

Sixty-ninth
Legislative Assembly
of North Dakota

**FIRST ENGROSSMENT
with House Amendments**

ENGROSSED 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 create and enact a new section to chapter
3 6-09 and a new subdivision to subsection 2 of section 38-08-04.5 of the North Dakota Century
4 Code, relating to a rail revolving loan fund and uses of the abandoned oil and gas well plugging
5 and site reclamation fund; to amend and reenact subsection 7 of section 6-08.1-02 and sections
6 6-09-35, 6-09-46.2, 6-09.7-05, 6-09.14-04, and 49-17.1-02.1, subsection 1 of section 54-17-40,
7 and subdivision a of subsection 4 of section 54-17.7-04 of the North Dakota Century Code,
8 relating to confidential and exempt records of the Bank of North Dakota, the rebuilders loan
9 program, loan guarantees through the strategic investment and improvements fund, interest
10 rate buydown limits for the partnership in assisting community expansion fund, department of
11 transportation review and approval of rail projects, uses of the housing incentive fund, and
12 North Dakota pipeline borrowing authority; to amend and reenact section 15 of chapter 14 of the
13 2023 Session Laws, relating to a salt cavern underground energy storage research project; to
14 provide for a transfer; to provide an exemption; to provide for a legislative management study;
15 to provide for a legislative management report; and to provide for a report.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

17 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds
18 as may be necessary, are appropriated out of any moneys in the general fund in the state
19 treasury, not otherwise appropriated, and from other funds derived from special funds and
20 federal funds, to the industrial commission and agencies under its control for the purpose of
21 defraying the expenses of the industrial commission and the agencies under its control, for the
22 biennium beginning July 1, 2025, and ending June 30, 2027, as follows:

1 Subdivision 1.

2 INDUSTRIAL COMMISSION

		Adjustments or		
		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
5	Salaries and wages	\$1,884,918	\$701,583	\$2,586,501
6	New and vacant FTE pool	0	20,376	20,376
7	Operating expenses	472,271	3,821,991	4,294,262
8	Grants	0	13,668,089	13,668,089
9	Grants - bond payments	<u>119,879,913</u>	<u>(2,761,713)</u>	<u>117,118,200</u>
10	Total all funds	\$122,237,102	\$15,450,326	\$137,687,428
11	Less other funds	<u>122,237,102</u>	<u>15,050,326</u>	<u>137,287,428</u>
12	Total general fund	\$0	\$400,000	\$400,000
13	Full-time equivalent positions	9.75	0.00	9.75

14 Subdivision 2.

15 BANK OF NORTH DAKOTA

		Adjustments or		
		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
18	Bank of North Dakota operations	\$70,899,761	\$5,211,643	\$76,111,404
19	New and vacant FTE pool	0	2,122,074	2,122,074
20	Capital assets	<u>705,722</u>	<u>3,437,577</u>	<u>4,143,299</u>
21	Total other funds	\$71,605,483	\$10,771,294	\$82,376,777
22	Full-time equivalent positions	187.00	0.00	187.00

23 Subdivision 3.

24 HOUSING FINANCE AGENCY

		Adjustments or		
		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
27	Salaries and wages	\$11,413,354	\$1,655,543	\$13,068,897
28	New and vacant FTE pool	0	2,134,321	2,134,321
29	Operating expenses	10,903,883	(1,237,227)	9,666,656
30	Capital assets	20,000	0	20,000
31	Grants	48,805,110	(2,700,000)	46,105,110

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1	Housing finance agency contingencies	<u>100,000</u>	<u>0</u>	<u>100,000</u>
2	Total all funds	\$71,242,347	(\$147,363)	\$71,094,984
3	Less other funds	<u>68,742,347</u>	<u>2,352,637</u>	<u>71,094,984</u>
4	Total general fund	\$2,500,000	(\$2,500,000)	\$0
5	Full-time equivalent positions	54.00	8.00	62.00

