

**FIRST ENGROSSMENT
with Conference Committee Amendments
ENGROSSED SENATE BILL NO. 2014**

Introduced by

Appropriations Committee

1 A BILL for an Act to provide an appropriation for defraying the expenses of the industrial
2 commission and the agencies under its control; to create and enact subsections 7 and 8 of
3 section 54-17-07.3 of the North Dakota Century Code, relating to housing finance agency
4 programs; to amend and reenact subsection 1 of section 6-09-49, as amended by section 1 of
5 House Bill No. 1431, as approved by the sixty-seventh legislative assembly, section 6-09-49, a
6 new section to chapter 6-09, as created by section 2 of House Bill No. 1431, as approved by the
7 sixty-seventh legislative assembly, section 6-09.4-05.1, section 6-09.4-06, as amended by
8 section 3 of House Bill No. 1431, as approved by the sixty-seventh legislative assembly, section
9 15-11-40, subsection 6 of section 17-05-08, subsection 1 of section 38-22-14, subsection 1 of
10 section 38-22-15, and sections 54-17-40 and 57-51.1-07.9 of the North Dakota Century Code
11 and section 7 of House Bill No. 1431, as approved by the sixty-seventh legislative assembly,
12 relating to the infrastructure revolving loan fund, the water infrastructure revolving loan fund, the
13 state energy research center, transmission authority projects, public finance authority bonding,
14 carbon dioxide storage fees, the housing incentive fund, and a bond issue limitation; to repeal
15 section 54-17-07.12 of the North Dakota Century Code, relating to the housing finance agency
16 participating as a wholesale servicing mortgage lender; to provide for a transfer; to provide an
17 exemption; to provide a statement of legislative intent; to provide for a study; to provide for a
18 legislative management report; and to provide an expiration date.

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

20 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds
21 as may be necessary, are appropriated out of any moneys in the general fund in the state
22 treasury, not otherwise appropriated, and from special funds derived from federal funds and
23 other income, to the industrial commission and agencies under its control for the purpose of

1 defraying the expenses of the industrial commission and the agencies under its control, for the
2 biennium beginning July 1, 2021, and ending June 30, 2023, as follows:

3 Subdivision 1.

4 INDUSTRIAL COMMISSION

		Adjustments or		
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>	
5				
6				
7	Salaries and wages	\$23,409,450	\$288,669	\$23,698,119
8	Operating expenses	5,830,227	(704,669)	5,125,558
9	Capital assets	0	100,660	100,660
10	Grants - bond payments	10,508,767	11,531,954	22,040,721
11	Contingencies	<u>229,544</u>	<u>(229,544)</u>	<u>0</u>
12	Total all funds	\$39,977,988	\$10,987,070	\$50,965,058
13	Less estimated income	<u>12,723,790</u>	<u>11,645,395</u>	<u>24,369,185</u>
14	Total general fund	\$27,254,198	(\$658,325)	\$26,595,873
15	Full-time equivalent positions	112.25	(4.00)	108.25

16 Subdivision 2.

17 BANK OF NORTH DAKOTA

		Adjustments or		
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>	
18				
19				
20	Bank of North Dakota operations	\$62,847,799	\$3,433,380	\$66,281,179
21	Capital assets	<u>1,510,000</u>	<u>0</u>	<u>1,510,000</u>
22	Total special funds	\$64,357,799	\$3,433,380	\$67,791,179
23	Full-time equivalent positions	181.50	(8.50)	173.00

24 Subdivision 3.

25 HOUSING FINANCE AGENCY

		Adjustments or		
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>	
26				
27				
28	Salaries and wages	\$8,509,015	\$1,047,257	\$9,556,272
29	Operating expenses	5,346,276	797,784	6,144,060
30	Capital assets	0	150,000	150,000
31	Grants	33,466,600	9,508,600	42,975,200

Sixty-seventh
Legislative Assembly

1	Housing finance agency contingencies	<u>100,000</u>	<u>0</u>	<u>100,000</u>
2	Total special funds	\$47,421,891	\$11,503,641	\$58,925,532
3	Full-time equivalent positions	44.00	5.00	49.00

4 Subdivision 4.

5 MILL AND ELEVATOR ASSOCIATION

6			Adjustments or	
7		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
8	Salaries and wages	\$46,447,824	\$4,112,385	\$50,560,209
9	Operating expenses	29,837,000	6,980,000	36,817,000
10	Contingencies	500,000	0	500,000
11	Agriculture promotion	<u>210,000</u>	<u>290,000</u>	<u>500,000</u>
12	Total special funds	\$76,994,824	\$11,382,385	\$88,377,209
13	Full-time equivalent positions	156.00	0.00	156.00

14 Subdivision 5.

15 TOTAL - SECTION 1

16			Adjustments or	
17		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
18	Grand total general fund	\$27,254,198	(\$658,325)	\$26,595,873
19	Grand total special funds	<u>201,498,304</u>	<u>37,964,801</u>	<u>239,463,105</u>
20	Grand total all funds	\$228,752,502	\$37,306,476	\$266,058,978

21 **SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO THE**
 22 **SIXTY-EIGHTH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time funding
 23 items approved by the sixty-sixth legislative assembly for the 2019-21 biennium and the
 24 2021-23 biennium one-time funding items included in the appropriation in section 1 of this Act:

