

**Department 473 - Housing Finance Agency  
Senate Bill No. 2014**

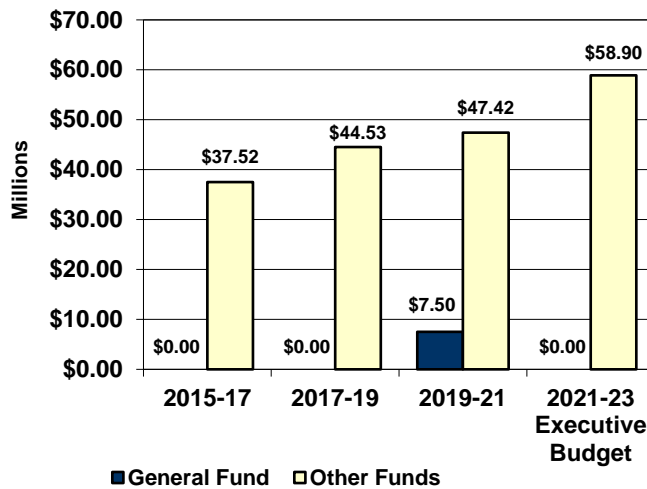
**Executive Budget Comparison to Prior Biennium Appropriations**

|                                    | 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  |

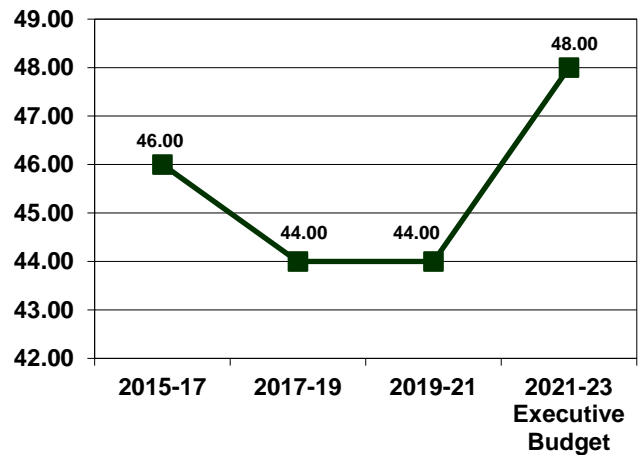
**Ongoing and One-Time Other Funds Appropriations**

|                                    | 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 |

Attached as an appendix is a detailed comparison of the executive budget to the agency's base level appropriations.

**Executive Budget Highlights**

|   | 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                             | \$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 wages, \$236,950 for operating expenses, \$50,000 for capital assets, and \$7.7 million for grants | \$0          | \$8,343,371 | \$8,343,371 |
| 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   | \$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 <b>one-time funding</b> 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         |

**Other Sections Recommended to be Added in the Executive Budget  
(As Detailed in the Attached Appendix)**

**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.

**Deficiency Appropriation**

There are no deficiency appropriations for this agency.

**Continuing Appropriations**

**Housing incentive fund** - North Dakota Century Code 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**

**Senate Bill No. 2127** - Provides an ongoing appropriation of \$50 million from the general fund to the housing incentive fund for grants to support the housing incentive fund.

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

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

**Other Sections in Housing Finance Agency - Budget No. 473**

Additional appropriation authority

**Executive Budget Recommendation**

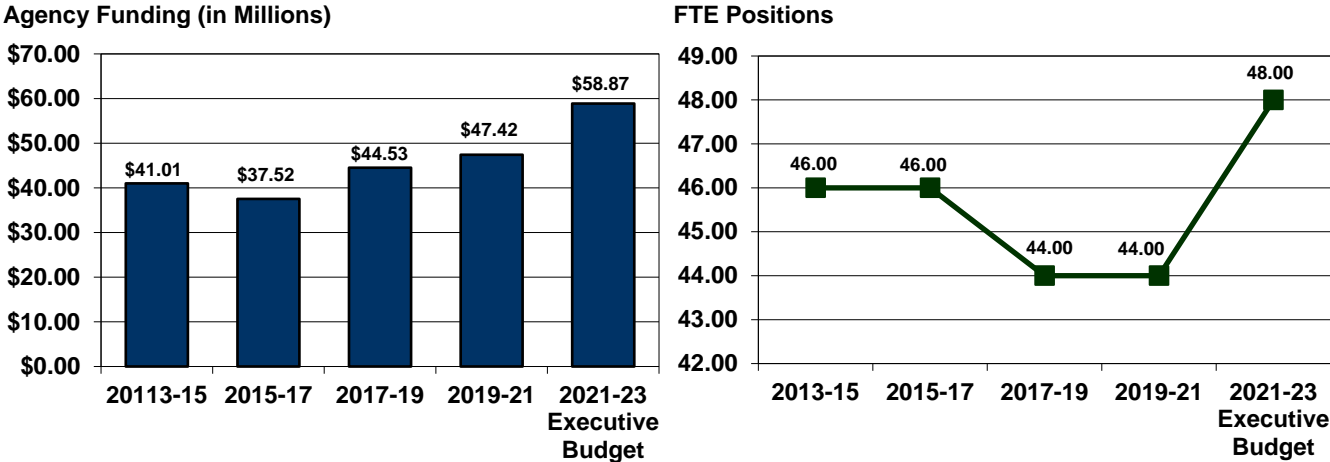
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Section 4 would provide appropriation authority to the Housing Finance Agency for any additional or unanticipated income from federal or other funds which may become available during the 2021-23 biennium.

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 \$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<br/>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<br/>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<br/>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<br/>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<br/>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.