

PROPOSED AMENDMENTS TO SENATE BILL NO. 2371

Page 1, line 5, after "Code" insert ", section 4 of chapter 12 of the 2011 Session Laws,"

Page 1, line 7, after "fund" insert ", department of transportation borrowing authority for emergency relief projects,"

Page 1, line 7, remove "relating to"

Page 1, line 8, after the second comma insert "a"

Page 1, line 9, remove "township"

Page 1, line 10, remove "financial stabilization grant program,"

Page 1, line 13, after "intent" insert "; to provide for a study"

Page 2, line 19, after "dollars" insert "or the actual amount of documented damage not paid by flood insurance, whichever is less"

Page 2, line 25, replace "twelve" with "twenty-four"

Page 2, line 27, remove "In consideration of labors of residents to recover from disaster impacts, restore and"

Page 2, remove lines 28 through 31

Page 3, replace lines 1 through 4 with "If, subsequent to receiving a loan from the fund, the property for which the loan was made is purchased for flood mitigation purposes or otherwise sold, the balance of the loan and any interest accrued on the loan must be repaid to the fund upon the closing of the sale."

Page 4, after line 3, insert:

**"SECTION 5. AMENDMENT.** Section 4 of chapter 12 of the 2011 Session Laws is amended and reenacted as follows:

**SECTION 4. APPROPRIATION - BORROWING AUTHORITY - ADDITIONAL EMERGENCY RELIEF PROGRAM.** The department of transportation may borrow the sum of ~~\$120,000,000~~\$200,000,000, or so much of the sum as may be necessary, from the Bank of North Dakota for the purpose of providing funding for emergency relief projects on the state highway system, for the period beginning with the effective date of this Act and ending June 30, 2013. Any funding borrowed from the Bank of North Dakota under this section is appropriated to the department of transportation for emergency relief projects on the state highway system. Funding appropriated under this section is considered one-time funding and is not to be considered a part of the department's 2013-15 base budget request. Any federal funding received for projects receiving funding under this section must be used to repay the loan from the Bank of North Dakota."

Page 4, after line 18, insert:

**"SECTION 8. CONTINGENT APPROPRIATION - TRANSFER - REBUILDERS LOAN PROGRAM FUND.** In the event moneys transferred pursuant to section 7 of this Act are fully obligated prior to June 30, 2013, there is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$20,000,000, or so much of the sum as may be necessary, which the office of management and budget shall transfer to the rebuilders loan program fund during the period beginning with the effective date of this Act and ending June 30, 2013."

Page 4, line 22, replace "\$30,000,000" with "\$10,000,000"

Page 6, remove lines 12 through 31

Page 7, remove lines 1 through 6

Page 7, line 13, remove **"ADJUTANT"**

Page 7, line 14, replace **"GENERAL"** with **"DEPARTMENT OF TRANSPORTATION"**

Page 7, line 14, replace "There" with "Notwithstanding section 37-17.1-27, there"

Page 7, line 16, replace "adjutant general" with "department of transportation"

Page 7, line 17, after the first "for" insert "federal aid-eligible"

Page 7, line 18, after the period insert "The director of the department of transportation shall distribute funds on a prorated basis based on the total federal aid-eligible roadway damage occurring in the eligible counties."

Page 8, line 7, replace "\$68,700,000" with "\$48,700,000"

Page 8, after line 27, insert:

**"SECTION 20. APPROPRIATION - ADJUTANT GENERAL - FLOOD-DAMAGED SCHOOL INFRASTRUCTURE GRANTS.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$500,000, or so much of the sum as may be necessary, to the adjutant general for the purpose of providing flood-damaged school infrastructure grants to eligible school districts in the state to defray expenses relating to school buildings or other infrastructure damage due to flooding, for the period beginning with the effective date of this Act and ending June 30, 2013. For the purposes of this section, an eligible school district is a school district that experienced a flood event during the summer of 2011 which resulted in multiple school facilities being damaged and determined to be unusable."

