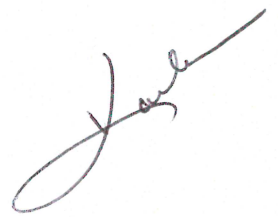


Sixty-seventh  
Legislative Assembly  
of North Dakota

**SENATE BILL NO. 2014**



Introduced by

Appropriations Committee

1 A BILL for an Act to provide an appropriation for defraying the expenses of the industrial  
2 commission and the agencies under its control; ~~to provide contingent funding to create and~~  
3 enact a new section to chapter 6-09.4 and subsections 7 and 8 of section 54-17-07.3 of the  
4 North Dakota Century Code, relating to bonded debt repayments and housing finance agency  
5 programs; to amend and reenact sections 6-09-49, 6-09.4-06, 6-09.4-10, 6-09.16-02,  
6 6-09.16-03, 6-09.16-05, 15-11-40, 50-30-04, 54-17-40, and 57-51.1-07.9 of the North Dakota  
7 Century Code, relating the infrastructure revolving loan fund, borrowing and lending authority of  
8 the public finance authority, reserve funds associated with bonds, the long-term care facility loan  
9 fund, the state energy research center, and the housing incentive fund; to provide a continuing  
10 appropriation; to repeal section 54-17-07.12 of the North Dakota Century Code, relating to the  
11 housing finance agency participating as a wholesale servicing mortgage lender; to provide for a  
12 transfer; and to provide an exemption; to provide a statement of legislative intent; to provide for  
13 a study; and to provide for a legislative management report.

**14 BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

15 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds  
16 as may be necessary, are appropriated out of any moneys in the general fund in the state  
17 treasury, not otherwise appropriated, and from special funds derived from federal funds and  
18 other income, to the industrial commission and agencies under its control for the purpose of  
19 defraying the expenses of the industrial commission and the agencies under its control, for the  
20 biennium beginning July 1, 2021, and ending June 30, 2023, as follows:

21 Subdivision 1.

22 INDUSTRIAL COMMISSION

23 \_\_\_\_\_ Governor's \_\_\_\_\_  
24 \_\_\_\_\_ Base Level Recommendation Appropriation

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1	<del>Salaries and wages</del>	<del>\$23,409,450</del>	<del>\$23,200,917</del>	<del>\$23,409,450</del>
2	<del>Operating expenses</del>	<del>5,830,227</del>	<del>5,119,958</del>	<del>5,830,227</del>
3	<del>Grants - bond payments</del>	<del>10,508,767</del>	<del>22,040,721</del>	<del>10,508,767</del>
4	<del>Contingencies</del>	<del>229,544</del>	<del>3,330</del>	<del>229,544</del>
5	<del>Total all funds</del>	<del>\$39,977,988</del>	<del>\$50,364,926</del>	<del>\$39,977,988</del>
6	<del>Less estimated income</del>	<del>12,723,790</del>	<del>24,377,960</del>	<del>12,723,790</del>
7	<del>Total general fund</del>	<del>\$27,254,198</del>	<del>\$25,986,966</del>	<del>\$27,254,198</del>
8	<del>Full-time equivalent positions</del>	<del>112.25</del>	<del>108.25</del>	<del>112.25</del>

9	Adjustments or		
10	Base Level	Enhancements	Appropriation
11	Salaries and wages	\$536,548	\$23,945,998
12	Operating expenses	(704,669)	5,125,558
13	Capital assets	100,660	100,660
14	Grants - bond payments	11,531,954	22,040,721
15	Contingencies	(229,544)	0
16	Total all funds	\$11,234,949	\$51,212,937
17	Less estimated income	11,647,897	24,371,687
18	Total general fund	(\$412,948)	\$26,841,250
19	Full-time equivalent positions	(4.00)	108.25

Subdivision 2.

BANK OF NORTH DAKOTA

22	Governor's		
23	Base Level	Recommendation	Appropriation
24	Bank of North Dakota operations	\$65,451,079	\$62,847,799
25	Capital assets	1,510,000	1,510,000
26	Total special funds	\$66,961,079	\$64,357,799
27	Full-time equivalent positions	165.50	181.50
28	Adjustments or		
29	Base Level	Enhancements	Appropriation
30	Bank of North Dakota operations	\$3,246,572	\$66,094,371
31	Capital assets	0	1,510,000



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1	Total special funds	\$64,357,799	\$3,246,572	\$67,604,371
2	Full-time equivalent positions	181.50	(10.00)	171.50

3 Subdivision 3.

4 HOUSING FINANCE AGENCY

5	<u>Governor's</u>			
6		<u>Base Level</u>	<u>Recommendation</u>	<u>Appropriation</u>
7	Salaries and wages	\$8,509,015	\$9,534,152	\$8,509,015
8	Operating expenses	5,346,276	6,144,060	5,346,276
9	Capital assets	0	150,000	0
10	Grants	33,466,600	42,975,200	33,466,600
11	Housing finance agency contingencies	100,000	100,000	100,000
12	Total special funds	\$47,421,891	\$58,903,412	\$47,421,891
13	Full-time equivalent positions	44.00	48.00	44.00

14	<u>Adjustments or</u>			
15		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
16	Salaries and wages	\$8,509,015	\$1,128,509	\$9,637,524
17	Operating expenses	5,346,276	797,784	6,144,060
18	Capital assets	0	150,000	150,000
19	Grants	33,466,600	9,508,600	42,975,200
20	Housing finance agency contingencies	100,000	0	100,000
21	Total special funds	\$47,421,891	\$11,584,893	\$59,006,784
22	Full-time equivalent positions	44.00	5.00	49.00

23 Subdivision 4.

24 MILL AND ELEVATOR ASSOCIATION

25	<u>Governor's</u>			
26		<u>Base Level</u>	<u>Recommendation</u>	<u>Appropriation</u>
27	Salaries and wages	\$46,447,824	\$50,782,394	\$46,447,824
28	Operating expenses	29,837,000	36,817,000	29,837,000
29	Contingencies	500,000	500,000	500,000
30	Agriculture promotion	210,000	500,000	210,000
31	Total special funds	\$76,994,824	\$88,599,394	\$76,994,824

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1	<del>Full-time equivalent positions</del>	<del>156.00</del>	<del>156.00</del>	<del>156.00</del>
2			Adjustments or	
3		Base Level	Enhancements	Appropriation
4	Salaries and wages	\$46,447,824	\$4,112,385	\$50,560,209
5	Operating expenses	29,837,000	6,980,000	36,817,000
6	Contingencies	500,000	0	500,000
7	Agriculture promotion	210,000	290,000	500,000
8	Total special funds	\$76,994,824	\$11,382,385	\$88,377,209
9	Full-time equivalent positions	156.00	0.00	156.00

Subdivision 5.

