



**BUDGET SECTION**

Thursday, June 25, 2020

Senator Terry M. Wanzek, Chairman, called the meeting to order at 9:00 a.m.

**Members present:** Senators Terry M. Wanzek, Brad Bekkedahl, Dick Dever, Robert Erbele, John Grabinger, Joan Heckaman, David Hogue, Ray Holmberg, Jerry Klein, Karen K. Krebsbach, Gary A. Lee, Tim Mathern, Dave Oehlke, Nicole Poolman, Larry J. Robinson, Ronald Sorvaag, Rich Wardner; Representatives Bert Anderson, Thomas Beadle, Larry Bellew, Tracy Boe, Josh Boschee, Mike Brandenburg, Jeff Delzer, Karla Rose Hanson, Richard G. Holman, Michael Howe, Keith Kempenich, Lawrence R. Klemin, Gary Kreidt, Scott Louser, Bob Martinson, Lisa Meier, Corey Mock, David Monson, Mike Nathe, Jon O. Nelson, Chet Pollert, Mark Sanford, Mike Schatz, Jim Schmidt, Randy A. Schobinger, Don Vigesaa

**Members absent:** None

**Others present:** Senator Donald Schaible, Mott, member of the Legislative Management  
See [Appendix A](#) for additional persons present.

**It was moved by Representative Mock, seconded by Senator Wardner, and carried on a voice vote that the minutes of the May 15, 2020, meeting be approved as distributed.**

**STATE BUDGET INFORMATION**

**General Fund Status**

Mr. Joe Morrissette, Director, Office of Management and Budget, presented a report ([Appendix B](#)) on the status of the general fund and the balances of selected special funds. He presented the following information on the status of the general fund for the 2019-21 biennium:

Unobligated general fund balance - July 1, 2019		\$65,000,000
Balance obligated for authorized carryover from the 2017-19 biennium		130,404,813
Total beginning general fund balance - July 1, 2019		\$195,404,813
Add		
General fund collections to date	\$2,381,561,754	
Remaining forecasted general fund collections	2,486,830,988	
Total estimated general fund collections		4,868,392,742
Total estimated revenues available		\$5,063,797,555
Less		
Legislative appropriations - One-time	(\$48,639,068)	
Legislative appropriations - Ongoing	(4,794,924,098)	
Authorized carryover from previous biennium	(130,404,813)	
2019-21 authority spent in 2017-19 pursuant to emergency clause	106,000	
Total appropriations		(4,973,861,979)
Estimated ending general fund balance - June 30, 2021 - Before transfers		\$89,935,576
Transfer to budget stabilization fund <sup>1</sup>		0
Estimated ending general fund balance - June 30, 2021		\$89,935,576

<sup>1</sup>Pursuant to North Dakota Century Code Chapter 54-27.2, any end-of-biennium balance in excess of \$65 million must be transferred to the budget stabilization fund, up to a maximum of 15 percent of general fund appropriations. The budget stabilization fund is estimated to be at the maximum balance at the end of the 2019-21 biennium.

In response to a question from Representative Kempenich, Mr. Morrisette said the Tax Department will have data available in July to analyze which industry sectors had the greatest decrease in sales tax collections during the second quarter of 2020. He said he will provide the committee with the information when it is available.

In response to a question from Representative Pollert, Mr. Morrisette said April 2020 sales tax collections received in May were 35 percent less than the legislative revenue forecast. He said collections in future months are anticipated to be closer to the revenue forecast.

In response to a question from Representative Nathe, Mr. Morrisette said he will provide the committee with information regarding the amount of sales tax collections received from online retailers that previously were not required to collect sales taxes.

In response to a question from Chairman Wanzek, Mr. Morrisette said corporate income tax collections have been difficult to forecast. He said some companies have not elected to be taxed using a single sales factor apportionment method which has affected collections.

In response to a question from Representative Bellew, Mr. Morrisette said gaming tax collections have been significantly higher than the revenue forecast during the biennium. However, he said, the Coronavirus (COVID-19) pandemic will affect collections due to the closure of bars and restaurants in April 2020.

