



**EXECUTIVE BUDGET RECOMMENDATION
2025-27 BIENNIUM**

Budget Summary

	FTE Positions	General Fund	Other Funds	Total
Executive budget recommendation	189.00	\$0	\$86,818,924	\$86,818,924
Base level	187.00	0	71,605,483	71,605,483
Increase (decrease)	2.00	\$0	\$15,213,441	\$15,213,441
Percentage increase (decrease)	1.1%	N/A	21.2%	21.2%

NOTE:

More detailed information on the executive budget recommendation is attached as Appendix A.

A copy of the draft appropriations bill reflecting the executive budget recommendation is attached as Appendix B.

Selected Highlights

- Salary increases of up to 4 percent effective July 1, 2025, and 3 percent effective July 1, 2026
- Health insurance increase of \$250 per month (15.23 percent), from \$1,643 to \$1,893, per employee
- Adds funding to replace the 2023-25 vacant FTE pool (\$2,323,303) and the 2023-25 new FTE pool (\$3,106,682)
- Adds \$563,002 from special funds for 2 FTE cash management positions
- Transfers \$804,278 from the Bank of North Dakota operations line item to the capital assets line item to provide total funding of \$1,510,000, the same as the 2023-25 biennium
- Adds \$5.5 million of **one-time funding** from the economic diversification research fund for grants

Deficiency Appropriations

There are no deficiency appropriations for this agency.

Significant Audit Findings

There are no significant audit findings for this agency.

Agency Fees

As reported to the Legislative Management, pursuant to North Dakota Century Code Section 54-35-27, this agency did not have any fees.

Major Related Legislation

As of the date of this report, there is no major related legislation for this agency.

NOTE:

Please see the Fiscal Impact Report for additional information regarding bills under consideration, which contain either a state revenue impact, an appropriation, or a state fiscal impact.



Bank of North Dakota - Budget No. 471
Agency Worksheet - Senate Bill No. 2014

	Executive Budget			
	FTE Positions	General Fund	Other Funds	Total
2025-27 Biennium Base Level	187.00	\$0	\$71,605,483	\$71,605,483
2025-27 Ongoing Funding Changes				
Salary increase			\$2,259,732	\$2,259,732
Health insurance increase			1,134,998	1,134,998
Funding to replace the 2023-25 vacant FTE pool			2,323,303	2,323,303
Funding to replace the 2023-25 new FTE pool			3,106,682	3,106,682
FTE cash management positions	2.00		563,002	563,002
Budget reduction from operational savings			(78,168)	(78,168)
Information technology rate adjustment			403,892	403,892
Transfer of \$804,278 from operations to capital assets				0
Total ongoing funding changes	2.00	\$0	\$9,713,441	\$9,713,441
One-Time Funding Items				
Economic diversification research grants			\$5,500,000	\$5,500,000
Total one-time funding changes	0.00	\$0	\$5,500,000	\$5,500,000
Total Changes to Base Level Funding	2.00	\$0	\$15,213,441	\$15,213,441
2025-27 Total Funding	189.00	\$0	\$86,818,924	\$86,818,924

Federal funds included in other funds

\$0

Total ongoing changes - Percentage of base level

1.1%

N/A

13.6%

13.6%

Total changes - Percentage of base level

1.1%

N/A

21.2%

21.2%

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

Section Description	Executive Budget
Transfers to general fund	Removes a section to transfer \$140 million from Bank of North Dakota profits to the general fund for the 2025-27 biennium.
Transfers to economic development programs	Section 6 would transfer \$60 million from the Bank profits to the PACE fund, Ag PACE fund, biofuels PACE fund, and beginning farmer revolving loan fund without specifying amounts for each fund and would transfer \$1.5 million from Bank profits to a small business development center.
Residential construction loans	Section 8 would transfer \$5 million from the strategic investment and improvements fund (SIIF) to the infrastructure revolving loan fund for construction loans to residential developers. Section 17 would amend the infrastructure revolving loan fund to authorize the Bank to develop a construction loan program for residential developers.
Economic diversification research grants	Section 10 would transfer \$5.5 million from SIIF to the economic diversification research fund and would provide an appropriation of one-time funding for grants from the economic diversification research fund.
FTE position adjustments	Section 16 would authorize the Bank to increase or decrease authorized FTE positions subject to the availability of funds.