TOTAL - SECTION 1

12			Governor's	
13		Base Level	Recommendation	Appropriation Grand
14	total general fund	\$27,254,198	\$25,986,966	\$27,254,198
15	Grand total special funds	201,498,304	238,841,845	201,498,304
16	Grand total all funds	\$228,752,502	\$264,828,811	\$228,752,502
17			Adjustments or	
18		Base Level	Enhancements	Appropriation
19	Grand total general fund	\$27,254,198	(\$412,948)	\$26,841,250
20	Grand total special funds	201,498,304	37,861,747	239,360,051
21	Grand total all funds	\$228,752,502	\$37,448,799	\$266,201,301

**SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO THE SIXTY-EIGHTH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time funding items approved by the sixty-sixth legislative assembly for the 2019-21 biennium and the 2021-23 biennium one-time funding items included in the appropriation in section 1 of this Act:

26	<u>One-Time Funding Description</u>	<u>2019-21</u>	<u>2021-23</u>
27	Temporary employees	\$175,000	\$0
28	Rare earth elements study	160,000	0
29	Fracturing sand study	110,000	0
30	Oil database software upgrade	5,000,000	0
31	High-level radioactive fund	20,000	0



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1	<del>Housing finance agency - housing incentive fund</del>	<del>7,500,000</del>	<del>0</del>
2	<del>Total all funds</del>	<del>\$12,965,000</del>	<del>\$0</del>
3	<del>Less estimated income</del>	<del>5,270,000</del>	<del>0</del>
4	<del>Total general fund</del>	<del>\$7,695,000</del>	<del>\$0</del>
5	<u>Temporary employees</u>	<u>\$175,000</u>	<u>\$0</u>
6	<u>Rare earth elements study</u>	<u>160,000</u>	<u>0</u>
7	<u>Fracturing sand study</u>	<u>110,000</u>	<u>0</u>
8	<u>Oil database software upgrade</u>	<u>5,000,000</u>	<u>0</u>
9	<u>High-level radioactive fund</u>	<u>20,000</u>	<u>0</u>
10	<u>Housing finance agency - housing incentive fund</u>	<u>7,500,000</u>	<u>0</u>
11	<u>Paleontology and geological equipment</u>	<u>0</u>	<u>106,206</u>
12	<u>Total all funds</u>	<u>\$12,965,000</u>	<u>\$106,206</u>
13	<u>Less estimated income</u>	<u>5,270,000</u>	<u>0</u>
14	<u>Total general fund</u>	<u>\$7,695,000</u>	<u>\$106,206</u>
15	<u>The 2021-23 biennium one-time funding amounts are not a part of the entity's base budget</u>		
16	<u>for the 2023-25 biennium. The industrial commission shall report to the appropriations</u>		
17	<u>committees of the sixty-eighth legislative assembly on the use of this one-time funding for the</u>		
18	<u>biennium beginning July 1, 2021, and ending June 30, 2023.</u>		
19	<b>SECTION 3. BOND PAYMENTS.</b> The amount of <del>\$10,508,767</del> <b>\$22,040,721</b> included in		
20	subdivision 1 of section 1 of this Act in the grants - bond payments line item must be paid from		
21	the following funding sources, during the biennium beginning July 1, 2021, and ending June 30,		
22	2023:		
23	<del>North Dakota university system</del>	<del></del>	<del>\$4,959,448</del>
24	<del>North Dakota university system - energy conservation projects</del>	<del></del>	<del>415,664</del>
25	<del>Department of corrections and rehabilitation</del>	<del></del>	<del>689,299</del>
26	<del>Department of corrections and rehabilitation - energy conservation projects</del>	<del></del>	<del>16,180</del>
27	<del>State department of health</del>	<del></del>	<del>644,884</del>
28	<del>Job service North Dakota</del>	<del></del>	<del>434,847</del>
29	<del>Office of management and budget</del>	<del></del>	<del>567,125</del>
30	<del>Attorney general's office</del>	<del></del>	<del>647,500</del>
31	<del>State historical society</del>	<del></del>	<del>1,177,875</del>

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1	<u>Parks and recreation department</u>	<u>66,875</u>
2	<u>Research and extension service</u>	<u>483,337</u>
3	<u>Veterans' home</u>	<u>405,733</u>
4	<u>Total</u>	<u>\$10,508,767</u>
5	<u>North Dakota university system</u>	<u>\$17,204,639</u>
6	<u>North Dakota university system - energy conservation projects</u>	<u>415,114</u>
7	<u>Department of corrections and rehabilitation</u>	<u>492,354</u>
8	<u>Department of corrections and rehabilitation - energy conservation projects</u>	<u>8,181</u>
9	<u>State department of health</u>	<u>341,365</u>
10	<u>Job service North Dakota</u>	<u>230,600</u>
11	<u>Office of management and budget</u>	<u>564,515</u>
12	<u>Attorney general's office</u>	<u>648,055</u>
13	<u>State historical society</u>	<u>1,179,015</u>
14	<u>Parks and recreation department</u>	<u>66,165</u>
15	<u>Research and extension service</u>	<u>483,447</u>
16	<u>Veterans' home</u>	<u>407,271</u>
17	<u>Total</u>	<u>\$22,040,721</u>

**SECTION 4. APPROPRIATION - HOUSING FINANCE AGENCY - ADDITIONAL INCOME.**

In addition to the amount appropriated to the housing finance agency in subdivision 3 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, 2021, and ending June 30, 2023. The housing finance agency shall notify the office of management and budget and the legislative council of any additional income or unanticipated income that becomes available to the agency resulting in an increase in appropriation authority.

