

**TESTIMONY, SENATE APPROPRIATIONS COMMITTEE
JANUARY 13, 2021
SENATE BILL 2014**

**ERIC HARDMEYER – PRESIDENT & CEO
BANK OF NORTH DAKOTA**

Mr. Chairman and members of the Committee, I am Eric Hardmeyer, President and CEO of the Bank of North Dakota (BND). As you know, BND is the only state-owned bank in the nation. Our mission, established by legislative action in 1919, is to encourage and promote agriculture, commerce and industry in North Dakota. While our mission statement is short, the responsibilities of BND are large and extraordinary.

The Bank serves many roles in North Dakota. Most importantly, BND is a unique competitive tool that spurs economic development by assisting local financial institutions in delivering loans and loan programs in their communities. By law, BND serves as the state repository for revenues and as directed by the Legislature administers loan programs to schools and local communities. The Bank assists residents in securing higher education through its loan programs and spurs college saving through its college save program. And, as you know, BND is called upon to support state initiatives and provide a dividend of its profits to the general fund.

To provide you a preview of my testimony, today I am going to cover the following topics:

1. Lending activities undertaken this biennium.
2. BND's effort to create efficiency and streamline operations.
3. Perspective on BND's loan portfolio.
4. BND's financial position and the impact of disaster programs on BND.
5. Anticipated changes at BND before the 2023 Legislative session.
6. The budget for the 2021 biennium and proposed amendments.

Activities Since July 1, 2019

In December of 2019, BND posted annual profits of \$169 million, its' sixteenth consecutive year of record profits. Then, as we all know, life took a significant turn in March of 2020 due to the Covid-19 pandemic. As President of the Bank, I want to tell you why, even though 2020 had its challenges, I believe it is one of the most successful years in BND's 100-year history.

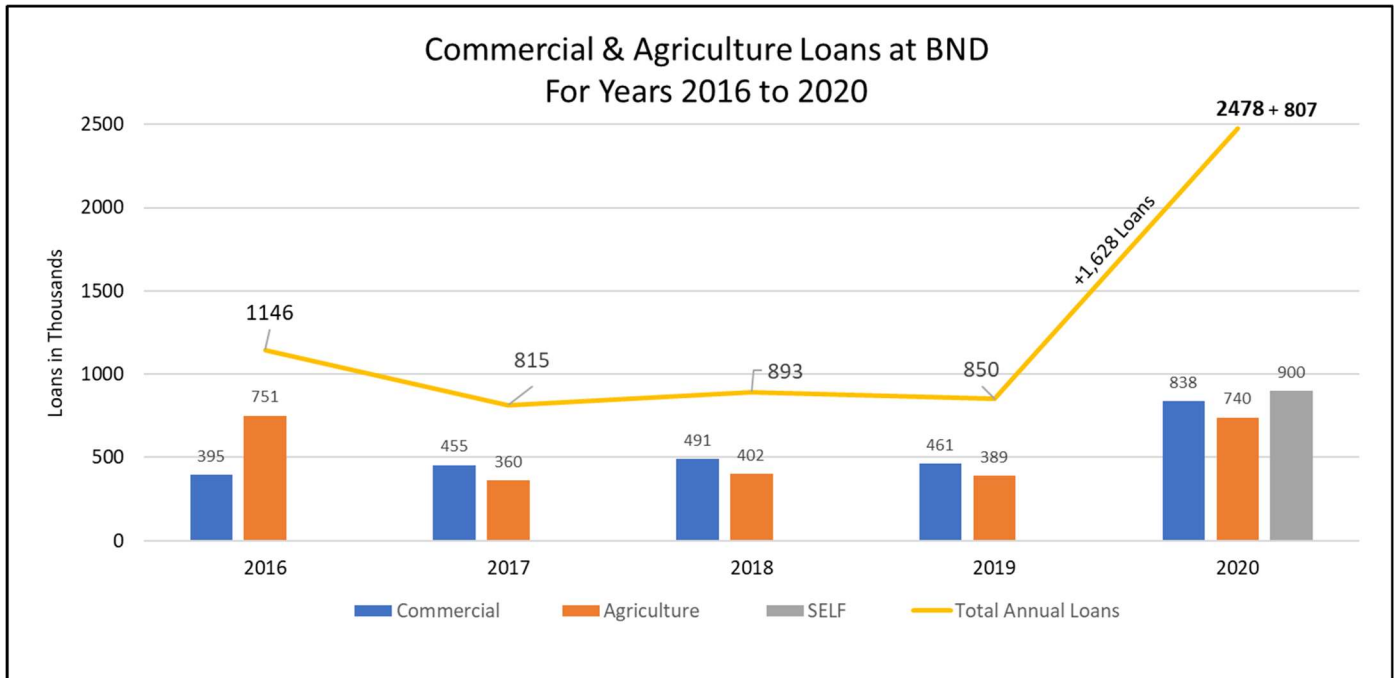
When the Covid-19 pandemic took hold, BND and its staff teamed with local financial institutions; state associations and the Small Business Administration to answer the call of distress coming from North Dakota residents.

