13.8164.02003

FIRST ENGROSSMENT

Sixty-third Legislative Assembly of North Dakota

ENGROSSED SENATE BILL NO. 2014

Introduced by

Appropriations Committee

(At the request of the Governor)

1 A BILL for an Act to provide an appropriation for defraying the expenses of the state industrial 2 commission and the agencies under the management of the industrial commission; to provide 3 legislative intent; to provide an appropriation; to provide a contingent appropriation; to authorize 4 transfers; to amend and reenact subsection 1 of section 54-17.6-05, subsection 17 of section 5 54-44.3-20, and sections 54-18-19, 57-51.1-07, and section 57-51.1-07.3 of the North Dakota 6 Century Code, relating to the resources trust fund, the oil and gas research council 7 membership, the oil and gas research fund, and the transfer of North Dakota mill and elevator-8 profits to the general fund classified employees; to provide for a value-added market 9 opportunities for renewable energy resources and oil and gas study; to provide for a report to 10 the legislative management; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

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, 2013, and ending June 30, 2015, as follows:

Subdivision 1.

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INDUSTRIAL COMMISSION

		Adjustments or	
	Base Level	Enhancements	<u>Appropriation</u>
Salaries and wages	\$12,059,220	\$5,824,123	\$17,883,343
Operating expenses	3,378,744	2,951,832	6,330,576
Salaries and wages	\$12,059,220	\$5,092,992	\$17,152,212

1	Accrued leave payments	0	347,696	347,696
2	Operating expenses	3,378,744	2,551,832	5,930,576
3	Capital assets	0	5,800	5,800
4	Grants - lignite research	19,971,300	(471,300)	19,500,000
5	and development			
6	Grants - bond payments	25,389,733	(5,579,764)	19,809,969
7	Mineral resources contingency	<u>743,972</u>	(743,972)	<u>0</u>
8	Total all funds	\$61,542,969	\$1,986,719	\$63,529,688
9	Less estimated income	46,766,756	<u>(5,815,082)</u>	40,951,674
10	Total general fund	\$14,776,213	\$7,801,801	\$22,578,014
11	Full-time equivalent positions	76.06	22.69	98.75
12	Total all funds	\$61,542,969	\$1,203,284	\$62,746,253
13	Less estimated income	46,766,756	(5,850,935)	40,915,821
14	Total general fund	\$14,776,213	\$7,054,219	\$21,830,432
15	Full-time equivalent positions	76.06	22.69	98.75
16	Subdivision 2.			
17	BANK OF N	NORTH DAKOTA - O	PERATIONS	
18			Adjustments or	
19		Base Level	Enhancements	<u>Appropriation</u>
20	Bank of North Dakota operations	\$45,587,155	\$6,274,253	\$51,861,408
21	Capital assets	<u>1,266,000</u>	(521,000)	745,000
22	Total special funds	\$46,853,155	\$5,753,253	\$52,606,408
23	Full-time equivalent positions	176.50	3.00	179.50
24	Bank of North Dakota operations	\$45,587,155	\$4,469,582	\$50,056,737
25	Accrued leave payments	0	881,231	881,231
26	Capital assets	1,266,000	(521,000)	745,000
27	Total special funds	\$46,853,155	\$4,829,813	\$51,682,968
28	Full-time equivalent positions	176.50	3.00	179.50
29	Subdivision 3.			

