

HOUSE BILL NO. 1014

Introduced by

Appropriations Committee

1 A BILL for an Act to provide for an appropriation for defraying the expenses of the industrial
 2 commission and the agencies under the management of the industrial commission; ~~and to~~
 3 amend and reenact subdivision f of subsection 1 of section 57-51-15 of the North Dakota
 4 Century Code, relating to the fund balance of the abandoned oil and gas well plugging and site
 5 reclamation fund; to provide a contingent authorization; to provide for a transfer; and to provide
 6 an exemption.

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 industrial commission and agencies under its control for the purpose of
 12 defraying the expenses of the industrial commission and agencies under its control, for the
 13 biennium beginning July 1, 2019, and ending June 30, 2021, as follows:

14 Subdivision 1.

INDUSTRIAL COMMISSION

	<u>Governor's</u>		
	<u>Base Level</u>	<u>Recommendation</u>	<u>Appropriation</u>
Salaries and wages	\$22,014,084	\$23,754,413	\$22,014,084
Operating expenses	5,305,888	5,991,987	5,305,888
Capital assets	0	5,000,000	0
Grants – bond payments	13,210,484	10,508,767	13,210,484
Contingencies	221,737	0	221,737
Total all funds	\$40,752,193	\$45,255,167	\$40,752,193
Less estimated income	15,343,206	18,014,947	15,343,206

Sixty-sixth
Legislative Assembly

1	Total general fund	\$25,408,987	\$27,240,220	\$25,408,987
2	Full-time equivalent positions	110.25	110.25	110.25
3			Adjustments or	
4		Base Level	Enhancements	Appropriation
5	Salaries and wages	\$22,014,084	\$1,282,736	\$23,296,820
6	Operating expenses	5,305,888	686,099	5,991,987
7	Capital assets	0	5,000,000	5,000,000
8	Grants - bond payments	13,210,484	(2,701,717)	10,508,767
9	Contingencies	221,737	7,807	229,544
10	Total all funds	\$40,752,193	\$4,274,925	\$45,027,118
11	Less estimated income	15,343,206	2,644,219	17,987,425
12	Total general fund	\$25,408,987	\$1,630,706	\$27,039,693
13	Full-time equivalent positions	110.25	2.00	112.25

Subdivision 2.

BANK OF NORTH DAKOTA

16			Governor's	
17		Base Level	Recommendation	Appropriation
18	Bank of North Dakota operations	\$58,489,204	\$143,315,329	\$58,489,204
19	Capital assets	810,000	1,510,000	810,000
20	Total all funds	\$59,299,204	\$144,825,329	\$59,299,204
21	Less estimated income	59,299,204	64,825,329	59,299,204
22	Total general fund	\$0	\$80,000,000	\$0
23	Full-time equivalent positions	181.50	181.50	181.50
24			Adjustments or	
25		Base Level	Enhancements	Appropriation
26	Bank of North Dakota operations	\$58,489,204	\$4,165,031	\$62,654,235
27	Capital assets	810,000	700,000	1,510,000
28	Total special funds	\$59,299,204	\$4,865,031	\$64,164,235
29	Full-time equivalent positions	181.50	0.00	181.50

Subdivision 3.

HOUSING FINANCE AGENCY

<u>Governor's</u>			
	<u>Base Level</u>	<u>Recommendation</u>	<u>Appropriation</u>
Salaries and wages	\$7,892,056	\$8,615,649	\$7,892,056
Operating expenses	4,743,355	5,346,276	4,743,355
Grants	31,794,828	53,466,600	31,794,828
Housing finance agency contingencies	100,000	100,000	100,000
Total special funds	\$44,530,239	\$67,528,525	\$44,530,239
Full-time equivalent positions	44.00	44.00	44.00
<u>Adjustments or</u>			
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$7,892,056	\$569,743	\$8,461,799
Operating expenses	4,743,355	602,921	5,346,276
Grants	31,794,828	1,671,772	33,466,600
Housing finance agency contingencies	100,000	0	100,000
Total special funds	\$44,530,239	\$2,844,436	\$47,374,675
Full-time equivalent positions	44.00	0.00	44.00

Subdivision 4.