By coordinating the communication and efforts of the local financial institutions, BND assisted nearly 20,000 small business in securing more than \$1.7 Billion in PPP loans. On a per capita basis, North Dakota was the largest recipient of PPP loans.

But we knew there was more to do; in working closely with local financial institutions, the Industrial Commission and Legislature, BND was able to utilize \$50 million of its capital and secure \$70 million in CARE's Act funding to create disaster programs to fill in the gaps. These programs served a broad variety of businesses and included:

- *The Small Employer Loan Fund (SELF)* utilized up to \$50 million in BND Capital to assist North Dakota businesses with an employee count of 10 full-time equivalents (FTE) or less. Loan funds provide a fixed interest rate of 1% to support working capital needs, recurring expenses and to replenish inventory or term out COVID-related bridge loans or credit card debt. There were 900 loans for \$30.4 million were distributed through the SELF program.
- *The COVID-PACE Recovery I (CPR I) Loan Program* supported the working capital needs of businesses in North Dakota. Modeled after the PACE programs, CPR I bought the interest rate on a loan down to 1%. Businesses of 500 or fewer employees could receive a loan in the amount of the lesser of six months of operating expenses plus interest, or \$5 million. For businesses over 500 employees, the maximum loan amount was \$10 million. There were 273 loans for \$337.5 million (\$217 million net to BND) were initiated through this program. To provide buydown funding, the Emergency Commission and Budget Section, allocated \$35 million of CARES Act funds.
- *The COVID-PACE Recovery II (CPR II) Program* was a unique program created to buy down the interest on existing debt as opposed to initiating a new loan. Businesses could apply for interest accrued for up to 10 months with a limit of \$50,000. To ensure the program supported the businesses most financially impacted, the program required at least a 20% year-over-year gross revenue loss between April 1, 2019 to September 30, 2019 and the same period in 2020. Once again, the Emergency Commission and Budget Section approved CARES's act funding of nearly \$35 million that was distributed to 807 businesses through Bank of North Dakota and local financial institutions.
- The state's ethanol producers and those producing related products accessed loans through the Ethanol Recovery Program to support working capital needs for North Dakota operations. The maximum loan amount was \$15 million. The fixed interest rate received a buydown to 1%. Four ethanol facilities received loans for a total of \$42.9 million (\$21.5 million net to BND).
- The extreme weather conditions in 2019 resulted in BND offering its second agriculture disaster program in 5-years. BND's fixed rate, Ag Disaster Relief program distributed 304 loans to Agriculture producers for \$144 million, in cooperation with local financial institutions.
- About 34% or 8,899 of BND's student loan borrowers received deferrals on six months of payments. In addition, student loan borrowers with a fixed interest rate were given a 1% reduction in their rate. This benefited 34,000 borrowers and will save \$6,400 in interest expense, on average, over the course of their loan.

The following chart provides some perspective on the loan volume of commercial and agriculture loans originated through BND in 2020.



We did all this with over 80% of our employees working remotely and without hiring additional full-time staff. Our employees deserve much credit, they understood our mission and that we are uniquely positioned to deliver those critical services and programs. They worked their tails off working nights and weekends. As an example, to handle the SELF loan volume, staff from all parts of the Bank were recruited and trained on how to input loans.

I also want to acknowledge the work of BND's Information Technology staff. Even before the pandemic, they had started moving staff to laptops, looking at the trends of remote work and created ways to ensure BND could operate in an emergency. When the call came to transition to remote work in March, it took less than 48 hours to transition staff. With education on Microsoft Team's there was no decline in productivity but instead an improved, efficient way of doing their jobs.

BND's effort to create efficiency and streamline operations

As I noted in my 2019 testimony, the 1919 legislature could not envision the business and technology of today. And, we cannot envision the marketplace in 2050 but we can properly structure and position the Bank to succeed and serve the state. Today, I want to provide four significant highlights related to BND's efficiency efforts.

1. Bank of North Dakota was the first state agency outside the cabinet agencies to volunteer to consolidate its Information Technology department with NDIT. The demands on IT for the maintenance of systems and cyber security grow every day. In looking to the future, BND's management believes the consolidated IT system offers advantages to BND.

This transition allows for expanded support and develops a structure that enhances existing bank operations. As a result of IT unification BND proposes to transfer 16 positions from BND to NDIT in the proposed biennial budget.

2. Today, BND offers local financial institutions a secondary market to which they can sell home mortgages. With a few exceptions, these loans are guaranteed in some way. BND also provides limited loan origination services to rural financial institutions as enabled by the Legislature.

The mission of the North Dakota Housing Finance Agency (NDHFA) is to make housing affordable and finance low to moderate income families in addition to supporting the availability of affordable rental housing. In 2020, BND initiated conversations to merge BND's loan servicing and origination services into NDHFA thereby reducing duplication of services. The result is an agreement to move forward with this consolidation in 2021.

