

FIRST ENGROSSMENT

ENGROSSED SENATE BILL NO. 2014

Introduced by

Appropriations Committee

1 A BILL for an Act to provide an appropriation for defraying the expenses of the industrial
2 commission and the agencies under its control; to amend and reenact subsection 7 of section
3 6-08.1-02 and sections 6-09-35 and 6-09.14-04 of the North Dakota Century Code, relating to
4 confidential and exempt records of the Bank of North Dakota and interest rate buydown limits
5 for the partnership in assisting community expansion fund; to amend and reenact section 15 of
6 chapter 14 of the 2023 Session Laws, relating to a salt cavern underground energy storage
7 research project; to provide for a transfer; to provide an exemption; to provide for a legislative
8 management study; to provide for a legislative management report; and to provide for a report.

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

10 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds
11 as may be necessary, are appropriated out of any moneys in the general fund in the state
12 treasury, not otherwise appropriated, and from other funds derived from special funds and
13 federal funds, to the industrial commission and agencies under its control for the purpose of
14 defraying the expenses of the industrial commission and the agencies under its control, for the
15 biennium beginning July 1, 2025, and ending June 30, 2027, as follows:

16 Subdivision 1.

17 **INDUSTRIAL COMMISSION**

18		Adjustments or	
19		<u>Base Level</u>	<u>Enhancements</u> <u>Appropriation</u>
20	Salaries and wages	\$1,884,918	\$376,583 \$2,261,501
21	New and vacant FTE pool	0	20,376 20,376
22	Operating expenses	472,271	4,321,991 4,794,262

Sixty-ninth
Legislative Assembly

1	Grants	0	13,668,089	13,668,089
2	Grants - bond payments	<u>119,879,913</u>	<u>(2,761,713)</u>	<u>117,118,200</u>
3	Total all funds	\$122,237,102	\$15,625,326	\$137,862,428
4	Less other funds	<u>122,237,102</u>	<u>15,225,326</u>	<u>137,462,428</u>
5	Total general fund	\$0	\$400,000	\$400,000
6	Full-time equivalent positions	9.75	0.00	9.75
7	Subdivision 2.			

BANK OF NORTH DAKOTA

9			Adjustments or	
10		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
11	Bank of North Dakota operations	\$70,899,761	\$5,211,643	\$76,111,404
12	New and vacant FTE pool	0	2,122,074	2,122,074
13	Capital assets	<u>705,722</u>	<u>3,437,577</u>	<u>4,143,299</u>
14	Total other funds	\$71,605,483	\$10,771,294	\$82,376,777
15	Full-time equivalent positions	187.00	0.00	187.00
16	Subdivision 3.			

HOUSING FINANCE AGENCY

18			Adjustments or	
19		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
20	Salaries and wages	\$11,413,354	\$1,655,543	\$13,068,897
21	New and vacant FTE pool	0	1,024,774	1,024,774
22	Operating expenses	10,903,883	(1,433,707)	9,470,176
23	Capital assets	20,000	0	20,000
24	Grants	48,805,110	(2,700,000)	46,105,110
25	Housing finance agency contingencies	<u>100,000</u>	<u>0</u>	<u>100,000</u>
26	Total all funds	\$71,242,347	(\$1,453,390)	\$69,788,957
27	Less other funds	<u>68,742,347</u>	<u>1,046,610</u>	<u>69,788,957</u>
28	Total general fund	\$2,500,000	(\$2,500,000)	\$0
29	Full-time equivalent positions	54.00	3.00	57.00
30	Subdivision 4.			

DEPARTMENT OF MINERAL RESOURCES

1			Adjustments or	
2		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
3	Salaries and wages	\$23,261,532	\$3,026,192	\$26,287,724
4	New and vacant FTE pool	0	1,608,593	1,608,593
5	Operating expenses	5,120,253	5,885,498	11,005,751
6	Capital assets	<u>0</u>	<u>45,000</u>	<u>45,000</u>
7	Total all funds	\$28,381,785	\$10,565,283	\$38,947,068
8	Less other funds	<u>268,000</u>	<u>5,010,377</u>	<u>5,278,377</u>
9	Total general fund	\$28,113,785	\$5,554,906	\$33,668,691
10	Full-time equivalent positions	108.00	3.00	111.00

Subdivision 5.