**SENATE BILL NO. 2014
(Governor's Recommendation)**

Introduced by

Appropriations Committee

(At the request of the Governor)

A bill for an Act to provide an appropriation for defraying the expenses of the industrial commission and the agencies under its control; to create and enact a new subsection to 6-09-49; to provide transfers; and to provide an exemption.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

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 industrial commission and agencies under its control for the purpose of defraying the expenses of the industrial commission and agencies under its control, for the biennium beginning July 1, 2025 and ending June 30, 2027, as follows:

Subdivision 1.

INDUSTRIAL COMMISSION

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and Wages	\$1,884,918	\$421,199	\$2,306,117
Operating Expenses	472,271	1,306,791	1,779,062
IIJA Funding	0	13,668,089	13,668,089
Bond Payments	119,879,913	(2,761,713)	117,118,200
Litigation Costs	<u>0</u>	<u>3,000,000</u>	<u>3,000,000</u>
Total All Funds	\$122,237,102	\$15,634,366	\$137,871,468
Less Estimated Income	<u>122,237,102</u>	<u>10,451,572</u>	<u>132,688,674</u>
Total General Fund	\$0	\$5,182,794	\$5,182,794
Full-Time Equivalent Positions	9.75	0	9.75

Subdivision 2.

DEPARTMENT OF MINERAL RESOURCES

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and Wages	\$23,261,532	\$5,429,280	\$28,690,812
Operating Expenses	5,120,253	6,055,338	11,175,591
Capital Assets	<u>0</u>	<u>0</u>	<u>0</u>
Total All Funds	\$28,381,785	\$11,484,618	\$39,866,403
Less Estimated Income	<u>268,000</u>	<u>1,802,377</u>	<u>2,070,377</u>
Total General Fund	\$28,113,785	\$9,682,241	\$37,796,026
Full-Time Equivalent Positions	108.00	2.00	110.00

Subdivision 3.

BANK OF NORTH DAKOTA

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Bank of North Dakota Operations	\$70,095,483	\$9,713,441	\$79,808,924
Capital Assets	1,510,000	0	1,510,000
Grants to Institutions	0	5,500,000	5,500,000
Total Special Funds	\$71,605,483	\$15,213,441	\$86,818,924
Full-Time Equivalent Positions	187.00	2.00	189.00

Subdivision 4.

HOUSING FINANCE AGENCY

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and Wages	\$11,413,354	\$2,827,161	\$14,240,515
Operating Expenses	10,903,883	(1,433,707)	9,470,176
Capital Assets	20,000	0	20,000
Grants	48,805,110	2,300,000	51,105,110
Housing Finance Agency Contingencies	100,000	0	100,000
Total All Funds	\$71,242,347	\$3,693,454	\$74,935,801
Less Estimated Income	68,742,347	6,193,454	74,935,801
Total General Fund	\$2,500,000	(\$2,500,000)	\$0
Full-Time Equivalent Positions	54.00	2.00	56.00

Subdivision 5.

MILL AND ELEVATOR ASSOCIATION

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and Wages	\$54,019,267	\$8,062,267	\$62,081,534
Operating Expenses	42,391,653	10,224	42,401,877
Contingencies	500,000	0	500,000
Agriculture Promotion	500,000	0	500,000
Total Special Funds	\$97,410,920	\$8,072,491	\$105,483,411
Full-Time Equivalent Positions	170.00	2.00	172.00

Subdivision 6.

