

**Housing Finance Agency
Budget No. 473
House Bill No. 1014**

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	44.00	\$7,500,000	\$47,421,891	\$54,921,891
2019-21 base budget	44.00	0	44,530,239	44,530,239
Legislative increase (decrease) to base budget	0.00	\$7,500,000	\$2,891,652	\$10,391,652

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$0	\$7,500,000	\$7,500,000
2017-19 legislative appropriations	0	0	0
2019-21 legislative increase (decrease) to 2017-19 appropriations	\$0	\$7,500,000	\$7,500,000
Percentage increase (decrease) to 2017-19 appropriations	N/A	N/A	N/A

**SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget**

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes.			\$221,665	\$221,665
Added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020.			256,181	256,181
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.			196,332	196,332
Removed funding for temporary employees.			(57,219)	(57,219)
Added funding for mortgage servicing premium expenses related to an increase in loan volume.			602,921	602,921
Added funding for agency program grants (\$20,000) and federal housing grants (\$1,651,772).			1,671,772	1,671,772
Added one-time funding from the general fund for a transfer to the housing incentive fund.		\$7,500,000		7,500,000
Total	0.00	\$7,500,000	\$2,891,652	\$10,391,652

FTE Changes

The Legislative Assembly approved 44 FTE positions for the Housing Finance Agency for the 2019-21 biennium, the same as the 2017-19 biennium.

Housing Incentive Fund

Senate Bill No. 2210 (2011) 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 House Bill No. 1029 (2013).

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 exceeded \$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 through income tax credits from \$20 million to \$30 million. Funding provided to the housing incentive fund during the 2015-17 biennium totaled \$40 million.

Senate Bill No. 2014 (2017) removed the expiration date associated with the housing incentive fund and changed the reporting requirements for the Housing Finance Agency. The report to the Budget Section was changed from a quarterly report to a biennial report. The report to the Industrial Commission was incorporated into the reporting requirements of the fund, and a separate section of North Dakota Century Code requiring the report to the Industrial Commission was repealed. The 2017 Legislative Assembly did not provide any new funding for the housing incentive fund for the 2017-19 biennium.

House Bill No. 1014 (2019) transfers \$7.5 million from the general fund to the housing incentive fund for the 2019-21 biennium; decreases the amount of funding designated for small developing communities by 10 percent, from 25 percent to 15 percent; and removes the prioritization and reporting requirements related to essential service workers.

Other Sections in House Bill No. 1014

Additional income - Section 4 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 2019-21 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 resulting in an increase in appropriation authority.

Transfer to housing incentive fund - Section 6 provides for a transfer of \$7.5 million from the general fund to the housing incentive fund for the 2019-21 biennium.

Related Legislation

House Bill No. 1376 - Authorizes criminal background checks for employees of the Housing Finance Agency.