

November 2011

SUMMARY OF ENGROSSED SENATE BILL NO. 2371 - DISASTER RELIEF BILL

SECTION-BY-SECTION SUMMARY

FLOOD DISASTER ASSISTANCE	
Section 1	<p>Establishes a rebuilders loan program and loan fund at the Bank of North Dakota.</p> <ul style="list-style-type: none"> • The program is to provide loans to North Dakota residents affected by a presidentially declared disaster in the state in an area eligible for Federal Emergency Management Agency (FEMA) individual assistance for the purpose of the resident rebuilding the resident's flood-damaged home or purchasing a new home in the disaster-impacted community. Individual assistance designated counties include Barnes, Benson, Burleigh, McHenry, Morton, Ramsey, Renville, Richland, and Ward. • A loan may be made from the fund only to an individual residing in the state whose home was granted a reduction in 2011 in true and full valuation from the individual's property's pre-flood value by an assessment reduction pursuant to the Governor's Executive Order 2011-22 or by an abatement for flood-damaged property granted by the board of county commissioners. • An initial loan made to an individual is limited to the lesser of \$30,000 or actual documented damage not paid by flood insurance. The balance of the loan and any unpaid interest must be paid upon closing if the property is sold. If federal funds are made available for this program, an additional amount may be borrowed as determined by the Bank of North Dakota. • A loan from the fund must have the interest rate fixed at 1 percent for a period of no more than 20 years. • Principal and interest payments are deferred for the first 24 months of the loan.
ASSISTANCE FOR AREAS AFFECTED BY OIL AND GAS DEVELOPMENT	
Section 2	Creates a new subsection to North Dakota Century Code Section 39-12-02 relating to overweight permits to establish a new multitrip permit. This section is effective through December 31, 2013.
Section 3	Amends subsection 5 of Section 57-35.3-05 to increase the tax credit available for contributions to housing incentive funds from 20 percent per taxable year to 100 percent. This section is effective for tax years 2011 and 2012.
Section 4	Amends subsections 1 and 5 of Section 57-38-01.32 to increase the tax credit available for contributions to housing incentive funds from 20 percent per taxable year to 100 percent and to increase the maximum allowable credits from \$4 million per biennium to \$15 million per biennium. This section is effective for tax years 2011 and 2012.
Section 5	Amends Section 4 of Chapter 12 of the 2011 Session Laws to increase the amount of funding that the Department of Transportation may borrow from the Bank of North Dakota during the 2011-13 biennium for emergency relief projects. The 62 nd Legislative Assembly previously authorized the Department of Transportation to borrow up to \$120 million for emergency relief projects during the 2011-13 biennium. This section increases the amount of borrowing authority to \$200 million.
Section 6	Amends subsection 4 of Section 10 of Chapter 12 of the 2011 Session Laws relating to the county and township road reconstruction program to retroactively (July 1, 2011) increase the percentage of funding provided for approved unpaved roadway projects.
FLOOD DISASTER ASSISTANCE	
Section 7	Provides for a transfer of \$30 million from the Bank of North Dakota's current earnings and undivided profits to the rebuilders loan program fund .
Section 8	Provides a contingent transfer of \$20 million from the general fund to the rebuilders loan program fund . The funds are to be made available if the \$30 million transferred to the rebuilders loan program fund from the Bank of North Dakota are fully obligated prior to June 30, 2013.
Section 9	<p>Appropriates \$10 million from the state disaster relief fund to the Adjutant General for providing:</p> <ul style="list-style-type: none"> • Additional rebuilders loan program funding to the Bank of North Dakota. • Funding to political subdivisions for flood-impacted housing rehabilitation. Funding must be used as deemed most effective in that community to assist homeowners in rehabilitation or replacement of their flood-damaged homes and to retain homeowners in the community.
Section 10	Appropriates \$30 million from the general fund to the commissioner of University and School Lands for providing flood-impacted political subdivision infrastructure development grants . Up to \$110,000 of the appropriation may be used by the commissioner for salaries and operating expenses relating to administration of the program.

