

Sixty-first
Legislative Assembly
of North Dakota

REENGROSSED SENATE BILL NO. 2014

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 54-17.5-01 of the North Dakota Century Code, relating to education
4 activities relating to the lignite industry; to repeal section 16 of chapter 14 of the 2007 Session
5 Laws, relating to a transfer from the North Dakota mill and elevator association; to provide
6 legislative intent; to provide an appropriation; to provide a contingent appropriation; to provide
7 an 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, as follows:

15 Subdivision 1.

16 INDUSTRIAL COMMISSION

17		Adjustments or		
18	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>	
19	Salaries and wages	\$7,207,544	\$2,733,761	\$9,941,305
20	Operating expenses	2,255,690	609,886	2,865,576
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	State facility lignite	0	1,000,000	1,000,000

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1	feasibility demonstration project			
2	Grants - Bond payments	29,475,016	(2,033,151)	27,441,865
3	Oil and gas division contingency	285,000	(285,000)	0
4	Biomass incentive and research	2,000,000	(2,000,000)	0
5	Renewable energy development	<u>20,000,000</u>	<u>(15,000,000)</u>	<u>5,000,000</u>
6	Total all funds	\$80,668,350	(\$14,399,304)	\$66,269,046
7	Less estimated income	<u>69,392,346</u>	<u>(20,071,262)</u>	<u>49,321,084</u>
8	Total general fund	\$11,276,004	\$5,671,958	\$16,947,962
9	Full-time equivalent positions	55.37	5.69	61.06

10 Subdivision 2.

11 BANK OF NORTH DAKOTA - OPERATIONS

12			Adjustments or	
13		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
14	Bank of North Dakota	\$35,271,867	\$6,698,389	\$41,970,256
15	operations			
16	Capital assets	<u>1,900,000</u>	<u>(445,000)</u>	<u>1,455,000</u>
17	Total from the Bank of	\$37,171,867	\$6,253,389	\$43,425,256
18	North Dakota fund			
19	Full-time equivalent positions	176.50	0.00	176.50

20 Subdivision 3.

21 BANK OF NORTH DAKOTA - ECONOMIC DEVELOPMENT

22			Adjustments or	
23		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
24	Partnership in assisting	\$8,000,000	\$0	\$8,000,000
25	community expansion fund			
26	Agriculture partnership in assisting	1,400,000	0	1,400,000
27	community expansion fund			
28	Beginning farmer revolving loan fund	950,000	0	950,000
29	Biofuels partnership in assisting	0	1,400,000	1,400,000

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1	community expansion fund			
2	Total all funds	\$10,350,000	\$1,400,000	\$11,750,000
3	Less beginning farmer	950,000	0	950,000
4	revolving loan fund			
5	Total general fund	\$9,400,000	\$1,400,000	\$10,800,000

6 Subdivision 4.

7 MILL AND ELEVATOR ASSOCIATION

8			Adjustments or	
9		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
10	Salaries and wages	\$20,053,037	\$2,546,287	\$22,599,324
11	Operating expenses	16,262,572	720,346	16,982,918
12	Contingencies	300,000	25,000	325,000
13	Agriculture promotion	<u>150,000</u>	<u>0</u>	<u>150,000</u>
14	Total from mill and elevator fund	\$36,765,609	\$3,291,633	\$40,057,242
15	Full-time equivalent positions	131.00	0.00	131.00

16 Subdivision 5.

17 HOUSING FINANCE AGENCY

18			Adjustments or	
19		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
20	Salaries and wages	\$4,696,712	\$1,533,535	\$6,230,247
21	Operating expenses	9,412,778	(735,197)	8,677,581
22	Grants	27,319,800	(1,095,440)	26,224,360
23	Housing finance agency	100,000	0	100,000
24	contingencies			
25	Total from housing finance	\$41,529,290	(\$297,102)	\$41,232,188
26	agency fund			
27	Full-time equivalent positions	43.00	4.00	47.00