~~**SECTION 5. CONTINGENT FUNDING - INDUSTRIAL COMMISSION.** The amount of \$229,544 from the general fund and two full-time equivalent positions included in subdivision 1 of section 1 of this Act may be spent only in accordance with the provisions of this section. The industrial commission shall notify the office of management and budget and the legislative council when the total number of wells capable of production and injection exceeds twenty thousand eight hundred. Subject to budget section approval, the industrial commission may spend \$229,544 from the contingencies line item and may hire two full-time equivalent positions~~



1 if the total number of oil wells capable of production and injection exceeds twenty thousand  
2 eight hundred.

3 **SECTION 5. APPROPRIATION - GENERAL FUND - TRANSFER TO HOUSING**

4 **INCENTIVE FUND.** There is appropriated out of any moneys in the general fund in the state  
5 treasury, not otherwise appropriated, the sum of \$15,000,000, which the office of management  
6 and budget shall transfer to the housing incentive fund during the biennium beginning July 1,  
7 2021, and ending June 30, 2023.

8 **SECTION 6. APPROPRIATION - GENERAL FUND - TRANSFER TO OIL AND GAS**

9 **RESEARCH FUND - INTENT.** There is appropriated out of any moneys in the general fund in  
10 the state treasury, not otherwise appropriated, the sum of \$14,000,000, or so much of the sum  
11 as may be necessary, which the office of management and budget shall transfer to the oil and  
12 gas research fund during the biennium beginning July 1, 2021, and ending June 30, 2023. The  
13 office of management and budget shall transfer the funds as requested by the industrial  
14 commission. It is the intent of the sixty-seventh legislative assembly that the funds appropriated  
15 under this section be derived from legacy fund earnings transferred to the general fund during  
16 the biennium beginning July 1, 2019, and ending June 30, 2021.

17 **SECTION 7. PUBLIC FINANCE AUTHORITY - BOND ISSUE LIMITATION - BANK OF**  
18 **NORTH DAKOTA - APPROPRIATION.**

- 19 1. Pursuant to the bonding authority under section 6-09.4-06, the public finance authority  
20 may issue up to \$100,000,000 of bonds for transfer to the Bank of North Dakota for  
21 allocations to the long-term care facility loan fund, for the biennium beginning July 1,  
22 2021, and ending June 30, 2023.
- 23 2. The term of any bonds issued under this section may not exceed twenty thirty years. The  
24 public finance authority may issue bond anticipation notes or borrow from the Bank of  
25 North Dakota to support the allocations to the long-term care facility loan fund to a  
26 bond issue. The public finance authority shall make available up to ten percent of the  
27 bonds for sale directly to North Dakota residents and financial institutions.
- 28 3. After payment of any issuance costs or any transfers to a reserve fund, \$100,000,000  
29 from the bond proceeds issued by the public finance authority is appropriated to the  
30 Bank of North Dakota for allocations to the long-term care facility loan fund, for the  
31 biennium beginning July 1, 2021, and ending June 30, 2023.



1       **SECTION 8. TRANSFER - ENTITIES UNDER THE CONTROL OF THE INDUSTRIAL**

2       **COMMISSION TO INDUSTRIAL COMMISSION FUND.** The sum of ~~\$1,172,603~~\$1,215,980, or  
3 so much of the sum as may be necessary, included in the appropriation in subdivision 1 of  
4 section 1 of this Act, may be transferred from the entities within the control of the industrial  
5 commission or entities directed to make payments to the industrial commission fund for  
6 administrative services rendered by the commission. Transfers must be made during the  
7 biennium beginning July 1, 2021, and ending June 30, 2023, upon order of the commission.  
8 Transfers from the student loan trust fund must be made to the extent permitted by sections  
9 54-17-24 and 54-17-25.

10       **SECTION 9. TRANSFER - BANK OF NORTH DAKOTA PROFITS TO GENERAL FUND.**

11 The industrial commission shall transfer to the general fund \$140,000,000 from the current  
12 earnings and the accumulated profits of the Bank of North Dakota during the biennium  
13 beginning July 1, 2021, and ending June 30, 2023. The moneys must be transferred in the  
14 amounts and at the times requested by the director of the office of management and budget  
15 after consultation with the Bank of North Dakota president. For legislative council budget status  
16 reporting purposes, the transfer under this section is considered an ongoing revenue source.

17       **SECTION 10. TRANSFER - PARTNERSHIP IN ASSISTING COMMUNITY EXPANSION.**

18 The Bank of North Dakota shall transfer the sum of \$26,000,000, or so much of the sum as may  
19 be necessary, from the Bank's current earnings and undivided profits to the partnership in  
20 assisting community expansion fund during the biennium beginning July 1, 2021, and ending  
21 June 30, 2023.

22       **SECTION 11. TRANSFER - AGRICULTURE PARTNERSHIP IN ASSISTING COMMUNITY**

23       **EXPANSION.** The Bank of North Dakota shall transfer the sum of ~~\$4,000,000~~\$5,000,000, or so  
24 much of the sum as may be necessary, from the Bank's current earnings and undivided profits  
25 to the agriculture partnership in assisting community expansion fund during the biennium  
26 beginning July 1, 2021, and ending June 30, 2023.

27       **SECTION 12. TRANSFER - BIOFUELS PARTNERSHIP IN ASSISTING COMMUNITY**

28       **EXPANSION.** The Bank of North Dakota shall transfer the sum of \$1,000,000, or so much of the  
29 sum as may be necessary, from the Bank's current earnings and undivided profits to the  
30 biofuels partnership in assisting community expansion fund during the biennium beginning  
31 July 1, 2021, and ending June 30, 2023.



1       **SECTION 13. TRANSFER - BEGINNING FARMER REVOLVING LOAN FUND.** The Bank  
2 of North Dakota shall transfer the sum of ~~\$6,000,000~~ \$8,000,000, or so much of the sum as may  
3 be necessary, from the Bank's current earnings and undivided profits to the beginning farmer  
4 revolving loan fund during the biennium beginning July 1, 2021, and ending June 30, 2023.

