

PROPOSED AMENDMENTS TO SENATE BILL NO. 2014

Page 1, line 2, after the semicolon insert "to provide a continuing appropriation; to provide a contingent appropriation;"

Page 1, line 3, replace "and" with "to create and enact a new subsection to section 54-17-07.3, a new section to chapter 54-17, a new section to chapter 57-38, and two new subdivisions to subsection 7 of section 57-38-30.3 of the North Dakota Century Code, relating to the essential service worker home ownership program, housing incentive fund tax credits, and essential service worker home ownership fund tax credits; to amend and reenact sections 15-62.1-07, 28-25-11, 54-17-40, and 57-62-02 of the North Dakota Century Code, relating to loan guarantee fees, suspension of occupational or professional licenses, the housing incentive fund, and coal development trust fund allocations; to repeal section 54-17-41 of the North Dakota Century Code, relating to housing incentive fund reports;"

Page 1, line 3, replace "a statement" with "statements"

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

Page 1, replace lines 15 through 21 with:

"Salaries and wages	\$22,132,229	(\$93,883)	\$22,038,346
Operating expenses	4,779,135	1,526,753	6,305,888
Grants - bond payments	15,040,829	(1,830,345)	13,210,484
Contingencies	0	<u>1,254,462</u>	<u>1,254,462</u>
Total all funds	\$41,952,193	\$856,987	\$42,809,180
Less estimated income	<u>16,994,447</u>	<u>(649,789)</u>	<u>16,344,658</u>
Total general fund	\$24,957,746	\$1,506,776	\$26,464,522
Full-time equivalent positions	116.75	(2.50)	114.25"

Page 2, replace lines 3 through 5 with:

"Bank of North Dakota operations	\$58,542,301	(\$15,357)	\$58,526,944
Capital assets	<u>745,000</u>	<u>65,000</u>	<u>810,000</u>
Total special funds	\$59,287,301	\$49,643	\$59,336,944"

Page 2, replace lines 11 through 16 with:

"Salaries and wages	\$36,278,898	\$3,061,347	\$39,340,245
Operating expenses	27,327,000	868,000	28,195,000
Contingencies	500,000	0	500,000
Agriculture promotion	<u>210,000</u>	<u>0</u>	<u>210,000</u>
Total from mill and elevator fund	\$64,315,898	\$3,929,347	\$68,245,245
Full-time equivalent positions	147.00	6.00	153.00"

Page 2, replace lines 21 through 25 with:

"Salaries and wages	\$7,745,034	\$156,353	\$7,901,387
Operating expenses	3,744,275	999,080	4,743,355
Grants	25,930,780	5,864,048	31,794,828

Housing finance agency contingencies	<u>100,000</u>	<u>0</u>	<u>100,000</u>
Total special funds	\$37,520,089	\$7,019,481	\$44,539,570"

Page 2, remove line 31

Page 3, replace lines 1 and 2 with:

"Grand total general fund	\$24,957,746	\$1,506,776	\$26,464,522
Grand total special funds	<u>178,117,735</u>	<u>10,348,682</u>	<u>188,466,417</u>
Grand total all funds	\$203,075,481	\$11,855,458	\$214,930,939"

Page 3, line 3, after "**FUNDING**" insert "**- EFFECT ON BASE BUDGET - REPORT TO THE SIXTY-SIXTH LEGISLATIVE ASSEMBLY**"

Page 3, line 4, after "biennium" insert "and the 2017-19 biennium one-time funding items included in the appropriation in section 1 of this Act"

Page 3, replace lines 6 through 17 with:

"Litigation	\$2,500,000	\$1,000,000
Lignite research council grant	4,672,500	0
Aerial photography	104,143	0
Contract analysis	125,000	0
Digital conversion	25,000	0
Migration to RBDMS.net	250,000	0
All-terrain vehicles	41,500	0
Core library expansion	13,625,322	0
Financial center project	<u>17,000,000</u>	<u>0</u>
Total all funds	\$38,343,465	\$1,000,000
Total special funds	<u>30,625,322</u>	<u>1,000,000</u>
Total general fund	\$7,718,143	\$0

The 2017-19 biennium one-time funding amounts are not a part of the entity's base budget for the 2019-21 biennium. The industrial commission shall report to the appropriations committees of the sixty-sixth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2017, and ending June 30, 2019."

Page 3, line 18, replace "\$15,040,829" with "\$13,210,484"

Page 3, remove lines 22 through 31

Page 4, replace lines 1 through 3 with:

"North Dakota university system	\$6,605,326
North Dakota university system - energy conservation projects	491,500
Department of corrections and rehabilitation	1,158,679
Department of corrections and rehabilitation - energy conservation projects	16,285
State department of health	636,877
Job service North Dakota	428,100
Office of management and budget	665,411
Attorney general's office	766,012
State historical society	1,392,629
Parks and recreation department	73,642
Research and extension service	571,520
Veterans' home	<u>404,503</u>
Total	\$13,210,484"

Page 4, line 4, after "**APPROPRIATION**" insert "**- HOUSING FINANCE AGENCY - ADDITIONAL INCOME**"

Page 4, line 7, after the period insert "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."

