2025 SENATE APPROPRIATIONS

SB 2014

DEPARTMENT 405 - INDUSTRIAL COMMISSION
2025-27 BASE-LEVEL BUDGET

Base Budget - Summary

	Base Level
Salaries and wages	$1,884,918
Operating expenses	472,271
Grants - bond payments	119,879,913
Total other funds	$122,237,102
Full-time equivalent (FTE) positions	9.75

Selected Base Budget Information

	General Fund	Other Funds	Total
1. Includes funding for state employee salary and benefits for 9.75 FTE positions	$0	$1,884,918	$1,884,918
2. Includes funding for operating expenses, primarily related to information technology (IT) costs ($134,789), travel and professional development ($66,681), and rent ($64,000)	$0	$472,271	$472,271
3. Includes funding for bond payments	$0	$119,879,913	$119,879,913

Bond Payments

	2023-25 Biennium
Infrastructure project and program bonds - Legacy sinking and interest fund	$102,620,461
Higher education institutions	15,021,771
North Dakota University System energy conservation projects	207,649
Department of Corrections and Rehabilitation - State Penitentiary	143,375
Office of Management and Budget	283,875
Attorney General's office	330,000
State Historical Society	592,375
Parks and Recreation Department	30,950
Agriculture Research and Extension Service	242,205
Veterans' Home	407,252
Total	$119,879,913

Continuing Appropriations

Lignite research fund - North Dakota Century Code Section 57-61-01.5 - Research, development, and marketing for the lignite industry. For the 2021-23 biennium, the fund had $10,000,000 of oil and gas tax revenue allocations, $8,734,914 of coal tax revenue allocations, $1,423,156 of investment and other income, $9,789,352 of grants payments, $2,039,873 of study and marketing expenditures, $647,610 of administrative expenditures, and a June 30, 2023, fund balance of $29,488,701.

North Dakota outdoor heritage fund - Section 54-17.8-02 - For grants to conserve natural areas, restore wildlife and fish habitats, and provide access to sportsmen. For the 2021-23 biennium, the fund had $15,000,000 of oil and gas tax revenue allocations, $107,994 of interest income, $10,570,193 of grant payments, $98,917 of administrative expenditures, and a June 30, 2023, fund balance of $40,495,372, including $39,367,281 obligated for grants and $1,128,091 unobligated.

North Dakota Pipeline Authority administrative fund - Section 54-17.7-11 - For operations of the North Dakota Pipeline Authority. For the 2021-23 biennium, the fund had $601,014 of revenues, $332,386 of expenditures, and a June 30, 2023, fund balance of $440,113.

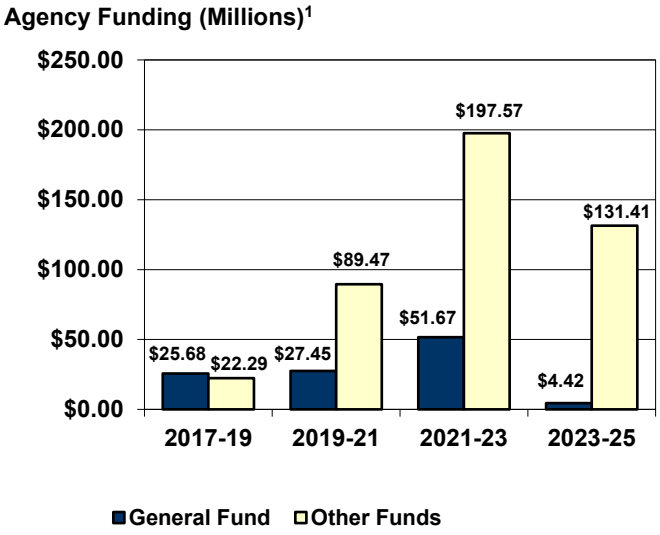
Oil and gas research fund - Section 57-51.1-07.3 - Oil and gas research and education. For the 2021-23 biennium, the fund had $14,500,000 of oil and gas tax revenue allocations, $9,500,000 of transfers from the strategic investment and improvements fund (SIIF), $80,848 of other revenues, $17,283,301 of grant payments, and $702,356 of other expenditures, and a June 30, 2023, fund balance of $22,378,336.

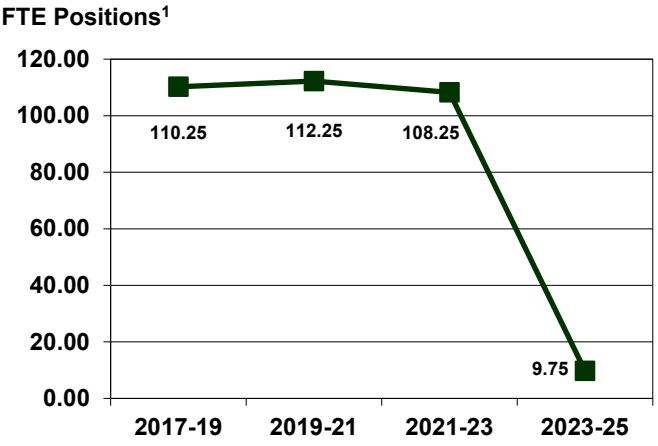
Renewable energy development fund - Section 54-63-04 - Renewable energy research, development, and education. For the 2021-23 biennium, the fund had $3,000,000 of transfers from the resources trust fund, $34,290 of other revenues, $1,808,862 of grant payments, $69,142 of other expenditures, and a June 30, 2023, fund balance of $6,084,787.

Clean sustainable energy fund - Section 54-63.1-07 - Grants, loans, and other financial assistance for clean sustainable energy project research and development. For the 2021-23 biennium, the fund had $25,000,000 of transfers from the general fund, $20,000,000 of transfers from the federal State Fiscal Recovery Fund, $562,612 of other revenues, $10,898,844 of grant payments, $1,751,000 of provisions for loan losses, $1,509,000 of interest expense from a line of credit, $138,551 of other expenditures, and a June 30, 2023, fund balance of $47,796,217.

