

Sixty-sixth
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1014

Introduced by

Appropriations Committee

1 A BILL for an Act to provide for an appropriation for defraying the expenses of the industrial
2 commission and the agencies under the management of the industrial commission; to amend
3 and reenact subdivision f of subsection 1 of section 57-51-15 of the North Dakota Century
4 Code, relating to the fund balance of the abandoned oil and gas well plugging and site
5 reclamation fund; to provide a contingent authorization; to provide for a transfer; and to provide
6 an exemption.

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

8 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds
9 as may be necessary, are appropriated out of any moneys in the general fund in the state
10 treasury, not otherwise appropriated, and from special funds derived from federal funds and
11 other income to the industrial commission and agencies under its control for the purpose of
12 defraying the expenses of the industrial commission and agencies under its control, for the
13 biennium beginning July 1, 2019, and ending June 30, 2021, as follows:

14 Subdivision 1.

| 15 INDUSTRIAL COMMISSION | | | | |
|--------------------------|------------------------|-------------------------|------------------------|-------------------|
| | | 16 Adjustments or | | |
| | | 17 <u>Base Level</u> | 17 <u>Enhancements</u> | |
| | | 17 <u>Appropriation</u> | | |
| 18 | Salaries and wages | \$22,014,084 | \$1,282,736 | \$23,296,820 |
| 19 | Operating expenses | 5,305,888 | 686,099 | 5,991,987 |
| 20 | Capital assets | 0 | 5,000,000 | 5,000,000 |
| 21 | Grants - bond payments | 13,210,484 | (2,701,717) | 10,508,767 |
| 22 | Contingencies | <u>221,737</u> | <u>7,807</u> | <u>229,544</u> |
| 23 | Total all funds | \$40,752,193 | \$4,274,925 | \$45,027,118 |
| 24 | Less estimated income | <u>15,343,206</u> | <u>2,644,219</u> | <u>17,987,425</u> |

Sixty-sixth
Legislative Assembly

| | | | | |
|----|--------------------------------------|-------------------|---------------------|----------------------|
| 1 | Total general fund | \$25,408,987 | \$1,630,706 | \$27,039,693 |
| 2 | Full-time equivalent positions | 110.25 | 2.00 | 112.25 |
| 3 | Subdivision 2. | | | |
| 4 | BANK OF NORTH DAKOTA | | | |
| 5 | | | Adjustments or | |
| 6 | | <u>Base Level</u> | <u>Enhancements</u> | <u>Appropriation</u> |
| 7 | Bank of North Dakota operations | \$58,489,204 | \$4,165,031 | \$62,654,235 |
| 8 | Capital assets | <u>810,000</u> | <u>700,000</u> | <u>1,510,000</u> |
| 9 | Total special funds | \$59,299,204 | \$4,865,031 | \$64,164,235 |
| 10 | Full-time equivalent positions | 181.50 | 0.00 | 181.50 |
| 11 | Subdivision 3. | | | |
| 12 | HOUSING FINANCE AGENCY | | | |
| 13 | | | Adjustments or | |
| 14 | | <u>Base Level</u> | <u>Enhancements</u> | <u>Appropriation</u> |
| 15 | Salaries and wages | \$7,892,056 | \$569,743 | \$8,461,799 |
| 16 | Operating expenses | 4,743,355 | 602,921 | 5,346,276 |
| 17 | Grants | 31,794,828 | 1,671,772 | 33,466,600 |
| 18 | Housing finance agency contingencies | <u>100,000</u> | <u>0</u> | <u>100,000</u> |
| 19 | Total special funds | \$44,530,239 | \$2,844,436 | \$47,374,675 |
| 20 | Full-time equivalent positions | 44.00 | 0.00 | 44.00 |
| 21 | Subdivision 4. | | | |
| 22 | MILL AND ELEVATOR ASSOCIATION | | | |
| 23 | | | Adjustments or | |
| 24 | | <u>Base Level</u> | <u>Enhancements</u> | <u>Appropriation</u> |
| 25 | Salaries and wages | \$39,308,519 | \$6,984,293 | \$46,292,812 |
| 26 | Operating expenses | 28,195,000 | 1,642,000 | 29,837,000 |
| 27 | Contingencies | 500,000 | 0 | 500,000 |
| 28 | Agriculture promotion | <u>210,000</u> | <u>0</u> | <u>210,000</u> |
| 29 | Total special funds | \$68,213,519 | \$8,626,293 | \$76,839,812 |
| 30 | Full-time equivalent positions | 153.00 | 2.00 | 155.00 |
| 31 | Subdivision 5. | | | |