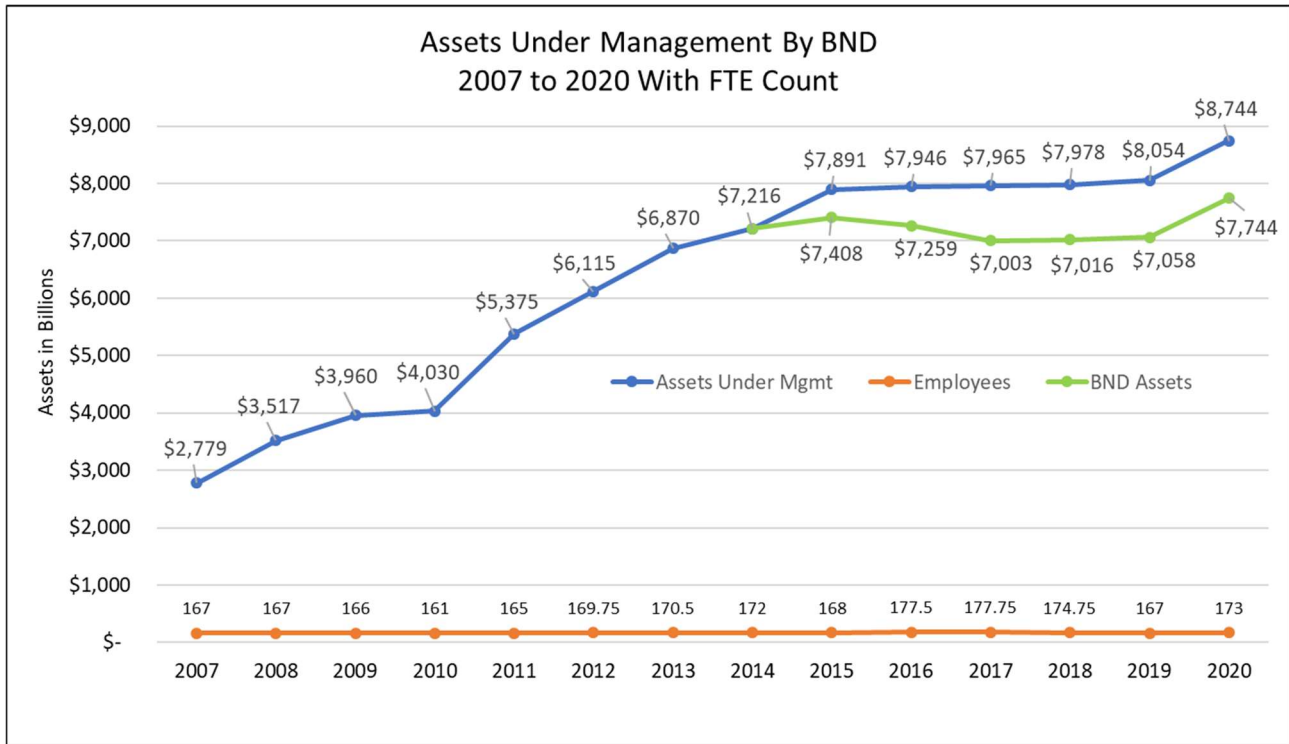
3. After exhausting private sector alternatives, the North Dakota financial services industry reached out to BND seeking help in the timely preparation of farm real estate and chattel collateral valuations; appraisal reviews for farm and commercial real estate loans and affirmation of real estate evaluations prepared by financial institutions for agriculture loans.

BND is positioned to address these valuation needs across the state, with extensive market knowledge, a high volume of loans and renewals from across North Dakota, and significant data on file for agricultural and commercial loans. These services will only be offered on loans that do not require a certified appraisal according to federal regulations. To provide this service, BND will need to add staff. Fees from the services provided will cover additional staffing costs and provide a profit.

4. Bank of North Dakota is leading an effort to streamline the application process for infrastructure programs. The intent is to create an on-line, one stop application for the Infrastructure Revolving Loan Fund, Public Finance Authority, State Water Commission and Health Department programs that provide low interest loans for infrastructure.

I would note in general that the efficient use of staff resources combined with technology has enabled us to grow the bank substantially while maintaining a stable number of employees. Our business practice includes a diligent requisition process to evaluate every vacancy. This practice allows us to operate in an efficient and forward-looking manner.

As a result of the oil boom, the assets under management at Bank of North Dakota grew from just under \$3 Billion in 2007 to \$8.7 Billion in 2020. Despite this significant growth, BND was able to maintain a level FTE count. The graph below demonstrates the change in assets per employees between 2007 and 2020. Since 2007 the assets per employee tripled from \$17 million to \$50 million.



I want to bring to your attention an amendment BND is offering related to its FTE count. BND is transferring 16 positions to NDIT. In the Governor’s recommendation, the FTE count is dropped from 181.5 to 165.5. BND wants to maintain an FTE count of 171.5 for the following reasons:

- BND’s loan volume grew dramatically in the last year. These loans will remain on the balance sheet and require servicing for the life of the loans.
- BND will require staffing for its new valuation service that will launch in 2021.
- BND’s special assets division anticipates an increased workload in the 21-23 biennium.
- BND expects loan volume to increase in programs managed for the legislature including the Infrastructure Revolving Loan Fund, School Construction and Water projects.
- BND is initiating outreach to state agencies to determine what increased services they could require and how the Bank can best meet their needs.
- BND is currently filling six open FTE positions.

