

PROPOSED AMENDMENTS TO SENATE BILL NO. 2014

Page 1, line 2, replace "to provide contingent funding" with "to create and enact a new section to chapter 6-09.4 and subsections 7 and 8 of section 54-17-07.3 of the North Dakota Century Code, relating to bonded debt repayments and housing finance agency programs; to amend and reenact sections 6-09-49, 6-09.4-06, 6-09.4-10, 6-09.16-02, 6-09.16-03, 6-09.16-05, 15-11-40, 50-30-04, 54-17-40, and 57-51.1-07.9 of the North Dakota Century Code, relating the infrastructure revolving loan fund, borrowing and lending authority of the public finance authority, reserve funds associated with bonds, the long-term care facility loan fund, the state energy research center, and the housing incentive fund; to provide a continuing appropriation; 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"

Page 1, line 3, remove "and"

Page 1, line 3, after "exemption" insert "; to provide a statement of legislative intent; to provide for a study; and to provide for a legislative management report"

Page 1, replace lines 13 through 22 with:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$23,409,450	\$536,548	\$23,945,998
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>	<u>0</u>
Total all funds	\$39,977,988	\$11,234,949	\$51,212,937
Less estimated income	<u>12,723,790</u>	<u>11,647,897</u>	<u>24,371,687</u>
Total general fund	\$27,254,198	(\$412,948)	\$26,841,250
Full-time equivalent positions	112.25	(4.00)	108.25"

Page 2, replace lines 1 through 6 with:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Bank of North Dakota operations	\$62,847,799	\$3,246,572	\$66,094,371
Capital assets	<u>1,510,000</u>	<u>0</u>	<u>1,510,000</u>
Total special funds	\$64,357,799	\$3,246,572	\$67,604,371
Full-time equivalent positions	181.50	(10.00)	171.50"

Page 2, replace lines 9 through 17 with:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$8,509,015	\$1,128,509	\$9,637,524
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	\$11,584,893	\$59,006,784
Full-time equivalent positions	44.00	5.00	49.00"

Page 2, replace lines 20 through 27 with:

"		Adjustments or	
	<u>Base Level</u>	<u>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"

Page 2, remove lines 30 and 31

Page 3, replace lines 1 through 3 with:

"		Adjustments or	
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
Grand total general fund	\$27,254,198	(\$412,948)	\$26,841,250
Grand total special funds	<u>201,498,304</u>	<u>37,861,747</u>	<u>239,360,051</u>
Grand total all funds	\$228,752,502	\$37,448,799	\$266,201,301"

Page 3, line 4, after "FUNDING" insert "- EFFECT ON BASE BUDGET - REPORT TO THE SIXTY-SEVENTH LEGISLATIVE ASSEMBLY"

Page 3, line 5, after "biennium" insert "and the 2021-23 biennium one-time funding items included in the appropriation in section 1 of this Act"

Page 3, replace lines 7 through 15 with:

"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
Paleontology and geological equipment	<u>0</u>	<u>106,206</u>
Total all funds	\$12,965,000	\$106,206
Less estimated income	5,270,000	<u>0</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 commissioner 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."

Page 3, line 16, replace "\$10,508,767" with "\$22,040,721"

Page 3, replace lines 19 through 31 with:

"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"

Page 4, replace lines 8 through 16 with:

"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 \$15,000,000, 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. APPROPRIATION - GENERAL FUND - TRANSFER TO OIL AND GAS RESEARCH FUND - INTENT. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$14,000,000, or so much of the sum as may be necessary, which the office of management and budget shall transfer to the oil and gas research fund during the biennium beginning July 1, 2021, and ending June 30, 2023. The office of management and budget shall transfer the funds as requested by the industrial commission. It is the intent of the sixty-seventh legislative assembly that the funds appropriated under this section be derived from legacy fund earnings transferred to the general fund during the biennium beginning July 1, 2019, and ending June 30, 2021.

