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Sixty-third
Legislative Assembly
of North Dakota

**FIRST ENGROSSMENT
with Conference Committee Amendments
ENGROSSED 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 provide
3 legislative intent; to provide an appropriation; to provide a continuing appropriation; to provide a
4 contingent appropriation; to authorize transfers; to create and enact a new section to chapter
5 6-09.15, a new subsection to section 6-09.15-01, a new section to chapter 54-45.5, and a new
6 subsection to section 57-35.3-05 of the North Dakota Century Code, relating to a loan
7 guarantee for child care facilities, housing incentive fund tax credits, and the energy
8 conservation fund; to amend and reenact subsection 1 of section 6-09.15-01, subsection 2 of
9 section 54-17-40, subsection 1 of section 54-17.6-05, subsection 17 of section 54-44.3-20, and
10 sections 57-38-01.32, 57-51.1-07, and 57-51.1-07.3 of the North Dakota Century Code, relating
11 to the beginning entrepreneur loan guarantee program, the resources trust fund, the oil and gas
12 research council membership, the oil and gas research fund, the housing incentive fund,
13 housing incentive fund credits, and classified employees; to provide for a value-added market
14 opportunities for renewable energy resources and oil and gas study; to provide for a report to
15 the legislative management; to provide an effective date; to provide an expiration date; and to
16 declare an emergency.

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

18 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds
19 as may be necessary, are appropriated out of any moneys in the general fund in the state
20 treasury, not otherwise appropriated, and from special funds derived from federal funds and
21 other income, to the state industrial commission and agencies under its control for the purpose
22 of defraying the expenses of the state industrial commission and agencies under its control, for
23 the biennium beginning July 1, 2013, and ending June 30, 2015, as follows:

24 Subdivision 1.

INDUSTRIAL COMMISSION

		Adjustments or		
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>	
4	Salaries and wages	\$12,059,220	\$5,814,656	\$17,873,876
5	Accrued leave payments	0	347,696	347,696
6	Operating expenses	3,378,744	2,551,832	5,930,576
7	Capital assets	0	5,800	5,800
8	Grants - lignite research	19,971,300	(471,300)	19,500,000
9	and development			
10	Grants - bond payments	25,389,733	(5,579,764)	19,809,969
11	Mineral resources contingency	<u>743,972</u>	<u>(743,972)</u>	<u>0</u>
12	Total all funds	\$61,542,969	\$1,924,948	\$63,467,917
13	Less estimated income	<u>46,766,756</u>	<u>(5,792,964)</u>	<u>40,973,792</u>
14	Total general fund	\$14,776,213	\$7,717,912	\$22,494,125
15	Full-time equivalent positions	76.06	22.69	98.75
16	Subdivision 2.			

BANK OF NORTH DAKOTA - OPERATIONS

		Adjustments or		
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>	
20	Bank of North Dakota operations	\$45,587,155	\$5,936,761	\$51,523,916
21	Accrued leave payments	0	881,231	881,231
22	Capital assets	<u>1,266,000</u>	<u>(521,000)</u>	<u>745,000</u>
23	Total special funds	\$46,853,155	\$6,296,992	\$53,150,147
24	Full-time equivalent positions	176.50	3.00	179.50
25	Subdivision 3.			

BANK OF NORTH DAKOTA - ECONOMIC DEVELOPMENT

		Adjustments or		
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>	
29	Partnership in assisting community	\$6,000,000	(\$6,000,000)	\$0
30	expansion fund			
31	Agriculture partnership in assisting	1,000,000	(1,000,000)	0

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1	community expansion fund			
2	Beginning farmer revolving loan fund	1,400,000	(1,400,000)	0
3	Biofuels partnership in assisting	<u>1,000,000</u>	<u>(1,000,000)</u>	<u>0</u>
4	community expansion fund			
5	Total general fund	\$9,400,000	(\$9,400,000)	\$0