As noted, there is a stringent requisition process in place before FTE’s are added. An amendment is provided for this change.

BND's Loan Portfolio

The Bank of North Dakota's \$4.7 billion loan portfolio consists of four types of loans. As noted in the chart, the commercial portfolio makes up nearly half the overall loan volume at BND.

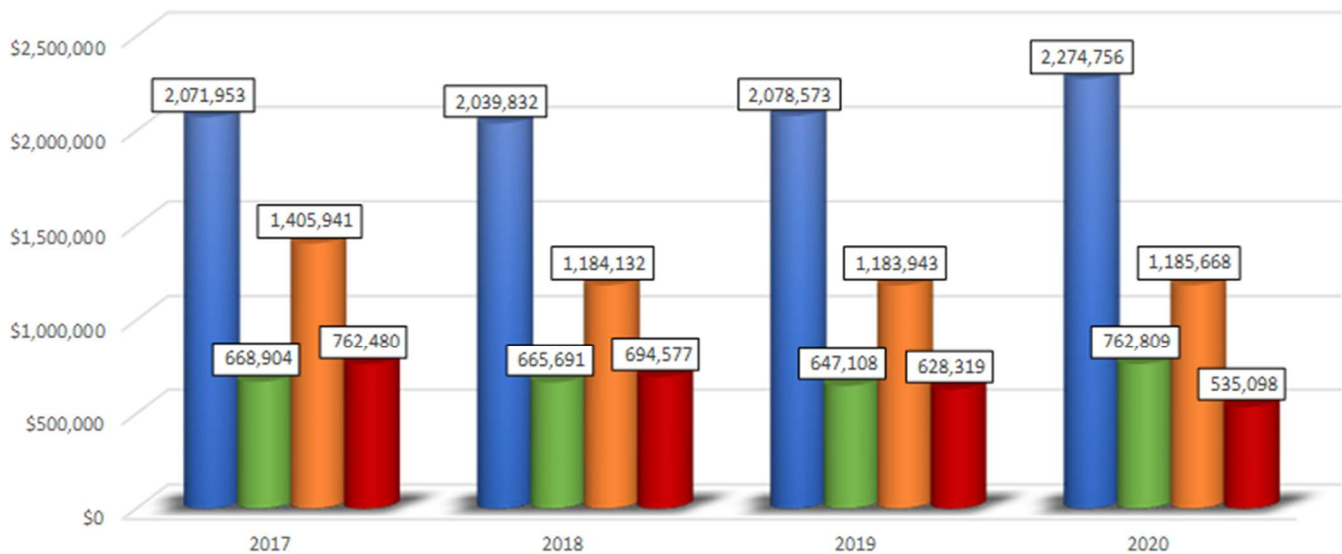
These participation loans with local financial institutions are the true economic impact of BND. North Dakota has the highest number of local financial institutions per capita in America. By participating with local banks, BND expands their lending capacity and assists in managing balance sheet risk. BND is welcomed as a valuable partner that will assist in delivering essential lending services at the local level, and not compete for customers. This makes BND very unique in a competitive financial environment.

The following chart provides an overview of how Bank of North Dakota's loan portfolio has evolved over the last four years. As discussed earlier, BND is shrinking its exposure to the residential mortgage market and hopes to transfer its position over to the Housing Finance Agency in 2021.

Consolidated Loan Portfolio

(In Thousands)

Commercial Farm Student Residential



BND’s PACE Programs

BND administers a number of economic development loan programs. A centerpiece of the economic development programming is the PACE (Partnership in Assisting Community Expansion) Program. PACE includes a number of sub-sector programs targeted to stimulate economic diversification. All buydown programs require a lead bank to initiate the loan. In addition, there is a requirement for the community where the business is locating to provide local matching funds to secure the state funds.

The following charts provide an overview of the number of PACE program loans over the last 5-years.

Program	2016	2017	2018	2019	2020
PACE	3	5	11	12	11
Flex	238	272	117	144	141
Ag Pace	39	40	64	66	67
A.F. House	17	18	3	4	7
Biofuels	4	6	10	7	6
Total Loans	301	341	205	233	232

The Legislature now appropriates BND’s earnings to fund the PACE buydown programs. The following chart summarizes the PACE buydown for the 2019-2021 biennium and the proposed buydown for the 2021-2023 biennium.

You will note an increased appropriation request for the Beginning Farmer program. If you recall, last session, the length of the buydown was extended for up to 10-years.

This proposal and an amendment to support the Agriculture Productions Utilization Commission will be reviewed as part of the proposed amendments.

