

Sixty-third
Legislative Assembly
of North Dakota

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 contingent appropriation; to authorize
4 transfers; to amend and reenact sections 54-18-19 and 57-51.1-07 of the North Dakota Century
5 Code, relating to the resources trust fund and the transfer of North Dakota mill and elevator
6 profits to the general fund; and to declare an emergency.

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

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

14 Subdivision 1.

	INDUSTRIAL COMMISSION		
		Adjustments or	
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
18 Salaries and wages	\$12,059,220	\$5,651,410	\$17,710,630
19 Operating expenses	3,378,744	2,951,832	6,330,576
20 Capital assets	0	5,800	5,800
21 Grants - lignite research 22 and development	19,971,300	(471,300)	19,500,000
23 Grants - bond payments	25,389,733	(5,579,764)	19,809,969
24 Mineral resources contingency	<u>743,972</u>	<u>(743,972)</u>	<u>0</u>

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1	Total all funds	\$61,542,969	\$1,814,006	\$63,356,975
2	Less estimated income	<u>46,766,756</u>	<u>(5,828,899)</u>	<u>40,937,857</u>
3	Total general fund	\$14,776,213	\$7,642,905	\$22,419,118
4	Full-time equivalent positions	76.06	22.69	98.75

5 Subdivision 2.

6 BANK OF NORTH DAKOTA - OPERATIONS

7			Adjustments or	
8		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
9	Bank of North Dakota operations	\$45,587,155	\$6,120,773	\$51,707,928
10	Capital assets	<u>1,266,000</u>	<u>(521,000)</u>	<u>745,000</u>
11	Total special funds	\$46,853,155	\$5,599,773	\$52,452,928
12	Full-time equivalent positions	176.50	3.00	179.50

13 Subdivision 3.

14 BANK OF NORTH DAKOTA - ECONOMIC DEVELOPMENT

15			Adjustments or	
16		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
17	Partnership in assisting community	\$6,000,000	(\$6,000,000)	\$0
18	expansion fund			
19	Agriculture partnership in assisting	1,000,000	(1,000,000)	0
20	community expansion fund			
21	Beginning farmer revolving loan fund	1,400,000	(1,400,000)	0
22	Biofuels partnership in assisting	<u>1,000,000</u>	<u>(1,000,000)</u>	<u>0</u>
23	community expansion fund			
24	Total general fund	\$9,400,000	(\$9,400,000)	\$0

25 Subdivision 4.

26 MILL AND ELEVATOR ASSOCIATION

27			Adjustments or	
28		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
29	Salaries and wages	\$26,018,008	\$3,831,116	\$29,849,124
30	Operating expenses	20,443,869	1,352,131	21,796,000
31	Contingencies	400,000	0	400,000

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1	Agriculture promotion	<u>210,000</u>	<u>0</u>	<u>210,000</u>
2	Total from mill and elevator fund	\$47,071,877	\$5,183,247	\$52,255,124
3	Full-time equivalent positions	131.00	4.00	135.00
4	Subdivision 5.			

HOUSING FINANCE AGENCY

6			Adjustments or	
7		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
8	Salaries and wages	\$6,516,277	\$920,954	\$7,437,231
9	Operating expenses	5,114,849	(1,323,091)	3,791,758
10	Grants	26,858,920	2,674,130	29,533,050
11	Housing finance agency contingencies	<u>100,000</u>	<u>0</u>	<u>100,000</u>
12	Total special funds	\$38,590,046	\$2,271,993	\$40,862,039
13	Full-time equivalent positions	46.00	0.00	46.00
14	Subdivision 6.			

BILL TOTAL

16			Adjustments or	
17		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
18	Grand total general fund	\$24,176,213	(\$1,757,095)	\$22,419,118
19	Grand total special funds	<u>179,281,834</u>	<u>7,226,114</u>	<u>186,507,948</u>
20	Grand total all funds	\$203,458,047	\$5,469,019	\$208,927,066

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

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

26	<u>One-Time Funding Description</u>	<u>2011-13</u>	<u>2013-15</u>
27	Renewable energy development program	\$1,500,000	\$0
28	Temporary employees - core library	90,000	0
29	Carbon dioxide storage facility administrative fund	532,000	0
30	Coalbed methane/shallow gas studies	25,000	0
31	Fracturing sand and proppant studies	50,000	0

