

Sixty-first
Legislative Assembly
of North Dakota

HOUSE BILL NO.

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 amend
3 and reenact section 57-51.1-07.3 of the North Dakota Century Code, relating to the oil and gas
4 research fund deposits; to repeal section 16 of chapter 14 of the 2007 Session Laws, relating to
5 the transfer from the North Dakota state mill and elevator association; to provide legislative
6 intent; to provide an appropriation; to provide a contingent appropriation, to provide an
7 exemption; and to authorize transfers.

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

9 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the
10 funds as may be necessary, are appropriated out of any moneys in the general fund in the state
11 treasury, not other otherwise appropriated, and from special funds derived from federal funds
12 and other income, to the state industrial commission and agencies under its control for the
13 purpose of defraying the expenses of the state industrial commission and agencies under its
14 control, for the biennium beginning July 1, 2009, and ending June 30, 2011.

15 Subdivision 1.

16 **INDUSTRIAL COMMISSION**

		Adjustments or		
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>	
17				
18				
19	Salaries and wages	\$7,207,544	\$2,562,503	\$9,770,047
20	Operating expenses	2,255,659	589,978	2,845,668
21	Capital assets	34,500	14,500	49,000
22	Grants- Lignite research	19,410,600	560,700	19,971,300
23	and development			
24	Grants - Bond payments	29,475,016	(2,033,151)	27,441,865

Sixty-first
Legislative Assembly

1	Oil and gas division contingency	285,000	(285,000)	0
2	Biomass incentive research	2,000,000	(2,000,000)	0
3	Renewable energy development	<u>20,000,000</u>	<u>(15,000,000)</u>	<u>5,000,000</u>
4	Total all funds	\$80,668,350	(\$15,590,470)	\$65,077,880
5	Less estimated income	<u>69,392,346</u>	<u>(20,071,262)</u>	<u>49,321,084</u>
6	Total general fund	\$11,276,004	\$4,480,792	\$15,756,796
7	Full-time equivalent positions	55.37	4.69	60.06

8 Subdivision 2.

9 BANK OF NORTH DAKOTA - OPERATIONS

10			Adjustments or	
11		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
12	BND Operations	\$34,271,867	\$5,721,483	\$40,993,350
13	Capital assets	<u>1,900,000</u>	<u>(445,000)</u>	<u>1,455,000</u>
14	Total general fund	\$37,171,867	\$5,276,483	\$42,448,350
15	Full-time equivalent positions	176.50	(5.00)	171.50

16 Subdivision 3.

17 BANK OF NORTH DAKOTA - ECONOMIC DEVELOPMENT

18			Adjustments or	
19		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
20	Partnership in assisting	\$8,000,000	40	\$8,000,000
21	community expansion fund			
22	Agriculture partnership in assisting	1,400,000	0	1,400,000
23	community expansion fund			
24	Beginning farmer revolving loan fund	950,000	0	950,000
25	Biofuels partnership in assisting	<u>0</u>	<u>1,400,000</u>	<u>1,400,000</u>
26	community expansion fund			
27	Total all funds	\$10,350,000	\$1,400,000	\$11,750,000
28	Less beginning farmer	<u>950,000</u>	<u>0</u>	<u>950,000</u>
29	revolving loan fund			
30	Total general fund	\$9,400,000	\$1,400,000	\$10,800,000

31 Subdivision 4.

1	MILL AND ELEVATOR ASSOCIATION			
2			Adjustments or	
3		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
4	Salaries and wages	\$20,053,037	\$2,546,287	\$22,599,324
5	Operating expenses	16,262,572	720,346	16,982,918
6	Contingencies	300,000	(150,000)	150,000
7	Agriculture promotion	<u>150,000</u>	<u>175,000</u>	<u>325,000</u>
8	Total general fund	\$36,765,609	\$3,291,633	\$40,057,242
9	Full-time equivalent positions	131.00	0.00	131.00