BND Buy Down Program	BND Capital Allocation: 2019-2021 Bien.	Actual Use July 2019 - December 2020	Remaining: 2019-2021 Bien.	Proposed PACE Program Need 2021-2023 Bien.
PACE	\$10,000,000	\$4,800,000	\$5,200,000	\$10,000,000
Flex Pace	\$16,000,000	\$15,000,000	\$1,000,000	\$16,000,000
Affordable Housing	\$0	\$0	\$0	
Bio-Fuels	\$1,000,000	\$1,000,000	\$0	\$1,000,000
Agriculture PACE	\$4,000,000	\$2,000,000	\$2,000,000	\$5,000,000
Beginning Farmer	\$6,000,000	\$5,500,000	\$500,000	\$8,000,000
Total	\$37,000,000	\$28,300,000	\$8,700,000	\$40,000,000
School Construction	5,000,000	4,000,000	1,000,000	1,000,000

An overview of BND’s financial position including the projected earnings and balance sheet

BND is a unique entity that is a state agency and a public bank that coordinates closely with the private sector. Over the last 15-years, BND grew from a \$2 billion bank to a \$7.7 billion bank today. The overall strength of North Dakota’s economy during that time was key to BND’s expansion. As state tax revenues and fees increased, these were deposited into BND and deployed into various assets such as loans, investments, or short-term securities.

Before I provide an overview, I want to define four banking terms that are important to understanding BND’s financials.

1. The first is the “banks assets”. The assets of the bank include any cash, securities (investments) and the loans held by the bank. Assets are what determines the size of the bank. In the case of BND, the current asset size is \$7.7 billion.
2. The second term is “bank capital”. The capital of the bank is the difference between the value of its assets and liabilities. You might think of this as the net worth of the bank.
3. The third term is “Capital Ratio”. The Capital Ratio considers the bank’s capital to assets ratio. It is a measure of capital (net worth) to ensure the bank can absorb a reasonable amount of loss. Capital is the last backstop of finances for a bank.
4. The fourth term is “earnings”. The earnings (income) are the net income of the bank after all expenses.

Bank of North Dakota Financial Position

As you will see in the chart below, BND assets (highlighted in gold) were about \$700 million higher than the three previous years. The reason for significant increase in asset size is because the \$1.2 billion in CARE’s Act funding was deposited at BND in March of 2020. As this federal money is spent down, it is anticipated BND will shrink back towards the \$7 billion mark as noted in the projection for 2021.

	Unaudited				
	2017	2018	2019	2020	2021
Assets	\$ 7,003	\$ 7,016	\$ 7,058	\$ 7,744	\$ 6,911
Net Loans	\$ 4,824	\$ 4,491	\$ 4,442	\$ 4,758	\$ 4,538
Deposits	\$ 4,615	\$ 4,770	\$ 5,089	\$ 5,795	\$ 4,535
Capital	\$ 825	\$ 862	\$ 939	\$ 908	\$ 893
Capital Ratio	12.05%	12.25%	13.30%	11.73%	12.92%
Income	\$ 145,284	\$ 158,508	\$ 169,049	\$ 141,201	\$ 126,700
ROE	18%	18%	18%	15%	14%

Bank of North Dakota Capital Position

As noted earlier, the capital of the bank is the difference between the value of its assets and liabilities or the net worth of the Bank. Rating agencies and bank examiners consider a bank's capital its most significant measure of financial strength. In the chart above, (highlighted in blue) you will see BND's capital position is \$908 million dollars for 2020.

Bank of North Dakota Capital Ratio Now I want to transition to the Bank's Capital Ratio. (highlighted in grey) The Bank of North Dakota places a priority on its capital ratio and capital (net worth) position. The Bank's ability to conduct its normal business and provide disaster assistance in times of crisis require a stronger capital position than a private sector bank. Currently, BND's capital ratio is 11.73% which compares to 10.12% for banks in North Dakota and 10.46% nationwide.

Here is why capital is important.

- Of the \$2 billion in loans put on the balance sheet in 2020, \$404 million originated from commercial and agriculture disaster programs. While North Dakota residents are known for their commitment to paying debts, the world, including North Dakota, is in an unprecedented economic situation.
- Of pressing concern to BND and banks across the state, is how the current economic situation is negatively impacting the hospitality industry, multi-family housing, office space and commercial real estate in general. The financial industry is not only concerned about how these industries may recover from the pandemic, but also to understand how they are probably changed forever. It is going to take a few years for the new business models to surface that will again drive the economy forward.
- In addition to the pandemic, BND evaluates the systemic issues in North Dakota's economy. Like everyone else, we watched the whipsaw in commodity prices and oil production in 2020. Having a strong capital position is imperative for BND to not only ride out the downturns but to ensure its ability to offer unique financial programs to aid in the economic recovery.
- BND is closely monitoring discussions regarding federal student loan forgiveness. If this gets traction with the new administration there may be substantial pressure at the state level to forgive some percentage of student loans held at the bank.
- Banks continue to be under pressure to increase regulatory required capital levels. BND is not federally regulated; however, we are examined by state regulators and hold an independent rating from Standards & Poor's of A+ with a stable outlook. Each of these entities assesses the strength of BND's capital ratios as a significant part of their exam.

A question that is sometimes asked is how BND establishes its benchmark for adequate capital. A variety of factors, including peer institution benchmarks, the substantial regulatory environment, the economic concerns in energy and agriculture, and the importance equity plays in BND providing mission-driven programs and responding to disasters. We also consider a variety of risk factors that are somewhat unique to our role as a significant correspondent bank to ND financial institutions.

