

PROPOSED AMENDMENTS TO SENATE BILL NO. 2014

Page 1, line 4, after "reenact" insert "subsection 1 of section 54-17.6-05 and"

Page 1, line 4, replace the second "and" with a comma

Page 1, line 4, after "57-51.1-07" insert ", and 57-51.1-07.3"

Page 1, line 5, after "fund" insert ", the oil and gas research council membership, the oil and gas research fund,"

Page 1, line 6, after the semicolon insert "to provide for a value-added market opportunities for renewable energy resources and oil and gas study; to provide for a report to the legislative management;"

Page 1, replace line 18 with:

"Salaries and wages	\$12,059,220	\$5,824,123	\$17,883,343"
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Page 2, replace lines 1 through 3 with:

"Total all funds	\$61,542,969	\$1,986,719	\$63,529,688
Less estimated income	46,766,756	(5,815,082)	40,951,674
Total general fund	\$14,776,213	\$7,801,801	\$22,578,014"

Page 2, replace lines 9 through 11 with:

"Bank of North Dakota operations	\$45,587,155	\$6,274,253	\$51,861,408
Capital assets	1,266,000	(521,000)	745,000
Total special funds	\$46,853,155	\$5,753,253	\$52,606,408"

Page 3, replace line 8 with:

"Salaries and wages	\$6,516,277	\$928,822	\$7,445,099"
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Page 3, replace line 12 with:

"Total special funds	\$38,590,046	\$2,279,861	\$40,869,907"
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Page 3, replace lines 18 through 20 with:

"Grand total general fund	\$24,176,213	\$28,901,801	\$53,078,014
Grand total special funds	<u>179,281,834</u>	<u>7,401,279</u>	<u>186,683,113</u>
Grand total all funds	\$203,458,047	\$36,303,080	\$239,761,127"

Page 4, after line 4, insert:

"Housing incentive fund		0	30,000,000"
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Page 4, replace lines 10 through 12 with:

"Total all funds		\$38,299,400	\$31,560,800
Total special funds		10,000,000	0
Total general fund		\$28,299,400	\$31,560,800"

Page 5, line 23, remove "biennium beginning"

Page 5, line 24, replace "July 1, 2013," with "period beginning with the effective date of this Act"

Page 5, line 29, replace "biennium beginning July 1, 2013," with "period beginning with the effective date of this Act"

Page 6, line 3, replace "biennium beginning July 1, 2013," with "period beginning with the effective date of this Act"

Page 6, line 7, replace "biennium beginning July 1, 2013," with "period beginning with the effective date of this Act"

Page 6, line 10, remove " - **2011-13 BIENNIUM**"

Page 6, line 14, replace "2013" with "2015"

Page 6, line 15, remove "The office of management and budget shall transfer the funds provided under this"

Page 6, replace line 16 with:

**"SECTION 12. APPROPRIATION - DEPARTMENT OF COMMERCE.** There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$500,000, or so much of the sum as may be necessary, to the department of commerce for the purpose of conducting a study to evaluate value-added market opportunities for renewable energy resources and oil and gas under section 13 of this Act, for the biennium beginning July 1, 2013, and ending June 30, 2015.

**SECTION 13. VALUE-ADDED MARKET OPPORTUNITIES FOR RENEWABLE ENERGY RESOURCES AND OIL AND GAS STUDY - REPORT TO THE LEGISLATIVE MANAGEMENT.**

1. During the 2013-14 interim, the department of commerce shall conduct a study to evaluate value-added market opportunities related to renewable energy resources and oil and gas.
2. The department of commerce shall cooperate with the energy policy commission in conducting this study.
3. The department of commerce shall report its findings and recommendations to the legislative management before September 1, 2014."

Page 6, line 18, remove "**APPROPRIATION -**"

Page 6, line 20, remove "appropriated"

Page 7, after line 9, insert:

**"SECTION 16. AMENDMENT.** Subsection 1 of section 54-17.6-05 of the North Dakota Century Code is amended and reenacted as follows:

1. The oil and gas research council is composed of ~~eight~~seven members, four of whom must currently be engaged in and have at least five years of active experience in the oil and natural gas exploration and production industry. The council consists of:

- a. Four members appointed by the governor from a list provided by the North Dakota petroleum council. The governor may reject the list and request the council to submit a new list until the appointments are made.
- b. One member appointed by the governor from a list provided by the North Dakota association of oil and gas producing counties. The governor may reject the list and request the association to submit a new list until the appointment is made.
- c. The executive director of the North Dakota petroleum council or the executive director's designee.
- d. ~~The president of the northern alliance of independent producers or the president's designee.~~
- e. A county commissioner from an oil producing county appointed by the governor.
- f.e. The director of the oil and gas division and the state geologist shall serve on the council as advisory nonvoting members."