5       **SECTION 14. LIGNITE RESEARCH, DEVELOPMENT, AND MARKETING PROGRAM -**  
6 **LIGNITE MARKETING FEASIBILITY STUDY.** The amount of \$4,500,000 from the lignite  
7 research fund, or so much of the amount as may be necessary, may be used for the purpose of  
8 contracting for an independent, nonmatching lignite marketing feasibility study or studies that  
9 determine those focused priority areas where near-term, market-driven projects, activities, or  
10 processes will generate matching private industry investment and have the most potential of  
11 preserving existing lignite production and industry jobs or that will lead to increased  
12 development of lignite and its products and create new lignite industry jobs and economic  
13 growth for the general welfare of this state. Moneys appropriated pursuant to this section also  
14 may be used for the purpose of contracting for nonmatching studies and activities in support of  
15 ~~the lignite vision 21 program~~ advanced energy technology and other technology development  
16 programs; for litigation that may be necessary to protect and promote the continued  
17 development of lignite resources; for nonmatching externality studies and activities in externality  
18 proceedings; or other marketing, environmental, or transmission activities that assist with  
19 marketing of lignite-based electricity and lignite-based byproducts. Moneys needed for the  
20 purposes stated in this section are available to the industrial commission for funding projects,  
21 processes, or activities under the lignite research, development, and marketing program.

22       **SECTION 15. OIL AND GAS RESEARCH FUND - UNDERGROUND ENERGY STORAGE**  
23 **STUDY - REPORT TO LEGISLATIVE MANAGEMENT.** Pursuant to the continuing  
24 appropriation under section 57-51.1-07.3, the industrial commission shall use up to  
25 \$14,000,000, or so much of the sum as may be necessary, from the oil and gas research fund  
26 to contract with the energy and environmental research center for an underground energy  
27 storage study. The study must include consideration of the potential capacity of salt caverns in  
28 geological formations in North Dakota for the development of underground storage of energy  
29 resources, including natural gas, liquified natural gas, natural gas liquids, and hydrogen. The  
30 energy and environmental research center may collaborate with other entities as needed on the  
31 study. Prior to contracting with the energy and environmental research center, the commission



1 must receive from at least one nonstate entity assurance of financial or other types of support  
2 that demonstrate a commitment to the study. During the 2021-22 interim, the energy and  
3 environmental research center shall provide quarterly reports to the industrial commission and  
4 at least one report to the legislative management regarding the results and recommendations of  
5 the study.

6 **SECTION 16. AMENDMENT.** Section 6-09-49 of the North Dakota Century Code is  
7 amended and reenacted as follows:

8 **6-09-49. Infrastructure revolving loan fund - Continuing appropriation.**

9 1. ~~The infrastructure revolving loan fund is a special fund in the state treasury from which~~  
10 ~~the Bank of North Dakota shall provide loans to political subdivisions, the Garrison~~  
11 ~~Diversion Conservancy District, and the Lake Agassiz water authority for essential~~  
12 ~~infrastructure projects. The Bank shall administer the infrastructure revolving loan~~  
13 ~~fund. The maximum term of a loan made under this section is the lesser of thirty years~~  
14 ~~or the useful life of the project, except for projects under subdivisions n, o, and p of~~  
15 ~~subsection 2, which may have a maximum term of up to the lesser of forty years or the~~  
16 ~~useful life of the project. A loan made from the fund under this section must have an~~  
17 ~~interest rate that does not exceed two percent per year.~~

18 2. ~~For purposes of this section, "essential infrastructure projects" means capital~~  
19 ~~construction projects for to construct new infrastructure or to replace existing~~  
20 ~~infrastructure, which provide the fixed installations necessary for the function of a~~  
21 ~~political subdivision. Capital construction projects exclude routine maintenance and~~  
22 ~~repair projects, but include the following:~~

23 a. ~~The Red River valley water supply project;~~

24 b. ~~New or replacement of existing water Water treatment plants;~~

25 c. ~~New or replacement of existing wastewater Wastewater treatment plants;~~

26 d. ~~New or replacement of existing sewer lines and water lines Sewerlines and~~  
27 ~~waterlines, including lift stations and pumping systems; and~~

28 e. ~~New or replacement of existing storm water and transportation Storm water~~  
29 ~~infrastructure, including curb and gutter construction;~~

30 f. ~~Water storage systems, including dams, water tanks, and water towers;~~

31 g. ~~Road and bridge infrastructure, including paved and unpaved roads and bridges;~~



1 ~~h. Airport infrastructure;~~

2 ~~i. Electricity transmission infrastructure;~~

3 ~~j. Natural gas transmission infrastructure;~~

4 ~~k. Communications infrastructure, excluding fiber optic infrastructure;~~

5 ~~l. Emergency services facilities, excluding hospitals;~~

6 ~~m. County and city buildings;~~

7 ~~n. Flood control and conveyance infrastructure;~~

8 ~~o. Water supply infrastructure, including rural water supply; and~~

9 ~~p. General water management infrastructure.~~

10 ~~3. In processing political subdivision loan applications under this section, the Bank shall~~  
11 ~~calculate the maximum loan amount for which a qualified applicant may qualify, not to~~  
12 ~~exceed fifteen ~~forty~~ million dollars per loan for projects under subdivisions a through m~~  
13 ~~of subsection 2. Loans for projects under subdivisions n, o, and p of subsection 2 are~~  
14 ~~not limited to a specific amount per loan. The Bank shall consider the applicant's~~  
15 ~~ability to repay the loan when processing the application and shall issue loans only to~~  
16 ~~applicants that provide reasonable assurance of sufficient future income to repay the~~  
17 ~~loan.~~

18 ~~4. The Bank shall deposit in the infrastructure revolving loan fund all payments of interest~~  
19 ~~and principal paid under loans made from the infrastructure revolving loan fund. The~~  
20 ~~Bank may use a portion of the interest paid on the outstanding loans as a servicing fee~~  
21 ~~to pay for administrative costs which may not exceed one-half of one percent of the~~  
22 ~~amount of the interest payment. All moneys transferred to the fund, interest upon~~  
23 ~~moneys in the fund, and payments to the fund of principal and interest are~~  
24 ~~appropriated to the Bank on a continuing basis for administrative costs and for loan~~  
25 ~~disbursement according to this section.~~

