

**Department 471 - Bank of North Dakota
Senate Bill No. 2014**

Executive Budget Comparison to Prior Biennium Appropriations

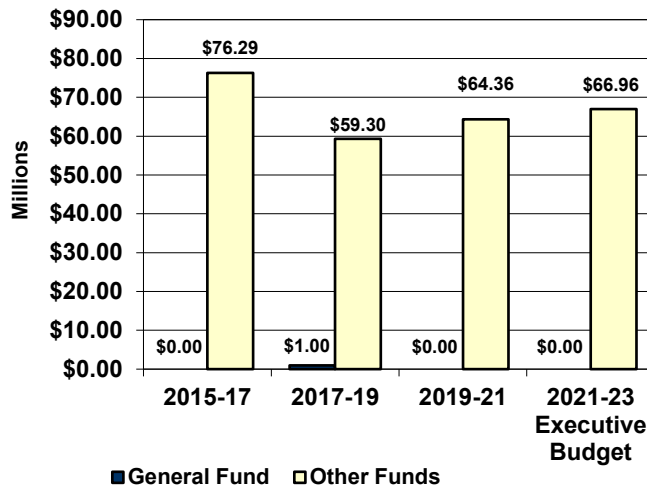
	FTE Positions	General Fund	Other Funds	Total
2021-23 Executive Budget	165.50	\$0	\$66,961,079	\$66,961,079
2019-21 Legislative Appropriations ¹	181.50	0	64,357,799	64,357,799
Increase (Decrease)	(16.00)	\$0	\$2,603,280	\$2,603,280

¹The 2019-21 biennium agency appropriation amounts have not been adjusted additional federal Coronavirus (COVID-19) funds authority of \$70 million resulting from Emergency Commission action during the 2019-21 biennium.

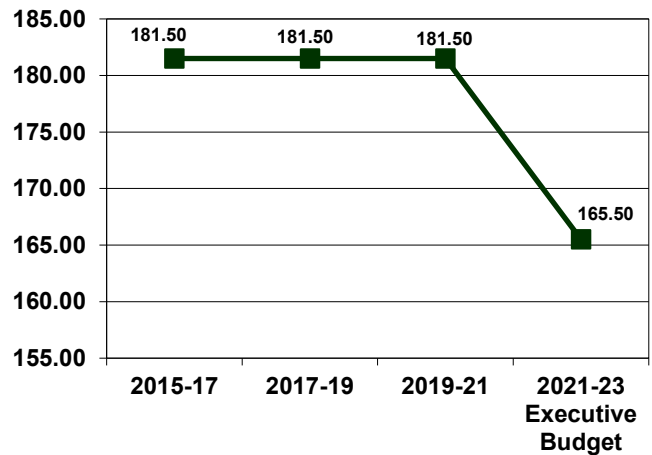
Ongoing and One-Time Other Funds Appropriations

	Ongoing Other Funds Appropriation	One-Time Other Funds Appropriation	Total Other Funds Appropriation
2021-23 Executive Budget	\$66,961,079	\$0	\$66,961,079
2019-21 Legislative Appropriations	64,357,799	0	64,357,799
Increase (Decrease)	\$2,603,280	\$0	\$2,603,280

Agency Funding



FTE Positions



Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2021-23 Executive Budget	\$0	\$66,961,079	\$66,961,079
2021-23 Base Level	0	64,357,799	64,357,799
Increase (Decrease)	\$0	\$2,603,280	\$2,603,280

First House Action

Attached is a comparison worksheet detailing first house changes to base level funding and the executive budget.

**Executive Budget Highlights
(With First House Changes in Bold)**

- | | General Fund | Other Funds | Total |
|---|--------------|-------------|-------------|
| 1. Provides funding for state employee salary and benefit increases of which \$650,331 is for salary increases, \$5,162 is for health insurance increases, and \$122,092 is for retirement increases. The Senate added funding for salary adjustments of 2 percent on July 1, 2021, with an \$80 minimum and \$300 maximum monthly increase and 2 percent on July 1, 2022, and increases in health insurance premiums from \$1,427 to \$1,429 per month. The Senate did not add funding for retirement contribution increases. | \$0 | \$1,094,121 | \$1,094,121 |