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 may issue up to \$100,000,000 of bonds for transfer to the Bank of North Dakota for allocations to the long-term care facility loan fund, 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 thirty years. The public finance authority may issue bond anticipation notes or borrow from the Bank of North Dakota to support the allocations to the long-term care facility loan fund 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.
3. After payment of any issuance costs or any transfers to a reserve fund, \$100,000,000 from the bond proceeds issued by the public finance authority is appropriated to the Bank of North Dakota for allocations to the long-term care facility loan fund, for the biennium beginning July 1, 2021, and ending June 30, 2023."

Page 4, line 18, replace "\$1,172,603" with "\$1,215,980"

Page 5, line 7, replace "\$4,000,000" with "\$5,000,000"

Page 5, line 17, replace "\$6,000,000" with "\$8,000,000"

Page 5, line 30, replace "the lignite vision 21 program" with "advanced energy technology and other technology development programs"

Page 6, after line 4, insert:

"SECTION 15. 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 \$14,000,000, 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 16. 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, except for projects under subdivisions n, o, and p of subsection 2, which may have a maximum term of up to the lesser of forty 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 ~~to~~ construct new infrastructure or to 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;
 - m. Political subdivision buildings;
 - n. Flood control and conveyance infrastructure;
 - o. Water supply infrastructure, including rural water supply; and
 - p. General water management infrastructure.
3. In processing political subdivision loan applications under this section, the Bank shall calculate the maximum loan amount for which a qualified applicant may qualify, not to exceed ~~fifteen~~forty million dollars per loan for projects under subdivisions a through m of subsection 2. Loans for projects under subdivisions n, o, and p of subsection 2 are not limited to a specific amount per loan. 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 under subdivisions n, o, and p of subsection 2, 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 17. AMENDMENT. Section 6-09.4-06 of the North Dakota Century Code 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 for allocations to the long-term care facility loan fund under chapter 6-09.16. The obligation of the state to pay the bond payments is subject to the biennial appropriations by the legislative assembly. 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.
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 18. AMENDMENT. Section 6-09.4-10 of the North Dakota Century Code is amended and reenacted as follows:

6-09.4-10. Reserve fund.

1. The public finance authority shall establish and maintain a reserve fund in which there must be deposited all moneys appropriated by the state for the purpose of the fund, all proceeds of bonds required to be deposited therein by terms of any contract between the public finance authority and its bondholders or any resolution of the public finance authority with respect to the proceeds of bonds, any other moneys or funds of the public finance authority which it determines to deposit therein, any contractual right to the receipt of moneys by the public finance authority for the purpose of the fund, including a letter of credit or similar instrument, and any other moneys made available to the public finance authority only for the purposes of the fund from any other source or sources. Moneys in the reserve fund must be held and applied solely to the payment of the interest on and the principal of bonds and sinking fund payments as the same become due and payable and for the retirement of bonds, including payment of any redemption premium required to be paid when any bonds are redeemed or retired prior to maturity. Moneys in the reserve fund may not be withdrawn therefrom if the withdrawal would reduce the amount in the reserve fund to an amount less than the required debt service reserve, except for payment of interest then due and payable on bonds and the principal of bonds then maturing and payable and sinking fund payments and for the retirement of bonds in accordance with the terms of any contract between the public finance authority and its bondholders and for the payments on account of which interest or principal or sinking fund payments or retirement of bonds, other moneys of the public finance authority are not then available in accordance with the terms of the contract. The required debt service reserve must be an aggregate amount equal to at least the largest amount of money required by the terms of all contracts between the public finance authority and its bondholders to be raised in the then current or any succeeding calendar year for the payment of interest on and maturing principal of outstanding bonds, and sinking fund payments required by the terms of any contracts to sinking funds established for the payment or redemption of the bonds.

