

Department 473 - Housing Finance Agency  
House Bill No. 1014

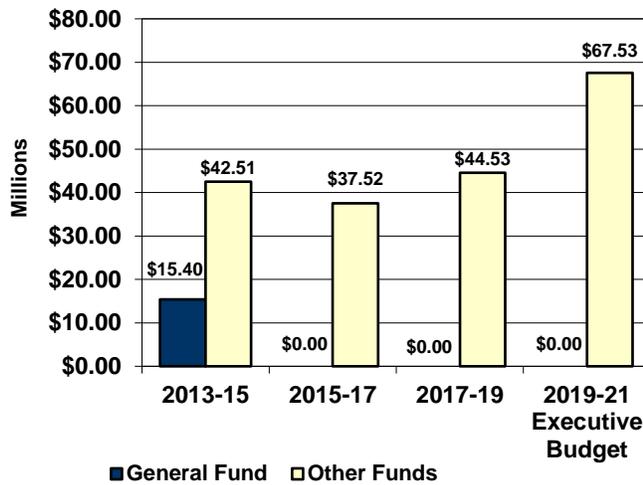
**Executive Budget Comparison to Prior Biennium Appropriations**

	FTE Positions	General Fund	Other Funds	Total
2019-21 Executive Budget	44.00	\$0	\$67,528,525	\$67,528,525
2017-19 Legislative Appropriations	44.00	0	44,530,239	44,530,239
Increase (Decrease)	0.00	\$0	\$22,998,286	\$22,998,286

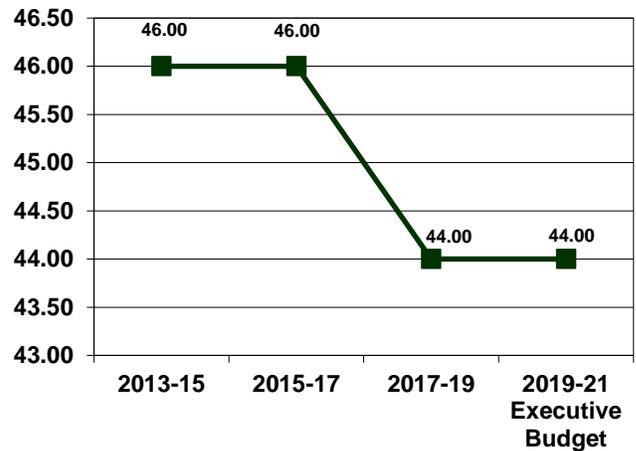
**Ongoing and One-Time Other Funds Appropriations**

	Ongoing Other Funds Appropriation	One-Time Other Funds Appropriation	Total Other Funds Appropriation
2019-21 Executive Budget	\$47,528,525	\$20,000,000	\$67,528,525
2017-19 Legislative Appropriations	44,530,239	0	44,530,239
Increase (Decrease)	\$2,998,286	\$20,000,000	\$22,998,286

**Agency Funding**



**FTE Positions**



**Executive Budget Comparison to Base Level**

	General Fund	Other Funds	Total
2019-21 Executive Budget	\$0	\$47,528,525	\$47,528,525
2019-21 Base Level	0	44,530,239	44,530,239
Increase (Decrease)	\$0	\$2,998,286	\$2,998,286

**First House Action**

Attached is a comparison worksheet detailing first house changes to base level funding and the executive budget.

**Executive Budget Highlights  
(With First House Changes in Bold)**

	General Fund	Other Funds	Total
1. Provides funding for state employee salary and benefit increases of which \$348,730 is for salary increases, \$166,276 is for health insurance increases, and \$44,141 is for retirement increases. <b>The House added funding for salary adjustments of 2 percent per year and increases in health insurance premiums from \$1,241 to \$1,427 per month. The House did not add funding for retirement contribution increases.</b>	\$0	\$559,147	\$559,147
2. Reduces funding for temporary employees	\$0	(\$57,219)	(\$57,219)
3. Increases funding for mortgage servicing premium expenses	\$0	\$602,921	\$602,921
4. Increases funding for program grants	\$0	\$20,000	\$20,000
5. Adds funding for federal housing grants	\$0	\$1,651,772	\$1,651,772

6. Adds **one-time funding** from the strategic investment and improvements fund for a transfer to the housing incentive fund. **The House did not include a transfer from the strategic investment and improvements fund to the housing incentive fund.**
- |  |     |              |              |
|--|-----|--------------|--------------|
|  | \$0 | \$20,000,000 | \$20,000,000 |
|--|-----|--------------|--------------|

### **Other Sections in House Bill No. 1014**

**Additional appropriation authority** - 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.

### **Deficiency Appropriation**

There are no deficiency appropriations for this agency.