2. Transfers 16 FTE positions to the Information Technology Department for a unification initiative resulting in a decrease in salaries and wages related funding of \$3,287,172 and an increase in operating expense related funding of \$3,287,172	\$0	\$0	\$0
3. Increases funding for information technology costs	\$0	\$1,811,661	\$1,811,661
4. Adds funding for Microsoft Office 365 licensing expenses	\$0	\$21,812	\$21,812
5. Decreases funding for contingency expenses	\$0	(\$500,000)	(\$500,000)
6. Transfers a mortgage loan program to the Housing Finance Agency but the Bank of North Dakota's budget does not reflect the transfer of 2 FTE positions which are added in the Housing Finance Agency budget	\$0	\$0	\$0
7. The Senate added 6 new undesignated FTE positions to support future growth in the Bank of North Dakota's operations.			
8. The Senate added \$100 million from bond proceeds for a transfer to the long-term care facility loan fund.			

Other Sections in Senate Bill No. 2014

Transfer to general fund - Section 9 provides for a transfer of \$140 million from the Bank of North Dakota's current earnings and undivided profits to the general fund for the 2021-23 biennium.

Transfer to partnership in assisting community expansion (PACE) fund - Section 10 provides for a transfer of \$26 million from the Bank of North Dakota's current earnings and undivided profits to the PACE fund for the 2021-23 biennium.

Transfer to Ag PACE fund - Section 11 provides for a transfer of \$5 million from the Bank of North Dakota's current earnings and undivided profits to the Ag PACE fund for the 2021-23 biennium.

Transfer to biofuels PACE fund - Section 12 provides for a transfer of \$1 million from the Bank of North Dakota's current earnings undivided profits to the biofuels PACE fund for the 2021-23 biennium.

Transfer to beginning farmer revolving loan fund - Section 13 provides for a transfer of \$8 million from the Bank of North Dakota's current earnings and undivided profits to the beginning farmer revolving loan fund for the 2021-23 biennium.

Infrastructure revolving loan fund - Section 16 expands the types of eligible projects under the infrastructure revolving loan fund; increases the maximum term of a loan to 40 years for certain water projects; increases the maximum loan amount to \$40 million for most types of projects, excluding certain water projects which are not limited; and requires the Department of Transportation and the State Water Commission respectively to approve road and water projects.

Deficiency Appropriation

There are no deficiency appropriations for this agency.

Continuing Appropriations

PACE - North Dakota Century Code Section 6-09.14-02 - Buy down interest rates on loans for new or expanding businesses.

Agriculture PACE - Section 6-09.13-04 - Buy down interest rates on agriculture-related loans.

Beginning farmer revolving loan fund - Section 6-09-15.5 - Direct loans or to buy down interest rates on loans to beginning farmers for the first purchase of farm real estate or chattels.

College SAVE - Section 6-09-38 - Higher education savings plan.

North Dakota achieving a better life experience plan - Section 6-09-38.1 - Savings plans for individuals with disabilities.

Rebuilders loan program - Section 6-09-46 - Loan program for residents to rebuild flood-damaged homes related to a flood event during 2011.

Rebuilders home loan program - Section 6-09-46.1 - Loan program for residents to rebuild flood-damaged homes related to river flooding in the state due to ice jams in the winter and spring of 2019.

Medical facility infrastructure loan fund - Section 6-09-47 - Loans for medical facility construction.

Federal student loan proceeds - Section 6-09-48 - Funds received in relation to federal student loans used to support the functions of the Bank of North Dakota related to higher education programs.

Infrastructure revolving loan fund - Section 6-09-49 - Loans for political subdivision infrastructure projects.

Significant Audit Findings

The financial statement audit for the Bank of North Dakota conducted by Eide Bailly LLP, during the 2019-20 interim identified no significant findings.

Major Related Legislation

House Bill No. 1050 - Changes the definition of a business incentive to exempt Bank of North Dakota programs that require job creation.

House Bill No. 1358 - Transfers \$10 million from the general fund to a newly created oil and oil and gas tax revenue hedging fund for costs incurred by the Bank of North Dakota to implement oil hedging strategies recommended by an advisory committee.

House Bill No. 1395 - Reallocates federal coronavirus relief funds previously authorized by the Emergency Commission and Budget Section.

House Bill No. 1431 - Authorizes the Public Finance Authority to issue up to \$680 million of bonds to support infrastructure projects, and appropriates the bond proceeds to the Bank of North Dakota for distribution.

