

**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 provide for prioritization of carbon sequestration and
4 storage projects; to create and enact a new section to chapter 6-09.17 of the North Dakota
5 Century Code, relating to partnership in assisting community expansion fund incentive
6 limitations; to amend and reenact subsection 6 of section 6-09-15, section 6-09.17-02, and
7 subdivision d of subsection 2 of section 57-39.4-10 of the North Dakota Century Code, relating
8 to the powers of the Bank of North Dakota, the biodiesel partnership in assisting community
9 expansion fund, and sourcing rules for sales and use tax purposes; to provide legislative intent;
10 to provide an appropriation; to provide a contingent appropriation; to provide an appropriation
11 reduction; and to declare an emergency.

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

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

16 Subdivision 1.

17 INDUSTRIAL COMMISSION	
18 Salaries and wages	\$6,111,034
19 Operating expenses	1,907,850
20 Capital assets	45,500
21 Grants - Lignite research and development	15,200,000
22 Oil and gas division contingency	225,000
23 Bond payments	<u>27,292,412</u>
24 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	Grants - Fossil excavation and restoration fund	250,000
2	Grants - Bond payments	29,475,016
3	Oil and gas division contingency	<u>285,000</u>
4	Total all funds	\$59,155,922
5	Less estimated income	<u>50,393,132</u>
6	Total general fund appropriation	\$8,762,790

7 Subdivision 2.

8 BANK OF NORTH DAKOTA - OPERATIONS

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

14 Subdivision 3.

15 BANK OF NORTH DAKOTA - ECONOMIC DEVELOPMENT

16	Partnership in assisting community expansion fund	\$8,000,000
17	Agriculture partnership in assisting community expansion fund	1,400,000
18	Beginning farmer revolving loan fund	950,000
19	Biofuels partnership in assisting community expansion fund	<u>4,200,000</u>
20	Total all funds	\$14,550,000
21	Less beginning farmer revolving loan fund	<u>950,000</u>
22	Total general fund	\$13,600,000

23 Subdivision 4.

24 MILL AND ELEVATOR ASSOCIATION

25	Salaries and wages	\$20,068,265
26	Operating expenses	16,262,572
27	Contingencies	300,000
28	Agriculture promotion	<u>150,000</u>
29	Total appropriation from mill and elevator fund	\$36,780,837

30 Subdivision 5.

31 HOUSING FINANCE AGENCY

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1	Salaries and wages	\$4,701,524
2	Operating expenses	9,412,778
3	Grants	27,319,800
4	Housing finance agency contingencies	<u>100,000</u>
5	Total appropriation from housing finance agency fund	\$41,534,102
6	Total general fund appropriation - H.B. 1014	\$22,144,184
7	Total special funds appropriation - H.B. 1014	\$171,667,931
8	Total all funds appropriation - H.B. 1014	\$193,812,115

9 **SECTION 4. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO**
10 **SIXTY-FIRST LEGISLATIVE ASSEMBLY.** The total general fund appropriation line item in
11 section 3 of this Act includes \$4,680,000 for the one-time funding items identified in this
12 section. This amount is not a part of the agency's base budget to be used in preparing the
13 2009-11 executive budget. The industrial commission shall report to the appropriations
14 committees of the sixty-first legislative assembly on the use of this one-time funding for the
15 biennium beginning July 1, 2007, and ending June 30, 2009.

16	Biofuels PACE	\$4,200,000
17	Fossil restoration fund	250,000
18	Core and sample library repairs	<u>230,000</u>
19	Total	\$4,680,000

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

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

30 **SECTION 7. APPROPRIATION - OFFICE OF MANAGEMENT AND BUDGET.** There
31 is appropriated out of any moneys in the permanent oil tax trust fund, not otherwise

1 appropriated, the sum of \$5,300,000, or so much of the sum as may be necessary, to the office
2 of management and budget for the purpose of repaying the Bank of North Dakota for loans and
3 accrued interest relating to funds borrowed during the 2005-07 biennium for centers of
4 excellence, for the period beginning with the effective date of this Act and ending June 30,
5 2009.

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

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

16 **SECTION 10. TRANSFER.** The sum of \$102,066, or so much of the sum as may be
17 necessary, included in the special funds appropriation line item in subdivision 1 of section 3 of
18 this Act, is from the accumulated and undivided profits of the Bank of North Dakota. The
19 moneys must be transferred during the biennium beginning July 1, 2007, and ending June 30,
20 2009, upon order of the state industrial commission.

