

**Sixty-seventh Legislative Assembly of North Dakota
In Regular Session Commencing Tuesday, January 5, 2021**

SENATE BILL NO. 2014
(Appropriations Committee)

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

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, and from special funds derived from federal funds and other income, to the industrial commission and agencies under its control for the purpose of defraying the expenses of the industrial commission and the agencies under its control, for the biennium beginning July 1, 2021, and ending June 30, 2023, as follows:

Subdivision 1.

INDUSTRIAL COMMISSION

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

Subdivision 2.

BANK OF NORTH DAKOTA

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
--	-------------------	--	----------------------

Bank of North Dakota operations	\$62,847,799	\$3,433,380	\$66,281,179
Capital assets	<u>1,510,000</u>	<u>0</u>	<u>1,510,000</u>
Total special funds	\$64,357,799	\$3,433,380	\$67,791,179
Full-time equivalent positions	181.50	(8.50)	173.00

Subdivision 3.

HOUSING FINANCE AGENCY

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$8,509,015	\$1,047,257	\$9,556,272
Operating expenses	5,346,276	797,784	6,144,060
Capital assets	0	150,000	150,000
Grants	33,466,600	9,508,600	42,975,200
Housing finance agency contingencies	<u>100,000</u>	<u>0</u>	<u>100,000</u>
Total special funds	\$47,421,891	\$11,503,641	\$58,925,532
Full-time equivalent positions	44.00	5.00	49.00

Subdivision 4.

MILL AND ELEVATOR ASSOCIATION

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

Subdivision 5.

TOTAL - SECTION 1

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

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

<u>One-Time Funding Description</u>	<u>2019-21</u>	<u>2021-23</u>
Temporary employees	\$175,000	\$0
Rare earth elements study	160,000	0
Fracturing sand study	110,000	0
Oil database software upgrade	5,000,000	0
High-level radioactive fund	20,000	0
Housing finance agency - housing incentive fund	7,500,000	0
Housing finance agency - housing assessment	0	35,000
Paleontology and geological equipment	<u>0</u>	<u>106,206</u>
Total all funds	\$12,965,000	\$141,206

Less estimated income	<u>5,270,000</u>	<u>35,000</u>
Total general fund	\$7,695,000	\$106,206

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

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

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

SECTION 4. APPROPRIATION - HOUSING FINANCE AGENCY - ADDITIONAL INCOME. In addition to the amount appropriated to the housing finance agency in subdivision 3 of section 1 of this Act, there is appropriated any additional income or unanticipated income from federal or other funds which may become available to the agency, for the biennium beginning July 1, 2021, and ending June 30, 2023. The housing finance agency shall notify the office of management and budget and the legislative council of any additional income or unanticipated income that becomes available to the agency resulting in an increase in appropriation authority.

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

SECTION 6. TRANSFER STRATEGIC INVESTMENT AND IMPROVEMENTS FUND TO OIL AND GAS RESEARCH FUND. The office of management and budget shall transfer the sum of \$9,500,000 from the strategic investment and improvements fund to the oil and gas research fund during the biennium beginning July 1, 2021, and ending June 30, 2023.

SECTION 7. TRANSFER - ENTITIES UNDER THE CONTROL OF THE INDUSTRIAL COMMISSION TO INDUSTRIAL COMMISSION FUND. The sum of \$1,214,768, or so much of the sum as may be necessary, included in the appropriation in subdivision 1 of section 1 of this Act, may be transferred from the entities within the control of the industrial commission or entities directed to make payments to the industrial commission fund for administrative services rendered by the commission. Transfers must be made during the biennium beginning July 1, 2021, and ending June 30, 2023, upon order of the commission. Transfers from the student loan trust fund must be made to the extent permitted by sections 54-17-24 and 54-17-25.

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 profits of the Bank of North Dakota during the biennium beginning July 1, 2021, and ending June 30, 2023. 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. For legislative council budget status reporting purposes, the transfer under this section is considered an ongoing revenue source.

SECTION 9. TRANSFER - PARTNERSHIP IN ASSISTING COMMUNITY EXPANSION. The Bank of North Dakota shall transfer the sum of \$26,000,000, or so much of the sum as may be necessary, from the Bank's current earnings and undivided profits to the partnership in assisting community expansion fund during the biennium beginning July 1, 2021, and ending June 30, 2023.

SECTION 10. TRANSFER - AGRICULTURE PARTNERSHIP IN ASSISTING COMMUNITY EXPANSION. The Bank of North Dakota shall transfer the sum of \$5,000,000, or so much of the sum as may be necessary, from the Bank's current earnings and undivided profits to the agriculture partnership in assisting community expansion fund during the biennium beginning July 1, 2021, and ending June 30, 2023.