House Bill No. 1475 - Transfers \$5 million from the general fund to a newly created agriculture innovation fund from which the Bank of North Dakota may issue loans to new or expanding value-added agriculture businesses.

Senate Bill No. 2033 - Transfers unspent 2019-21 biennium appropriations, derived from Bank of North Dakota profits, to the University System capital building fund.

Senate Bill No. 2058 - Expands the allowable loans for biofuels PACE to include value-added operations rather than just livestock operations.

Bank of North Dakota - Budget No. 471
Senate Bill No. 2014
Base Level Funding Changes

	Executive Budget Recommendation				Senate Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2021-23 Biennium Base Level	181.50	\$0	\$64,357,799	\$64,357,799	181.50	\$0	\$64,357,799	\$64,357,799
2021-23 Ongoing Funding Changes								
Base payroll changes			\$175,686	\$175,686			\$175,686	\$175,686
Salary increase			913,768	913,768			827,017	827,017
Retirement contribution increase			172,602	172,602				0
Health insurance increase			7,751	7,751			7,751	7,751
Transfers FTE positions for IT unification	(16.00)			0	(16.00)		83,343	83,343
Adds new FTE positions				0	6.00		819,302	819,302
Increases funding for information technology costs			1,811,661	1,811,661			1,811,661	1,811,661
Increases funding for Microsoft Office 365 licensing expenses			21,812	21,812			21,812	21,812
Decreases funding for contingencies			(500,000)	(500,000)			(500,000)	(500,000)
Total ongoing funding changes	(16.00)	\$0	\$2,603,280	\$2,603,280	(10.00)	\$0	\$3,246,572	\$3,246,572
One-time funding items								
Adds one-time funding for bond proceeds				\$0			\$100,000,000	\$100,000,000
Total one-time funding changes	0.00	\$0	\$0	\$0	0.00	\$0	\$100,000,000	\$100,000,000
Total Changes to Base Level Funding	(16.00)	\$0	\$2,603,280	\$2,603,280	(10.00)	\$0	\$103,246,572	\$103,246,572
2021-23 Total Funding	165.50	\$0	\$66,961,079	\$66,961,079	171.50	\$0	\$167,604,371	\$167,604,371
<i>Total ongoing changes as a percentage of base level</i>	(8.8%)		4.0%	4.0%	(5.5%)		5.0%	5.0%
<i>Total changes as a percentage of base level</i>	(8.8%)		4.0%	4.0%	(5.5%)		160.4%	160.4%

Other Sections in Bank of North Dakota - Budget No. 471

	Executive Budget Recommendation	Senate Version
Transfer to general fund	Section 6 would provide for a transfer of \$140 million from the Bank of North Dakota's current earnings and undivided profits to the general fund for the 2021-23 biennium.	Section 9 provides for a transfer of \$140 million from the Bank of North Dakota's current earnings and undivided profits to the general fund for the 2021-23 biennium.
Transfer to partnership in assisting community expansion (PACE) fund	Section 8 would provide for a transfer of \$26 million from the Bank of North Dakota's current earnings and undivided profits to the PACE fund for the 2021-23 biennium.	Section 10 provides for a transfer of \$26 million from the Bank of North Dakota's current earnings and undivided profits to the PACE fund for the 2021-23 biennium.
Transfer to Ag PACE fund	Section 9 would provide for a transfer of \$5 million from the Bank of North Dakota's current earnings and undivided profits to the Ag PACE fund for the 2021-23 biennium.	Section 11 provides for a transfer of \$5 million from the Bank of North Dakota's current earnings and undivided profits to the Ag PACE fund for the 2021-23 biennium.
Transfer to biofuels PACE fund	Section 10 would provide for a transfer of \$1 million from the Bank of North Dakota's current earnings and undivided profits to the biofuels PACE fund for the 2021-23 biennium.	Section 12 provides for a transfer of \$1 million from the Bank of North Dakota's current earnings and undivided profits to the biofuels PACE fund for the 2021-23 biennium.