Page 4, line 8, after "**APPROPRIATION**" insert "**- ADDITIONAL FUNDS FROM BONDS**"

Page 4, after line 12, insert:

"SECTION 6. CONTINGENT APPROPRIATION - INDUSTRIAL COMMISSION FUNDING. The amount of \$1,254,462 from the general fund and six full-time equivalent positions included in subdivision 1 of section 1 of this Act may be spent only in accordance with the provisions of this section. The industrial commission shall notify the office of management and budget and the legislative council when the total number of wells capable of production and injection exceeds the thresholds identified in this section. Of the \$1,254,462 and the six full-time equivalent positions in this section, the industrial commission may spend funding and hire full-time equivalent positions, as follows:

1. Subject to budget section approval, \$418,154 from the contingencies line item and two full-time equivalent positions if the total number of wells capable of production and injection exceeds eighteen thousand two hundred.
2. In addition to the funding and full-time equivalent positions authorized in subsection 1 and subject to budget section approval, \$836,308 from the contingencies line item and four full-time equivalent positions if the total number of wells capable of production and injection exceeds nineteen thousand four hundred wells."

Page 4, line 13, after "**TRANSFER**" insert "**- ENTITIES WITHIN THE CONTROL OF THE INDUSTRIAL COMMISSION TO INDUSTRIAL COMMISSION FUND**"

Page 4, line 13, replace "\$930,000" with "\$1,103,986"

Page 4, after line 19, insert:

"SECTION 8. TRANSFER - BANK OF NORTH DAKOTA PROFITS TO GENERAL FUND. The industrial commission shall transfer to the general fund \$140,000,000 from the current earnings and the accumulated undivided profits of the Bank of North Dakota during the biennium beginning July 1, 2017, and ending June 30, 2019. 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 9. TRANSFER - BANK OF NORTH DAKOTA - PARTNERSHIP IN ASSISTING COMMUNITY EXPANSION. The Bank of North Dakota shall transfer the sum of \$16,000,000, 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, 2017, and ending June 30, 2019.

SECTION 10. TRANSFER - BANK OF NORTH DAKOTA - AGRICULTURE PARTNERSHIP IN ASSISTING COMMUNITY EXPANSION. The Bank of North Dakota shall transfer the sum of \$2,000,000, 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, 2017, and ending June 30, 2019.

SECTION 11. 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, 2017, and ending June 30, 2019.

SECTION 12. TRANSFER - BANK OF NORTH DAKOTA - BEGINNING FARMER REVOLVING LOAN FUND. The Bank of North Dakota shall transfer the sum of \$6,000,000, 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, 2017, and ending June 30, 2019.

SECTION 13. TRANSFER - BANK OF NORTH DAKOTA - SCHOOL CONSTRUCTION LOAN INTEREST RATE BUYDOWNS. The Bank of North Dakota shall transfer the sum of \$6,000,000, or so much of the sum as may be necessary, from the Bank's current earnings and undivided profits for interest rate buydowns on outstanding school construction loans under section 15.1-36-06 during the biennium beginning July 1, 2017, and ending June 30, 2019.

SECTION 14. TRANSFER - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND TO LIGNITE RESEARCH FUND. The department of trust lands shall transfer the sum of \$3,000,000 from the strategic investment and improvements fund to the lignite research fund during the biennium beginning July 1, 2017, and ending June 30, 2019. The funding must be used to provide grants for advanced energy technology research and development. Grant recipients must provide matching funds.

SECTION 15. ESTIMATED INCOME - STRATEGIC INVESTMENT AND IMPROVEMENTS FUNDS. The estimated income line item in section 1 of this Act includes \$1,000,000 from the strategic investment and improvements fund for litigation expenses.

SECTION 16. AMENDMENT. Section 15-62.1-07 of the North Dakota Century Code is amended and reenacted as follows:

15-62.1-07. Fees for insurance and other reasonable costs.

The agency is hereby authorized to may charge reasonable fees for guarantee and insurance to students obtaining or who have obtained loans under this chapter, and such fees. The agency may charge up to thirteen percent of accumulated principal and interest if the loans are in default under section 15-62.1-06. The fees collected under this section must be available to defray costs of administering the guarantee loan program. Fees in excess of the amount required to pay the cost of administering the program must be deposited in the reserve fund. The authority of the agency to charge reasonable fees under this section applies to all borrowers and cosigners for loans obtained under this chapter whenever the underlying note was executed and subject to the note providing for payments of fees and collections costs.

SECTION 17. AMENDMENT. Section 28-25-11 of the North Dakota Century Code is amended and reenacted as follows:

28-25-11. Property applied - Wages exempt -~~Suspension of occupational or professional license for nonpayment of defaulted state guaranteed student loans.~~

1. The judge may order any property of the judgment debtor not exempt from execution in the hands either of the judgment debtor or of any other person or due the judgment debtor to be applied toward the satisfaction of the judgment, except that the earnings of the debtor for the debtor's personal services at any time within sixty days next preceding the order cannot be so applied when it is made to appear, by the debtor's affidavit or otherwise, that the earnings are necessary for the use of a family supported wholly or partly by the debtor's labor.
2. ~~If the debt for which a judgment is entered is for a guaranteed student loan, the court, after considering the factors in subsection 1, shall address and make specific findings on the issue of whether the judgment debtor has an occupational or a professional certificate license or permit issued by or on behalf of the state or any occupational or professional boards, which the judgment debtor is required to obtain before engaging in the judgment debtor's occupation or profession. The court, based on principles of fairness, including consideration of whether the judgment debtor has been unjustly enriched, may suspend a judgment debtor's certificate, license, or permit. Following a decision to suspend a judgment debtor's certificate, license, or permit, the court shall notify the judgment debtor that the decision becomes final thirty days after the notification unless the judgment debtor satisfies the entire outstanding payment due or makes regular payment on the judgment in a manner and at times satisfactory to the court. The court shall notify the proper licensing authority of the court's decision to suspend a judgment debtor's certificate, license, or permit. A certificate, license, or permit suspended by an order issued under this section may be reissued only by order of the court. An appeal by a judgment debtor who has had a certificate, license, or permit suspended under this section is an appeal from the court's order and may not be appealed to the licensing authority.~~

SECTION 18. A new subsection to section 54-17-07.3 of the North Dakota Century Code is created and enacted as follows:

Essential service worker home ownership incentive program. A program to provide assistance for the purchase of a primary residence by an essential service worker as provided in section 20 of this Act. The program may provide a secondary mortgage lien to assist in the acquisition of a single-family residential dwelling unit.

