

Sixty-fourth
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1014

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 a
3 continuing appropriation; to authorize transfers; to provide legislative intent; to amend and
4 reenact sections 54-17-40, 54-17-41, 54-17.5-02, and 57-38-01.32 of the North Dakota Century
5 Code and section 22 of chapter 579 of the 2011 Session Laws, relating to the housing incentive
6 fund credits, the lignite research council, and the use of the flex PACE program; and to provide
7 an expiration date.

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 funds
10 as may be necessary, are appropriated out of any moneys in the general fund in the state
11 treasury, not otherwise appropriated, and from special funds derived from federal funds and
12 other income, to the state industrial commission and agencies under its control for the purpose
13 of defraying the expenses of the state industrial commission and agencies under its control, for
14 the biennium beginning July 1, 2015, and ending June 30, 2017, as follows:

15 Subdivision 1.

16 INDUSTRIAL COMMISSION

		Adjustments or	
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
18 Salaries and wages	\$17,873,876	\$4,345,078	\$22,218,954
19 Accrued leave payments	347,696	(347,696)	0
20 Operating expenses	4,775,576	1,552,846	6,328,422
21 Grants	19,500,000	(14,500,000)	5,000,000
22 Grants - bond payments	<u>19,809,969</u>	<u>(4,769,140)</u>	<u>15,040,829</u>
23 Total all funds	\$62,307,117	(\$13,718,912)	\$48,588,205

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1	Less estimated income	<u>40,973,792</u>	<u>(23,974,385)</u>	<u>16,999,407</u>
2	Total general fund	\$21,333,325	\$10,255,473	\$31,588,798
3	Full-time equivalent positions	98.75	16.00	114.75
4	Subdivision 2.			

BANK OF NORTH DAKOTA - OPERATIONS

6			Adjustments or	
7		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
8	Bank of North Dakota operations	\$51,523,916	\$7,156,915	\$58,680,831
9	Accrued leave payments	881,231	(881,231)	0
10	Capital assets	<u>745,000</u>	<u>0</u>	<u>745,000</u>
11	Total special funds	\$53,150,147	\$6,275,684	\$59,425,831
12	Full-time equivalent positions	179.50	2.00	181.50
13	Subdivision 3.			

MILL AND ELEVATOR ASSOCIATION

15			Adjustments or	
16		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
17	Salaries and wages	\$29,141,750	\$6,837,821	\$35,979,571
18	Accrued leave payments	575,807	(575,807)	0
19	Operating expenses	21,796,000	5,531,000	27,327,000
20	Contingencies	400,000	100,000	500,000
21	Agriculture promotion	<u>210,000</u>	<u>0</u>	<u>210,000</u>
22	Total from mill and elevator fund	\$52,123,557	\$11,893,014	\$64,016,571
23	Full-time equivalent positions	135.00	12.00	147.00
24	Subdivision 4.			

HOUSING FINANCE AGENCY

26			Adjustments or	
27		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
28	Salaries and wages	\$7,434,877	\$343,660	\$7,778,537
29	Accrued leave payments	147,806	(147,806)	0
30	Operating expenses	3,791,758	(47,483)	3,744,275
31	Grants	29,533,050	(3,602,270)	25,930,780

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1	Housing finance agency contingencies	<u>100,000</u>	<u>0</u>	<u>100,000</u>
2	Total special funds	\$41,007,491	(\$3,453,899)	\$37,553,592
3	Full-time equivalent positions	46.00	0.00	46.00
4	Subdivision 5.			
5	BILL TOTAL			
6			Adjustments or	
7		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
8	Grand total general fund	\$21,333,325	\$10,255,473	\$31,588,798
9	Grand total special funds	<u>187,254,987</u>	<u>(9,259,586)</u>	<u>177,995,401</u>
10	Grand total all funds	\$208,588,312	\$995,887	\$209,584,199

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

SIXTY-FIFTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-third legislative assembly for the 2013-15 biennium and the 2015-17 one-time funding items included in the grand total appropriation in section 1 of this Act:

15	<u>One-Time Funding Description</u>	<u>2013-15</u>	<u>2015-17</u>
16	Oil-bearing rock study	\$80,000	\$0
17	Possible litigation	1,000,000	0
18	Core library - architect services	25,000	0
19	Temperature profiles study	50,000	0
20	Wide-bed plotter	5,800	0
21	Lignite research council grants	0	5,000,000
22	All-terrain vehicles	0	41,500
23	Aerial photography	0	104,143
24	Contract analysis	0	125,000
25	Digital conversion	0	100,000
26	Migration to RBDMS.net	0	250,000
27	Medical loan program	50,000,000	0
28	Housing incentive fund	15,400,000	0
29	Flood housing grants	<u>1,500,000</u>	<u>0</u>
30	Total all funds	\$68,060,800	\$5,620,643

1	Total special fund	<u>51,500,000</u>	<u>0</u>
2	Total general fund	\$16,560,800	\$5,620,643

3 The 2015-17 one-time funding amounts are not a part of the entity's base budget for the
4 2017-19 biennium. The industrial commission shall report to the appropriations committees of
5 the sixty-fifth legislative assembly on the use of this one-time funding for the biennium
6 beginning July 1, 2015, and ending June 30, 2017.

7 **SECTION 3. LEGISLATIVE INTENT - BOND PAYMENTS.** The amount of \$15,040,829
8 included in subdivision 1 of section 1 of this Act in the grants - bond payments line item must be
9 paid from the following funding sources during the biennium beginning July 1, 2015, and ending
10 June 30, 2017:

11	North Dakota university system		\$8,368,836
12	North Dakota university system - energy conservation projects		491,161
13	Department of corrections and rehabilitation		1,279,524
14	Department of corrections and rehabilitation - energy conservation projects		16,206
15	State department of health		637,940
16	Job service North Dakota		427,131
17	Office of management and budget		664,952
18	Office of attorney general		765,483
19	State historical society		1,391,668
20	Parks and recreation department		73,592
21	Research and extension service		571,126
22	Veterans' home		<u>353,210</u>
23	Total		\$15,040,829

24 **SECTION 4. APPROPRIATION.** In addition to the amount appropriated to the housing
25 finance agency in subdivision 4 of section 1 of this Act, there is appropriated any additional
26 income or unanticipated income from federal or other funds which may become available to the
27 agency for the biennium beginning July 1, 2015, and ending June 30, 2017.

28 **SECTION 5. APPROPRIATION - EMERGENCY COMMISSION APPROVAL.** In addition to
29 the amount appropriated to the state industrial commission in subdivision 1 of section 1 of this
30 Act, there is appropriated, with the approval of the emergency commission, funds that may

1 become available to the commission from bonds authorized by law to be issued by the state
2 industrial commission for the biennium beginning July 1, 2015, and ending June 30, 2017.

3 **SECTION 6. TRANSFER.** The sum of \$930,000, or so much of the sum as may be
4 necessary, included in the special funds appropriation line item in subdivision 1 of section 1 of
5 this Act, may be transferred from the entities within the control of the state industrial commission
6 or entities directed to make payments to the industrial commission fund for administrative
7 services rendered by the commission. Transfers shall be made during the biennium beginning
8 July 1, 2015, and ending June 30, 2017, upon order of the commission. Transfers from the
9 student loan trust must be made to the extent permitted by sections 54-17-24 and 54-17-25.

10 **SECTION 7. TRANSFER - BANK OF NORTH DAKOTA - PARTNERSHIP IN ASSISTING**
11 **COMMUNITY EXPANSION.** The Bank of North Dakota shall transfer the sum of \$28,000,000,
12 or so much of the sum as may be necessary, from the Bank's current earnings and undivided
13 profits to the partnership in assisting community expansion fund during the biennium beginning
14 July 1, 2015, and ending June 30, 2017.

15 **SECTION 8. TRANSFER - BANK OF NORTH DAKOTA - AGRICULTURE PARTNERSHIP**
16 **IN ASSISTING COMMUNITY EXPANSION.** The Bank of North Dakota shall transfer the sum of
17 \$3,000,000, or so much of the sum as may be necessary, from the Bank's current earnings and
18 undivided profits to the agriculture partnership in assisting community expansion fund during the
19 biennium beginning July 1, 2015, and ending June 30, 2017.