Page 7, line 30, remove "One-half"

Page 7, line 31, replace "of one" with "Five"

Page 8, line 1, after "fund" insert ", not to exceed three million dollars per biennium"

Page 8, after line 20, insert:

**"SECTION 19. AMENDMENT.** Section 57-51.1-07.3 of the North Dakota Century Code is amended and reenacted as follows:

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

There is established a special fund in the state treasury to be known as the oil and gas research fund. Before depositing oil and gas gross production tax and oil extraction tax revenues in the general fund, property tax relief sustainability, strategic investment and improvements fund, or the state disaster relief fund, two percent of the revenues must be deposited monthly into the oil and gas research fund, up to ~~four~~ten million dollars per biennium. All moneys deposited in the oil and gas research fund and interest on all such moneys are appropriated as a continuing appropriation to the council to be used for purposes stated in chapter 54-17.6.

**SECTION 20. LEGISLATIVE INTENT - OIL AND GAS RESEARCH FUND.** It is the intent of the legislative assembly that the industrial commission give special emphasis to value-added processing of oil and gas projects in the awarding of funds from the oil and gas research fund during the biennium beginning July 1, 2013, and ending June 30, 2015.

**SECTION 21. LEGISLATIVE INTENT - ADMINISTRATIVE RULES - RESERVE PITS.** It is the intent of the sixty-third legislative assembly that the industrial commission's department of mineral resources oil and gas division include in its next administrative rules review and revision process, the effect of provisions included in North Dakota Administrative Code section 43-02-03-19.5 relating to reserve pits for drilling mud and drill cuttings from shallow wells drilled and completed outside of the

Bakken and Three Forks formations for the biennium beginning July 1, 2013, and ending June 30, 2015."

Renumber accordingly

**STATEMENT OF PURPOSE OF AMENDMENT:**

**Senate Bill No. 2014 - Summary of Senate Action**

	<b>Executive Budget</b>	<b>Senate Changes</b>	<b>Senate Version</b>
Industrial Commission			
Total all funds	\$63,356,975	\$172,713	\$63,529,688
Less estimated income	40,937,857	13,817	40,951,674
General fund	\$22,419,118	\$158,896	\$22,578,014
Bank of North Dakota			
Total all funds	\$52,452,928	\$153,480	\$52,606,408
Less estimated income	52,452,928	153,480	52,606,408
General fund	\$0	\$0	\$0
Housing Finance Agency			
Total all funds	\$40,862,039	\$30,007,868	\$70,869,907
Less estimated income	40,862,039	7,868	40,869,907
General fund	\$0	\$30,000,000	\$30,000,000
Mill and Elevator			
Total all funds	\$52,255,124	\$0	\$52,255,124
Less estimated income	52,255,124	0	52,255,124
General fund	\$0	\$0	\$0
Commerce Department			
Total all funds	\$0	\$500,000	\$500,000
Less estimated income	0	0	0
General fund	\$0	\$500,000	\$500,000
Bill total			
Total all funds	\$208,927,066	\$30,834,061	\$239,761,127
Less estimated income	186,507,948	175,165	186,683,113
General fund	\$22,419,118	\$30,658,896	\$53,078,014

**Senate Bill No. 2014 - Industrial Commission - Senate Action**

	<b>Executive Budget</b>	<b>Senate Changes</b>	<b>Senate Version</b>
Salaries and wages	\$17,710,630	\$172,713	\$17,883,343
Operating expenses	6,330,576		6,330,576
Capital assets	5,800		5,800
Grants - Lignite research	19,500,000		19,500,000
Grants - Bond payments	19,809,969		19,809,969
Total all funds	\$63,356,975	\$172,713	\$63,529,688
Less estimated income	40,937,857	13,817	40,951,674
General fund	\$22,419,118	\$158,896	\$22,578,014
FTE	98.75	0.00	98.75

**Department No. 405 - Industrial Commission - Detail of Senate Changes**

	<b>Corrects Executive Compensation Package<sup>1</sup></b>	<b>Total Senate Changes</b>
Salaries and wages	\$172,713	\$172,713
Operating expenses		
Capital assets		
Grants - Lignite research		
Grants - Bond payments		
	\$172,713	\$172,713

Total all funds		
Less estimated income	13,817	13,817
General fund	\$158,896	\$158,896
FTE	0.00	0.00

<sup>1</sup>Funding is added due to a calculation error in the executive compensation package.