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

**54-17-40. (Effective through June 30, 2017) Housing incentive fund -
Continuing appropriation - Report to budget section.**

1. The housing incentive fund is created as a special revolving fund at the Bank of North Dakota. The housing finance agency may direct disbursements from the fund and a continuing appropriation from the fund is provided for that purpose.
2.
 - a. After a public hearing, the housing finance agency shall create an annual allocation plan for the distribution of the fund. At least twenty-five percent of the fund must be used to assist developing communities to address an unmet housing need or alleviate a housing shortage. ~~The agency may collect a reasonable administrative fee from the fund, project developers, applicants, or grant recipients. The origination fee assessed to grant recipients may not exceed five percent of the project award.~~
 - b. The annual allocation plan must give first priority through its scoring and ranking process to housing for essential service workers. For purposes of this subsection, "essential service workers" means individuals employed by a city, county, school district, medical or long-term care facility, the state of North Dakota, or others as determined by the housing finance agency who fulfill an essential public service.
 - c. The second priority in the annual allocation plan must be to provide housing for individuals and families of low or moderate income. For purposes of this second priority, eligible income limits are determined as a percentage of median family income as published in the most recent federal register notice. Under this second priority, the annual allocation plan must give preference to projects that benefit households with the lowest income and to projects that have rent restrictions at or below department of housing and urban development published federal fair market rents or department of housing and urban development section 8 payment standards.

~~The housing finance agency shall maintain a register reflecting the number of housing units owned or master leased by cities, counties, school districts, or other employers of essential service workers. This register must also reflect those entities that are providing rent subsidies for their essential workers. The housing finance agency shall report quarterly to the budget section of the legislative management on the progress being made to reduce the overall number of units owned, master leased, or subsidized by these entities. This report must include a listing of projects approved and number of units within those projects that provide housing for essential service workers.~~

3. The housing finance agency shall adopt guidelines for the fund so as to address unmet housing needs in this state. Assistance from the fund may be used solely for:
 - a. New construction, rehabilitation, or acquisition of a multifamily housing project;
 - b. Gap assistance, matching funds, and accessibility improvements;

- c. Assistance that does not exceed the amount necessary to qualify for a loan using underwriting standards acceptable for secondary market financing or to make the project feasible; and
 - d. Rental assistance, emergency assistance, or targeted supportive services designated to prevent homelessness.
4. Eligible recipients include units of local, state, and tribal government; local and tribal housing authorities; community action agencies; regional planning councils; and nonprofit organizations and for-profit developers of multifamily housing. Individuals may not receive direct assistance from the fund.
 5. Except for subdivision d of subsection 3, assistance is subject to repayment or recapture under the guidelines adopted by the housing finance agency. Any assistance that is repaid or recaptured must be deposited in the fund and is appropriated on a continuing basis for the purposes of this section.
 6. The agency may collect a reasonable administrative fee from the fund, project developers, applicants, or grant recipients. The origination fee assessed to grant recipients may not exceed five percent of the project award.
 7. The housing finance agency shall maintain a register reflecting the number of housing units owned or master leased by cities, counties, school districts, or other employers of essential service workers. This register must also reflect those entities that are providing rent subsidies for their essential workers.
 8. Upon request, the housing finance agency shall report to the industrial commission regarding the activities of the housing incentive fund.
 9. At least once per biennium, the housing finance agency shall provide a report to the budget section of the legislative management regarding the activities of the housing incentive fund. The report must include the following:
 - a. The overall number of units owned, master leased, or subsidized by political subdivisions or other employers of essential service workers; and
 - b. A listing of projects approved and the number of units within those projects that provide housing for essential service workers.

SECTION 20. A new section to chapter 54-17 of the North Dakota Century Code is created and enacted as follows:

Essential service worker home ownership incentive fund - Continuing appropriation.

1. The essential service worker home ownership incentive fund is created as a special revolving fund at the Bank of North Dakota. The moneys in the fund are appropriated on a continuing basis to the housing finance agency to provide purchasing assistance on single-family residential mortgage

loans under the essential worker home ownership incentive program. The agency may deduct a reasonable administrative fee from the fund.

2. For purposes of this section, "essential service worker" means an individual employed by the state or a city, county, school district, medical or long-term care facility, or any other individual employed in providing an essential public service as determined by the housing finance agency.
3. Pursuant to housing finance agency underwriting and credit standards and guidelines adopted under subsection 4, the agency may provide a secondary loan to a qualified essential service worker in conjunction with a single-family residential mortgage loan originated by a lender under a housing finance agency home ownership program. If, at any time during the term of the loan, the borrower ceases to be employed as an essential service worker or if the borrower sells the home or refinances the mortgage loan, the borrower must repay the secondary loan in full or begin making amortized monthly payments on the secondary loan.
4. The agency shall adopt guidelines for the implementation and administration of the essential service worker home ownership incentive program. The guidelines must provide the moneys in the essential service worker home ownership incentive fund may be used only to assist in the acquisition of owner-occupied single-family residential housing that will serve as the primary residence of the essential service worker. The guidelines must establish income limits for eligibility to participate in the program and purchase price limitations as determined by the agency.
5. Any assistance that is repaid or recaptured must be deposited in the fund and is appropriated on a continuing bases for the purposes of this section.

