

SENATE BILL NO. 2014

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 amend
3 and reenact section 57-51.1-07.3 of the North Dakota Century Code, relating to the oil and gas
4 research fund deposits; to repeal section 16 of chapter 14 of the 2007 Session Laws, relating to
5 a transfer from the North Dakota mill and elevator association; to provide legislative intent; to
6 provide an appropriation; to provide a contingent appropriation; to provide an exemption; and to
7 authorize transfers.

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
10 funds as may be necessary, are appropriated out of any moneys in the general fund in the state
11 treasury, not other otherwise appropriated, and from special funds derived from federal funds
12 and other income, to the state industrial commission and agencies under its control for the
13 purpose of defraying the expenses of the state industrial commission and agencies under its
14 control, for the biennium beginning July 1, 2009, and ending June 30, 2011, as follows:

15 Subdivision 1.

	16 INDUSTRIAL COMMISSION		
		17 Adjustments or	
	18 <u>Base Level</u>	19 <u>Enhancements</u>	20 <u>Appropriation</u>
21 Salaries and wages	\$7,207,544	\$2,562,503	\$9,770,047
22 Operating expenses	2,255,690	589,978	2,845,668
23 Capital assets	34,500	14,500	49,000
24 Grants - Lignite research and development	19,410,600	560,700	19,971,300
Grants - Bond payments	29,475,016	(2,033,151)	27,441,865

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1	Oil and gas division contingency	285,000	(285,000)	0
2	Biomass incentive and research	2,000,000	(2,000,000)	0
3	Renewable energy development	<u>20,000,000</u>	<u>(15,000,000)</u>	<u>5,000,000</u>
4	Total all funds	\$80,668,350	(\$15,590,470)	\$65,077,880
5	Less estimated income	<u>69,392,346</u>	<u>(20,071,262)</u>	<u>49,321,084</u>
6	Total general fund	\$11,276,004	\$4,480,792	\$15,756,796
7	Full-time equivalent positions	55.37	4.69	60.06

8 Subdivision 2.

9 BANK OF NORTH DAKOTA - OPERATIONS

10			Adjustments or	
11		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
12	Bank of North Dakota	\$35,271,867	\$5,721,483	\$40,993,350
13	operations			
14	Capital assets	<u>1,900,000</u>	<u>(445,000)</u>	<u>1,455,000</u>
15	Total from the Bank of	\$37,171,867	\$5,276,483	\$42,448,350
16	North Dakota fund			
17	Full-time equivalent positions	176.50	(5.00)	171.50

18 Subdivision 3.

19 BANK OF NORTH DAKOTA - ECONOMIC DEVELOPMENT

20			Adjustments or	
21		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
22	Partnership in assisting	\$8,000,000	\$0	\$8,000,000
23	community expansion fund			
24	Agriculture partnership in assisting	1,400,000	0	1,400,000
25	community expansion fund			
26	Beginning farmer revolving loan fund	950,000	0	950,000
27	Biofuels partnership in assisting	0	1,400,000	1,400,000
28	community expansion fund	_____	_____	_____
29	Total all funds	\$10,350,000	\$1,400,000	\$11,750,000
30	Less beginning farmer	950,000	0	950,000

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1	revolving loan fund	_____	_____	_____
2	Total general fund	\$9,400,000	\$1,400,000	\$10,800,000

3 Subdivision 4.

4 MILL AND ELEVATOR ASSOCIATION

5			Adjustments or	
6		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
7	Salaries and wages	\$20,053,037	\$2,546,287	\$22,599,324
8	Operating expenses	16,262,572	720,346	16,982,918
9	Contingencies	300,000	(150,000)	150,000
10	Agriculture promotion	<u>150,000</u>	<u>175,000</u>	<u>325,000</u>
11	Total from mill and elevator fund	\$36,765,609	\$3,291,633	\$40,057,242
12	Full-time equivalent positions	131.00	0.00	131.00