| | | | | |
|---|---------------------------|--------------------|---------------------|----------------------|
| 1 | | BILL TOTAL | | |
| 2 | | | Adjustments or | |
| 3 | | <u>Base Level</u> | <u>Enhancements</u> | <u>Appropriation</u> |
| 4 | Grand total general fund | \$25,408,987 | \$1,630,706 | \$27,039,693 |
| 5 | Grand total special funds | <u>187,386,168</u> | <u>18,979,979</u> | <u>206,366,147</u> |
| 6 | Grand total all funds | \$212,795,155 | \$20,610,685 | \$233,405,840 |

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

8 **SIXTY-SEVENTH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time
 9 funding items approved by the sixty-fifth legislative assembly for the 2017-19 biennium and the
 10 2019-21 biennium one-time funding items included in the appropriation in section 1 of this Act:

| 11 | <u>One-Time Funding Description</u> | <u>2017-19</u> | <u>2019-21</u> |
|----|-------------------------------------|----------------|------------------|
| 12 | Litigation | \$1,000,000 | \$0 |
| 13 | Industrial water supply asset study | 150,000 | 0 |
| 14 | Soil remediation studies | 5,000,000 | 0 |
| 15 | Survey review | 800,000 | 0 |
| 16 | Rare earth elements study | 0 | 160,000 |
| 17 | Fracturing sand study | 0 | 110,000 |
| 18 | Oil database software upgrade | <u>0</u> | <u>5,000,000</u> |
| 19 | Total special funds | \$6,950,000 | \$5,270,000 |

20 The 2019-21 biennium one-time funding amounts are not a part of the entity's base budget
 21 for the 2021-23 biennium. The industrial commission shall report to the appropriations
 22 committees of the sixty-seventh legislative assembly on the use of this one-time funding for the
 23 biennium beginning July 1, 2019, and ending June 30, 2021.

24 **SECTION 3. BOND PAYMENTS.** The amount of \$10,508,767 included in subdivision 1 of
 25 section 1 of this Act in the grants - bond payments line item must be paid from the following
 26 funding sources during the biennium beginning July 1, 2019, and ending June 30, 2021:

| | | |
|----|-----------------------------------------------------------------------------|-------------|
| 27 | North Dakota university system | \$4,959,448 |
| 28 | North Dakota university system - energy conservation projects | 415,664 |
| 29 | Department of corrections and rehabilitation | 689,299 |
| 30 | Department of corrections and rehabilitation - energy conservation projects | 16,180 |
| 31 | State department of health | 644,884 |

| | | |
|---|---------------------------------|----------------|
| 1 | Job service North Dakota | 434,847 |
| 2 | Office of management and budget | 567,125 |
| 3 | Attorney general's office | 647,500 |
| 4 | State historical society | 1,177,875 |
| 5 | Parks and recreation department | 66,875 |
| 6 | Research and extension service | 483,337 |
| 7 | Veterans' home | <u>405,733</u> |
| 8 | Total | \$10,508,767 |

9 **SECTION 4. APPROPRIATION - HOUSING FINANCE AGENCY - ADDITIONAL INCOME.**

10 In addition to the amount appropriated to the housing finance agency in subdivision 3 of
11 section 1 of this Act, there is appropriated any additional income or unanticipated income from
12 federal or other funds which may become available to the agency for the biennium beginning
13 July 1, 2019, and ending June 30, 2021. The housing finance agency shall notify the office of
14 management and budget and the legislative council of any additional income or unanticipated
15 income that becomes available to the agency resulting in an increase in appropriation authority.

16 **SECTION 5. CONTINGENT APPROPRIATION - INDUSTRIAL COMMISSION FUNDING.**

17 The amount of \$229,544 from the general fund and two full-time equivalent positions included in
18 subdivision 1 of section 1 of this Act may be spent only in accordance with the provisions of this
19 section. The industrial commission shall notify the office of management and budget and the
20 legislative council when the total number of wells capable of production and injection exceeds
21 twenty thousand eight hundred. Subject to budget section approval, the industrial commission
22 may spend \$229,544 from the contingencies line item and may hire two full-time equivalent
23 positions if the total number of oil wells capable of production and injection exceeds twenty
24 thousand eight hundred.