Historical Appropriations Information

Agency Appropriations and FTE Positions





[1]The 2023 Legislative Assembly separated funding for the Department of Mineral Resources from the Industrial Commission budget, which reduced the Industrial Commission's budget by $26.49 million from the general fund, $0.24 million of other funds and 101.5 FTE positions for the 2023-25 biennium.

Ongoing Other Funds Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25
Ongoing other funds appropriations	$16,994,447	$15,343,206	$12,723,790	$24,369,185	$122,237,102
Increase (decrease) from previous biennium	N/A	($1,651,241)	($2,619,416)	$11,645,395	$97,867,917
Percentage increase (decrease) from previous biennium	N/A	(9.7%)	(17.1%)	91.5%	401.6%
Cumulative percentage increase (decrease) from 2015-17 biennium	N/A	(9.7%)	(25.1%)	43.4%	619.3%

Major Increases (Decreases) in Ongoing Other Funds Appropriations

2017-19 Biennium

1. Reduced funding for bond payments from $15,040,829 to $13,210,484 ($1,830,345)

2019-21 Biennium

1. Reduced funding for bond payments from $13,210,484 to $10,508,767 ($2,701,717)

2021-23 Biennium

1. Increased funding for bond payments from $10,508,767 to $22,040,721 $11,531,954

2023-25 Biennium

1. Increased funding for bond payments from $22,040,721 to $119,879,913 $97,839,192

One-Time Other Funds Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25
One-time other funds appropriations	$13,625,322	$78,426,513	$5,270,000	$173,200,000	$9,171,835

Major One-Time Other Funds Appropriations

2017-19 Biennium

1. Added one-time funding from the SIIF for litigation ($1 million) and a limited review of Army Corps of Engineers surveys $1,800,000
2. Added one-time funding from the abandoned oil and gas well plugging and site reclamation fund for brine pond and soil reclamation studies $5,000,000

3. Added one-time funding from the resources trust fund for a Western Area Water Supply Authority study	$150,000
4. Added one-time federal coronavirus relief funds for plugging and reclaiming abandoned oil wells and for grants to reimburse oil companies for water acquisition and disposal costs	$71,476,513
2019-21 Biennium	
1. Added one-time funding from the SIIF for a rare earth elements study ($160,000) and a fracturing sand study ($110,000)	$270,000
2. Added one-time funding from the abandoned oil and gas well plugging and site reclamation fund for an information technology project	$5,000,000
2021-23 Biennium	
1. Added one-time funding from the State Fiscal Recovery Fund for pipeline infrastructure grants ($150 million), an abandoned well conversion to water supply grant program ($3.2 million), and hydrogen development grants ($20 million)	$173,200,000
2023-25 Biennium	
1. Added one-time funding from federal funds for an electric grid resilience grant	$7,499,037
2. Added one-time funding for grant management software	$1,250,000
3. Added one-time funding for carbon capture and utilization education and marketing	$300,000
4. Added one-time funding for new FTE positions ($12,110), a record digitization project ($75,000), and inflationary costs ($35,688)	$122,798

DEPARTMENT 471 - BANK OF NORTH DAKOTA
2025-27 BASE-LEVEL BUDGET

Base Budget - Summary

	Base Level
Bank of North Dakota operations	$70,899,761
Capital assets	705,722
Total special funds	$71,605,483
Full-time equivalent (FTE) positions	187.00

Selected Base Budget Information

	General Fund	Other Funds	Total
1. Includes funding for state employee salary and benefits for 187 FTE positions ($38,958,815) and temporary salaries ($886,285)	$0	$39,845,100	$39,845,100
2. Includes funding for operating expenses, primarily related to information technology costs ($20,019,366), travel and professional development ($1,696,233), postage ($678,500), and repairs ($406,750)	$0	$28,054,661	$28,054,661
3. Includes funding for Bank of North Dakota contingencies, the same as the 2021-23 and 2023-25 bienniums	$0	$3,000,000	$3,000,000
4. Includes funding for capital assets, including information technology equipment and software	$0	$705,722	$705,722

Continuing Appropriations

Agriculture diversification and development fund - North Dakota Century Code Section 4.1-01.1-07 - Loans and grants to support new or expanding value-added agriculture businesses. For the 2021-23 biennium, the fund had $10,000,000 of transfers from the general fund, $1,896,000 of expenditures, and a fund balance of $8,104,000 on June 30, 2023.

PACE fund - Section 6-09.14-02 - Buy down interest rates on loans for new or expanding businesses. For the 2021-23 biennium, the fund had $47,902,075 of revenues, $29,960,686 of expenditures, and a fund balance of $81,264,781 on June 30, 2023.

Ag PACE fund - Section 6-09.13-04 - Buy down interest rates on agriculture-related loans. For the 2021-23 biennium, the fund had $6,500,000 of revenues, $4,962,583 of expenditures, and a fund balance of $4,841,355 on June 30, 2023.

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. For the 2021-23 biennium, the fund had $9,000,000 of transfers from Bank profits, $3,400,000 of transfers from PACE funds, $5,465 of other revenues, $13,335,702 of interest rate buydowns, $12,545 of administrative expenses, and a fund balance of $1,489,078 on June 30, 2023.

College SAVE plan - Section 6-09-38 - Higher education savings plan. For calendar years 2022 and 2023, the Bank's administrative fees from the fund totaled $1,141,069.

North Dakota achieving a better life experience plan - Section 6-09-38.1 - Savings plans for individuals with disabilities. The Bank has not established a program to administer plans, but plans are available through other states. For the 2021-23 biennium the fund had $0 of revenues, $0 of expenditures, and a fund balance of $0 on June 30, 2023.

Rebuilders permanent loan fund - Section 6-09-46.2 - Loan program for residents affected by extraordinary losses from a presidentially declared disaster or governor-declared disaster or emergency in the state. For the 2021-23 biennium, the fund had $850,534 of interest and investment revenue, $27,570,085 of transfers from the consolidation of other loan programs, $183,098 of expenditures, and a fund balance of $28,413,432 on June 30, 2023.