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	\$26,018,008	\$3,123,742	\$29,141,750
11	Accrued leave payments	0	575,807	575,807
12	Operating expenses	20,443,869	1,352,131	21,796,000
13	Contingencies	400,000	0	400,000
14	Agriculture promotion	<u>210,000</u>	<u>0</u>	<u>210,000</u>
15	Total from mill and elevator fund	\$47,071,877	\$5,051,680	\$52,123,557
16	Full-time equivalent positions	131.00	4.00	135.00

17 Subdivision 5.

18 HOUSING FINANCE AGENCY

19			Adjustments or	
20		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
21	Salaries and wages	\$6,516,277	\$918,600	\$7,434,877
22	Accrued leave payments	0	147,806	147,806
23	Operating expenses	5,114,849	(1,323,091)	3,791,758
24	Grants	26,858,920	2,674,130	29,533,050
25	Housing finance agency contingencies	<u>100,000</u>	<u>0</u>	<u>100,000</u>
26	Total special funds	\$38,590,046	\$2,417,445	\$41,007,491
27	Full-time equivalent positions	46.00	0.00	46.00

28 Subdivision 6.

29 BILL TOTAL

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

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1	Grand total general fund	\$24,176,213	\$18,831,159	\$43,007,372
2	Grand total special funds	<u>179,281,834</u>	<u>7,973,153</u>	<u>187,254,987</u>
3	Grand total all funds	\$203,458,047	\$26,804,312	\$230,262,359

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

5 **SIXTY-FOURTH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time
6 funding items approved by the sixty-second legislative assembly for the 2011-13 biennium and
7 the 2013-15 one-time funding items included in the grand total appropriation in section 1 of this
8 Act:

9	<u>One-Time Funding Description</u>	<u>2011-13</u>	<u>2013-15</u>
10	Renewable energy development program	\$1,500,000	\$0
11	Temporary employees - core library	90,000	0
12	Carbon dioxide storage facility administrative fund	532,000	0
13	Coalbed methane/shallow gas studies	25,000	0
14	Fracturing sand and proppant studies	50,000	0
15	Oil-bearing rock study	40,000	80,000
16	Paleontologic preparatory work	62,400	0
17	Western area water supply loan	35,000,000	0
18	Possible environmental protection agency litigation	1,000,000	0
19	Housing incentive fund	0	15,400,000
20	Possible federal agency litigation	0	1,000,000
21	Core library - architect services	0	25,000
22	Temperature profiles study	0	50,000
23	Wide-bed plotter	<u>0</u>	<u>5,800</u>
24	Total all funds	\$38,299,400	\$16,560,800
25	Total special funds	<u>10,000,000</u>	<u>0</u>
26	Total general fund	\$28,299,400	\$16,560,800

27 The 2013-15 one-time funding amounts are not a part of the entity's base budget for the
28 2015-17 biennium. The industrial commission shall report to the appropriations committees of
29 the sixty-fourth legislative assembly on the use of this one-time funding for the biennium
30 beginning July 1, 2013, and ending June 30, 2015.

1 **SECTION 3. LEGISLATIVE INTENT - BOND PAYMENTS.** The amount of \$19,809,969
2 included in subdivision 1 of section 1 of this Act in the grants - bond payments line item must be
3 paid from the following funding sources during the biennium beginning July 1, 2013, and ending
4 June 30, 2015:

5	North Dakota university system	\$10,436,045
6	North Dakota university system - energy conservation projects	491,397
7	Department of corrections and rehabilitation	1,289,450
8	State department of health	642,688
9	Job service North Dakota	540,376
10	Adjutant general	28,586
11	Information technology department - ConnectND	2,504,100
12	Office of management and budget	665,272
13	Office of attorney general	765,851
14	State historical society	1,392,337
15	Parks and recreation department	73,627
16	Research and extension service	571,400
17	Veterans' home	<u>408,840</u>
18	Total	\$19,809,969

19 **SECTION 4. APPROPRIATION.** In addition to the amount appropriated to the housing
20 finance agency in subdivision 5 of section 1 of this Act, there is appropriated any additional
21 income or unanticipated income from federal or other funds which may become available to the
22 agency for the biennium beginning July 1, 2013, and ending June 30, 2015.