Here is a brief breakdown at how that assessment looks today:

Regulatory Base Capital	6.25%
Strategic Risk	1.25%
-Development of Mission Driven Programs	
Market Risks	1.25%
-Unsecured Fed Funds Lines	
-Letters of Credit	
-Economic Factors	
Operational Risks	1.25%
-Wire Transfer Fraud	
-Data Breach	
Credit Risks	2.00%
-Derivative Counterparty	
-Reverse Repo Counterparty	
-Disaster Loan Portfolio	
-Student Loan Portfolio	
Total Capital Benchmark	12.00%

Bank of North Dakota Earnings (Income)

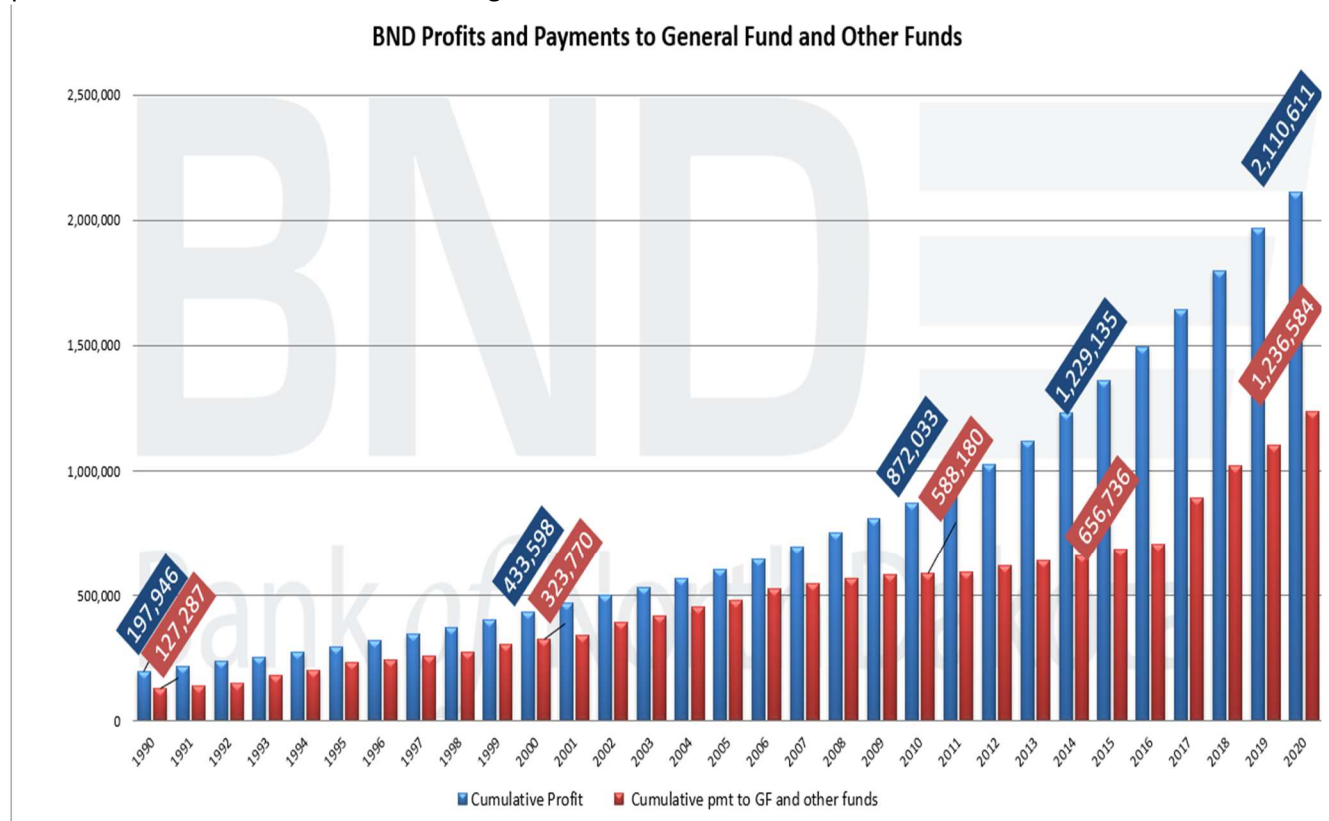
Highlighted in light green on the chart on page 8 are BND’s earnings. After earning \$169 million in 2019, BND’s profits dropped to \$141.2 million in 2020. Also impacting BND’s profits were additional contributions to its loan loss reserve fund in an effort to mitigate the credit concerns noted earlier in testimony.

In the next biennium, it is anticipated earnings will drop as interest rates are projected to stay historically low, and deposits will decline subject to the spending of Cares Act Funding and the outlook for state revenues. The projection for the 2021-23 biennium is for BND to have approximately \$240 million in earnings.

As you know, the Legislature has come to rely on BND’s earnings as a dividend to help supplement the state’s general fund revenues. And, with record earnings, BND was able to provide significant contributions.

