

**Industrial Commission
Budget 405
House Bill Nos. 1015, 1022**

	FTE Positions	General Fund	Other Funds	Total
1999-2001 legislative appropriation	64.00	\$20,595,597	\$13,770,925	\$34,366,522
1997-99 legislative appropriation	<u>61.00</u>	<u>20,695,164</u>	<u>16,598,649</u>	<u>37,293,813</u>
1999-2001 appropriation increase (decrease) to 1997-99 appropriation	3.00	(\$99,567)	(\$2,827,724)	(\$2,927,291)

NOTE: The 1999-2001 appropriation amounts include \$25,954, \$23,616 of which is from the general fund, for the agency's share of the \$5.4 million funding pool appropriated to the Office of Management and Budget (OMB) for special market equity adjustments for classified employees and \$2,465, \$1,513 of which is from the general fund, for the agency's share of the \$1.4 million funding pool appropriated to OMB for assisting agencies in providing the \$35 per month minimum salary increase in July 1999.

Item Description

1999 bond issue - Section 1 of House Bill No. 1022 authorizes the Industrial Commission acting as the North Dakota Building Authority to arrange for the funding of the following capital projects:

Williston State College	Health and wellness center addition	\$4,500,000
North Dakota State University	Animal research facility	\$2,207,500
Department of Corrections and Rehabilitation	Youth Correctional Center - Pine Cottage	\$1,475,000

Status/Result

In accordance with the provisions of House Bill No. 1022, the Industrial Commission issued evidences of indebtedness totaling \$4,430,000 in April 2000 for capital projects. The evidences of indebtedness were issued at an interest rate of 5.5102 percent for a period of 20 years with annual debt service of approximately \$370,000. The capital projects included in this financing were:

North Dakota State University	Animal research facility	\$2,207,500
Department of Corrections and Rehabilitation	Youth Correctional Center - Pine Cottage	\$1,475,000

One additional capital project was also included in House Bill No. 1022 but was not included in the bond issue discussed above because it is unknown when construction for the project will begin. The project is the health and wellness center addition at Williston State College. Williston State College is responsible for providing \$1.5 million in local funds before construction may begin. At this time, Williston State College expects to have the \$1.5 million available at the end of 2000 or the beginning of 2001.

For additional information on any of the projects mentioned above, refer to the individual pages for the respective institutions.

Building Authority lease payments limitation - North Dakota Century Code Section 54-17.2-23 limits the general fund amount of lease payments for a biennium to 10 percent of an amount collected from an equivalent one percent sales, use, and motor vehicle excise tax.

Based on the March 1999 forecast for projected sales, use, and motor vehicle excise tax collections in the 1999-2001 biennium, the 10 percent would be approximately \$16.2 million. For the 2001-03 biennium, the amount is estimated to be approximately \$16.9 million. The general fund debt service requirement appropriated by the 1999 Legislative Assembly was \$13,952,899, which is approximately \$2,247,101 less than the legal limit of debt service. The general fund debt service requirement for the 2001-03 biennium, including

Lignite research grants - Section 10 of House Bill No. 1015 provided that up to \$500,000 of the \$10,450,000 appropriated for lignite research grants is for contracting for an independent, nonmatching marketing feasibility study or studies that determine projects or processes that will have the most potential of preserving existing lignite production and jobs or that will lead to increased development of lignite and its products and create new jobs and economic growth for North Dakota. The section also provides that funds appropriated for lignite research grants may be used for contracting for nonmatching environmental studies and activities that assist with marketing of lignite-based electricity and lignite-based byproducts. Moneys not needed for these purposes must be available to the commission for funding projects, processes, or activities under the lignite research, development, and marketing program.

Budget Section report - Section 14 of House Bill No. 1015 requires the Industrial Commission and the Indian Affairs Commission to report to the Budget Section on the status of home mortgage finance programs of the Housing Finance Agency available within Indian reservations located in North Dakota.

the 2000 bond issues which do not include the one pending project, will be approximately \$15.5 million, leaving a \$1.4 million excess between the legal limit of debt service and the estimated debt service payments.

The Industrial Commission has approved \$500,000 for Phase II of the Lignite Vision 21 project. The objective of the Lignite Vision 21 project is to construct a new lignite-fired power plant in North Dakota resulting in increased jobs, business growth, and tax revenue for North Dakota. Phase II of the project is the process of completing studies relating to identifying wholesale customers and equity owners and engineering technical issues.

Mr. Pat Fricke, Executive Director, Housing Finance Agency, reported to the Budget Section on June 9, 1999, that there is North Dakota Housing Finance Agency activity occurring on North Dakota Indian reservations under the rural real estate mortgage program, low-income housing tax credit program, Helping HAND grant program, and the homebuyer education program.

On March 14, 2000, the agency received an Internal Revenue Service private letter ruling which enables the agency to begin utilizing the home mortgage finance program, commonly referred to as the first-time homebuyer program, on Indian reservations. The program uses tax-exempt mortgage revenue bond proceeds to fund mortgage loans purchased within the program.