**Balances of Selected Special Funds**

Mr. Morrisette presented the following schedule detailing estimated fund balances of selected special funds as of May 31, 2020:

Budget stabilization fund	\$707,941,205 <sup>1</sup>
Legacy fund	\$6,614,754,938
Foundation aid stabilization fund	\$370,598,789
Tax relief fund	\$290,474,146
<sup>1</sup> April 30, 2020, balance	

Mr. Morrisette said the balance of the strategic investment and improvements fund on May 31, 2020, was \$766,892,684. He said of this amount, \$680,310,434 is obligated which provides for an unobligated balance of \$86,582,250.

In response to a question from Representative Vigesaa, Mr. Morrisette said \$75 million of oil tax collections are allocated to be deposited in the budget stabilization fund during the biennium. However, he said, deposits in the fund were discontinued when the fund reached its maximum balance. He said it is unclear if additional collections would be deposited in the fund if there is a decrease in the market value of the fund.

Representative Delzer said traditionally, additional deposits of oil tax collections have not been made in the state disaster relief fund after the fund received its oil tax allocation deposits during a biennium even if the fund balance decreased below the maximum amount later in the biennium.

**STATE AGENCY APPLICATIONS FOR FEDERAL GRANTS**

Mr. Morrisette presented information ([Appendix C](#)) on state agencies that applied for federal grants estimated to be \$25,000 or more pursuant to Section 54-27-27. He said the following agencies have applied for a federal grant estimated to be \$25,000 or more:

Agency	Time Period of Grant	Amount
Office of Management and Budget (OMB)	June 2020 - September 2022	\$5,932,707
Attorney General	October 2020 - September 2023	\$270,000
Attorney General	October 2020 - September 2021	\$100,000
Attorney General	January 2020 - January 2022	\$2,082,871
Attorney General	October 2020 - September 2021	\$100,000
Attorney General	October 2020 - September 2023	\$200,000
Department of Human Services (DHS)	May 2020 - April 2021	\$300,000
DHS	May 2020 - September 2021	\$2,000,000
DHS	May 2020 - September 2021	\$800,000
DHS	Date awarded - June 2020	\$160,572
DHS	Date awarded up to 3 years	\$1,000,000
DHS	July 2020 - June 2021	\$200,000
Department of Career and Technical Education	July 2020 - June 2025	\$9,000,000
Housing Finance Agency	July 2019 - June 2020	\$45,055
Housing Finance Agency	October 2019 - September 2021	\$94,000
Department of Transportation (DOT)	3 years from when funding becomes available	\$30,114,650

Mr. Morrissette said OMB and DHS recently have received federal grants in response to COVID-19.

In response to a question from Representative Nathe, Mr. Morrissette said grants for which agencies are applying which are related to COVID-19 are in addition to any funds that may be received by an agency through the federal Coronavirus Relief Fund.

In response to a question from Representative Kempenich, Mr. Morrissette said the deadline for agencies to submit budget requests to OMB is July 15. However, he said, extensions may be granted to agencies for various reasons.

### IRREGULARITIES IN THE FISCAL PRACTICES OF THE STATE

Pursuant to Section 54-14-03.1, Mr. Morrissette presented information ([Appendix D](#)) on irregularities in the fiscal practices of the state. He presented the following fiscal irregularities for the period March 2020 through May 2020:

Agency	Fiscal Irregularity	Amount
Attorney General	Increase in responsibilities	\$1,477
Attorney General	Duties performed while on unpaid leave	\$819
Retirement and Investment Office	Retroactive pay	\$6,948
DHS	Workload adjustments for six employees	\$10,510
Department of Corrections and Rehabilitation (DOCR)	Workload adjustment	\$944

### TOBACCO SETTLEMENT PROCEEDS

Mr. Morrissette presented information ([Appendix E](#)) on the status of tobacco settlement proceeds received by the state. He said the April 2020 payments totaled \$21.3 million and were deposited in the tobacco settlement trust fund. A summary of the allocations from the tobacco settlement trust fund since April 2019 is listed below.