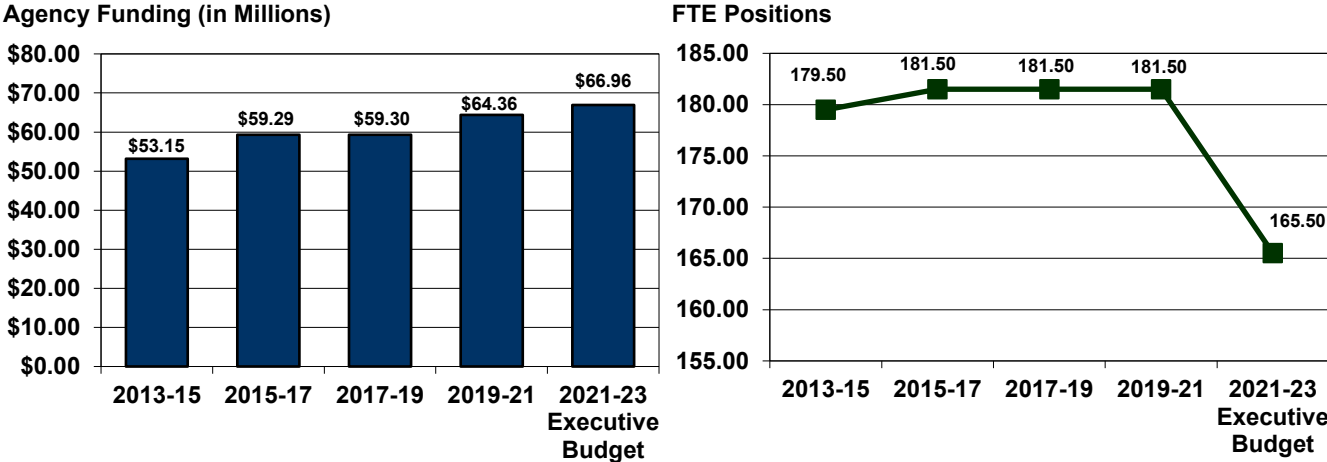
Other Sections in Bank of North Dakota - Budget No. 471

	<u>Executive Budget Recommendation</u>	<u>Senate Version</u>
Transfer to beginning farmer revolving loan fund	Section 11 would provide for a transfer of \$8 million from the Bank of North Dakota's current earnings and undivided profits to the beginning farmer revolving loan fund for the 2021-23 biennium.	Section 13 provides for a transfer of \$8 million from the Bank of North Dakota's current earnings and undivided profits to the beginning farmer revolving loan fund for the 2021-23 biennium.
Transfer to agricultural productions utilization fund	Section 12 would provide for a transfer of \$3 million from the Bank of North Dakota's current earnings and undivided profits to the agricultural productions utilization fund for the 2021-23 biennium.	
Infrastructure revolving loan fund		Section 16 expands the types of eligible projects under the infrastructure revolving loan fund; increases the maximum term of a loan to 40 years for certain water projects; increases the maximum loan amount to \$40 million for most types of projects, excluding certain water projects which are not limited; and requires the Department of Transportation and the State Water Commission respectively to approve road and water projects.

Department 471 - Bank of North Dakota

Historical Appropriations Information

Ongoing Other Funds Appropriations Since 2013-15



Ongoing Other Funds Appropriations					
	2013-15	2015-17	2017-19	2019-21	2021-23 Executive Budget
Ongoing other funds appropriations	\$53,150,147	\$59,287,301	\$59,299,204	\$64,357,799	\$66,961,079
Increase (decrease) from previous biennium	N/A	\$6,137,154	\$11,903	\$5,058,595	\$2,603,280
Percentage increase (decrease) from previous biennium	N/A	11.5%	0.0%	8.5%	4.0%
Cumulative percentage increase (decrease) from 2013-15 biennium	N/A	11.5%	11.6%	21.1%	26.0%

Major Increases (Decreases) in Ongoing Other Funds Appropriations

2015-17 Biennium

- 1. Added funding for 2 FTE positions, including a credit analyst position and an information technology security position \$387,645
- 2. Added funding for operating expenses, including \$2.5 million for information technology costs and \$800,000 for audit fees \$3,968,123

2017-19 Biennium

- 1. Provided funding for additional salary increases related to higher starting salaries for new employees and higher than anticipated salary adjustments for market rate adjustments \$1,459,131
- 2. Reduced funding for operating expenses primarily related to marketing activities that were funded with a federal grant that expired in calendar year 2016 as well as cost-savings from efficiencies (\$2,385,776)
- 3. Added funding for information technology equipment \$65,000