Page 9, line 20, replace "22" with "23"

Page 9, line 25, replace "At least \$3,500,000 of the amount" with "The commissioner of university and school lands shall request appropriation authority for the 2013-15 biennium for any grants approved but not distributed by the end of the 2011-13 biennium. In determining grant awards with the funds"

Page 9, line 26, replace "must be made available for" with ", the commissioner shall give priority to"

Page 9, line 26, replace "licensed emergency medical services operations" with "emergency services, including licensed emergency medical services operations, fire districts and departments, sheriff offices, and police departments"

Page 9, line 27, after the period insert "Any amounts made available for emergency services grants under this section are not to be considered in making grant recommendations under section 57-62-05."

**SECTION 25. APPROPRIATION - TRANSFER - OIL AND GAS IMPACT GRANT FUND.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$5,000,000, or so much of the sum as may be necessary, which the office of management and budget shall transfer to the oil and gas impact grant fund only as necessary to provide funding for grants distributed under section 26 of this Act during the period beginning with the effective date of this Act and ending June 30, 2013.

**SECTION 26. APPROPRIATION - LAND DEPARTMENT - OIL AND GAS IMPACT GRANT FUND.** There is appropriated out of any moneys in the oil and gas impact grant fund in the state treasury, not otherwise appropriated, the sum of \$5,000,000, or so much of the sum as may be necessary, to the commissioner of university and school lands for the purpose of providing distributions to eligible counties experiencing new oil and gas development activities, for the period beginning with the effective date of this Act and ending June 30, 2013. As determined by the director of the department of mineral resources, a county is eligible for a distribution under this section if the county produced fewer than one hundred thousand barrels of oil for the month of November 2011 and after November 2011 the number of active oil rigs operating in the county in any one month exceeds four rigs. Upon the determination by the director of the department of mineral resources that a county is eligible for a distribution under this section, the commissioner of university and school lands shall provide \$1,250,000 to the county for defraying expenses associated with oil and gas development impacts in the county. The county, in determining the use of the funds received, shall consider and, to the extent possible, address the needs of other political subdivisions in the county resulting from the impact of oil and gas development."

Page 10, line 4, replace "\$18,000,000" with "\$23,000,000"

Page 10, line 9, replace "Eighty percent" with "Six million eight hundred thousand dollars"

Page 10, line 11, replace "Twenty percent" with "One million seven hundred thousand dollars"

Page 10, after line 13, insert:

- "3. Fourteen million five hundred thousand dollars to counties and townships in non-oil-producing counties through a distribution of \$10,000 to each organized township and a distribution of \$10,000 for each unorganized township to the county in which the unorganized township is located. If any funds remain after the distributions provided under this subsection, the state treasurer shall distribute eighty percent of the remaining funds to counties and cities pursuant to the method provided in subsection 1 and shall distribute twenty percent of the remaining funds to counties and townships pursuant to the method provided in subsection 2."

Page 10, line 16, after the period insert "Any funds received by a county under this section for an unorganized township distribution must be used for roadway purposes in those unorganized townships located in the county. All funds distributed under this section must be used for extraordinary roadway maintenance purposes."

Page 10, line 17, remove "**CONTINGENT**"

Page 10, line 17, remove "**AND BANK OF NORTH DAKOTA LINE**"

Page 10, line 18, remove "OF CREDIT"

Page 10, line 20, replace "\$500,000" with "\$1,000,000"

Page 10, line 24, remove "In addition, the industrial"

Page 10, remove lines 25 through 31

Page 11, line 1, replace "approval by the attorney general." with "The industrial commission may spend the general fund moneys appropriated in this section only for expenses relating to possible litigation and other administrative proceedings involving the United States environmental protection agency's efforts to regulate hydraulic fracturing and any moneys not spent must be canceled pursuant to section 54-44.1-11."

Page 11, line 3, remove "The industrial commission will request a deficiency appropriation to repay any"

Page 11, replace line 4 with:

**"SECTION 29. FLOOD RESPONSE AND COORDINATION STUDY - REPORT TO SIXTY-THIRD LEGISLATIVE ASSEMBLY.** The department of emergency services shall coordinate an executive branch study of flood response measures and coordination of state, local, and federal resources to mitigate future flooding in the state. The department of emergency services shall utilize all relevant executive branch resources in conducting the study. The study must include potential flood plain building restrictions, establishment of permanent levees and diversion works, financial institution lending policies, Bank of North Dakota and housing finance agency acquisition of secondary market loans regarding flood insurance requirements for housing, and any other flood insurance issues affecting property owners in the state. The department of emergency services shall report the findings and recommendations of the study to committees designated by the chairman of the legislative management and to the sixty-third legislative assembly."