6 Subdivision 4.

7 DEPARTMENT OF MINERAL RESOURCES

8			Adjustments or	
9		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
10	Salaries and wages	\$23,261,532	\$3,026,192	\$26,287,724
11	New and vacant FTE pool	0	2,121,618	2,121,618
12	Operating expenses	5,120,253	6,778,008	11,898,261
13	Capital assets	<u>0</u>	<u>45,000</u>	<u>45,000</u>
14	Total all funds	\$28,381,785	\$11,970,818	\$40,352,603
15	Less other funds	<u>268,000</u>	<u>5,754,837</u>	<u>6,022,837</u>
16	Total general fund	\$28,113,785	\$6,215,981	\$34,329,766
17	Full-time equivalent positions	108.00	5.00	113.00

18 Subdivision 5.

19 MILL AND ELEVATOR ASSOCIATION

20			Adjustments or	
21		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
22	Salaries and wages	\$54,019,267	\$6,345,741	\$60,365,008
23	New and vacant FTE pool	0	1,973,530	1,973,530
24	Operating expenses	42,391,653	2,710,224	45,101,877
25	Contingencies	500,000	0	500,000
26	Agriculture promotion	<u>500,000</u>	<u>0</u>	<u>500,000</u>
27	Total special funds	\$97,410,920	\$11,029,495	\$108,440,415
28	Full-time equivalent positions	170.00	2.00	172.00

29 Subdivision 6.

30 TOTAL SECTION 1

		Adjustments or	
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
Grand total all funds	\$390,877,637	\$49,074,570	\$439,952,207
Less grand total other funds	<u>360,263,852</u>	<u>44,958,589</u>	<u>405,222,441</u>
Grand total general fund	\$30,613,785	\$4,115,981	\$34,729,766

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO

SEVENTIETH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items included in the appropriation in section 1 of this Act which are not included in the entity's base budget for the 2027-29 biennium and which the entity shall report to the appropriations committees of the seventieth legislative assembly regarding the use of this funding:

<u>One-Time Funding Description</u>	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
Industrial commission			
Electricity grid resiliency federal grant	\$0	\$13,668,089	\$13,668,089
Lignite litigation	<u>0</u>	<u>3,000,000</u>	<u>3,000,000</u>
Subtotal industrial commission	\$0	\$16,668,089	\$16,668,089
Bank of North Dakota			
Capital improvement projects	<u>\$0</u>	<u>\$2,633,299</u>	<u>\$2,633,299</u>
Subtotal Bank of North Dakota	\$0	\$2,633,299	\$2,633,299
Department of mineral resources			
Federal abandoned well program	\$0	\$1,444,377	\$1,444,377
FTE position operating expenses	24,435	51,495	75,930
Mineral analyses	100,000	0	100,000
Rare earth elements study	0	400,000	400,000
Paleontology excavation project	0	150,000	150,000
Oil and gas litigation	0	3,000,000	3,000,000
Portable mineral detection equipment	<u>45,000</u>	<u>0</u>	<u>45,000</u>
Subtotal department of mineral resources	<u>\$169,435</u>	<u>\$5,045,872</u>	<u>\$5,215,307</u>
Grand total	\$169,435	\$24,347,260	\$24,516,695

SECTION 3. NEW AND VACANT FTE POOL - LIMITATION - TRANSFER REQUEST. The

the industrial commission and agencies under its control may not spend funds appropriated in the new and vacant FTE pool line items in section 1 of this Act, but may request the office of

management and budget to transfer funds, within each respective subdivision, from the new and vacant FTE pool line item to the salaries and wages line items or Bank of North Dakota operations line item in accordance with the guidelines and reporting provisions included in House Bill No. 1015, as approved by the sixty-ninth legislative assembly.

SECTION 4. BOND PAYMENTS. The amount of \$117,118,200 included in subdivision 1 of section 1 of this Act in the grants - bond payments line item must be paid from the following funding sources, during the biennium beginning July 1, 2025, and ending June 30, 2027:

Infrastructure project and program bonds - legacy sinking and interest fund	\$102,622,743
North Dakota university system	14,083,250
Veterans' home	<u>412,207</u>
Total	\$117,118,200

SECTION 5. 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 special funds which may become available to the agency, for the biennium beginning July 1, 2025, and ending June 30, 2027. 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 6. APPROPRIATION - TRANSFER GENERAL FUND TO HOUSING INCENTIVE FUND - TRANSFER STRATEGIC INVESTMENT AND IMPROVEMENTS FUND TO HOUSING INCENTIVE FUND - HOMELESS PROGRAMS - HOUSING PROGRAMS - EXEMPTION - ONE-TIME FUNDING.

1. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$10,000,000, which the office of management and budget shall transfer to the housing incentive fund for homeless programs, during the biennium beginning July 1, 2025, and ending June 30, 2027. The appropriation under this subsection is considered a one-time funding item.
2. The office of management and budget shall transfer the sum of \$33,650,000 from the strategic investment and improvements fund to the housing incentive fund during the biennium beginning July 1, 2025, and ending June 30, 2027, for the following:

- a. \$150,000 for a passthrough grant. Notwithstanding any other requirements under section 54-17-40 and pursuant to the continuing appropriation under section 54-17-40, the housing finance agency shall distribute a passthrough grant of \$150,000 from the housing incentive fund to a Native American focused organization with a presence in multiple communities for a Native American homelessness liaison.
- b. Up to \$13,500,000 for a rent stabilization fund program, including assistance to support individuals who are at risk due to financial instability and to prevent evictions.
- c. \$20,000,000 and any remaining amounts for other housing projects and programs pursuant to section 54-17-40.

SECTION 7. TRANSFER - ENTITIES AND FUNDS UNDER THE CONTROL OF THE INDUSTRIAL COMMISSION TO INDUSTRIAL COMMISSION FUND - ADMINISTRATION - EXEMPTION.

1. The sum of \$2,260,660, or so much of the sum as may be necessary, included in the appropriation in subdivision 1 of section 1 of this Act, may be transferred from the entities and funds within the control of the industrial commission or entities directed to make payments to the industrial commission fund for administrative services rendered by the commission. Transfers must be made during the biennium beginning July 1, 2025, and ending June 30, 2027, upon order of the commission. Transfers from the student loan trust fund must be made to the extent permitted by sections 54-17-24 and 54-17-25.
2. The amount of \$1,818,114 appropriated to the industrial commission in subdivision 1 of section 1 of chapter 14 of the 2023 Session Laws and transferred pursuant to section 8 of chapter 14 of the 2023 Session Laws is not subject to the provisions of section 54-44.1-11. Any unexpended funds from this appropriation are available to the industrial commission for administrative services rendered by the commission during the biennium beginning July 1, 2025, and ending June 30, 2027.

SECTION 8. TRANSFER - BANK OF NORTH DAKOTA PROFITS TO GENERAL FUND.

The Bank of North Dakota shall transfer \$140,000,000 from the Bank's current earnings and undivided profits to the general fund during the biennium beginning July 1, 2025, and ending

June 30, 2027. The moneys must be transferred in the amount and at the times requested by the director of the office of management and budget after consultation with the Bank president. For legislative council budget status reporting purposes, the transfer under this section is considered an ongoing revenue source.

SECTION 9. TRANSFER - BANK OF NORTH DAKOTA PROFITS TO ECONOMIC DEVELOPMENT PROGRAMS - SMALL BUSINESS DEVELOPMENT CENTER. During the biennium beginning July 1, 2025, and ending June 30, 2027, the Bank of North Dakota shall transfer the following amounts from the Bank's current earnings and undivided profits:

1. \$60,000,000 to economic development programs administered by the Bank, including the partnership in assisting community expansion fund, the agriculture partnership in assisting community expansion fund, the biofuels partnership in assisting community expansion fund, and the beginning farmer revolving loan fund; and
2. \$1,900,000 to the university of North Dakota for the North Dakota small business development center for the purpose of matching federal grants.

SECTION 10. TRANSFER - RAIL FUND TO RAIL REVOLVING LOAN FUND. The department of transportation shall transfer any outstanding loans and remaining balance from the rail fund to the rail revolving loan fund on July 1, 2025.

SECTION 11. TRANSFER STATE ENERGY RESEARCH CENTER FUND TO OIL AND GAS RESEARCH FUND - TRANSFER STRATEGIC INVESTMENT AND IMPROVEMENTS FUND TO OIL AND GAS RESEARCH FUND - ENHANCED OIL RECOVERY GRANT PROGRAM.