13 Subdivision 5.

14 HOUSING FINANCE AGENCY

15			Adjustments or	
16		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
17	Salaries and wages	\$4,696,712	\$1,533,535	\$6,230,247
18	Operating expenses	9,412,778	(735,197)	8,677,581
19	Grants	27,319,800	(1,095,440)	26,224,360
20	Housing finance agency	100,000	0	100,000
21	contingencies	_____	_____	_____
22	Total from housing finance	\$41,529,290	(\$297,102)	\$41,232,188
23	agency fund			
24	Full-time equivalent positions	43.00	4.00	47.00

25 Subdivision 6.

26 BILL TOTAL

27			Adjustments or	
28		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
29	Grand total general fund	\$20,676,004	\$5,880,792	\$26,556,796
30	Grand total special funds	<u>185,809,112</u>	<u>(11,800,248)</u>	<u>174,008,864</u>
31	Grand total all funds	\$206,485,116	(\$5,919,456)	\$200,565,660

1 **SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO**
2 **SIXTY-SECOND LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time
3 funding items approved by the sixtieth legislative assembly for the 2007-09 biennium and the
4 2009-11 one-time funding items included in the grand total appropriation in section 1 of this Act:

5 <u>One-Time Funding Description</u>	<u>2007-09</u>	<u>2009-11</u>
6 Biofuels partnership in assisting community expansion	\$4,200,000	\$1,400,000
7 Fossil restoration fund	250,000	0
8 Core and sample library repairs	230,000	0
9 Renewable energy development program	0	5,000,000
10 Fracturing sand and coalbed methane studies	<u>0</u>	<u>93,152</u>
11 Total general fund	\$4,680,000	\$6,493,152

12 The 2009-11 one-time funding amounts are not a part of the entity's base budget for the
13 2011-13 biennium. The industrial commission shall report to the appropriations committees of
14 the sixty-second legislative assembly on the use of this one-time funding for the biennium
15 beginning July 1, 2009, and ending June 30, 2011.

16 **SECTION 3. LEGISLATIVE INTENT - BOND PAYMENTS.** The amount of
17 \$27,441,865 included in subdivision 1 of section 1 of this Act in the grants - bond payments line
18 item must be paid from the following funding sources during the biennium beginning July 1,
19 2009, and ending June 30, 2011:

20 North Dakota university system	\$12,014,048
21 North Dakota university system - Energy conservation projects	1,869,248
22 Department of corrections and rehabilitation - State penitentiary	2,203,515
23 Department of corrections and rehabilitation - Energy conservation projects	18,580
24 State department of health	704,127
25 Job service North Dakota	747,772
26 Department of human services - State hospital	437,729
27 Department of human services - Developmental center at Grafton	501,657
28 Adjutant general	70,627
29 Information technology department - ConnectND	5,405,936
30 Office of management and budget	665,298
31 Office of the attorney general	765,882

1	State historical society	1,392,393
2	Parks and recreation	73,630
3	Research and extension service	<u>571,423</u>
4	Total	\$27,441,865

5 **SECTION 4. APPROPRIATION.** In addition to the amount appropriated to the housing
6 finance agency in subdivision 5 of section 1 of this Act, there is appropriated any additional
7 income or unanticipated income from federal or other funds which may become available to the
8 agency for the biennium beginning July 1, 2009, and ending June 30, 2011.

9 **SECTION 5. APPROPRIATION - EMERGENCY COMMISSION APPROVAL.** In
10 addition to the amount appropriated to the state industrial commission in subdivision 1 of
11 section 1 of this Act, there is appropriated, with the approval of the emergency commission,
12 funds that may become available to the commission from bonds authorized by law to be issued
13 by the state industrial commission for the biennium beginning July 1, 2009, and ending
14 June 30, 2011.

15 **SECTION 6. CONTINGENT DEPARTMENT OF MINERAL RESOURCES FUNDING -**
16 **EMERGENCY COMMISSION APPROVAL.** Of the funds appropriated in the salaries and
17 wages and operating expense line items in subdivision 1 of section 1 of this Act, \$515,207 are
18 from the lands and minerals trust fund. If funds are required due to the average drilling rig
19 count exceeding one hundred active rigs for each month in any consecutive three-month
20 period, the oil and gas division may spend \$319,041 of these funds and hire up to two full-time
21 equivalent positions, upon emergency commission approval. If funds are required due to
22 receipt of an application for solution mining of potash or uranium, the geological survey division
23 may spend \$196,166 of these funds and hire up to one full-time equivalent position, upon
24 emergency commission approval.