When looking at the historical perspective, the Legislature has relied on BND profits to provide support to the general fund and other special programs. BND has long advocated for a “dividend philosophy” that provides transfers to the state but also allows BND to retain earnings to maintain and grow capital. In line with the private sector we believe a dividend philosophy of fifty percent would be appropriate.

This dividend philosophy works well as it provides funding to the state for use supporting the general fund and other programs and also grows BND’s capital or net worth. The following chart shows the dividends provided to the state from BND’s earnings.

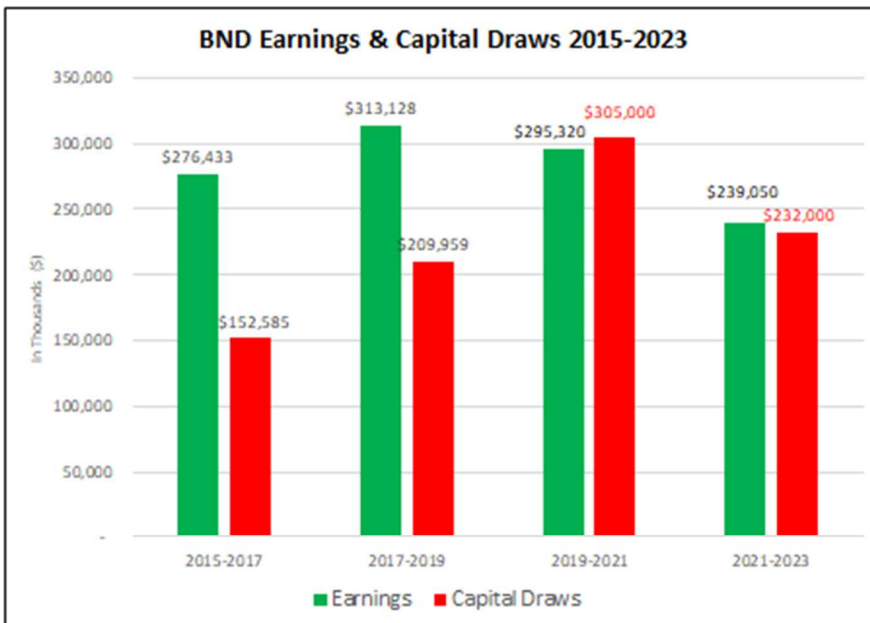


Dividend for 2019-2021 and Anticipated Dividend for 2021-2023

In the current biennium, (2019-2021) BND is anticipating profits of \$295 million with a total dividend appropriation of \$305 million or 103% of BND's two years of biennial profits. As noted in the chart below, BND earnings filled many gaps last session with remaining funding for SIRN and the NDUS deferred maintenance spilling over into the 21-23 biennium.

With the projected \$140,000,000 dividend to the general fund, \$40,000,000 to support PACE programs, \$3,000,000 to APUC and remaining transfers to the Infrastructure revolving loan fund this will once again take 100% of BND's projected 2-year profits.

BND Biennium Earnings & Capital Draws 2015-2023



Capital Draws

2019-2021

\$140,000,000	General Fund Transfer
\$ 37,000,000	Buy Down Programs
\$ 20,000,000*	NDUS Deferred Maintenance
\$ 20,000,000*	SIRN
\$ 15,000,000	ND Development Fund Transfer
\$ 15,000,000	LIFT Program
\$ 6,000,000*	Skilled Workforce
\$ 2,000,000	APUC Fund Transfer
<u>\$255,000,000</u>	Appropriated Capital Draws
<u>\$ 50,000,000*</u>	Small Employer Loan Fund (SELF)
\$305,000,000	Total Biennium Capital Draw

2021-2023—Anticipated Capital Draw

\$140,000,000	Anticipated for General Fund
\$ 40,000,000	Buy Down Programs
\$ 3,000,000	APUC Transfer
<u>\$ 52,000,000*</u>	IRLF Transfer (Remaining of \$100m)
\$235,000,000	

*Funds not totally Drawn



Anticipated changes at BND before the 2023 Legislative session

In addition to planning for the tasks of the Bank, we also actively engage in succession planning. Our HR department consistently evaluates and surveys internal staff to determine their interest and ability to advance at the Bank. While talent is at a premium in every business or agency, it is essential to the current and future operations of BND.

In the end, our goal is to accomplish three things. One, provide products and services to the financial institutions in North Dakota. Two, serve as a steward of the revenues that pass-through BND. Three is to maximize the return on investment while meeting the mandate of our mission serving economic development, agriculture and industry.

In closing out my testimony, I want to take a moment to summarize some key points related to BND for your consideration during this legislative session.