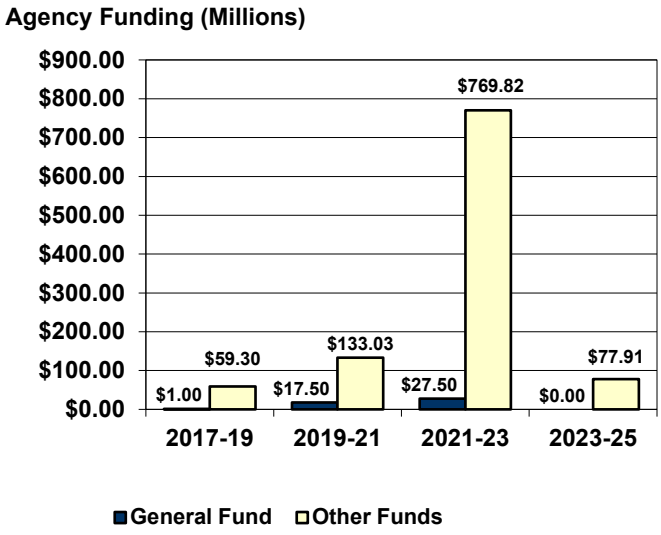
Medical facility infrastructure loan fund - Section 6-09-47 - Loans for medical facility construction. For the 2021-23 biennium, the fund had $923,000 of revenues, $458,000 of expenditures, and a fund balance of $50,678,000 on June 30, 2023.

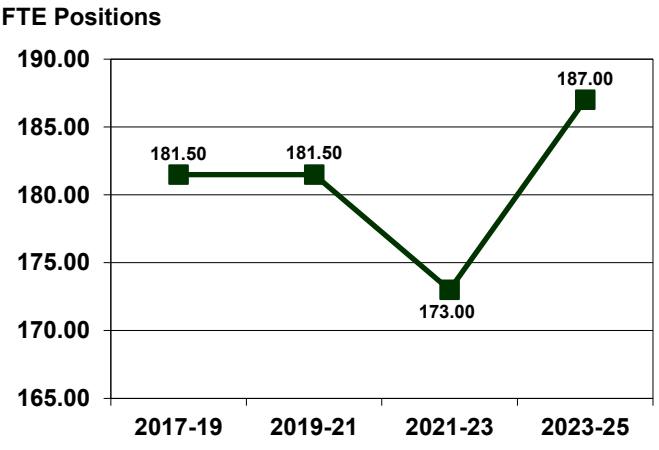
Federal student loan proceeds - Section 6-09-48 - Funds received in relation to federal student loans used to support the functions of the Bank related to higher education programs. For the 2021-23 biennium, the fund had $1,088,092 of revenues, $275,000 of expenditures, and a balance of $813,092.

Infrastructure revolving loan fund - Section 6-09-49 - Loans for political subdivision infrastructure projects. For the 2021-23 biennium, the fund had $4,704,000 of interest and investment revenue, $26,742,000 of bond proceeds deposited in the fund, $1,599,000 of expenditures, and a fund balance of $156,610,000 on June 30, 2023.

Historical Appropriations Information

Agency Appropriations and FTE Positions





Ongoing Other Funds Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25
Ongoing other funds appropriations	$59,287,301	$59,299,204	$64,357,799	$68,816,548	$71,605,483
Increase (decrease) from previous biennium	N/A	$11,903	$5,058,595	$4,458,749	$2,788,935
Percentage increase (decrease) from previous biennium	N/A	0.0%	8.5%	6.9%	4.1%
Cumulative percentage increase (decrease) from 2015-17 biennium	N/A	0.0%	8.6%	16.1%	20.8%

Major Increases (Decreases) in Ongoing Other Funds Appropriations

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 (IT) equipment	$65,000

2019-21 Biennium

1. Increased funding for Bank operations related to IT 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 operations related to postage and temporary employees	($75,550)
3. Increased funding for Bank contingencies to provide total contingency funding of $3.5 million	$1,000,000
4. Added funding for IT equipment and software to provide total funding of $1.51 million for capital assets	$700,000

2021-23 Biennium

1. Transferred 16 FTE positions to the Information Technology Department for a unification initiative resulting in a decrease in salaries and wages of $3,287,172 and an increase in operating expenses of $3,370,515	$83,343
2. Added 7.5 new undesignated FTE positions to support future growth in Bank operations	$1,024,128
3. Increased funding for IT expenses ($1,811,661) and Microsoft Office 365 licensing expenses ($21,812)	$1,833,473
4. Decreased funding for Bank contingencies to provide total contingency funding of $3 million	($500,000)

5. Added funding during the November 2021 special legislative session for salaries and wages to provide funding for the 2nd year of the biennium for new FTE positions authorized in the 2021 regular legislative session — $1,025,369

2023-25 Biennium

1. Added funding for 14 FTE positions, including 2 credit underwriter positions, 2 valuation supervisor positions, 2 collateral valuation positions, 1 collateral valuation analyst position, 1 loan operations supervisor position, 1 loan servicing supervisor position, 2 loan servicing associate positions, 2 business banking associate positions, and 1 staff accountant position — $3,106,682
2. Increased funding for shared software and service rate increases ($44,660) and the Information Technology Department rate changes ($405,524) — $450,184

One-Time Other Funds Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25
One-time other funds appropriations	$17,000,000	$0	$68,677,183	$701,000,000	$6,304,278

Major One-Time Other Funds Appropriations

2017-19 Biennium

None — $0

2019-21 Biennium

1. Added one-time federal Coronavirus (COVID-19) funding for grants to assist businesses with interest expense associated with debt incurred prior to the COVID-19 pandemic — $68,677,183

2021-23 Biennium

1. Added one-time funding from bond proceeds for allocations to infrastructure projects and programs — $680,000,000
2. Added one-time funding from the federal State Fiscal Recovery Fund for a fuel production facility incentive program — $21,000,000

2023-25 Biennium

1. Added one-time funding from the economic diversification fund for grants to institutions under the control of the State Board of Higher Education — $5,500,000
2. Added one-time funding for IT projects — $804,278