21 **SECTION 11. TRANSFER.** The sum of \$69,259, or so much of the sum as may be
22 necessary, included in the special funds appropriation line item in subdivision 1 of section 3 of
23 this Act, is from the housing finance agency fund. The moneys must be transferred during the
24 biennium beginning July 1, 2007, and ending June 30, 2009, upon order of the state industrial
25 commission.

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

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

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

12 **SECTION 15. STUDENT LOAN TRUST FUND TRANSFER TO THE GENERAL**
13 **FUND.** The industrial commission shall transfer to the general fund in the state treasury the
14 sum of \$3,100,000 of earnings from the North Dakota student loan trust fund. The moneys
15 must be transferred in the amounts and at the times requested by the director of the office of
16 management and budget during the biennium beginning July 1, 2007, and ending June 30,
17 2009, and upon certification by the student loan trust trustee that sufficient moneys remain
18 available to pay all debt service on student loan trust bonds, all required rebate payments to the
19 United States treasury, and all program operating expenses.

20 **SECTION 16. TRANSFER.** The state industrial commission shall transfer to the
21 general fund in the state treasury the sum of \$5,000,000 from the North Dakota mill and
22 elevator association. The moneys must be transferred in amounts and at such times as
23 requested by the director of the office of management and budget during the biennium
24 beginning July 1, 2007, and ending June 30, 2009.

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

1 **SECTION 18. LIGNITE RESEARCH, DEVELOPMENT, AND MARKETING**

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

19 **SECTION 19. LEGISLATIVE INTENT - BANK PROPERTY.** It is the intent of the
20 sixtieth legislative assembly that real estate property owned by the Bank of North Dakota at
21 1205-1215 west main street in Bismarck not be sold by the Bank of North Dakota during the
22 2007-09 biennium.

23 **SECTION 20. LEGISLATIVE INTENT - BOND PAYMENTS.** The amount of
24 \$29,475,016 included in subdivision 1 of section 3 of this Act in the grants - bond payments line
25 item must be paid from the following funding sources during the biennium beginning July 1,
26 2007, and ending June 30, 2009:

27 North Dakota university system	\$15,822,002
28 North Dakota university system - Energy conservation projects	1,491,242
29 Department of corrections - State penitentiary	3,090,022
30 Department of corrections - Energy conservation projects	17,958
31 State department of health	692,242

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

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

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

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

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

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

30 **6-09.17-02. Biodiesel partnership in assisting community expansion fund -**

31 **Continuing appropriation - Administration.** A biodiesel partnership in assisting community

1 expansion fund is ~~hereby~~ established. All moneys transferred into the fund, interest on fund
2 moneys, and payments to the fund are ~~hereby~~ appropriated for the purposes of this chapter.
3 This fund is not subject to section 54-44.1-11 and any unexpended and unobligated balance in
4 the fund at the end of the biennium must be transferred to the ~~state general fund~~ biofuels
5 partnership in assisting community expansion fund. The Bank of North Dakota shall administer
6 the fund.

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

9 **Partnership in assisting community expansion fund incentive limitation.** A
10 biodiesel production facility or ethanol production facility that receives interest buydown from
11 the biofuels partnership in assisting community expansion fund is not eligible to receive interest
12 buydown from the partnership in assisting community expansion fund for the same project
13 during the same biennium.

14 **SECTION 26. AMENDMENT.** Subdivision d of subsection 2 of section 57-39.4-10 of
15 the North Dakota Century Code as amended by Senate Bill No. 2380, as approved by the
16 sixtieth legislative assembly, is amended and reenacted as follows:

17 d. Until December 31, ~~2007~~ 2009, florist sales as defined by each member
18 state. Prior to this date, these items must be sourced according to the
19 requirements of each member state.

20 **SECTION 27. Carbon sequestration and storage projects - Priority.**
21 Notwithstanding any other provision of law, the industrial commission, department of mineral
22 resources, public service commission, or any other state entity that approves a carbon
23 sequestration or storage project shall give priority to an operation located in this state for the
24 expected life of the operation.

25 **SECTION 28. CONTINGENT OIL AND GAS DIVISION FUNDING - EMERGENCY**
26 **COMMISSION APPROVAL.** The funds appropriated in the oil and gas division contingency
27 line item in subdivision 1 of section 3 of this Act are from the land and minerals trust fund. If
28 funds are required due to the average drilling rig count exceeding forty-five active rigs for each
29 month in any consecutive three-month period, the oil and gas division may spend moneys from
30 this line item upon emergency commission approval. The oil and gas division may hire up to
31 two full-time equivalent positions with the contingency funds.