25	<u>One-Time Funding Description</u>	<u>2019-21</u>	<u>2021-23</u>
26	Temporary employees	\$175,000	\$0
27	Rare earth elements study	160,000	0
28	Fracturing sand study	110,000	0
29	Oil database software upgrade	5,000,000	0
30	High-level radioactive fund	20,000	0
31	Housing finance agency - housing incentive fund	7,500,000	0

Sixty-seventh
Legislative Assembly

1	Housing finance agency - housing assessment	0	35,000
2	Paleontology and geological equipment	<u>0</u>	<u>106,206</u>
3	Total all funds	\$12,965,000	\$141,206
4	Less estimated income	<u>5,270,000</u>	<u>35,000</u>
5	Total general fund	\$7,695,000	\$106,206

6 The 2021-23 biennium one-time funding amounts are not a part of the entity's base budget
7 for the 2023-25 biennium. The industrial commission shall report to the appropriations
8 committees of the sixty-eighth legislative assembly on the use of this one-time funding for the
9 biennium beginning July 1, 2021, and ending June 30, 2023.

10 **SECTION 3. BOND PAYMENTS.** The amount of \$22,040,721 included in subdivision 1 of
11 section 1 of this Act in the grants - bond payments line item must be paid from the following
12 funding sources, during the biennium beginning July 1, 2021, and ending June 30, 2023:

13	North Dakota university system		\$17,204,639
14	North Dakota university system - energy conservation projects		415,114
15	Department of corrections and rehabilitation		492,354
16	Department of corrections and rehabilitation - energy conservation projects		8,181
17	State department of health		341,365
18	Job service North Dakota		230,600
19	Office of management and budget		564,515
20	Attorney general's office		648,055
21	State historical society		1,179,015
22	Parks and recreation department		66,165
23	Research and extension service		483,447
24	Veterans' home		<u>407,271</u>
25	Total		\$22,040,721

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

27 In addition to the amount appropriated to the housing finance agency in subdivision 3 of
28 section 1 of this Act, there is appropriated any additional income or unanticipated income from
29 federal or other funds which may become available to the agency, for the biennium beginning
30 July 1, 2021, and ending June 30, 2023. The housing finance agency shall notify the office of

1 management and budget and the legislative council of any additional income or unanticipated
2 income that becomes available to the agency resulting in an increase in appropriation authority.

3 **SECTION 5. APPROPRIATION - GENERAL FUND - TRANSFER TO HOUSING**

4 **INCENTIVE FUND.** There is appropriated out of any moneys in the general fund in the state
5 treasury, not otherwise appropriated, the sum of \$9,500,000, which the office of management
6 and budget shall transfer to the housing incentive fund during the biennium beginning July 1,
7 2021, and ending June 30, 2023.

8 **SECTION 6. TRANSFER STRATEGIC INVESTMENT AND IMPROVEMENTS FUND TO**

9 **OIL AND GAS RESEARCH FUND.** The office of management and budget shall transfer the
10 sum of \$9,500,000 from the strategic investment and improvements fund to the oil and gas
11 research fund during the biennium beginning July 1, 2021, and ending June 30, 2023.

12 **SECTION 7. TRANSFER - ENTITIES UNDER THE CONTROL OF THE INDUSTRIAL**

13 **COMMISSION TO INDUSTRIAL COMMISSION FUND.** The sum of \$1,214,768, or so much of
14 the sum as may be necessary, included in the appropriation in subdivision 1 of section 1 of this
15 Act, may be transferred from the entities within the control of the industrial commission or
16 entities directed to make payments to the industrial commission fund for administrative services
17 rendered by the commission. Transfers must be made during the biennium beginning July 1,
18 2021, and ending June 30, 2023, upon order of the commission. Transfers from the student
19 loan trust fund must be made to the extent permitted by sections 54-17-24 and 54-17-25.

20 **SECTION 8. TRANSFER - BANK OF NORTH DAKOTA PROFITS TO GENERAL FUND.**

21 The industrial commission shall transfer to the general fund \$140,000,000 from the current
22 earnings and the accumulated profits of the Bank of North Dakota during the biennium
23 beginning July 1, 2021, and ending June 30, 2023. The moneys must be transferred in the
24 amounts and at the times requested by the director of the office of management and budget
25 after consultation with the Bank of North Dakota president. For legislative council budget status
26 reporting purposes, the transfer under this section is considered an ongoing revenue source.

27 **SECTION 9. TRANSFER - PARTNERSHIP IN ASSISTING COMMUNITY EXPANSION.**

28 The Bank of North Dakota shall transfer the sum of \$26,000,000, or so much of the sum as may
29 be necessary, from the Bank's current earnings and undivided profits to the partnership in
30 assisting community expansion fund during the biennium beginning July 1, 2021, and ending
31 June 30, 2023.

1 **SECTION 10. TRANSFER - AGRICULTURE PARTNERSHIP IN ASSISTING COMMUNITY**

2 **EXPANSION.** The Bank of North Dakota shall transfer the sum of \$5,000,000, or so much of the
3 sum as may be necessary, from the Bank's current earnings and undivided profits to the
4 agriculture partnership in assisting community expansion fund during the biennium beginning
5 July 1, 2021, and ending June 30, 2023.