26 ~~5. The Bank may adopt policies and establish guidelines to administer this loan program~~  
27 ~~in accordance with the provisions of this section and to supplement and leverage the~~  
28 ~~funds in the infrastructure revolving loan fund. Additionally, the Bank may adopt~~  
29 ~~policies allowing participation by local financial institutions.~~

30 ~~6. If a political subdivision applies for a loan under this section for a county road or bridge~~  
31 ~~project, the department of transportation shall review and approve the project before~~



1 ~~the Bank may issue a loan. If a political subdivision applies for a loan under this~~  
2 ~~section for a water-related project under subdivisions n, o, and p of subsection 2, the~~  
3 ~~state water commission shall review and approve the project before the Bank may~~  
4 ~~issue a loan. The department of transportation and state water commission may~~  
5 ~~develop policies for reviewing and approving projects under this section.~~

1. The infrastructure revolving loan fund is a special fund in the state treasury from which Bank of North Dakota shall provide loans to political subdivisions, the Garrison Diversion Conservancy District and the Lake Agassiz water authority for essential infrastructure projects. The Bank shall use moneys in the fund to provide loans to political subdivisions for eligible infrastructure projects pursuant to subsections 7, 8 and 9. Projects eligible for the state revolving funds under chapters 61-28.1 and 61-28.2 must first be considered for funding through those programs prior to receiving funding under this section.
2. The Bank may adopt policies and establish guidelines to administer the loan program in accordance with this section, including policies to supplement and leverage the moneys in the fund and policies to allow participation by local financial institutions.
3. A loan made from the fund must have an interest rate that does not exceed two percent per year. The maximum term of a loan for an infrastructure project under subsection 7 is thirty years or the useful life of the project, and the maximum term for a loan for an infrastructure project under Subsections 8 and 9 is forty years or the useful life of the project.
4. All principal and interest payments received on loans made from the infrastructure revolving loan fund must be deposited into the fund. The Bank may use a portion of the interest paid on the outstanding loans as a servicing fee to pay administrative costs, which may not exceed one-half of one percent of the amount of the amount of the outstanding loans. All moneys transferred to the fund, interest upon moneys in the fund, and payments to the fund of principal and interest are appropriated to the Bank on a continuing basis for administrative costs and for loan disbursement according to this section.
5. An applicant shall issue an evidence of indebtedness as authorized by law.
6. In processing political subdivision loan applications, the Bank shall calculate the maximum outstanding loan amount per qualified applicant. The maximum outstanding loan amount for infrastructure projects under subsection 7 is forty million dollars. The Bank shall consider the applicant's ability to repay the loan when processing the application and shall issue loans only to applicants that provide reasonable assurance of sufficient future income to repay the loan.
7. Eligible infrastructure projects are capital construction projects to construct new infrastructure or to replace existing infrastructure, which provide the fixed installations necessary for the function of a political subdivision and are in the public interest. Capital construction projects exclude routine maintenance and repair projects, but include the following:
  - a. Water treatment plants;
  - b. Wastewater treatment plants;
  - c. Sewer lines and water lines, including lift stations and pumping systems;
  - d. Water storage systems, including dams, water tanks, and water towers;
  - e. Storm water infrastructure, including curb and gutter construction;
  - f. Road and bridge infrastructure, including paved and unpaved roads and bridges;
  - g. Airport infrastructure;
  - h. Electricity transmission infrastructure;
  - i. Natural gas transmission infrastructure;
  - j. Communications infrastructure;



- k. Emergency services facilities, excluding hospitals; and
- l. Essential political subdivision buildings and infrastructure.
- m. The Red River valley water supply project.

8. The department of transportation shall approve county road and bridge projects. The department of transportation may adopt policies for the review and approval of loans under this section.
9. The State Water Commission shall review and approve eligible projects to construct new water related infrastructure or to replace existing water-related infrastructure, which provide the fixed installations necessary for the function of a political subdivision and are in the public interest. The state water commission may adopt policies for the review and approval of loans under this section. Capital construction projects exclude routine maintenance and repair projects, but include the following:
- a. Flood control;
  - b. Conveyance projects;
  - c. Rural water supply;
  - d. Water supply; and
  - e. General water management

6 \_\_\_\_\_

7       **SECTION 17. AMENDMENT.** Section 6-09.4-06 of the North Dakota Century Code is  
8 amended and reenacted as follows:

9       **6-09.4-06. Lending and borrowing powers generally.**

- 10       1. The public finance authority may lend money to political subdivisions or other  
11 contracting parties through the purchase or holding of municipal securities which, in  
12 the opinion of the attorney general, are properly eligible for purchase or holding by the  
13 public finance authority under this chapter or chapter 40-57 and for purposes of the  
14 public finance authority's capital financing program the principal amount of any one  
15 issue does not exceed five hundred thousand dollars. However, the public finance  
16 authority may lend money to political subdivisions through the purchase of securities  
17 issued by the political subdivisions through the capital financing program without  
18 regard to the principal amount of the bonds issued, if the industrial commission  
19 approves a resolution that authorizes the public finance authority to purchase the  
20 securities. The capital financing program authorizing resolution must state that the  
21 industrial commission has determined that private bond markets will not be responsive  
22 to the needs of the issuing political subdivision concerning the securities or, if it  
23 appears that the securities can be sold through private bond markets without the  
24 involvement of the public finance authority, the authorizing resolution must state  
25 reasons for the public finance authority's involvement in the bond issue. The public  
26 finance authority may hold such municipal securities for any length of time it finds to



be necessary. The public finance authority, for the purposes authorized by this chapter or chapter 40-57, may issue its bonds payable solely from the revenues available to the public finance authority which are authorized or pledged for payment of public finance authority obligations, and to otherwise assist political subdivisions or other contracting parties as provided in this chapter or chapter 40-57.

2. The public finance authority may lend money to the Bank of North Dakota under terms and conditions requiring the Bank to use the proceeds to make loans for agricultural improvements that qualify for assistance under the revolving loan fund program established by chapter 61-28.2.