25 **SECTION 6. TRANSFER - ENTITIES UNDER THE CONTROL OF THE INDUSTRIAL**

26 **COMMISSION TO INDUSTRIAL COMMISSION FUND.** The sum of \$1,150,782, or so much of
27 the sum as may be necessary, included in the appropriation in subdivision 1 of section 1 of this
28 Act, may be transferred from the entities within the control of the industrial commission or
29 entities directed to make payments to the industrial commission fund for administrative services
30 rendered by the commission. Transfers must be made during the biennium beginning July 1,

1 2019, and ending June 30, 2021, upon order of the commission. Transfers from the student
2 loan trust fund must be made to the extent permitted by sections 54-17-24 and 54-17-25.

3 **SECTION 7. TRANSFER - BANK OF NORTH DAKOTA PROFITS TO GENERAL FUND.**

4 The industrial commission shall transfer to the general fund \$140,000,000 from the current
5 earnings and the accumulated profits of the Bank of North Dakota during the biennium
6 beginning July 1, 2019, and ending June 30, 2021. The moneys must be transferred in the
7 amounts and at the times requested by the director of the office of management and budget
8 after consultation with the Bank of North Dakota president. For legislative council budget status
9 reporting purposes, the transfer under this section is considered an ongoing revenue source.

10 **SECTION 8. TRANSFER - PARTNERSHIP IN ASSISTING COMMUNITY EXPANSION.**

11 The Bank of North Dakota shall transfer the sum of \$26,000,000, or so much of the sum as may
12 be necessary, from the Bank's current earnings and undivided profits to the partnership in
13 assisting community expansion fund during the biennium beginning July 1, 2019, and ending
14 June 30, 2021.

15 **SECTION 9. TRANSFER - AGRICULTURE PARTNERSHIP IN ASSISTING COMMUNITY**
16 **EXPANSION.** The Bank of North Dakota shall transfer the sum of \$3,000,000, or so much of the
17 sum as may be necessary, from the Bank's current earnings and undivided profits to the
18 agriculture partnership in assisting community expansion fund during the biennium beginning
19 July 1, 2019, and ending June 30, 2021.

20 **SECTION 10. TRANSFER - BIOFUELS PARTNERSHIP IN ASSISTING COMMUNITY**
21 **EXPANSION.** The Bank of North Dakota shall transfer the sum of \$1,000,000, or so much of the
22 sum as may be necessary, from the Bank's current earnings and undivided profits to the
23 biofuels partnership in assisting community expansion fund during the biennium beginning
24 July 1, 2019, and ending June 30, 2021.

25 **SECTION 11. TRANSFER - BEGINNING FARMER REVOLVING LOAN FUND.** The Bank
26 of North Dakota shall transfer the sum of \$6,000,000, or so much of the sum as may be
27 necessary, from the Bank's current earnings and undivided profits to the beginning farmer
28 revolving loan fund during the biennium beginning July 1, 2019, and ending June 30, 2021.

29 **SECTION 12. TRANSFER - NORTH DAKOTA DEVELOPMENT FUND.** The Bank of North
30 Dakota shall transfer the sum of \$15,000,000, or so much of the sum as may be necessary,
31 from the Bank's current earnings and undivided profits to the North Dakota development fund

1 established under chapter 10-30.5 during the biennium beginning July 1, 2019, and ending
2 June 30, 2021. Funding transferred under this section must be used to purchase existing
3 venture capital assets held by the Bank of North Dakota.

4 **SECTION 13. ESTIMATED INCOME - STRATEGIC INVESTMENT AND IMPROVEMENTS**

5 **FUND.** The operating expenses line item and the estimated income line item in subdivision 1 of
6 section 1 of this Act include \$270,000 from the strategic investment and improvements fund for
7 a rare earth element study and a fracturing sand study.

8 **SECTION 14. ESTIMATED INCOME - ABANDONED OIL AND GAS WELL PLUGGING**

9 **AND SITE RECLAMATION FUND.** The capital assets line item and the estimated income line
10 item in subdivision 1 of section 1 of this Act include \$5,000,000 from the abandoned oil and gas
11 well plugging and site reclamation fund for a risk-based data management system information
12 technology project.

13 **SECTION 15. AMENDMENT.** Subdivision f of subsection 1 of section 57-51-15 of the North
14 Dakota Century Code is amended and reenacted as follows:

15 f. (1) For the period beginning September 1, 2017, and ending August 31, 2019,
16 the state treasurer shall allocate four percent of the amount available under
17 this subsection to the abandoned oil and gas well plugging and site
18 reclamation fund, but not in an amount exceeding four million dollars per
19 fiscal year and not in an amount that would bring the balance in the fund to
20 more than ~~one hundred~~fifty million dollars.

