

**Housing Finance Agency
Budget No. 473
Senate Bill No. 2014**

	FTE Positions	General Fund	Other Funds	Total
2017-19 legislative appropriations	44.00	\$0	\$44,530,239	\$44,530,239
2017-19 base budget	46.00	0	37,520,089	37,520,089
Legislative increase (decrease) to base budget	(2.00)	\$0	\$7,010,150	\$7,010,150

SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The Legislative Assembly did not include funding for employee salary increases.

Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Added funding for base payroll changes for cost-to-continue 2015-17 biennium salaries and benefit increases and for other base payroll changes.			\$92,182	\$92,182
Added funding for employee health insurance premiums to reflect a revised premium rate of \$1,240.83 per month.			119,459	119,459
Added funding for additional salary increases related to salary adjustments for vacant positions and higher than anticipated 2015-17 biennium salary adjustments.			257,425	257,425
Removed funding for 2 FTE positions and reduced salaries and wages related to a vacant FTE position.	(2.00)		(322,044)	(322,044)
Added funding for operating expenses to continue additional expenses related to increased volume in mortgage servicing premiums during the 2015-17 biennium that were paid with additional income appropriation authority.			970,000	970,000
Adjusted funding for other operating expenses, including an increase of \$45,630 for anticipated increases in loan processing and a decrease of \$16,550 for miscellaneous budgetary reductions.			29,080	29,080
Added funding for federal Housing and Urban Development grants related to distributions from the federal housing trust fund.			6,017,048	6,017,048
Reduced funding for the Helping Hand grant program from \$250,000 to \$150,000.			(100,000)	(100,000)

Reduced grant funding for program outreach (\$43,000) and technical assistance grants (\$10,000).			(53,000)	(53,000)
Total	<u>(2.00)</u>	<u>\$0</u>	<u>\$7,010,150</u>	<u>\$7,010,150</u>

FTE Changes

The Legislative Assembly approved 44 FTE positions for the Housing Finance Agency for the 2017-19 biennium, a decrease of 2 FTE positions from the 2015-17 biennium authorized level of 46 FTE positions. The Legislative Assembly removed 1 FTE housing program administrator position and 1 FTE housing program representative position.

Housing Incentive Fund

The Legislative Assembly in 2011 Senate Bill No. 2210 created a special revolving housing incentive fund, provided a continuing appropriation to the Housing Finance Agency for disbursements from the fund, and authorized a tax credit for income tax purposes for contributions to the fund, not to exceed an aggregate amount of \$4 million per biennium for all eligible contributors. Senate Bill No. 2371 (2011) increased the aggregate tax credit limit to \$15 million per biennium.

Senate Bill No. 2014 (2013) provided for a one-time transfer of \$15.4 million from the general fund to the housing incentive fund. The bill continued the housing incentive fund tax credit through the first 2 taxable years after December 31, 2012, and increased the aggregate amount of tax credits allowed to all eligible contributors from \$15 million to \$20 million per biennium. Similar provisions were also included in 2013 House Bill No. 1029.

House Bill No. 1014 (2015) continued the housing incentive fund into the 2015-17 biennium. Section 7 of the bill provided for a transfer of \$5 million from the Bank of North Dakota's profits to the housing incentive fund, and Section 28 provided an emergency clause for the transfer. Section 8 provided for a contingent transfer of \$5 million from the Bank's profits to the housing incentive fund if the Bank's profits exceed \$130 million during calendar year 2015. The contingency was met, and the \$5 million was transferred to the housing incentive fund. Section 17 amended the fund to limit the origination fee to 5 percent per award. Section 20 increased the funding available to the housing incentive fund from income tax credits from \$20 million to \$30 million. Funding provided to the housing incentive fund during the 2015-17 biennium totaled \$40 million.

Section 20 of Senate Bill No. 2014 (2017) continues the housing incentive fund for the 2017-19 biennium and changes the requirement for the Housing Finance Agency to report to the Budget Section from a quarterly report to a biennial report. The changes in Section 20 also incorporate the requirement for the Housing Finance Agency to report to the Industrial Commission upon request, and Section 22 repeals a section of North Dakota Century Code that separately required the Housing Finance Agency to report to the Industrial Commission upon request. The 2017 Legislative Assembly did not provide any new funding for the housing incentive fund for the 2017-19 biennium.

Other Sections in Senate Bill No. 2014

Health insurance increase - Section 2 identifies the amount of funding included in the agency budget for state employee health insurance premium rate increases during the 2017-19 biennium.

Additional income - Section 5 provides appropriation authority to the Housing Finance Agency for any additional or unanticipated income from federal or other funds which may become available during the 2017-19 biennium. The section also requires the Housing Finance Agency to notify the Office of Management and Budget and the Legislative Council of additional income received requiring an increase in appropriation authority.