

**FIRST ENGROSSMENT  
with Senate Amendments**

Sixtieth  
Legislative Assembly  
of North Dakota

**ENGROSSED HOUSE BILL NO. 1014**

Introduced by

Appropriations Committee

(At the request of the Governor)

1 A BILL for an Act to provide an appropriation for defraying the expenses of the state industrial  
2 commission and the agencies under the management of the industrial commission; to authorize  
3 transfers; to provide an exemption; to create and enact a new section to chapter 6-09.17 and a  
4 new subsection to section 54-17-07.3 of the North Dakota Century Code, relating to partnership  
5 in assisting community expansion fund incentive limitations and a housing finance agency  
6 program for residential housing in rural communities; to amend and reenact subsection 6 of  
7 section 6-09-15 and section 6-09.17-02 of the North Dakota Century Code, relating to the  
8 powers of the Bank of North Dakota and the biodiesel partnership in assisting community  
9 expansion fund; to provide legislative intent; to provide an appropriation; to provide a contingent  
10 appropriation; to provide an expiration date; and to declare an emergency.

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

12 **SECTION 1. BASE LEVEL FUNDING INFORMATION.** The amounts identified in this  
13 section represent the base level funding component appropriated to the state industrial  
14 commission and agencies under its control in section 3 of this Act as follows:

15 Subdivision 1.

16 INDUSTRIAL COMMISSION	
17 Salaries and wages	\$6,111,034
18 Operating expenses	1,907,850
19 Capital assets	45,500
20 Grants - Lignite research and development	15,200,000
21 Oil and gas division contingency	225,000
22 Bond payments	<u>27,292,412</u>
23 Total all funds - Base level	\$50,781,796

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1	Less estimated income - Base level	<u>43,903,138</u>
2	Total general fund - Base level	\$6,878,658
3	Subdivision 2.	
4	BANK OF NORTH DAKOTA - OPERATIONS	
5	Salaries and wages	\$18,302,410
6	Operating expenses	10,925,665
7	Capital assets	11,272,000
8	Contingencies	<u>1,700,000</u>
9	Total from Bank of North Dakota fund - Base level	\$42,200,075
10	Subdivision 3.	
11	BANK OF NORTH DAKOTA - ECONOMIC DEVELOPMENT	
12	Partnership in assisting community expansion fund	\$5,700,000
13	Agriculture partnership in assisting community expansion fund	1,425,000
14	Beginning farmer revolving loan fund	950,000
15	Biodiesel partnership in assisting community expansion fund	<u>1,200,000</u>
16	Total all funds - Base level	\$9,275,000
17	Less beginning farmer revolving loan fund - Base level	<u>2,375,000</u>
18	Total general fund - Base level	\$6,900,000
19	Subdivision 4.	
20	MILL AND ELEVATOR ASSOCIATION	
21	Salaries and wages	\$17,332,391
22	Operating expenses	14,959,013
23	Contingencies	300,000
24	Agriculture promotion	<u>250,000</u>
25	Total from mill and elevator fund - Base level	\$32,841,404
26	Subdivision 5.	
27	HOUSING FINANCE AGENCY	
28	Salaries and wages	\$4,413,156
29	Operating expenses	2,805,578
30	Grants	26,591,280
31	Housing finance agency contingencies	<u>100,000</u>

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1	Total from housing finance agency fund - Base level	\$33,910,014
2	Grand total general fund - Section 1	\$13,778,658
3	Grand total special funds - Section 1	\$155,229,631
4	Grand total all funds - Section 1	\$169,008,289

5               **SECTION 2. FUNDING ADJUSTMENTS OR ENHANCEMENTS INFORMATION.** The  
6 amounts identified in this section represent the funding adjustments or enhancements to the  
7 base funding level for the state industrial commission and agencies under its control which are  
8 included in the appropriation in section 3 of this Act as follows:

9               Subdivision 1.

10	<b>INDUSTRIAL COMMISSION</b>	
11	Salaries and wages	\$1,104,082
12	Operating expenses	347,840
13	Capital assets	219,000
14	Grants - Lignite research and development	4,210,600
15	Grants - Fossil excavation and restoration fund	250,000
16	Bond payments	2,182,604
17	Oil and gas division contingency	<u>60,000</u>
18	Total all funds - Adjustments/enhancements	\$8,374,126
19	Less estimated income - Adjustments/enhancements	<u>6,489,994</u>
20	Total general fund - Adjustments/enhancements	\$1,884,132

21               Subdivision 2.

22	<b>BANK OF NORTH DAKOTA - OPERATIONS</b>	
23	Salaries and wages	\$1,992,949
24	Operating expenses	2,371,335
25	Capital assets	<u>(9,372,000)</u>
26	Total from Bank of North Dakota fund - Adjustments/enhancements	(\$5,007,716)

27               Subdivision 3.

28	<b>BANK OF NORTH DAKOTA - ECONOMIC DEVELOPMENT</b>	
29	Partnership in assisting community expansion fund	\$1,300,000
30	Agriculture partnership in assisting community expansion fund	(25,000)
31	Biodiesel partnership in assisting community expansion fund	(1,200,000)

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1	Biofuels partnership in assisting community expansion fund	<u>4,200,000</u>
2	Total all funds - Adjustments/enhancements	\$4,275,000
3	Less beginning farmer revolving loan fund - Adjustments/enhancements	<u>(1,425,000)</u>
4	Total general fund - Adjustments/enhancements	\$5,700,000

5           Subdivision 4.

6   MILL AND ELEVATOR ASSOCIATION

7	Salaries and wages	\$2,735,874
8	Operating expenses	1,303,559
9	Agriculture promotion	<u>(100,000)</u>
10	Total from mill and elevator fund - Adjustments/enhancements	\$3,939,433

11           Subdivision 5.

12   HOUSING FINANCE AGENCY

13	Salaries and wages	\$288,368
14	Operating expenses	6,607,200
15	Bridging the gap loan program	1,900,000
16	Grants	<u>728,520</u>
17	Total all funds	\$9,524,088
18	Less housing finance agency fund - Adjustments/enhancements	<u>7,624,088</u>
19	Total general fund - Adjustments/enhancements	\$1,900,000
20	Grand total general fund - Section 2	\$9,769,132
21	Grand total special funds - Section 2	\$11,620,799
22	Grand total all funds - Section 2	\$21,389,931

23           **SECTION 3. APPROPRIATION.** The funds provided in this section, or so much of the  
24 funds as may be necessary, are appropriated out of any moneys in the general fund in the state  
25 treasury, not otherwise appropriated, and from special funds derived from federal funds and  
26 other income, to the state industrial commission and agencies under its control for the purpose  
27 of defraying the expenses of their various divisions, for the biennium beginning July 1, 2007,  
28 and ending June 30, 2009, as follows:

29           Subdivision 1.

30   INDUSTRIAL COMMISSION

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1	Salaries and wages	\$7,215,116
2	Operating expenses	2,255,690
3	Capital assets	264,500
4	Grants - Lignite research and development	19,410,600
5	Grants - Fossil excavation and restoration fund	250,000
6	Grants - Bond payments	29,475,016
7	Oil and gas division contingency	<u>285,000</u>
8	Total all funds	\$59,155,922
9	Less estimated income	<u>50,393,132</u>
10	Total general fund appropriation	\$8,762,790

11 Subdivision 2.

12 BANK OF NORTH DAKOTA - OPERATIONS

13	Salaries and wages	\$20,295,359
14	Operating expenses	13,297,000
15	Capital assets	1,900,000
16	Contingencies	<u>1,700,000</u>
17	Total appropriation from Bank of North Dakota fund	\$37,192,359

18 Subdivision 3.

19 BANK OF NORTH DAKOTA - ECONOMIC DEVELOPMENT

20	Partnership in assisting community expansion fund	\$7,000,000
21	Agriculture partnership in assisting community expansion fund	1,400,000
22	Beginning farmer revolving loan fund	950,000
23	Biofuels partnership in assisting community expansion fund	<u>4,200,000</u>
24	Total all funds	\$13,550,000
25	Less beginning farmer revolving loan fund	<u>950,000</u>
26	Total general fund	\$12,600,000

