

Department 473 - Housing Finance Agency
Senate Bill No. 2014

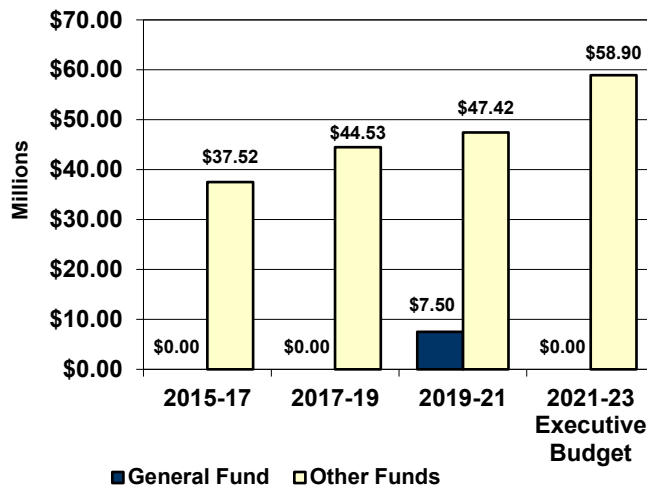
Executive Budget Comparison to Prior Biennium Appropriations

	FTE Positions	General Fund	Other Funds	Total
2021-23 Executive Budget	48.00	\$0	\$58,903,412	\$58,903,412
2019-21 Legislative Appropriations	44.00	7,500,000	47,421,891	54,921,891
Increase (Decrease)	4.00	(\$7,500,000)	\$11,481,521	\$3,981,521

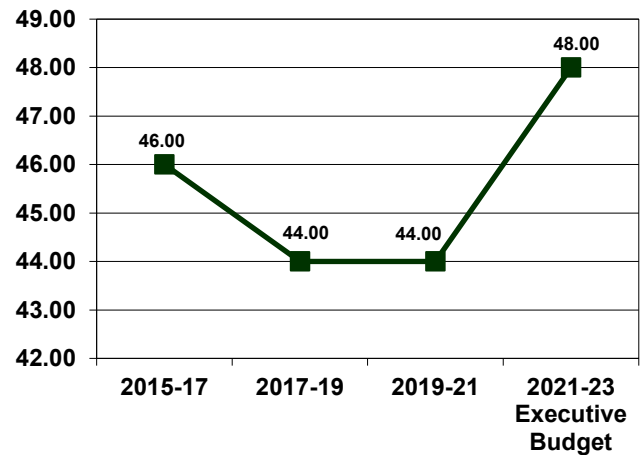
Ongoing and One-Time Other Funds Appropriations

	Ongoing Other Funds Appropriation	One-Time Other Funds Appropriation	Total Other Funds Appropriation
2021-23 Executive Budget	\$58,868,412	\$35,000	\$58,903,412
2019-21 Legislative Appropriations	47,421,891	0	47,421,891
Increase (Decrease)	\$11,446,521	\$35,000	\$11,481,521

Agency Funding



FTE Positions



Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2021-23 Executive Budget	\$0	\$58,903,412	\$58,903,412
2021-23 Base Level	0	47,421,891	47,421,891
Increase (Decrease)	\$0	\$11,481,521	\$11,481,521

First House Action

Attached is a comparison worksheet detailing first house changes to base level funding and the executive budget.

Executive Budget Highlights
(With First House Changes in Bold)