1. From the \$6,000,000 transferred to the state energy research center fund pursuant to section 15 of chapter 14 of the 2023 Session Laws, the office of management and budget shall transfer the sum of \$4,000,000 to the oil and gas research fund during the biennium beginning July 1, 2025, and ending June 30, 2027.
2. The office of management and budget shall transfer the sum of \$21,000,000 from the strategic investment and improvements fund to the oil and gas research fund during the biennium beginning July 1, 2025, and ending June 30, 2027.
3. Pursuant to the continuing appropriation under section 57-51.1-07.3 and the powers of the industrial commission under chapter 54-17.6, the commission shall use \$25,000,000 from the oil and gas research fund, transferred under this section, for an

enhanced oil recovery grant program. The commission shall develop guidelines for the grant program, including eligibility criteria, requirements for matching funds, and reporting requirements.

**SECTION 12. LIGNITE RESEARCH, DEVELOPMENT, AND MARKETING PROGRAM -
LIGNITE MARKETING FEASIBILITY STUDY - REPORT TO THE SEVENTIETH
LEGISLATIVE ASSEMBLY.**

1. Pursuant to the continuing appropriation under section 57-61-01.6, up to \$4,500,000 from the lignite research fund may be used for the purpose of contracting for an independent, nonmatching lignite marketing feasibility study or studies that determine those focused priority areas where near-term, market-driven projects, activities, or processes will generate matching private industry investment and have the most potential of preserving existing lignite production and industry jobs or that will lead to increased development of lignite and its products and create new lignite industry jobs and economic growth for the general welfare of this state. Moneys designated under this section also may be used for the purpose of contracting for nonmatching studies and activities in support of advanced energy technology and other technology development programs; 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 needed for the purposes stated in this section are available to the industrial commission for funding projects, processes, or activities under the lignite research, development, and marketing program.

2. The industrial commission shall report to the appropriations committees of the seventieth legislative assembly on the amounts spent pursuant to this section.

**SECTION 13. OTHER FUNDS - STRATEGIC INVESTMENT AND IMPROVEMENTS
FUND - GRANT, LITIGATION, STUDY, AND PROJECT FUNDING.** The grand total other funds line item in section 1 of this Act includes the sum of \$8,332,794 from the strategic investment and improvements fund as follows:

1. \$4,782,794 in the other funds line item in subdivision 1 of section 1 of this Act and identified as one-time funding in section 2 of this Act, including \$1,782,794 for

1 matching federal funds for an electricity grid resiliency grant and \$3,000,000 for lignite
2 litigation.

3 2. \$3,550,000 in the other funds line item in subdivision 4 of section 1 of this Act and
4 identified as one-time funding in section 2 of this Act, including \$400,000 for a rare
5 earth elements study, \$150,000 for a paleontology excavation project, and \$3,000,000
6 for oil and gas litigation.

7 **SECTION 14. OTHER FUNDS - ABANDONED OIL AND GAS WELL PLUGGING AND**
8 **SITE RECLAMATION FUND - ADMINISTRATIVE EXPENSES.** The other funds line item in
9 subdivision 4 of section 1 of this Act includes the sum of \$799,926 from the abandoned oil and
10 gas well plugging and site reclamation fund for administrative expenses, including funding for
11 reclamation specialist positions and related operating expenses.

12 **SECTION 15. OTHER FUNDS - HOUSING INCENTIVE FUND - ADMINISTRATIVE**
13 **EXPENSES.** The other funds line item in subdivision 3 of section 1 of this Act includes the sum
14 of \$1,200,983, transferred from the housing incentive fund to the agency's operating fund for
15 administrative expenses, including funding for homelessness program and rent stabilization
16 program positions and related operating expenses.