MILL AND ELEVATOR ASSOCIATION

<u>Governor's</u>			
	<u>Base Level</u>	<u>Recommendation</u>	<u>Appropriation</u>
Salaries and wages	\$39,308,519	\$46,679,931	\$39,308,519
Operating expenses	28,195,000	29,837,000	28,195,000
Contingencies	500,000	500,000	500,000
Agriculture promotion	210,000	210,000	210,000
Total special funds	\$68,213,519	\$77,226,931	\$68,213,519
Full-time equivalent positions	153.00	157.00	153.00
<u>Adjustments or</u>			
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$39,308,519	\$6,984,293	\$46,292,812
Operating expenses	28,195,000	1,642,000	29,837,000
Contingencies	500,000	0	500,000

1	Agriculture promotion	210,000	0	210,000
2	Total special funds	\$68,213,519	\$8,626,293	\$76,839,812
3	Full-time equivalent positions	153.00	2.00	155.00

4 Subdivision 5.

5 BILL TOTAL

6		Governor's		
7		Base Level	Recommendation	Appropriation
8	Grand total general fund	\$25,408,987	\$107,240,220	\$25,408,987
9	Grand total special funds	187,386,168	227,595,732	187,386,168
10	Grand total all funds	\$212,795,155	\$334,835,952	\$212,795,155
11		Adjustments or		
12		Base Level	Enhancements	Appropriation
13	Grand total general fund	\$25,408,987	\$1,630,706	\$27,039,693
14	Grand total special funds	187,386,168	18,979,979	206,366,147
15	Grand total all funds	\$212,795,155	\$20,610,685	\$233,405,840

16 **SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO THE**
 17 **SIXTY-SEVENTH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time
 18 funding items approved by the sixty-fifth legislative assembly for the 2017-19 biennium and the
 19 2019-21 biennium one-time funding items included in the appropriation in section 1 of this Act:

20	One-Time Funding Description	2017-19	2019-21
21	Litigation	\$1,000,000	\$0
22	Industrial water supply asset study	150,000	0
23	Soil remediation studies	5,000,000	0
24	Survey review	800,000	0
25	Total special funds	\$6,950,000	\$0
26	Litigation	\$1,000,000	\$0
27	Industrial water supply asset study	150,000	0
28	Soil remediation studies	5,000,000	0
29	Survey review	800,000	0
30	Rare earth elements study	0	160,000
31	Fracturing sand study	0	110,000

1	<u>Oil database software upgrade</u>	0	5,000,000
2	<u>Total special funds</u>	\$6,950,000	\$5,270,000

3 The 2019-21 biennium one-time funding amounts are not a part of the entity's base budget
 4 for the 2021-23 biennium. The industrial commission shall report to the appropriations
 5 committees of the sixty-seventh legislative assembly on the use of this one-time funding for the
 6 biennium beginning July 1, 2019, and ending June 30, 2021.

7 **SECTION 3. BOND PAYMENTS.** The amount of ~~\$13,210,484~~\$10,508,767 included in
 8 subdivision 1 of section 1 of this Act in the grants - bond payments line item must be paid from
 9 the following funding sources during the biennium beginning July 1, 2019, and ending June 30,
 10 2021:

11	North Dakota university system	6,605,326	<u>\$6,605,326</u>
12	North Dakota university system - energy conservation projects	491,500	<u>491,500</u>
13	Department of corrections and rehabilitation	1,158,679	<u>1,158,679</u>
14	Department of corrections and rehabilitation - energy conservation projects	16,285	<u>16,285</u>
15	State department of health	636,877	<u>636,877</u>
16	Job service North Dakota	428,100	<u>428,100</u>
17	Office of management and budget	665,411	<u>665,411</u>
18	Attorney general's office	766,012	<u>766,012</u>
19	State historical society	1,392,629	<u>1,392,629</u>
20	Parks and recreation department	73,642	<u>73,642</u>
21	Research and extension service	571,520	<u>571,520</u>
22	Veterans' home	404,503	<u>404,503</u>
23	Total	\$13,210,484	<u>\$13,210,484</u>
24	<u>North Dakota university system</u>		<u>\$4,959,448</u>
25	<u>North Dakota university system - energy conservation projects</u>		<u>415,664</u>
26	<u>Department of corrections and rehabilitation</u>		<u>689,299</u>
27	<u>Department of corrections and rehabilitation - energy conservation projects</u>		<u>16,180</u>
28	<u>State department of health</u>		<u>644,884</u>
29	<u>Job service North Dakota</u>		<u>434,847</u>
30	<u>Office of management and budget</u>		<u>567,125</u>
31	<u>Attorney general's office</u>		<u>647,500</u>

1	<u>State historical society</u>	1,177,875
2	<u>Parks and recreation department</u>	66,875
3	<u>Research and extension service</u>	483,337
4	<u>Veterans' home</u>	405,733
5	<u>Total</u>	<u>\$10,508,767</u>

6 **SECTION 4. APPROPRIATION - HOUSING FINANCE AGENCY - ADDITIONAL INCOME.**

7 In addition to the amount appropriated to the housing finance agency in subdivision 3 of
8 section 1 of this Act, there is appropriated any additional income or unanticipated income from
9 federal or other funds which may become available to the agency for the biennium beginning
10 July 1, 2019, and ending June 30, 2021. The housing finance agency shall notify the office of
11 management and budget and the legislative council of any additional income or unanticipated
12 income that becomes available to the agency resulting in an increase in appropriation authority.

13 **SECTION 5. CONTINGENT APPROPRIATION - INDUSTRIAL COMMISSION FUNDING.**

14 The amount of ~~\$221,737~~\$229,544 from the general fund and two full-time equivalent positions
15 included in subdivision 1 of section 1 of this Act may be spent only in accordance with the
16 provisions of this section. The industrial commission shall notify the office of management and
17 budget and the legislative council when the total number of wells capable of production and
18 injection exceeds ~~eighteen thousand two hundred~~twenty thousand eight hundred. Subject to
19 budget section approval, the industrial commission may spend ~~\$221,737~~\$229,544 from the
20 contingencies line item and may hire two full-time equivalent positions if the total number of oil
21 wells capable of production and injection exceeds ~~eighteen thousand two hundred~~twenty
22 thousand eight hundred.

23 **SECTION 6. TRANSFER - ENTITIES UNDER THE CONTROL OF THE INDUSTRIAL**
24 **COMMISSION TO INDUSTRIAL COMMISSION FUND.** The sum of ~~\$1,103,779~~\$1,150,782, or
25 so much of the sum as may be necessary, included in the ~~special funds~~special funds appropriation line item
26 in subdivision 1 of section 1 of this Act, may be transferred from the entities within the control of
27 the industrial commission or entities directed to make payments to the industrial commission
28 fund for administrative services rendered by the commission. Transfers must be made during
29 the biennium beginning July 1, 2019, and ending June 30, 2021, upon order of the commission.
30 Transfers from the student loan trust fund must be made to the extent permitted by
31 sections 54-17-24 and 54-17-25.

1 **SECTION 7. TRANSFER - BANK OF NORTH DAKOTA PROFITS TO GENERAL FUND.**

2 The industrial commission shall transfer to the general fund \$140,000,000 from the current
3 earnings and the accumulated profits of the Bank of North Dakota during the biennium
4 beginning July 1, 2019, and ending June 30, 2021. The moneys must be transferred in the
5 amounts and at the times requested by the director of the office of management and budget
6 after consultation with the Bank of North Dakota president. For legislative council budget status
7 reporting purposes, the transfer under this section is considered an ongoing revenue source.