DEPARTMENT 473 - HOUSING FINANCE AGENCY
2025-27 BASE-LEVEL BUDGET

Base Budget - Summary

	Base Level
Salaries and wages	$11,413,354
Operating expenses	10,903,883
Capital assets	20,000
Grants	48,805,110
Housing finance agency contingencies	100,000
Total all funds	$71,242,347
Less other funds	68,742,347
Total general fund	$2,500,000
Full-time equivalent (FTE) positions	54.00

Selected Base Budget Information

	General Fund	Other Funds	Total
1. Includes funding for state employee salaries and benefits for 54 FTE positions ($11,311,354), overtime ($24,000), and temporary salaries ($78,000)	$0	$11,413,354	$11,413,354
2. Includes funding for operating expenses, primarily related to mortgage servicing premiums ($6,658,566), information technology (IT) costs ($603,400), rent ($472,310), and travel and professional development ($360,000)	$0	$10,903,883	$10,903,883
3. Includes funding for capital assets, primarily related to IT equipment and software	$0	$20,000	$20,000
4. Includes funding for grants, including $28,487,600 for federal rental assistance grants, $8,650,900 from the federal HOME investment partnerships program for homebuyer assistance and rental and owner-occupied property rehabilitation related to low-income households, $5,600,000 from the federal housing trust fund for grants to develop or rehabilitate rental units for extremely low- and very-low income households, $1,000,000 from federal funds for homeless shelter grants, and $2,500,000 from the general fund for homeless shelter grants	$2,500,000	$46,305,110	$48,805,110
5. Includes funding for contingencies	$0	$100,000	$100,000

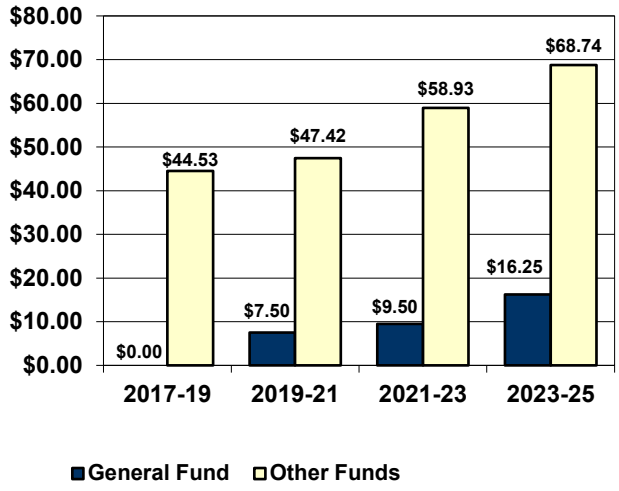
Continuing Appropriations

Housing Incentive fund - North Dakota Century Code Section 54-17-40 - Provides grants for housing projects. For the 2021-23 biennium, the fund had $9,500,000 transferred into the fund from the general fund, $137,164 of revenues from project fees, $8,953,483 of grant distributions, $361,898 of administrative expenses, and a June 30, 2023, fund balance of $7,262,585.

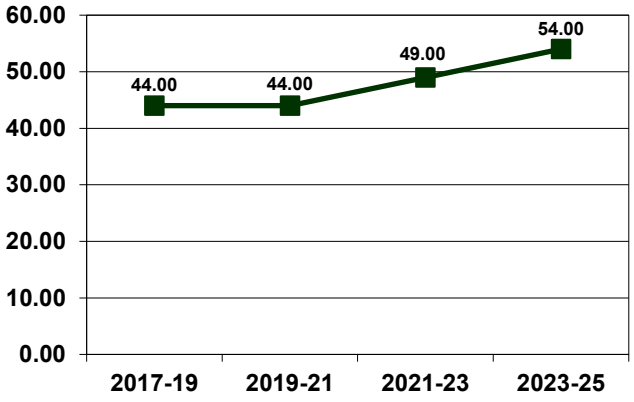
Historical Appropriations Information

Agency Appropriations and FTE Positions

Agency Funding (Millions)



FTE Positions



Ongoing Other Funds Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25
Ongoing other funds appropriations	$37,520,089	$44,530,239	$47,421,891	$58,890,532	$68,742,347
Increase (decrease) from previous biennium	N/A	$7,010,150	$2,891,652	$11,468,641	$9,851,815
Percentage increase (decrease) from previous biennium	N/A	18.7%	6.5%	24.2%	16.7%
Cumulative percentage increase (decrease) from 2015-17 biennium	N/A	18.7%	26.4%	57.0%	83.2%

Major Increases (Decreases) in Ongoing Other Funds Appropriations

2017-19 Biennium

1. Removed funding for 2 FTE positions and reduced funding for salaries and wages related to a vacant FTE position	($322,044)
2. Increased funding for operating expenses to continue additional expenses relating to increased volume in mortgage servicing premiums during the 2015-17 biennium, which were paid pursuant to additional income appropriation authority in Section 4 of House Bill No. 1014 (2015)	$970,000
3. Added funding for federal Housing and Urban Development grants related to distributions from the federal Housing Trust Fund	$6,017,048
4. Increased funding for operating expenses	$29,080
5. Reduced grant funding for the helping hand program, technical assistance, and program outreach	($153,000)

2019-21 Biennium

1. Removed funding for temporary employees	($57,219)
2. Increased funding for mortgage servicing premium expenses	$602,921
3. Increased funding for agency program grants ($20,000) and federal housing grants ($1,651,772)	$1,671,772

2021-23 Biennium

1. Transferred the federal HOME program from the Department of Commerce, including 2 FTE positions, $356,421 for salaries and wages, $236,950 for operating expenses, $50,000 for capital assets, and $7.7 million for grants	$8,343,371
2. Transferred a mortgage loan program from the Bank of North Dakota and added 3 FTE positions, including $396,656 for salaries and wages and $244,883 for operating expenses, for the management of the loan program with 1 FTE position funded for the 2nd year of the biennium only	$641,539

3. Increased funding for operating expenses primarily related to IT costs ($122,224), added funding for a statewide housing needs assessment ($80,000), and increased funding for Microsoft Office 365 licensing expenses ($4,847) — $207,071
4. Added funding for multifamily housing-related software — $173,880
5. Increased federal funding for Housing and Urban Development grants — $1,808,600