Page 11, line 5, replace "amounts" with "amount"

Page 11, line 6, remove "and the office of the adjutant general"

Page 11, line 6, replace "sections 8 and 11" with "section 10"

Page 11, line 7, replace "are" with "is"

Page 11, line 7, remove "these"

Page 11, line 8, replace "appropriations" with "this appropriation"

Page 11, line 8, replace "programs" with "program"

Page 11, line 10, replace "5" with "6"

Renumber accordingly

#### **STATEMENT OF PURPOSE OF AMENDMENT:**

##### **FUNDING SUMMARY**

<b>Agency - Description</b>	<b>Bill As Introduced</b>	<b>Changes</b>	<b>First Engrossment</b>
<b>Appropriations, Transfers, and Loan Programs</b>			
110 - Office of Management and Budget			
Transfer to state disaster relief fund (general fund)	\$68,700,000	(\$20,000,000)	\$48,700,000

Contingent transfer to oil and gas impact grant fund (general fund)	30,000,000		30,000,000
Transfer to oil and gas impact grant fund - New oil and gas development activity grants (general fund)		5,000,000	5,000,000
Contingent transfer to rebuilders loan program (general fund)		20,000,000	20,000,000
Total - 110 - Office of Management and Budget	\$98,700,000	\$5,000,000	\$103,700,000
120 - State Treasurer			
Contingent transportation funding distributions (general fund)	\$18,000,000	\$5,000,000	\$23,000,000
226 - Land Department			
Flood-impacted political subdivision infrastructure grants (general fund)	\$30,000,000		\$30,000,000
New oil and gas development activity grants (oil and gas impact grant fund)		\$5,000,000	5,000,000
Contingent oil and gas impact grants (oil and gas impact grant fund)	30,000,000		30,000,000
Total - 226 - Land Department	\$60,000,000	\$5,000,000	\$65,000,000
405 - Industrial Commission			
Litigation and other administrative proceedings	\$1,000,000	<sup>1</sup>	\$1,000,000 <sup>1</sup>
471 - Bank of North Dakota			
Transfer for a rebuilders loan program (Bank of North Dakota profits)	\$30,000,000		\$30,000,000
504 - Highway Patrol			
Four new trooper positions (general fund)	\$681,870		\$681,870
540 - Adjutant General			
Township financial stabilization grants (general fund)	\$5,000,000	(\$5,000,000)	
Disaster expenditures (state disaster relief fund)	29,500,000		\$29,500,000
Contingent appropriation - 2012 disasters (state disaster relief fund)	5,000,000		5,000,000
Additional funding for rebuilders loan program and for flood-impacted housing rehabilitation (state disaster relief fund)	30,000,000	(20,000,000)	10,000,000
Grants to counties for road grade raising projects (state disaster relief fund)	6,000,000	(6,000,000)	
School infrastructure grants (general fund)		500,000	500,000
Total - 540 - Adjutant General	\$75,500,000	(\$30,500,000)	\$45,000,000
601 - Department of Commerce			
Flood-related costs (federal funds)	\$235,000,000		\$235,000,000
770 - State Water Commission			
Additional expenses (resources trust fund)	\$50,000,000		\$50,000,000
801 - Department of Transportation			
Grants to counties for road grade raising projects (state disaster relief fund)		\$6,000,000	\$6,000,000
Borrowing authority for emergency relief projects (special funds)		80,000,000	80,000,000
Total - 801 - Department of Transportation		\$86,000,000	\$86,000,000
Total	\$568,881,870	\$70,500,000	\$639,381,870
General fund	\$152,881,870	\$6,000,000	\$158,881,870
Special funds	416,000,000	64,500,000	480,500,000
Total funds	\$568,881,870	\$70,500,000	\$639,381,870
FTE	4.00	0.00	4.00

**NOTE:** Sections 3 and 4 of the bill increase tax credits available to financial institutions, corporations, and individuals for contributions to housing incentive funds. These provisions are estimated to reduce general fund revenues by \$11 million for the 2011-13 biennium and were not changed in this amendment.