	General Fund	Other Funds	Total
1. Provides funding for state employee salary and benefit increases of which \$226,466 is for salary increases, \$2,337 is for health insurance increases, and \$46,838 is for retirement increases. The Senate added funding for salary adjustments of 2 percent on July 1, 2021, with an \$80 minimum and \$300 maximum monthly increase and 2 percent on July 1, 2022, and increases in health insurance premiums from \$1,427 to \$1,429 per month. The Senate did not add funding for retirement contribution increases.	\$0	\$275,641	\$275,641
2. Transfers the federal HOME program from the Department of Commerce, including 2 FTE positions, \$356,421 for salaries and	\$0	\$8,343,371	\$8,343,371

wages, \$236,950 for operating expenses, \$50,000 for capital assets, and \$7.7 million for grants			
3. Transfers a mortgage loan program from the Bank of North Dakota, including 2 FTE positions, \$322,079 for salaries and wages, and \$244,883 for operating expenses. In addition, the Senate added 1 FTE position and \$149,154 to provide a total of 3 FTE positions and \$716,116.	\$0	\$566,962	\$566,962
4. Increases salary funding for a position reclassification	\$0	\$70,997	\$70,997
5. Increases funding for operating expenses, primarily related to information technology expenses	\$0	\$122,224	\$122,224
6. Adds funding for a statewide housing needs assessment	\$0	\$80,000	\$80,000
7. Increases funding for Microsoft Office 365 licensing expenses	\$0	\$4,847	\$4,847
8. Adds funding for multifamily housing related software	\$0	\$173,880	\$173,880
9. Increases funding for federal Housing and Urban Development grants	\$0	\$1,808,600	\$1,808,600
10. Adds one-time funding for a housing needs assessment	\$0	\$35,000	\$35,000
11. Recommends a one-time transfer of \$8 million from 2019-21 biennium legacy fund earnings to the housing incentive fund	\$0	\$0	\$0
12. The Senate added a transfer of \$15 million from the general fund to the housing incentive fund.			

Other Sections in Senate Bill No. 2014

Additional appropriation authority - Section 4 provides appropriation authority to the Housing Finance Agency for any additional or unanticipated income from federal or other funds which may become available during the 2021-23 biennium.

Housing incentive fund - Section 5 transfers \$15 million from the general fund to the housing incentive fund. Section 26 decreases the amount of funding designated from the housing incentive fund for small communities by 5 percent, from 15 percent to 10 percent, and designates 10 percent for projects to prevent homelessness.

Residential mortgages - Section 25 creates two new subsections to North Dakota Century Code Section 54-17-07.3 to authorize the Housing Finance Agency to create a residential mortgage loan program and to allow the agency to purchase, service, and sell residential real estate loans. Section 27 repeals Section 54-17-07.12 relating to authorization for the Housing Finance Agency to participate as a wholesale servicing mortgage lender.

Deficiency Appropriation

There are no deficiency appropriations for this agency.

Continuing Appropriations

Housing incentive fund - Section 54-17-40 - Provides grants for housing projects.

Significant Audit Findings

The financial statement audit for the Housing Finance Agency conducted by Brady, Martz & Associates, PC, during the 2019-20 interim identified no significant findings.

Major Related Legislation

At this time, no major related legislation is under consideration affecting this agency.

Housing Finance Agency - Budget No. 473
Senate Bill No. 2014
Base Level Funding Changes