2. If the establishment of the reserve fund for an issue or the maintenance of an existing reserve fund at a required level under this section would necessitate the investment of all or any portion of a new reserve fund or all or any portion of an existing reserve fund at a restricted yield, because to not restrict the yield may cause the bonds to be taxable under the Internal Revenue Code, then at the discretion of the public finance authority no reserve fund need be established prior to the issuance of bonds or the reserve fund need not be funded to the levels required by other subsections of this section or an existing reserve fund may be reduced.
3. No bonds may be issued by the public finance authority unless there is in the reserve fund the required debt service reserve for all bonds then issued and outstanding and the bonds to be issued. Nothing in this chapter prevents or precludes the public finance authority from satisfying the foregoing requirement by depositing so much of the proceeds of the bonds to be issued, upon their issuance, as is needed to achieve the required debt service reserve. The public finance authority may at any time issue its bonds or notes for the purpose of providing any amount necessary to increase the amount in the reserve fund to the required debt service reserve, or to meet such higher or additional reserve as may be fixed by the public finance authority with respect to such fund.
4. In order to assure the maintenance of the required debt service reserve, there shall be appropriated by the legislative assembly and paid to the public finance authority for deposit in the reserve fund, such sum, if any, as shall be certified by the industrial commission as necessary to restore the reserve fund to an amount equal to the required debt service reserve. However, the commission may approve a resolution for the issuance of bonds, as provided by section 6-09.4-06, which states in substance that this subsection is not applicable to the required debt service reserve for bonds issued under that resolution.
5. If the maturity of a series of bonds of the public finance authority is three years or less from the date of issuance of the bonds, the public finance authority may determine that no reserve fund need be established for that respective series of bonds. If such a determination is made, holders of that respective series of bonds may have no interest in or claim on existing reserve funds established for the security of the holders of previously issued public finance authority bonds, and may have no interest in or claim on reserve funds established for the holders of subsequent issues of bonds of the public finance authority.
6. The industrial commission may determine that this section is inapplicable in whole or in part for bonds issued under ~~section~~:
 - a. Section 6-09.4-06;
 - b. Section 6-09.4-24; or ~~under the~~
 - c. The public finance authority's state revolving fund program.

SECTION 19. A new section to chapter 6-09.4 of the North Dakota Century Code is created and enacted as follows:

Debt service requirements - Bonds for long-term care facility loan fund.

Each biennium, the public finance authority shall request from the legislative assembly an appropriation from the general fund, derived from legacy fund earnings, Bank of North Dakota profits, or other sources to meet the debt service requirements or bonds issued by the authority for allocations to the long-term care facility loan fund under chapter 6-09.16.

SECTION 20. AMENDMENT. Section 6-09.16-02 of the North Dakota Century Code is amended and reenacted as follows:

6-09.16-02. Long-term care facility loan fund - Continuing appropriation - Transfer to general fund.

1. A revolving loan fund must be maintained in the Bank of North Dakota for the purpose of making loans to nursing facilities, basic care facilities, or assisted living facilities for capital construction and renovation projects.
2. ~~All moneys transferred into the fund, interest upon moneys in the fund, and collections of interest and principal on loans made from the fund are appropriated to the Bank on a continuing basis for administrative expenses and loan disbursement pursuant to the requirements of this chapter.~~
3. All interest upon moneys in the fund and payments of principal and interest on loans made from the fund must be transferred by the Bank to the state general fund at the beginning of each biennium.

SECTION 21. AMENDMENT. Section 6-09.16-03 of the North Dakota Century Code is amended and reenacted as follows:

6-09.16-03. Long-term care facility loan fund.

1. There is created a long-term care facility loan fund. The fund consists of ~~revenue transferred from the North Dakota health care trust fund, interest upon moneys in the fund, and collections of interest and principal on loans made from the fund~~bond proceeds deposited in the fund.
2. The Bank of North Dakota shall administer the loan fund. ~~Funds in the~~The loan fund may be used for:
 - a. Loans as provided in this chapter and as approved by the department under chapter 50-30;~~and.~~
 - b. The costs of administration of the fund. The Bank may use a portion of the interest paid on the outstanding loans as a service fee to pay administrative costs, which may not exceed one-half of one percent of the amount of the interest payment.
3. ~~Any money in the fund not required for use under subsection 2 must be transferred to the North Dakota health care trust fund.~~

SECTION 22. AMENDMENT. Section 6-09.16-05 of the North Dakota Century Code is amended and reenacted as follows:

6-09.16-05. Amount of loans - Terms and conditions.