21 (2) After August 31, 2019, the state treasurer shall allocate four percent of the
22 amount available under this subsection to the abandoned oil and gas well
23 plugging and site reclamation fund, but not in an amount exceeding seven
24 million five hundred thousand dollars per fiscal year and not in an amount
25 that would bring the balance in the fund to more than ~~one hundred~~fifty
26 million dollars.

27 **SECTION 16. EXEMPTION - OIL AND GAS TAX REVENUE ALLOCATIONS - NORTH**

28 **DAKOTA OUTDOOR HERITAGE FUND.** Notwithstanding the provisions of section 57-51-15
29 relating to the allocations to the North Dakota outdoor heritage fund, for the period beginning
30 September 1, 2019, and ending August 31, 2021, the state treasurer shall allocate eight percent
31 of the oil and gas gross production tax revenue available under subsection 1 of section

1 57-51-15 to the North Dakota outdoor heritage fund, but not in an amount exceeding
2 \$7,500,000 per fiscal year.

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

- 5 1. Notwithstanding the provisions of section 57-51.1-07.3 relating to the allocations to the
6 oil and gas research fund, for the period beginning August 1, 2019, and ending
7 July 31, 2021, the state treasurer shall deposit two percent of the oil and gas gross
8 production tax and oil extraction tax revenues, up to \$14,000,000, into the oil and gas
9 research fund before depositing oil and gas tax revenues under section 57-51.1-07.5.
- 10 2. Pursuant to the continuing appropriation in section 57-51.1-07.3, the industrial
11 commission shall use \$4,000,000, or so much of the sum as may be necessary, from
12 the oil and gas research fund to contract with the energy and environmental research
13 center for a pilot project relating to the underground storage of produced natural gas.
14 The pilot project may include studies and demonstration projects. During the 2019-20
15 interim, the energy and environmental research center shall provide quarterly reports
16 to the industrial commission and at least one report to the legislative management
17 regarding the results and recommendations of the pilot project.

18 **SECTION 18. EXEMPTION - INDUSTRIAL COMMISSION FUND.** The amount of
19 \$1,103,779 appropriated to the industrial commission in subdivision 1 of section 1 of chapter 39
20 of the 2017 Session Laws and transferred pursuant to section 8 of chapter 39 of the
21 2017 Session Laws is not subject to the provisions of section 54-44.1-11. Any unexpended
22 funds from this appropriation are available to the industrial commission for administrative
23 services rendered by the commission during the biennium beginning July 1, 2019, and ending
24 June 30, 2021.

25 **SECTION 19. EXEMPTION - SURVEY REVIEW - STRATEGIC INVESTMENT AND**
26 **IMPROVEMENTS FUND.** The amount of \$800,000 appropriated from the strategic investment
27 and improvements fund in section 2 of chapter 426 of the 2017 Session Laws is not subject to
28 section 54-44.1-11. Any unexpended funds from this appropriation are available to the industrial
29 commission for expert legal testimony associated with the survey review during the biennium
30 beginning July 1, 2019, and ending June 30, 2021.

1 **SECTION 20. LIGNITE RESEARCH, DEVELOPMENT, AND MARKETING PROGRAM -**
2 **LIGNITE MARKETING FEASIBILITY STUDY.** The amount of \$4,500,000 from the lignite
3 research fund, or so much of the amount as may be necessary, may be used for the purpose of
4 contracting for an independent, nonmatching lignite marketing feasibility study or studies that
5 determine those focused priority areas where near-term, market-driven projects, activities, or
6 processes will generate matching private industry investment and have the most potential of
7 preserving existing lignite production and industry jobs or that will lead to increased
8 development of lignite and its products and create new lignite industry jobs and economic
9 growth for the general welfare of this state. Moneys appropriated pursuant to this section also
10 may be used for the purpose of contracting for nonmatching studies and activities in support of
11 the lignite vision 21 program; for litigation that may be necessary to protect and promote the
12 continued development of lignite resources; for nonmatching externality studies and activities in
13 externality proceedings; or other marketing, environmental, or transmission activities that assist
14 with marketing of lignite-based electricity and lignite-based byproducts. Moneys needed for the
15 purposes stated in this section are available to the industrial commission for funding projects,
16 processes, or activities under the lignite research, development, and marketing program.