	Executive Budget Recommendation				Senate Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2021-23 Biennium Base Level	44.00	\$0	\$47,421,891	\$47,421,891	44.00	\$0	\$47,421,891	\$47,421,891
2021-23 Ongoing Funding Changes								
Base payroll changes			(\$1)	(\$1)			(\$1)	(\$1)
Salary increase			226,466	226,466			227,522	227,522
Retirement contribution increase			46,838	46,838				0
Health insurance increase			2,337	2,337			2,337	2,337
Transfers HOME program from the Department of Commerce	2.00		8,343,371	8,343,371	2.00		8,343,371	8,343,371
Transfers mortgage loans from the Bank of North Dakota	2.00		566,962	566,962	3.00		716,116	716,116
Increases salary funding for a position reclassification			70,997	70,997			70,997	70,997
Increases funding for operating expenses			122,224	122,224			122,224	122,224
Adds funding for a statewide housing needs assessment			80,000	80,000			80,000	80,000
Increases funding for Microsoft Office 365 licensing			4,847	4,847			4,847	4,847
Adds funding for multifamily housing software			173,880	173,880			173,880	173,880
Increases funding for Housing and Urban Development grants			1,808,600	1,808,600			1,808,600	1,808,600
Total ongoing funding changes	4.00	\$0	\$11,446,521	\$11,446,521	5.00	\$0	\$11,549,893	\$11,549,893
One-time funding items								
Adds one-time funding for a housing needs assessment			\$35,000	\$35,000			\$35,000	\$35,000
Transfer to the housing incentive fund				0		\$15,000,000		15,000,000
Total one-time funding changes	0.00	\$0	\$35,000	\$35,000	0.00	\$15,000,000	\$35,000	\$15,035,000
Total Changes to Base Level Funding	4.00	\$0	\$11,481,521	\$11,481,521	5.00	\$15,000,000	\$11,584,893	\$26,584,893
2021-23 Total Funding	48.00	\$0	\$58,903,412	\$58,903,412	49.00	\$15,000,000	\$59,006,784	\$74,006,784
<i>Total ongoing changes as a percentage of base level</i>	9.1%		24.1%	24.1%	11.4%		24.4%	24.4%
<i>Total changes as a percentage of base level</i>	9.1%		24.2%	24.2%	11.4%		24.4%	56.1%

Other Sections in Housing Finance Agency - Budget No. 473

	Executive Budget Recommendation	Senate Version
Additional appropriation authority	Section 4 would provide appropriation authority to the Housing Finance Agency for any additional or unanticipated income from federal or other funds which may become available during the 2021-23 biennium.	Section 4 provides appropriation authority to the Housing Finance Agency for any additional or unanticipated income from federal or other funds which may become available during the 2021-23 biennium.

Other Sections in Housing Finance Agency - Budget No. 473

Executive Budget Recommendation

Senate Version

Housing incentive fund

Section 5 transfers \$15 million from the general fund to the housing incentive fund. Section 26 decreases the amount of funding designated from the housing incentive fund for small communities by 5 percent, from 15 to 10 percent, and designates 10 percent for projects to prevent homelessness.

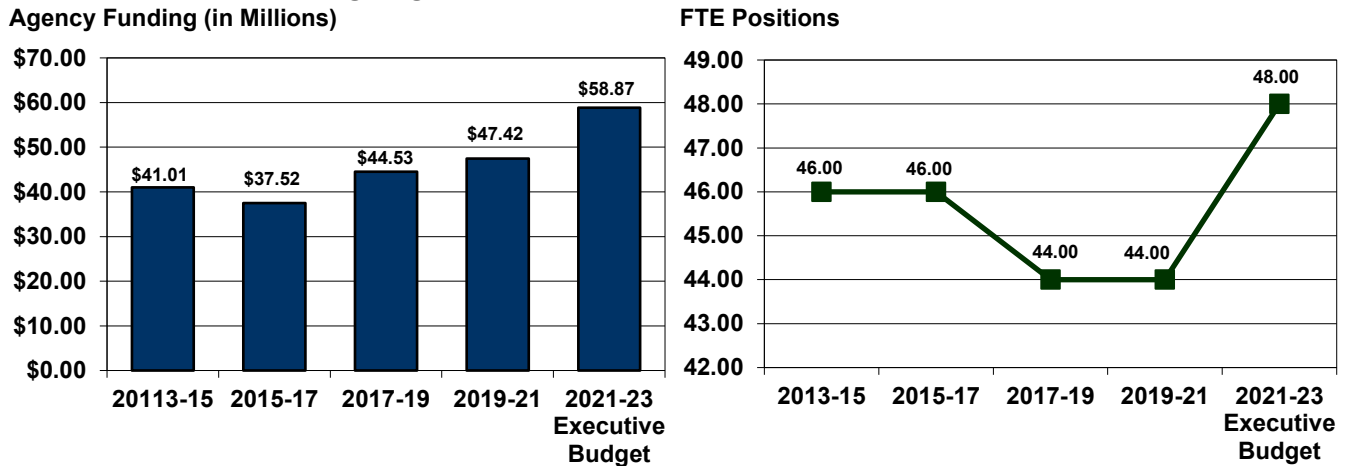
Residential mortgages

Section 25 creates two new subsections to Section 54-17-07.3 to authorize the Housing Finance Agency to create a residential mortgage loan program and to allow the agency to purchase, service, and sell residential real estate loans. Section 27 repeals Section 54-17-07.12 relating to authorization for the Housing Finance Agency to participate as a wholesale servicing mortgage lender.