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1	Oil-bearing rock study	40,000	80,000
2	Paleontologic preparatory work	62,400	0
3	Western area water supply loan	35,000,000	0
4	Possible environmental protection agency litigation	1,000,000	0
5	Possible federal agency litigation	0	1,000,000
6	Department of mineral resources housing allowance	0	400,000
7	Core library - architect services	0	25,000
8	Temperature profiles study	0	50,000
9	Wide-bed plotter	<u>0</u>	<u>5,800</u>
10	Total all funds	\$38,299,400	\$1,560,800
11	Total special funds	<u>10,000,000</u>	<u>0</u>
12	Total general fund	\$28,299,400	\$1,560,800

13 The 2013-15 one-time funding amounts are not a part of the entity's base budget for the
 14 2015-17 biennium. The industrial commission shall report to the appropriations committees of
 15 the sixty-fourth legislative assembly on the use of this one-time funding for the biennium
 16 beginning July 1, 2013, and ending June 30, 2015.

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

21	North Dakota university system		\$10,436,045
22	North Dakota university system - energy conservation projects		491,397
23	Department of corrections and rehabilitation		1,289,450
24	State department of health		642,688
25	Job service North Dakota		540,376
26	Adjutant general		28,586
27	Information technology department - ConnectND		2,504,100
28	Office of management and budget		665,272
29	Office of attorney general		765,851
30	State historical society		1,392,337
31	Parks and recreation department		73,627

1	Research and extension service	571,400
2	Veterans' home	<u>408,840</u>
3	Total	\$19,809,969

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

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

13 **SECTION 6. TRANSFER.** The sum of \$647,547, or so much of the sum as may be
14 necessary, included in the special funds appropriation line item in subdivision 1 of section 1 of
15 this Act, may be transferred from the entities within the control of the state industrial commission
16 to the industrial commission fund for administrative services rendered by the commission.
17 Transfers shall be made during the biennium beginning July 1, 2013, and ending June 30, 2015,
18 upon order of the commission. Transfers from the student loan trust must be made to the extent
19 permitted by sections 54-17-24 and 54-17-25.

20 **SECTION 7. TRANSFER - BANK OF NORTH DAKOTA - PARTNERSHIP IN ASSISTING**
21 **COMMUNITY EXPANSION.** The Bank of North Dakota shall transfer the sum of \$28,000,000,
22 or so much of the sum as may be necessary, from the Bank's current earnings and undivided
23 profits to the partnership in assisting community expansion fund during the biennium beginning
24 July 1, 2013, and ending June 30, 2015.

25 **SECTION 8. TRANSFER - BANK OF NORTH DAKOTA - AGRICULTURE PARTNERSHIP**
26 **IN ASSISTING COMMUNITY EXPANSION.** The Bank of North Dakota shall transfer the sum of
27 \$2,000,000, or so much of the sum as may be necessary, from the Bank's current earnings and
28 undivided profits to the agriculture partnership in assisting community expansion fund during the
29 biennium beginning July 1, 2013, and ending June 30, 2015.

30 **SECTION 9. TRANSFER - BANK OF NORTH DAKOTA - BIOFUELS PARTNERSHIP IN**
31 **ASSISTING COMMUNITY EXPANSION.** The Bank of North Dakota shall transfer the sum of

1 \$2,000,000, or so much of the sum as may be necessary, from the Bank's current earnings and
2 undivided profits to the biofuels partnership in assisting community expansion fund during the
3 biennium beginning July 1, 2013, and ending June 30, 2015.

4 **SECTION 10. TRANSFER - BANK OF NORTH DAKOTA - BEGINNING FARMER**

5 **REVOLVING LOAN FUND.** The Bank of North Dakota shall transfer the sum of \$6,000,000, or
6 so much of the sum as may be necessary, from the Bank's current earnings and undivided
7 profits to the beginning farmer revolving loan fund during the biennium beginning July 1, 2013,
8 and ending June 30, 2015.

9 **SECTION 11. APPROPRIATION - TRANSFER - GENERAL FUND TO HOUSING**

10 **INCENTIVE FUND - 2011-13 BIENNIUM.** There is appropriated out of any moneys in the
11 general fund in the state treasury, not otherwise appropriated, the sum of \$30,000,000, or so
12 much of the sum as may be necessary, which the office of management and budget shall
13 transfer to the housing incentive fund for the period beginning with the effective date of this Act
14 and ending June 30, 2013. The funding provided in this section is considered a one-time
15 funding item. The office of management and budget shall transfer the funds provided under this
16 section prior to June 30, 2013.