10 Subdivision 5.

11	HOUSING FINANCE AGENCY			
12			Adjustments or	
13		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
14	Salaries and wages	\$4,696,712	\$1,533,535	\$6,230,247
15	Operating expenses	9,412,778	(735,197)	8,677,581
16	Grants	27,319,800	(1,095,440)	26,224,360
17	Housing finance agency contingencies	<u>100,000</u>	<u>0</u>	<u>100,000</u>
18	Total general fund	\$41,529,290	(\$297,102)	\$41,232,188
19	Full-time equivalent positions	43.00	4.00	47.00

20 Subdivision 6.

21	BILL TOTAL			
22			Adjustments or	
23		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
24	Grand total general fund	\$20,676,004	\$5,880,792	\$26,556,796
25	Grand total special funds	<u>185,809,112</u>	<u>(11,800,248)</u>	<u>174,008,864</u>
26	Grand total all funds	\$206,485,116	(\$5,919,456)	\$200,565,660

27 **SECTION 2. AMENDMENT.** Section 57-51.1-07.3 of the North Dakota Century Code
28 is amended and reenacted as follows:

29 **57-51.1-07.3. Oil and gas research fund - Deposits - Continuing appropriation.**

30 There is established a special fund in the state treasury to be known as the oil and gas
31 research fund. Two percent of the state's share of the oil and gas gross production tax and oil

1 extraction tax revenues, up to ~~three~~ five million dollars per biennium, must be deposited into the
2 oil and gas research fund. The state treasurer shall transfer into the oil and gas research fund
3 two percent of the state's share of the oil and gas production tax and the oil extraction tax
4 revenues for the previous three months. All moneys deposited in the oil and gas research fund
5 and interest on all such moneys are appropriated as a continuing appropriation to the council to
6 be used for purposes stated in chapter 54-17.6.

7 **SECTION 3. REPEAL.** Section 16 of chapter 14 of the 2007 Session Laws is repealed.

8 **SECTION 4. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO**
9 **SIXTY-SECOND LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time
10 funding items approved by the sixtieth legislative assembly for the 2007-09 biennium and the
11 2009-11 one-time funding items included in the grand total appropriation in section 1 of this Act:

<u>One-time Funding Description</u>	<u>2007-09</u>	<u>2009-11</u>
13 Biofuels PACE	\$4,200,000	\$1,400,000
14 Fossil restoration fund	250,000	0
15 Core and sample library repairs	<u>230,000</u>	<u>0</u>
16 Renewable energy development program		5,000,000
17 Fracturing sand and coalbed methane studies		<u>93,152</u>
18 Total general fund	\$4,680,000	\$6,493,152

19 The 2009-11 one-time funding amounts are not a part of the
20 entity's base budget for the 2011-13 biennium. The industrial
21 commission shall report to the appropriations committees of the
22 sixty-second legislative assembly on the use of this one-time
23 funding for the biennium beginning July 1, 2009, and ending June 30, 2011.

24 **SECTION 5. LEGISLATIVE INTENT - BOND PAYMENTS.** The amount of the
25 \$27,441,865 included in subdivision 1 of section 1 of this Act in the grants - bond payments line
26 item must be paid from the following funding sources during the biennium beginning July 1,
27 2009, and ending June 30, 2011:

28 North Dakota university system	\$12,014,048
29 North Dakota university system - Energy conservation projects	1,869,248
30 Department of corrections - State penitentiary	2,203,515
31 Department of corrections - Energy conservation projects	18,580

Sixty-first
Legislative Assembly

1	State department of health	704,127
2	Job service North Dakota	747,772
3	Department of human services - State hospital	437,729
4	Department of human services - Developmental center at Grafton	501,657
5	Adjutant general	70,627
6	Information technology department - ConnectND	5,405,936
7	Office of management and budget	665,298
8	Office of the attorney general	765,882
9	State historical society	1,392,393
10	Parks and recreation	73,630
11	Research and extension service	<u>571,423</u>
12	Total	\$27,441,865

13 **SECTION 6. APPROPRIATION.** In addition to the amount appropriated to the housing
14 finance agency in subdivision 5 of section 1 of this Act, there is appropriated any additional
15 income or unanticipated income from federal or other funds which may become available to the
16 agency for the biennium beginning July 1, 2009, and ending June 30, 2011.