2023-25 Biennium

1. Added funding from federal funds for other salary increases ($800,102) and temporary salaries ($78,000) — $878,102
2. Increased funding for operating expenses, including $4,531,830 from the agency's operating fund for mortgage servicing premiums paid to lenders related to growth in the home loan program, $165,642 from the agency's operating fund for inflationary increases, $21,135 from federal funds for miscellaneous increases, and $13,413 from the agency's operating funds for shared software and service rate increases — $4,732,020
3. Transferred the homeless shelter grant programs from the Department of Commerce, including $1,147,341 of federal funds — $1,147,341
4. Increased funding for grants, including $1,949,910 for federal grant programs and $380,000 from the agency's operating funds for housing rehabilitation grants — $2,329,910

One-Time Other Funds Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25
One-time other funds appropriations	$0	$0	$0	$35,000	$0

Major One-Time Other Funds Appropriations

2017-19 Biennium

None — $0

2019-21 Biennium

None — $0

2021-23 Biennium

1. Added one-time funding from the Housing Finance Agency operating fund for a statewide housing needs assessment — $35,000

2023-25 Biennium

None — $0

One-Time General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25
One-time general fund appropriations	$0	$0	$7,500,000	$9,500,000	$13,750,000

Major One-Time General Fund Appropriations

2017-19 Biennium

None — $0

2019-21 Biennium

1. Transferred funding from the general fund to the housing incentive fund — $7,500,000

2021-23 Biennium

1. Transferred funding from the general fund to the housing incentive fund — $9,500,000

2023-25 Biennium

1. Transferred funding from the general fund to the housing incentive fund — $13,750,000

DEPARTMENT 474 - DEPARTMENT OF MINERAL RESOURCES
2025-27 BASE-LEVEL BUDGET

Base Budget - Summary

	Base Level
Salaries and wages	$23,261,532
Operating expenses	5,120,253
Total all funds	$28,381,785
Less other funds	268,000
Total general fund	$28,113,785
Full-time equivalent (FTE) positions	108.00

Selected Base Budget Information

	General Fund	Other Funds	Total
1. Includes funding for state employee salary and benefits for 108 FTE positions ($23,071,532) and temporary salaries ($190,000)	$22,993,532	$268,000	$23,261,532
2. Includes funding for operating expenses, primarily related to travel ($1,543,437), rent ($1,452,488), and information technology (IT) costs ($1,167,833)	$5,120,253	$0	$5,120,253

Continuing Appropriations

Abandoned oil and gas reclamation fund - North Dakota Century Code Section 38-08-04.5 - Abandoned oil and gas reclamation. For the 2021-23 biennium, the fund had $15,641,051 of oil and gas tax revenue allocations, $5,383,786 of fee and penalty revenues, $2,982,783 of federal funds, $12,410,022 of well site reclamation expenses, $135,911 of other expenditures, and a June 30, 2023, fund balance of $25,312,303.

Carbon dioxide storage facility administration fund - Section 38-22-14 - For defraying costs of processing applications for regulating carbon dioxide storage facilities. For the 2021-23 biennium, the fund had $56,478 of revenues, $151,679 of expenditures, and a June 30, 2023, fund balance of $73,481.

Carbon dioxide storage facility trust fund - Section 38-22-15 - For costs associated with long-term monitoring and management of a closed carbon dioxide storage facility. For the 2021-23 biennium, the fund had $5,745 of revenues, $0 of expenditures, and a June 30, 2023, fund balance of $5,745.

Cartographic products fund - Section 54-17.4-10 - Topographic map sales and purchases. For the 2021-23 biennium, the fund had $0 of revenues, $0 of expenditures, and a June 30, 2023, fund balance of $0.

Cash bond fund - Section 38-08-04.11 - For defraying costs incurred in plugging and reclamation of abandoned oil and gas wells and related activities. For the 2021-23 biennium, the fund had $0 of revenues, $0 of expenditures, and a June 30, 2023, fund balance of $0.

Fossil excavation and restoration fund - Section 54-17.4-09.1 - Excavation and restoration of fossils. For the 2021-23 biennium, the fund had $156,260 of revenues, $147,621 of expenditures, and a June 30, 2023, fund balance of $24,108.

Geological data preservation fund - Section 54-17.4-13 - Data preservation. For the 2021-23 biennium, the fund had $90,030 of revenues, $42,789 of expenditures, and a June 30, 2023, fund balance of $324,359.

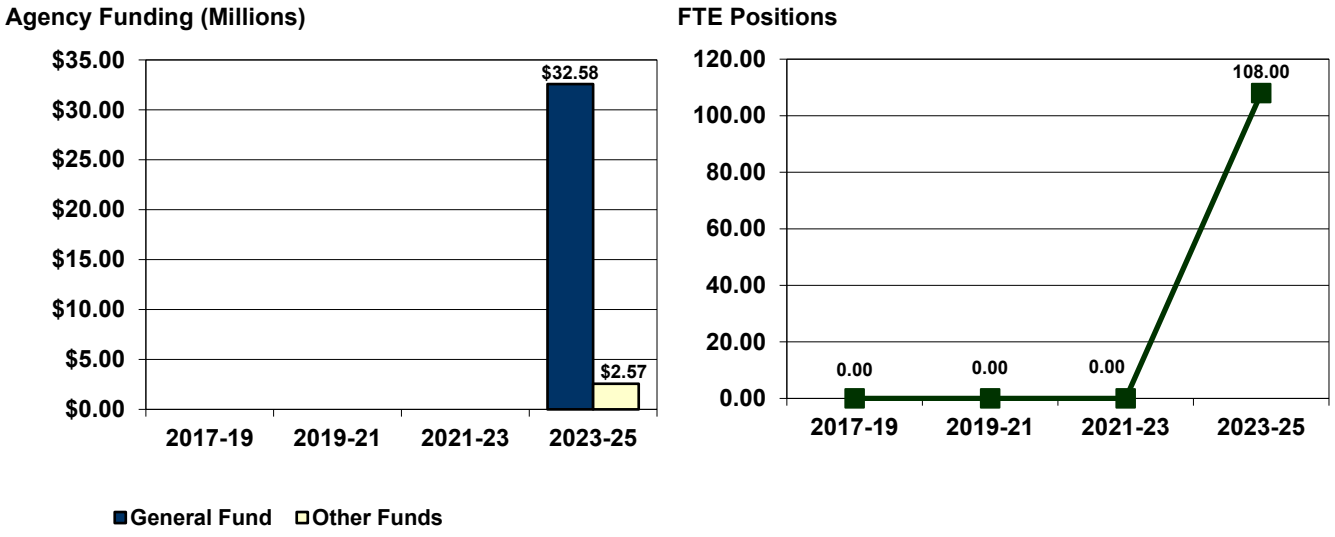
Geophysical, geothermal, subsurface minerals, and coal exploration fund - Section 38-21-03 - Reclamation of orphaned facilities and exploration holes. For the 2021-23 biennium, the fund had $4,560 of revenues, $81 of expenditures, and a June 30, 2023, fund balance of $84,877.