Loans in an amount not exceeding ninety percent of project costs may be made by the Bank of North Dakota from the fund maintained pursuant to this chapter. Such loans must bear interest at a rate of two percent of the outstanding principal balance of the loan. In consideration of the making of a loan under this chapter, each borrower shall execute a contract with the department to operate the project in accordance with standards established under chapter 50-30. The contract must also provide that if the use of the project is discontinued or diverted to purposes other than those provided in the loan application without written consent of the department, the full amount of the loan provided under this chapter immediately becomes due and payable. ~~The Bank of North Dakota may annually deduct, as a service fee for administering the loan fund maintained under this chapter, one-half of one percent of the principal balance of the outstanding loans from the fund.~~

SECTION 23. 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)

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 24. AMENDMENT. Section 50-30-04 of the North Dakota Century Code is amended and reenacted as follows:

50-30-04. Long-term care facility loans.

1. The department may approve loans from the long-term care facility loan fund established under chapter 6-09.16 for capital construction and renovation projects involving a nursing facility, basic care facility, or assisted living facility.
2. An approved loan for any project may not exceed ~~one million dollars or~~ ninety percent of the project cost, ~~whichever is less.~~
3. ~~The department shall give preference for loan approval to an applicant that is converting nursing facility bed capacity to basic care bed capacity.~~
4. No loan may be approved unless the applicant agrees to repay to the long-term care facility loan fund the outstanding balance of the loan and any accrued interest if the applicant or its successor in interest ceases to operate the project or facility financed by the loan proceeds during the ten-year period after the date the applicant began operation of the project or facility or fails to commence operations within a reasonable time.
- ~~5.4.~~ In addition to other remedies provided by law or contract, the department may deduct the amount of any refund due from a recipient of a loan from any money owed by the department to such recipient or the recipient's successor in interest.

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)~~

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

SECTION 29. 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 30. 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 \$16,000,000, 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 31. 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."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2014 - Summary of Senate Action

	Base Budget	Senate Changes	Senate Version
Industrial Commission			
Total all funds	\$39,977,988	\$25,234,949	\$65,212,937
Less estimated income	<u>12,723,790</u>	<u>11,647,897</u>	<u>24,371,687</u>
General fund	\$27,254,198	\$13,587,052	\$40,841,250
FTE	112.25	(4.00)	108.25
Bank of North Dakota			
Total all funds	\$64,357,799	\$103,246,572	\$167,604,371
Less estimated income	<u>64,357,799</u>	<u>103,246,572</u>	<u>167,604,371</u>
General fund	\$0	\$0	\$0
FTE	181.50	(10.00)	171.50
Housing Finance Agency			
Total all funds	\$47,421,891	\$26,584,893	\$74,006,784
Less estimated income	<u>47,421,891</u>	<u>11,584,893</u>	<u>59,006,784</u>
General fund	\$0	\$15,000,000	\$15,000,000
FTE	44.00	5.00	49.00
Mill and Elevator			
Total all funds	\$76,994,824	\$11,382,385	\$88,377,209
Less estimated income	<u>76,994,824</u>	<u>11,382,385</u>	<u>88,377,209</u>
General fund	\$0	\$0	\$0
FTE	156.00	0.00	156.00
Bill total			
Total all funds	\$228,752,502	\$166,448,799	\$395,201,301
Less estimated income	<u>201,498,304</u>	<u>137,861,747</u>	<u>339,360,051</u>
General fund	\$27,254,198	\$28,587,052	\$55,841,250
FTE	493.75	(9.00)	484.75