SECTION 21. A new section to chapter 57-38 of the North Dakota Century Code is created and enacted as follows:

(Effective for the first two taxable years beginning after December 31, 2016) Housing incentive fund tax credit.

1. A taxpayer is entitled to a credit as determined under this section against state income tax liability under section 57-38-30 or 57-38-30.3 for contributing to the housing incentive fund under section 54-17-40. The amount of the credit is equal to the amount contributed to the fund during the taxable year.
2. North Dakota taxable income must be increased by the amount of the contribution upon which the credit under this section is computed but only to the extent the contribution reduced federal taxable income.
3. The contribution amount used to calculate the credit under this section may not be used to calculate any other state income tax deduction or credit allowed by law.
4. If the amount of the credit exceeds the taxpayer's tax liability for the taxable year, the excess may be carried forward to each of the ten succeeding taxable years.

5. The aggregate amount of tax credits allowed to all eligible contributors is limited to five million dollars.
6. Within thirty days after the date on which a taxpayer makes a contribution to the housing incentive fund, the housing finance agency shall file with each contributing taxpayer, and a copy with the tax commissioner, completed forms that show as to each contribution to the fund by that taxpayer the following:
 - a. The name, address, and social security number or federal employer identification number of the taxpayer that made the contribution.
 - b. The dollar amount paid for the contribution by the taxpayer.
 - c. The date the payment was received by the fund.
7. To receive the tax credit provided under this section, a taxpayer shall claim the credit on the taxpayer's state income tax return in the manner prescribed by the tax commissioner and file with the return a copy of the form issued by the housing finance agency under subsection 6.
8. Notwithstanding the time limitations contained in section 57-38-38, this section does not prohibit the tax commissioner from conducting an examination of the credit claimed and assessing additional tax due under section 57-38-38.
9. A passthrough entity making a contribution to the housing incentive fund under this section is considered to be the taxpayer for purposes of this section, and the amount of the credit allowed must be determined at the passthrough entity level. The amount of the total credit determined at the entity level must be passed through to the partners, shareholders, or members in proportion to their respective interests in the passthrough entity.

SECTION 22. A new section to chapter 57-38 of the North Dakota Century Code is created and enacted as follows:

(Effective for the first two taxable years beginning after December 31, 2016) Essential service worker home ownership incentive fund tax credit.

1. A taxpayer is entitled to a credit as determined under this section against state income tax liability under section 57-38-30 or 57-38-30.3 for contributing to the essential service worker home ownership incentive fund under section 19 of this Act. The amount of the credit is equal to the amount contributed to the fund during the taxable year.
2. North Dakota taxable income must be increased by the amount of the contribution upon which the credit under this section is computed but only to the extent the contribution reduced federal taxable income.
3. The contribution amount used to calculate the credit under this section may not be used to calculate any other state income tax deduction or credit allowed by law.

4. If the amount of the credit exceeds the taxpayer's tax liability for the taxable year, the excess may be carried forward to each of the ten succeeding taxable years.
5. The aggregate amount of tax credits allowed to all eligible contributors is limited to five hundred thousand dollars.
6. Within thirty days after the date on which a taxpayer makes a contribution to the essential service worker home ownership incentive fund, the housing finance agency shall file with each contributing taxpayer, and a copy with the tax commissioner, completed forms that show as to each contribution to the fund by that taxpayer the following:
 - a. The name, address, and social security number or federal employer identification number of the taxpayer that made the contribution.
 - b. The dollar amount paid for the contribution by the taxpayer.
 - c. The date the payment was received by the fund.
7. To receive the tax credit provided under this section, a taxpayer shall claim the credit on the taxpayer's state income tax return in the manner prescribed by the tax commissioner and file with the return a copy of the form issued by the housing finance agency under subsection 6.
8. Notwithstanding the time limitations contained in section 57-38-38, this section does not prohibit the tax commissioner from conducting an examination of the credit claimed and assessing additional tax due under section 57-38-38.
9. A passthrough entity making a contribution to the essential service worker home ownership incentive fund under this section is considered to be the taxpayer for purposes of this section, and the amount of the credit allowed must be determined at the passthrough entity level. The amount of the total credit determined at the entity level must be passed through to the partners, shareholders, or members in proportion to their respective interests in the passthrough entity.

SECTION 23. A new subdivision to subsection 7 of section 57-38-30.3 of the North Dakota Century Code is created and enacted as follows:

Housing incentive fund tax credit under section 21 of this Act.

SECTION 24. A new subdivision to subsection 7 of section 57-38-30.3 of the North Dakota Century Code is created and enacted as follows:

Essential service worker home ownership incentive fund tax credit under section 22 of this Act.