Global positioning system community base station - Section 54-17.4-12 - For maintenance of base station. For the 2021-23 biennium, the fund had $0 of revenues, $0 of expenditures, and a June 30, 2023, fund balance of $0.

Oil and gas reservoir data fund - Section 38-08-04.6 - Oil and gas reservoir data. For the 2021-23 biennium, the fund had $426,094 of revenues, $861,119 of expenditures, and a June 30, 2023, fund balance of $546,989.

Historical Appropriations Information

Agency Appropriations and FTE Positions



Ongoing General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25
Ongoing general fund appropriations	N/A	N/A	N/A	N/A	$28,113,785
Increase (decrease) from previous biennium	N/A	N/A	N/A	N/A	N/A
Percentage increase (decrease) from previous biennium	N/A	N/A	N/A	N/A	N/A
Cumulative percentage increase (decrease) from 2015-17 biennium	N/A	N/A	N/A	N/A	N/A

Major Increases (Decreases) in Ongoing General Fund Appropriations

2017-19 Biennium

None $0

2019-21 Biennium

None $0

2021-23 Biennium

None $0

2023-25 Biennium

Funding for the agency was appropriated separately from the Industrial Commission $28,113,785

One-Time General Fund Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25
One-time general fund appropriations	$0	$0	$0	$0	$4,468,851

Major One-Time General Fund Appropriations

2017-19 Biennium

None $0

2019-21 Biennium

None $0

2021-23 Biennium

None $0

2023-25 Biennium

1. Added one-time funding for equipment for new FTE positions ($68,335), inflationary increases ($886,868), core and mineral analyses ($100,000), drones and computers ($83,648), computer server transition costs ($80,000), and oil and gas litigation ($3 million)	$4,218,851
2. Added one-time funding for a transfer to the fossil excavation and restoration fund pursuant to Section 6 of House Bill No. 1014	$250,000

DEPARTMENT 475 - MILL AND ELEVATOR ASSOCIATION
2025-27 BASE-LEVEL BUDGET

Base Budget - Summary

	Base Level
Salaries and wages	$54,019,267
Operating expenses	42,391,653
Contingencies	500,000
Agriculture promotion	500,000
Total special funds	$97,410,920
Full-time equivalent (FTE) positions	170.00

Selected Base Budget Information

	General Fund	Other Funds	Total
1. Includes funding for state employee salary and benefits for 170 FTE positions ($41,962,386), overtime ($11,399,181), and temporary salaries ($657,700)	$0	$54,019,267	$54,019,267
2. Includes funding for operating expenses, primarily related utilities ($16,004,550), repairs and supplies ($14,529,000), insurance ($5,720,000), travel and professional development ($1,258,950), and information technology costs ($1,258,603)	$0	$42,391,653	$42,391,653
3. Includes funding for agriculture promotion initiatives	$0	$500,000	$500,000
4. Includes funding for contingencies	$0	$500,000	$500,000

Profit Transfers

Transfer to agricultural products utilization fund - North Dakota Century Code Section 54-18-21 - Enacted by the Legislative Assembly in 2009, provides that within 30 days after the conclusion of each fiscal year, the Industrial Commission transfer 5 percent of the net income earned by the Mill and Elevator Association during that fiscal year to the agricultural products utilization fund. Money in the fund is available to the Agricultural Products Utilization Commission to provide grants to develop and expand the use of agricultural products. The Mill and Elevator Association transferred $1,595,803 to the agricultural products utilization fund during the 2021-23 biennium.

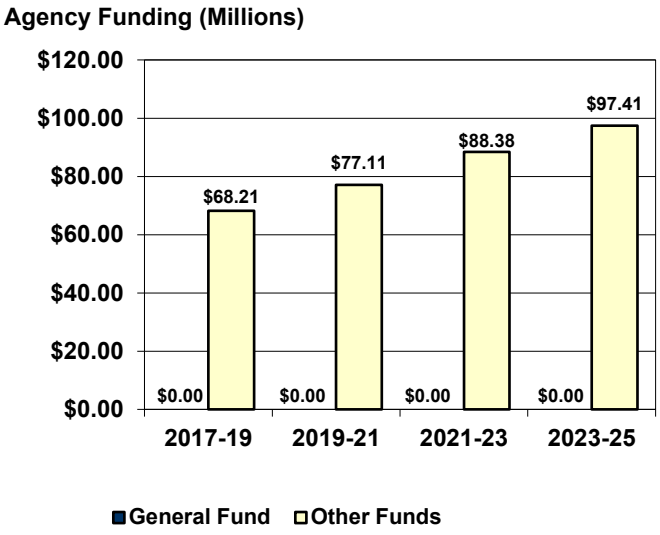
Transfer to general fund - Section 54-18-19 - Enacted by the Legislative Assembly in 2009, requires the Industrial Commission transfer to the general fund 50 percent of the annual earnings and undivided profits of the Mill and Elevator Association after any transfers to other state agricultural-related programs. The money must be transferred on an annual basis in the amounts and at the times requested by the Director of the Office of Management and Budget. The Mill and Elevator Association transferred $15,160,126 to the general fund during the 2021-23 biennium.