BILL TOTAL

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Grand Total General Fund	\$30,613,785	\$12,365,035	\$42,978,820
Grand Total Special Funds	360,263,852	41,733,335	401,997,187
Grand Total All Funds	\$390,877,637	\$54,098,370	\$444,976,007

SECTION 2. ONE-TIME FUNDING -EFFECT ON BASE BUDGET – REPORT TO SEVENTIETH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-eighth legislative assembly for the 2023-25 biennium and the 2025-27 one-time funding items included in the appropriation in section 1 of this Act:

<u>One-Time Funding Description</u>	<u>2023-25</u>	<u>2025-27</u>
Administration – new employee expenses	\$12,110	0
Administration – transmission authority consulting	300,000	0
Administration – electricity grid resilience federal grant	8,623,893	13,668,089
Administration – lignite litigation expenses	3,000,000	3,000,000
Administration – grant management software	1,250,000	0

Administration – carbon capture education	300,000	0
Administration – record digitization	75,000	0
Administration – inflationary expenses	35,688	50,000
Mineral Resources – new employee expenses	68,335	34,440
Mineral Resources – inflationary expenses	886,868	0
Mineral Resources – drones and computers	83,648	0
Mineral Resources – core and mineral analyses	100,000	100,000
Mineral Resources – computer server transition	80,000	0
Mineral Resources – abandoned well reclamation	2,300,000	0
Mineral Resources – oil and gas litigation expenses	3,000,000	3,000,000
Mineral Resources – ordinary high-water mark	0	342,000
Mineral Resources – drill project phase II	0	100,000
Mineral Resources – excavation of wholly mammoth	0	300,000
Mineral Resources – IIJA formula grant	0	1,444,377
Bank of North Dakota – information technology projects	804,278	0
Bank of North Dakota – grants to institutions	5,500,000	5,500,000
Housing Finance Agency – housing initiative grants	0	5,000,000
Total All Funds	\$26,419,820	\$32,538,906
Total Special Fund	<u>14,655,335</u>	<u>24,221,672</u>
Total General Fund	11,764,485	\$8,317,234

The 2025-27 biennium one-time funding amounts are not a part of the entity's base budget for the 2027-29 biennium. The industrial commission shall report to the appropriations committees of the seventieth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2025, and ending June 30, 2025.

SECTION 3. BOND PAYMENTS. The amount of \$117,118,200 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, 2025, and ending June 30, 2027:

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

SECTION 4. APPROPRIATION – HOUSING FINANCE AGENCY – ADDITIONAL INCOME. In addition to the amount appropriated to the housing finance agency in subdivision 4 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, 2025 and ending June 30, 2027. 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. TRANSFER – ENTITIES UNDER THE CONTROL OF THE INDUSTRIAL COMMISSION TO INDUSTRIAL COMMISSION FUND – ADMINISTRATION – EXEMPTION.

1. The sum of \$2,644,529, 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, 2025, and ending June 30, 2027, 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.
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 6. 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; \$60,000,000 for the following programs: the partnership in assisting community expansion fund; the agriculture partnership in assisting community expansion fund; the biofuels partnership in assisting community expansion fund; and the beginning farmer revolving loan fund; and \$1,500,000 to the university of North Dakota for the North Dakota small business development center for the purpose of matching federal grants.

SECTION 7. TRANSFER – STRATEGIC INVESTMENT AND IMPROVEMENTS FUND TO HOUSING INCENTIVE FUND. The office of management and budget shall transfer \$40,000,000 from the strategic investment and improvements fund to the housing incentive fund during the biennium beginning July 1, 2025, and ending June 30, 2027.

SECTION 8. TRANSFER – STRATEGIC INVESTMENT AND IMPROVEMENTS FUND TO INFRASTRUCTURE REVOLVING LOAN FUND. The office of management and budget shall transfer \$5,000,000 from the strategic investment and improvements fund to the infrastructure revolving loan fund for the purpose of providing construction loans to residential developers during the biennium beginning July 1, 2025, and ending June 30, 2027.

