

**Sixtieth Legislative Assembly of North Dakota
In Regular Session Commencing Wednesday, January 3, 2007**

HOUSE BILL NO. 1014
(Appropriations Committee)
(At the request of the Governor)

AN ACT to provide an appropriation for defraying the expenses of the state industrial commission and the agencies under the management of the industrial commission; to authorize transfers; to provide an exemption; to provide for prioritization of carbon sequestration and storage projects; to create and enact a new section to chapter 6-09.17 of the North Dakota Century Code, relating to partnership in assisting community expansion fund incentive limitations; to amend and reenact subsection 6 of section 6-09-15, section 6-09.17-02, and subdivision d of subsection 2 of section 57-39.4-10 of the North Dakota Century Code, relating to the powers of the Bank of North Dakota, the biodiesel partnership in assisting community expansion fund, and sourcing rules for sales and use tax purposes; to provide legislative intent; to provide an appropriation; to provide a contingent appropriation; to provide an appropriation reduction; and to declare an emergency.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

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

Subdivision 1.

INDUSTRIAL COMMISSION

Salaries and wages	\$6,111,034
Operating expenses	1,907,850
Capital assets	45,500
Grants - Lignite research and development	15,200,000
Oil and gas division contingency	225,000
Bond payments	<u>27,292,412</u>
Total all funds - Base level	\$50,781,796
Less estimated income - Base level	<u>43,903,138</u>
Total general fund - Base level	\$6,878,658

Subdivision 2.

BANK OF NORTH DAKOTA - OPERATIONS

Salaries and wages	\$18,302,410
Operating expenses	10,925,665
Capital assets	11,272,000
Contingencies	<u>1,700,000</u>
Total from Bank of North Dakota fund - Base level	\$42,200,075

Subdivision 3.

BANK OF NORTH DAKOTA - ECONOMIC DEVELOPMENT

Partnership in assisting community expansion fund	\$5,700,000
Agriculture partnership in assisting community expansion fund	1,425,000
Beginning farmer revolving loan fund	950,000
Biodiesel partnership in assisting community expansion fund	<u>1,200,000</u>
Total all funds - Base level	\$9,275,000
Less beginning farmer revolving loan fund - Base level	<u>2,375,000</u>
Total general fund - Base level	\$6,900,000

Subdivision 4.

MILL AND ELEVATOR ASSOCIATION

Salaries and wages	\$17,332,391
Operating expenses	14,959,013
Contingencies	300,000
Agriculture promotion	<u>250,000</u>
Total from mill and elevator fund - Base level	\$32,841,404

Subdivision 5.

HOUSING FINANCE AGENCY

Salaries and wages	\$4,413,156
Operating expenses	2,805,578
Grants	26,591,280
Housing finance agency contingencies	<u>100,000</u>
Total from housing finance agency fund - Base level	\$33,910,014
Grand total general fund - Section 1	\$13,778,658
Grand total special funds - Section 1	\$155,229,631
Grand total all funds - Section 1	\$169,008,289

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

Subdivision 1.

INDUSTRIAL COMMISSION

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

Subdivision 2.

BANK OF NORTH DAKOTA - OPERATIONS

Salaries and wages	\$1,992,949
Operating expenses	2,371,335
Capital assets	<u>(9,372,000)</u>
Total from Bank of North Dakota fund - Adjustments/enhancements	(\$5,007,716)

Subdivision 3.

BANK OF NORTH DAKOTA - ECONOMIC DEVELOPMENT

Partnership in assisting community expansion fund	\$2,300,000
Agriculture partnership in assisting community expansion fund	(25,000)
Biodiesel partnership in assisting community expansion fund	(1,200,000)
Biofuels partnership in assisting community expansion fund	<u>4,200,000</u>
Total all funds - Adjustments/enhancements	\$5,275,000
Less beginning farmer revolving loan fund - Adjustments/enhancements	<u>(1,425,000)</u>
Total general fund - Adjustments/enhancements	\$6,700,000

Subdivision 4.

MILL AND ELEVATOR ASSOCIATION

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

Subdivision 5.

HOUSING FINANCE AGENCY

Salaries and wages	\$288,368
Operating expenses	6,607,200
Grants	<u>728,520</u>
Total from housing finance agency fund - Adjustments/enhancements	\$7,624,088
Grand total general fund - Section 2	\$8,869,132
Grand total special funds - Section 2	\$11,620,799
Grand total all funds - Section 2	\$20,489,931

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

Subdivision 1.

INDUSTRIAL COMMISSION

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

Subdivision 2.

BANK OF NORTH DAKOTA - OPERATIONS

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

Subdivision 3.

BANK OF NORTH DAKOTA - ECONOMIC DEVELOPMENT

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

Subdivision 4.

MILL AND ELEVATOR ASSOCIATION

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

Subdivision 5.

HOUSING FINANCE AGENCY

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

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

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

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

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

SECTION 7. APPROPRIATION - OFFICE OF MANAGEMENT AND BUDGET. There is appropriated out of any moneys in the permanent oil tax trust fund, not otherwise appropriated, the sum of \$5,300,000, or so much of the sum as may be necessary, to the office of management and budget for the purpose of repaying the Bank of North Dakota for loans and accrued interest relating to funds borrowed during the 2005-07 biennium for centers of excellence, for the period beginning with the effective date of this Act and ending June 30, 2009.

