use infrastructure revolving loan funds for
20 capital construction. In addition to eligible infrastructure needs established by the
21 Bank, eligible infrastructure needs may include new water treatment plants; new
22 wastewater treatment plants; new sewer lines and water lines; ~~new construction and~~
23 ~~renovation of critical access hospitals;~~ and new storm water and transportation
24 infrastructure, including curb and gutter construction.

2.1

- 1 3. In processing political subdivision loan applications under this section, the Bank shall
2 calculate the maximum loan amount for which a qualified applicant may qualify, ~~not to~~
3 ~~exceed seven million dollars for an eligible critical access hospital loan and not to~~
4 ~~exceed fifteen million dollars each for all other eligible loans. The total amount of loans~~
5 ~~issued for critical access hospitals may not exceed thirty five million dollars.~~ The Bank
6 shall consider the applicant's ability to repay the loan when processing the application
7 and shall issue loans only to applicants that provide reasonable assurance of sufficient
8 future income to repay the loan. The Bank may adopt policies establishing priorities for
9 issuance of loans, setting additional qualifications for applicants, and establishing
10 timelines addressing when a participating political subdivision may be required to
11 make loan draws and the consequences of not meeting these timelines, and setting
12 other guidelines relating to the loan program under this section.
- 13 4. The Bank shall deposit in the infrastructure revolving loan fund all payments of interest
14 and principal paid under loans made from the infrastructure revolving loan fund. The
15 Bank may use a portion of the interest paid on the outstanding loans as a servicing fee
16 to pay for administrative costs which may not exceed one-half of one percent of the
17 amount of the interest payment. All moneys transferred to the fund, interest upon
18 moneys in the fund, and payments to the fund of principal and interest are
19 appropriated to the Bank on a continuing basis for administrative costs and for loan
20 disbursement according to this section.
- 21 5. The Bank may adopt policies and establish guidelines to supplement and leverage the
22 funds in the infrastructure revolving loan fund. Additionally, the Bank may adopt policies
23 allowing participation by local financial institutions.

24 ~~(Effective after June 30, 2017) Infrastructure revolving loan fund - Continuing~~
25 ~~appropriation.~~

- 26 ~~1. The infrastructure revolving loan fund is a special fund in the state treasury from which~~
27 ~~the Bank of North Dakota shall provide loans to political subdivisions for essential~~
28 ~~infrastructure projects. The Bank shall administer the infrastructure revolving loan~~
29 ~~fund. The maximum term of a loan made under this section is thirty years. A loan~~
30 ~~made from the fund under this section must have an interest rate that does not exceed~~
31 ~~one and one-half percent per year.~~

1 ~~2. The Bank shall establish priorities for making loans from the infrastructure revolving~~
2 ~~loan fund. Loan funds must be used to address the needs of the community by~~
3 ~~providing critical infrastructure funding. Except as expressly provided under this~~
4 ~~section, a political subdivision may not use infrastructure revolving loan funds for~~
5 ~~capital construction. In addition to eligible infrastructure needs established by the~~
6 ~~Bank, eligible infrastructure needs may include new water treatment plants; new~~
7 ~~wastewater treatment plants; new sewer lines and water lines; new conduit for~~
8 ~~telecommunications infrastructure; new construction and renovation of critical access~~
9 ~~hospitals; and new storm water and transportation infrastructure, including curb and~~
10 ~~gutter construction.~~

11 ~~3. In processing political subdivision loan applications under this section, the Bank shall~~
12 ~~calculate the maximum loan amount for which a qualified applicant may qualify, not to~~
13 ~~exceed seven million dollars for an eligible critical access hospital loan and not to~~
14 ~~exceed fifteen million dollars each for all other eligible loans. The total amount of loans~~
15 ~~issued for critical access hospitals may not exceed thirty five million dollars. The Bank~~
16 ~~shall consider the applicant's ability to repay the loan when processing the application~~
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18 ~~future income to repay the loan. The Bank may adopt policies establishing priorities for~~
19 ~~issuance of loans, setting additional qualifications for applicants, and establishing~~
20 ~~timelines addressing when a participating political subdivision may be required to~~
21 ~~make loan draws and the consequences of not meeting these timelines, and setting~~
22 ~~other guidelines relating to the loan program under this section.~~

23 ~~4. The Bank shall deposit in the infrastructure revolving loan fund all payments of interest~~
24 ~~and principal paid under loans made from the infrastructure revolving loan fund. The~~
25 ~~Bank may use a portion of the interest paid on the outstanding loans as a servicing fee~~
26 ~~to pay for administrative costs which may not exceed one half of one percent of the~~
27 ~~amount of the interest payment. All moneys transferred to the fund, interest upon~~
28 ~~moneys in the fund, and payments to the fund of principal and interest are~~
29 ~~appropriated to the Bank on a continuing basis for administrative costs and for loan~~
30 ~~disbursement according to this section.~~

1 ~~5. The Bank may adopt policies and establish guidelines to supplement and leverage the~~
2 ~~funds in the infrastructure revolving loan fund. Additionally, the Bank may adopt~~
3 ~~policies allowing participation by local financial institutions.~~

4 **SECTION 2. LEGISLATIVE INTENT - ELIGIBLE BORROWERS UNDER**

5 **INFRASTRUCTURE REVOLVING LOAN FUND.** If a political subdivision receives funds
6 distributed ~~by the state treasurer under subsection 1 or 4 of section 1 or by the department of~~
7 ~~transportation under subsection 1 of section 2 of~~ Senate Bill No. 2103, as approved by the
8 sixty-fourth legislative assembly, or is anticipated to receive funds distributed from the oil and
9 gas impact grant fund or under section 57-51-15, it is the intent of the sixty-fourth legislative
10 assembly that political subdivision be ineligible to receive a loan under the infrastructure
11 revolving loan fund until July 1, 2017. ~~However, this section does not apply to loans for critical~~
12 ~~access hospitals.~~

13 ~~**SECTION 3. LEGISLATIVE INTENT - CRITICAL ACCESS HOSPITAL LOAN LIMITATION.**~~

14 ~~It is the intent of the sixty-fourth legislative assembly that the total amount of loans associated~~
15 ~~with a critical access hospital issued from the medical facility infrastructure fund and the~~
16 ~~infrastructure revolving loan fund for the period beginning July 1, 2013, and ending June 30,~~
17 ~~2017, not exceed fifteen million dollars.~~

18 **SECTION 2. TRANSFER - BANK OF NORTH DAKOTA - INFRASTRUCTURE**

19 **REVOLVING LOAN FUND.** During the biennium beginning July 1, 2015, and ending June 30,
20 2017, the Bank of North Dakota shall transfer the sum of \$100,000,000, or so much of the sum
21 as may be necessary, from the Bank's current earnings and undivided profits to the
22 infrastructure revolving loan fund.

23 **SECTION 3. TRANSFER - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND -**

24 **INFRASTRUCTURE REVOLVING LOAN FUND.** During the biennium beginning July 1, 2015,
25 and ending June 30, 2017, the office of management and budget shall transfer the sum of
26 \$50,000,000 from the strategic investment and improvements fund to the infrastructure
27 revolving loan fund. The office of management and budget shall transfer the funds provided
28 under this section to the infrastructure revolving loan fund as requested by the Bank of North
29 Dakota.