SECTION 25. AMENDMENT. Section 57-62-02 of the North Dakota Century Code is amended and reenacted as follows:

57-62-02. Allocation of moneys in coal development fund

Moneys deposited in the coal development fund shall be apportioned monthly by the state treasurer as follows:

1. ~~Thirty~~Fifteen percent must be deposited in a permanent trust fund in the state treasury, to be known as the coal development trust fund, pursuant to section 21 of article X of the Constitution of North Dakota. Those funds held in trust and administered by the board of university and school lands on March 5, 1981, pursuant to section 12, chapter 563, 1975 Session Laws; section 12, chapter 560, 1977 Session Laws; or section 13, chapter 626, 1979 Session Laws must also be deposited in the trust fund created pursuant to this subsection. The fund must be held in trust and administered by the board of university and school lands for loans to coal-impacted counties, cities, and school districts as provided in section 57-62-03 and for loans to school districts pursuant to chapter 15.1-36. The board of university and school lands may invest such funds as are not loaned out as provided in this chapter and may consult with the state investment board as provided by law. The income, including interest payments on loans, from the trust must be used first to replace uncollectible loans made from the fund and the balance must be deposited in the school construction assistance loan fund. Loan principal payments must be redeposited in the trust fund. The trust fund must be perpetual and held in trust as a replacement for depleted natural resources subject to the provisions of this chapter and chapter 15.1-36.
2. Fifteen percent must be deposited in the lignite research fund for the purpose of developing advanced energy technology.
3. Seventy percent must be allocated to the coal-producing counties and must be distributed among such counties in such proportion as the number of tons [metric tons] of coal severed at each mining operation bears to the total number of tons [metric tons] of coal severed in the state during such monthly period. Allocations under subdivisions a and b must be apportioned by the state treasurer as follows:
 - a. If the tipple of the currently active coal mining operation in a county is not within fifteen miles [24.14 kilometers] of another county in which no coal is mined, the revenue apportioned according to this subdivision must be allocated as follows:
 - (1) Thirty percent must be paid by the state treasurer to the incorporated cities of the county based upon the population of each incorporated city according to the last official regular or special federal census or the census taken in accordance with the provisions of chapter 40-02 in case of a city incorporated subsequent to such census.
 - (2) Forty percent must be paid to the county treasurer who shall deposit it in the county general fund to be used for general governmental purposes.
 - (3) Thirty percent must be apportioned by the state treasurer to school districts within the county on the average daily membership basis, as certified to the state treasurer by the county superintendent of schools.
 - b. If the tipple of a currently active coal mining operation in a county is within fifteen miles [24.14 kilometers] of another county in which no coal is mined, the revenue from the production not exceeding the

production limitation in a calendar year which is apportioned from that coal mining operation according to this subsection must be allocated, subject to the definitions of terms and the requirements in paragraph 4, as provided in this subdivision. For purposes of this subdivision, the production limitation is three million eight hundred thousand tons [3447302.02 metric tons] through calendar year 1995, three million six hundred thousand tons [3265865.07 metric tons] in calendar years 1996 and 1997, and three million four hundred thousand tons [3084428.12 metric tons] in calendar years after 1997. Revenue from production exceeding the production limitation in a calendar year from that coal mining operation must be allocated only within the coal-producing county under subdivision a. Allocations under this subdivision must be made as follows:

- (1) Thirty percent must be paid by the state treasurer to the incorporated cities of the coal-producing county and to any city of a non-coal-producing county when any portion of the city lies within fifteen miles [24.14 kilometers] of the tipple of the currently active coal mining operation in the coal-producing county, based upon the population of each incorporated city according to the last official regular or special federal census or the census taken in accordance with the provisions of chapter 40-02 in case of a city incorporated subsequent to such census.
- (2) Forty percent must be divided by the state treasurer between the general fund of the coal-producing county and the general fund of any non-coal-producing county when any portion of the latter county lies within fifteen miles [24.14 kilometers] of the tipple of the currently active coal mining operation in the coal-producing county. The non-coal-producing county portion must be based upon the ratio which the assessed valuation of all quarter sections of land in that county, any portion of which lies within fifteen miles [24.14 kilometers] of the tipple of the currently active coal mining operation, bears to the combined assessed valuations of all land in the coal-producing county and the quarter sections of land in the non-coal-producing county within fifteen miles [24.14 kilometers] of the tipple of the currently active coal mining operation. The county director of tax equalization of the coal-producing county shall certify to the state treasurer the number of quarter sections of land in the non-coal-producing counties which lie at least in part within fifteen miles [24.14 kilometers] of the tipple of the currently active coal mining operation and their assessed valuations.
- (3) Thirty percent must be apportioned by the state treasurer to school districts within the coal-producing county and to school districts in adjoining non-coal-producing counties when a portion of those school districts' land includes any of the quarter sections of land certified by the director of tax equalization to the state treasurer to be eligible to share county funds as provided for in paragraph 2. The county superintendent of the non-coal-producing counties shall certify to the state treasurer the number of students actually residing on these quarter sections lying outside the coal-producing county and each

school district in non-coal-producing counties shall receive a portion of the money under this paragraph based upon the ratio of the number of children residing on quarter sections of that school district within the fifteen-mile [24.14-kilometer] radius of the tipple of a currently active coal mining operation to the total number of schoolchildren from the coal-producing county combined with all the schoolchildren certified to be living on quarter sections within fifteen miles [24.14 kilometers] of the tipple of the currently active coal mining operation in the coal-producing county.