3. The public finance authority may transfer money to the Bank for allocations to the long-term care facility loan fund under chapter 6-09.16. ~~Bonds issued for these purposes are payable in each biennium solely from amounts the legislative assembly may appropriate for debt service for any biennium or from a reserve fund established for the bonds. This section may not be construed to require the state to appropriate funds sufficient to make debt service payments with respect to the bonds or to replenish a related reserve fund. The bonds are not a debt of the Bank of North Dakota or the state. The full faith, credit, and taxing powers of the state are not pledged to the payment of the bonds. As of the date appropriated funds and reserves are not sufficient to pay debt service on the bonds, the obligation of the public finance authority with respect to the bonds must terminate, and the bonds are no longer outstanding.~~ The obligation of the State to pay the bond payments is subject to the biennial appropriations by the ND Legislative Assembly. Neither the obligation of the State to pay such bond payments nor the obligation of the issuer to pay debt service will constitute a debt of the State or any agency or political subdivision of the State within the meaning of any constitutional or statutory provision. The issuance of the bond does not directly or contingently obligate the State to pay the bond payments beyond that appropriated for the current biennium of the state. The Issuer has no taxing power. In addition to providing funds for the transfers, the public finance authority may use the bond proceeds to pay the costs of issuance of the bonds and establish a reserve fund for the bonds.

4. Bonds of the public finance authority issued under this chapter or chapter 40-57 are not in any way a debt or liability of the state and do not constitute a loan of the credit of the state or create any debt or debts, liability or liabilities, on behalf of the state, or



constitute a pledge of the faith and credit of the state, but all such bonds are payable solely from revenues pledged or available for their payment as authorized in this chapter. Each bond must contain on its face a statement to the effect that the public finance authority is obligated to pay such principal or interest, and redemption premium, if any, and that neither the faith and credit nor the taxing power of the state is pledged to the payment of the principal of or the interest on such bonds. Specific funds pledged to fulfill the public finance authority's obligations are obligations of the public finance authority.

5. All expenses incurred in carrying out the purposes of this chapter or chapter 40-57 are payable solely from revenues or funds provided or to be provided under this chapter or chapter 40-57 and nothing in this chapter may be construed to authorize the public finance authority to incur any indebtedness or liability on behalf of or payable by the state.

**SECTION 18. AMENDMENT.** Section 6-09.4-10 of the North Dakota Century Code is amended and reenacted as follows:

**6-09.4-10. Reserve fund.**

1. The public finance authority shall establish and maintain a reserve fund in which there must be deposited all moneys appropriated by the state for the purpose of the fund, all proceeds of bonds required to be deposited therein by terms of any contract between the public finance authority and its bondholders or any resolution of the public finance authority with respect to the proceeds of bonds, any other moneys or funds of the public finance authority which it determines to deposit therein, any contractual right to the receipt of moneys by the public finance authority for the purpose of the fund, including a letter of credit or similar instrument, and any other moneys made available to the public finance authority only for the purposes of the fund from any other source or sources. Moneys in the reserve fund must be held and applied solely to the payment of the interest on and the principal of bonds and sinking fund payments as the same become due and payable and for the retirement of bonds, including payment of any redemption premium required to be paid when any bonds are redeemed or retired prior to maturity. Moneys in the reserve fund may not be withdrawn therefrom if the withdrawal would reduce the amount in the reserve fund to an amount less than the required debt service reserve, except for payment of interest then due and payable on bonds and the principal of bonds then maturing and payable and sinking fund



payments and for the retirement of bonds in accordance with the terms of any contract between the public finance authority and its bondholders and for the payments on account of which interest or principal or sinking fund payments or retirement of bonds, other moneys of the public finance authority are not then available in accordance with the terms of the contract. The required debt service reserve must be an aggregate amount equal to at least the largest amount of money required by the terms of all contracts between the public finance authority and its bondholders to be raised in the then current or any succeeding calendar year for the payment of interest on and maturing principal of outstanding bonds, and sinking fund payments required by the terms of any contracts to sinking funds established for the payment or redemption of the bonds.

2. If the establishment of the reserve fund for an issue or the maintenance of an existing reserve fund at a required level under this section would necessitate the investment of all or any portion of a new reserve fund or all or any portion of an existing reserve fund at a restricted yield, because to not restrict the yield may cause the bonds to be taxable under the Internal Revenue Code, then at the discretion of the public finance authority no reserve fund need be established prior to the issuance of bonds or the reserve fund need not be funded to the levels required by other subsections of this section or an existing reserve fund may be reduced.

3. No bonds may be issued by the public finance authority unless there is in the reserve fund the required debt service reserve for all bonds then issued and outstanding and the bonds to be issued. Nothing in this chapter prevents or precludes the public finance authority from satisfying the foregoing requirement by depositing so much of the proceeds of the bonds to be issued, upon their issuance, as is needed to achieve the required debt service reserve. The public finance authority may at any time issue its bonds or notes for the purpose of providing any amount necessary to increase the amount in the reserve fund to the required debt service reserve, or to meet such higher or additional reserve as may be fixed by the public finance authority with respect to such fund.

4. In order to assure the maintenance of the required debt service reserve, there shall be appropriated by the legislative assembly and paid to the public finance authority for deposit in the reserve fund, such sum, if any, as shall be certified by the industrial commission as necessary to restore the reserve fund to an amount equal to the



26 required debt service reserve. However, the commission may approve a resolution for  
27 the issuance of bonds, as provided by section 6-09.4-06, which states in substance  
28 that this subsection is not applicable to the required debt service reserve for bonds  
29 issued under that resolution.

30 5. If the maturity of a series of bonds of the public finance authority is three years or less  
31 from the date of issuance of the bonds, the public finance authority may determine that

1 no reserve fund need be established for that respective series of bonds. If such a  
2 determination is made, holders of that respective series of bonds may have no interest  
3 in or claim on existing reserve funds established for the security of the holders of  
4 previously issued public finance authority bonds, and may have no interest in or claim  
5 on reserve funds established for the holders of subsequent issues of bonds of the  
6 public finance authority.

7 6. The industrial commission may determine ~~that~~ this section is inapplicable in whole or  
8 in part for bonds issued under ~~section~~:

9 a. Section 6-09.4-06;

10 b. Section 6-09.4-24; or ~~under the~~

11 c. The public finance authority's state revolving fund program.