Section 11	<p>Provides guidance for the flood-impacted political subdivision infrastructure development grants.</p> <ul style="list-style-type: none"> • The Energy Infrastructure and Impact Office director is to develop a plan for providing infrastructure grants to eligible political subdivisions, receive and review applications for infrastructure grants, and make recommendations to the Board of University and School Lands on grants to eligible political subdivisions. • The Board of University and School Lands is to award and distribute infrastructure grants to eligible political subdivisions based on identified needs. • Eligible political subdivisions include counties, as well as cities, school districts, and other political subdivisions located within such counties, that have received an individual assistance designation by FEMA relating to a 2011 flood event. Individual assistance designated counties include Barnes, Benson, Burleigh, McHenry, Morton, Ramsey, Renville, Richland, and Ward. • Funding received by eligible political subdivisions may be used for up to 50 percent of the costs not otherwise reimbursed through federal or other state funds to: <ul style="list-style-type: none"> Develop new community infrastructure, the need for which is directly related to the displacement of residents due to flooding. Infrastructure includes community-owned waterlines, sewer, curb, and gutter. Evaluate the extent of damage to community-owned infrastructure. Restore or repair flood-related damage to community-owned infrastructure. Expand landfill capacity or reimburse flood-related waste disposal costs. Raise roads or develop flood control structures. Acquire property needed for infrastructure. Acquire homes damaged by levy construction. Provide reimbursement for other flood-related expenses.
Section 12	<p>Provides legislative intent that the moneys appropriated to and distributed by the Energy Infrastructure and Impact Office for flood-impacted political subdivision grants are to be used by grantees to address needs not funded by other state or federal response or insurance coverage.</p>
Section 13	<p>Appropriates \$235 million of federal funds to the Department of Commerce for providing loans or grants to flood-impacted individuals, property acquisitions, and infrastructure development grants to flood-impacted communities.</p>
Section 14	<p>Appropriates \$6 million from the state disaster relief fund to the Department of Transportation for grants to counties for road grade raising projects on federal-aid eligible roads.</p>
Section 15	<p>Appropriates \$29.5 million from the state disaster relief fund to the Adjutant General for providing the required state share of funding for expenses associated with presidentially declared state disasters.</p>
Section 16	<p>Provides a contingent appropriation of \$5 million from the state disaster relief fund to the Adjutant General relating to grants to political subdivisions for a portion of the local share required to match federal emergency relief funding. The funding is contingent upon a 2012 disaster event exceeding \$50 million in damages across the state.</p>
Section 17	<p>Transfers \$48.7 million from the general fund to the state disaster relief fund.</p>
Section 18	<p>Provides that the State Water Commission is to place a high priority on providing funding for floodway property acquisitions and construction. The funding must be used to supplement federal hazard mitigation grant funds or other federal funds for acquiring property and for the construction of flood control projects in qualifying political subdivisions, including necessary funding for any state or local match requirements.</p>
Section 19	<p>Appropriates \$50 million from the resources trust fund for State Water Commission expenses subject to Budget Section approval.</p>
Section 20	<p>Appropriates \$500,000 from the general fund to the Adjutant General for providing flood-damaged school infrastructure grants to eligible school districts in the state. An eligible school district is one that experienced a 2011 flood event which resulted in multiple school facilities being damaged and unusable.</p>
ASSISTANCE FOR AREAS AFFECTED BY OIL AND GAS DEVELOPMENT	
Section 21	<p>Appropriates \$681,870 from the general fund to the Highway Patrol for hiring additional patrol officers. The Highway Patrol is authorized four full-time equivalent (FTE) positions.</p>
Section 22	<p>Provides that the Bank of North Dakota utilize the flex partnership in assisting community expansion program to assist in financing of multifamily housing units for low and moderate income individuals in areas of North Dakota affected by oil and gas production and distribution.</p>

Section 23	Provides for a contingent transfer of \$30 million from the general fund to the oil and gas impact grant fund . The Office of Management and Budget may transfer this funding only if the Tax Commissioner certifies that total oil and gas tax revenue collections for the period July 1, 2011, through February 29, 2012, exceed oil and gas tax revenue collection projections for that period by at least \$48 million.
Section 24	Provides a contingent appropriation of \$30 million from the oil and gas impact grant fund to the commissioner of University and School Lands for providing oil and gas impact grants in accordance with Sections 57-62-03.1 and 57-62-05. For these funds, the commissioner is to give priority to approving grants related to emergency services.
Section 25	Provides for a transfer of \$5 million from the general fund to the oil and gas impact grant fund.
Section 26	Appropriates \$5 million from the oil and gas impact grant fund to the commissioner of University and School Lands to allow for distributions of \$1,250,000 for each new major oil-producing county after November 2011 to address the impact from new oil and gas development. A major new oil-producing county is one that produced less than 100,000 barrels of oil in November 2011 and subsequently has more than four rigs operating in the county.
	OTHER
Section 27	Provides a contingent appropriation of \$23 million from the general fund to the State Treasurer for providing transportation funding distributions to non-oil-producing counties, cities, and townships. The appropriation is contingent upon the Tax Commissioner certifying that total oil and gas tax revenue collections for the period July 1, 2011, through February 29, 2012, exceed oil and gas tax revenue collection projections for that period by at least \$48 million. Of these funds, \$14.5 million is used to distribute \$10,000 to each township, \$6.8 million is to be distributed to counties and cities, and \$1.7 million is to be distributed to townships.
Section 28	Appropriates \$1 million from the general fund to the Industrial Commission for expenses associated with litigation or other administrative proceedings involving the Environmental Protection Agency's regulation of hydraulic fracturing.
Section 29	Provides that the Department of Emergency Services coordinate an executive branch study of flood response measures and coordination of state, local, and federal resources to mitigate future flooding in the state.
Section 30	Provides that funds appropriated for flood-impacted political subdivision infrastructure grants are not subject to Section 54-44.1-11 and are available for use in the 2013-15 biennium.
Section 31	Provides that Section 6 of this Act applies retroactively to July 1, 2011.
Section 32	Provides that this Act is effective November 14, 2011.
Section 33	Provides that Section 2 of this Act is effective through December 31, 2013, and is thereafter ineffective. Sections 3 and 4 of this Act are effective for the first two taxable years beginning after December 31, 2010, and are thereafter ineffective.