SECTION 9. TRANSFER – STRATEGIC INVESTMENT AND IMPROVEMENTS FUND TO CLEAN SUSTAINABLE ENERGY GRANTS AND LOANS. During the biennium beginning July 1, 2025, and ending June 30, 2027, the office of management and budget shall transfer the following amounts from the strategic investment and improvements fund:

1. \$30,000,000 to the clean sustainable energy fund for grants; and
2. \$100,000,000 to the clean sustainable energy fund to repay a line of credit and to provide funding for loans.

SECTION 10. APPROPRIATION - BANK OF NORTH DAKOTA - TRANSFER - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - ECONOMIC DIVERSIFICATION RESEARCH FUND. The office of management and budget shall transfer \$5,500,000 from the strategic investment and improvements fund to the economic diversification research fund, the sum of which is appropriated to the Bank of North Dakota for the purpose of providing grants to institutions under the control of the state board of higher education, for the biennium beginning July 1, 2025, and ending June 30, 2027, as requested by the commissioner of higher education.

SECTION 11. ESTIMATED INCOME – STRATEGIC INVESTMENT AND IMPROVEMENTS FUND TO HOUSING FINANCE AGENCY. The grants line item and estimated income line item in subdivision 4 of section 1 of this Act include \$5,000,000 from the strategic investment and improvements fund for housing initiative grants. This funding is considered one-time.

SECTION 12. EXEMPTION - OIL AND GAS TAX REVENUE ALLOCATIONS - NORTH DAKOTA OUTDOOR HERITAGE FUND AND OIL AND GAS RESEARCH FUND.

1. 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, 2025, and ending August 31, 2027, 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.
2. 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, 2025, and ending July 31, 2027, the state treasurer shall deposit two percent of the oil and gas gross production tax and oil extraction tax revenues, up to \$17,500,000, into the oil and gas research fund before depositing oil and gas tax revenues under sections 57-51.1-07.5 and 57-51.1-07.9.

SECTION 13. EXEMPTION – TRANSFER OF NORTH DAKOTA MILL AND ELEVATOR PROFITS TO GENERAL FUND. Notwithstanding the provisions of section 54-18-19 relating to the transfer of fifty percent of the annual mill and elevator association earnings and undivided profits to the general fund, for the period beginning July 1, 2025, and ending June 30, 2027, the office of management and budget shall transfer zero percent of the earning and undivided profits to the general fund.

SECTION 14. EXEMPTION –NORTH DAKOTA MILL AND ELEVATOR GAIN-SHARING PROGRAM. Notwithstanding the provisions of section 54-18-20 relating to the gain-sharing program for the mill and elevator, for the period beginning July 1, 2025, and ending June 30, 2027, the industrial commission shall approve any gain-sharing program regardless of the transfer being made to the state general fund.

SECTION 15. 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 \$3,200,000 that was continued into the 2023-25 biennium in section 27 of chapter 14 of the 2023 Session Laws 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;
2. The sum of \$8,623,893 appropriated from federal funds for the electricity grid resilience grant program in section 1 of chapter 14 of the 2023 Session Laws; and
3. The sum of \$75,000 appropriated from special funds for records digitization in section 1 of chapter 14 of the 2023 Session Laws.

SECTION 16. EXEMPTION - FULL-TIME EQUIVALENT POSITION ADJUSTMENTS. Notwithstanding any other provisions of law, the industrial commission and the agencies under its control may increase or decrease authorized full-time equivalent positions as needed, subject to availability of funds, during the biennium beginning July 1, 2025, and ending June 30, 2027. The industrial commission and the agencies under its control shall report to the office of management and budget and legislative council any adjustments made pursuant to this section.

SECTION 17. AMENDMENT. A new subsection to section 6-09-49 of the North Dakota Century Code is created and enacted as follows:

7. The Bank may utilize a portion of the loan fund to provide construction loans to residential developers. The Bank may adopt policies and establish guidelines to ensure loans are to provide construction financing to produce housing that meets high priority goals related to entry-level homes, aging-in-place-friendly designs, and/or leverage existing infrastructure. The maximum outstanding loans for this purpose shall not exceed five million.