28 Subdivision 6.

29 BILL TOTAL

30			Adjustments or	
31		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>

1	Grand total general fund	\$20,676,004	\$7,071,958	\$27,747,962
2	Grand total special funds	<u>185,809,112</u>	<u>(10,823,342)</u>	<u>174,985,770</u>
3	Grand total all funds	\$206,485,116	(\$3,751,384)	\$202,733,732

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO

SIXTY-SECOND LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixtieth legislative assembly for the 2007-09 biennium and the 2009-11 one-time funding items included in the grand total appropriation in section 1 of this Act:

8	<u>One-Time Funding Description</u>	<u>2007-09</u>	<u>2009-11</u>
9	Biofuels partnership in assisting community expansion	\$4,200,000	\$1,400,000
10	Fossil restoration fund	250,000	0
11	Core and sample library repairs	230,000	0
12	State facility lignite feasibility	0	1,000,000
13	demonstration project		
14	Renewable energy development program	0	5,000,000
15	Fracturing sand and coalbed methane studies	<u>0</u>	<u>93,152</u>
16	Total general fund	\$4,680,000	\$7,493,152

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

SECTION 3. LEGISLATIVE INTENT - BOND PAYMENTS. The amount of

\$27,441,865 included in subdivision 1 of section 1 of this Act in the grants - bond payments line item must be paid from the following funding sources during the biennium beginning July 1, 2009, and ending June 30, 2011:

25	North Dakota university system	\$12,014,048
26	North Dakota university system - Energy conservation projects	1,869,248
27	Department of corrections and rehabilitation - State penitentiary	2,203,515
28	Department of corrections and rehabilitation - Energy conservation projects	18,580
29	State department of health	704,127
30	Job service North Dakota	747,772
31	Department of human services - State hospital	437,729

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

10 **SECTION 4. APPROPRIATION.** In addition to the amount appropriated to the housing
11 finance agency in subdivision 5 of section 1 of this Act, there is appropriated any additional
12 income or unanticipated income from federal or other funds which may become available to the
13 agency for the biennium beginning July 1, 2009, and ending June 30, 2011.

14 **SECTION 5. APPROPRIATION - EMERGENCY COMMISSION APPROVAL.** In
15 addition to the amount appropriated to the state industrial commission in subdivision 1 of
16 section 1 of this Act, there is appropriated, with the approval of the emergency commission,
17 funds that may become available to the commission from bonds authorized by law to be issued
18 by the state industrial commission for the biennium beginning July 1, 2009, and ending
19 June 30, 2011.

20 **SECTION 6. CONTINGENT DEPARTMENT OF MINERAL RESOURCES FUNDING -**
21 **EMERGENCY COMMISSION APPROVAL.** Of the funds appropriated in the salaries and
22 wages and operating expense line items in subdivision 1 of section 1 of this Act, \$515,207 are
23 from the lands and minerals trust fund. If funds are required due to the average drilling rig
24 count exceeding one hundred active rigs for each month in any consecutive three-month
25 period, the oil and gas division may spend \$319,041 of these funds and hire up to two full-time
26 equivalent positions, upon emergency commission approval. If funds are required due to
27 receipt of an application for solution mining of potash or uranium, the geological survey division
28 may spend \$196,166 of these funds and hire up to one full-time equivalent position, upon
29 emergency commission approval.

1 **SECTION 7. 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 8. TRANSFER.** The sum of \$471,633, or so much of the sum as may be
5 necessary, included in the special funds appropriation line item in subdivision 1 of section 1 of
6 this Act, may be transferred from the entities within the control of the state industrial
7 commission to the industrial commission fund for administrative services rendered by
8 commission. Transfers shall be made during the biennium beginning July 1, 2009, and ending
9 June 30, 2011, upon order of the commission. Transfers from the student loan trust must be
10 made to the extent permitted by sections 54-17-24 and 54-17-25.