1. The economic environment in the world and North Dakota carries more risk that it did two years ago. Specifically, there is pressure on the hospitality, restaurant and commercial real estate industry. The Bank anticipates additional stress in its portfolio and increased troubled assets over the next two years.
2. BND asks to maintain its FTE count at 171.5 because of the significant volume of agriculture and Covid-19 disaster relief loans added to its balance sheet, BND's launch of a valuation service, anticipated increase in use of legislative created revolving loan funds and providing services to state agencies.
3. It is essential for BND to maintain adequate capital ratios to participate with local financial institutions and their economic development efforts, to maintain the ability to offer disaster programs and ensure BND is positioned for "black swan" events.
4. In the current and next biennium, it is anticipated the dividend to the general fund combined with support of BND's economic development programs will utilize 100% of BND's profits. This leaves no earnings to retain for capital, essentially freezing the banks capital in place for a total of four years.
5. BND requests close consultation with the Legislature before it considers any additional draws on earnings to support activities in the 2021-2023 biennium.

Anticipated Budget for the 2021-2023 Biennium

**SENATE BILL 2014, SECTION 1
APPROPRIATION**

OPERATION

BND is a special fund agency so expenses and employee salaries are funded by revenues generated by the Bank. In essence, the Legislature appropriates revenues of BND to these expenses. The Bank of North Dakota's 2021-23 operations budget is comprised of two major line items: operations and capital assets. Included in the operations line item are salaries & benefits, operating expense, and contingency.

MAJOR LINE ITEM EXPENSE CATEGORIES:

OPERATIONS

Budget 2021-2023	\$65,451,079--Proposed Appropriation
Budget 2021-2023	<u>\$62,847,799</u> --Base level
	\$ 2,603,280--Proposed Enhancement

CAPITAL ASSETS

Budget 2021-2023	\$1,510,000--Proposed Appropriation
Budget 2021-2023	<u>\$1,510,000</u> --Base level
	\$ 0 --Proposed Enhancement

OPERATIONS

Salaries, and benefits are projected to increase for the next biennium by approximately \$1.1 million as we anticipate additional expenses to fund healthcare, employee raises, and temporary staffing/overtime. We continue to see a very competitive employment market, which in turn puts pressure on our salary line item.

Operating expenses include data processing, training and development, supplies, postage, etc. Our proposed budget includes an additional \$1.5 million for additional IT related third-party service fees.

CAPITAL ASSETS

Moneys appropriated for capital assets consist of funds for replacement of our student loan system that will provide our student borrowers with a more current technology platform and allow for more efficient integration with existing internal systems.

Biennium-to-Date Actual Spending versus Budget

Bank of North Dakota
Biennium Appropriation Report
Eighteen Months Ended December 31, 2020

Line Item	Total Approp.	Biennium-to-Date Expenditures	To-Date Budget	To-Date Variance	To-Date Unexpended
Operating	\$ 62,847,799	\$40,891,573	\$41,920,901	\$(3,513,308)	\$21,956,226
Cap. Assets	\$ 1,510,000	\$ 267,244	\$ 1,069,585	\$ (865,258)	\$ 1,242,756
Total	\$ 64,357,799	\$41,158,817	\$42,990,486	\$(4,378,566)	\$23,198,982

SENATE BILL 2014—SECTIONS

SECTION 6. TRANSFER-ENTITIES UNDER CONTROL OF THE INDUSTRIAL COMMISSION.

BND provides funding to the Industrial Commission each biennium for its operations including administrative and clerical costs.

SECTION 7. TRANSFER-BANK OF NORTH DAKOTA PROFITS TO GENERAL FUND.

This section addresses the transfer from BND to the General Fund for the 2021-2023 biennium in the amount of \$140,000,000.

SECTION 8. TRANSFER-BANK OF NORTH DAKOTA - PARTNERSHIP IN ASSISTING COMMUNITY EXPANSION.

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

SECTION 10. TRANSFER-BIOFUELS PARTNERSHIP IN ASSISTING COMMUNITY EXPANSION. The Bank of North Dakota shall transfer the sum of \$1,000,000, or so much of the sum as may be necessary, from the Bank's current earnings and undivided profits to the biofuels partnership in assisting community expansion fund during the biennium beginning July 1, 2021, and ending June 30, 2023.

**BANK OF NORTH DAKOTA
 SENATE BILL 2014, Proposed Amendments
 Transfer to BND Economic Development Buy Down Programs**

SECTION 1. APPROPRIATION

Full-time equivalent positions	Base Level	Governors Rec	Appropriation
	181.50	165.5	<u>171.5</u>

SECTION 9. TRANSFER - AGRICULTURE PARTNERSHIP IN ASSISTING COMMUNITY EXPANSION.

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

SECTION 11. TRANSFER - BEGINNING FARMER REVOLVING LOAN FUND.

The Bank of North Dakota shall transfer the sum of ~~\$6,000,000~~, \$8,000,000 or so much of the sum as may be necessary, from the Bank's current earnings and undivided profits to the beginning farmer revolving loan fund during the biennium beginning July 1, 2021 and ending June 30, 2023.

SECTION 14. TRANSFER – AGRICULTURE PRODUCTS UTILIZATION COMMISSION. The Bank of North Dakota shall transfer the sum of \$3,000,000 or so much of the sum as may be necessary, from the Bank's current earnings and undivided profits to the agriculture commissioner for deposit in the agricultural products utilization commission fund during the biennium beginning July 1, 2021 and ending June 30, 2023.