17 **SECTION 16. AMENDMENT.** Subsection 7 of section 6-08.1-02 of the North Dakota
18 Century Code is amended and reenacted as follows:

- 19 7. The release by the industrial commission, in its capacity as the managing body of the
20 Bank of North Dakota, of the following:
- 21 a. The name of any person who has obtained approval for direct ~~or indirect~~
22 financing or security, including a loan guarantee or a letter of credit, through the
23 Bank of North Dakota primarily for purposes other than personal, family, or
24 household purposes.
 - 25 b. The amount of any financing or security referenced in subdivision a.
 - 26 c. The amount of any net writeoff or loan forgiveness ~~associated with the financing-~~
27 ~~or security referenced in subdivision a which~~ that the industrial commission
28 determines is uncollectible.
 - 29 d. The program under which any financing or security referenced in subdivision a
30 was made.

1 **SECTION 17. AMENDMENT.** Section 6-09-35 of the North Dakota Century Code is
2 amended and reenacted as follows:

3 **6-09-35. Confidentiality of Bank records - Exempt records.**

4 1. The following records of the Bank of North Dakota are confidential:

5 ~~1.~~ a. Commercial or financial information of a customer, whether obtained directly or
6 indirectly, except for routine credit inquiries or unless required by due legal
7 process. As used in this subsection, "customer" means any person who has
8 transacted or is transacting business with, or has used or is using the services of,
9 the Bank of North Dakota, or for whom the Bank of North Dakota has acted as a
10 fiduciary with respect to trust property.

11 ~~2.~~ b. Internal or interagency memorandums or letters which would not be available by
12 law to a party other than in litigation with the Bank.

13 ~~3.~~ c. Information contained in or related to examination, operating, or condition reports
14 prepared by, on behalf of, or for the use of a state or federal agency responsible
15 for the regulation or supervision of any Bank activity.

16 ~~4.~~ d. Information obtained from the state department of financial institutions which
17 would not be available from that agency under section 6-01-07.1.

18 ~~5.~~ e. The report by a Bank officer or member of the Bank's advisory board of directors
19 concerning personal financial statements.

20 2. The following records of the Bank of North Dakota are exempt:

21 a. Bond insurance coverage, including excess bond insurance coverage.

22 b. Cyber liability coverage, including excess cyber liability coverage.

23 **SECTION 18. AMENDMENT.** Section 6-09-46.2 of the North Dakota Century Code is
24 amended and reenacted as follows:

25 **6-09-46.2. Rebuilders loan program - Rebuilders permanent loan fund - Continuing**
26 **appropriation.**

27 1. The Bank of North Dakota shall develop a rebuilders loan program to make or
28 participate in loans to North Dakota residents ~~affected by extraordinary losses as a~~
29 result of a:

30 a. A presidentially declared disaster ~~or~~ in the state;

31 b. A governor-declared disaster ~~or~~ in the state;

1 c. An emergency in the state;

2 d. A weather-related incident in the state as determined by the governor; or

3 e. An economic hardship as determined by the governor.

4 2. Under the rebuilders loan program, the Bank shall develop and implement specific
5 loan programs to respond to the specific needs resulting from a disaster or
6 emergency, incident, or hardship. The Bank may fund the loan from any available
7 funding in the rebuilders permanent loan fund and may accept private sector
8 donations and funds from the federal government.

9 ~~2.3.~~ Upon request of the Bank of North Dakota, the governor shall furnish the Bank with
10 information relating to the nature and amount of state and local resources that have
11 been or will be committed to alleviating the results of the disaster or emergency, an
12 estimate of the amount and severity of the damage and the impact on the private and
13 public sectors, and an estimate of the type and amount of assistance needed.

14 ~~3.4.~~ To apply for a loan under the program, a person shall apply to the originating financial
15 institution. Upon Bank of North Dakota approval of an application, the Bank shall make
16 a loan in accordance with the loan program established under this section. The Bank
17 shall establish a loan application period, which may not exceed a period of eighteen
18 months from the date of the declaration of the disaster or emergency.

19 ~~4.5.~~ Excluding the rebuilders and rebuilders home loans transferred to the fund, the Bank
20 of North Dakota shall deposit in the fund all principal and interest paid on the loans
21 made from the fund. The Bank may deduct from interest payments received on a loan
22 under the program a service fee for administering the fund for the Bank and the
23 originating financial institution. The fund must be audited annually pursuant to section
24 6-09-29, and the cost of the audit and any other actual costs incurred by the Bank on
25 behalf of the fund, must be paid by the fund.