SECTION 11. TRANSFER - BIOFUELS PARTNERSHIP IN ASSISTING COMMUNITY EXPANSION. The Bank of North Dakota shall transfer the sum of \$1,000,000, or so much of the sum as may be necessary, from the Bank's current earnings and undivided profits to the biofuels partnership in assisting community expansion fund during the biennium beginning July 1, 2021, and ending June 30, 2023.

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

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

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

SECTION 15. OIL AND GAS RESEARCH FUND - EXEMPTION - ENERGY AND ENVIRONMENTAL RESEARCH CENTER - STUDY OF HYDROGEN. Pursuant to the continuing appropriation in section 57-51.1-07.3 and notwithstanding any policies developed by the oil and gas research council requiring matching funds, the industrial commission shall use \$500,000, or so much of the sum as may be necessary, from the oil and gas research fund to contract with the energy and environmental research center for a study regarding the development and implementation of hydrogen energy in the state. The study must include a plan for the development and implementation of hydrogen energy and must include consideration of existing resources, methods of production and delivery, and potential uses of hydrogen. The study may include estimates of the cost and timeline to develop infrastructure for hydrogen energy and the use of public and private partnerships to assist in the development of infrastructure for hydrogen energy. During the 2021-22 interim, the energy and environmental research center shall provide at least one report to the legislative management regarding the study.

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

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

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

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

1. The infrastructure revolving loan fund is a special fund in the state treasury from which the Bank of North Dakota shall provide loans to political subdivisions, the Garrison Diversion Conservancy District, and the Lake Agassiz water authority for essential infrastructure projects. The Bank shall administer the infrastructure revolving loan fund. The maximum term of a loan made under this section is the lesser of thirty years or the useful life of the project. A loan made from the fund under this section must have an interest rate that does not exceed two percent per year.
2. For purposes of this section, "essential infrastructure projects" means capital construction projects ~~for~~ to construct new infrastructure or replace existing infrastructure, which provide the fixed installations necessary for the function of a political subdivision. Capital construction projects exclude routine maintenance and repair projects, but include the following:
 - a. The Red River valley water supply project;
 - b. ~~New or replacement of existing water~~ Water treatment plants;
 - c. ~~New or replacement of existing wastewater~~ Wastewater treatment plants;
 - d. ~~New or replacement of existing sewer lines and water lines~~ Sewerlines and waterlines, including lift stations and pumping systems; and
 - e. ~~New or replacement of existing storm water and transportation~~ Storm water infrastructure, including curb and gutter construction;
 - f. Water storage systems, including dams, water tanks, and water towers;

- g. Road and bridge infrastructure, including paved and unpaved roads and bridges;
 - h. Airport infrastructure;
 - i. Electricity transmission infrastructure;
 - j. Natural gas transmission infrastructure;
 - k. Communications infrastructure;
 - l. Emergency services facilities, excluding hospitals; and
 - m. Critical political subdivision buildings and infrastructure.
3. In processing political subdivision loan applications under this section, the Bank shall calculate the maximum outstanding loan amount ~~for which a per~~ qualified applicant may qualify, ~~not to exceed fifteen million dollars per loan. A qualified applicant under this section may have a maximum combined total of forty million dollars in outstanding loans under this section and section 6-09-49.1.~~ The Bank shall consider the applicant's ability to repay the loan when processing the application and shall issue loans only to applicants that provide reasonable assurance of sufficient future income to repay the loan.
 4. The Bank shall deposit in the infrastructure revolving loan fund all payments of interest and principal paid under loans made from the infrastructure revolving loan fund. The Bank may use a portion of the interest paid on the outstanding loans as a servicing fee to pay for administrative costs which may not exceed one-half of one percent of the amount of the interest payment. All moneys transferred to the fund, interest upon moneys in the fund, and payments to the fund of principal and interest are appropriated to the Bank on a continuing basis for administrative costs and for loan disbursement according to this section.
 5. The Bank may adopt policies and establish guidelines to administer this loan program in accordance with the provisions of this section and to supplement and leverage the funds in the infrastructure revolving loan fund. Additionally, the Bank may adopt policies allowing participation by local financial institutions.
 6. If a political subdivision applies for a loan under this section for a county road or bridge project, the department of transportation shall review and approve the project before the Bank may issue a loan. If a political subdivision applies for a loan under this section for a water-related project, the state water commission shall review and approve the project before the Bank may issue a loan. The department of transportation and state water commission may develop policies for reviewing and approving projects under this section.