Senate Bill No. 2014 - Industrial Commission - Senate Action

	Base Budget	Senate Changes	Senate Version
Salaries and wages	\$23,409,450	\$536,548	\$23,945,998
Operating expenses	5,830,227	(704,669)	5,125,558
Capital assets		100,660	100,660
Grants - Bond payments	10,508,767	11,531,954	22,040,721
Contingencies	229,544	(229,544)	
Oil and gas research fund		14,000,000	14,000,000
Total all funds	\$39,977,988	\$25,234,949	\$65,212,937
Less estimated income	<u>12,723,790</u>	<u>11,647,897</u>	<u>24,371,687</u>
General fund	\$27,254,198	\$13,587,052	\$40,841,250
FTE	112.25	(4.00)	108.25

Department 405 - Industrial Commission - Detail of Senate Changes

	Adjusts Funding for Base Payroll Changes¹	Adds Funding for Salary and Benefit Increases²	Removes FTE Positions³	Adjusts Funding for Salaries and Wages⁴	Adjusts Funding for Operating Expenses⁵	Increases Funding for Bond Payments⁶
Salaries and wages	\$326,885	\$641,580	(\$402,917)	(\$29,000)		
Operating expenses					(\$710,269)	
Capital assets						
Grants - Bond payments						\$11,531,954
Contingencies			(229,544)			
Oil and gas research fund						
Total all funds	\$326,885	\$641,580	(\$632,461)	(\$29,000)	(\$710,269)	\$11,531,954
Less estimated income	34,876	41,325	0	31,000	8,742	11,531,954
General fund	<u>\$292,009</u>	<u>\$600,255</u>	<u>(\$632,461)</u>	<u>(\$60,000)</u>	<u>(\$719,011)</u>	<u>\$0</u>
FTE	0.00	0.00	(4.00)	0.00	0.00	0.00

	Adds One-Time Funding for Equipment⁷	Transfer to Oil and Gas Research Fund⁸	Total Senate Changes
Salaries and wages			\$536,548
Operating expenses	\$5,600		(704,669)
Capital assets	100,660		100,660
Grants - Bond payments			11,531,954
Contingencies			(229,544)
Oil and gas research fund		\$14,000,000	14,000,000
Total all funds	\$106,260	\$14,000,000	\$25,234,949
Less estimated income	0	0	11,647,897
General fund	<u>\$106,260</u>	<u>\$14,000,000</u>	<u>\$13,587,052</u>
FTE	0.00	0.00	(4.00)

¹ Funding is adjusted for base payroll changes.

² The following funding is added for 2021-23 biennium salary adjustments of 2 percent on July 1, 2021, with a minimum monthly increase of \$80 and a maximum monthly increase of \$300 and 2 percent on July 1, 2022, and increases in health insurance premiums from \$1,427 to \$1,429 per month:

	General Fund	Other Funds	Total
Salary increase	\$595,410	\$41,008	\$636,418
Health insurance increase	4,845	317	5,162
Total	<u>\$600,255</u>	<u>\$41,325</u>	<u>\$641,580</u>

³ The following FTE positions and related funding are removed:

	FTE Positions	General Fund
Removes a computer network specialist position	(1.00)	(\$222,366)
Removes an engineering technician position	(1.00)	(180,551)
Removes contingent positions	(2.00)	(229,544)
Total	<u>(4.00)</u>	<u>(\$632,461)</u>

⁴ Funding is adjusted for other salaries and wages changes as follows:

- Decreases funding from the general fund by \$60,000 for temporary salaries; and
- Increases funding from special funds by \$31,000 for a position reclassification with the Public Finance Authority.

⁵ Funding is adjusted for operating expenses as follows:

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Adjusts funding for operating expenses, primarily related to a decrease in travel	(\$730,400)	\$8,124	(\$722,276)
Increases funding for Microsoft Office 365 licensing expenses	<u>11,389</u>	<u>618</u>	<u>12,007</u>
Total	(\$719,011)	\$8,742	(\$710,269)

⁶ Funding is increased for bond payments to provide total funding of \$22,040,721.