Period	Community Health Trust Fund	Water Development Trust Fund	Total
April 2019	\$11,537,589	\$9,439,845	\$20,977,434
July 2019	155,286		155,286
April 2020	21,280,388		21,280,388
Total	\$32,973,263	\$9,439,845	\$42,413,108

### AGENCY REQUESTS APPROVED BY THE EMERGENCY COMMISSION

Chairman Wanzek requested the Budget Section to consider agency requests ([Appendix F](#)) authorized by the Emergency Commission and forwarded to the Budget Section pursuant to Chapter 54-16.

Mr. Morrissette provided information regarding the following requests authorized by the Emergency Commission and which require consideration by the Budget Section:

- **Department of Corrections and Rehabilitation (Request #1966)** - The request is to increase federal funds spending authority by \$260,247 to accept and expend juvenile justice system enhancement grant funds to partner with the Council of State Governments Justice Center to conduct a data analysis relating to juvenile recidivism.
- **Department of Corrections and Rehabilitation (Request #1967)** - The request is to increase federal funds spending authority by \$268,948 to accept and expend justice reinvestment initiative grant funds to partner with Recidiviz to build technology tools to improve responsive supervision practices, enable DOCR to monitor the criminogenic needs of individuals under supervision, and create analyses that model the potential public safety impact of key initiatives.
- **Insurance Department (Request #1984)** - The request is to increase federal funds spending authority by \$21,488,350 to accept and expend federal funds to create the Reinsurance Association of North Dakota.
- **Department of Commerce (Request #1985)** - The request is to increase federal funds spending authority by \$2,113,524 in the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act Funding 2020 line item with funding available for the community development block grant program, which will be transferred to DHS for a household emergency rent bridge program to assist low-income individuals for rent eviction prevention.
- **Department of Commerce (Request #1986)** - The request is to increase federal funds spending authority by \$7 million and special funds spending authority by \$1 million for unmanned aircraft systems research grants.
- **Legislative Assembly (Request #1987)** - The request is to increase federal funds spending authority by \$750,000 in a COVID-19 line item to accept and expend a portion of the federal funds allocated to the

Information Technology Department (ITD) from the Coronavirus Relief Fund for one-time costs relating to the purchase of equipment and for other costs to enable the Legislative Assembly to meet remotely.

- **Veterans' Home (Request #1988)** - The request is to increase federal funds spending authority by \$190,331 in a new COVID-19 line item to accept and spend provider relief funding available to nursing facilities for salaries for additional cleaning services, overtime, and hazard pay and to purchase protective equipment and medical and cleaning supplies.
- **North Dakota University System office (Request #1989)** - The request is for a line item transfer of \$2.5 million from the agency's student financial assistance grants line item to its academic and technical education scholarships line item.
- **Council on the Arts (Request #1990)** - The request is to increase special funds spending authority by \$62,500 to accept and spend grant funds from the Bush Foundation.
- **State Department of Health (Request #1991)** - The request is to increase federal funds spending authority by \$17.7 million in the COVID-19 response line item to accept and expend grant funds from the federal Centers for Disease Control and Prevention to contain and mitigate the spread of COVID-19.
- **Department of Human Services (Request #1992)** - The request is to increase federal funds spending authority by \$2,360,572 to accept and expend funds for operating expenses with funding from the Department of Emergency Services for the crisis counseling assistance and training program (\$160,572); for operating expenses with funding from a federal Substance Abuse and Mental Health Services Administration COVID-19 emergency response for suicide prevention grant funding (\$800,000); for grants with funding transferred from the City of Fargo for its allocation from the federal CARES Act for the community development block grant program (\$400,000); and for grants with funding from a federal Department of Labor grant for the senior community services employment program (\$1,000,000).
- **Multiple agencies (Request #1993)** - The request is to increase federal funds spending authority by \$401,115,305 to allow the following agencies to accept and expend federal coronavirus relief funds for costs relating to the COVID-19 pandemic:
  - Governor's office - \$18,085;
  - Office of Management and Budget - \$119,700;
  - State Auditor - \$13,903;
  - Tax Department - \$81,601;
  - Legislative Assembly - \$1,250,000;
  - Legislative Council - \$100,000;
  - Judicial branch - \$26,383;
  - North Dakota University System office - \$1,508,387;
  - Bismarck State College - \$2,417,365;
  - Lake Region State College - \$483,426;
  - Williston State College - \$584,432;
  - University of North Dakota - \$13,578,957;
  - North Dakota State University - \$19,788,622;
  - North Dakota State College of Science - \$3,825,311;
  - Dickinson State University - \$862,335;
  - Mayville State University - \$248,543;
  - Minot State University - \$588,379;
  - Valley City State University - \$237,930;
  - Dakota College at Bottineau - \$372,316;
  - Department of Environmental Quality - \$70,000;
  - Department of Veterans' Affairs - \$2,860;
  - Department of Human Services - \$9,866,232;