Department 473 - Housing Finance Agency

Historical Appropriations Information

Ongoing Other Funds Appropriations Since 2013-15



Ongoing Other Funds Appropriations					
	2013-15	2015-17	2017-19	2019-21	2021-23 Executive Budget
Ongoing other funds appropriations	\$41,007,497	\$37,520,089	\$44,530,239	\$47,421,891	\$58,868,412
Increase (decrease) from previous biennium	N/A	(\$3,487,408)	\$7,010,150	\$2,891,652	\$11,446,521
Percentage increase (decrease) from previous biennium	N/A	(8.5%)	18.7%	6.5%	24.1%
Cumulative percentage increase (decrease) from 2013-15 biennium	N/A	(8.5%)	8.5%	15.6%	43.6%

Major Increases (Decreases) in Ongoing Other Funds Appropriations

2015-17 Biennium

1. Reduced funding for federal Housing and Urban Development grants (\$2,214,445)
2. Reduced funding for housing development grant programs (\$1,287,825)

2017-19 Biennium

1. Removed funding for 2 FTE positions and reduced funding for salaries and wages related to a vacant FTE position (\$322,044)
2. Increased funding for operating expenses to continue additional expenses relating to increased volume in mortgage servicing premiums during the 2015-17 biennium, which were paid pursuant to additional income appropriation authority in Section 4 of House Bill No. 1014 (2015) \$970,000
3. Added funding for federal Housing and Urban Development grants related to distributions from the federal housing trust fund \$6,017,048
4. Increased funding for operating expenses \$29,080
5. Reduced grant funding for the helping hand program, technical assistance, and program outreach (\$153,000)

2019-21 Biennium

1. Removed funding for temporary employees (\$57,219)
2. Increases funding for mortgage servicing premium expenses \$602,921
3. Increases funding for agency program grants (\$20,000) and federal housing grants (\$1,651,772) \$1,671,772

2021-23 Biennium (Executive Budget Recommendation)

1. Transfers the federal HOME program from the Department of Commerce, including 2 FTE positions, \$356,421 for salaries and wages, \$236,950 for operating expenses, \$50,000 for capital assets, and \$7.7 million for grants \$8,343,371

2. Transfers a mortgage loan program from the Bank of North Dakota, including 2 FTE positions, \$322,079 for salaries and wages, and \$244,883 for operating expenses. In addition, the Senate added 1 FTE position and \$149,154 to provide a total of 3 FTE positions and \$716,116.	\$566,962
3. Increases salary funding for a position reclassification	\$70,997
4. Increases funding for operating expenses, primarily related to information technology expenses	\$122,224
5. Adds funding for a statewide housing needs assessment	\$80,000
6. Increases funding for Microsoft Office 365 licensing expenses	\$4,847
7. Adds funding for multifamily housing related software	\$173,880
8. Increases funding for federal Housing and Urban Development grants	\$1,808,600

GOVERNOR'S RECOMMENDATION FOR THE INDUSTRIAL COMMISSION AS SUBMITTED BY THE OFFICE OF MANAGEMENT AND BUDGET

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, and from special funds derived from federal funds and other income, to the state industrial commission and agencies under its control for the purpose of defraying the expenses of the state industrial commission and agencies under its control, for the biennium beginning July 1, 2021 and ending June 30, 2023, as follows:

Subdivision 1.