6 **SECTION 11. TRANSFER - BIOFUELS PARTNERSHIP IN ASSISTING COMMUNITY**

7 **EXPANSION.** The Bank of North Dakota shall transfer the sum of \$1,000,000, or so much of the
8 sum as may be necessary, from the Bank's current earnings and undivided profits to the
9 biofuels partnership in assisting community expansion fund during the biennium beginning
10 July 1, 2021, and ending June 30, 2023.

11 **SECTION 12. TRANSFER - BEGINNING FARMER REVOLVING LOAN FUND.** The Bank
12 of North Dakota shall transfer the sum of \$8,000,000, or so much of the sum as may be
13 necessary, from the Bank's current earnings and undivided profits to the beginning farmer
14 revolving loan fund during the biennium beginning July 1, 2021, and ending June 30, 2023.

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

1 **SECTION 14. OIL AND GAS RESEARCH FUND - UNDERGROUND ENERGY STORAGE**

2 **STUDY - REPORT TO LEGISLATIVE MANAGEMENT.** Pursuant to the continuing
3 appropriation under section 57-51.1-07.3, the industrial commission shall use up to \$9,500,000,
4 or so much of the sum as may be necessary, from the oil and gas research fund to contract with
5 the energy and environmental research center for an underground energy storage study. The
6 study must include consideration of the potential capacity of salt caverns in geological
7 formations in North Dakota for the development of underground storage of energy resources,
8 including natural gas, liquified natural gas, natural gas liquids, and hydrogen. The energy and
9 environmental research center may collaborate with other entities as needed on the study. Prior
10 to contracting with the energy and environmental research center, the commission must receive
11 from at least one nonstate entity assurance of financial or other types of support that
12 demonstrate a commitment to the study. During the 2021-22 interim, the energy and
13 environmental research center shall provide quarterly reports to the industrial commission and
14 at least one report to the legislative management regarding the results and recommendations of
15 the study.

16 **SECTION 15. OIL AND GAS RESEARCH FUND - EXEMPTION - ENERGY AND**

17 **ENVIRONMENTAL RESEARCH CENTER - STUDY OF HYDROGEN.** Pursuant to the
18 continuing appropriation in section 57-51.1-07.3 and notwithstanding any policies developed by
19 the oil and gas research council requiring matching funds, the industrial commission shall use
20 \$500,000, or so much of the sum as may be necessary, from the oil and gas research fund to
21 contract with the energy and environmental research center for a study regarding the
22 development and implementation of hydrogen energy in the state. The study must include a
23 plan for the development and implementation of hydrogen energy and must include
24 consideration of existing resources, methods of production and delivery, and potential uses of
25 hydrogen. The study may include estimates of the cost and timeline to develop infrastructure for
26 hydrogen energy and the use of public and private partnerships to assist in the development of
27 infrastructure for hydrogen energy. During the 2021-22 interim, the energy and environmental
28 research center shall provide at least one report to the legislative management regarding the
29 study.

1 **SECTION 16. AMENDMENT.** Subsection 1 of section 6-09-49 of the North Dakota Century
2 Code, as amended by section 1 of House Bill No. 1431, as approved by the sixty-seventh
3 legislative assembly, is amended and reenacted as follows:

4 1. The infrastructure revolving loan fund is a special fund in the state treasury from which
5 the Bank of North Dakota shall provide loans to political subdivisions, the Garrison
6 Diversion Conservancy District, and the Lake Agassiz water authority for essential
7 infrastructure projects. The Bank shall administer the infrastructure revolving loan
8 fund. The maximum term of a loan made under this section is thirty years. A loan
9 made from the fund under this section must have an interest rate ~~starting at two-~~
10 ~~percent per year and increasing by one percent every five years, up to a maximum-~~
11 ~~rate of five percent per year~~that does not exceed two percent per year.

12 **SECTION 17. AMENDMENT.** Section 6-09-49 of the North Dakota Century Code is
13 amended and reenacted as follows:

14 **6-09-49. Infrastructure revolving loan fund - Continuing appropriation.**

15 1. The infrastructure revolving loan fund is a special fund in the state treasury from which
16 the Bank of North Dakota shall provide loans to political subdivisions, the Garrison
17 Diversion Conservancy District, and the Lake Agassiz water authority for essential
18 infrastructure projects. The Bank shall administer the infrastructure revolving loan
19 fund. The maximum term of a loan made under this section is the lesser of thirty years
20 or the useful life of the project. A loan made from the fund under this section must
21 have an interest rate that does not exceed two percent per year.