Job Service North Dakota - \$200,000,000;  
 Industrial Commission - \$33,176,513;  
 Mill and Elevator Association - \$149,079;  
 Workforce Safety and Insurance - \$116,576;  
 Highway Patrol - \$404,094;  
 Department of Corrections and Rehabilitation - \$4,226,240;  
 Adjutant General - \$10,000,000;  
 Department of Commerce - \$69,679,000;  
 Department of Agriculture - \$2,700,000;  
 Branch Research Centers - \$726,007;  
 North Dakota State University Extension Service - \$855,400;  
 Northern Crops Institute - \$115,586;  
 Main Research Center - \$989,968;  
 Racing Commission - \$1,000;  
 State Historical Society - \$20,000;  
 Parks and Recreation Department - \$96,547;  
 Department of Transportation - \$17,881,982; and  
 State Treasurer (to be distributed to political subdivisions) - \$3,932,546.

- Department of Agriculture (Request #1994)** - The request is to increase federal funds spending authority in the grants line item by \$5 million from the Coronavirus Relief Fund for a competitive grant program provided to North Dakota research companies for COVID-19 antibody treatment research.

Chairman Wanzek called for discussion on Emergency Commission requests #1966, #1967, #1984, #1985, #1986, #1987, #1988, #1989, #1990, #1991, and #1992.

In response to a question from Representative Bellew, Mr. James Leiman, Director, Economic Development and Finance Division, Department of Commerce, said request #1986 includes \$1 million of additional funding from special funds for unmanned aircraft research grants. He said the majority of the special funds are anticipated to be received from Customs and Border Protection, NASA, and private entities.

**It was moved by Representative Mock, seconded by Senator Wardner, and carried on a roll call vote that the Budget Section approve requests #1966, #1967, #1984, #1985, #1986, #1987, #1988, #1989, #1990, #1991, and #1992, which were approved by the Emergency Commission.** Senators Wanzek, Bekkedahl, Dever, Erbele, Grabinger, Heckaman, Hogue, Holmberg, Klein, Krebsbach, Lee, Mathern, Oehlke, Poolman, Sorvaag, and Wardner and Representatives Anderson, Beadle, Bellew, Boe, Boschee, Brandenburg, Delzer, Hanson, Holman, Howe, Kempenich, Klemin, Kreidt, Louser, Martinson, Meier, Mock, Monson, Nathe, Nelson, Pollert, Sanford, Schatz, Schmidt, Schobinger, and Vigesaa voted "aye." No negative votes were cast.

Chairman Wanzek called for discussion on Emergency Commission request #1993.

Mr. Morrisette said request #1993 would authorize various state agencies to use \$401,115,305 of funding from the Coronavirus Relief Fund to respond to the effects of COVID-19.

In response to a question from Senator Heckaman, Mr. Lynn Helms, Director, Department of Mineral Resources, Industrial Commission, presented information ([Appendix G](#)) regarding the balance of the abandoned oil and gas well plugging and site reclamation fund. He said the fund's 2019-21 biennium beginning balance was \$22.1 million. As of June 30, 2020, he said, the estimated fund balance is \$26.4 million.

Senator Heckaman said she is concerned the Industrial Commission request for oil well site reclamation funding may not be directly related to COVID-19 and may not be eligible for funding from the Coronavirus Relief Fund.

Mr. Helms said he believes the reclamation program meets the three main criteria necessary to use funding from the Coronavirus Relief Fund.

In response to a question from Representative Kempenich, Mr. Helms said an analysis was conducted to compile a list of potential "orphaned" wells. He said hearings were held and it was determined that 239 wells were actually "orphaned."