23 **SECTION 5. APPROPRIATION - EMERGENCY COMMISSION APPROVAL.** In addition to
24 the amount appropriated to the state industrial commission in subdivision 1 of section 1 of this
25 Act, there is appropriated, with the approval of the emergency commission, funds that may
26 become available to the commission from bonds authorized by law to be issued by the state
27 industrial commission for the biennium beginning July 1, 2013, and ending June 30, 2015.

28 **SECTION 6. TRANSFER.** The sum of \$647,547, or so much of the sum as may be
29 necessary, included in the special funds appropriation line item in subdivision 1 of section 1 of
30 this Act, may be transferred from the entities within the control of the state industrial commission
31 to the industrial commission fund for administrative services rendered by the commission.

1 Transfers shall be made during the biennium beginning July 1, 2013, and ending June 30, 2015,
2 upon order of the commission. Transfers from the student loan trust must be made to the extent
3 permitted by sections 54-17-24 and 54-17-25.

4 **SECTION 7. TRANSFER - BANK OF NORTH DAKOTA - PARTNERSHIP IN ASSISTING**
5 **COMMUNITY EXPANSION.** The Bank of North Dakota shall transfer the sum of \$28,000,000,
6 or so much of the sum as may be necessary, from the Bank's current earnings and undivided
7 profits to the partnership in assisting community expansion fund during the period beginning
8 with the effective date of this Act and ending June 30, 2015.

9 **SECTION 8. TRANSFER - BANK OF NORTH DAKOTA - AGRICULTURE PARTNERSHIP**
10 **IN ASSISTING COMMUNITY EXPANSION.** The Bank of North Dakota shall transfer the sum of
11 \$2,000,000, or so much of the sum as may be necessary, from the Bank's current earnings and
12 undivided profits to the agriculture partnership in assisting community expansion fund during the
13 period beginning with the effective date of this Act and ending June 30, 2015.

14 **SECTION 9. TRANSFER - BANK OF NORTH DAKOTA - BIOFUELS PARTNERSHIP IN**
15 **ASSISTING COMMUNITY EXPANSION.** The Bank of North Dakota shall transfer the sum of
16 \$2,000,000, or so much of the sum as may be necessary, from the Bank's current earnings and
17 undivided profits to the biofuels partnership in assisting community expansion fund during the
18 period beginning with the effective date of this Act and ending June 30, 2015.

19 **SECTION 10. TRANSFER - BANK OF NORTH DAKOTA - BEGINNING FARMER**
20 **REVOLVING LOAN FUND.** The Bank of North Dakota shall transfer the sum of \$6,000,000, or
21 so much of the sum as may be necessary, from the Bank's current earnings and undivided
22 profits to the beginning farmer revolving loan fund during the period beginning with the effective
23 date of this Act and ending June 30, 2015.

24 **SECTION 11. APPROPRIATION - TRANSFER - GENERAL FUND TO HOUSING**
25 **INCENTIVE FUND.** There is appropriated out of any moneys in the general fund in the state
26 treasury, not otherwise appropriated, the sum of \$15,400,000, or so much of the sum as may be
27 necessary, which the office of management and budget shall transfer to the housing incentive
28 fund for the period beginning with the effective date of this Act and ending June 30, 2015. The
29 funding provided in this section is considered a one-time funding item.

30 **SECTION 12. APPROPRIATION - DEPARTMENT OF COMMERCE.** There is appropriated
31 out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum

1 of \$500,000, or so much of the sum as may be necessary, to the department of commerce for
2 the purpose of conducting a study to evaluate value-added market opportunities for renewable
3 energy resources and oil and gas under section 13 of this Act, for the biennium beginning
4 July 1, 2013, and ending June 30, 2015.