22 2. For purposes of this section, "essential infrastructure projects" means capital
23 construction projects ~~for to construct new infrastructure or replace existing~~
24 infrastructure, which provide the fixed installations necessary for the function of a
25 political subdivision. Capital construction projects exclude routine maintenance and
26 repair projects, but include the following:

- 27 a. The Red River valley water supply project;
- 28 b. ~~New or replacement of existing water~~Water treatment plants;
- 29 c. ~~New or replacement of existing wastewater~~Wastewater treatment plants;
- 30 d. ~~New or replacement of existing sewer lines and water lines~~Sewerlines and
31 waterlines, including lift stations and pumping systems; and

- 1 e. ~~New or replacement of existing storm water and transportation~~Storm water
2 infrastructure, including curb and gutter construction;
- 3 f. Water storage systems, including dams, water tanks, and water towers;
- 4 g. Road and bridge infrastructure, including paved and unpaved roads and bridges;
- 5 h. Airport infrastructure;
- 6 i. Electricity transmission infrastructure;
- 7 j. Natural gas transmission infrastructure;
- 8 k. Communications infrastructure;
- 9 l. Emergency services facilities, excluding hospitals; and
- 10 m. Critical political subdivision buildings and infrastructure.
- 11 3. In processing political subdivision loan applications under this section, the Bank shall
12 calculate the maximum outstanding loan amount ~~for which a per~~ qualified applicant
13 ~~may qualify, not to exceed fifteen million dollars per loan. A qualified applicant under~~
14 this section may have a maximum combined total of forty million dollars in outstanding
15 loans under this section and section 6-09-49.1. The Bank shall consider the applicant's
16 ability to repay the loan when processing the application and shall issue loans only to
17 applicants that provide reasonable assurance of sufficient future income to repay the
18 loan.
- 19 4. The Bank shall deposit in the infrastructure revolving loan fund all payments of interest
20 and principal paid under loans made from the infrastructure revolving loan fund. The
21 Bank may use a portion of the interest paid on the outstanding loans as a servicing fee
22 to pay for administrative costs which may not exceed one-half of one percent of the
23 amount of the interest payment. All moneys transferred to the fund, interest upon
24 moneys in the fund, and payments to the fund of principal and interest are
25 appropriated to the Bank on a continuing basis for administrative costs and for loan
26 disbursement according to this section.
- 27 5. The Bank may adopt policies and establish guidelines to administer this loan program
28 in accordance with the provisions of this section and to supplement and leverage the
29 funds in the infrastructure revolving loan fund. Additionally, the Bank may adopt
30 policies allowing participation by local financial institutions.

1 6. If a political subdivision applies for a loan under this section for a county road or bridge
2 project, the department of transportation shall review and approve the project before
3 the Bank may issue a loan. If a political subdivision applies for a loan under this
4 section for a water-related project, the state water commission shall review and
5 approve the project before the Bank may issue a loan. The department of
6 transportation and state water commission may develop policies for reviewing and
7 approving projects under this section.

8 **SECTION 18. AMENDMENT.** A new section to chapter 6-09 of the North Dakota Century
9 Code, as created by section 2 of House Bill No. 1431, as approved by the sixty-seventh
10 legislative assembly, is amended and reenacted as follows:

11 **Water infrastructure revolving loan fund - State water commission - Continuing**
12 **appropriation.**

- 13 1. There is created in the state treasury the water infrastructure revolving loan fund to
14 provide loans for water supply, flood protection, or other water development and water
15 management projects. The fund consists of moneys transferred into the fund, interest
16 earned on moneys in the fund, and principal and interest payments to the fund. All
17 moneys in the fund are appropriated to the Bank of North Dakota on a continuing
18 basis for loan disbursements and administrative costs.
- 19 2. The state water commission shall approve eligible projects for loans from the water
20 infrastructure loan fund. The state water commission shall consider the following when
21 evaluating eligible projects:
- 22 a. A description of the nature and purposes of the proposed infrastructure project,
23 including an explanation of the need for the project, the reasons why the project
24 is in the public interest, and the overall economic impact of the project.
- 25 b. The estimated cost of the project, the amount of loan funding requested, and
26 other proposed sources of funding.
- 27 c. The extent to which completion of the project will provide a benefit to the state or
28 regions within the state.
- 29 3. Projects not eligible for the state revolving funds under chapters 61-28.1 and 61-28.2
30 must be given priority for loans from the water infrastructure revolving loan fund.

1 4. In consultation with the state water commission, the Bank of North Dakota shall
2 develop policies for the review and approval of loans under this section. Loans made
3 under this section must be made at the same interest rate as the revolving loan funds
4 established under chapters 61-28.1 and 61-28.2.

5 5. The Bank of North Dakota shall manage and administer loans from the water
6 infrastructure loan fund. The Bank shall deposit in the fund all principal and interest
7 paid on loans made from the fund. Annually, the Bank may deduct ~~one-quarter~~one-half
8 of one percent of the outstanding loan balance as a service fee for administering the
9 water infrastructure revolving loan fund. The Bank shall contract with a certified public
10 accounting firm to audit the fund. The cost of the audit must be paid from the fund.

11 **SECTION 19. AMENDMENT.** Section 6-09.4-05.1 of the North Dakota Century Code is
12 amended and reenacted as follows:

13 **6-09.4-05.1. Administrative agreements with state agencies.**

14 The public finance authority and any state agency authorized by state or federal law to
15 make an allocation of bonds or bonding authority or to make loans, or to issue bonds to obtain
16 funds for the purpose of making loans, ~~to political subdivisions~~ or grants, may enter into an
17 administrative agreement, which may authorize the public finance authority to administer the
18 loan or bond program for the state agency. The agreement may delegate to the public finance
19 authority the authority to make loans, or to issue bonds to obtain funds for the purpose of
20 making loans, ~~to political subdivisions~~ or grants.