In response to a question from Senator Bekkedahl, Mr. Helms said oil well bonds do not cover the total cost of plugging and reclaiming a well. He said statutory changes could be made to address the issue of when bonds must be posted.

Chairman Wanzek said he supports the use of federal coronavirus relief funds for the well reclamation program.

Senator Dever said the oil industry has made significant improvements to employee safety and environmental concerns. He said the project appears to be related to COVID-19 due to the impact to the workforce.

In response to a question from Representative Nathe, Mr. Morrisette said many agency requests for funding from the Coronavirus Relief Fund include funding for one-time costs relating to telework. He said agencies are able to offset savings for items such as travel against increased costs for telework. He said he will provide information to the committee regarding the funding being requested for telework.

In response to a question from Representative Boschee, Mr. Morrisette said because of the lack of supply, some agencies may be competing against each other to purchase personal protective equipment. However, he said, there are state contracts being established to allow agencies to purchase equipment at a competitive price.

In response to a question from Representative Kempenich, Mr. Morrisette said agencies are being directed to not request funding to supplant items in existing budgets. He said agencies are recording the use of federal coronavirus relief funds and reports can be generated regarding how funds are being used.

In response to a question from Senator Oehlke, Mr. William T. Panos, Director, Department of Transportation, said the department is requesting funding to place self-service kiosks across the state. He said the kiosks will allow an individual to obtain department services normally received in-person. He said the kiosks will improve the availability of services in rural and tribal areas.

Senator Oehlke said he is concerned the use of kiosks by DOT has not been reviewed by the appropriate legislative committees. He said this Emergency Commission request may be circumventing the normal legislative budget process.

Representative Brandenburg said he supports the use of kiosks to improve access to DOT services in rural areas.

Senator Mathern said he will be voting "nay" on request #1993 due to the process being used to distribute the federal coronavirus relief funds. He said using the Emergency Commission and Budget Section approval process to distribute the funding does not allow citizens to provide input regarding the use of funds. He said the Budget Section also does not include representatives from all legislative districts. He said the constitution requires the Legislative Assembly to appropriate funds and the process being used delegates the authority of deciding how to use the funds to the Governor.

**It was moved by Senator Wardner, seconded by Representative Pollert, and carried on a roll call vote that the Budget Section approve request #1993 which was approved by the Emergency Commission.** Senators Wanzek, Bekkedahl, Dever, Grabinger, Heckaman, Hogue, Holmberg, Klein, Krebsbach, Lee, Oehlke, Poolman, Robinson, Sorvaag, and Wardner and Representatives Anderson, Beadle, Bellew, Boe, Boschee, Brandenburg, Delzer, Hanson, Holman, Howe, Kempenich, Klemin, Kreidt, Louser, Martinson, Meier, Mock, Monson, Nathe, Nelson, Pollert, Sanford, Schatz, Schmidt, Schobinger, and Vigesaa voted "aye." Senator Mathern voted "nay."

Chairman Wanzek called for discussion on Emergency Commission request #1994.

Mr. Morrisette said request #1994 would authorize the use of \$5 million of federal coronavirus relief funds for a grant program for COVID-19 antibody treatment research. He said the Emergency Commission amended the request to limit a grant award to a single business to \$1.5 million, to require businesses to use the grant funds for research related to COVID-19, and to require the Department of Agriculture to report to the Emergency Commission by September 2020 regarding the amount of unallocated grant funds.

In response to a question from Chairman Wanzek, Mr. Doug Goehring, Agriculture Commissioner, said the program would provide grants to North Dakota bioscience companies to develop antibody therapies and other technologies to slow or prevent the spread of COVID-19 or to provide treatment.

In response to a question from Representative Kempenich, Mr. Goehring said there are several companies in the state that would be eligible to receive grant funding.

In response to a question from Representative Bellew, Mr. Goehring said the Legislative Assembly placed the bioscience innovation grant program under the control of the Agriculture Commissioner. He said part of the program is designated to support biotechnology and commercialization in areas such as crop genetics, biofuels, and biomaterials.