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

SECTION 9. TRANSFER. The sum of \$80,195, or so much of the sum as may be necessary, included in the special funds appropriation line item in subdivision 1 of section 3 of this Act, is from the

North Dakota mill and elevator association. The moneys must be transferred during the biennium beginning July 1, 2007, and ending June 30, 2009, upon order of the state industrial commission.

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

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

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

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

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

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

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

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

SECTION 18. LIGNITE RESEARCH, DEVELOPMENT, AND MARKETING PROGRAM - APPROPRIATION - LIGNITE MARKETING FEASIBILITY STUDY. The amount of \$1,500,000, or so much of the amount as may be necessary, included in the grants and special funds appropriation line item in subdivision 1 of section 3 of this Act, is appropriated from the lignite research fund for the purpose of contracting for an independent, nonmatching lignite marketing feasibility study or studies

that determine those focused priority areas where near-term, market-driven projects, activities, or processes will generate matching private industry investment and have the most potential of preserving existing lignite production and industry jobs or that will lead to increased development of lignite and its products and create new lignite industry jobs and economic growth for the general welfare of this state. Moneys appropriated pursuant to this section may also be used for the purpose of contracting for nonmatching studies and activities in support of the lignite vision 21 program; for litigation that may be necessary to protect and promote the continued development of lignite resources; for nonmatching externality studies and activities in externality proceedings; or other marketing, environmental, or transmission activities that assist with marketing of lignite-based electricity and lignite-based byproducts. Moneys not needed for the purposes stated in this section are available to the commission for funding projects, processes, or activities under the lignite research, development, and marketing program.

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

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

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

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

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

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

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

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

6-09.17-02. Biodiesel partnership in assisting community expansion fund - Continuing appropriation - Administration. A biodiesel partnership in assisting community expansion fund is ~~hereby~~ established. All moneys transferred into the fund, interest on fund moneys, and payments to the fund are ~~hereby~~ appropriated for the purposes of this chapter. This fund is not subject to section 54-44.1-11 and any unexpended and unobligated balance in the fund at the end of the biennium must be transferred to the ~~state general fund~~ biofuels partnership in assisting community expansion fund. The Bank of North Dakota shall administer the fund.

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

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

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

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

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

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

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

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

AGENCY OR INSTITUTION	GENERAL FUND REDUCTION	SPECIAL FUNDS REDUCTION	TOTAL REDUCTION
Governor's office	\$2,694		\$2,694
Secretary of state	2,522	\$108	2,630
Office of management and budget	5,133	1,245	6,378
Information technology department	2,743	40,947	43,690
State auditor	5,291	2,333	7,624
State treasurer	722		722
Attorney general	18,953	3,853	22,806
Tax commissioner	14,845		14,845
Office of administrative hearings		1,228	1,228
Legislative council	5,288		5,288
Judicial branch	52,634	1,394	54,028
Commission on legal council for indigents	2,820		2,820
Retirement and investment office		2,396	2,396
Public employees retirement		3,562	3,562
Department of public instruction	3,451	8,069	11,520
Land department		2,564	2,564
State library	2,199	347	2,546
School for the deaf	2,824	144	2,968
North Dakota vision services - School for the blind	864	260	1,124
Department of career and technical education	1,057	83	1,140
Department of health	11,930	26,844	38,774
Veterans' home	2,212	5,194	7,406
Indian affairs commission	496		496
Department of veterans affairs	576		576
Department of human services	132,310	77,339	209,649
Protection and advocacy project	623	2,549	3,172
Job service North Dakota	125	27,920	28,045
Insurance commissioner		5,855	5,855
Industrial commission	6,786	786	7,572
Labor commissioner	893	357	1,250
Public service commission	3,981	2,073	6,054
Aeronautics commission		808	808
Department of financial institutions		4,438	4,438
Securities department	1,278		1,278
Bank of North Dakota		20,492	20,492
Housing finance agency		4,812	4,812
Mill and elevator association		15,228	15,228
Workforce safety and insurance		32,577	32,577
Highway patrol	15,949	8,215	24,164
Department of corrections and rehabilitation	65,693	3,843	69,536
Adjutant general	9,033	18,719	27,752
Department of commerce	7,579	2,777	10,356
Agriculture commissioner	4,129	3,645	7,774

State seed department		3,284	3,284
Upper great plains transportation institute	115	955	1,070
Branch research centers	2,576	920	3,496
North Dakota state university extension service	2,518	1,902	4,420
Northern crops institute	80	62	142
Main research center	4,167	1,933	6,100
Agronomy seed farm		184	184
Racing commission	48	226	274
State historical society	5,576	696	6,272
Council on the arts	508		508
Game and fish department		20,072	20,072
Parks and recreation department	5,126	272	5,398
State water commission	10,259	1,033	11,292
Department of transportation		117,956	117,956
Total	\$418,606	\$482,499	\$901,105

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

Speaker of the House

President of the Senate

Chief Clerk of the House

Secretary of the Senate

This certifies that the within bill originated in the House of Representatives of the Sixtieth Legislative Assembly of North Dakota and is known on the records of that body as House Bill No. 1014 and that two-thirds of the members-elect of the House of Representatives voted in favor of said law.

Vote: Yeas 93 Nays 0 Absent 1

Speaker of the House

Chief Clerk of the House

This certifies that two-thirds of the members-elect of the Senate voted in favor of said law.

Vote: Yeas 47 Nays 0 Absent 0

President of the Senate

Secretary of the Senate

Received by the Governor at _____ M. on _____, 2007.

Approved at _____ M. on _____, 2007.

Governor

Filed in this office this _____ day of _____, 2007,
at _____ o'clock _____ M.

Secretary of State