26 ~~5.6.~~ There is created in the state treasury the rebuilders permanent loan fund administered
27 by the Bank of North Dakota. The fund consists of all moneys transferred to the fund
28 by the legislative assembly, interest on moneys in the fund, and payments to the fund
29 of principal and interest on loans made from the fund. All moneys in the fund are
30 appropriated to the Bank on a continuing basis for the rebuilders loan program.

1 ~~6-7.~~ If approved by the industrial commission, the fund may borrow from the Bank of North
2 Dakota to provide funding for loans under this section. A loan made to the fund by the
3 Bank must be repaid with principal and interest payment received by the rebuilders
4 permanent loan fund or with moneys appropriated by the legislative assembly.

5 ~~7-8.~~ The Bank of North Dakota shall adopt policies to implement this section.

6 **SECTION 19.** A new section to chapter 6-09 of the North Dakota Century Code is created
7 and enacted as follows:

8 **Rail revolving loan fund - Continuing appropriation.**

- 9 1. The rail revolving loan fund is a special fund in the state treasury from which the Bank
10 of North Dakota shall provide loans to counties, cities, railroads, and other freight
11 railroad users to construct or upgrade rail infrastructure to improve rail service.
- 12 2. The Bank shall administer the fund in accordance with the provisions of this section
13 and may adopt policies and establish guidelines for the loans, including policies for
14 eligibility and allowing participation by local financial institutions. Class I railroads are
15 not eligible.
- 16 3. The Bank shall consider the applicant's ability to repay the loan when processing the
17 application and shall issue loans only to applicants that provide reasonable assurance
18 of sufficient future income to repay the loan.
- 19 4. The department of transportation shall review and approve the project before the Bank
20 may issue a loan based on policies developed by the department.
- 21 5. The Bank shall deposit in the fund all payments of principal and interest paid on loans
22 made from the fund. The Bank may use a portion of the interest paid on the
23 outstanding loans as a servicing fee to pay administrative costs which may not exceed
24 one-half of one percent of the amount of the outstanding loans.
- 25 6. All moneys transferred to the fund, interest upon moneys in the fund, and payments to
26 the fund of principal and interest are appropriated to the Bank on a continuing basis for
27 administrative costs and for loan disbursements according to this section.
- 28 7. The fund must be audited annually pursuant to section 6-09-29, and the cost of the
29 audit must be paid from the fund.

30 **SECTION 20. AMENDMENT.** Section 6-09.7-05 of the North Dakota Century Code is
31 amended and reenacted as follows:

6-09.7-05. Establishment and maintenance of adequate guarantee funds -- Use of strategic investment and improvements fund. (Effective through June 30, 2025)

~~The Bank of North Dakota shall establish and at all times maintain an adequate guarantee reserve fund in a special account in the Bank. The Bank may request the director of the office of management and budget to transfer funds from the strategic investment and improvements fund created by section 15-08.1-08 to maintain one hundred percent of the guarantee reserve fund balance. Transfers from the strategic investment and improvements fund may not exceed a total of eighty million dollars. Moneys in the guarantee reserve fund are available to reimburse lenders for guaranteed loans in default. The securities in which the moneys in the reserve fund may be invested must meet the same requirements as those authorized for investment under the state investment board. The income from such investments must be made available for the costs of administering the state guarantee loan program and income in excess of that required to pay the cost of administering the program must be deposited in the reserve fund. The amount of reserves for all guaranteed loans must be determined by a formula that will assure, as determined by the Bank, an adequate amount of reserve.~~

Establishment and maintenance of adequate guarantee funds - Use of strategic investment and improvements fund. (Effective after June 30, 2025) The Bank of North Dakota shall establish and at all times maintain an adequate guarantee reserve fund in a special account in the Bank. The Bank may request the director of the office of management and budget to transfer funds from the strategic investment and improvements fund created by section 15-08.1-08 to maintain one hundred percent of the guarantee reserve fund balance. Transfers from the strategic investment and improvements fund may not exceed a total of ~~one hundred forty million~~one hundred eighty million dollars. Moneys in the guarantee reserve fund are available to reimburse lenders, including the Bank, for guaranteed loans in default. The securities in which the moneys in the reserve fund may be invested must meet the same requirements as those authorized for investment under the state investment board. The income from such investments must be made available for the costs of administering the state guarantee loan program and income in excess of that required to pay the cost of administering the program must be deposited in the reserve fund. The amount of reserves for all guaranteed loans must be determined by a formula that will assure, as determined by the Bank, an adequate amount of reserve.