INDUSTRIAL COMMISSION

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and Wages	\$23,409,450	\$ (208,533)	\$23,200,917
Operating Expenses	5,830,227	(710,270)	5,119,958
Capital Assets	0	0	0
Grants - Bond Payments	10,508,767	11,351,954	22,040,721
Contingencies	<u>229,544</u>	<u>(226,214)</u>	<u>3,330</u>
Total All Funds	\$39,977,988	\$10,386,938	\$50,364,926
Less Estimated Income	<u>12,723,790</u>	<u>11,654,170</u>	<u>24,377,960</u>
Total General Fund	\$27,254,198	\$(1,267,232)	\$25,986,966
Full-Time Equivalent Positions	112.25	(4.00)	108.25

Subdivision 2.

BANK OF NORTH DAKOTA - OPERATIONS

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Bank of North Dakota Operations	\$62,847,799	\$2,603,280	\$65,451,079
Capital Assets	<u>1,510,000</u>	<u>0</u>	<u>1,510,000</u>
Total Special Funds	\$64,357,799	\$2,603,280	\$66,961,079
Full-Time Equivalent Positions	181.50	(16.00)	165.50

Subdivision 3.

HOUSING FINANCE AGENCY

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and Wages	\$ 8,509,015	\$ 1,025,137	\$ 9,534,152
Operating Expenses	5,346,276	797,784	6,144,060
Capital Assets	0	150,000	150,000
Grants	33,466,600	9,508,600	42,975,200
Housing Finance Agency Contingencies	<u>100,000</u>	<u>0</u>	<u>100,000</u>
Total Special Funds	\$47,421,891	\$11,481,521	\$58,903,412
Full-Time Equivalent Positions	44.00	4.00	48.00

Subdivision 4.

MILL AND ELEVATOR ASSOCIATION

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and Wages	\$46,447,824	\$ 4,334,570	\$50,782,394
Operating Expenses	29,837,000	6,980,000	36,817,000
Contingencies	500,000	0	500,000
Agriculture Promotion	<u>210,000</u>	<u>290,000</u>	<u>500,000</u>
Total Special Funds	\$76,994,824	\$11,604,570	\$88,599,394
Full-Time Equivalent Positions	156.00	0.00	156.00

Subdivision 5.

BILL TOTAL

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Grand Total General Fund	\$ 27,254,198	\$(1,267,232)	\$ 25,986,966
Grand Total Special Funds	<u>201,498,304</u>	<u>37,343,541</u>	<u>238,841,845</u>
Grand Total All Funds	\$228,752,502	\$36,076,309	\$264,828,811

SECTION 2. ONE-TIME FUNDING. The following amounts reflect the one-time funding items approved by the sixty-sixth legislative assembly for the 2019-21 biennium:

<u>One-Time Funding Description</u>	<u>2019-21</u>	<u>2021-23</u>
Temporary Employees	\$ 175,000	0
Rare Earth Elements Study	160,000	0
Fracturing Sand Study	110,000	0
Oil Database Software Upgrade	<u>5,000,000</u>	<u>0</u>
Total All Funds	\$5,445,000	\$ 0
Total Special Fund	<u>5,270,000</u>	<u>0</u>
Total General Fund	\$ 175,000	\$ 0

SECTION 3. LEGISLATIVE INTENT - BOND PAYMENTS. The amount of \$22,040,720 included in subdivision 1 of section 1 of this Act in the grants - bond payments line item must be paid from the following funding sources during the biennium beginning July 1, 2021 and ending June 30, 2023:

North Dakota University System	\$17,204,639
North Dakota University System - Energy Conservation Projects	415,114
Department of Corrections and Rehabilitation	492,354
Department of Corrections and Rehabilitation – Energy Conservation Projects	8,181
State Department of Health	341,365
Job Service North Dakota	230,600
Office of Management and Budget	564,515
Office of Attorney General	648,055
State Historical Society	1,179,015
Parks and Recreation Department	66,165
Research and Extension Service	483,447
Veterans' Home	<u>407,271</u>
Total	\$22,040,721

SECTION 4. APPROPRIATION – HOUSING FINANCE AGENCY – ADDITIONAL INCOME. In addition to the amount appropriated to the housing finance agency in subdivision 3 of section 1 of this Act, there is appropriated any additional income or unanticipated income from federal or other funds which may become available to the agency for the biennium beginning July 1, 2021 and ending June 30, 2023. The housing finance agency shall notify the office of management and budget and the legislative council of any additional income or unanticipated income that becomes available to the agency resulting in an increase in appropriation authority.