27 Subdivision 4.

28 MILL AND ELEVATOR ASSOCIATION

29	Salaries and wages	\$20,068,265
30	Operating expenses	16,262,572
31	Contingencies	300,000

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1	Agriculture promotion	<u>150,000</u>
2	Total appropriation from mill and elevator fund	\$36,780,837
3	Subdivision 5.	
4	HOUSING FINANCE AGENCY	
5	Salaries and wages	\$4,701,524
6	Operating expenses	9,412,778
7	Bridging the gap loan program	1,900,000
8	Grants	27,319,800
9	Housing finance agency contingencies	<u>100,000</u>
10	Total all funds	\$43,434,102
11	Less appropriation from housing finance agency fund	<u>41,534,102</u>
12	Total general fund	\$1,900,000
13	Total general fund appropriation - H.B. 1014	\$23,262,790
14	Total special funds appropriation - H.B. 1014	\$172,150,430
15	Total all funds appropriation - H.B. 1014	\$195,413,220

16       **SECTION 4. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO**  
17 **SIXTY-FIRST LEGISLATIVE ASSEMBLY.** The total general fund appropriation line item in  
18 section 3 of this Act includes \$4,680,000 for the one-time funding items identified in this  
19 section. This amount is not a part of the agency's base budget to be used in preparing the  
20 2009-11 executive budget. The industrial commission shall report to the appropriations  
21 committees of the sixty-first legislative assembly on the use of this one-time funding for the  
22 biennium beginning July 1, 2007, and ending June 30, 2009.

23	Biofuels PACE	\$4,200,000
24	Fossil restoration fund	250,000
25	Core and sample library repairs	<u>230,000</u>
26	Total	\$4,680,000

27       **SECTION 5. APPROPRIATION.** In addition to the amount appropriated to the housing  
28 finance agency in subdivision 5 of section 3 of this Act, there is appropriated any additional  
29 income or unanticipated income from federal or other funds which may become available to the  
30 agency for the biennium beginning July 1, 2007, and ending June 30, 2009.

1           **SECTION 6. APPROPRIATION - EMERGENCY COMMISSION APPROVAL.** In  
2 addition to the amount appropriated to the state industrial commission in subdivision 1 of  
3 section 3 of this Act, there is appropriated, with the approval of the emergency commission,  
4 funds that may become available to the commission from bonds authorized by law to be issued  
5 by the state industrial commission under chapters 4-36 and 54-17.2 and section 54-17-25, for  
6 the biennium beginning July 1, 2007, and ending June 30, 2009.

7           **SECTION 7. APPROPRIATION - OFFICE OF MANAGEMENT AND BUDGET.** There  
8 is appropriated out of any moneys in the permanent oil tax trust fund, not otherwise  
9 appropriated, the sum of \$5,300,000, or so much of the sum as may be necessary, to the office  
10 of management and budget for the purpose of repaying the Bank of North Dakota for loans and  
11 accrued interest relating to funds borrowed for centers of excellence, for the biennium  
12 beginning July 1, 2007, and ending June 30, 2009.

13           **SECTION 8. EXEMPTION.** The amount appropriated to the Bank of North Dakota in  
14 the capital assets line item in sections 3 and 6 of 2005 Senate Bill No. 2014 is not subject to the  
15 provisions of section 54-44.1-11. Any unexpended funds from this appropriation are available  
16 for construction of a new building during the biennium beginning July 1, 2007, and ending  
17 June 30, 2009.

18           **SECTION 9. TRANSFER.** The sum of \$80,195, or so much of the sum as may be  
19 necessary, included in the special funds appropriation line item in subdivision 1 of section 3 of  
20 this Act, is from the North Dakota mill and elevator association. The moneys must be  
21 transferred during the biennium beginning July 1, 2007, and ending June 30, 2009, upon order  
22 of the state industrial commission.