21 **SECTION 20. AMENDMENT.** Section 6-09.4-06 of the North Dakota Century Code, as
22 amended by section 3 of House Bill No. 1431, as approved by the sixty-seventh legislative
23 assembly, is amended and reenacted as follows:

24 **6-09.4-06. Lending and borrowing powers generally.**

25 1. The public finance authority may lend money to political subdivisions or other
26 contracting parties through the purchase or holding of municipal securities which, in
27 the opinion of the attorney general, are properly eligible for purchase or holding by the
28 public finance authority under this chapter or chapter 40-57 and for purposes of the
29 public finance authority's capital financing program the principal amount of any one
30 issue does not exceed five hundred thousand dollars. However, the public finance
31 authority may lend money to political subdivisions through the purchase of securities

1 issued by the political subdivisions through the capital financing program without
2 regard to the principal amount of the bonds issued, if the industrial commission
3 approves a resolution that authorizes the public finance authority to purchase the
4 securities. The capital financing program authorizing resolution must state that the
5 industrial commission has determined that private bond markets will not be responsive
6 to the needs of the issuing political subdivision concerning the securities or, if it
7 appears that the securities can be sold through private bond markets without the
8 involvement of the public finance authority, the authorizing resolution must state
9 reasons for the public finance authority's involvement in the bond issue. The public
10 finance authority may hold such municipal securities for any length of time it finds to
11 be necessary. The public finance authority, for the purposes authorized by this chapter
12 or chapter 40-57, may issue its bonds payable solely from the revenues available to
13 the public finance authority which are authorized or pledged for payment of public
14 finance authority obligations, and to otherwise assist political subdivisions or other
15 contracting parties as provided in this chapter or chapter 40-57.

16 2. The public finance authority may lend money to the Bank of North Dakota under terms
17 and conditions requiring the Bank to use the proceeds to make loans for agricultural
18 improvements that qualify for assistance under the revolving loan fund program
19 established by chapter 61-28.2.

20 3. The public finance authority may transfer money to the Bank of North Dakota for
21 allocations to infrastructure projects and programs. Bonds issued for these purposes
22 are payable in each biennium solely from amounts the legislative assembly may
23 appropriate for debt service for any biennium or from a reserve fund established for
24 the bonds. ~~This section may not be construed to require the state to appropriate funds~~
25 ~~sufficient to make debt service payments with respect to the bonds or to replenish a~~
26 ~~related reserve fund. The bonds are not a debt of the Bank of North Dakota or the~~
27 ~~state. The full faith, credit, and taxing powers of the state are not pledged to the~~
28 ~~payment of the bonds. As of the date appropriated funds and reserves are not~~
29 ~~sufficient to pay debt service on the bonds, the obligation of the public finance~~
30 ~~authority with respect to the bonds must terminate, and the bonds are no longer~~
31 ~~outstanding. In addition to providing funds for the transfers, the public finance authority~~

1 ~~may use the bond proceeds to pay the costs of issuance of the bonds and establish a~~
2 ~~reserve fund for the bonds. Neither the obligation of the state to pay the bonds nor the~~
3 ~~obligation of the issuer to pay debt service will constitute a debt of the state or any~~
4 ~~agency or political subdivision of the state within the meaning of any constitutional or~~
5 ~~statutory provision. The issuance of the bond does not directly or contingently obligate~~
6 ~~the state to pay the bond payments beyond the appropriation for the current biennium~~
7 ~~of the state. The issuer has no taxing power. In addition to providing funds for the~~
8 ~~transfers, the public finance authority may use the bond proceeds to pay the costs of~~
9 ~~issuance of the bonds, capitalized interest, and establish a reserve fund for the bonds.~~

10 4. Bonds of the public finance authority issued under this chapter or chapter 40-57 are
11 not in any way a debt or liability of the state and do not constitute a loan of the credit of
12 the state or create any debt or debts, liability or liabilities, on behalf of the state, or
13 constitute a pledge of the faith and credit of the state, but all such bonds are payable
14 solely from revenues pledged or available for their payment as authorized in this
15 chapter. Each bond must contain on its face a statement to the effect that the public
16 finance authority is obligated to pay such principal or interest, and redemption
17 premium, if any, and that neither the faith and credit nor the taxing power of the state
18 is pledged to the payment of the principal of or the interest on such bonds. Specific
19 funds pledged to fulfill the public finance authority's obligations are obligations of the
20 public finance authority.

21 5. All expenses incurred in carrying out the purposes of this chapter or chapter 40-57 are
22 payable solely from revenues or funds provided or to be provided under this chapter or
23 chapter 40-57 and nothing in this chapter may be construed to authorize the public
24 finance authority to incur any indebtedness or liability on behalf of or payable by the
25 state.