MILL AND ELEVATOR ASSOCIATION

13			Adjustments or	
14		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
15	Salaries and wages	\$54,019,267	\$6,345,741	\$60,365,008
16	New and vacant FTE pool	0	1,973,530	1,973,530
17	Operating expenses	42,391,653	2,710,224	45,101,877
18	Contingencies	500,000	0	500,000
19	Agriculture promotion	<u>500,000</u>	<u>0</u>	<u>500,000</u>
20	Total special funds	\$97,410,920	\$11,029,495	\$108,440,415
21	Full-time equivalent positions	170.00	2.00	172.00

Subdivision 6.

TOTAL SECTION 1

24			Adjustments or	
25		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
26	Grand total all funds	\$390,877,637	\$46,538,008	\$437,415,645
27	Less grand total other funds	<u>360,263,852</u>	<u>43,083,102</u>	<u>403,346,954</u>
28	Grand total general fund	\$30,613,785	\$3,454,906	\$34,068,691

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

SEVENTIETH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items included in the appropriation in section 1 of this Act which are not included in the entity's

1 base budget for the 2027-29 biennium and which the entity shall report to the appropriations
2 committees of the seventieth legislative assembly regarding the use of this funding:

3	<u>One-Time Funding Description</u>	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
4	Industrial commission			
5	Inflationary increases	\$0	\$50,000	\$50,000
6	Electricity grid resiliency federal grant	0	13,668,089	13,668,089
7	Lignite litigation	<u>0</u>	<u>3,000,000</u>	<u>3,000,000</u>
8	Subtotal industrial commission	\$0	\$16,718,089	\$16,718,089
9	Bank of North Dakota			
10	Capital improvement projects	<u>\$0</u>	<u>\$2,633,299</u>	<u>\$2,633,299</u>
11	Subtotal Bank of North Dakota	\$0	\$2,633,299	\$2,633,299
12	Department of mineral resources			
13	Federal abandoned well program	\$0	\$1,444,377	\$1,444,377
14	FTE position operating expenses	41,600	0	41,600
15	Mineral analyses	100,000	0	100,000
16	Rare earth elements study	0	400,000	400,000
17	Archeology excavation project	0	150,000	150,000
18	Oil and gas litigation	0	3,000,000	3,000,000
19	Enhanced oil recovery database	15,000	0	15,000
20	Portable mineral detection equipment	<u>45,000</u>	<u>0</u>	<u>45,000</u>
21	Subtotal department of mineral resources	<u>\$201,600</u>	<u>\$4,994,377</u>	<u>\$5,195,977</u>
22	Grand total	\$201,600	\$24,345,765	\$24,547,365

23 **SECTION 3. NEW AND VACANT FTE POOL - LIMITATION - TRANSFER REQUEST.** The
24 the industrial commission and agencies under its control may not spend funds appropriated in
25 the new and vacant FTE pool line items in section 1 of this Act, but may request the office of
26 management and budget to transfer funds, within each respective subdivision, from the new
27 and vacant FTE pool line item to the salaries and wages line items or Bank of North Dakota
28 operations line item in accordance with the guidelines and reporting provisions included in
29 House Bill No. 1015, as approved by the sixty-ninth legislative assembly.

1 **SECTION 4. BOND PAYMENTS.** The amount of \$117,118,200 included in subdivision 1 of
2 section 1 of this Act in the grants - bond payments line item must be paid from the following
3 funding sources, during the biennium beginning July 1, 2025, and ending June 30, 2027:

4 Infrastructure project and program bonds - legacy sinking and interest fund	\$102,622,743
5 North Dakota university system	14,083,250
6 Veterans' home	<u>412,207</u>
7 Total	\$117,118,200

8 **SECTION 5. APPROPRIATION - HOUSING FINANCE AGENCY - ADDITIONAL INCOME.**

9 In addition to the amount appropriated to the housing finance agency in subdivision 3 of
10 section 1 of this Act, there is appropriated any additional income or unanticipated income from
11 federal or special funds which may become available to the agency, for the biennium beginning
12 July 1, 2025, and ending June 30, 2027. The housing finance agency shall notify the office of
13 management and budget and the legislative council of any additional income or unanticipated
14 income that becomes available to the agency resulting in an increase in appropriation authority.