### **Continuing Appropriations**

**Housing incentive fund** - North Dakota Century Code Section 54-17-40 - Provides grants for housing projects.

### **Significant Audit Findings**

The financial statement audit for the Housing Finance Agency conducted by Brady, Martz & Associates, PC, during the 2017-18 interim identified no significant findings.

### **Major Related Legislation**

**Senate Bill No. 2271** - Provides a one-time transfer of \$10 million from the general fund to the housing incentive fund for grants to support housing projects that address unmet housing needs.

**Housing Finance Agency - Budget No. 473**  
**House Bill No. 1014**  
**Base Level Funding Changes**

	Executive Budget Recommendation				House Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
<b>2019-21 Biennium Base Level</b>	44.00	\$0	\$44,530,239	\$44,530,239	44.00	\$0	\$44,530,239	\$44,530,239
<b>2019-21 Ongoing Funding Changes</b>								
Base payroll changes			\$221,665	\$221,665			\$221,665	\$221,665
Salary increase			348,730	348,730			208,965	208,965
Health insurance increase			166,276	166,276			196,332	196,332
Retirement contribution increase			44,141	44,141				0
Removes funding for temporary employees			(57,219)	(57,219)			(57,219)	(57,219)
Increases funding for mortgage servicing premium expenses			602,921	602,921			602,921	602,921
Increases funding for program grants			20,000	20,000			20,000	20,000
Adds funding for federal housing grants			1,651,772	1,651,772			1,651,772	1,651,772
Total ongoing funding changes	0.00	\$0	\$2,998,286	\$2,998,286	0.00	\$0	\$2,844,436	\$2,844,436
<b>One-time funding items</b>								
Transfer housing incentive fund			\$20,000,000	\$20,000,000				\$0
Total one-time funding changes	0.00	\$0	\$20,000,000	\$20,000,000	0.00	\$0	\$0	\$0
<b>Total Changes to Base Level Funding</b>	0.00	\$0	\$22,998,286	\$22,998,286	0.00	\$0	\$2,844,436	\$2,844,436
<b>2019-21 Total Funding</b>	44.00	\$0	\$67,528,525	\$67,528,525	44.00	\$0	\$47,374,675	\$47,374,675

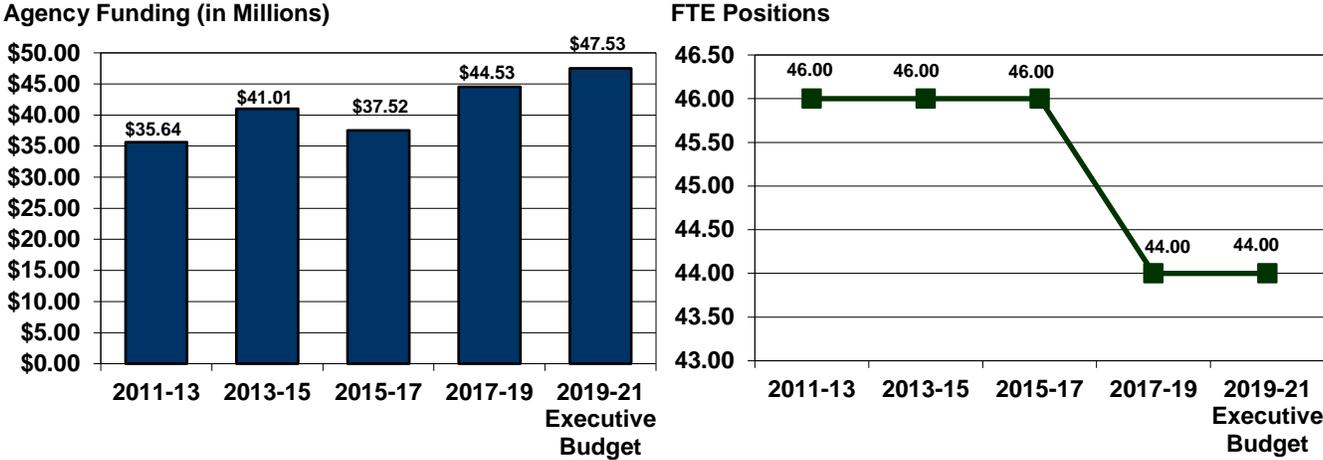
**Other Sections for Housing Finance Agency - Budget No. 473**

	Executive Budget Recommendation	House Version
Additional appropriation authority	Section 4 would provide 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.	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.
Transfer to housing incentive fund	Section 18 would provide a transfer of \$20 million from the strategic investment and improvements fund to the housing incentive fund.	