APPROPRIATION SUMMARY

Agency - Description	General Fund	Special Funds	Total	FTE Positions
Appropriations				
120 - State Treasurer				
Contingent transportation funding distributions	\$23,000,000	\$0	\$23,000,000	0.00
226 - Land Department				
Flood-impacted political subdivision infrastructure grants	\$30,000,000	\$0	\$30,000,000	0.00
Grants to new oil-producing counties (oil and gas impact grant fund)		5,000,000	5,000,000	
Contingent oil and gas impact grants (oil and gas impact grant fund)	0	30,000,000	30,000,000	0.00
Total - Land Department	\$30,000,000	\$35,000,000	\$65,000,000	0.00
405 - Industrial Commission				
Contingent appropriation - Litigation and other administrative proceedings	\$1,000,000		\$1,000,000	0.00
504 - Highway Patrol				
Four new trooper positions	\$681,870	\$0	\$681,870	4.00
540 - Adjutant General				
Disaster expenditures (state disaster relief fund)	\$0	\$29,500,000	\$29,500,000	0.00
Contingent appropriation - 2012 disasters (state disaster relief fund)	0	5,000,000	5,000,000	0.00
Additional funding for rebuilders loan program and for flood-impacted housing rehabilitation (state disaster relief fund)	0	10,000,000	10,000,000	0.00
Flood-damaged school infrastructure grants	500,000		500,000	
Total - Adjutant General	\$500,000	\$44,500,000	\$45,000,000	0.00
601 - Department of Commerce				
Flood-related costs (federal funds)	\$0	\$235,000,000	\$235,000,000	0.00
770 - State Water Commission				
Additional expenses (resources trust fund)	\$0	\$50,000,000	\$50,000,000	0.00
801 - Department of Transportation				
Grants to counties for road grade raising projects (state disaster relief fund)	\$0	\$6,000,000	\$6,000,000	0.00
Borrowing authority for emergency relief projects	0	80,000,000	80,000,000	0.00
Total - Department of Transportation	\$0	\$86,000,000	\$86,000,000	0.00
Total - Appropriations	\$55,181,870	\$450,500,000	\$505,681,870	4.00
Transfers to provide for special fund appropriations and loan programs				
110 - Office of Management and Budget				
Transfer to state disaster relief fund, including \$32.7 million for disaster-related expenses, \$10 million for additional rebuilders loan funding and for flood-impacted housing rehabilitation, and \$6 million for road grade raising grants	\$48,700,000	\$0	\$48,700,000	0.00
Transfer to oil and gas impact fund - New oil-producing counties grants	5,000,000		5,000,000	
Contingent transfer to oil and gas impact grant fund	30,000,000	0	30,000,000	0.00
Contingent transfer to rebuilders loan program	20,000,000		20,000,000	
Total - Office of Management and Budget	\$103,700,000	\$0	\$103,700,000	0.00
471 - Bank of North Dakota				
Transfer of Bank of North Dakota profits for a rebuilders loan program		\$30,000,000	\$30,000,000	0.00
Total - Transfers to provide for selected special fund appropriations and loan program funds	\$103,700,000	\$30,000,000	\$133,700,000	0.00
Grand total - Appropriations, transfers, and loan programs	\$158,881,870	\$480,500,000	\$639,381,870	4.00

REVENUE SUMMARY

Sections 3 and 4 of this bill amend North Dakota Century Code to increase the tax credit available to financial institutions, corporations, and individuals for contributions to housing incentive funds from 20 percent per taxable year to 100 percent and to increase the maximum allowable credits from \$4 million per biennium to \$15 million for the 2011-13 biennium only. This results in an estimated general fund revenue reduction of \$11 million for the 2011-13 biennium.