1 **SECTION 29. APPROPRIATION - STATE CONTINGENCY FUND.** In addition to the
2 amount appropriated to the office of management and budget in House Bill No. 1522, there is
3 appropriated from the general fund in the state treasury, not otherwise appropriated, the sum of
4 \$200,000, or so much of the sum as may be necessary, to the office of management and
5 budget for state contingencies for the biennium beginning July 1, 2007, and ending June 30,
6 2009.

7 **SECTION 30. APPROPRIATIONS REDUCTIONS.** The amounts listed reduce the
8 general fund and special funds appropriation authority enacted by the sixtieth legislative
9 assembly of the state of North Dakota for the various agencies and institutions for the biennium
10 beginning July 1, 2007, and ending June 30, 2009:

	GENERAL FUND REDUCTION	SPECIAL FUNDS REDUCTION	TOTAL REDUCTION
11			
12			
13 AGENCY OR INSTITUTION			
14 Governor's office	\$2,694		\$2,694
15 Secretary of state	2,522	\$108	2,630
16 Office of management and 17 budget	5,133	1,245	6,378
18 Information technology 19 department	2,743	40,947	43,690
20 State auditor	5,291	2,333	7,624
21 State treasurer	722		722
22 Attorney general	18,953	3,853	22,806
23 Tax commissioner	14,845		14,845
24 Office of administrative hearings		1,228	1,228
25 Legislative council	5,288		5,288
26 Judicial branch	52,634	1,394	54,028
27 Commission on legal council 28 for indigents	2,820		2,820
29 Retirement and investment 30 office		2,396	2,396
31 Public employees retirement		3,562	3,562

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1	Department of public instruction	3,451	8,069	11,520
2	Land department		2,564	2,564
3	State library	2,199	347	2,546
4	School for the deaf	2,824	144	2,968
5	North Dakota vision services -	864	260	1,124
6	School for the blind			
7	Department of career and	1,057	83	1,140
8	technical education			
9	Department of health	11,930	26,844	38,774
10	Veterans' home	2,212	5,194	7,406
11	Indian affairs commission	496		496
12	Department of veterans affairs	576		576
13	Department of human services	132,310	77,339	209,649
14	Protection and advocacy project	623	2,549	3,172
15	Job service North Dakota	125	27,920	28,045
16	Insurance commissioner		5,855	5,855
17	Industrial commission	6,786	786	7,572
18	Labor commissioner	893	357	1,250
19	Public service commission	3,981	2,073	6,054
20	Aeronautics commission		808	808
21	Department of financial		4,438	4,438
22	institutions			
23	Securities department	1,278		1,278
24	Bank of North Dakota		20,492	20,492
25	Housing finance agency		4,812	4,812
26	Mill and elevator association		15,228	15,228
27	Workforce safety and insurance		32,577	32,577
28	Highway patrol	15,949	8,215	24,164
29	Department of corrections and	65,693	3,843	69,536
30	rehabilitation			
31	Adjutant general	9,033	18,719	27,752

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1	Department of commerce	7,579	2,777	10,356
2	Agriculture commissioner	4,129	3,645	7,774
3	State seed department		3,284	3,284
4	Upper great plains transportation	115	955	1,070
5	institute			
6	Branch research centers	2,576	920	3,496
7	North Dakota state university	2,518	1,902	4,420
8	extension service			
9	Northern crops institute	80	62	142
10	Main research center	4,167	1,933	6,100
11	Agronomy seed farm		184	184
12	Racing commission	48	226	274
13	State historical society	5,576	696	6,272
14	Council on the arts	508		508
15	Game and fish department		20,072	20,072
16	Parks and recreation department	5,126	272	5,398
17	State water commission	10,259	1,033	11,292
18	Department of transportation	_____	<u>117,956</u>	<u>117,956</u>
19	Total	\$418,606	\$482,499	\$901,105

20 **SECTION 31. EMERGENCY.** The appropriation in subdivision 3 of section 3 of this
21 Act for the partnership in assisting community expansion fund; the appropriation in section 7 of
22 this Act for the office of management and budget; the transfer in section 21 of this Act for the
23 partnership in assisting community expansion fund; the transfer in section 22 of this Act
24 between the partnership in assisting community expansion fund and the biofuels partnership in
25 assisting community expansion fund; and section 23 of this Act are declared to be emergency
26 measures.