23           **SECTION 10. TRANSFER.** The sum of \$102,066, or so much of the sum as may be  
24 necessary, included in the special funds appropriation line item in subdivision 1 of section 3 of  
25 this Act, is from the accumulated and undivided profits of the Bank of North Dakota. The  
26 moneys must be transferred during the biennium beginning July 1, 2007, and ending June 30,  
27 2009, upon order of the state industrial commission.

28           **SECTION 11. TRANSFER.** The sum of \$69,259, or so much of the sum as may be  
29 necessary, included in the special funds appropriation line item in subdivision 1 of section 3 of  
30 this Act, is from the housing finance agency fund. The moneys must be transferred during the

1 biennium beginning July 1, 2007, and ending June 30, 2009, upon order of the state industrial  
2 commission.

3 **SECTION 12. TRANSFER.** The sum of \$21,872, or so much of the sum as may be  
4 necessary, included in the special funds appropriation line item in subdivision 1 of section 3 of  
5 this Act, is from the revenues of the public finance authority. The available moneys must be  
6 transferred during the biennium beginning July 1, 2007, and ending June 30, 2009, upon order  
7 of the state industrial commission.

8 **SECTION 13. LANDS AND MINERALS TRUST FUND TRANSFER TO THE**  
9 **GENERAL FUND.** During the biennium beginning July 1, 2007, and ending June 30, 2009, the  
10 director of the office of management and budget is authorized to transfer special funds from the  
11 lands and minerals trust fund to the general fund in the amount of \$15,000,000.

12 **SECTION 14. BANK OF NORTH DAKOTA TRANSFERS TO STATE GENERAL**  
13 **FUND.** During the biennium beginning July 1, 2007, and ending June 30, 2009, the industrial  
14 commission shall transfer to the state general fund \$60,000,000 from the current earnings and  
15 the accumulated undivided profits of the Bank of North Dakota. The moneys must be  
16 transferred in the amounts and at the times requested by the director of the office of  
17 management and budget. A transfer authorized may only be made to the extent the transfer  
18 does not reduce the Bank's capital structure below \$175,000,000.

19 **SECTION 15. STUDENT LOAN TRUST FUND TRANSFER TO THE GENERAL**  
20 **FUND.** The industrial commission shall transfer to the general fund in the state treasury the  
21 sum of \$3,100,000 of earnings from the North Dakota student loan trust fund. The moneys  
22 must be transferred in the amounts and at the times requested by the director of the office of  
23 management and budget during the biennium beginning July 1, 2007, and ending June 30,  
24 2009, and upon certification by the student loan trust trustee that sufficient moneys remain  
25 available to pay all debt service on student loan trust bonds, all required rebate payments to the  
26 United States treasury, and all program operating expenses.

27 **SECTION 16. INCOME AUTHORIZATION - STUDENT LOAN TRUST.** There is  
28 authorized the receipt of fees by the state industrial commission in the sum of \$91,131, or so  
29 much of the sum as is owed, included in the special funds appropriation line item in  
30 subdivision 1 of section 3 of this Act, from the student loan trust for administrative services  
31 rendered by the state industrial commission to the extent permitted by sections 54-17-24 and



1 54-17-25. The fees must be received during the biennium beginning July 1, 2007, and ending  
2 June 30, 2009, upon order of the state industrial commission.

3 **SECTION 17. LIGNITE RESEARCH, DEVELOPMENT, AND MARKETING**

4 **PROGRAM - APPROPRIATION - LIGNITE MARKETING FEASIBILITY STUDY.** The amount  
5 of \$1,500,000, or so much of the amount as may be necessary, included in the grants and  
6 special funds appropriation line item in subdivision 1 of section 3 of this Act, is appropriated  
7 from the lignite research fund for the purpose of contracting for an independent, nonmatching  
8 lignite marketing feasibility study or studies that determine those focused priority areas where  
9 near-term, market-driven projects, activities, or processes will generate matching private  
10 industry investment and have the most potential of preserving existing lignite production and  
11 industry jobs or that will lead to increased development of lignite and its products and create  
12 new lignite industry jobs and economic growth for the general welfare of this state. Moneys  
13 appropriated pursuant to this section may also be used for the purpose of contracting for  
14 nonmatching studies and activities in support of the lignite vision 21 program; for litigation that  
15 may be necessary to protect and promote the continued development of lignite resources; for  
16 nonmatching externality studies and activities in externality proceedings; or other marketing,  
17 environmental, or transmission activities that assist with marketing of lignite-based electricity  
18 and lignite-based byproducts. Moneys not needed for the purposes stated in this section are  
19 available to the commission for funding projects, processes, or activities under the lignite  
20 research, development, and marketing program.