2019-21 Biennium

- 1. Increased funding for Bank of North Dakota operations related to information technology costs (\$876,800); professional development and services (\$139,508); Microsoft Office 365 licensing costs (\$37,352); and utilities, insurance, and other operating expenses (\$250,000) \$1,303,660
- 2. Decreased funding for Bank of North Dakota operations related to postage and temporary employees (\$75,550)
- 3. Increased funding for Bank of North Dakota contingencies to provide total contingency funding of \$3.5 million \$1,000,000
- 4. Added funding for information technology equipment and software to provide total funding of \$1.51 million for capital assets \$700,000

2021-23 Biennium (Executive Budget Recommendation)

1. Transfers 16 FTE positions to the Information Technology Department for a unification initiative resulting in a decrease in salaries and wages related funding of \$3,287,172 and an increase in operating expense related funding of \$3,287,172	\$0
2. Increases funding for information technology costs	\$1,811,661
3. Adds funding for Microsoft Office 365 licensing expenses	\$21,812
4. Decreases funding for contingency expenses	(\$500,000)
5. The Senate added 6 new undesignated FTE positions to support future growth in the Bank of North Dakota's operations.	

GOVERNOR'S RECOMMENDATION FOR THE INDUSTRIAL COMMISSION AS SUBMITTED BY THE OFFICE OF MANAGEMENT AND BUDGET

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, and from special funds derived from federal funds and other income, to the state industrial commission and agencies under its control for the purpose of defraying the expenses of the state industrial commission and agencies under its control, for the biennium beginning July 1, 2021 and ending June 30, 2023, as follows:

Subdivision 1.

INDUSTRIAL COMMISSION

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and Wages	\$23,409,450	\$ (208,533)	\$23,200,917
Operating Expenses	5,830,227	(710,270)	5,119,958
Capital Assets	0	0	0
Grants - Bond Payments	10,508,767	11,351,954	22,040,721
Contingencies	<u>229,544</u>	<u>(226,214)</u>	<u>3,330</u>
Total All Funds	\$39,977,988	\$10,386,938	\$50,364,926
Less Estimated Income	<u>12,723,790</u>	<u>11,654,170</u>	<u>24,377,960</u>
Total General Fund	\$27,254,198	\$(1,267,232)	\$25,986,966
Full-Time Equivalent Positions	112.25	(4.00)	108.25

Subdivision 2.

BANK OF NORTH DAKOTA - OPERATIONS

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Bank of North Dakota Operations	\$62,847,799	\$2,603,280	\$65,451,079
Capital Assets	<u>1,510,000</u>	<u>0</u>	<u>1,510,000</u>
Total Special Funds	\$64,357,799	\$2,603,280	\$66,961,079
Full-Time Equivalent Positions	181.50	(16.00)	165.50

Subdivision 3.

HOUSING FINANCE AGENCY

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and Wages	\$ 8,509,015	\$ 1,025,137	\$ 9,534,152
Operating Expenses	5,346,276	797,784	6,144,060
Capital Assets	0	150,000	150,000
Grants	33,466,600	9,508,600	42,975,200
Housing Finance Agency Contingencies	<u>100,000</u>	<u>0</u>	<u>100,000</u>
Total Special Funds	\$47,421,891	\$11,481,521	\$58,903,412
Full-Time Equivalent Positions	44.00	4.00	48.00

Subdivision 4.

MILL AND ELEVATOR ASSOCIATION

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and Wages	\$46,447,824	\$ 4,334,570	\$50,782,394
Operating Expenses	29,837,000	6,980,000	36,817,000
Contingencies	500,000	0	500,000
Agriculture Promotion	<u>210,000</u>	<u>290,000</u>	<u>500,000</u>
Total Special Funds	\$76,994,824	\$11,604,570	\$88,599,394
Full-Time Equivalent Positions	156.00	0.00	156.00

Subdivision 5.