1 **SECTION 21. AMENDMENT.** Section 6-09.14-04 of the North Dakota Century Code is
2 amended and reenacted as follows:

3 **6-09.14-04. Fund moneys - Eligible uses.**

4 1. The fund moneys may be used to participate in an interest rate buydown on a loan to
5 a new or expanding business for the following eligible uses:

- 6 a. Purchase of real property and equipment.
7 b. Expansion of facilities.
8 c. Working capital.
9 d. Inventory.

10 ~~2.~~ The loan funds cannot be used to refinance any existing debt or for the relocation of
11 the business within North Dakota.

12 ~~2.3.~~ The community shall determine the amount of the interest rate buydown and apply to
13 the Bank of North Dakota for participation from the partnership in assisting community
14 expansion fund. The funds for the community's portion of the buydown may come from
15 a local development corporation, contributions, community funds, future dedicated tax
16 programs, or any other community source.

17 ~~3.4.~~ The fund participation portion in the buydown must be determined by the Bank of
18 North Dakota based on economic conditions in the city or county in which the business
19 is located.

20 ~~4.5.~~ a. The maximum amount from the fund in the interest rate buydown may not exceed
21 five hundred thousand dollars per loan.

22 b. If the Bank determines the project has a substantial economic impact and
23 qualifies as a primary sector business, the maximum amount from the fund in the
24 interest rate buydown may be increased by up to one million dollars, in addition
25 to the amount under subdivision a, without a required community match.

26 ~~6.~~ The fund participation must be limited to the amount required to buy down the interest
27 to five hundred basis points below the national prime interest rate.

28 ~~5.7.~~ The Bank of North Dakota shall adopt rules to implement this chapter.

29 **SECTION 22.** A new subdivision to subsection 2 of section 38-08-04.5 of the North Dakota
30 Century Code is created and enacted as follows:

1 Administrative expenses, including salaries and wages and operating expenses,
2 subject to legislative appropriation.

3 **SECTION 23. AMENDMENT.** Section 49-17.1-02.1 of the North Dakota Century Code is
4 amended and reenacted as follows:

5 **49-17.1-02.1. Department may authorize local Review and approval of rail projects.**

6 For the purpose of promoting the public interest and local economic development, the
7 department may utilize revenue generated under this chapter for the construction or
8 improvement of railway freight transportation projects not otherwise eligible for assistance under
9 the Railroad Revitalization and Regulatory Reform Act of 1976 [Pub. L. 94-210; 90 Stat. 149;
10 49 U.S.C. 1651 et seq.] and which meet standards and specifications developed by the
11 department. The department shall coordinate with the Bank of North Dakota to approve and
12 review rail projects financed under the rail revolving loan fund under section 19 of this Act.

13 **SECTION 24. AMENDMENT.** Subsection 1 of section 54-17-40 of the North Dakota
14 Century Code is amended and reenacted as follows:

15 1. The housing incentive fund is ~~created as a special revolving fund at the Bank of North~~
16 ~~Dakota. The housing finance agency may direct disbursements from the fund and a~~
17 ~~continuing appropriation from the fund is provided for that purpose~~ a special fund in the
18 state treasury administered by the housing finance agency. Moneys in the fund are
19 appropriated to the housing finance agency on a continuing basis for assistance under
20 subsection 3. Moneys in the fund may be transferred to the housing finance agency's
21 operating fund for administrative expenses, which are subject to legislative
22 appropriation.

23 **SECTION 25. AMENDMENT.** Subdivision a of subsection 4 of section 54-17.7-04 of the
24 North Dakota Century Code is amended and reenacted as follows:

25 a. The authority may borrow up to ~~sixty million~~ one hundred twenty million dollars
26 through a line of credit from the Bank. The interest rate on the line of credit must
27 be the prevailing interest rate charged to North Dakota governmental entities.