1			Adjustments or	
2		Base Level	Enhancements	<u>Appropriation</u>
3	Partnership in assisting community	\$6,000,000	(\$6,000,000)	\$0
4	expansion fund			
5	Agriculture partnership in assisting	1,000,000	(1,000,000)	0
6	community expansion fund			
7	Beginning farmer revolving loan fund	1,400,000	(1,400,000)	0
8	Biofuels partnership in assisting	1,000,000	(1,000,000)	<u>0</u>
9	community expansion fund			
10	Total general fund	\$9,400,000	(\$9,400,000)	\$0
11	Subdivision 4.			
12	MILL AND	ELEVATOR ASSO	CIATION	
13			Adjustments or	
14		Base Level	<u>Enhancements</u>	<u>Appropriation</u>
15	Salaries and wages	\$26,018,008	\$3,831,116	\$29,849,124
16	Operating expenses	20,443,869	1,352,131	21,796,000
17	Contingencies	400,000	0	400,000
18	Agriculture promotion	210,000	<u>0</u>	210,000
19	Total from mill and elevator fund	\$47,071,877	\$5,183,247	\$52,255,124
20	Full-time equivalent positions	131.00	4.00	135.00
21	Salaries and wages	\$26,018,008	\$2,654,043	\$28,672,051
22	Accrued leave payments	0	575,807	575,807
23	Operating expenses	20,443,869	1,352,131	21,796,000
24	Contingencies	400,000	0	400,000
25	Agriculture promotion	210,000	0	210,000
26	Total from mill and elevator fund	\$47,071,877	\$4,581,981	\$51,653,858
27	Full-time equivalent positions	131.00	4.00	135.00
28	Subdivision 5.			
29	HOUS	ING FINANCE AGI	ENCY	
30			Adjustments or	
31		Base Level	<u>Enhancements</u>	<u>Appropriation</u>

1	Salaries and wages	PC E1C 277	\$928,822	\$7.44E.000
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2	Operating expenses			
3	Grants	26,858,920	2,674,130	29,533,050
4	Housing finance agency contingencies	<u>100,000</u>	<u>0</u>	100,000
5	Total special funds	\$38,590,046	\$2,279,861	\$40,869,907
6	Full-time equivalent positions	46.00	0.00	46.00
7	Salaries and wages	\$6,516,277	\$541,513	\$7,057,790
8	Accrued leave payments	0	147,806	147,806
9	Operating expenses	5,114,849	(1,323,091)	3,791,758
10	Grants	26,858,920	2,674,130	29,533,050
11	Housing finance agency contingencies	100,000	0	100,000
12	Total special funds	\$38,590,046	\$2,040,358	\$40,630,404
13	Full-time equivalent positions	46.00	0.00	46.00
14	Subdivision 6.			
15		BILL TOTAL		
16			Adjustments or	
17		Base Level	<u>Enhancements</u>	<u>Appropriation</u>
18	Grand total general fund	\$24,176,213	\$28,901,801	\$53,078,014
19	Grand total special funds	179,281,834	7,401,279	<u>186,683,113</u>
20	Grand total all funds	\$203,458,047	\$36,303,080	\$239,761,127
21	Grand total general fund	\$24,176,213	\$154,219	\$24,330,432
22	Grand total special funds	179,281,834	5,601,217	184,883,051
23	Grand total all funds	\$203,458,047	\$5,755,436	\$209,213,483
24	SECTION 2. ONE-TIME FUNDING	- EFFECT ON BA	SE BUDGET - REPO	RT TO
25	SIXTY-FOURTH LEGISLATIVE ASSEM	IBLY. The followin	g amounts reflect the	one-time
26	funding items approved by the sixty-sec	ond legislative ass	embly for the 2011-13	3 biennium and
27	the 2013-15 one-time funding items inclu	uded in the grand	total appropriation in s	section 1 of this
28	Act:			
29	One-Time Funding Description		<u>2011-13</u>	<u>2013-15</u>
30	Renewable energy development program	m	\$1,500,000	\$0
	1 Temporary employees - core library 90,000			