21 **SECTION 18. LEGISLATIVE INTENT - BANK PROPERTY.** It is the intent of the  
22 sixtieth legislative assembly that real estate property owned by the Bank of North Dakota at  
23 1205-1215 west main street in Bismarck not be sold by the Bank of North Dakota during the  
24 2007-09 biennium.

25 **SECTION 19. LEGISLATIVE INTENT - BOND PAYMENTS.** The amount of  
26 \$29,475,016 included in subdivision 1 of section 3 of this Act in the grants - bond payments line  
27 item must be paid from the following funding sources during the biennium beginning July 1,  
28 2007, and ending June 30, 2009:

29 North Dakota university system	\$15,822,002
30 North Dakota university system - Energy conservation projects	1,491,242
31 Department of corrections - State penitentiary	3,090,022

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1	Department of corrections - Energy conservation projects	17,958
2	State department of health	692,242
3	Job service North Dakota	743,905
4	Department of human services - Southeast human service center	56,431
5	Department of human services - State hospital	466,391
6	Department of human services - Developmental center at Grafton	534,505
7	Adjutant general	70,667
8	Veterans' home improvement fund	256,114
9	Information technology department - ConnectND	5,407,075
10	Office of management and budget	158,519
11	Office of the attorney general	182,485
12	State historical society	331,762
13	Parks and recreation	17,544
14	Research and extension service	<u>136,152</u>
15	Total	\$29,475,016

16           **SECTION 20. APPROPRIATION - TRANSFER.** The funds appropriated in  
17 subdivision 3 of section 3 of this Act must be transferred by the Bank of North Dakota to the  
18 partnership in assisting community expansion fund; the agriculture partnership in assisting  
19 community expansion fund; and the biofuels partnership in assisting community expansion  
20 fund. The Bank of North Dakota may not be construed to be a general fund agency because of  
21 the appropriation made by subdivision 3 of section 3 of this Act.

22           **SECTION 21. TRANSFER AUTHORITY.** Notwithstanding any other provision of law,  
23 the Bank of North Dakota may transfer any unobligated funds between funds that have been  
24 appropriated by the legislative assembly for partnership in assisting community expansion fund  
25 and the biofuels partnership in assisting community expansion fund.

26           **SECTION 22. TRANSFER - BUDGET SECTION APPROVAL.** Notwithstanding any  
27 other provision of law, the Bank of North Dakota may transfer any unobligated funds that have  
28 been appropriated by the legislative assembly for the medical partnership in assisting  
29 community expansion fund to the partnership in assisting community expansion fund, upon  
30 approval by the budget section.

1           **SECTION 23. AMENDMENT.** Subsection 6 of section 6-09-15 of the North Dakota  
2 Century Code is amended and reenacted as follows:

3           6. Lease, assign, sell, exchange, transfer, convey, grant, pledge, or mortgage all real  
4 and personal property, title to which has been acquired in any manner.

5           **SECTION 24. AMENDMENT.** Section 6-09.17-02 of the North Dakota Century Code is  
6 amended and reenacted as follows:

7           **6-09.17-02. Biodiesel partnership in assisting community expansion fund -**

8 **Continuing appropriation - Administration.** A biodiesel partnership in assisting community  
9 expansion fund is ~~hereby~~ established. All moneys transferred into the fund, interest on fund  
10 moneys, and payments to the fund are ~~hereby~~ appropriated for the purposes of this chapter.