This amendment provides for the following:

- Amends Section 57-51.1-07.3 to increase the amount allocated to the oil and gas research fund from \$4 million to \$10 million per biennium.
- Amends Section 57-51.1-07 to provide for 5 percent of the amount of oil extraction tax revenue allocated to the resources trust fund, not to exceed \$3 million per biennium, to be transferred to the renewable energy development fund. The executive recommendation provided for an allocation of one-half of 1 percent with no maximum.
- Amends Section 54-17.6-05 to reduce the size of the Oil and Gas Research Council from eight to seven members by removing the representative from an organization that is no longer active--the Northern Alliance of Independent Producers.
- Provides legislative intent relating to the oil and gas research fund and administrative rules for reserve pits.

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**Senate Bill No. 2014 - Bank of North Dakota - Senate Action**

	Executive Budget	Senate Changes	Senate Version
Capital assets	\$745,000		\$745,000
BND operations	51,707,928	153,480	51,861,408
Total all funds	\$52,452,928	\$153,480	\$52,606,408
Less estimated income	52,452,928	153,480	52,606,408
General fund	\$0	\$0	\$0
FTE	179.50	0.00	179.50

**Department No. 471 - Bank of North Dakota - Detail of Senate Changes**

	Corrects Executive Compensation Package <sup>1</sup>	Total Senate Changes
Capital assets		
BND operations	153,480	153,480
Total all funds	\$153,480	\$153,480
Less estimated income	153,480	153,480
General fund	\$0	\$0
FTE	0.00	0.00

<sup>1</sup>Funding is added due to a calculation error in the executive compensation package.

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**Senate Bill No. 2014 - Housing Finance Agency - Senate Action**

	Executive Budget	Senate Changes	Senate Version
Salaries and wages	\$7,437,231	\$7,868	\$7,445,099
Operating expenses	3,791,758		3,791,758
Grants	29,533,050		29,533,050
HFA contingencies	100,000		100,000
Housing incentive fund		30,000,000	30,000,000
Total all funds	\$40,862,039	\$30,007,868	\$70,869,907
Less estimated income	40,862,039	7,868	40,869,907

General fund	\$0	\$30,000,000	\$30,000,000
FTE	46.00	0.00	46.00

**Department No. 473 - Housing Finance Agency - Detail of Senate Changes**

	Corrects Executive Compensation Package <sup>1</sup>	Provides Transfer to Housing Incentive Fund <sup>2</sup>	Total Senate Changes
Salaries and wages	\$7,868		\$7,868
Operating expenses			
Grants			
HFA contingencies			
Housing incentive fund		30,000,000	30,000,000
Total all funds	\$7,868	\$30,000,000	\$30,007,868
Less estimated income	7,868	0	7,868
General fund	\$0	\$30,000,000	\$30,000,000
FTE	0.00	0.00	0.00

<sup>1</sup>Funding is added due to a calculation error in the executive compensation package.

<sup>2</sup>Provides for a transfer of \$30 million from the general fund to the housing incentive fund during the 2013-15 biennium. The executive budget provided for the transfer to occur during the 2011-13 biennium.

This amendment amends Section 11 of the bill to provide that the transfer of \$30 million from the general fund to the housing incentive fund be made during the period beginning with the effective date of the Act and ending June 30, 2015. The executive budget provided for the transfer to be made in the 2011-13 biennium.

**Senate Bill No. 2014 - Commerce Department - Senate Action**

	Executive Budget	Senate Changes	Senate Version
Market Study		\$500,000	\$500,000
Total all funds	\$0	\$500,000	\$500,000
Less estimated income	0	0	0
General fund	\$0	\$500,000	\$500,000
FTE	0.00	0.00	0.00

**Department No. 605 - Commerce Department - Detail of Senate Changes**

	Adds Funding for a Value-Added Market Study <sup>1</sup>	Total Senate Changes
Market Study	\$500,000	\$500,000
Total all funds	\$500,000	\$500,000
Less estimated income	0	0
General fund	\$500,000	\$500,000
FTE	0.00	0.00

<sup>1</sup>This amendment adds an appropriation for the Department of Commerce to provide for a value-added market study on renewable energy resources and oil and gas.