20 **SECTION 9. TRANSFER - BANK OF NORTH DAKOTA - BIOFUELS PARTNERSHIP IN**
21 **ASSISTING COMMUNITY EXPANSION.** The Bank of North Dakota shall transfer the sum of
22 \$2,000,000, or so much of the sum as may be necessary, from the Bank's current earnings and
23 undivided profits to the biofuels partnership in assisting community expansion fund during the
24 biennium beginning July 1, 2015, and ending June 30, 2017.

25 **SECTION 10. TRANSFER - BANK OF NORTH DAKOTA - BEGINNING FARMER**
26 **REVOLVING LOAN FUND.** The Bank of North Dakota shall transfer the sum of \$7,000,000, or
27 so much of the sum as may be necessary, from the Bank's current earnings and undivided
28 profits to the beginning farmer revolving loan fund during the biennium beginning July 1, 2015,
29 and ending June 30, 2017.

30 **SECTION 11. MILL AND ELEVATOR PROFITS - TRANSFER TO THE GENERAL FUND.**
31 Notwithstanding any other provision of law, the industrial commission shall transfer to the state

1 general fund seventy-five percent of the annual earnings and undivided profits of the North
2 Dakota mill and elevator association after any transfers to other state agricultural-related
3 programs during the biennium beginning July 1, 2015, and ending June 30, 2017. The moneys
4 must be transferred on an annual basis in the amounts and at the times requested by the
5 director of the office of management and budget.

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

22 **SECTION 13. AMENDMENT.** Section 54-17-40 of the North Dakota Century Code is
23 amended and reenacted as follows:

24 **54-17-40. (Effective through June 30, ~~2015~~2017) Housing incentive fund - Continuing**
25 **appropriation - Report to budget section.**

- 26 1. The housing incentive fund is created as a special revolving fund at the Bank of North
27 Dakota. The housing finance agency may direct disbursements from the fund and a
28 continuing appropriation from the fund is provided for that purpose.
- 29 2. After a public hearing, the housing finance agency shall create an annual allocation
30 plan for the distribution of the fund. At least twenty-five percent of the fund must be
31 used to assist developing communities to address an unmet housing need or alleviate

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

3 The annual allocation plan must give first priority through its scoring and ranking
4 process to housing for essential service workers. For purposes of this subsection,
5 "essential service workers" means individuals employed by a city, county, school
6 district, medical or long-term care facility, the state of North Dakota, or others as
7 determined by the housing finance agency who fulfill an essential public service.

8 The second priority in the annual allocation plan must be to provide housing for
9 individuals and families of low or moderate income. For purposes of this second
10 priority, eligible income limits are determined as a percentage of median family income
11 as published in the most recent federal register notice. Under this second priority, the
12 annual allocation plan must give preference to projects that benefit households with
13 the lowest income and to projects that have rent restrictions at or below department of
14 housing and urban development published federal fair market rents or department of
15 housing and urban development section 8 payment standards.

16 The housing finance agency shall maintain a register reflecting the number of
17 housing units owned or master leased by cities, counties, school districts, or other
18 employers of essential service workers. This register must also reflect those entities
19 that are providing rent subsidies for their essential workers. The housing finance
20 agency shall report quarterly to the budget section of the legislative management on
21 the progress being made to reduce the overall number of units owned, master leased,
22 or subsidized by these entities. This report must include a listing of projects approved
23 and number of units within those projects that provide housing for essential service
24 workers.

25 3. The housing finance agency shall adopt guidelines for the fund so as to address
26 unmet housing needs in this state. Assistance from the fund may be used solely for:
27 a. New construction, rehabilitation, or acquisition of a multifamily housing project;
28 b. Gap assistance, matching funds, and accessibility improvements;
29 c. Assistance that does not exceed the amount necessary to qualify for a loan using
30 underwriting standards acceptable for secondary market financing or to make the
31 project feasible; and

1 d. Rental assistance, emergency assistance, or targeted supportive services
2 designated to prevent homelessness.

3 4. Eligible recipients include units of local, state, and tribal government; local and tribal
4 housing authorities; community action agencies; regional planning councils; and
5 nonprofit organizations and for-profit developers of multifamily housing. Individuals
6 may not receive direct assistance from the fund.

7 5. Except for subdivision d of subsection 3, assistance is subject to repayment or
8 recapture under the guidelines adopted by the housing finance agency. Any
9 assistance that is repaid or recaptured must be deposited in the fund and is
10 appropriated on a continuing basis for the purposes of this section.