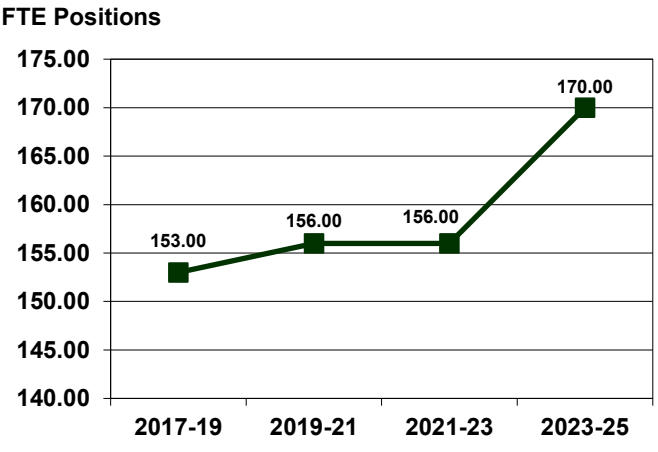
Continuing Appropriations

There are no continuing appropriations for this agency.

Historical Appropriations Information

Agency Appropriations and FTE Positions





Ongoing Other Funds Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25
Ongoing other funds appropriations	$64,315,898	$68,213,519	$76,994,824	$88,377,209	$97,410,920
Increase (decrease) from previous biennium	N/A	$3,897,621	$8,781,305	$11,382,385	$9,033,711
Percentage increase (decrease) from previous biennium	N/A	6.1%	12.9%	14.8%	10.2%
Cumulative percentage increase (decrease) from 2015-17 biennium	N/A	6.1%	19.7%	37.4%	51.5%

Major Increases (Decreases) in Ongoing Other Funds Appropriations

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

1. Increased funding for overtime	$1,744,760
2. Increased funding for operating expenses, primarily related to insurance and repairs	$3,680,000
3. Added funding for mill capacity increases, primarily related to utilities and supplies	$3,300,000

2023-25 Biennium

1. Increased funding for overtime to provide total funding of $11,434,121	$1,352,923
2. Increased funding for inflationary costs and mill capacity growth, primarily related to utilities, supplies, insurance, and repairs	$5,569,550

One-Time Other Funds Appropriations

	2015-17	2017-19	2019-21	2021-23	2023-25
One-time other funds appropriations	$0	$0	$0	$0	$0

Major One-Time Other Funds Appropriations

2017-19 Biennium	
None	$0
2019-21 Biennium	
None	$0
2021-23 Biennium	
None	$0
2023-25 Biennium	
None	$0

Industrial Commission
Department No. 405
2025 Senate Bill No. 2014

EXECUTIVE BUDGET RECOMMENDATION
2025-27 BIENNIUM

Budget Summary

	FTE Positions	General Fund	Other Funds	Total
Executive budget recommendation	9.75	$5,182,794	$132,688,674	$137,871,468
Base level	9.75	0	122,237,102	122,237,102
Increase (decrease)	0.00	$5,182,794	$10,451,572	$15,634,366
Percentage increase (decrease)	0.0%	N/A	8.6%	12.8%

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 ($30,381) and the 2023-25 new FTE pool ($490,562)
- Adds $350,000 from special funds for executive director salary equity increases
- Transfers $581,791 from the salaries and wages line item to the operating expenses line item
- Adds $400,000 from the general fund for a Transmission Authority director contract
- Decreases funding for bond payments by $2,761,713, from $119,879,913 to $117,118,200
- Adds $13,668,089 of **one-time funding** for an electric grid resiliency grant, including $1,782,794 from the general fund and $11,885,295 from federal funds
- Adds $3 million of **one-time funding** from the general fund for lignite litigation fees

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.

Industrial Commission - Budget No. 405
Agency Worksheet - Senate Bill No. 2014

	Executive Budget			
	FTE Positions	**General Fund**	**Other Funds**	**Total**
2025-27 Biennium Base Level	9.75	$0	$122,237,102	$122,237,102
2025-27 Ongoing Funding Changes				
Salary increase			$86,639	$86,639
Health insurance increase			45,039	45,039
Funding to replace the 2023-25 vacant FTE pool			30,381	30,381
Funding to replace the 2023-25 new FTE pool			490,562	490,562
Executive director salary equity increases			350,000	350,000
Transfers $581,791 from salaries to operating				0
Information technology rate adjustments			369	369
Grant management software fees			275,000	275,000
Transmission Authority director contract		$400,000		400,000
Bond payment adjustment			(2,761,713)	(2,761,713)
Total ongoing funding changes	**0.00**	**$400,000**	**($1,483,723)**	**($1,083,723)**
One-Time Funding Items				
Inflationary increases			$50,000	$50,000
Electric grid resiliency grant		$1,782,794	11,885,295	13,668,089
Lignite litigation fees		3,000,000		3,000,000
Total one-time funding changes	**0.00**	**$4,782,794**	**$11,935,295**	**$16,718,089**
Total Changes to Base Level Funding	**0.00**	**$5,182,794**	**$10,451,572**	**$15,634,366**
2025-27 Total Funding	**9.75**	**$5,182,794**	**$132,688,674**	**$137,871,468**
Federal funds included in other funds			*$11,885,295*	
Total ongoing changes - Percentage of base level	*0.0%*	*N/A*	*(1.2%)*	*(0.9%)*
Total changes - Percentage of base level	*0.0%*	*N/A*	*8.6%*	*12.8%*

Other Sections in Industrial Commission - Budget No. 405

Section Description	Executive Budget
Bond payments	Section 3 would identify the amounts for bond payments during the 2025-27 biennium.
Administrative costs	Section 5 would allow the Industrial Commission to transfer up to $2,644,529 from entities under the control of the Industrial Commission for administrative services and would allow unspent prior biennium appropriation authority for administrative costs to be available in the 2025-27 biennium.
Strategic investment and improvements fund (SIIF)	Section 9 would transfer $130 million from SIIF to the clean sustainable energy fund, including $30 million for grants and $100 million to repay a line of credit and provide funding for loans.
North Dakota outdoor heritage fund	Section 12 would decrease the oil and gas tax revenue allocations to the North Dakota outdoor heritage fund from $20 million to $7.5 million per fiscal year for the 2025-27 biennium, the same as the 2023-25 biennium.
Oil and gas research fund	Section 12 would increase the oil and gas tax revenue allocations to the oil and gas fund from $10 million to $17.5 million per biennium for the 2025-27 biennium, the same as the 2023-25