8 **SECTION 8. TRANSFER - PARTNERSHIP IN ASSISTING COMMUNITY EXPANSION.**

9 The Bank of North Dakota shall transfer the sum of \$26,000,000, or so much of the sum as may
10 be necessary, from the Bank's current earnings and undivided profits to the partnership in
11 assisting community expansion fund during the biennium beginning July 1, 2019, and ending
12 June 30, 2021.

13 **SECTION 9. TRANSFER - AGRICULTURE PARTNERSHIP IN ASSISTING COMMUNITY**

14 **EXPANSION.** The Bank of North Dakota shall transfer the sum of \$3,000,000, or so much of the
15 sum as may be necessary, from the Bank's current earnings and undivided profits to the
16 agriculture partnership in assisting community expansion fund during the biennium beginning
17 July 1, 2019, and ending June 30, 2021.

18 **SECTION 10. TRANSFER - BIOFUELS PARTNERSHIP IN ASSISTING COMMUNITY**

19 **EXPANSION.** The Bank of North Dakota shall transfer the sum of \$1,000,000, or so much of the
20 sum as may be necessary, from the Bank's current earnings and undivided profits to the
21 biofuels partnership in assisting community expansion fund during the biennium beginning
22 July 1, 2019, and ending June 30, 2021.

23 **SECTION 11. TRANSFER - BEGINNING FARMER REVOLVING LOAN FUND.** The Bank

24 of North Dakota shall transfer the sum of \$6,000,000, or so much of the sum as may be
25 necessary, from the Bank's current earnings and undivided profits to the beginning farmer
26 revolving loan fund during the biennium beginning July 1, 2019, and ending June 30, 2021.

27 **SECTION 12. TRANSFER - NORTH DAKOTA DEVELOPMENT FUND.** The Bank of North

28 Dakota shall transfer the sum of \$15,000,000, or so much of the sum as may be necessary,
29 from the Bank's current earnings and undivided profits to the North Dakota development fund
30 established under chapter 10-30.5 during the biennium beginning July 1, 2019, and ending

1 June 30, 2021. Funding transferred under this section must be used to purchase existing
2 venture capital assets held by the Bank of North Dakota.

3 **SECTION 13. ESTIMATED INCOME - STRATEGIC INVESTMENT AND IMPROVEMENTS**

4 **FUND.** The operating expenses line item and the estimated income line item in subdivision 1 of
5 section 1 of this Act include \$270,000 from the strategic investment and improvements fund for
6 a rare earth element study and a fracturing sand study.

7 **SECTION 14. ESTIMATED INCOME - ABANDONED OIL AND GAS WELL PLUGGING**

8 **AND SITE RECLAMATION FUND.** The capital assets line item and the estimated income line
9 item in subdivision 1 of section 1 of this Act include \$5,000,000 from the abandoned oil and gas
10 well plugging and site reclamation fund for a risk-based data management system information
11 technology project.

12 **SECTION 15. AMENDMENT.** Subdivision f of subsection 1 of section 57-51-15 of the North
13 Dakota Century Code is amended and reenacted as follows:

14 f. (1) For the period beginning September 1, 2017, and ending August 31, 2019,
15 the state treasurer shall allocate four percent of the amount available under
16 this subsection to the abandoned oil and gas well plugging and site
17 reclamation fund, but not in an amount exceeding four million dollars per
18 fiscal year and not in an amount that would bring the balance in the fund to
19 more than ~~one hundred~~fifty million dollars.

20 (2) After August 31, 2019, the state treasurer shall allocate four percent of the
21 amount available under this subsection to the abandoned oil and gas well
22 plugging and site reclamation fund, but not in an amount exceeding seven
23 million five hundred thousand dollars per fiscal year and not in an amount
24 that would bring the balance in the fund to more than ~~one hundred~~fifty
25 million dollars.