11 **SECTION 9. APPROPRIATION - TRANSFER.** The funds appropriated in
12 subdivision 3 of section 1 of this Act must be transferred by the Bank of North Dakota to the
13 partnership in assisting community expansion fund; the agriculture partnership in assisting
14 community expansion fund; and the biofuels partnership in assisting community expansion
15 fund. The Bank of North Dakota may not be construed to be a general fund agency because of
16 the appropriation made by subsection 3 of section 1 of this Act.

17 **SECTION 10. LIGNITE RESEARCH, DEVELOPMENT, AND MARKETING**
18 **PROGRAM - APPROPRIATION - LIGNITE MARKETING FEASIBILITY STUDY.** The amount
19 of \$1,500,000, or so much of the amount as may be necessary, included in the grants and
20 special funds appropriation line item in subdivision 1 of section 1 of this Act, is appropriated
21 from the lignite research fund for the purpose of contracting for an independent, nonmatching
22 lignite marketing feasibility study or studies that determine those focused priority areas where
23 near-term, market-driven projects, activities, or processes will generate matching private
24 industry investment and have the most potential of preserving existing lignite production and
25 industry jobs or that will lead to increased development of lignite and its products and create
26 new lignite industry jobs and economic growth for the general welfare of this state. Moneys
27 appropriated pursuant to this section may also be used for the purpose of contracting for
28 nonmatching studies and activities in support of the lignite vision 21 program; for litigation that
29 may be necessary to protect and promote the continued development of lignite resources; for
30 nonmatching externality studies and activities in externality proceedings; or other marketing,
31 environmental, or transmission activities that assist with marketing of lignite-based electricity

1 and lignite-based byproducts. Moneys not needed for the purposes stated in this section are
2 available to the commission for funding projects, processes, or activities under the lignite
3 research, development, and marketing program.

4 **SECTION 11. AMENDMENT.** Section 54-17.5-01 of the North Dakota Century Code is
5 amended and reenacted as follows:

6 **54-17.5-01. Declaration of findings and public purpose.** The legislative assembly
7 finds and declares that North Dakota's lignite industry produces approximately thirty million tons
8 of lignite annually, contributing to our state's and nation's energy independence by generating
9 electricity for more than two million people in the northern great plains region and by producing
10 synthetic natural gas from coal that heats three hundred thousand homes and businesses in
11 eastern states, which is equivalent to over twenty thousand barrels of oil per day. The
12 legislative assembly further finds and declares that North Dakota's lignite industry generates
13 over ~~seventeen~~ twenty-eight thousand direct and indirect jobs for North Dakota, ~~over one~~
14 nearly three billion dollars in annual business volume, and over ~~sixty-five~~ one hundred three
15 million dollars in annual tax revenue. The legislative assembly further finds and declares that it
16 is an essential governmental function and public purpose to assist with the development and
17 wise use of North Dakota's vast lignite resources by supporting a lignite research, development,
18 and marketing program that promotes economic, efficient, and clean uses of lignite and
19 products derived from lignite in order to maintain and enhance development of North Dakota
20 lignite and its products; support educational activities relating to the lignite industry; preserve
21 and create jobs involved in the production and utilization of North Dakota lignite; ensure
22 economic stability, growth, and opportunity in the lignite industry; and maintain a stable and
23 competitive tax base for our state's lignite industry for the general welfare of North Dakota. The
24 legislative assembly further finds and declares that development of North Dakota's lignite
25 resources must be conducted in an environmentally sound manner that protects our state's air,
26 water, and soil resources as specified by applicable federal and state law.

27 **SECTION 12. STATE FACILITY LIGNITE FEASIBILITY DEMONSTRATION**
28 **PROJECT.** The state facility lignite feasibility demonstration project line item in subdivision 1 of
29 section 1 of this Act includes \$1,000,000 from the general fund for the purpose of
30 demonstrating the feasibility of using lignite at a state-owned facility equipped with coal-fired
31 boilers generating at least 200,000 pounds of steam at 125 pounds per square inch.

- 1 **SECTION 13. REPEAL.** Section 16 of chapter 14 of the 2007 Session Laws is
- 2 repealed.