1	Carbon dioxide storage facility administrative fund	532,000	0
2	Coalbed methane/shallow gas studies	25,000	0
3	Fracturing sand and proppant studies	50,000	0
4	Oil-bearing rock study	40,000	80,000
5	Paleontologic preparatory work	62,400	0
6	Western area water supply loan	35,000,000	0
7	Possible environmental protection agency litigation	1,000,000	0
8	Housing incentive fund	0	30,000,000
9	Possible federal agency litigation	0	1,000,000
10	Department of mineral resources housing allowance	0	400,000
11	Core library - architect services	0	25,000
12	Temperature profiles study	0	50,000
13	Wide-bed plotter	<u>0</u>	<u>5,800</u>
14	Total all funds	\$38,299,400	\$31,560,800
15	Total special funds	10,000,000	<u>0</u>
16	Total general fund	\$28,299,400	\$31,560,800
17	Total all funds	\$38,299,400	\$1,160,800
18	Total special funds	10,000,000	0
19	Total general fund	\$28,299,400	\$1,160,800
20	The 2013-15 one-time funding amounts are not a part	of the entity's base	budget for the
21	2015-17 biennium. The industrial commission shall rep	port to the appropria	ations committees of
22	the sixty-fourth legislative assembly on the use of this	one-time funding fo	or the biennium
23	beginning July 1, 2013, and ending June 30, 2015.		
24	SECTION 3. LEGISLATIVE INTENT - BOND PAY	MENTS. The amou	ınt of \$19,809,969
25	included in subdivision 1 of section 1 of this Act in the	grants - bond paym	ents line item must be
26	paid from the following funding sources during the bier	nnium beginning Ju	ly 1, 2013, and ending
27	June 30, 2015:		
28	North Dakota university system		\$10,436,045
29	North Dakota university system - energy conservation	projects	491,397
30	Department of corrections and rehabilitation		1,289,450
31	State department of health		642,688

1	Job service North Dakota	540,376
2	Adjutant general	28,586
3	Information technology department - ConnectND	2,504,100
4	Office of management and budget	665,272
5	Office of attorney general	765,851
6	State historical society	1,392,337
7	Parks and recreation department	73,627
8	Research and extension service	571,400
9	Veterans' home	408,840
10	Total	\$19,809,969
11	SECTION 4. APPROPRIATION. In addition to the amount appropriate	d to the housing
12	finance agency in subdivision 5 of section 1 of this Act, there is appropriate	ed any additional
13	income or unanticipated income from federal or other funds which may be	come available to the
14	agency for the biennium beginning July 1, 2013, and ending June 30, 2015	5.
15	SECTION 5. APPROPRIATION - EMERGENCY COMMISSION APPR	ROVAL. In addition to
16	the amount appropriated to the state industrial commission in subdivision 1	of section 1 of this
17	Act, there is appropriated, with the approval of the emergency commission	, funds that may
18	become available to the commission from bonds authorized by law to be is	ssued by the state
19	industrial commission for the biennium beginning July 1, 2013, and ending	June 30, 2015.
20	SECTION 6. TRANSFER. The sum of \$647,547, or so much of the sui	m as may be
21	necessary, included in the special funds appropriation line item in subdivisi	ion 1 of section 1 of
22	this Act, may be transferred from the entities within the control of the state	industrial commission
23	to the industrial commission fund for administrative services rendered by the	ne commission.
24	Transfers shall be made during the biennium beginning July 1, 2013, and 6	ending June 30, 2015,
25	upon order of the commission. Transfers from the student loan trust must be	pe made to the extent
26	permitted by sections 54-17-24 and 54-17-25.	
27	SECTION 7. TRANSFER - BANK OF NORTH DAKOTA - PARTNERS	SHIP IN ASSISTING
28	COMMUNITY EXPANSION. The Bank of North Dakota shall transfer the s	um of \$28,000,000,
29	or so much of the sum as may be necessary, from the Bank's current earni	ings and undivided
30	profits to the partnership in assisting community expansion fund during the	period beginning
31	with the effective date of this Act and ending June 30, 2015.	

SECTION 8. TRANSFER - BANK OF NORTH DAKOTA - AGRICULTURE PARTNERSHIP IN ASSISTING COMMUNITY EXPANSION. The Bank of North Dakota shall transfer the sum of \$2,000,000, 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 period beginning with the effective date of this Act and ending June 30, 2015.

SECTION 9. TRANSFER - BANK OF NORTH DAKOTA - BIOFUELS PARTNERSHIP IN ASSISTING COMMUNITY EXPANSION. The Bank of North Dakota shall transfer the sum of \$2,000,000, 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 period beginning with the effective date of this Act and ending June 30, 2015.

SECTION 10. 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 period beginning with the effective date of this Act and ending June 30, 2015.