17 **SECTION 7. APPROPRIATION - EMERGENCY COMMISSION APPROVAL.** In
18 addition to the amount appropriated to the state commission in subdivision 1 of section 1 of this
19 Act, there is appropriated, with the approval of the emergency commission, funds that may
20 become available to the commission from bonds authorized by law to be issued by the state
21 industrial commission for the biennium beginning July 1, 2009, and ending June 30, 2011.

22 **SECTION 8. CONTINGENT DEPARTMENT OF MINERAL RESOURCES FUNDING -**
23 **EMERGENCY COMMISSION APPROVAL.** Of the funds appropriated in the salaries and
24 wages and operating expense line items in subdivision 1 of section 1 of this Act, \$515,207 are
25 from the land and minerals trust fund. If funds are required due to the average drilling rig count
26 exceeding one hundred active rigs for each month in any consecutive three-month period, the
27 oil and gas division may spend \$319,041 of these funds and hire up to two full-time equivalent
28 positions, upon emergency commission approval. If funds are required due to receipt of an
29 application for solution mining of potash or uranium, the geological survey division may spend
30 \$196,166 of these funds and hire up to one full-time equivalent position, upon emergency
31 commission approval.

1 **SECTION 9. EXEMPTION.** The biomass incentive and research fund is not subject to
2 section 54-44.1-11 and any unexpended and unobligated balance in the fund at June 30, 2009
3 must be transferred to the renewable energy development fund.

4 **SECTION 10. BANK OF NORTH DAKOTA TRANSFERS TO STATE GENERAL**
5 **FUND.** During the biennium beginning July 1, 2009, and ending June 30, 2011, the industrial
6 commission shall transfer to the state general fund \$60,000,000 from the current earnings and
7 the accumulated undivided profits of the Bank of North Dakota. The moneys must be
8 transferred in the amounts and at the times requested by the director of the office of
9 management and budget. A transfer authorized may be made only to the extent the transfer
10 does not reduce the Bank's capital structure below \$225,000,000.

11 **SECTION 11. NORTH DAKOTA MILL AND ELEVATOR ASSOCIATION TRANSFER**
12 **TO STATE GENERAL FUND.** The state industrial commission shall transfer to the general
13 fund in the state treasury the sum of \$2,500,000 from the North Dakota mill and elevator
14 association. The moneys must be transferred in amounts and at such times as requested by
15 the director of the office of management and budget during the biennium beginning July 1,
16 2009, and ending June 30, 2011.

17 **SECTION 12. TRANSFER.** The sum of \$471,633, or so much of the sum as may be
18 necessary, included in the special funds appropriation line item in subdivision 1 of section 1 of
19 this Act, may be transferred from the entities within the control of the state industrial
20 commission to the industrial commission fund for administrative services rendered by
21 commission. Transfers shall be made during the biennium beginning July 1, 2009, and ending
22 June 30, 2011, upon order of the commission. Transfers from the student loan trust shall be
23 made to the extent permitted by sections 54-17-24 and 54-17-25.

24 **SECTION 13. APPROPRIATION - TRANSFER.** The funds appropriate in
25 subdivision 3 of section 1 of this Act must be transferred by the Bank of North Dakota to the
26 partnership in assisting community expansion fund; the agriculture partnership in assisting
27 community expansion fund; and the biofuels partnership in assisting community expansion
28 fund. The Bank of North Dakota may not be construed to be a general fund agency because of
29 the appropriation made by subsection 3 of section 1 of this Act.

30 **SECTION 14. LIGNITE RESEARCH, DEVELOPMENT, AND MARKETING**
31 **PROGRAM - APPROPRIATION - LIGNITE MARKETING FEASIBILITY STUDY.** The amount

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