5 **SECTION 13. APPROPRIATION - DEPARTMENT OF COMMERCE.** There is appropriated
6 out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum
7 of \$2,000,000, or so much of the sum as may be necessary, to the department of commerce for
8 the purpose of providing grants to homeless shelters, for the biennium beginning July 1, 2013,
9 and ending June 30, 2015.

10 **SECTION 14. APPROPRIATION - DEPARTMENT OF COMMERCE.** There is appropriated
11 out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum
12 of \$2,600,000, or so much of the sum as may be necessary, to the department of commerce for
13 the purpose of providing grants to child care facilities, for the biennium beginning July 1, 2013,
14 and ending June 30, 2015. The department shall establish guidelines to qualify for a grant
15 under this section which must include a matching requirement of one dollar of matching funds
16 for every three dollars of grant funds and a maximum grant amount of \$187,500.

17 **SECTION 15. APPROPRIATION - STATE TREASURER.** There is appropriated out of any
18 moneys in the general fund in the state treasury, not otherwise appropriated, the sum of
19 \$13,247, or so much of the sum as may be necessary, to the state treasurer for the purpose of
20 defraying additional information technology development costs relating to changes in oil
21 revenue distributions and other changes, for the biennium beginning July 1, 2013, and ending
22 June 30, 2015.

23 **SECTION 16. VALUE-ADDED MARKET OPPORTUNITIES FOR RENEWABLE ENERGY**
24 **RESOURCES AND OIL AND GAS STUDY - REPORT TO THE LEGISLATIVE**
25 **MANAGEMENT.**

- 26 1. During the 2013-14 interim, the department of commerce shall conduct a study to
27 evaluate value-added market opportunities related to renewable energy resources and
28 oil and gas.
- 29 2. The department of commerce shall cooperate with the energy policy commission in
30 conducting this study.

1 3. The department of commerce shall report its findings and recommendations to the
2 legislative management before September 1, 2014.

3 **SECTION 17. LIGNITE RESEARCH, DEVELOPMENT, AND MARKETING PROGRAM -**

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

20 **SECTION 18. OIL AND GAS RESEARCH PROGRAM - OIL AND GAS DEVELOPMENT**

21 **IMPACT STUDIES.** The industrial commission may use the sum of \$150,000, or so much of the
22 sum as may be necessary, from the oil and gas research fund for nonmatching followup studies
23 to provide updates and refinements to employment models used to track and forecast changes
24 in the oil and gas industry workforce and estimate housing and population in the Williston basin
25 and to make a comprehensive assessment of the demographic makeup of the current and
26 expected oil and gas industry workforce.

27 **SECTION 19. DEPARTMENT OF MINERAL RESOURCES FUNDING - TRIGGER.** Of the

28 funds appropriated in subdivision 1 of section 1 of this Act, \$430,518 in the salaries and wages
29 line and \$155,712 in the operating line are from the general fund. If funds are required due to
30 the total number of wells capable of production or injection in the state exceeding 15,000, the oil

1 and gas division may spend up to \$586,230 and hire three full-time equivalent positions, upon
2 notification to the office of management and budget.

3 **SECTION 20. AMENDMENT.** Subsection 1 of section 6-09.15-01 of the North Dakota
4 Century Code is amended and reenacted as follows:

- 5 1. "Beginning entrepreneur" means a resident of this state who:
- 6 a. Has graduated from high school or has received a general equivalency
7 certificate.
 - 8 b. Has had some training, by education or experience, in the type of
9 revenue-producing enterprise which that person wishes to begin.
 - 10 c. Has, including the net worth of that person's dependents and spouse, if any, a net
11 worth of less than ~~two hundred thousand dollars~~ an amount determined by the
12 Bank of North Dakota.