15 **SECTION 6. APPROPRIATION - TRANSFER GENERAL FUND TO HOUSING**
16 **INCENTIVE FUND - TRANSFER STRATEGIC INVESTMENT AND IMPROVEMENTS FUND**
17 **TO HOUSING INCENTIVE FUND - HOMELESS PROGRAMS - HOUSING PROGRAMS -**
18 **EXEMPTION - ONE-TIME FUNDING.**

19 1. There is appropriated out of any moneys in the general fund in the state treasury, not
20 otherwise appropriated, the sum of \$10,000,000, which the office of management and
21 budget shall transfer to the housing incentive fund for homeless programs, during the
22 biennium beginning July 1, 2025, and ending June 30, 2027. The appropriation under
23 this subsection is considered a one-time funding item. Notwithstanding any other
24 requirements under section 54-17-40 and pursuant to the continuing appropriation
25 under 54-17-40, the housing finance agency shall distribute a passthrough grant of
26 \$150,000 from the housing incentive fund to an organization for a Native American
27 homelessness liaison, from the \$10,000,000 transferred to the housing incentive fund
28 under this subsection.

29 2. The office of management and budget shall transfer the sum of \$25,000,000 from the
30 strategic investment and improvements fund to the housing incentive fund during the
31 biennium beginning July 1, 2025, and ending June 30, 2027.

**SECTION 7. TRANSFER - ENTITIES AND FUNDS UNDER THE CONTROL OF THE
INDUSTRIAL COMMISSION TO INDUSTRIAL COMMISSION FUND - ADMINISTRATION -
EXEMPTION.**

1. The sum of \$2,435,660, or so much of the sum as may be necessary, included in the appropriation in subdivision 1 of section 1 of this Act, may be transferred from the entities and funds within the control of the industrial commission or entities directed to make payments to the industrial commission fund for administrative services rendered by the commission. Transfers must be made during the biennium beginning July 1, 2025, and ending June 30, 2027, upon order of the commission. Transfers from the student loan trust fund must be made to the extent permitted by sections 54-17-24 and 54-17-25.
2. The amount of \$1,818,114 appropriated to the industrial commission in subdivision 1 of section 1 of chapter 14 of the 2023 Session Laws and transferred pursuant to section 8 of chapter 14 of the 2023 Session Laws is not subject to the provisions of section 54-44.1-11. Any unexpended funds from this appropriation are available to the industrial commission for administrative services rendered by the commission during the biennium beginning July 1, 2025, and ending June 30, 2027.

SECTION 8. TRANSFER - BANK OF NORTH DAKOTA PROFITS TO GENERAL FUND.

The Bank of North Dakota shall transfer \$140,000,000 from the Bank's current earnings and undivided profits to the general fund during the biennium beginning July 1, 2025, and ending June 30, 2027. The moneys must be transferred in the amount and at the times requested by the director of the office of management and budget after consultation with the Bank president. For legislative council budget status reporting purposes, the transfer under this section is considered an ongoing revenue source.

**SECTION 9. TRANSFER - BANK OF NORTH DAKOTA PROFITS TO ECONOMIC
DEVELOPMENT PROGRAMS.** During the biennium beginning July 1, 2025, and ending June 30, 2027, the Bank of North Dakota shall transfer the following amounts from the Bank's current earnings and undivided profits:

1. \$39,000,000 to the partnership in assisting community expansion;
2. \$5,000,000 to the agriculture partnership in assisting community expansion fund;
3. \$1,000,000 to the biofuels partnership in assisting community expansion fund;

- 1 4. \$15,000,000 to the beginning farmer revolving loan fund; and
- 2 5. \$1,900,000 to the university of North Dakota for the North Dakota small business
- 3 development center for the purpose of matching federal grants.

