

Department 475 - Mill and Elevator Association Senate Bill No. 2014

Executive Budget Comparison to Prior Biennium Appropriations

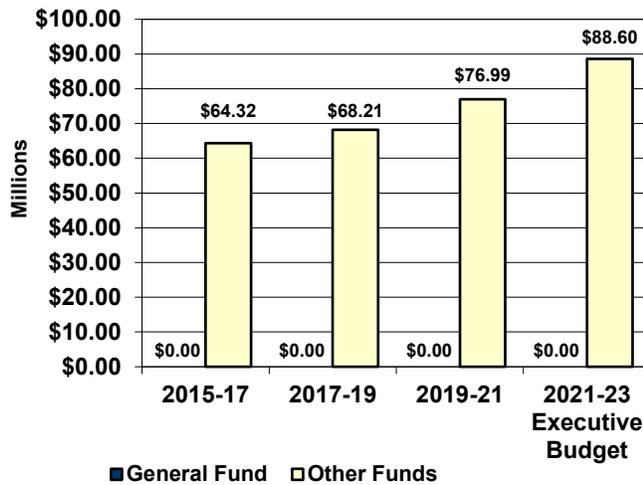
	FTE Positions	General Fund	Other Funds	Total
2021-23 Executive Budget	156.00	\$0	\$88,599,394	\$88,599,394
2019-21 Legislative Appropriations ¹	156.00	0	76,994,824	76,994,824
Increase (Decrease)	0.00	\$0	\$11,604,570	\$11,604,570

¹The 2019-21 biennium agency appropriation amounts have not been adjusted for additional federal Coronavirus (COVID-19) funds authority of \$116,690 resulting from Emergency Commission action during the 2019-21 biennium.

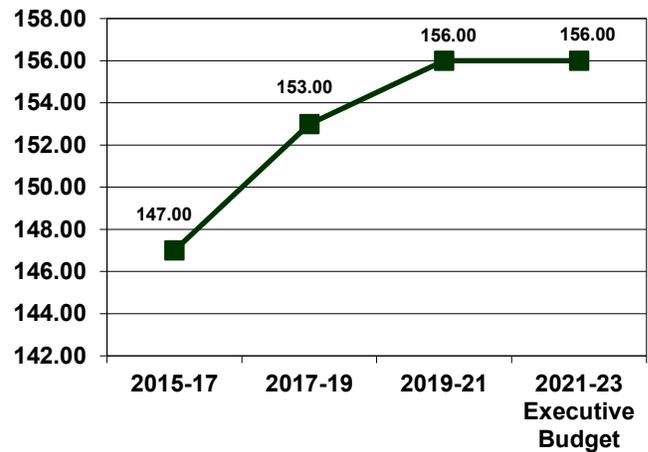
Ongoing and One-Time Other Funds Appropriations

	Ongoing Other Funds Appropriation	One-Time Other Funds Appropriation	Total Other Funds Appropriation
2021-23 Executive Budget	\$88,599,394	\$0	\$88,599,394
2019-21 Legislative Appropriations	76,994,824	0	76,994,824
Increase (Decrease)	\$11,604,570	\$0	\$11,604,570

Agency Funding



FTE Positions



Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2021-23 Executive Budget	\$0	\$88,599,394	\$88,599,394
2021-23 Base Level	0	76,994,824	76,994,824
Increase (Decrease)	\$0	\$11,604,570	\$11,604,570

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 base payroll changes, including salary increases	\$0	\$2,360,168	\$2,360,168
2. Provides funding for state employee benefit increases, of which \$7,457 is for health insurance increases and \$222,185 is for retirement increases. The Senate did not add funding for retirement contribution increases.	\$0	\$229,642	\$229,642
3. Increases funding for overtime	\$0	\$1,744,760	\$1,744,760
4. Increases funding for operating expenses, primarily related to insurance and repairs	\$0	\$3,680,000	\$3,680,000

5. Adds funding for mill capacity increases, primarily related to utilities and supplies	\$0	\$3,300,000	\$3,300,000
6. Increases funding for agriculture promotion	\$0	\$290,000	\$290,000

Other Sections in Senate Bill No. 2014

The bill does not include any other sections related to the Mill and Elevator Association.

Deficiency Appropriation

There are no deficiency appropriations for this agency.