<sup>1</sup>Funding from the general fund was increased by \$500,000, from \$500,000 to \$1,000,000, for Industrial Commission expenses associated with litigation or other administrative proceedings involving the Environmental Protection Agency's regulation of hydraulic fracturing. Authority for the Industrial Commission to access up to \$500,000 from a line of credit at the Bank of North Dakota was removed. The net effect of these amendments is \$0.

This amendment:

- Amends Section 1 of the bill as introduced relating to the rebuilders loan program to:
  - Limit loan proceeds to the lesser of \$30,000 or actual documented damage not paid by flood insurance.
  - Provide that the principal and interest payments must be deferred for the first 24 months of the loan instead of the first 12 months.

Require the balance of the loan and any unpaid interest to be paid upon closing if the property is sold.

Remove loan forgiveness provisions.

- Adds a section to provide a contingent transfer of \$20 million from the general fund to the rebuilders loan program fund. The funds are to be made available if the \$30 million transferred to the rebuilders loan program fund from the Bank of North Dakota are fully obligated prior to June 30, 2013.
- Amends Section 7 of the bill as introduced to decrease funding provided from the state disaster relief fund to the Adjutant General for transfer from the rebuilders loan program fund and for city and county flood-impacted housing rehabilitation by \$20 million to provide a total of \$10 million from the state disaster relief fund.
- Removes Sections 11 and 12 of the bill as introduced relating to financial stabilization grants to flood-impacted townships.
- Amends Section 14 of the bill as introduced to provide that the Department of Transportation provide emergency road grade raising grants to eligible counties rather than the Adjutant General. The amendment also provides that the road grade raising project grants may only be provided for federal aid-eligible roads and that funds are to be prorated to eligible counties based on the amount of roadway damage occurring in each county.
- Amends Section 17 of the bill as introduced to decrease the funding transfer from the general fund to the state disaster relief fund by \$20 million to provide a transfer of \$48.7 million.
- Amends Section 23 of the bill as introduced relating to oil and gas impact grants to remove the \$3.5 million designation for emergency medical services grants and instead requires that the commissioner give priority to approving grants related to emergency services.
- Amends Section 24 of the bill as introduced relating to transportation funding distribution amounts to political subdivisions in non-oil-producing counties to provide that \$6.8 million be distributed to counties and cities pursuant to North Dakota Century Code Section 54-27-19(4) and \$1.7 million be distributed to counties and townships pursuant to Section 54-27-19.1. The amendment provides \$14.5 million for a \$10,000 distribution to each organized township and a \$10,000 distribution for each unorganized township to the county in which the unorganized township is located.

- Amends Section 25 of the bill as introduced to:

Increase funding from the general fund by \$500,000, from \$500,000 to \$1,000,000, for Industrial Commission expenses associated with litigation or other administrative proceedings involving the Environmental Protection Agency's regulation of hydraulic fracturing.

Remove authority for the Industrial Commission to access up to \$500,000 from a line of credit at the Bank of North Dakota.

Remove the contingency language relating to approval by the Attorney General.

Provide that the funding may be spent only for the purposes identified in the section and require any unspent appropriations to be canceled at the end of the biennium.

- Adds a section to amend Section 4 of Chapter 12 of the 2011 Session Laws to increase the amount of funding that the Department of Transportation is authorized to borrow from the Bank of North Dakota during the 2011-13 biennium for emergency relief projects. The 62<sup>nd</sup> Legislative Assembly previously authorized the Department of Transportation to borrow up to \$120 million for emergency relief projects during the 2011-13 biennium. This increases the amount of borrowing authority to \$200 million. The funding is also appropriated to the department to use for emergency relief projects.
- Adds a section to provide an appropriation of \$500,000 from the general fund to the Adjutant General for providing flood-damaged school infrastructure grants to eligible school districts in the state. For the purposes of this section, an eligible school district is one that experienced a 2011 flood event which resulted in multiple school facilities being damaged and unusable.
- Adds sections to provide for the transfer of \$5 million from the general fund to the oil and gas impact grant fund to allow for distributions of \$1,250,000 for each new major oil-producing county after November 2011 to address the impact from new oil and gas development.
- Adds a section to provide that the Department of Emergency Services is to coordinate an executive branch study of flood response measures and coordination of state, local, and federal resources to mitigate future flooding in the state.