4 **SECTION 10. TRANSFER STATE ENERGY RESEARCH CENTER FUND TO OIL AND**
5 **GAS RESEARCH FUND - TRANSFER STRATEGIC INVESTMENT AND IMPROVEMENTS**
6 **FUND TO OIL AND GAS RESEARCH FUND - ENHANCED OIL RECOVERY GRANT**
7 **PROGRAM.**

- 8 1. From the \$6,000,000 transferred to the state energy research center fund pursuant to
- 9 section 15 of chapter 14 of the 2023 Session Laws, the office of management and
- 10 budget shall transfer the sum of \$4,000,000 to the oil and gas research fund during
- 11 the biennium beginning July 1, 2025, and ending June 30, 2027.
- 12 2. The office of management and budget shall transfer the sum of \$21,000,000 from the
- 13 strategic investment and improvements fund to the oil and gas research fund during
- 14 the biennium beginning July 1, 2025, and ending June 30, 2027.
- 15 3. Pursuant to the continuing appropriation under section 57-51.1-07.3 and the powers of
- 16 the industrial commission under chapter 54-17.6, the commission shall use
- 17 \$25,000,000 from the oil and gas research fund, transferred under this section, for an
- 18 enhanced oil recovery grant program. The commission shall develop guidelines for the
- 19 grant program, including eligibility criteria, requirements for matching funds, and
- 20 reporting requirements.

21 **SECTION 11. LIGNITE RESEARCH, DEVELOPMENT, AND MARKETING PROGRAM -**
22 **LIGNITE MARKETING FEASIBILITY STUDY - REPORT TO THE SEVENTIETH**
23 **LEGISLATIVE ASSEMBLY.**

- 24 1. Pursuant to the continuing appropriation under section 57-61-01.6, up to \$4,500,000
- 25 from the lignite research fund may be used for the purpose of contracting for an
- 26 independent, nonmatching lignite marketing feasibility study or studies that determine
- 27 those focused priority areas where near-term, market-driven projects, activities, or
- 28 processes will generate matching private industry investment and have the most
- 29 potential of preserving existing lignite production and industry jobs or that will lead to
- 30 increased development of lignite and its products and create new lignite industry jobs
- 31 and economic growth for the general welfare of this state. Moneys designated under

1 this section also may be used for the purpose of contracting for nonmatching studies
2 and activities in support of advanced energy technology and other technology
3 development programs; for litigation that may be necessary to protect and promote the
4 continued development of lignite resources; for nonmatching externality studies and
5 activities in externality proceedings; or other marketing, environmental, or transmission
6 activities that assist with marketing of lignite-based electricity and lignite-based
7 byproducts. Moneys needed for the purposes stated in this section are available to the
8 industrial commission for funding projects, processes, or activities under the lignite
9 research, development, and marketing program.

- 10 2. The industrial commission shall report to the appropriations committees of the
11 seventieth legislative assembly on the amounts spent pursuant to this section.

12 **SECTION 12. OTHER FUNDS - STRATEGIC INVESTMENT AND IMPROVEMENTS**

13 **FUND - GRANT, LITIGATION, STUDY, AND PROJECT FUNDING.** The grand total other funds
14 line item in section 1 of this Act includes the sum of \$8,332,794 from the strategic investment
15 and improvements fund as follows:

- 16 1. \$4,782,794 in the other funds line item in subdivision 1 of section 1 of this Act and
17 identified as one-time funding in section 2 of this Act, including \$1,782,794 for
18 matching federal funds for an electricity grid resiliency grant and \$3,000,000 for lignite
19 litigation.
- 20 2. \$3,550,000 in the other funds line item in subdivision 4 of section 1 of this Act and
21 identified as one-time funding in section 2 of this Act, including \$400,000 for a rare
22 earth elements study, \$150,000 for an archeology excavation project, and \$3,000,000
23 for oil and gas litigation.