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

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

1. There is created in the state treasury the water infrastructure revolving loan fund to provide loans for water supply, flood protection, or other water development and water management projects. The fund consists of moneys transferred into the fund, interest earned on moneys in the fund, and principal and interest payments to the fund. All moneys in the fund are appropriated to the Bank of North Dakota on a continuing basis for loan disbursements and administrative costs.
2. The state water commission shall approve eligible projects for loans from the water infrastructure loan fund. The state water commission shall consider the following when evaluating eligible projects:

- a. A description of the nature and purposes of the proposed infrastructure project, including an explanation of the need for the project, the reasons why the project is in the public interest, and the overall economic impact of the project.
 - b. The estimated cost of the project, the amount of loan funding requested, and other proposed sources of funding.
 - c. The extent to which completion of the project will provide a benefit to the state or regions within the state.
3. Projects not eligible for the state revolving funds under chapters 61-28.1 and 61-28.2 must be given priority for loans from the water infrastructure revolving loan fund.
 4. In consultation with the state water commission, the Bank of North Dakota shall develop policies for the review and approval of loans under this section. Loans made under this section must be made at the same interest rate as the revolving loan funds established under chapters 61-28.1 and 61-28.2.
 5. The Bank of North Dakota shall manage and administer loans from the water infrastructure loan fund. The Bank shall deposit in the fund all principal and interest paid on loans made from the fund. Annually, the Bank may deduct ~~one-quarter~~one-half of one percent of the outstanding loan balance as a service fee for administering the water infrastructure revolving loan fund. The Bank shall contract with a certified public accounting firm to audit the fund. The cost of the audit must be paid from the fund.

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

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

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

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

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

1. The public finance authority may lend money to political subdivisions or other contracting parties through the purchase or holding of municipal securities which, in the opinion of the attorney general, are properly eligible for purchase or holding by the public finance authority under this chapter or chapter 40-57 and for purposes of the public finance authority's capital financing program the principal amount of any one issue does not exceed five hundred thousand dollars. However, the public finance authority may lend money to political subdivisions through the purchase of securities issued by the political subdivisions through the capital financing program without regard to the principal amount of the bonds issued, if the industrial commission approves a resolution that authorizes the public finance authority to purchase the securities. The capital financing program authorizing resolution must state that the industrial commission has determined that private bond markets will not be responsive to the needs of the issuing political subdivision concerning the securities or, if it appears that the securities can be sold through private bond markets without the involvement of the public finance authority, the authorizing resolution must state reasons for the public finance

authority's involvement in the bond issue. The public finance authority may hold such municipal securities for any length of time it finds to be necessary. The public finance authority, for the purposes authorized by this chapter or chapter 40-57, may issue its bonds payable solely from the revenues available to the public finance authority which are authorized or pledged for payment of public finance authority obligations, and to otherwise assist political subdivisions or other contracting parties as provided in this chapter or chapter 40-57.

2. The public finance authority may lend money to the Bank of North Dakota under terms and conditions requiring the Bank to use the proceeds to make loans for agricultural improvements that qualify for assistance under the revolving loan fund program established by chapter 61-28.2.
3. The public finance authority may transfer money to the Bank of North Dakota for allocations to infrastructure projects and programs. Bonds issued for these purposes are payable in each biennium solely from amounts the legislative assembly may appropriate for debt service for any biennium or from a reserve fund established for the bonds. ~~This section may not be construed to require the state to appropriate funds sufficient to make debt service payments with respect to the bonds or to replenish a related reserve fund. The bonds are not a debt of the Bank of North Dakota or the state. The full faith, credit, and taxing powers of the state are not pledged to the payment of the bonds. As of the date appropriated funds and reserves are not sufficient to pay debt service on the bonds, the obligation of the public finance authority with respect to the bonds must terminate, and the bonds are no longer outstanding. In addition to providing funds for the transfers, the public finance authority may use the bond proceeds to pay the costs of issuance of the bonds and establish a reserve fund for the bonds. Neither the obligation of the state to pay the bonds nor the obligation of the issuer to pay debt service will constitute a debt of the state or any agency or political subdivision of the state within the meaning of any constitutional or statutory provision. The issuance of the bond does not directly or contingently obligate the state to pay the bond payments beyond the appropriation for the current biennium of the state. The issuer has no taxing power. In addition to providing funds for the transfers, the public finance authority may use the bond proceeds to pay the costs of issuance of the bonds, capitalized interest, and establish a reserve fund for the bonds.~~
4. Bonds of the public finance authority issued under this chapter or chapter 40-57 are not in any way a debt or liability of the state and do not constitute a loan of the credit of the state or create any debt or debts, liability or liabilities, on behalf of the state, or constitute a pledge of the faith and credit of the state, but all such bonds are payable solely from revenues pledged or available for their payment as authorized in this chapter. Each bond must contain on its face a statement to the effect that the public finance authority is obligated to pay such principal or interest, and redemption premium, if any, and that neither the faith and credit nor the taxing power of the state is pledged to the payment of the principal of or the interest on such bonds. Specific funds pledged to fulfill the public finance authority's obligations are obligations of the public finance authority.
5. All expenses incurred in carrying out the purposes of this chapter or chapter 40-57 are payable solely from revenues or funds provided or to be provided under this chapter or chapter 40-57 and nothing in this chapter may be construed to authorize the public finance authority to incur any indebtedness or liability on behalf of or payable by the state.