17 **SECTION 12. LIGNITE RESEARCH, DEVELOPMENT, AND MARKETING PROGRAM -**

18 **APPROPRIATION - LIGNITE MARKETING FEASIBILITY STUDY.** The amount of \$4,500,000,
19 or so much of the amount as may be necessary, included in the grants and special funds
20 appropriation line item in subdivision 1 of section 1 of this Act, is appropriated from the lignite
21 research fund for the purpose of contracting for an independent, nonmatching lignite marketing
22 feasibility study or studies that determine those focused priority areas where near-term,
23 market-driven projects, activities, or processes will generate matching private industry
24 investment and have the most potential of preserving existing lignite production and industry
25 jobs or that will lead to increased development of lignite and its products and create new lignite
26 industry jobs and economic growth for the general welfare of this state. Moneys appropriated
27 pursuant to this section may also be used for the purpose of contracting for nonmatching
28 studies and activities in support of the lignite vision 21 program; for litigation that may be
29 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 13. DEPARTMENT OF MINERAL RESOURCES FUNDING - TRIGGER.** Of the
5 funds appropriated in subdivision 1 of section 1 of this Act, \$430,518 in the salaries and wages
6 line and \$155,712 in the operating line are from the general fund. If funds are required due to
7 the total number of wells capable of production or injection in the state exceeding 15,000, the oil
8 and gas division may spend up to \$586,230 and hire three full-time equivalent positions, upon
9 notification to the office of management and budget.

10 **SECTION 14. AMENDMENT.** Section 54-18-19 of the North Dakota Century Code is
11 amended and reenacted as follows:

12 **54-18-19. Transfer of North Dakota mill and elevator profits to general fund.**

13 The industrial commission shall transfer to the state general fund up to fifty percent of the
14 annual earnings and undivided profits of the North Dakota mill and elevator association after
15 any transfers to other state agricultural-related programs. The moneys must be transferred on
16 an annual basis in the amounts and at the times requested by the director of the office of
17 management and budget.

18 **SECTION 15. AMENDMENT.** Section 57-51.1-07 of the North Dakota Century Code is
19 amended and reenacted as follows:

20 **57-51.1-07. Allocation of moneys in oil extraction tax development fund.**

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

- 23 1. Twenty percent must be allocated and credited to the sinking fund established for
24 payment of the state of North Dakota water development bonds, southwest pipeline
25 series, and any moneys in excess of the sum necessary to maintain the accounts
26 within the sinking fund and for the payment of principal and interest on the bonds must
27 be credited to a special trust fund, to be known as the resources trust fund. The
28 resources trust fund must be established in the state treasury and the funds therein
29 must be deposited and invested as are other state funds to earn the maximum amount
30 permitted by law which income must be deposited in the resources trust fund. One-half
31 of one percent of the amount credited to the resources trust fund must be transferred

1 quarterly into the renewable energy development fund. One-half of one percent of the
2 amount credited to the resources trust fund must be transferred quarterly into the
3 energy conservation grant fund. The principal and income of the resources trust fund
4 may be expended only pursuant to legislative appropriation and are available to:

- 5 a. The state water commission for planning for and construction of water-related
6 projects, including rural water systems. These water-related projects must be
7 those which the state water commission has the authority to undertake and
8 construct pursuant to chapter 61-02; and
9 b. The industrial commission for the funding of programs for development of energy
10 conservation and renewable energy sources; for studies for development of
11 cogeneration systems that increase the capacity of a system to produce more
12 than one kind of energy from the same fuel; for studies for development of waste
13 products utilization; and for the making of grants and loans in connection
14 therewith.

- 15 2. Twenty percent must be allocated to the common schools trust fund and foundation
16 aid stabilization fund as provided in section 24 of article X of the Constitution of North
17 Dakota.
18 3. Thirty percent must be allocated to the legacy fund as provided in section 26 of
19 article X of the Constitution of North Dakota.
20 4. Thirty percent must be allocated and credited to the state's general fund.

21 **SECTION 16. EMERGENCY.** Sections 7 through 11 of this Act are declared to be an
22 emergency measure.