- (4) For the purposes of this subdivision:
 - (a) The terms "currently active coal mining operation in a county", "currently active coal mining operation in the coal-producing county", and "currently active coal mining operation" mean a coal mining operation that produced more than one hundred fifty thousand tons [136077.71 metric tons] of coal in a coal-producing county during the prior quarterly period.
 - (b) The term "coal-producing county" means a county in which more than one hundred fifty thousand tons [136077.71 metric tons] of coal were mined in the prior quarterly period.
 - (c) The term "another county in which no coal is mined" means a county in which not more than seventy-five thousand tons [68038.86 metric tons] of coal were mined in the prior quarterly period.
 - (d) The terms "non-coal-producing county" and "non-coal-producing counties" mean any county in which not more than seventy-five thousand tons [68038.86 metric tons] of coal were mined in the prior quarterly period.
 - (e) In computing each amount to be paid as provided in paragraph 1, 2, or 3 for coal severance tax revenue from coal mined during a monthly period, the state treasurer shall deduct from the allocation the amount of coal severance tax revenue, if any, that the governmental body in the non-coal-producing county received from the coal mined in the non-coal-producing county during the same monthly period.
- (5) The state treasurer shall allocate funds provided by legislative appropriation to cities, the county general fund, and school districts within a coal-producing county according to the allocation method provided in subdivision a in an amount to offset fifty percent of the loss of that county's share of coal severance tax revenue allocated to a non-coal-producing county under this subdivision in the previous calendar year. The state treasurer shall make the allocation and distribute the funds, within the limits of legislative appropriations, under this paragraph during the first month of each calendar year. The

state treasurer shall include in each biennial budget request the amounts estimated to be necessary for the biennium for purposes of this paragraph, based on the allocations under this subdivision in the most recent calendar years.

SECTION 26. REPEAL. Section 54-17-41 of the North Dakota Century Code is repealed.

SECTION 27. 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 2015 Session Laws and transferred pursuant to section 6 of chapter 14 of the 2015 Session Laws is not subject to the provisions of 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, 2017, and ending June 30, 2019.

SECTION 28. EXEMPTION - LIGNITE RESEARCH GRANTS. The amount appropriated to the industrial commission from the general fund for lignite research grants in the grants line item in section 1 of chapter 14 of the 2015 Session Laws is not subject to the provisions of 54-44.1-11. Any unexpended funds from this appropriation are available to the industrial commission for lignite research grants during the biennium beginning July 1, 2017, and ending June 30, 2019.

SECTION 29. LEGISLATIVE INTENT - RENEWABLE ENERGY DEVELOPMENT FUND. It is the intent of the sixty-fifth legislative assembly that the industrial commission consider applications for funding from the renewable energy development fund for advanced energy technology development projects.

SECTION 30. LEGISLATIVE INTENT - ESSENTIAL SERVICE WORKER HOME OWNERSHIP INCENTIVE FUND. Of the contributions deposited in the essential service worker home ownership incentive fund during the biennium beginning July 1, 2017, and ending June 30, 2019, it is the intent of the sixty-fifth legislative assembly that the housing finance agency disburse fifty percent within planning regions one and eight and shall disburse the remaining fifty percent within the other planning regions."

Page 5, after line 5, insert:

"SECTION 32. EFFECTIVE DATE - EXPIRATION DATE. Sections 23 and 24 of this Act are effective for the first two taxable years beginning after December 31, 2016, and are thereafter ineffective."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2014 - Summary of Senate Action

	Base Budget	Senate Changes	Senate Version
Industrial Commission			
Total all funds	\$41,952,193	\$856,987	\$42,809,180
Less estimated income	16,994,447	(649,789)	16,344,658
General fund	\$24,957,746	\$1,506,776	\$26,464,522
Bank of North Dakota			
Total all funds	\$59,287,301	\$49,643	\$59,336,944
Less estimated income	59,287,301	49,643	59,336,944
General fund	\$0	\$0	\$0

Housing Finance Agency			
Total all funds	\$37,520,089	\$7,019,481	\$44,539,570
Less estimated income	37,520,089	7,019,481	44,539,570
General fund	\$0	\$0	\$0
Mill and Elevator			
Total all funds	\$64,315,898	\$3,929,347	\$68,245,245
Less estimated income	64,315,898	3,929,347	68,245,245
General fund	\$0	\$0	\$0
Bill total			
Total all funds	\$203,075,481	\$11,855,458	\$214,930,939
Less estimated income	178,117,735	10,348,682	188,466,417
General fund	\$24,957,746	\$1,506,776	\$26,464,522

Senate Bill No. 2014 - Industrial Commission - Senate Action

	Base Budget	Senate Changes	Senate Version
Salaries and wages	\$22,132,229	(\$93,883)	\$22,038,346
Operating expenses	4,779,135	1,526,753	6,305,888
Grants - Bond payments	15,040,829	(1,830,345)	13,210,484
Contingencies		1,254,462	1,254,462
Total all funds	\$41,952,193	\$856,987	\$42,809,180
Less estimated income	16,994,447	(649,789)	16,344,658
General fund	\$24,957,746	\$1,506,776	\$26,464,522
FTE	116.75	(2.50)	114.25

Department No. 405 - Industrial Commission - Detail of Senate Changes

	Adds Funding for Base Payroll Changes ¹	Adds Funding for Health Insurance Increases ²	Removes FTE Positions ³	Adds Funding for Contingent FTE Positions ⁴	Adds Funding for Operating Expenses ⁵	Reduces Funding for Bond Payments ⁶
Salaries and wages	\$149,263	\$334,853	(\$577,999)			
Operating expenses					526,753	
Grants - Bond payments						(1,830,345)
Contingencies				1,254,462		
Total all funds	\$149,263	\$334,853	(\$577,999)	\$1,254,462	\$526,753	(\$1,830,345)
Less estimated income	82,522	20,034	0	0	78,000	(1,830,345)
General fund	\$66,741	\$314,819	(\$577,999)	\$1,254,462	\$448,753	\$0
FTE	0.00	0.00	(8.50)	6.00	0.00	0.00

	Adds One-Time Funding for Litigation ⁷	Total Senate Changes
Salaries and wages		(\$93,883)
Operating expenses	1,000,000	1,526,753
Grants - Bond payments		(1,830,345)
Contingencies		1,254,462
Total all funds	\$1,000,000	\$856,987
Less estimated income	1,000,000	(649,789)
General fund	\$0	\$1,506,776
FTE	0.00	(2.50)

¹ Funding is added for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.