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

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

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

innovative research that advances future energy opportunities and benefits the state's economy and environment through:

- a. Exploratory research of technologies and methodologies that facilitate the prudent development, and clean and efficient use, of the state's energy resources;
 - b. Greater access to energy experts for timely scientific and engineering studies to support the state's interests; and
 - c. Education and outreach related to the state's energy resources.
2. The state energy research center shall report all research activities and accomplishments annually to the interim legislative energy development and transmission committee and to the industrial commission. Upon request, the state energy research center shall report all research activities and accomplishments to the appropriations committees of the legislative assembly.
3. To effectuate the purposes of this section, the energy and environmental research center may:
- a. Select the research topics and projects to be pursued;
 - b. Enter contracts or agreements with other North Dakota institutions of higher education to support select research topics and projects;
 - c. Enter contracts or agreements with federal, private, and nonprofit organizations to carry out selected research topics and projects; and
 - d. Accepting donations, grants, contributions, and gifts from any source to carry out the selected research topics and projects.
4. The state energy research center may not conduct research or pursue projects that will result in the exploration, storage, treatment, or disposal of high-level radioactive waste in North Dakota.

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

6. The commission may approve a resolution for the issuance of bonds as provided in this section which states in substance that this subsection is applicable to any required debt service reserve for bonds issued under that resolution in an aggregate amount not to exceed two hundred forty million dollars plus costs of issuance, credit enhancement, and any reserve funds required by agreements with or for the benefit of holders of the evidences of indebtedness for the purposes for which the authority is created under this chapter. The amount of any refinancing, however, may not be counted toward the two hundred forty million dollar limitation to the extent the amount does not exceed the outstanding amount of the obligations being refinanced. No more than thirty percent of the total project costs or the appraised value, whichever is greater, for any single transmission facility project may be financed by bonds issued under this section which are supported by the debt service reserve fund approved by the commission under this subsection. To ensure the maintenance of the required debt service reserve fund approved by the commission under this subsection, the legislative assembly shall appropriate and pay to the authority for deposit in the reserve fund any sum, certified by the commission as necessary to restore the reserve fund to an amount equal to the required debt service reserve fund approved by the commission.

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

1. Storage operators shall pay the commission a fee on each ton of carbon dioxide injected for storage. The fee must be in the amount set by commission rule. The amount must be based on the contribution of the storage facility and the source of the carbon dioxide to the energy.

and agriculture production economy of North Dakota and the commission's anticipated expenses that it will incur in regulating storage facilities during their construction, operational, and preclosure phases.

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

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

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

7. Residential mortgage program. A program or programs to originate residential mortgages if private sector mortgage loan services are not reasonably available. Under this program, a local financial institution or credit union may assist the agency with receiving loan applications, gathering required documents, ordering legal documents, and maintaining contact with borrowers. The applicant must be referred to the agency by a local financial institution or credit union. The agency shall provide all regulatory disclosures, process and underwrite loans, prepare closing documents, and distribute loan funds. A loan under this program may be issued only for an owner-occupied primary residence.
8. The housing finance agency may purchase, service, and sell residential real estate loans secured by a first mortgage lien on real property originated by financial institutions. The loans may be held in the agency's portfolio or sold on the secondary market with servicing retained. All loans with a loan-to-value ratio exceeding eighty percent and not guaranteed by a federal agency must be insured by an approved mortgage insurance company.

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

54-17-40. 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 as authorized under subsection 3. At least ~~fifteen~~ten percent of the fund must be used to assist developing communities to address an unmet housing need or alleviate a housing shortage. At least ten percent of the fund must be made available to prevent homelessness as authorized by subdivision d of subsection 3.
 - b. The annual allocation plan must give priority to provide housing for individuals and families of low or moderate income. For purposes of this priority, eligible income limits are determined as a percentage of median family income as published in the most recent federal register notice. Under this 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.
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, preservation, 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, barrier mitigation, 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. Upon request, the housing finance agency shall report to the industrial commission regarding the activities of the housing incentive fund.
 8. 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.