25 **SECTION 7. EXEMPTION.** The biomass incentive and research fund is not subject to
26 section 54-44.1-11 and any unexpended and unobligated balance in the fund at June 30, 2009,
27 must be transferred to the renewable energy development fund.

28 **SECTION 8. BANK OF NORTH DAKOTA TRANSFERS TO STATE GENERAL**
29 **FUND.** During the biennium beginning July 1, 2009, and ending June 30, 2011, the industrial
30 commission shall transfer to the state general fund \$60,000,000 from the current earnings and
31 the accumulated undivided profits of the Bank of North Dakota. The moneys must be

1 transferred in the amounts and at the times requested by the director of the office of
2 management and budget. A transfer authorized may be made only to the extent the transfer
3 does not reduce the Bank's capital structure below \$225,000,000.

4 **SECTION 9. NORTH DAKOTA MILL AND ELEVATOR ASSOCIATION TRANSFER**
5 **TO STATE GENERAL FUND.** The state industrial commission shall transfer to the general
6 fund in the state treasury the sum of \$2,500,000 from the North Dakota mill and elevator
7 association. The moneys must be transferred in amounts and at such times as requested by
8 the director of the office of management and budget during the biennium beginning July 1,
9 2009, and ending June 30, 2011.

10 **SECTION 10. TRANSFER.** The sum of \$471,633, or so much of the sum as may be
11 necessary, included in the special funds appropriation line item in subdivision 1 of section 1 of
12 this Act, may be transferred from the entities within the control of the state industrial
13 commission to the industrial commission fund for administrative services rendered by
14 commission. Transfers shall be made during the biennium beginning July 1, 2009, and ending
15 June 30, 2011, upon order of the commission. Transfers from the student loan trust must be
16 made to the extent permitted by sections 54-17-24 and 54-17-25.

17 **SECTION 11. APPROPRIATION - TRANSFER.** The funds appropriated in
18 subdivision 3 of section 1 of this Act must be transferred by the Bank of North Dakota to the
19 partnership in assisting community expansion fund; the agriculture partnership in assisting
20 community expansion fund; and the biofuels partnership in assisting community expansion
21 fund. The Bank of North Dakota may not be construed to be a general fund agency because of
22 the appropriation made by subsection 3 of section 1 of this Act.

23 **SECTION 12. LIGNITE RESEARCH, DEVELOPMENT, AND MARKETING**
24 **PROGRAM - APPROPRIATION - LIGNITE MARKETING FEASIBILITY STUDY.** The amount
25 of \$1,500,000, or so much of the amount as may be necessary, included in the grants and
26 special funds appropriation line item in subdivision 1 of section 1 of this Act, is appropriated
27 from the lignite research fund for the purpose of contracting for an independent, nonmatching
28 lignite marketing feasibility study or studies that determine those focused priority areas where
29 near-term, market-driven projects, activities, or processes will generate matching private
30 industry investment and have the most potential of preserving existing lignite production and
31 industry jobs or that will lead to increased development of lignite and its products and create

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

10 **SECTION 13. AMENDMENT.** Section 57-51.1-07.3 of the North Dakota Century Code
11 is amended and reenacted as follows:

12 **57-51.1-07.3. Oil and gas research fund - Deposits - Continuing appropriation.**

13 There is established a special fund in the state treasury to be known as the oil and gas
14 research fund. Two percent of the state's share of the oil and gas gross production tax and oil
15 extraction tax revenues, up to ~~three~~ five million dollars per biennium, must be deposited into the
16 oil and gas research fund. The state treasurer shall transfer into the oil and gas research fund
17 two percent of the state's share of the oil and gas production tax and the oil extraction tax
18 revenues for the previous three months. All moneys deposited in the oil and gas research fund
19 and interest on all such moneys are appropriated as a continuing appropriation to the council to
20 be used for purposes stated in chapter 54-17.6.

21 **SECTION 14. REPEAL.** Section 16 of chapter 14 of the 2007 Session Laws is
22 repealed.