Significant Audit Findings

The financial statement audit for the Mill and Elevator Association conducted by the State Auditor's office during the 2019-20 interim identified no significant findings.

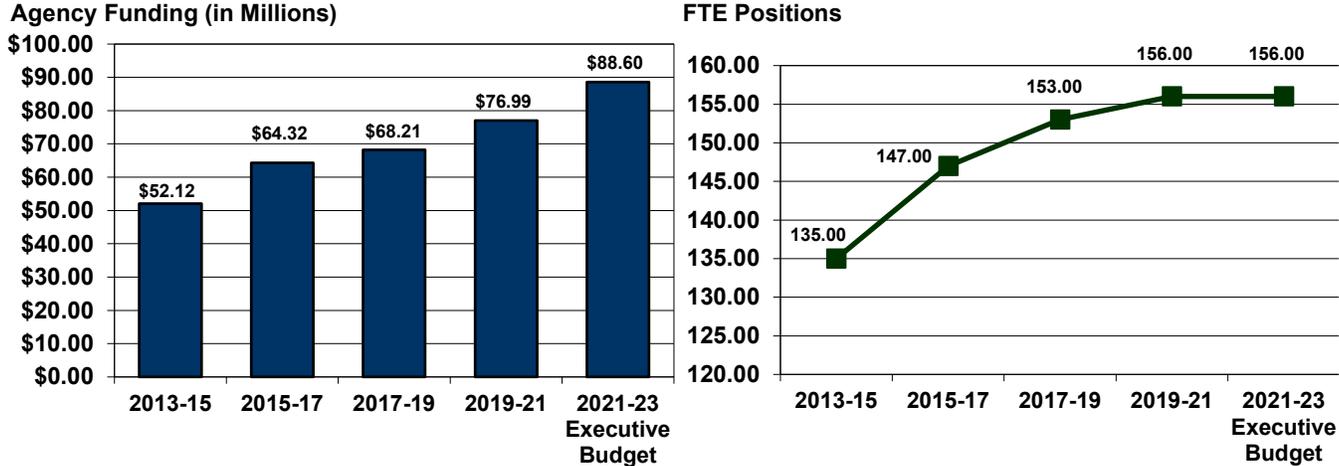
Major Related Legislation

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

Department 475 - Mill and Elevator Association

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	\$52,123,557	\$64,315,898	\$68,213,519	\$76,994,824	\$88,599,394
Increase (decrease) from previous biennium	N/A	\$12,192,341	\$3,897,621	\$8,781,305	\$11,604,570
Percentage increase (decrease) from previous biennium	N/A	23.4%	6.1%	12.9%	15.1%
Cumulative percentage increase (decrease) from 2013-15 biennium	N/A	23.4%	30.9%	47.7%	70.0%

Major Increases (Decreases) in Ongoing Other Funds Appropriations

2015-17 Biennium

- 1. Added funding for 12 FTE positions, including 3 mill operator positions, 3 rail car loader positions, 2 flour packer positions, 2 utility worker positions, 1 electrician position, and 1 maintenance worker position \$1,643,906
- 2. Added funding for operating expenses related to a new milling unit \$5,531,000
- 3. Increased funding for contingencies to provide total funding of \$500,000 \$100,000

2017-19 Biennium

- 1. Reduced funding for salaries and wages, primarily related to overtime (\$684,923)
- 2. Added funding for 6 FTE positions, including 2 grain handling positions, 2 food safety positions, 1 flour packer position, and 1 utility worker position \$768,893
- 3. Added funding for operating expenses related to utilities, supplies, and repairs \$868,000

2019-21 Biennium

- 1. Increased funding for overtime and temporary employees \$2,538,685
- 2. Added funding for 3 FTE positions, including 2 food safety workers and 1 utility worker \$440,094
- 3. Added funding for increased costs related to utilities, insurance, and repairs \$1,642,000

2021-23 Biennium (Executive Budget Recommendation)

- 1. Increases funding for overtime \$1,744,760
- 2. Increases funding for operating expenses, primarily related to insurance and repairs \$3,680,000
- 3. Adds funding for mill capacity increases, primarily related to utilities and supplies \$3,300,000
- 4. Increases funding for agriculture promotion \$290,000

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.