SECTION 5. APPROPRIATION - ADDITIONAL FUNDS FROM BONDS - EMERGENCY COMMISSION APPROVAL. In addition to the amount appropriated to the state industrial commission in subdivision 1 of section 1 of this Act, there is appropriated, with the approval of the emergency commission, funds that may become available to the commission from bonds authorized by law to be issued by the state industrial commission for the biennium beginning July 1, 2021 and ending June 30, 2023.

SECTION 6. TRANSFER – BANK OF NORTH DAKOTA PROFITS TO THE GENERAL FUND. During the biennium beginning July 1, 2021 and ending June 30, 2023, the industrial commission shall transfer to the state general fund \$140,000,000 from the current earnings and the accumulated undivided profits of the Bank of North Dakota. The moneys must be transferred in the amounts and at the times requested by the director of the office of management and budget after consultation with the Bank of North Dakota president.

SECTION 7. TRANSFER – ENTITIES WITHIN THE CONTROL OF THE INDUSTRIAL COMMISSION TO INDUSTRIAL COMMISSION FUND. The sum of \$1,218,725, or so much of the sum as may be necessary, included in the special funds appropriation line item in subdivision 1 of section 1 of this Act, may be transferred from the entities within the control of the state industrial commission or entities directed to make payments to the industrial commission fund for administrative services rendered by the commission. Transfers shall be made during the biennium beginning July 1, 2021 and ending June 30, 2023, upon order of the commission. Transfers from the student loan trust must be made to the extent permitted by sections 54-17-24 and 54-17-25.

SECTION 8. TRANSFER - BANK OF NORTH DAKOTA - PARTNERSHIP IN ASSISTING COMMUNITY EXPANSION. The Bank of North Dakota shall transfer the sum of \$26,000,000, or so much of the sum as may be necessary, from the Bank's current earnings and undivided profits to the partnership in assisting community expansion fund during the biennium beginning July 1, 2021 and ending June 30, 2023.

SECTION 9. TRANSFER - BANK OF NORTH DAKOTA - AGRICULTURE PARTNERSHIP IN ASSISTING COMMUNITY EXPANSION. The Bank of North Dakota shall transfer the sum of \$5,000,000, or so much of the sum as may be necessary, from the Bank's current earnings and undivided profits to the agriculture partnership in assisting community expansion fund during the biennium beginning July 1, 2021 and ending June 30, 2023.

SECTION 10. TRANSFER - BANK OF NORTH DAKOTA - BIOFUELS PARTNERSHIP IN ASSISTING COMMUNITY EXPANSION. The Bank of North Dakota shall transfer the sum of \$1,000,000, or so much of the sum as may be necessary, from the Bank's current earnings and undivided profits to the biofuels partnership in assisting community expansion fund during the biennium beginning July 1, 2021 and ending June 30, 2023.

SECTION 11. TRANSFER - BANK OF NORTH DAKOTA - BEGINNING FARMER REVOLVING LOAN FUND. The Bank of North Dakota shall transfer the sum of \$8,000,000, or so much of the sum as may be necessary, from the Bank's current earnings and undivided profits to the beginning farmer revolving loan fund during the biennium beginning July 1, 2021 and ending June 30, 2023.

SECTION 12. TRANSFER - BANK OF NORTH DAKOTA – AGRICULTURAL PRODUCTS UTILIZATION FUND. The Bank of North Dakota shall transfer the sum of \$3,000,000, or so much of the sum as may be necessary, from the Bank's current earnings and undivided profits to the agricultural products utilization fund during the biennium beginning July 1, 2021 and ending June 30, 2023.