24 **SECTION 13. AMENDMENT.** Subsection 7 of section 6-08.1-02 of the North Dakota
25 Century Code is amended and reenacted as follows:

- 26 7. The release by the industrial commission, in its capacity as the managing body of the
27 Bank of North Dakota, of the following:
- 28 a. The name of any person who has obtained approval for direct ~~or indirect~~
29 financing or security, including a loan guarantee or a letter of credit, through the
30 Bank of North Dakota primarily for purposes other than personal, family, or
31 household purposes.

- 1 b. The amount of any financing or security referenced in subdivision a.
- 2 c. The amount of any net writeoff or loan forgiveness ~~associated with the financing-~~
- 3 ~~or security referenced in subdivision a~~ which the industrial commission
- 4 determines is uncollectible.
- 5 d. The program under which any financing or security referenced in subdivision a
- 6 was made.

7 **SECTION 14. AMENDMENT.** Section 6-09-35 of the North Dakota Century Code is
8 amended and reenacted as follows:

9 **6-09-35. Confidentiality of Bank records - Exempt records.**

- 10 1. The following records of the Bank of North Dakota are confidential:
- 11 ~~1.~~ a. Commercial or financial information of a customer, whether obtained directly or
 - 12 indirectly, except for routine credit inquiries or unless required by due legal
 - 13 process. As used in this subsection, "customer" means any person who has
 - 14 transacted or is transacting business with, or has used or is using the services of,
 - 15 the Bank of North Dakota, or for whom the Bank of North Dakota has acted as a
 - 16 fiduciary with respect to trust property.
 - 17 ~~2.~~ b. Internal or interagency memorandums or letters which would not be available by
 - 18 law to a party other than in litigation with the Bank.
 - 19 ~~3.~~ c. Information contained in or related to examination, operating, or condition reports
 - 20 prepared by, on behalf of, or for the use of a state or federal agency responsible
 - 21 for the regulation or supervision of any Bank activity.
 - 22 ~~4.~~ d. Information obtained from the state department of financial institutions which
 - 23 would not be available from that agency under section 6-01-07.1.
 - 24 ~~5.~~ e. The report by a Bank officer or member of the Bank's advisory board of directors
 - 25 concerning personal financial statements.
- 26 2. The following records of the Bank of North Dakota are exempt:
- 27 a. Bond insurance coverage, including excess bond insurance coverage.
 - 28 b. Cyber liability coverage, including excess cyber liability coverage.

29 **SECTION 15. AMENDMENT.** Section 6-09.14-04 of the North Dakota Century Code is
30 amended and reenacted as follows:

1 **6-09.14-04. Fund moneys - Eligible uses.**

2 1. The fund moneys may be used to participate in an interest rate buydown on a loan to
3 a new or expanding business for the following eligible uses:

4 a. Purchase of real property and equipment.

5 b. Expansion of facilities.

6 c. Working capital.

7 d. Inventory.

8 2. The loan funds cannot be used to refinance any existing debt or for the relocation of
9 the business within North Dakota.

10 ~~2.3.~~ The community shall determine the amount of the interest rate buydown and apply to
11 the Bank of North Dakota for participation from the partnership in assisting community
12 expansion fund. The funds for the community's portion of the buydown may come from
13 a local development corporation, contributions, community funds, future dedicated tax
14 programs, or any other community source.

15 ~~3.4.~~ The fund participation portion in the buydown must be determined by the Bank of
16 North Dakota based on economic conditions in the city or county in which the business
17 is located.

18 ~~4.5.~~ a. The maximum amount from the fund in the interest rate buydown may not exceed
19 five hundred thousand dollars per loan.

20 b. If the Bank determines the project has a substantial economic impact and
21 qualifies as a primary sector business, the maximum amount from the fund in the
22 interest rate buydown may be increased by up to one million dollars, in addition
23 to the amount under subdivision a, without a required community match.

24 6. The fund participation must be limited to the amount required to buy down the interest
25 to five hundred basis points below the national prime interest rate.