26 **SECTION 21. AMENDMENT.** Section 15-11-40 of the North Dakota Century Code is
27 amended and reenacted as follows:

28 **15-11-40. State energy research center - Report. (Effective through June 30,**
29 **~~2023~~2027)**

30 1. The state energy research center at the university of North Dakota energy and
31 environmental research center is created for the purpose of conducting exploratory,

- 1 transformational, and innovative research that advances future energy opportunities
2 and benefits the state's economy and environment through:
- 3 a. Exploratory research of technologies and methodologies that facilitate the
4 prudent development, and clean and efficient use, of the state's energy
5 resources;
 - 6 b. Greater access to energy experts for timely scientific and engineering studies to
7 support the state's interests; and
 - 8 c. Education and outreach related to the state's energy resources.
- 9 2. The state energy research center shall report all research activities and
10 accomplishments annually to the interim legislative energy development and
11 transmission committee and to the industrial commission. Upon request, the state
12 energy research center shall report all research activities and accomplishments to the
13 appropriations committees of the legislative assembly.
- 14 3. To effectuate the purposes of this section, the energy and environmental research
15 center may:
- 16 a. Select the research topics and projects to be pursued;
 - 17 b. Enter contracts or agreements with other North Dakota institutions of higher
18 education to support select research topics and projects;
 - 19 c. Enter contracts or agreements with federal, private, and nonprofit organizations
20 to carry out selected research topics and projects; and
 - 21 d. Accepting donations, grants, contributions, and gifts from any source to carry out
22 the selected research topics and projects.
- 23 4. The state energy research center may not conduct research or pursue projects that
24 will result in the exploration, storage, treatment, or disposal of high-level radioactive
25 waste in North Dakota.

26 **SECTION 22. AMENDMENT.** Subsection 6 of section 17-05-08 of the North Dakota
27 Century Code is amended and reenacted as follows:

- 28 6. The commission may approve a resolution for the issuance of bonds as provided in
29 this section which states in substance that this subsection is applicable to any required
30 debt service reserve for bonds issued under that resolution in an aggregate amount
31 not to exceed two hundred forty million dollars plus costs of issuance, credit

1 enhancement, and any reserve funds required by agreements with or for the benefit of
2 holders of the evidences of indebtedness for the purposes for which the authority is
3 created under this chapter. The amount of any refinancing, however, may not be
4 counted toward the two hundred forty million dollar limitation to the extent the amount
5 does not exceed the outstanding amount of the obligations being refinanced. No more
6 than thirty percent of the total project costs or the appraised value, whichever is
7 greater, for any single transmission facility project may be financed by bonds issued
8 under this section which are supported by the debt service reserve fund approved by
9 the commission under this subsection. To ensure the maintenance of the required debt
10 service reserve fund approved by the commission under this subsection, the
11 legislative assembly shall appropriate and pay to the authority for deposit in the
12 reserve fund any sum, certified by the commission as necessary to restore the reserve
13 fund to an amount equal to the required debt service reserve fund approved by the
14 commission.

15 **SECTION 23. AMENDMENT.** Subsection 1 of section 38-22-14 of the North Dakota
16 Century Code is amended and reenacted as follows:

- 17 1. Storage operators shall pay the commission a fee on each ton of carbon dioxide
18 injected for storage. The fee must be in the amount set by commission rule. The
19 amount must be based on the contribution of the storage facility and the source of the
20 carbon dioxide to the energy and agriculture production economy of North Dakota and
21 the commission's anticipated expenses that it will incur in regulating storage facilities
22 during their construction, operational, and preclosure phases.

23 **SECTION 24. AMENDMENT.** Subsection 1 of section 38-22-15 of the North Dakota
24 Century Code is amended and reenacted as follows:

- 25 1. Storage operators shall pay the commission a fee on each ton of carbon dioxide
26 injected for storage. The fee must be in the amount set by commission rule. The
27 amount must be based on the contribution of the storage facility and the source of the
28 carbon dioxide to the energy and agriculture production economy of North Dakota and
29 the commission's anticipated expenses associated with the long-term monitoring and
30 management of a closed storage facility.

1 **SECTION 25.** Subsections 7 and 8 of section 54-17-07.3 of the North Dakota Century Code
2 are created and enacted as follows:

3 7. Residential mortgage program. A program or programs to originate residential
4 mortgages if private sector mortgage loan services are not reasonably available.
5 Under this program, a local financial institution or credit union may assist the agency
6 with receiving loan applications, gathering required documents, ordering legal
7 documents, and maintaining contact with borrowers. The applicant must be referred to
8 the agency by a local financial institution or credit union. The agency shall provide all
9 regulatory disclosures, process and underwrite loans, prepare closing documents, and
10 distribute loan funds. A loan under this program may be issued only for an owner-
11 occupied primary residence.

12 8. The housing finance agency may purchase, service, and sell residential real estate
13 loans secured by a first mortgage lien on real property originated by financial
14 institutions. The loans may be held in the agency's portfolio or sold on the secondary
15 market with servicing retained. All loans with a loan-to-value ratio exceeding eighty
16 percent and not guaranteed by a federal agency must be insured by an approved
17 mortgage insurance company.

18 **SECTION 26. AMENDMENT.** Section 54-17-40 of the North Dakota Century Code is
19 amended and reenacted as follows:

20 **54-17-40. Housing incentive fund - Continuing appropriation - Report to budget**
21 **section.**

22 1. The housing incentive fund is created as a special revolving fund at the Bank of North
23 Dakota. The housing finance agency may direct disbursements from the fund and a
24 continuing appropriation from the fund is provided for that purpose.