Department 473 - Housing Finance Agency

# Historical Appropriations Information

## Ongoing Other Funds Appropriations Since 2011-13



Ongoing Other Funds Appropriations					
	2011-13	2013-15	2015-17	2017-19	2019-21 Executive Budget
Ongoing other funds appropriations	\$35,640,046	\$41,007,497	\$37,520,089	\$44,530,239	\$47,528,525
Increase (decrease) from previous biennium	N/A	\$5,367,451	(\$3,487,408)	\$7,010,150	\$2,998,286
Percentage increase (decrease) from previous biennium	N/A	15.1%	(8.5%)	18.7%	6.7%
Cumulative percentage increase (decrease) from 2011-13 biennium	N/A	15.1%	5.3%	24.9%	33.4%

### Major Increases (Decreases) in Ongoing Other Funds Appropriations

**2013-15 Biennium**

- 1. Added funding for grants under the federal Neighborhood Stabilization Program \$4,000,000
- 2. Increased funding for program outreach \$131,000

**2015-17 Biennium**

- 1. Reduced funding for federal Housing and Urban Development grants (\$2,214,445)
- 2. Reduced funding for housing development grant programs (\$1,287,825)

**2017-19 Biennium**

- 1. Removed funding for 2 FTE positions and reduced funding for salaries and wages related to a vacant FTE position (\$322,044)
- 2. Increased funding for operating expenses to continue additional expenses relating to increased volume in mortgage servicing premiums during the 2015-17 biennium, which were paid pursuant to additional income appropriation authority in Section 4 of House Bill No. 1014 (2015) \$970,000
- 3. Added funding for federal Housing and Urban Development grants related to distributions from the federal housing trust fund \$6,017,048
- 4. Increased funding for operating expenses \$29,080
- 5. Reduced grant funding for the helping hand program, technical assistance, and program outreach (\$153,000)

**2019-21 Biennium (Executive Budget Recommendation)**

- 1. Reduces funding for temporary employees (\$57,219)
- 2. Increases funding for mortgage servicing premium expenses \$602,921
- 3. Increases funding for program grants \$20,000
- 4. Adds funding for federal housing grants \$1,651,772

**GOVERNOR'S RECOMMENDATION FOR THE  
INDUSTRIAL COMMISSION AS SUBMITTED  
BY THE OFFICE OF MANAGEMENT AND BUDGET**

**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 state industrial commission and agencies under its control for the purpose of defraying the expenses of the state industrial commission and agencies under its control, for the biennium beginning July 1, 2019, and ending June 30, 2020, as follows:

Subdivision 1.

INDUSTRIAL COMMISSION

	<u>Base level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and Wages	\$22,014,084	\$1,740,329	\$23,754,413
Operating Expenses	5,305,888	686,099	5,991,987
Capital Assets	-	5,000,000	5,000,000
Grants - Bond Payments	13,210,484	(2,701,717)	10,508,767
Contingencies	<u>221,737</u>	<u>(221,737)</u>	<u>0</u>
Total all funds	\$40,752,193	\$4,502,974	\$45,255,167
Less estimated income	<u>15,343,206</u>	<u>2,671,741</u>	<u>18,014,947</u>
Total general fund	\$25,408,987	\$1,831,233	\$27,240,220
Full-time equivalent positions	110.25	0.00	110.25

Subdivision 2.

BANK OF NORTH DAKOTA - OPERATIONS

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Bank of North Dakota operations	\$58,489,204	\$84,826,125	\$143,315,329
Capital assets	810,000	700,000	1,510,000
Total all funds	<u>\$59,299,204</u>	<u>\$85,526,125</u>	<u>\$144,825,329</u>
Less estimated income	59,299,204	5,526,125	64,825,329
Total general fund	\$0	\$80,000,000	\$80,000,000
Full-time equivalent positions	181.50	0.00	181.50

Subdivision 3.