BILL TOTAL

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Grand Total General Fund	\$ 27,254,198	\$(1,267,232)	\$ 25,986,966
Grand Total Special Funds	<u>201,498,304</u>	<u>37,343,541</u>	<u>238,841,845</u>
Grand Total All Funds	\$228,752,502	\$36,076,309	\$264,828,811

SECTION 2. ONE-TIME FUNDING. The following amounts reflect the one-time funding items approved by the sixty-sixth legislative assembly for the 2019-21 biennium:

<u>One-Time Funding Description</u>	<u>2019-21</u>	<u>2021-23</u>
Temporary Employees	\$ 175,000	0
Rare Earth Elements Study	160,000	0
Fracturing Sand Study	110,000	0
Oil Database Software Upgrade	<u>5,000,000</u>	<u>0</u>
Total All Funds	\$5,445,000	\$ 0
Total Special Fund	<u>5,270,000</u>	<u>0</u>
Total General Fund	\$ 175,000	\$ 0

SECTION 3. LEGISLATIVE INTENT - BOND PAYMENTS. The amount of \$22,040,720 included in subdivision 1 of section 1 of this Act in the grants - bond payments line item must be paid from the following funding sources during the biennium beginning July 1, 2021 and ending June 30, 2023:

North Dakota University System	\$17,204,639
North Dakota University System - Energy Conservation Projects	415,114
Department of Corrections and Rehabilitation	492,354
Department of Corrections and Rehabilitation – Energy Conservation Projects	8,181
State Department of Health	341,365
Job Service North Dakota	230,600
Office of Management and Budget	564,515
Office of Attorney General	648,055
State Historical Society	1,179,015
Parks and Recreation Department	66,165
Research and Extension Service	483,447
Veterans' Home	<u>407,271</u>
Total	\$22,040,721

SECTION 4. APPROPRIATION – HOUSING FINANCE AGENCY – ADDITIONAL INCOME. In addition to the amount appropriated to the housing finance agency in subdivision 3 of section 1 of this Act, there is appropriated any additional income or unanticipated income from federal or other funds which may become available to the agency for the biennium beginning July 1, 2021 and ending June 30, 2023. The housing finance agency shall notify the office of management and budget and the legislative council of any additional income or unanticipated income that becomes available to the agency resulting in an increase in appropriation authority.

SECTION 5. APPROPRIATION - ADDITIONAL FUNDS FROM BONDS - EMERGENCY COMMISSION APPROVAL. In addition to the amount appropriated to the state industrial commission in subdivision 1 of section 1 of this Act, there is appropriated, with the approval of the emergency commission, funds that may become available to the commission from bonds authorized by law to be issued by the state industrial commission for the biennium beginning July 1, 2021 and ending June 30, 2023.

SECTION 6. TRANSFER – BANK OF NORTH DAKOTA PROFITS TO THE GENERAL FUND. During the biennium beginning July 1, 2021 and ending June 30, 2023, the industrial commission shall transfer to the state general fund \$140,000,000 from the current earnings and the accumulated undivided profits of the Bank of North Dakota. The moneys must be transferred in the amounts and at the times requested by the director of the office of management and budget after consultation with the Bank of North Dakota president.

SECTION 7. TRANSFER – ENTITIES WITHIN THE CONTROL OF THE INDUSTRIAL COMMISSION TO INDUSTRIAL COMMISSION FUND. The sum of \$1,218,725, or so much of the sum as may be necessary, included in the special funds appropriation line item in subdivision 1 of section 1 of this Act, may be transferred from the entities within the control of the state industrial commission or entities directed to make payments to the industrial commission fund for administrative services rendered by the commission. Transfers shall be made during the biennium beginning July 1, 2021 and ending June 30, 2023, upon order of the commission. Transfers from the student loan trust must be made to the extent permitted by sections 54-17-24 and 54-17-25.

SECTION 8. TRANSFER - BANK OF NORTH DAKOTA - PARTNERSHIP IN ASSISTING COMMUNITY EXPANSION. The Bank of North Dakota shall transfer the sum of \$26,000,000, or so much of the sum as may be necessary, from the Bank's current earnings and undivided profits to the partnership in assisting community expansion fund during the biennium beginning July 1, 2021 and ending June 30, 2023.

SECTION 9. TRANSFER - BANK OF NORTH DAKOTA - AGRICULTURE PARTNERSHIP IN ASSISTING COMMUNITY EXPANSION. The Bank of North Dakota shall transfer the sum of \$5,000,000, or so much of the sum as may be necessary, from the Bank's current earnings and undivided profits to the agriculture partnership in assisting community expansion fund during the biennium beginning July 1, 2021 and ending June 30, 2023.

SECTION 10. TRANSFER - BANK OF NORTH DAKOTA - BIOFUELS PARTNERSHIP IN ASSISTING COMMUNITY EXPANSION. The Bank of North Dakota shall transfer the sum of \$1,000,000, or so much of the sum as may be necessary, from the Bank's current earnings and undivided profits to the biofuels partnership in assisting community expansion fund during the biennium beginning July 1, 2021 and ending June 30, 2023.

