

**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	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 during the 2005-07 biennium for centers of  
12 excellence, for the period beginning with the effective date of this Act and ending June 30,  
13 2009.

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

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

24           **SECTION 10. TRANSFER.** The sum of \$102,066, or so much of the sum as may be  
25 necessary, included in the special funds appropriation line item in subdivision 1 of section 3 of  
26 this Act, is from the accumulated and undivided profits of the Bank of North Dakota. The  
27 moneys must be transferred during the biennium beginning July 1, 2007, and ending June 30,  
28 2009, upon order of the state industrial commission.

29           **SECTION 11. TRANSFER.** The sum of \$69,259, or so much of the sum as may be  
30 necessary, included in the special funds appropriation line item in subdivision 1 of section 3 of  
31 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 may transfer special funds from the lands and  
11 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 be made only 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. TRANSFER.** The state industrial commission shall transfer to the  
28 general fund in the state treasury the sum of \$5,000,000 from the North Dakota mill and  
29 elevator association. The moneys must be transferred in amounts and at such times as  
30 requested by the director of the office of management and budget during the biennium  
31 beginning July 1, 2007, and ending June 30, 2009.

1           **SECTION 17. INCOME AUTHORIZATION - STUDENT LOAN TRUST.** There is  
2 authorized the receipt of fees by the state industrial commission in the sum of \$91,131, or so  
3 much of the sum as is owed, included in the special funds appropriation line item in  
4 subdivision 1 of section 3 of this Act, from the student loan trust for administrative services  
5 rendered by the state industrial commission to the extent permitted by sections 54-17-24 and  
6 54-17-25. The fees must be received during the biennium beginning July 1, 2007, and ending  
7 June 30, 2009, upon order of the state industrial commission.

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

26           **SECTION 19. LEGISLATIVE INTENT - BANK PROPERTY.** It is the intent of the  
27 sixtieth legislative assembly that real estate property owned by the Bank of North Dakota at  
28 1205-1215 west main street in Bismarck not be sold by the Bank of North Dakota during the  
29 2007-09 biennium.

30           **SECTION 20. LEGISLATIVE INTENT - BOND PAYMENTS.** The amount of  
31 \$29,475,016 included in subdivision 1 of section 3 of this Act in the grants - bond payments line

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1 item must be paid from the following funding sources during the biennium beginning July 1,  
2 2007, and ending June 30, 2009:

3	North Dakota university system	\$15,822,002
4	North Dakota university system - Energy conservation projects	1,491,242
5	Department of corrections - State penitentiary	3,090,022
6	Department of corrections - Energy conservation projects	17,958
7	State department of health	692,242
8	Job service North Dakota	743,905
9	Department of human services - Southeast human service center	56,431
10	Department of human services - State hospital	466,391
11	Department of human services - Developmental center at Grafton	534,505
12	Adjutant general	70,667
13	Veterans' home improvement fund	256,114
14	Information technology department - ConnectND	5,407,075
15	Office of management and budget	158,519
16	Office of the attorney general	182,485
17	State historical society	331,762
18	Parks and recreation	17,544
19	Research and extension service	<u>136,152</u>
20	Total	\$29,475,016

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

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



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

1                   funds awarded, the state and local impact of the funds awarded, and program  
2                   recommendations.

3                   **SECTION 28. CONTINGENT OIL AND GAS DIVISION FUNDING - EMERGENCY**

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

10                  **SECTION 29. EXPIRATION DATE.** Section 27 of this Act is effective through July 31,  
11 2011, and after that date is ineffective.

12                  **SECTION 30. EMERGENCY.** The appropriation in subdivision 3 of section 3 of this  
13 Act for the partnership in assisting community expansion fund; the appropriation in section 7 of  
14 this Act for the office of management and budget; the transfer in section 21 of this Act for the  
15 partnership in assisting community expansion fund; the transfer in section 22 of this Act  
16 between the partnership in assisting community expansion fund and the biofuels partnership in  
17 assisting community expansion fund; and section 24 of this Act are declared to be emergency  
18 measures.