⁷ One-time funding of \$106,260 is added from the general fund for paleontology and geology equipment, including wireless technology, scanners and printers, drones, scopes and camera, dust collection, and shelving.

⁸ One-time funding of \$14 million is appropriated from the general fund, derived from 2019-21 biennium legacy fund earnings, for a transfer to the oil and gas research fund for an underground energy storage study.

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

- Updates a section identifying bond payments.
- Adds a section to transfer \$14 million from the general fund, derived from 2019-21 biennium legacy fund earnings, to the oil and gas research fund for an underground energy storage study.
- Removes a section identifying contingent funding and FTE positions.
- Adds a section to increase 2021-23 biennium oil and gas tax revenue allocations to the oil and gas research fund by \$6 million, from \$10 million to \$16 million, for additional research projects.
- Adds sections to authorize the Public Finance Authority to issue up to \$100 million of bonds to support the long-term care facility loan fund.
- Adds sections to clarify the provisions of the long-term care facility loan fund and to transfer the loan repayments to the general fund rather than maintaining the fund as a revolving loan fund.
- Adds sections to remove the expiration dates for the state energy research center and its related funding source from oil and gas tax revenue allocations.
- Adds a section to decrease the oil and gas tax revenue allocation limit for the North Dakota outdoor heritage fund from \$20 million per fiscal year to \$7.5 million per fiscal year, but only for the 2021-23 biennium.
- Adds a section to provide an exemption allowing the Industrial Commission to continue unspent prior biennium appropriation authority for a survey review during the 2021-23 biennium.

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

	<u>Base Budget</u>	<u>Senate Changes</u>	<u>Senate Version</u>
Capital assets	\$1,510,000		\$1,510,000
Bank of North Dakota operations	62,847,799	\$3,246,572	66,094,371
Bond proceeds		100,000,000	100,000,000
Total all funds	\$64,357,799	\$103,246,572	\$167,604,371
Less estimated income	<u>64,357,799</u>	<u>103,246,572</u>	<u>167,604,371</u>
General fund	\$0	\$0	\$0
FTE	181.50	(10.00)	171.50

Department 471 - Bank of North Dakota - Detail of Senate Changes

	<u>Adjusts Funding for Base Payroll Changes¹</u>	<u>Adds Funding for Salary and Benefit Increases²</u>	<u>Transfers FTE Positions for IT Unification³</u>	<u>Adds FTE Positions⁴</u>	<u>Increases Funding for Operating Expenses⁵</u>	<u>Decreases Contingency Funding⁶</u>
Capital assets						
Bank of North Dakota operations	\$175,686	\$834,768	\$83,343	\$819,302	\$1,833,473	(\$500,000)
Bond proceeds						
Total all funds	\$175,686	\$834,768	\$83,343	\$819,302	\$1,833,473	(\$500,000)
Less estimated income	<u>175,686</u>	<u>834,768</u>	<u>83,343</u>	<u>819,302</u>	<u>1,833,473</u>	<u>(500,000)</u>
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	(16.00)	6.00	0.00	0.00

	Adds Funding for Bond Proceeds ⁷	Total Senate Changes
Capital assets		
Bank of North Dakota operations		\$3,246,572
Bond proceeds	\$100,000,000	100,000,000
Total all funds	\$100,000,000	\$103,246,572
Less estimated income	100,000,000	103,246,572
General fund	\$0	\$0
FTE	0.00	(10.00)

¹ Funding is adjusted for base payroll changes.

² The following funding is added for 2021-23 biennium salary adjustments of 2 percent on July 1, 2021, with a minimum monthly increase of \$80 and a maximum monthly increase of \$300 and 2 percent on July 1, 2022, and increases in health insurance premiums from \$1,427 to \$1,429 per month:

	<u>Other Funds</u>
Salary increase	\$827,017
Health insurance increase	7,751
Total	\$834,768

³ Sixteen FTE positions are transferred to the Information Technology Department for the IT unification project, reducing salary-related funding by \$3,287,172 and increasing operating-related expenses by \$3,370,515.