25 2. a. After a public hearing, the housing finance agency shall create an annual
26 allocation plan for the distribution of the fund as authorized under subsection 3.
27 At least ~~fifteen~~ten percent of the fund must be used to assist developing
28 communities to address an unmet housing need or alleviate a housing shortage.
29 At least ten percent of the fund must be made available to prevent homelessness
30 as authorized by subdivision d of subsection 3.

- 1 b. The annual allocation plan must give priority to provide housing for individuals
2 and families of low or moderate income. For purposes of this priority, eligible
3 income limits are determined as a percentage of median family income as
4 published in the most recent federal register notice. Under this priority, the annual
5 allocation plan must give preference to projects that benefit households with the
6 lowest income and to projects that have rent restrictions at or below department
7 of housing and urban development published federal fair market rents or
8 department of housing and urban development section 8 payment standards.
- 9 3. The housing finance agency shall adopt guidelines for the fund so as to address
10 unmet housing needs in this state. Assistance from the fund may be used solely for:
- 11 a. New construction, rehabilitation, preservation, or acquisition of a multifamily
12 housing project;
- 13 b. Gap assistance, matching funds, and accessibility improvements;
- 14 c. Assistance that does not exceed the amount necessary to qualify for a loan using
15 underwriting standards acceptable for secondary market financing or to make the
16 project feasible; and
- 17 d. Rental assistance, emergency assistance, barrier mitigation, or targeted
18 supportive services designated to prevent homelessness.
- 19 4. Eligible recipients include units of local, state, and tribal government; local and tribal
20 housing authorities; community action agencies; regional planning councils; and
21 nonprofit organizations and for-profit developers of multifamily housing. Individuals
22 may not receive direct assistance from the fund.
- 23 5. Except for subdivision d of subsection 3, assistance is subject to repayment or
24 recapture under the guidelines adopted by the housing finance agency. Any
25 assistance that is repaid or recaptured must be deposited in the fund and is
26 appropriated on a continuing basis for the purposes of this section.
- 27 6. The agency may collect a reasonable administrative fee from the fund, project
28 developers, applicants, or grant recipients. The origination fee assessed to grant
29 recipients may not exceed five percent of the project award.
- 30 7. Upon request, the housing finance agency shall report to the industrial commission
31 regarding the activities of the housing incentive fund.

- 1 8. At least once per biennium, the housing finance agency shall provide a report to the
2 budget section of the legislative management regarding the activities of the housing
3 incentive fund.

4 **SECTION 27. AMENDMENT.** Section 57-51.1-07.9 of the North Dakota Century Code is
5 amended and reenacted as follows:

6 **57-51.1-07.9. State energy research center fund - Continuing appropriation. (Effective**
7 **through June 30, ~~2023~~2027)**

8 The state energy research center fund is a special fund in the state treasury. Before
9 depositing oil and gas gross production tax and oil extraction tax revenues under section
10 57-51.1-07.5, one percent of the revenues must be deposited monthly into the state energy
11 research center fund, up to five million dollars per biennium. All moneys deposited in the state
12 energy research center fund and interest on all such moneys are appropriated on a continuing
13 basis to the industrial commission for distribution to the state energy research center. The state
14 energy research center shall use the funds in accordance with section 15-11-40.

15 **SECTION 28. AMENDMENT.** Section 7 of House Bill No. 1431, as approved by the sixty-
16 seventh legislative assembly, is amended and reenacted as follows:

17 **SECTION 7. PUBLIC FINANCE AUTHORITY - BOND ISSUE LIMITATION -**
18 **BANK OF NORTH DAKOTA - APPROPRIATION.**

- 19 1. Pursuant to the bonding authority under section 6-09.4-06, the public finance
20 authority only may issue bonds under this Act to provide up to \$680,000,000 of
21 ~~bonds~~funds for transfer to the Bank of North Dakota for allocations to
22 infrastructure projects and programs, for the biennium beginning July 1, 2021,
23 and ending June 30, 2023.
- 24 2. The term of any bonds issued under this section may not exceed twenty years.
25 The public finance authority may issue bond anticipation notes or borrow from the
26 Bank to support the allocations to infrastructure projects and programs prior to a
27 bond issue. ~~The public finance authority shall make available up to ten percent of~~
28 ~~the bonds for sale directly to North Dakota residents and financial institutions~~The
29 state investment board may purchase the bonds as investments for the funds
30 under its management.

- 1 3. After payment of any issuance costs, capitalized interest, or any transfers to a
2 reserve fund, \$680,000,000 from the bond proceeds issued by the public finance
3 authority is appropriated to the Bank of North Dakota for allocations to
4 infrastructure projects and programs, for the biennium beginning July 1, 2021,
5 and ending June 30, 2023, as follows:
- 6 a. \$435,500,000 for the Fargo diversion project;
 - 7 b. \$74,500,000 to the resources trust fund;
 - 8 c. \$50,000,000 to the infrastructure revolving loan fund under section 6-09-49;
 - 9 d. \$70,000,000 to the highway fund; and
 - 10 e. \$50,000,000 to North Dakota state university, which is appropriated to North
11 Dakota state university, for an agriculture products development center
12 including a northern crops institute project.