MILL AND ELEVATOR ASSOCIATION

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$39,308,519	\$7,371,412	\$46,679,931
Operating expenses	28,195,000	1,642,000	29,837,000
Contingencies	500,000	0	500,000
Agriculture promotion	210,000	0	210,000
Total from mill and elevator fund	<u>\$68,213,519</u>	<u>\$9,013,412</u>	<u>\$77,226,931</u>
Full-time equivalent positions	153.00	4.00	157.00

Subdivision 4.

HOUSING FINANCE AGENCY

Adjustments or

	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$7,892,056	\$723,593	\$8,615,649
Operating expenses	4,743,355	602,921	5,346,276
Grants	31,794,828	21,671,772	53,466,600
Housing finance agency contingencies	100,000	0	100,000
Total special funds	<u>\$44,530,239</u>	<u>\$22,998,286</u>	<u>\$67,528,525</u>
Full-time equivalent positions	44.00	0.00	44.00

Subdivision 5.

BILL TOTAL

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Grand total general fund	\$25,408,987	\$81,831,233	\$107,240,220
Grand total special funds	<u>187,386,168</u>	<u>40,209,564</u>	<u>227,595,732</u>
Grand total all funds	\$212,795,155	\$122,040,797	\$334,835,952

**SECTION 2. ONE-TIME FUNDING – EFFECT ON BASE BUDGET – REPORT TO SIXTY-SIXTH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time funding items approved by the sixty-fourth legislative assembly for the 2017-19 biennium and the 2019-21 one-time funding items included in the grand total appropriation in section 1 of this Act:

<u>One-Time Funding Description</u>	<u>2017-19</u>	<u>2019-21</u>
Litigation	\$1,000,000	\$0
Industrial water supply asset study	150,000	0
Soil remediation study	5,000,000	0
Ordinary high-water mark survey review	800,000	0
Housing incentive fund	0	20,000,000
Infrastructure loan fund	0	55,000,000
School construction loan fund	0	25,000,000
Equipment - BND	0	700,000
RBDMS upgrade	0	5,000,000
Rare earth study	0	160,000
Proppant sand study	<u>0</u>	<u>110,000</u>
Total all funds	\$6,950,000	\$105,970,000
Total special fund	<u>6,950,000</u>	<u>25,970,000</u>
Total general fund	\$0	\$80,000,000

The 2019-21 one-time funding amounts are not a part of the entity's base budget for the 2021-23 biennium. The industrial commission shall report to the appropriations committees of the sixty-seventh legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2019, and ending June 30, 2021.

**SECTION 3. LEGISLATIVE INTENT - BOND PAYMENTS.** The amount of \$10,508,767 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, 2019, and ending June 30, 2021:

North Dakota university system	\$4,959,448
North Dakota university system - energy conservation projects	415,664
Department of corrections and rehabilitation	689,299
Department of corrections and rehabilitation – energy conservation projects	16,180
State department of health	644,884
Job service North Dakota	434,847
Office of management and budget	567,125
Office of attorney general	647,500

State historical society	1,177,875
Parks and recreation department	66,875
Research and extension service	483,337
Veterans' home	405,733
Total	\$10,508,767

**SECTION 4. APPROPRIATION.** In addition to the amount appropriated to the housing finance agency in subdivision 4 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, 2019, and ending June 30, 2021.

**SECTION 5. APPROPRIATION - ADDITIONAL FUNDS FROM BONDS - EMERGENCY COMMISSION APPROVAL.** In addition to the amount appropriated to the state industrial commission in subdivision 1 of section 1 of this Act, there is appropriated, with the approval of the emergency commission, funds that may become available to the commission from bonds authorized by law to be issued by the state industrial commission for the biennium beginning July 1, 2019, and ending June 30, 2021.

**SECTION 6. TRANSFER – BANK OF NORTH DAKOTA PROFITS TO THE GENERAL FUND.** During the biennium beginning July 1, 2019, and ending June 30, 2021, the industrial commission shall transfer to the state general fund \$140,000,000 from the current earnings and the accumulated undivided profits of the Bank of North Dakota. 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.

**SECTION 7. TRANSFER – INFRASTRUCTURE REVOLVING LOAN FUND.** The Bank of North Dakota and total general fund line items in subdivision 2 of section 1 of this Act includes the sum of \$55,000,000 which the office of management and budget shall transfer to the infrastructure revolving loan fund during the biennium beginning July 1, 2019, and ending June 30, 2021.

**SECTION 8. TRANSFER – SCHOOL CONSTRUCTION LOAN FUND.** The Bank of North Dakota and total general fund line items in subdivision 2 of section 1 of this Act includes the sum of \$25,000,000 which the office of management and budget shall transfer to the school construction loan fund during the biennium beginning July 1, 2019, and ending June 30, 2021.