26 ~~5.7.~~ The Bank of North Dakota shall adopt rules to implement this chapter.

27 **SECTION 16. AMENDMENT.** Section 15 of chapter 14 of the 2023 Session Laws is
28 amended and reenacted as follows:

29 **SECTION 15. TRANSFER - STRATEGIC INVESTMENT AND IMPROVEMENTS**
30 **FUND TO STATE ENERGY RESEARCH CENTER FUND - FEDERAL STATE**

**FISCAL RECOVERY FUND - UNDERGROUND ENERGY STORAGE RESEARCH
PROJECT - REPORT TO LEGISLATIVE MANAGEMENT.**

1. The office of management and budget shall transfer the sum of \$6,000,000 from the strategic investment and improvements fund to the state energy research center fund.
2. Pursuant to the continuing appropriation authority under section 57-51.1-07.9 and pursuant to subsection 36 of section 1 of chapter 550 of the 2021 Special Session Session Laws, as amended in section 24 of this Act and exempted in section 26 of this Act, the industrial commission shall distribute up to ~~\$6,000,000~~\$2,000,000 from the state energy research center fund and up to \$5,300,000 of federal funds from the state fiscal recovery fund to the state energy research center for a salt cavern underground energy storage research project.
3. The research project must include a business case analysis for the construction of up to two salt caverns in geological formations in North Dakota for the development of underground storage of energy resources, including natural gas, liquified natural gas, natural gas liquids, and hydrogen. The state energy research center may collaborate with other entities as needed on the research project. Prior to distributing the funding, the industrial commission must receive, from at least one nonstate entity, assurance of financial or other types of support that demonstrate a commitment to the research project.
4. During the 2023-24 ~~interim~~and 2025-26 interims, the state energy research center shall provide quarterly reports to the industrial commission and at least one report each interim to the legislative management regarding the status and results of the research project.

SECTION 17. EXEMPTION - UNEXPENDED APPROPRIATIONS. The following appropriations are not subject to the provisions of section 54-44.1-11 and may be continued into the biennium beginning July 1, 2025, and ending June 30, 2027:

1. The sum of \$1,250,000 appropriated from special funds for grant management software in subsection 1 of section 1 of chapter 14 of the 2023 Session Laws, identified as one-time funding in section 2 of chapter 14 of the 2023 Session Laws, and transferred in section 9 of chapter 14 of the 2023 Session Laws.

2. The sum of \$75,000 appropriated from special funds for a records digitization project in subsection 1 of section 1 of chapter 14 of the 2023 Session Laws and identified as one-time funding in section 2 of chapter 14 of the 2023 Session Laws.
3. The sum of \$1,124,856 appropriated from the general fund and \$7,499,037 appropriated from federal funds for an electricity grid resilience federal grant in subsection 1 of section 1 of chapter 14 of the 2023 Session Laws and identified as one-time funding in section 2 of chapter 14 of the 2023 Session Laws.
4. The sum of \$3,200,000 appropriated from the federal state fiscal recovery fund for an abandoned oil well conversion to water supply grant program in subsection 2 of section 1 of chapter 550 of the 2021 Special Session Session Laws and continued into the 2023-25 biennium in subsection 1 of section 27 of chapter 14 of the 2023 Session Laws.
5. The sum of \$800,000 appropriated from the strategic investment and improvements fund to the department of mineral resources for a survey review in section 2 of chapter 426 of the 2017 Session Laws and continued into the 2019-21 biennium pursuant to section 27 of chapter 14 of the 2019 Session Laws, into the 2021-23 biennium pursuant to section 33 of chapter 42 of the 2021 Session Laws, and into the 2023-25 biennium pursuant to section 27 of chapter 14 of the 2023 Session Laws.

SECTION 18. LEGISLATIVE MANAGEMENT STUDY - HOMELESSNESS. During the 2025-26 interim, the legislative management shall consider studying homelessness in the state. The study must include a review of data and funding available to address homelessness, an analysis of the use of available funds to identify gaps and potential solutions, and input from homeless program service providers. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the seventieth legislative assembly.