28 **SECTION 26. AMENDMENT.** Section 15 of chapter 14 of the 2023 Session Laws is
29 amended and reenacted as follows:

30 **SECTION 15. TRANSFER - STRATEGIC INVESTMENT AND IMPROVEMENTS**
31 **FUND TO STATE ENERGY RESEARCH CENTER FUND - FEDERAL STATE**

**FISCAL RECOVERY FUND - UNDERGROUND ENERGY STORAGE RESEARCH
PROJECT - REPORT TO LEGISLATIVE MANAGEMENT.**

1. The office of management and budget shall transfer the sum of \$6,000,000 from the strategic investment and improvements fund to the state energy research center fund.
2. Pursuant to the continuing appropriation authority under section 57-51.1-07.9 and pursuant to subsection 36 of section 1 of chapter 550 of the 2021 Special Session Session Laws, as amended in section 24 of this Act and exempted in section 26 of this Act, the industrial commission shall distribute up to ~~\$6,000,000~~\$2,000,000 from the state energy research center fund and up to \$5,300,000 of federal funds from the state fiscal recovery fund to the state energy research center for a salt cavern underground energy storage research project.
3. The research project must include a business case analysis for the construction of up to two salt caverns in geological formations in North Dakota for the development of underground storage of energy resources, including natural gas, liquified natural gas, natural gas liquids, and hydrogen. The state energy research center may collaborate with other entities as needed on the research project. Prior to distributing the funding, the industrial commission must receive, from at least one nonstate entity, assurance of financial or other types of support that demonstrate a commitment to the research project.
4. During the 2023-24 ~~interim~~and 2025-26 interims, the state energy research center shall provide quarterly reports to the industrial commission and at least one report each interim to the legislative management regarding the status and results of the research project.

SECTION 27. EXEMPTION - UNEXPENDED APPROPRIATIONS. The following appropriations are not subject to the provisions of section 54-44.1-11 and may be continued into the biennium beginning July 1, 2025, and ending June 30, 2027:

1. The sum of \$1,250,000 appropriated from special funds for grant management software in subdivision 1 of section 1 of chapter 14 of the 2023 Session Laws, identified as one-time funding in section 2 of chapter 14 of the 2023 Session Laws, and transferred in section 9 of chapter 14 of the 2023 Session Laws.

2. The sum of \$75,000 appropriated from special funds for a records digitization project in subdivision 1 of section 1 of chapter 14 of the 2023 Session Laws and identified as one-time funding in section 2 of chapter 14 of the 2023 Session Laws.
3. The sum of \$1,124,856 appropriated from the general fund and \$7,499,037 appropriated from federal funds for an electricity grid resilience federal grant in subdivision 1 of section 1 of chapter 14 of the 2023 Session Laws and identified as one-time funding in section 2 of chapter 14 of the 2023 Session Laws.
4. The sum of \$3,200,000 appropriated from the federal state fiscal recovery fund for an abandoned oil well conversion to water supply grant program in subdivision 2 of section 1 of chapter 550 of the 2021 Special Session Session Laws and continued into the 2023-25 biennium in subsection 1 of section 27 of chapter 14 of the 2023 Session Laws.
5. The sum of \$800,000 appropriated from the strategic investment and improvements fund to the department of mineral resources for a survey review 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, into the 2021-23 biennium pursuant to section 33 of chapter 42 of the 2021 Session Laws, and into the 2023-25 biennium pursuant to section 27 of chapter 14 of the 2023 Session Laws.
6. Up to \$225,500 of the \$2,300,000 appropriated from federal funds to the department of mineral resources for administrative expenses related to an abandoned well reclamation program in subdivision 2 of section 1 of chapter 14 of the 2023 Session Laws and identified as one-time funding in section 2 of chapter 14 of the 2023 Session Laws.

SECTION 28. LEGISLATIVE MANAGEMENT STUDY - HOMELESSNESS. During the 2025-26 interim, the legislative management shall consider studying homelessness in the state. The study must include a review of data and funding available to address homelessness, an analysis of the use of available funds to identify gaps and potential solutions, and input from homeless program service providers. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the seventieth legislative assembly.