11 **SECTION 14. AMENDMENT.** Section 54-17-41 of the North Dakota Century Code is
12 amended and reenacted as follows:

13 **54-17-41. (Effective through June 30, ~~2015~~2017) Report.**

14 Upon request, the housing finance agency shall report to the industrial commission on the
15 activities of the housing incentive fund.

16 **SECTION 15. AMENDMENT.** Section 54-17.5-02 of the North Dakota Century Code is
17 amended and reenacted as follows:

18 **54-17.5-02. Lignite research council - Compensation - Appointment of members.**

19 The industrial commission shall consult with the lignite research council established by
20 executive order in matters of policy affecting the administration of the lignite research fund.

21 Section 44-03-04 does not apply to members of the council appointed by the governor.

22 **SECTION 16. AMENDMENT.** Section 57-38-01.32 of the North Dakota Century Code is
23 amended and reenacted as follows:

24 **57-38-01.32. (Effective for the first two taxable years beginning after December 31,
25 ~~2012~~2014) Housing incentive fund tax credit.**

26 1. A taxpayer is entitled to a credit as determined under this section against state income
27 tax liability under section 57-38-30 or 57-38-30.3 for contributing to the housing
28 incentive fund under section 54-17-40. The amount of the credit is equal to the amount
29 contributed to the fund during the taxable year.

- 1 2. North Dakota taxable income must be increased by the amount of the contribution
2 upon which the credit under this section is computed but only to the extent the
3 contribution reduced federal taxable income.
- 4 3. The contribution amount used to calculate the credit under this section may not be
5 used to calculate any other state income tax deduction or credit allowed by law.
- 6 4. If the amount of the credit exceeds the taxpayer's tax liability for the taxable year, the
7 excess may be carried forward to each of the ten succeeding taxable years.
- 8 5. The aggregate amount of tax credits allowed to all eligible contributors is limited to
9 ~~twenty~~thirty million dollars.
- 10 6. Within thirty days after the date on which a taxpayer makes a contribution to the
11 housing incentive fund, the housing finance agency shall file with each contributing
12 taxpayer, and a copy with the tax commissioner, completed forms that show as to
13 each contribution to the fund by that taxpayer the following:
 - 14 a. The name, address, and social security number or federal employer identification
15 number of the taxpayer that made the contribution.
 - 16 b. The dollar amount paid for the contribution by the taxpayer.
 - 17 c. The date the payment was received by the fund.
- 18 7. To receive the tax credit provided under this section, a taxpayer shall claim the credit
19 on the taxpayer's state income tax return in the manner prescribed by the tax
20 commissioner and file with the return a copy of the form issued by the housing finance
21 agency under subsection 6.
- 22 8. Notwithstanding the time limitations contained in section 57-38-38, this section does
23 not prohibit the tax commissioner from conducting an examination of the credit
24 claimed and assessing additional tax due under section 57-38-38.
- 25 9. A passthrough entity making a contribution to the housing incentive fund under this
26 section is considered to be the taxpayer for purposes of this section, and the amount
27 of the credit allowed must be determined at the passthrough entity level. The amount
28 of the total credit determined at the entity level must be passed through to the
29 partners, shareholders, or members in proportion to their respective interests in the
30 passthrough entity.

1 **SECTION 17. AMENDMENT.** Section 22 of chapter 579 of the 2011 Session Laws is
2 amended and reenacted as follows:

3 **SECTION 22. FLEX PACE PROGRAM USE.** The Bank of North Dakota shall
4 utilize the flex partnership in assisting community expansion program to assist in
5 financing of affordable multifamily housing units for individuals in ~~areas of~~ North
6 Dakota ~~affected by oil and gas development~~, for the period beginning with the effective
7 date of this Act and ending June 30, ~~2013~~2019.

8 **SECTION 18. LEGISLATIVE INTENT - CONTINGENT FUNDING PRIORITY LIST.** It is the
9 intent of the sixty-fourth legislative assembly that a list of funding priorities be developed for
10 contingent funding if the actual general fund revenues exceed the legislative forecast during
11 the 2015-17 biennium. The priorities may include a core library project, additional full-time
12 equivalent positions for the industrial commission, transfers to the housing incentive fund, and
13 grants for the lignite research council.