**It was moved by Representative Pollert, seconded by Senator Wardner, and carried on a roll call vote that the Budget Section approve request #1994 which was approved by the Emergency Commission.** Senators Wanzek, Bekkedahl, Dever, Erbele, Grabinger, Heckaman, Holmberg, Klein, Krebsbach, Lee, Mathern, Oehlke, Poolman, Sorvaag, and Wardner and Representatives Anderson, Beadle, Bellew, Boe, Boschee, Brandenburg, Delzer, Hanson, Holman, Howe, Kempenich, Klemin, Kreidt, Louser, Martinson, Meier, Mock, Monson, Nathe, Nelson, Pollert, Sanford, Schatz, Schmidt, Schobinger, and Vigesaa voted "aye." No negative votes were cast.

### **NORTH DAKOTA UNIVERSITY SYSTEM CAPITAL PROJECT REQUESTS**

Chairman Wanzek requested the Budget Section to consider a request ([Appendix H](#)) from North Dakota State University for Budget Section approval to authorize an outdoor track project pursuant to Section 15-10-21.1.

Dr. Dean L. Bresciani, President, North Dakota State University, said the project will replace the existing outdoor track facility with a new track, grandstands, press box, and related electrical equipment. He said the cost of the project is \$5 million and will be paid with private donations.

Chairman Wanzek requested the Budget Section to consider a request ([Appendix I](#)) from Dickinson State University to increase the project authorization amount for the Pulver Hall project pursuant to Section 48-01.2-25.

Mr. Stephen Easton, President, Dickinson State University, said the Legislative Assembly authorized the issuance of \$4 million of general obligation bonds for the Pulver Hall project. He said during the design of the project it was determined existing air conditioning units are obsolete and cannot be used. He said the request is to increase the project authorization to \$4,284,500 to allow for the replacement of air conditioning units. He said extraordinary repairs funding and required matching funds will be used for the increased authorization.

**It was moved by Representative Martinson, seconded by Senator Bekkedahl, and carried on a roll call vote that the Budget Section approve the outdoor track project at North Dakota State University pursuant to Section 15-10-12.1 and approve the change in authorization for the Dickinson State University Pulver Hall project pursuant to Section 48-01.2-25.** Senators Wanzek, Bekkedahl, Dever, Erbele, Grabinger, Heckaman, Holmberg, Klein, Krebsbach, Lee, Mathern, Oehlke, Poolman, Robinson, Sorvaag, and Wardner and Representatives Anderson, Beadle, Bellew, Boe, Boschee, Delzer, Hanson, Holman, Howe, Kempenich, Klemin, Kreidt, Louser, Martinson, Meier, Mock, Monson, Nathe, Nelson, Pollert, Sanford, Schatz, Schmidt, Schobinger, and Vigesaa voted "aye." No negative votes were cast.

### **STATUS OF THE UNEMPLOYMENT INSURANCE TRUST FUND AND THE MODIFIED AVERAGE HIGH-COST MULTIPLIER**

Mr. Darren Brostrom, Deputy Director, Job Service North Dakota, presented information ([Appendix J](#)) on the status of the unemployment insurance trust fund and the targeted modified average high-cost multiplier pursuant to Section 52-02-17. He said the multiplier is an actuarial calculation used to project the length of time the existing fund balance could support benefit payments at historically high payout rates and with no future revenue. He said the trust fund is financed by quarterly employer unemployment insurance taxes and these funds are used to pay unemployment insurance benefits.

Mr. Brostrom said as of December 31, 2019, the balance of the unemployment trust fund was \$215 million, \$42 million more than the target balance of \$173 million. He said the modified average high-cost multiplier was 1.24, 0.24 above the projected target of 1.0.

Mr. Brostrom said the COVID-19 pandemic has caused unemployment claims to significantly increase. He said Job Service North Dakota is projecting the need to use \$410 million of Coronavirus Relief Fund dollars to maintain the fund's balance. He said after the projected transfers from the Coronavirus Relief Fund the balance of the trust fund is estimated to be \$178 million on December 31, 2020.

## STATE AGENCY UNCLAIMED PROPERTY

Ms. Peggy Gudvangen, Director of Accounting and Unclaimed Property, Board of University and Schools Lands, presented a report ([Appendix K](#)) on state agencies that have not submitted a claim for unclaimed property belonging to those agencies. She said two agencies claimed properties totaling \$614.47. She said 16 agencies had unclaimed properties totaling \$12,997.34.