² Funding is added for increases in health insurance premiums from \$1,130 to \$1,249 per month.

³ Funding is removed for 8.5 FTE positions, including 6.5 engineering technician positions and 2 administrative assistant positions. A portion of the funding for these positions may have been removed due to 2015-17 budget reductions.

⁴ Contingent funding and authorization for 6 FTE positions is added. The funding and FTE positions are authorized, subject to Budget Section approval, if the total number of wells capable of production and injection exceeds certain amounts as identified in Section 6 of the bill.

⁵ Funding is added for operating expenses related to travel, information technology software and services, and professional services.

⁶ Funding for bond payments is reduced by \$1,830,345, from \$15,040,829 to \$13,210,484.

⁷ One-time funding from the strategic investment and improvements fund is added for litigation costs.

This amendment also includes the following items related to the Industrial Commission:

- Provides legislative intent for bond payments and provides appropriation authority, subject to Emergency Commission approval, for bond issuances during the 2017-19 biennium.
- Identifies \$1,254,462 from the general fund and 6 FTE positions included in the appropriation as contingent funding and contingent FTE position authorization. The funding and positions are available if the total number of wells capable of production and injection exceeds certain amounts, subject to Budget Section approval.
- Allows the Industrial Commission to transfer up to \$1,103,986 from special funds from the entities under the control of the Industrial Commission for administrative services and provides an exemption to allow any unspent 201517 biennium appropriations for administrative costs to continue in the 201719 biennium.
- Provides a transfer of \$3 million from the strategic investment and improvements fund to the lignite research fund for the 2017-19 biennium, identifies the funding for advanced energy technology research and development, and provides matching requirements for grant recipients.
- Reduces the allocation of coal severance tax allocations to the coal development trust fund from 30 to 15 percent and provides an allocation of 15 percent to the lignite research fund for developing advanced energy technology.
- Provides a statement of intent related to grant applications for advanced energy research from the renewable energy development fund.
- Identifies \$1 million in the estimated income line from the strategic investment and improvements fund for litigation expenses.
- Provides an exemption for lignite research grants to allow any unexpended 2015-17 biennium funds to be available during the 2017-19 biennium.
- Provides intent that \$4.5 million is available from the lignite research fund for lignite marketing studies, the Lignite Vision 21 program, or possible lignite-related litigation.

Senate Bill No. 2014 - Bank of North Dakota - Senate Action

	Base Budget	Senate Changes	Senate Version
Capital assets	\$745,000	\$65,000	\$810,000
Bank of North Dakota operations	58,542,301	(15,357)	58,526,944
Total all funds	\$59,287,301	\$49,643	\$59,336,944
Less estimated income	59,287,301	49,643	59,336,944
General fund	\$0	\$0	\$0
FTE	181.50	0.00	181.50

Department No. 471 - Bank of North Dakota - Detail of Senate Changes

	Adds Funding for Base Payroll Changes ¹	Adds Funding for Health Insurance Increases ²	Adds Funding for Market Equity Salary Adjustments ³	Reduces Funding for Operating Expenses ⁴	Adds Funding for Information Technology Equipment ⁵	Total Senate Changes
Capital assets Bank of North Dakota operations	390,404	520,884	1,459,131	(2,385,776)	\$65,000	\$65,000 (15,357)
Total all funds	\$390,404	\$520,884	\$1,459,131	(\$2,385,776)	\$65,000	\$49,643
Less estimated income	390,404	520,884	1,459,131	(2,385,776)	65,000	49,643
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

¹ Funding is added for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.

² Funding is added for increases in health insurance premiums from \$1,130 to \$1,249 per month.

³ Funding is provided for additional salary increases related to higher starting salaries for new employees and higher than anticipated salary adjustments for market rate equity adjustments.

⁴ Funding is reduced for operating expenses primarily related to marketing activities that were paid with a federal grant that expired in calendar year 2016 as well as cost savings from efficiencies.

⁵ Funding is added for information technology equipment.

This amendment also includes the following items related to the Bank of North Dakota:

- Provides for a transfer of \$140 million from the Bank of North Dakota's current earnings and undivided profits to the general fund for the 2017-19 biennium.
- Provides for a transfer of \$16 million from the Bank of North Dakota's current earnings and undivided profits to the PACE fund for the 2017-19 biennium.
- Provides for a transfer of \$2 million from the Bank of North Dakota's current earnings and undivided profits to the Ag PACE fund for the 2017-19 biennium.
- Provides for a transfer of \$1 million from the Bank of North Dakota's current earnings and undivided profits to the biofuels PACE fund for the 2017-19 biennium.
- Provides for a transfer of \$6 million from the Bank of North Dakota's current earnings and undivided profits to the beginning farmer revolving loan fund for the 2017-19 biennium.
- Provides for a transfer of \$6 million from the Bank of North Dakota's current earnings and undivided profits to the Bank of North Dakota for school construction loan interest rate buydowns for the 2017-19 biennium.
- Authorizes the Bank of North Dakota to charge reasonable fees for student loan guarantees and for collections on defaulted student loans.
- Removes the authority to suspend an occupational or professional license when the licensee's student loans are in default.