13 **SECTION 29. REPEAL.** Section 54-17-07.12 of the North Dakota Century Code is
14 repealed.

15 **SECTION 30. EXEMPTION - OIL AND GAS TAX REVENUE ALLOCATIONS - NORTH**
16 **DAKOTA OUTDOOR HERITAGE FUND.** Notwithstanding the provisions of section 57-51-15
17 relating to the allocations to the North Dakota outdoor heritage fund, for the period beginning
18 September 1, 2021, and ending August 31, 2023, the state treasurer shall allocate eight percent
19 of the oil and gas gross production tax revenue available under subsection 1 of section
20 57-51-15 to the North Dakota outdoor heritage fund, but not in an amount exceeding
21 \$7,500,000 per fiscal year.

22 **SECTION 31. EXEMPTION - OIL AND GAS TAX REVENUE ALLOCATIONS - OIL AND**
23 **GAS RESEARCH FUND.** Notwithstanding the provisions of section 57-51.1-07.3 relating to the
24 allocations to the oil and gas research fund, for the period beginning August 1, 2021, and
25 ending July 31, 2023, the state treasurer shall deposit two percent of the oil and gas gross
26 production tax and oil extraction tax revenues, up to \$14,500,000, into the oil and gas research
27 fund before depositing oil and gas tax revenues under sections 57-51.1-07.5 and 57-51.1-07.9.

28 **SECTION 32. EXEMPTION - SCHOOL CONSTRUCTION ASSISTANCE REVOLVING**
29 **LOAN FUND.** Notwithstanding the requirements under section 15.1-36-08 to use the moneys in
30 the fund for loan disbursements and administrative expenses and pursuant to the continuing
31 appropriation authority under section 15.1-36-08, \$2,500,000, or so much of the sum as may be

1 necessary, is available from the school construction assistance revolving loan fund to the Bank
2 of North Dakota to provide interest rate buydowns associated with loans issued under section
3 15.1-36-06, for the biennium beginning July 1, 2021, and ending June 30, 2023. In addition,
4 subject to sufficient funding being available for loans to local school districts, the Bank of North
5 Dakota may utilize funding from the school construction assistance revolving loan fund to repay
6 a portion of the outstanding principal balance of loans issued under section 15.1-36-06 for the
7 purpose of transferring a portion of the loans issued under that section from the Bank of North
8 Dakota to the school construction assistance revolving loan fund, for the biennium beginning
9 July 1, 2021, and ending June 30, 2023.

10 **SECTION 33. EXEMPTION - SURVEY REVIEW - STRATEGIC INVESTMENT AND**

11 **IMPROVEMENTS FUND.** The amount of \$800,000 appropriated from the strategic investment
12 and improvements fund in section 2 of chapter 426 of the 2017 Session Laws and continued
13 into the 2019-21 biennium pursuant to section 27 of chapter 14 of the 2019 Session Laws is not
14 subject to section 54-44.1-11. Any unexpended funds from this appropriation are available to the
15 industrial commission for expert legal testimony associated with the survey review until June 30,
16 2023.

17 **SECTION 34. EXEMPTION - INDUSTRIAL COMMISSION FUND.** The amount of

18 \$1,172,603 appropriated to the industrial commission in subdivision 1 of section 1 of chapter 14
19 of the 2019 Session Laws and transferred pursuant to section 8 of chapter 14 of the
20 2019 Session Laws is not subject to the provisions of section 54-44.1-11. Any unexpended
21 funds from this appropriation are available to the industrial commission for administrative
22 services rendered by the commission during the biennium beginning July 1, 2021, and ending
23 June 30, 2023.

24 **SECTION 35. LEGISLATIVE MANAGEMENT STUDY - LONG-TERM CARE FACILITY**
25 **DEBT.**

- 26 1. During the 2021-22 interim, the legislative management shall consider studying the
27 levels of debt associated with long-term care facilities in the state. The study must
28 include consideration of the following:
- 29 a. The current debt of long-term care facilities and the potential debt that may be
30 incurred in the next ten years by long-term care facilities;

- 1 b. The status of existing loan programs to assist long-term care facilities, including
2 Bank of North Dakota loan programs and the United States department of
3 agriculture rural loan program; and
- 4 c. Any potential cost-savings for the state and private payers resulting from lower
5 interest rates associated with loans to long-term care facilities.
- 6 2. The legislative management shall report its findings and recommendations, together
7 with any legislation required to implement the recommendations, to the sixty-eighth
8 legislative assembly.

9 **SECTION 36. BANK OF NORTH DAKOTA LOAN PROGRAMS - REPORT TO**

10 **LEGISLATIVE MANAGEMENT.** During the 2021-22 interim, the Bank of North Dakota shall
11 provide at least one report to the legislative management regarding the status of the
12 infrastructure revolving loan fund under section 6-09-49, the legacy infrastructure loan fund
13 under section 6-09-49.1, and the water infrastructure revolving loan fund under section 16 of
14 this Act. The report must include information regarding the types of projects funded with the
15 loans, outstanding loans, and new loans issued, and the report must identify outstanding loans
16 and new loans by communities with a population of less than five thousand and by communities
17 with a population of at least five thousand.