INCENTIVE FUND. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$30,000,000, or so much of the sum as may be necessary, which the office of management and budget shall transfer to the housing incentive fund for the period beginning with the effective date of this Act and ending June 30, 2015. The funding provided in this section is considered a one-time funding item.

SECTION 11. APPROPRIATION - DEPARTMENT OF COMMERCE. 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 department of commerce for the purpose of conducting a study to evaluate value-added market opportunities for renewable energy resources and oil and gas under section 13 of this Act, for the biennium beginning July 1, 2013, and ending June 30, 2015.

SECTION 12. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$2,000,000, or so much of the sum as may be necessary, to the department of commerce for the purpose of providing grants to homeless shelters, for the biennium beginning July 1, 2013, and ending June 30, 2015.

1 SECTION 13. VALUE-ADDED MARKET OPPORTUNITIES FOR RENEWABLE ENERGY

RESOURCES AND OIL AND GAS STUDY - REPORT TO THE LEGISLATIVE

3 MANAGEMENT.

- During the 2013-14 interim, the department of commerce shall conduct a study to evaluate value-added market opportunities related to renewable energy resources and oil and gas.
- 2. The department of commerce shall cooperate with the energy policy commission in conducting this study.
- 3. The department of commerce shall report its findings and recommendations to the legislative management before September 1, 2014.

SECTION 14. LIGNITE RESEARCH, DEVELOPMENT, AND MARKETING PROGRAM -

LIGNITE MARKETING FEASIBILITY STUDY. The amount of \$4,500,000, or so much of the amount as may be necessary, included in the grants and special funds appropriation line item in subdivision 1 of section 1 of this Act, is from the lignite research fund 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

SECTION 15. OIL AND GAS RESEARCH PROGRAM - OIL AND GAS DEVELOPMENT IMPACT STUDIES. The industrial commission may use the sum of \$150,000, or so much of the sum as may be necessary, from the oil and gas research fund for nonmatching followup studies to provide updates and refinements to employment models used to track and forecast changes

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.

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1	in the oil and	gas industry workforce and estimate housing and population in the Williston basin
2	and to make	a comprehensive assessment of the demographic makeup of the current and
3	expected oil a	and gas industry workforce.
4	SECTION	N 16. DEPARTMENT OF MINERAL RESOURCES FUNDING - TRIGGER. Of the
5	funds approp	riated in subdivision 1 of section 1 of this Act, \$430,518 in the salaries and wages
6	line and \$155	5,712 in the operating line are from the general fund. If funds are required due to
7	the total num	ber of wells capable of production or injection in the state exceeding 15,000, the oil
8	and gas divis	ion may spend up to \$586,230 and hire three full-time equivalent positions, upon
9	notification to	the office of management and budget.
10	SECTION	17. AMENDMENT. Subsection 1 of section 54-17.6-05 of the North Dakota
11	Century Code	e is amended and reenacted as follows:
12	1. The	oil and gas research council is composed of eightseven members, four of whom
13	mus	st currently be engaged in and have at least five years of active experience in the
14	oil a	and natural gas exploration and production industry. The council consists of:
15	a.	Four members appointed by the governor from a list provided by the North
16		Dakota petroleum council. The governor may reject the list and request the
17		council to submit a new list until the appointments are made.
18	b.	One member appointed by the governor from a list provided by the North Dakota
19		association of oil and gas producing counties. The governor may reject the list
20		and request the association to submit a new list until the appointment is made.
21	C.	The executive director of the North Dakota petroleum council or the executive
22		director's designee.
23	d.	The president of the northern alliance of independent producers or the
24		president's designee.
25	e .	A county commissioner from an oil producing county appointed by the governor.
26	f. e.	The director of the oil and gas division and the state geologist shall serve on the
27		council as advisory nonvoting members.

amended and reenacted as follows:

SECTION 18. AMENDMENT. Section 54-18-19 of the North Dakota Century Code is

1	54-18-19. Transfer of North Dakota mill and elevator profits to general fund.
2	The industrial commission shall transfer to the state general fund up to fifty percent of the
3	annual earnings and undivided profits of the North Dakota mill and elevator association after
4	any transfers to other state agricultural-related programs. The moneys must be transferred on
5	an annual basis in the amounts and at the times requested by the director of the office of
6	management and budget.
7	SECTION 19. AMENDMENT. Section 57-51.1-07 of the North Dakota Century Code is
8	amended and reenacted as follows:
9	57-51.1-07. Allocation of moneys in oil extraction tax development fund.
10	Moneys deposited in the oil extraction tax development fund must be transferred monthly by
11	the state treasurer as follows:
12	1. Twenty percent must be allocated and credited to the sinking fund established for
13	payment of the state of North Dakota water development bonds, southwest pipeline-
14	series, and any moneys in excess of the sum necessary to maintain the accounts-
15	within the sinking fund and for the payment of principal and interest on the bonds must
16	be credited to a special trust fund, to be known as the resources trust fund. The-
17	resources trust fund must be established in the state treasury and the funds therein
18	must be deposited and invested as are other state funds to earn the maximum amount
19	permitted by law which income must be deposited in the resources trust fund. Five
20	percent of the amount credited to the resources trust fund must be transferred
21	quarterly into the renewable energy development fund, not to exceed three million
22	dollars per biennium. One-half of one percent of the amount credited to the resources
23	trust fund must be transferred quarterly into the energy conservation grant fund. The
24	principal and income of the resources trust fund may be expended only pursuant to
25	legislative appropriation and are available to:
26	a. The state water commission for planning for and construction of water-related
27	projects, including rural water systems. These water-related projects must be
28	those which the state water commission has the authority to undertake and
29	construct pursuant to chapter 61-02; and
30	b. The industrial commission for the funding of programs for development of energy
31	conservation and renewable energy sources; for studies for development of

cogeneration systems that increase the capacity of a system to produce more than one kind of energy from the same fuel; for studies for development of waste products utilization; and for the making of grants and loans in connection therewith.

- 2. Twenty percent must be allocated to the common schools trust fund and foundation aid stabilization fund as provided in section 24 of article X of the Constitution of North-Dakota.
- 3. Thirty percent must be allocated to the legacy fund as provided in section 26 of article X of the Constitution of North Dakota.
- 4. Thirty percent must be allocated and credited to the state's general fund.

SECTION 18. AMENDMENT. Subsection 17 of section 54-44.3-20 of the North Dakota Century Code is amended and reenacted as follows:

17. Engineers, engineering technicians, and geologists employed by the director of mineral resources.

SECTION 19. AMENDMENT. Section 57-51.1-07.3 of the North Dakota Century Code is amended and reenacted as follows:

57-51.1-07.3. Oil and gas research fund - Deposits - Continuing appropriation.

There is established a special fund in the state treasury to be known as the oil and gas research fund. Before depositing oil and gas gross production tax and oil extraction tax revenues in the general fund, property tax relief sustainability, strategic investment and improvements fund, or the state disaster relief fund, two percent of the revenues must be deposited monthly into the oil and gas research fund, up to fourten million dollars per biennium. All moneys deposited in the oil and gas research fund and interest on all such moneys are appropriated as a continuing appropriation to the council to be used for purposes stated in chapter 54-17.6.

SECTION 20. LEGISLATIVE INTENT - OIL AND GAS RESEARCH FUND. It is the intent of the legislative assembly that the industrial commission give special emphasis to value-added processing of oil and gas projects in the awarding of funds from the oil and gas research fund during the biennium beginning July 1, 2013, and ending June 30, 2015.

SECTION 21. LEGISLATIVE INTENT - ADMINISTRATIVE RULES - RESERVE PITS. It is the intent of the sixty-third legislative assembly that the industrial commission's department of

declared to be an emergency measure.

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mineral resources oil and gas division include in its next administrative rules review and revision process, the effect of provisions included in North Dakota Administrative Code section 43-02-03-19.5 relating to reserve pits for drilling mud and drill cuttings from shallow wells drilled and completed outside of the Bakken and Three Forks formations for the biennium beginning July 1, 2013, and ending June 30, 2015.

SECTION 22. EMERGENCY. Sections The amount of \$61,751 and five full-time equivalent positions included in subdivision 1 of section 1 and sections 7 through 110 of this Act are