13 **SECTION 21.** A new subsection to section 6-09.15-01 of the North Dakota Century Code is
14 created and enacted as follows:

15 "Child care provider" means a child care home, group, or center licensed by the
16 department of human services.

17 **SECTION 22.** A new section to chapter 6-09.15 of the North Dakota Century Code is
18 created and enacted as follows:

19 **Loan guarantee for child care facility.**

20 A beginning entrepreneur who receives a loan for a child care facility must be a child care
21 provider.

22 **SECTION 23. AMENDMENT.** Subsection 2 of section 54-17-40 of the North Dakota Century
23 Code is amended and reenacted as follows:

- 24 2. After a public hearing, the housing finance agency shall create an annual allocation
25 plan for the distribution of the fund. At least twenty-five percent of the fund must be
26 used to assist developing communities ~~with a population of not more than ten-~~
27 ~~thousand individuals~~ to address an unmet housing need or alleviate a housing
28 shortage. ~~At least fifty percent~~ A portion of the fund as determined by the housing
29 finance agency in the annual allocation plan must be used to benefit ~~households with~~
30 ~~incomes at not more than fifty percent of the area median~~ individuals and families of

1 low or moderate income. The agency may collect a reasonable administrative fee from
2 the fund, project developers, applicants, or grant recipients.

3 **SECTION 24. AMENDMENT.** Subsection 1 of section 54-17.6-05 of the North Dakota
4 Century Code is amended and reenacted as follows:

- 5 1. The oil and gas research council is composed of ~~eight~~seven members, four of whom
6 must currently be engaged in and have at least five years of active experience in the
7 oil and natural gas exploration and production industry. The council consists of:
- 8 a. Four members appointed by the governor from a list provided by the North
9 Dakota petroleum council. The governor may reject the list and request the
10 council to submit a new list until the appointments are made.
 - 11 b. One member appointed by the governor from a list provided by the North Dakota
12 association of oil and gas producing counties. The governor may reject the list
13 and request the association to submit a new list until the appointment is made.
 - 14 c. The executive director of the North Dakota petroleum council or the executive
15 director's designee.
 - 16 d. ~~The president of the northern alliance of independent producers or the~~
17 ~~president's designee.~~
 - 18 e. A county commissioner from an oil producing county appointed by the governor.
 - 19 f.e. The director of the oil and gas division and the state geologist shall serve on the
20 council as advisory nonvoting members.

21 **SECTION 25. AMENDMENT.** Subsection 17 of section 54-44.3-20 of the North Dakota
22 Century Code is amended and reenacted as follows:

- 23 17. Engineers, engineering technicians, and geologists employed by the director of
24 mineral resources.

25 **SECTION 26.** A new section to chapter 54-45.5 of the North Dakota Century Code is
26 created and enacted as follows:

27 **Energy conservation grant fund - Continuing appropriation.**

28 The energy conservation grant fund is a special fund in the state treasury. All funds in the
29 energy conservation grant fund are appropriated to the department on a continuing basis for the
30 purpose of providing grants to political subdivisions for energy conservation projects in
31 nonfederal public buildings. The department shall develop guidelines to qualify for a grant under

1 this section which must include a requirement that projects have a combined payback period of
2 ten years or less, a matching requirement of one dollar of matching funds for every dollar of
3 grant funds, and a maximum grant amount of one hundred thousand dollars. Interest earned by
4 the fund must be credited to the fund.

5 **SECTION 27.** A new subsection to section 57-35.3-05 of the North Dakota Century Code is
6 created and enacted as follows:

7 There is allowed a credit against the tax imposed by sections 57-35.3-01 through
8 57-35.3-12 in an amount equal to the contribution to the housing incentive fund under
9 section 54-17-40. For the purpose of the credit allowed in this subsection,
10 subsections 2 through 8 of section 57-38-01.32 apply.