In response to a question from Chairman Wanzek, Ms. Gudvangen said agencies have a 1-year period to claim property.

**It was moved by Senator Mathern, seconded by Senator Krebsbach, and carried on a roll call vote that pursuant to Section 47-30.1-24.1 the Budget Section approve the list provided by the Board of University and School Lands of the following state agencies relinquishing their rights to recover unclaimed property:**

- **Bank of North Dakota;**
- **Dickinson State University;**
- **North Dakota State University;**
- **University of North Dakota;**
- **Mill and Elevator;**
- **Job Service North Dakota;**
- **Department of Corrections and Rehabilitation;**
- **State Department of Health;**
- **Department of Transportation;**
- **Department of Human Services;**
- **Secretary of State;**
- **Tax Department;**
- **Attorney General;**
- **Insurance Department;**
- **Workforce Safety and Insurance; and**
- **Office of Management and Budget.**

Senators Wanzek, Bekkedahl, Dever, Erbele, Grabinger, Heckaman, Holmberg, Klein, Krebsbach, Lee, Mathern, Oehlke, Poolman, Robinson, Sorvaag, and Wardner and Representatives Anderson, Beadle, Bellew, Boe, Boschee, Delzer, Hanson, Holman, Howe, Kempenich, Klemin, Kreidt, Louser, Martinson, Meier, Mock, Monson, Nathe, Nelson, Pollert, Sanford, Schatz, Schmidt, Schobinger, and Vigasaa voted "aye." No negative votes were cast.

## LEGACY AND BUDGET STABILIZATION FUND ADVISORY BOARD REPORT

Representative Kempenich, Chairman, Legacy and Budget Stabilization Fund Advisory Board, presented a memorandum entitled [Legacy and Budget Stabilization Fund Advisory Board - Status Report to the Budget Section June 25, 2020](#) regarding the investment of funds in the legacy fund and budget stabilization fund pursuant to Section 21-10-11. He said the market value of the budget stabilization fund as of March 31, 2020, was \$726.5 million. He said the asset allocation of the budget stabilization fund is 100 percent short-term fixed income and cash. He said the 1-year average earnings of the fund as of March 2020 is approximately negative 0.37 percent.

Representative Kempenich said the market value of the legacy fund as of March 31, 2020, was \$6.15 billion. He said the legacy fund's 1-year net return as of March 31, 2020, was negative 4.21 percent compared to a target return of negative 2.69 percent.

## HOUSING FINANCE AGENCY - HOUSING INCENTIVE FUND UPDATE

Mr. David Flohr, Executive Director, Housing Finance Agency, presented information ([Appendix L](#)) on the status of the housing incentive fund. He said the 2019 Legislative Assembly allocated \$7.5 million for distributions from the housing incentive fund. He said application rounds were held in September 2019 and April 2020 and six projects

have been committed funding. He said four projects are for new senior housing and the remaining projects are for rehabilitation of senior and multifamily housing facilities. He said the projects will create 250 new housing units and preserve 128 existing units.

### **2019-21 BIENNIUM REPORT ON COMPLIANCE WITH LEGISLATIVE INTENT**

Chairman Wanzek called on Mr. Brady A. Larson, Assistant Legislative Budget Analyst and Auditor, Legislative Council, to present the [2019-21 Biennium Report on Compliance With Legislative Intent](#). Mr. Larson said in addition to the printed report, the information is available on the legislative branch website.

### **STATE BOARD OF AGRICULTURAL RESEARCH AND EDUCATION - STATUS REPORT**

At the request of Chairman Wanzek, Mr. Larson distributed a written report ([Appendix M](#)) from the State Board of Agricultural Research and Education regarding its activities pursuant to Section 15-12.1-17.

No further business appearing, Chairman Wanzek adjourned the meeting at 12:00 noon.

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Brady A. Larson  
Assistant Legislative Budget Analyst and Auditor

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Allen H. Knudson  
Legislative Budget Analyst and Auditor

ATTACH:13