⁴ Funding and authorization is added for 6 new undesignated FTE positions to support future growth in the Bank of North Dakota's operations.

⁵ Funding for operating expenses is increased by \$1,833,473 from special funds related to an increase in information technology costs (\$1,811,661) and Microsoft Office 365 licensing expenses (\$21,812).

⁶ Funding is decreased by \$500,000 for Bank of North Dakota contingencies to provide total contingency funding of \$3 million.

⁷ Funding of \$100 million from bond proceeds is added for transfer to the long-term care facility loan fund to support loans for long-term care facility construction projects.

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

- Maintains the transfers from Bank profits to the general fund (\$140 million), the partnership in assisting community expansion (PACE) fund (\$26 million), and the biofuels PACE fund (\$1 million).
- Increases the transfer from Bank profits to the Ag PACE fund by \$1 million, from \$4 million to \$5 million.
- Increases the transfer from Bank profits to the beginning farmer revolving loan fund by \$2 million, from \$6 million to \$8 million.
- Adds a section related to the infrastructure revolving loan fund to expand the types of eligible projects; to increase the maximum term of a loan to 40 years for certain water projects; to increase the maximum loan amount to \$40 million for most types of projects, excluding certain water projects which are not limited; and to require the Department of Transportation and State Water Commission respectively to approve road and water projects.

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

	Base Budget	Senate Changes	Senate Version
Salaries and wages	\$8,509,015	\$1,128,509	\$9,637,524
Operating expenses	5,346,276	797,784	6,144,060
Capital assets		150,000	150,000
Grants	33,466,600	9,508,600	42,975,200
HFA contingencies	100,000		100,000
Housing incentive fund		15,000,000	15,000,000
Total all funds	\$47,421,891	\$26,584,893	\$74,006,784
Less estimated income	47,421,891	11,584,893	59,006,784
General fund	\$0	\$15,000,000	\$15,000,000
FTE	44.00	5.00	49.00

Department 473 - Housing Finance Agency - Detail of Senate Changes

	Adjusts Funding for Base Payroll Changes¹	Adds Funding for Salary and Benefit Increases²	Transfers the HOME Program³	Transfers Mortgage Loans from BND⁴	Increases Funding for a Position Change⁵	Increases Funding for Operating Expenses⁶
Salaries and wages	(\$1)	\$229,859	\$356,421	\$471,233	\$70,997	
Operating expenses			236,950	244,883		\$242,071
Capital assets			50,000			
Grants			7,700,000			
HFA contingencies						
Housing incentive fund						
Total all funds	(\$1)	\$229,859	\$8,343,371	\$716,116	\$70,997	\$242,071
Less estimated income	(1)	229,859	8,343,371	716,116	70,997	242,071
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	2.00	3.00	0.00	0.00

	Adds Funding for Multifamily Housing Software⁷	Adds Funding for Grants⁸	Transfer Housing Incentive Fund⁹	Total Senate Changes
Salaries and wages				\$1,128,509
Operating expenses	\$73,880			797,784
Capital assets	100,000			150,000
Grants		\$1,808,600		9,508,600
HFA contingencies			\$15,000,000	15,000,000
Housing incentive fund				
Total all funds	\$173,880	\$1,808,600	\$15,000,000	\$26,584,893
Less estimated income	173,880	1,808,600	0	11,584,893
General fund	\$0	\$0	\$15,000,000	\$15,000,000
FTE	0.00	0.00	0.00	5.00

¹ Funding is adjusted for base payroll changes.

² The following funding is added for 2021-23 biennium salary adjustments of 2 percent on July 1, 2021, with a minimum monthly increase of \$80 and a maximum monthly increase of \$300 and 2 percent on July 1, 2022, and increases in health insurance premiums from \$1,427 to \$1,429 per month:

Other Funds	
Salary increase	\$227,522
Health insurance increase	2,337
Total	\$229,859

³ The federal HOME program is transferred from the Department of Commerce, including 2 FTE positions, \$356,421 for salaries and wages, \$236,950 for operating expenses, \$50,000 for capital assets, and \$7,700,000 for grants.