11 **SECTION 28. AMENDMENT.** Section 57-38-01.32 of the North Dakota Century Code is
12 amended and reenacted as follows:

13 **57-38-01.32. (Effective for the first two taxable years beginning after December 31,**
14 **~~2010~~2012) Housing incentive fund tax credit.**

- 15 1. A taxpayer is entitled to a credit as determined under this section against state income
16 tax liability under section 57-38-30 or 57-38-30.3 for contributing to the housing
17 incentive fund under section 54-17-40. The amount of the credit is equal to the amount
18 contributed to the fund during the taxable year.
- 19 2. North Dakota taxable income must be increased by the amount of the contribution
20 upon which the credit under this section is computed but only to the extent the
21 contribution reduced federal taxable income.
- 22 3. The contribution amount used to calculate the credit under this section may not be
23 used to calculate any other state income tax deduction or credit allowed by law.
- 24 4. If the amount of the credit exceeds the taxpayer's tax liability for the taxable year, the
25 excess may be carried forward to each of the ten succeeding taxable years.
- 26 5. The aggregate amount of tax credits allowed to all eligible contributors is limited to
27 ~~fifteen~~twenty million dollars per biennium. This limitation applies to all contributions for
28 which tax credits are claimed under section 57-35.3-05 and this section.
- 29 6. Within thirty days after the date on which a taxpayer makes a contribution to the
30 housing incentive fund, the housing finance agency shall file with each contributing

- 1 taxpayer, and a copy with the tax commissioner, completed forms that show as to
2 each contribution to the fund by that taxpayer the following:
- 3 a. The name, address, and social security number or federal employer identification
4 number of the taxpayer that made the contribution.
 - 5 b. The dollar amount paid for the contribution by the taxpayer.
 - 6 c. The date the payment was received by the fund.
- 7 7. To receive the tax credit provided under this section, a taxpayer shall claim the credit
8 on the taxpayer's state income or financial institutions tax return in the manner
9 prescribed by the tax commissioner and file with the return a copy of the form issued
10 by the housing finance agency under subsection 6.
- 11 8. Notwithstanding the time limitations contained in section 57-38-38, this section does
12 not prohibit the tax commissioner from conducting an examination of the credit
13 claimed and assessing additional tax due under section 57-38-38.
- 14 9. A partnership, subchapter S corporation, limited partnership, limited liability company,
15 or any other passthrough entity making a contribution to the housing incentive fund
16 under this section is considered to be the taxpayer for purposes of this section, and
17 the amount of the credit allowed must be determined at the passthrough entity level.
18 The amount of the total credit determined at the entity level must be passed through to
19 the partners, shareholders, or members in proportion to their respective interests in
20 the passthrough entity.

21 **SECTION 29. AMENDMENT.** Section 57-51.1-07 of the North Dakota Century Code is
22 amended and reenacted as follows:

23 **57-51.1-07. Allocation of moneys in oil extraction tax development fund.**

24 Moneys deposited in the oil extraction tax development fund must be transferred monthly by
25 the state treasurer as follows:

- 26 1. Twenty percent must be allocated and credited to the sinking fund established for
27 payment of the state of North Dakota water development bonds, southwest pipeline
28 series, and any moneys in excess of the sum necessary to maintain the accounts
29 within the sinking fund and for the payment of principal and interest on the bonds must
30 be credited to a special trust fund, to be known as the resources trust fund. The
31 resources trust fund must be established in the state treasury and the funds therein

1 must be deposited and invested as are other state funds to earn the maximum amount
2 permitted by law which income must be deposited in the resources trust fund. Five
3 percent of the amount credited to the resources trust fund must be transferred no less
4 than quarterly into the renewable energy development fund, not to exceed three
5 million dollars per biennium. One-half of one percent of the amount credited to the
6 resources trust fund must be transferred no less than quarterly into the energy
7 conservation grant fund not to exceed one million two hundred thousand dollars per
8 biennium. The principal and income of the resources trust fund may be expended only
9 pursuant to legislative appropriation and are available to:

- 10 a. The state water commission for planning for and construction of water-related
11 projects, including rural water systems. These water-related projects must be
12 those which the state water commission has the authority to undertake and
13 construct pursuant to chapter 61-02; and
- 14 b. The industrial commission for the funding of programs for development of energy-
15 ~~conservation~~ and renewable energy sources; for studies for development of
16 cogeneration systems that increase the capacity of a system to produce more
17 than one kind of energy from the same fuel; for studies for development of waste
18 products utilization; and for the making of grants and loans in connection
19 therewith.
- 20 c. The department of commerce for the funding of programs for development of
21 energy conservation and for the making of grants and loans relating to energy
22 conservation.

- 23 2. Twenty percent must be allocated to the common schools trust fund and foundation
24 aid stabilization fund as provided in section 24 of article X of the Constitution of North
25 Dakota.
- 26 3. Thirty percent must be allocated to the legacy fund as provided in section 26 of
27 article X of the Constitution of North Dakota.
- 28 4. Thirty percent must be allocated and credited to the state's general fund.

29 **SECTION 30. AMENDMENT.** Section 57-51.1-07.3 of the North Dakota Century Code is
30 amended and reenacted as follows:

1 **57-51.1-07.3. Oil and gas research fund - Deposits - Continuing appropriation.**

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

10 **SECTION 31. EMERGENCY COMMISSION - MILL AND ELEVATOR ASSOCIATION.** The
11 salaries and wages line item in subdivision 4 of section 1 of this Act includes \$232,681 for
12 overtime pay. Notwithstanding chapter 54-16, the mill and elevator association may request
13 additional appropriation authority from the emergency commission if the funds provided for
14 overtime pay are not sufficient for the beginning July 1, 2013, and ending June 30, 2015
15 biennium.

16 **SECTION 32. MILL AND ELEVATOR PROFITS - TRANSFER TO THE GENERAL FUND.**
17 Notwithstanding any other provision of law, the industrial commission shall transfer to the state
18 general fund 50 percent of the annual earnings and undivided profits of the North Dakota mill
19 and elevator association after any transfers to other state agricultural-related programs or the
20 sum of \$6,817,200, whichever is less, during the biennium beginning July 1, 2013, and ending
21 June 30, 2015. The moneys must be transferred on an annual basis in the amounts and at the
22 times requested by the director of the office of management and budget.

23 **SECTION 33. LEGISLATIVE INTENT - OIL AND GAS RESEARCH FUND.** It is the intent
24 of the legislative assembly that the industrial commission give special emphasis to value-added
25 processing of oil and gas projects in the awarding of funds from the oil and gas research fund
26 during the biennium beginning July 1, 2013, and ending June 30, 2015.

27 **SECTION 34. LEGISLATIVE INTENT - ADMINISTRATIVE RULES - RESERVE PITS.** It is
28 the intent of the sixty-third legislative assembly that the industrial commission's department of
29 mineral resources oil and gas division include in its next administrative rules review and revision
30 process, the effect of provisions included in North Dakota Administrative Code section
31 43-02-03-19.5 relating to reserve pits for drilling mud and drill cuttings from shallow wells drilled

1 and completed outside of the Bakken and Three Forks formations for the biennium beginning
2 July 1, 2013, and ending June 30, 2015.

3 **SECTION 35. EFFECTIVE DATE - EXPIRATION DATE.** Sections 27 and 28 of this Act are
4 effective for the first two taxable years beginning after December 31, 2012, and are thereafter
5 ineffective.

6 **SECTION 36. EMERGENCY.** The amount of \$61,751 and five full-time equivalent positions
7 included in subdivision 1 of section 1 and sections 7 through 10 of this Act are declared to be an
8 emergency measure.