**SECTION 9. TRANSFER – ENTITIES WITHIN THE CONTROL OF THE INDUSTRIAL COMMISSION TO INDUSTRIAL COMMISSION FUND.** The sum of \$1,184,893, or so much of the sum as may be necessary, included in the special funds appropriation line item in subdivision 1 of section 1 of this Act, may be transferred from the entities within the control of the state industrial commission or entities directed to make payments to the industrial commission fund for administrative services rendered by the commission. Transfers shall be made during the biennium beginning July 1, 2019, and ending June 30, 2021, upon order of the commission. Transfers from the student loan trust must be made to the extent permitted by sections 54-17-24 and 54-17-25.

**SECTION 10. TRANSFER - BANK OF NORTH DAKOTA - 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, 2019, and ending June 30, 2021.

**SECTION 11. TRANSFER - BANK OF NORTH DAKOTA - AGRICULTURE PARTNERSHIP IN ASSISTING COMMUNITY EXPANSION.** The Bank of North Dakota shall transfer the sum of \$3,000,000, 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, 2019, and ending June 30, 2021.

**SECTION 12. TRANSFER - BANK OF NORTH DAKOTA - 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, 2019, and ending June 30, 2021.

**SECTION 13. TRANSFER - BANK OF NORTH DAKOTA - BEGINNING FARMER REVOLVING LOAN FUND.** The Bank of North Dakota shall transfer the sum of \$6,000,000, 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, 2019, and ending June 30, 2021.

**SECTION 14. TRANSFER - BANK OF NORTH DAKOTA – SCHOOL CONSTRUCTION LOAN FUND.** 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 school construction loan fund during the biennium beginning July 1, 2019, and ending June 30, 2021.

**SECTION 15. ESTIMATED INCOME – STRATEGIC INVESTMENT AND IMPROVEMENTS FUND.** The less estimated income line item in subdivision 1 of section 1 of this Act includes \$5,000,000 from the strategic investment and improvements fund for a risk based data management system upgrade.

**SECTION 16. ESTIMATED INCOME – STRATEGIC INVESTMENT AND IMPROVEMENTS FUND.** The less estimated income line item in subdivision 1 of section 1 of this Act includes \$160,000 from the strategic investment and improvements fund for a rare earth research project.

**SECTION 17. ESTIMATED INCOME - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND.** The less estimated income line item in subdivision 1 of section 1 of this Act includes \$110,000 from the strategic investment and improvements fund for a proppant sand research project.

**SECTION 18. SPECIAL FUNDS TRANSFER – STRATEGIC INVESTMENT AND IMPROVEMENTS FUND TO HOUSING INCENTIVE FUND.** The less estimated income line item in subdivision 4 of section 1 of this Act includes the sum of \$20,000,000, or so much of the sum as may be necessary, from the strategic investment and improvements fund which may be transferred at the direction of the housing finance agency for the purpose of a transfer to the housing incentive fund during the biennium beginning July 1, 2019, and ending June 30, 2021.

**SECTION 19. TRANSFER – BANK OF NORTH DAKOTA – TRANSFER TO THE NORTH DAKOTA DEVELOPMENT FUND INC.** The Bank of North Dakota shall transfer the sum of \$15,000,000, from the Bank's current earnings and undivided profits to the North Dakota Development Fund Inc. during the biennium beginning July 1, 2019 and ending June 30, 2021. The funding must be used in accordance with N.D.C.C. 10-30.5 and to purchase existing New Venture Capital assets held by the Bank of North Dakota.

**SECTION 20. 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 may also be used for the purpose of contracting for nonmatching studies and activities in support of the lignite vision 21 program; 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 not needed for the purposes stated in this section are available to the commission for funding projects, processes, or activities under the lignite research, development, and marketing program.

**SECTION 21. EXEMPTION – INDUSTRIAL COMMISSION FUND.** The amount appropriated to the industrial commission in the special funds appropriation line item in section 1 of chapter 39 of the 2017 Session Laws and transferred pursuant to section 8 of chapter 39 of the 2017 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, 2019, and ending June 30, 2021.

**SECTION 22. EXEMPTION – ORDINARY HIGH-WATER MARK SURVEY REVIEW.** The amount appropriated to the industrial commission in section 1 of chapter 39 of the 2017 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 relating to the review during the biennium beginning July 1, 2019, and June 30, 2021.