SECTION 13. LIGNITE RESEARCH, DEVELOPMENT, AND MARKETING PROGRAM - LIGNITE MARKETING FEASIBILITY STUDY. The amount of \$4,500,000 from the lignite research fund, or so much of the amount as may be necessary, may be used for the purpose of contracting for an independent, nonmatching lignite marketing feasibility study or studies that determine those focused priority areas where near-term, market-driven projects, activities, or processes will generate matching private industry investment and have the most potential of preserving existing lignite production and industry jobs or that will lead to increased development of lignite and its products and create new lignite industry jobs and economic

growth for the general welfare of this state. Moneys appropriated pursuant to this section may also be used for the purpose of contracting for nonmatching studies and activities in support of the lignite vision 21 program; for litigation that may be necessary to protect and promote the continued development of lignite resources; for nonmatching externality studies and activities in externality proceedings; or other marketing, environmental, or transmission activities that assist with marketing of lignite- based electricity and lignite-based byproducts. Moneys not needed for the purposes stated in this section are available to the commission for funding projects, processes, or activities under the lignite research, development, and marketing program.

SECTION 14. EXEMPTION – INDUSTRIAL COMMISSION FUND. The amount appropriated to the industrial commission in the special funds appropriation line item in section 1 of chapter 14 of the 2019 Session Laws and transferred pursuant to section 8 of chapter 14 of the 2019 Session Laws is not subject to the provisions of section 54-44.1-11. Any unexpended funds from this appropriation are available to the industrial commission for administrative services rendered by the commission during the biennium beginning July 1, 2021 and ending June 30, 2023.

SECTION 15. EXEMPTION –SURVEY REVIEW – STRATEGIC INVESTMENT AND IMPROVEMENTS FUND. The amount appropriated from strategic investment and improvement fund to the industrial commission in section 2 of chapter 426 of the 2017 Session Laws is not subject to section 54-44.1-11. Any unexpended funds from this appropriation are available to the industrial commission for expert legal testimony and other related legal costs associated with the survey review during the biennium beginning July 1, 2021, and June 30, 2023.

SECTION 16. EXEMPTION - OIL AND GAS TAX REVENUE ALLOCATIONS - NORTH DAKOTA OUTDOOR HERITAGE FUND. Notwithstanding the provisions of section 57-51-15 relating to the allocations to the North Dakota outdoor heritage fund, for the period beginning September 1, 2021 and ending August 31, 2023, the state treasurer shall allocate eight percent of the oil and gas gross production tax revenue available under subsection 1 of section 57-51-15 to the North Dakota outdoor heritage fund, but not in an amount exceeding \$7,500,000 per fiscal year.

SECTION 17. EXEMPTION - OIL AND GAS TAX REVENUE ALLOCATIONS - OIL AND GAS RESEARCH FUND - PILOT PROJECT FOR UNDERGROUND GAS STORAGE.

1. Notwithstanding the provisions of section 57-51.1-07.3 relating to the allocations to the oil and gas research fund, for the period beginning August 1, 2021, and ending July 31, 2023, the state treasurer shall deposit two percent of the oil and gas gross production tax and oil extraction tax revenues, up to \$16,000,000, into the oil and gas research fund before depositing oil and gas tax revenues under section 57-51.1-07.5.
2. Pursuant to the continuing appropriation in section 57-51.1-07.3, the industrial commission shall expend the remaining monies authorized in section 25 of chapter 14 of the 2019 Session Laws from the oil and gas research fund pursuant to the contract with the energy and environmental research center for pilot projects relating to the underground storage of produced natural gas. The pilot projects may include studies and demonstration projects. During the 2021-22 interim, the energy and environmental research center shall provide quarterly reports to the industrial commission and at least one report to the legislative management regarding the results and recommendations of the pilot project.