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

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

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

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

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

1. Pursuant to the bonding authority under section 6-09.4-06, the public finance authority only may issue bonds under this Act to provide up to \$680,000,000 of bonds~~funds~~ for transfer to the Bank of North Dakota for allocations to infrastructure projects and programs, for the biennium beginning July 1, 2021, and ending June 30, 2023.
2. The term of any bonds issued under this section may not exceed twenty years. The public finance authority may issue bond anticipation notes or borrow from the Bank to

support the allocations to infrastructure projects and programs prior to a bond issue. ~~The public finance authority shall make available up to ten percent of the bonds for sale directly to North Dakota residents and financial institutions.~~ The state investment board may purchase the bonds as investments for the funds under its management.

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

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

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

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

SECTION 32. EXEMPTION - SCHOOL CONSTRUCTION ASSISTANCE REVOLVING LOAN FUND. Notwithstanding the requirements under section 15.1-36-08 to use the moneys in the fund for loan disbursements and administrative expenses and pursuant to the continuing appropriation authority under section 15.1-36-08, \$2,500,000, or so much of the sum as may be necessary, is available from the school construction assistance revolving loan fund to the Bank of North Dakota to provide interest rate buydowns associated with loans issued under section 15.1-36-06, for the biennium beginning July 1, 2021, and ending June 30, 2023. In addition, subject to sufficient funding being available for loans to local school districts, the Bank of North Dakota may utilize funding from the school construction assistance revolving loan fund to repay a portion of the outstanding principal balance of loans issued under section 15.1-36-06 for the purpose of transferring a portion of the loans issued under that section from the Bank of North Dakota to the school construction assistance revolving loan fund, for the biennium beginning July 1, 2021, and ending June 30, 2023.

SECTION 33. EXEMPTION - SURVEY REVIEW - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND. The amount of \$800,000 appropriated from the strategic investment and improvements fund in section 2 of chapter 426 of the 2017 Session Laws and continued into the 2019-21 biennium pursuant to section 27 of chapter 14 of the 2019 Session Laws is not subject to section 54-44.1-11. Any unexpended funds from this appropriation are available to the industrial commission for expert legal testimony associated with the survey review until June 30, 2023.

SECTION 34. EXEMPTION - INDUSTRIAL COMMISSION FUND. The amount of \$1,172,603 appropriated to the industrial commission in subdivision 1 of section 1 of chapter 14 of the 2019 Session Laws and transferred pursuant to section 8 of chapter 14 of the 2019 Session Laws is not subject to the provisions of section 54-44.1-11. Any unexpended funds from this appropriation are available to the industrial commission for administrative services rendered by the commission during the biennium beginning July 1, 2021, and ending June 30, 2023.

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

1. During the 2021-22 interim, the legislative management shall consider studying the levels of debt associated with long-term care facilities in the state. The study must include consideration of the following:
 - a. The current debt of long-term care facilities and the potential debt that may be incurred in the next ten years by long-term care facilities;
 - b. The status of existing loan programs to assist long-term care facilities, including Bank of North Dakota loan programs and the United States department of agriculture rural loan program; and
 - c. Any potential cost-savings for the state and private payers resulting from lower interest rates associated with loans to long-term care facilities.
2. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-eighth legislative assembly.

SECTION 36. BANK OF NORTH DAKOTA LOAN PROGRAMS - REPORT TO LEGISLATIVE MANAGEMENT. During the 2021-22 interim, the Bank of North Dakota shall provide at least one report to the legislative management regarding the status of the infrastructure revolving loan fund under section 6-09-49, the legacy infrastructure loan fund under section 6-09-49.1, and the water infrastructure revolving loan fund under section 16 of this Act. The report must include information regarding the types of projects funded with the loans, outstanding loans, and new loans issued, and the report must identify outstanding loans and new loans by communities with a population of less than five thousand and by communities with a population of at least five thousand.

President of the Senate

Speaker of the House

Secretary of the Senate

Chief Clerk of the House

This certifies that the within bill originated in the Senate of the Sixty-seventh Legislative Assembly of North Dakota and is known on the records of that body as Senate Bill No. 2014.

Senate Vote: Yeas 47 Nays 0 Absent 0

House Vote: Yeas 71 Nays 17 Absent 6

Secretary of the Senate

Received by the Governor at _____ M. on _____, 2021.

Approved at _____ M. on _____, 2021.

Governor

Filed in this office this _____ day of _____, 2021,

at _____ o'clock _____ M.

Secretary of State