⁴ The residential mortgage program is transferred from the Bank of North Dakota. Three FTE positions are added to manage the loans. Funding is increased by \$716,116, including \$471,233 for salaries and wages and \$244,883 for

operating expenses.

⁵ Funding is increased to reclassify a position due to an increase in mortgage loan servicing.

⁶ Funding is increased for operating expenses as follows:

	<u>Other Funds</u>
Increases funding for operating expenses, primarily related to information technology costs	\$122,224
Adds ongoing funding for a statewide housing needs assessment	80,000
Adds one-time funding for a statewide housing needs assessment	35,000
Increases funding for Microsoft Office 365 licensing expenses	<u>4,847</u>
Total	\$207,071

⁷ Funding of \$173,880 is added for multifamily housing software, including \$73,880 for operating expenses and \$100,000 for capital assets.

⁸ Funding is increased for federal Housing and Urban Development grants.

⁹ One-time funding of \$15 million is appropriated from the general fund for a transfer to the housing incentive fund.

This amendment also includes the following changes related to the Housing Finance Agency:

- Adds a section to transfer \$15 million from the general fund to the housing incentive fund.
- Adds a section to amend the housing incentive fund to decrease the amount of funding designated for small communities from 15 to 10 percent and to designate 10 percent for projects to prevent homelessness.
- Adds a section to create two new subsections to Section 54-17-07.3 relating to a residential mortgage loan program and residential real estate loans.
- Adds a section to repeal authorization for the Housing Finance Agency to participate as a wholesale servicing mortgage lender.

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

	Base Budget	Senate Changes	Senate Version
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		500,000
Agriculture promotion	<u>210,000</u>	<u>290,000</u>	<u>500,000</u>
Total all funds	\$76,994,824	\$11,382,385	\$88,377,209
Less estimated income	<u>76,994,824</u>	<u>11,382,385</u>	<u>88,377,209</u>
General fund	\$0	\$0	\$0
 FTE	 156.00	 0.00	 156.00

Department 475 - Mill and Elevator - Detail of Senate Changes

	Adjusts Funding for Base Payroll Changes¹	Adds Funding for Benefit Increases²	Increases Funding for Overtime³	Increases Funding for Operating Expenses⁴	Increases Funding for Agriculture Promotion⁵	Total Senate Changes
Salaries and wages	\$2,360,168	\$7,457	\$1,744,760			\$4,112,385
Operating expenses				\$6,980,000		6,980,000
Contingencies						
Agriculture promotion					<u>\$290,000</u>	<u>290,000</u>
Total all funds	\$2,360,168	\$7,457	\$1,744,760	\$6,980,000	\$290,000	\$11,382,385
Less estimated income	<u>2,360,168</u>	<u>7,457</u>	<u>1,744,760</u>	<u>6,980,000</u>	<u>290,000</u>	<u>11,382,385</u>
General fund	\$0	\$0	\$0	\$0	\$0	\$0
 FTE	 0.00	 0.00	 0.00	 0.00	 0.00	 0.00

¹ Funding is adjusted for base payroll changes, including salary increases.

² Funding is added for increases in health insurance premiums from \$1,427 to \$1,429 per month.

³ Funding is increased for overtime expenses.

⁴ Funding for operating expenses is increased as follows:

	<u>Other Funds</u>
Increases funding for operating expenses, primarily related to insurance and repairs	\$3,680,000
Increases funding for mill capacity increases, primarily related to utilities and supplies	<u>3,300,000</u>
Total	\$6,980,000

⁵ Funding is increased for agriculture promotion by \$290,000, from \$210,000 to \$500,000.

This amendment does not include any other changes for the Mill and Elevator Association.