Senate Bill No. 2014 - Housing Finance Agency - Senate Action

	Base Budget	Senate Changes	Senate Version
Salaries and wages	\$7,745,034	\$156,353	\$7,901,387
Operating expenses	3,744,275	999,080	4,743,355
Grants	25,930,780	5,864,048	31,794,828
HFA contingencies	100,000		100,000
Total all funds	\$37,520,089	\$7,019,481	\$44,539,570
Less estimated income	37,520,089	7,019,481	44,539,570
	\$0	\$0	\$0

General fund			
FTE	46.00	0.00	46.00

Department No. 473 - Housing Finance Agency - Detail of Senate Changes

	Adds Funding for Base Payroll Changes ¹	Adds Funding for Health Insurance Increases ²	Adds Funding for Other Salary Adjustments ³	Adds Funding for Federal Grants ⁴	Adds Funding for Operating Expenses ⁵	Adds Grant Funding for Program Outreach ⁶
Salaries and wages	\$92,182	\$128,790	\$257,425			
Operating expenses					1,015,630	
Grants				6,017,048		(43,000)
HFA contingencies						
Total all funds	\$92,182	\$128,790	\$257,425	\$6,017,048	\$1,015,630	(\$43,000)
Less estimated income	92,182	128,790	257,425	6,017,048	1,015,630	(43,000)
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Reduces Budget Funding ⁷	Total Senate Changes
Salaries and wages	(\$322,044)	\$156,353
Operating expenses	(16,550)	999,080
Grants	(110,000)	5,864,048
HFA contingencies		
Total all funds	(\$448,594)	\$7,019,481
Less estimated income	(448,594)	7,019,481
General fund	\$0	\$0
FTE	0.00	0.00

¹ Funding is added for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.

² Funding is added for increases in health insurance premiums from \$1,130 to \$1,249 per month.

³ Funding is provided for additional salary increases related to salary adjustments for vacant positions and higher than anticipated 2015-17 biennium salary adjustments.

⁴ Funding is added for federal Housing and Urban Development grants related to distributions from the federal housing trust fund.

⁵ Funding is added for operating expenses, including \$970,000 to continue additional expenses related 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 2015 House Bill No. 1014.

⁶ Funding is reduced for grants for program outreach related to assisting communities with housing development.

⁷ Budget funding is reduced for the following:

- \$322,044 for salaries and wages related to 3 vacant positions.
- \$16,550 for operating expenses.
- \$100,000 for grants related to the Helping Hand grant program reflecting a decrease from \$250,000 to \$150,000.
- \$10,000 for grants related to technical assistance.

This amendment also adds the following sections related to the Housing Finance Agency:

- To 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 2017-19 biennium and to require the Housing Finance Agency to notify the Office of Management and Budget and the Legislative Council of additional income received.
- To continue the housing incentive fund for the 2017-19 biennium, to change the requirement for the Housing Finance Agency to report to the Budget Section from a quarterly report to a biennial report, and to require the Housing Finance Agency to report to the Industrial Commission upon request.
- To provide up to \$5 million of income tax credits for contributions to the housing incentive fund reducing general fund revenues by \$2.5 million for individual income tax collections and \$2.5 million for corporate income tax collections.
- To repeal Housing Finance Agency reports to the Industrial Commission.
- To provide an effective date and expiration date related to the housing incentive fund tax credits.
- To create an essential service worker home ownership incentive program.
- To establish the essential service worker home ownership incentive fund and to identify the uses of the fund.
- To provide up to \$500,000 of income tax credits for contributions to the essential service worker home ownership incentive fund reducing general fund revenues by \$250,000 for individual income tax collections and \$250,000 for corporate income tax collections.
- To identify 50 percent of the contributions to the essential service worker home ownership fund for planning regions one and eight and the remaining contributions for the other planning areas.
- To provide an effective date and expiration date related to the essential service worker home ownership incentive fund tax credits.

Senate Bill No. 2014 - Mill and Elevator - Senate Action

	Base Budget	Senate Changes	Senate Version
Salaries and wages	\$36,278,898	\$3,061,347	\$39,340,245
Operating expenses	27,327,000	868,000	28,195,000
Contingencies	500,000		500,000
Agriculture promotion	210,000		210,000
Total all funds	\$64,315,898	\$3,929,347	\$68,245,245
Less estimated income	64,315,898	3,929,347	68,245,245
General fund	\$0	\$0	\$0
FTE	147.00	6.00	153.00

Department No. 475 - Mill and Elevator - Detail of Senate Changes

	Adds Funding for Base Payroll Changes ¹	Adds Funding for Health Insurance Increases ²	Adds Funding for FTE Positions ³	Reduces Funding for Salaries and Wages ⁴	Adds Funding for Operating Expenses ⁵	Total Senate Changes
Salaries and wages	\$2,539,491	\$437,886	\$768,893	(\$684,923)		\$3,061,347
Operating expenses					868,000	868,000
Contingencies						
Agriculture promotion						
Total all funds	\$2,539,491	\$437,886	\$768,893	(\$684,923)	\$868,000	\$3,929,347
Less estimated income	2,539,491	437,886	768,893	(684,923)	868,000	3,929,347
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	6.00	0.00	0.00	6.00

¹ Funding is added for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.

² Funding is added for increases in health insurance premiums from \$1,130 to \$1,249 per month.

³ Funding is added for 6 FTE positions, including 2 grain handling positions, 2 food safety positions, 1 flour packer position, and 1 utility worker position.

⁴ Funding is reduced for salaries and wages, primarily related to overtime.

⁵ Funding is added for operating expenses related to utilities, supplies, and repairs.

No other sections were included by the Senate related to the Mill and Elevator Association.