12 **SECTION 19.** A new section to chapter 6-09.4 of the North Dakota Century Code is created  
13 and enacted as follows:

14 **Debt service requirements - Bonds for long-term care facility loan fund.**

15 Each biennium, the public finance authority shall request from the legislative assembly an  
16 appropriation from the general fund, derived from legacy fund earnings, Bank of North Dakota  
17 profits, or other sources to meet the debt service requirements or bonds issued by the authority  
18 for allocations to the long-term care facility loan fund under chapter 6-09.16.

19 **SECTION 20. AMENDMENT.** Section 6-09.16-02 of the North Dakota Century Code is  
20 amended and reenacted as follows:

21 **6-09.16-02. Long-term care facility loan fund - Continuing appropriation - Transfer to**  
22 **general fund.**

23 1. A ~~revolving~~ loan fund must be maintained in the Bank of North Dakota for the purpose  
24 of making loans to nursing facilities, basic care facilities, or assisted living facilities for  
25 capital construction and renovation projects.

26 2. All moneys transferred into the fund, ~~interest upon moneys in the fund, and collections~~  
27 of interest and principal on loans made from the fund are appropriated to the Bank on



a continuing basis for administrative expenses and loan disbursement pursuant to the requirements of this chapter.

3. All interest upon moneys in the fund and payments of principal and interest on loans made from the fund must be transferred by the Bank to the state general fund at the beginning of each biennium.

**SECTION 21. AMENDMENT.** Section 6-09.16-03 of the North Dakota Century Code is amended and reenacted as follows:

**6-09.16-03. Long-term care facility loan fund.**

1. There is created a long-term care facility loan fund. The fund consists of ~~revenue transferred from the North Dakota health care trust fund, interest upon moneys in the fund, and collections of interest and principal on loans made from the fund~~ bond proceeds deposited in the fund.
2. The Bank of North Dakota shall administer the loan fund. ~~Funds in the~~ The loan fund may be used for:
  - a. Loans as provided in this chapter and as approved by the department under chapter 50-30; ~~and.~~
  - b. The costs of administration of the fund. The Bank may use a portion of the interest paid on the outstanding loans as a service fee to pay administrative costs, which may not exceed one-half of one percent of the amount of the interest payment.
  - ~~3. Any money in the fund not required for use under subsection 2 must be transferred to the North Dakota health care trust fund.~~

**SECTION 22. AMENDMENT.** Section 6-09.16-05 of the North Dakota Century Code is amended and reenacted as follows:

**6-09.16-05. Amount of loans - Terms and conditions.**

Loans in an amount not exceeding ninety percent of project costs may be made by the Bank of North Dakota from the fund maintained pursuant to this chapter. Such loans must bear interest at a rate of two percent of the outstanding principal balance of the loan. In consideration of the making of a loan under this chapter, each borrower shall execute a contract with the department to operate the project in accordance with standards established under chapter 50-30. The contract must also provide that if the use of the project is discontinued or diverted to purposes other than those provided in the loan application without written consent of the department, the full amount of the loan provided under this chapter immediately becomes due



1 and payable. ~~The Bank of North Dakota may annually deduct, as a service fee for administering~~  
2 ~~the loan fund maintained under this chapter, one-half of one percent of the principal balance of~~  
3 ~~the outstanding loans from the fund.~~

4 **SECTION 23. AMENDMENT.** Section 15-11-40 of the North Dakota Century Code is  
5 amended and reenacted as follows:

6 **15-11-40. State energy research center - Report.** ~~(Effective through June 30, 2023)~~

- 7 1. The state energy research center at the university of North Dakota energy and  
8 environmental research center is created for the purpose of conducting exploratory,  
9 transformational, and innovative research that advances future energy opportunities  
10 and benefits the state's economy and environment through:
  - 11 a. Exploratory research of technologies and methodologies that facilitate the  
12 prudent development, and clean and efficient use, of the state's energy  
13 resources;
  - 14 b. Greater access to energy experts for timely scientific and engineering studies to  
15 support the state's interests; and
  - 16 c. Education and outreach related to the state's energy resources.
- 17 2. The state energy research center shall report all research activities and  
18 accomplishments annually to the interim legislative energy development and  
19 transmission committee and to the industrial commission. Upon request, the state  
20 energy research center shall report all research activities and accomplishments to the  
21 appropriations committees of the legislative assembly.
- 22 3. To effectuate the purposes of this section, the energy and environmental research  
23 center may:
  - 24 a. Select the research topics and projects to be pursued;
  - 25 b. Enter contracts or agreements with other North Dakota institutions of higher  
26 education to support select research topics and projects;
  - 27 c. Enter contracts or agreements with federal, private, and nonprofit organizations  
28 to carry out selected research topics and projects; and
  - 29 d. Accepting donations, grants, contributions, and gifts from any source to carry out  
30 the selected research topics and projects.



4. The state energy research center may not conduct research or pursue projects that will result in the exploration, storage, treatment, or disposal of high-level radioactive waste in North Dakota.

**SECTION 24. AMENDMENT.** Section 50-30-04 of the North Dakota Century Code is amended and reenacted as follows:

**50-30-04. Long-term care facility loans.**

1. The department may approve loans from the long-term care facility loan fund established under chapter 6-09.16 for capital construction and renovation projects involving a nursing facility, basic care facility, or assisted living facility.
  2. An approved loan for any project may not exceed ~~one million dollars or~~ ninety percent of the project cost. ~~whichever is less~~
  3. ~~The department shall give preference for loan approval to an applicant that is converting nursing facility bed capacity to basic care bed capacity.~~
  4. No loan may be approved unless the applicant agrees to repay to the long-term care facility loan fund the outstanding balance of the loan and any accrued interest if the applicant or its successor in interest ceases to operate the project or facility financed by the loan proceeds during the ten-year period after the date the applicant began operation of the project or facility or fails to commence operations within a reasonable time.
- ~~5-4.~~ In addition to other remedies provided by law or contract, the department may deduct the amount of any refund due from a recipient of a loan from any money owed by the department to such recipient or the recipient's successor in interest.