26 **SECTION 16. EXEMPTION - OIL AND GAS TAX REVENUE ALLOCATIONS - NORTH**
27 **DAKOTA OUTDOOR HERITAGE FUND.** Notwithstanding the provisions of section 57-51-15
28 relating to the allocations to the North Dakota outdoor heritage fund, for the period beginning
29 September 1, 2019, and ending August 31, 2021, the state treasurer shall allocate eight percent
30 of the oil and gas gross production tax revenue available under subsection 1 of section

1 57-51-15 to the North Dakota outdoor heritage fund, but not in an amount exceeding
2 \$7,500,000 per fiscal year.

3 **SECTION 17. EXEMPTION - OIL AND GAS TAX REVENUE ALLOCATIONS - OIL AND**
4 **GAS RESEARCH FUND - PILOT PROJECT FOR UNDERGROUND GAS STORAGE.**

- 5 1. Notwithstanding the provisions of section 57-51.1-07.3 relating to the allocations to the
6 oil and gas research fund, for the period beginning August 1, 2019, and ending
7 July 31, 2021, the state treasurer shall deposit two percent of the oil and gas gross
8 production tax and oil extraction tax revenues, up to \$14,000,000, into the oil and gas
9 research fund before depositing oil and gas tax revenues under section 57-51.1-07.5.
- 10 2. Pursuant to the continuing appropriation in section 57-51.1-07.3, the industrial
11 commission shall use \$4,000,000, or so much of the sum as may be necessary, from
12 the oil and gas research fund to contract with the energy and environmental research
13 center for a pilot project relating to the underground storage of produced natural gas.
14 The pilot project may include studies and demonstration projects. During the 2019-20
15 interim, the energy and environmental research center shall provide quarterly reports
16 to the industrial commission and at least one report to the legislative management
17 regarding the results and recommendations of the pilot project.

18 **SECTION 18. EXEMPTION - INDUSTRIAL COMMISSION FUND.** The amount of
19 \$1,103,779 appropriated to the industrial commission in subdivision 1 of section 1 of chapter 39
20 of the 2017 Session Laws and transferred pursuant to section 8 of chapter 39 of the
21 2017 Session Laws is not subject to the provisions of section 54-44.1-11. Any unexpended
22 funds from this appropriation are available to the industrial commission for administrative
23 services rendered by the commission during the biennium beginning July 1, 2019, and ending
24 June 30, 2021.

25 **SECTION 19. EXEMPTION - SURVEY REVIEW - STRATEGIC INVESTMENT AND**
26 **IMPROVEMENTS FUND.** The amount of \$800,000 appropriated from the strategic investment
27 and improvements fund in section 2 of chapter 426 of the 2017 Session Laws is not subject to
28 section 54-44.1-11. Any unexpended funds from this appropriation are available to the industrial
29 commission for expert legal testimony associated with the survey review during the biennium
30 beginning July 1, 2019, and ending June 30, 2021.

1 **SECTION 20. LIGNITE RESEARCH, DEVELOPMENT, AND MARKETING PROGRAM -**
2 **LIGNITE MARKETING FEASIBILITY STUDY.** The amount of \$4,500,000 from the lignite
3 research fund, or so much of the amount as may be necessary, may be used for the purpose of
4 contracting for an independent, nonmatching lignite marketing feasibility study or studies that
5 determine those focused priority areas where near-term, market-driven projects, activities, or
6 processes will generate matching private industry investment and have the most potential of
7 preserving existing lignite production and industry jobs or that will lead to increased
8 development of lignite and its products and create new lignite industry jobs and economic
9 growth for the general welfare of this state. Moneys appropriated pursuant to this section also
10 may be used for the purpose of contracting for nonmatching studies and activities in support of
11 the lignite vision 21 program; for litigation that may be necessary to protect and promote the
12 continued development of lignite resources; for nonmatching externality studies and activities in
13 externality proceedings; or other marketing, environmental, or transmission activities that assist
14 with marketing of lignite-based electricity and lignite-based byproducts. Moneys needed for the
15 purposes stated in this section are available to the industrial commission for funding projects,
16 processes, or activities under the lignite research, development, and marketing program.