11 This fund is not subject to section 54-44.1-11 and any unexpended and unobligated balance in  
12 the fund at the end of the biennium must be transferred to the ~~state general fund~~ biofuels  
13 partnership in assisting community expansion fund. The Bank of North Dakota shall administer  
14 the fund.

15           **SECTION 25.** A new section to chapter 6-09.17 of the North Dakota Century Code is  
16 created and enacted as follows:

17           **Partnership in assisting community expansion fund incentive limitation.** A  
18 biodiesel production facility or ethanol production facility that receives interest buydown from  
19 the biofuels partnership in assisting community expansion fund is not eligible to receive interest  
20 buydown from the partnership in assisting community expansion fund for the same project  
21 during the same biennium.

22           **SECTION 26.** A new subsection to section 54-17-07.3 of the North Dakota Century  
23 Code is created and enacted as follows:

24           A program to assist in bridging the financing gap in new residential construction in  
25 cities with populations of fewer than twenty thousand if the cost of the new  
26 construction is at least one hundred ten percent of the appraised value of the new  
27 construction. The program shall provide financial assistance in the form of a  
28 mortgage loan that is subject to payment forgiveness, in whole or in part, for new  
29 construction of multifamily housing and single-family housing, excluding mobile  
30 homes and farmsteads.

- 1           a. The industrial commission shall establish the eligibility criteria and application  
2           procedure for the program which at a minimum must:
- 3           (1) Require a local match in the form of a grant from private or public  
4           funding or in-kind contributions which may not exceed forty-five percent  
5           of the gap between the cost of construction and the appraised value of  
6           the new construction;
- 7           (2) Provide that the local match may not include state funds;
- 8           (3) Require an application for assistance under this program to include  
9           evidence of community support for the new construction project; and
- 10          (4) Require that for assistance provided for single-family housing:
- 11           (a) The applicant's household income may not exceed the greater of  
12           one hundred forty percent of the statewide or county average, as  
13           determined by the industrial commission; and
- 14           (b) That the cost of the new construction may not exceed one  
15           hundred ninety thousand dollars.
- 16          b. The maximum assistance provided under this program for single-family  
17          housing is the lesser of twenty thousand dollars or forty-five percent of the  
18          gap between the cost of the construction and the appraised value of the new  
19          construction.
- 20          c. The maximum assistance provided under this program for multifamily housing  
21          is the lesser of fifty thousand dollars or forty-five percent of the gap between  
22          the cost of construction and the appraised value of the new construction.
- 23          d. Unless otherwise provided through the appropriation process, no more than  
24          thirty percent of the funds appropriated for the biennium for assistance under  
25          this subsection may be for multifamily residences.
- 26          e. Before August first of every even-numbered year, the housing finance agency  
27          shall report to the legislative council on the status of this program, including  
28          funds awarded, the state and local impact of the funds awarded, and program  
29          recommendations.

30           **SECTION 27. CONTINGENT OIL AND GAS DIVISION FUNDING - EMERGENCY**

31   **COMMISSION APPROVAL.** The funds appropriated in the oil and gas division contingency

1 line item in subdivision 1 of section 3 of this Act are from the land and minerals trust fund. If  
2 funds are required due to the average drilling rig count exceeding forty-five active rigs for each  
3 month in any consecutive three-month period, the oil and gas division may spend moneys from  
4 this line item upon emergency commission approval. The oil and gas division may hire up to  
5 two full-time equivalent positions with the contingency funds.

6 **SECTION 28. EXPIRATION DATE.** Section 26 of this Act is effective through July 31,  
7 2011, and after that date is effective.

8 **SECTION 29. EMERGENCY.** The appropriation in subdivision 3 of section 3 of this  
9 Act for the partnership in assisting community expansion fund; the appropriation in section 7 of  
10 this Act for the office of management and budget; the transfer in section 20 of this Act for the  
11 partnership in assisting community expansion fund; the transfer in section 21 of this Act  
12 between the partnership in assisting community expansion fund and the biofuels partnership in  
13 assisting community expansion fund; and section 23 of this Act are declared to be emergency  
14 measures.