**SECTION 25.** Subsections 7 and 8 of section 54-17-07.3 of the North Dakota Century Code are created and enacted as follows:

7. Residential mortgage program. A program or programs to originate residential mortgages if private sector mortgage loan services are not reasonably available. Under this program, a local financial institution or credit union may assist the agency with receiving loan applications, gathering required documents, ordering legal documents, and maintaining contact with borrowers. The applicant must be referred to the agency by a local financial institution or credit union. The agency shall provide all regulatory disclosures, process and underwrite loans, prepare closing documents, and



distribute loan funds. A loan under this program may be issued only for an owner-occupied primary residence.

8. The housing finance agency may purchase, service, and sell residential real estate loans secured by a first mortgage lien on real property originated by financial institutions. The loans may be held in the agency's portfolio or sold on the secondary market with servicing retained. All loans with a loan-to-value ratio exceeding eighty percent and not guaranteed by a federal agency must be insured by an approved mortgage insurance company.

**SECTION 26. AMENDMENT.** Section 54-17-40 of the North Dakota Century Code is amended and reenacted as follows:

**54-17-40. Housing incentive fund - Continuing appropriation - Report to budget section.**

1. The housing incentive fund is created as a special revolving fund at the Bank of North Dakota. The housing finance agency may direct disbursements from the fund and a continuing appropriation from the fund is provided for that purpose.
2. a. After a public hearing, the housing finance agency shall create an annual allocation plan for the distribution of the fund as authorized under subsection 3. At least ~~fifteen~~ten percent of the fund must be used to assist developing communities to address an unmet housing need or alleviate a housing shortage. At least ten percent of the fund must be made available to prevent homelessness as authorized by subdivision d of subsection 3.
- b. The annual allocation plan must give priority to provide housing for individuals and families of low or moderate income. For purposes of this priority, eligible income limits are determined as a percentage of median family income as published in the most recent federal register notice. Under this priority, the annual allocation plan must give preference to projects that benefit households with the lowest income and to projects that have rent restrictions at or below department of housing and urban development published federal fair market rents or department of housing and urban development section 8 payment standards.
3. The housing finance agency shall adopt guidelines for the fund so as to address unmet housing needs in this state. Assistance from the fund may be used solely for:



- 1 a. New construction, rehabilitation, preservation, or acquisition of a multifamily  
2 housing project;
- 3 b. Gap assistance, matching funds, and accessibility improvements;
- 4 c. Assistance that does not exceed the amount necessary to qualify for a loan using  
5 underwriting standards acceptable for secondary market financing or to make the  
6 project feasible; and
- 7 d. Rental assistance, emergency assistance, barrier mitigation, or targeted  
8 supportive services designated to prevent homelessness.
- 9 4. Eligible recipients include units of local, state, and tribal government; local and tribal  
10 housing authorities; community action agencies; regional planning councils; and  
11 nonprofit organizations and for-profit developers of multifamily housing. Individuals  
12 may not receive direct assistance from the fund.
- 13 5. Except for subdivision d of subsection 3, assistance is subject to repayment or  
14 recapture under the guidelines adopted by the housing finance agency. Any  
15 assistance that is repaid or recaptured must be deposited in the fund and is  
16 appropriated on a continuing basis for the purposes of this section.
- 17 6. The agency may collect a reasonable administrative fee from the fund, project  
18 developers, applicants, or grant recipients. The origination fee assessed to grant  
19 recipients may not exceed five percent of the project award.
- 20 7. Upon request, the housing finance agency shall report to the industrial commission  
21 regarding the activities of the housing incentive fund.
- 22 8. At least once per biennium, the housing finance agency shall provide a report to the  
23 budget section of the legislative management regarding the activities of the housing  
24 incentive fund.

25 **SECTION 27. AMENDMENT.** Section 57-51.1-07.9 of the North Dakota Century Code is  
26 amended and reenacted as follows:

27 **57-51.1-07.9. State energy research center fund - Continuing appropriation.** ~~(Effective~~  
28 ~~through June 30, 2023)~~

29 The state energy research center fund is a special fund in the state treasury. Before  
30 depositing oil and gas gross production tax and oil extraction tax revenues under section  
31 57-51.1-07.5, one percent of the revenues must be deposited monthly into the state energy



research center fund, up to five million dollars per biennium. All moneys deposited in the state energy research center fund and interest on all such moneys are appropriated on a continuing basis to the industrial commission for distribution to the state energy research center. The state energy research center shall use the funds in accordance with section 15-11-40.

**SECTION 28. REPEAL.** Section 54-17-07.12 of the North Dakota Century Code is repealed.

**SECTION 29. EXEMPTION - OIL AND GAS TAX REVENUE ALLOCATIONS - NORTH DAKOTA OUTDOOR HERITAGE FUND.** Notwithstanding the provisions of section 57-51-15 relating to the allocations to the North Dakota outdoor heritage fund, for the period beginning September 1, 2021, and ending August 31, 2023, the state treasurer shall allocate eight percent of the oil and gas gross production tax revenue available under subsection 1 of section 57-51-15 to the North Dakota outdoor heritage fund, but not in an amount exceeding \$7,500,000 per fiscal year.

**SECTION 30. EXEMPTION - OIL AND GAS TAX REVENUE ALLOCATIONS - OIL AND GAS RESEARCH FUND.** Notwithstanding the provisions of section 57-51.1-07.3 relating to the allocations to the oil and gas research fund, for the period beginning August 1, 2021, and ending July 31, 2023, the state treasurer shall deposit two percent of the oil and gas gross production tax and oil extraction tax revenues, up to \$16,000,000, into the oil and gas research fund before depositing oil and gas tax revenues under sections 57-51.1-07.5 and 57-51.1-07.9.

**SECTION 31. EXEMPTION - SURVEY REVIEW - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND.** The amount of \$800,000 appropriated from the strategic investment and improvements fund in section 2 of chapter 426 of the 2017 Session Laws and continued into the 2019-21 biennium pursuant to section 27 of chapter 14 of the 2019 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 associated with the survey review until June 30, 2023.

**SECTION 32. EXEMPTION - INDUSTRIAL COMMISSION FUND.** The amount of \$1,172,603 appropriated to the industrial commission in subdivision 1 of section 1 of chapter 14 of the 2019 Session Laws and transferred pursuant to section 8 of chapter 14 of the 2019 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



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- 1 services rendered by the commission during the biennium beginning July 1, 2021, and ending
- 2 June 30, 2023.