SECTION 11. TRANSFER - BANK OF NORTH DAKOTA - BEGINNING FARMER REVOLVING LOAN FUND. The Bank of North Dakota shall transfer the sum of \$8,000,000, or so much of the sum as may be necessary, from the Bank's current earnings and undivided profits to the beginning farmer revolving loan fund during the biennium beginning July 1, 2021 and ending June 30, 2023.

SECTION 12. TRANSFER - BANK OF NORTH DAKOTA – AGRICULTURAL PRODUCTS UTILIZATION FUND. The Bank of North Dakota shall transfer the sum of \$3,000,000, or so much of the sum as may be necessary, from the Bank's current earnings and undivided profits to the agricultural products utilization fund during the biennium beginning July 1, 2021 and ending June 30, 2023.

SECTION 13. LIGNITE RESEARCH, DEVELOPMENT, AND MARKETING PROGRAM - LIGNITE MARKETING FEASIBILITY STUDY. The amount of \$4,500,000 from the lignite research fund, or so much of the amount as may be necessary, may be used for the purpose of contracting for an independent, nonmatching lignite marketing feasibility study or studies that determine those focused priority areas where near-term, market-driven projects, activities, or processes will generate matching private industry investment and have the most potential of preserving existing lignite production and industry jobs or that will lead to increased development of lignite and its products and create new lignite industry jobs and economic

growth for the general welfare of this state. Moneys appropriated pursuant to this section may also be used for the purpose of contracting for nonmatching studies and activities in support of the lignite vision 21 program; for litigation that may be necessary to protect and promote the continued development of lignite resources; for nonmatching externality studies and activities in externality proceedings; or other marketing, environmental, or transmission activities that assist with marketing of lignite- based electricity and lignite-based byproducts. Moneys not needed for the purposes stated in this section are available to the commission for funding projects, processes, or activities under the lignite research, development, and marketing program.

SECTION 14. EXEMPTION – INDUSTRIAL COMMISSION FUND. The amount appropriated to the industrial commission in the special funds appropriation line item in section 1 of chapter 14 of the 2019 Session Laws and transferred pursuant to section 8 of chapter 14 of the 2019 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, 2021 and ending June 30, 2023.

SECTION 15. EXEMPTION –SURVEY REVIEW – STRATEGIC INVESTMENT AND IMPROVEMENTS FUND. The amount appropriated from strategic investment and improvement fund to the industrial commission in section 2 of chapter 426 of the 2017 Session Laws is not subject to section 54-44.1-11. Any unexpended funds from this appropriation are available to the industrial commission for expert legal testimony and other related legal costs associated with the survey review during the biennium beginning July 1, 2021, and June 30, 2023.

SECTION 16. EXEMPTION - OIL AND GAS TAX REVENUE ALLOCATIONS - NORTH DAKOTA OUTDOOR HERITAGE FUND. Notwithstanding the provisions of section 57-51-15 relating to the allocations to the North Dakota outdoor heritage fund, for the period beginning September 1, 2021 and ending August 31, 2023, the state treasurer shall allocate eight percent of the oil and gas gross production tax revenue available under subsection 1 of section 57-51-15 to the North Dakota outdoor heritage fund, but not in an amount exceeding \$7,500,000 per fiscal year.

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

1. Notwithstanding the provisions of section 57-51.1-07.3 relating to the allocations to the oil and gas research fund, for the period beginning August 1, 2021, and ending July 31, 2023, the state treasurer shall deposit two percent of the oil and gas gross production tax and oil extraction tax revenues, up to \$16,000,000, into the oil and gas research fund before depositing oil and gas tax revenues under section 57-51.1-07.5.
2. Pursuant to the continuing appropriation in section 57-51.1-07.3, the industrial commission shall expend the remaining monies authorized in section 25 of chapter 14 of the 2019 Session Laws from the oil and gas research fund pursuant to the contract with the energy and environmental research center for pilot projects relating to the underground storage of produced natural gas. The pilot projects may include studies and demonstration projects. During the 2021-22 interim, the energy and environmental research center shall provide quarterly reports to the industrial commission and at least one report to the legislative management regarding the results and recommendations of the pilot project.