Other Sections in Industrial Commission - Budget No. 405

Section Description	Executive Budget
Unspent biennium appropriation exemption	Section 15 would provide exemptions allowing unspent prior biennium appropriation authority to continue into the 2025-27 biennium for a federal electric grid resiliency grant and a records digitization project.
FTE position adjustments	Section 16 would authorize the Industrial Commission 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

	Base Level	Adjustments or Enhancements	Appropriation
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	0	3,000,000	3,000,000
Total All Funds	$122,237,102	$15,634,366	$137,871,468
Less Estimated Income	122,237,102	10,451,572	132,688,674
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

	Base Level	Adjustments or Enhancements	Appropriation
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	0	0	0
Total All Funds	$28,381,785	$11,484,618	$39,866,403
Less Estimated Income	268,000	1,802,377	2,070,377
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

	Base Level	Adjustments or Enhancements	Appropriation
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

	Base Level	Adjustments or Enhancements	Appropriation
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

	Base Level	Adjustments or Enhancements	Appropriation
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

	Base Level	Adjustments or Enhancements	Appropriation
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:

One-Time Funding Description	2023-25	2025-27
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	14,655,335	24,221,672
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	412,207
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.

Bank of North Dakota
Department No. 471
2025 Senate Bill No. 2014

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

	Base Level	Adjustments or Enhancements	Appropriation
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	0	3,000,000	3,000,000
Total All Funds	$122,237,102	$15,634,366	$137,871,468
Less Estimated Income	122,237,102	10,451,572	132,688,674
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

	Base Level	Adjustments or Enhancements	Appropriation
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	0	0	0
Total All Funds	$28,381,785	$11,484,618	$39,866,403
Less Estimated Income	268,000	1,802,377	2,070,377
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

	Base Level	Adjustments or Enhancements	Appropriation
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

	Base Level	Adjustments or Enhancements	Appropriation
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

	Base Level	Adjustments or Enhancements	Appropriation
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

	Base Level	Adjustments or Enhancements	Appropriation
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:

One-Time Funding Description	2023-25	2025-27
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	14,655,335	24,221,672
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	412,207
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.

Housing Finance Agency
Department No. 473
2025 Senate Bill No. 2014

EXECUTIVE BUDGET RECOMMENDATION
2025-27 BIENNIUM

Budget Summary

	FTE Positions	General Fund	Other Funds	Total
Executive budget recommendation	56.00	$0	$74,935,801	$74,935,801
Base level	54.00	2,500,000	68,742,347	71,242,347
Increase (decrease)	2.00	($2,500,000)	$6,193,454	$3,693,454
Percentage increase (decrease)	3.7%	(100.0%)	9.0%	5.2%

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 ($465,165) and the 2023-25 new FTE pool ($986,476)
- Adds 2 FTE positions, including $184,796 for 1 FTE loan specialist position and $257,410 for 1 FTE accountant position
- Decreases funding for operating expenses ($1,478,160) and grants ($200,000) from budgetary savings
- Removes $2.5 million of ongoing funding from the general fund for homeless grants
- Provides $5 million of **one-time funding** from SIIF for housing initiative 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 has 32 fees. The agency did not recommend any changes to the fees.

Major Related Legislation

Senate Bill No. 2030 - Housing incentive fund and homelessness study - Transfers $200 million from the general fund to the housing incentive fund to address housing needs, transfers $10 million from the general fund to the housing incentive fund for homeless grants, and appropriates $50,000 from the general fund to the Housing Finance Agency for a study of homelessness in the state.

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.

Housing Finance Agency - Budget No. 473
Agency Worksheet - Senate Bill No. 2014

	Executive Budget			
	FTE Positions	**General Fund**	**Other Funds**	**Total**
2025-27 Biennium Base Level	54.00	$2,500,000	$68,742,347	$71,242,347
2025-27 Ongoing Funding Changes				
Salary increase			$597,018	$597,018
Health insurance increase			336,296	336,296
Funding to replace the 2023-25 vacant FTE pool			465,165	465,165
Funding to replace the 2023-25 new FTE pool			986,476	986,476
FTE loan specialist position	1.00		184,796	184,796
FTE accountant position	1.00		257,410	257,410
Information technology rate adjustment			44,453	44,453
Budget reduction from operating and grant savings			(1,678,160)	(1,678,160)
Homeless grants		($2,500,000)		(2,500,000)
Total ongoing funding changes	**2.00**	**($2,500,000)**	**$1,193,454**	**($1,306,546)**
One-Time Funding Items				
Housing initiative grants - SIIF			$5,000,000	$5,000,000
Total one-time funding changes	**0.00**	**$0**	**$5,000,000**	**$5,000,000**
Total Changes to Base Level Funding	**2.00**	**($2,500,000)**	**$6,193,454**	**$3,693,454**
2025-27 Total Funding	**56.00**	**$0**	**$74,935,801**	**$74,935,801**
Federal funds included in other funds			*$47,350,888*	
Total ongoing changes - Percentage of base level	*3.7%*	*(100.0%)*	*1.7%*	*(1.8%)*
Total changes - Percentage of base level	*3.7%*	*(100.0%)*	*9.0%*	*5.2%*

Other Sections in Housing Finance Agency - Budget No. 473

Section Description	Executive Budget
Additional appropriation authority	Section 4 would provide appropriation authority to the Housing Finance Agency for any additional or unanticipated income from federal or other funds which may become available during the 2025-27 biennium.
Strategic investment and improvements fund (SIIF)	Section 7 would transfer $40 million from SIIF to the housing incentive fund. Section 11 would identify $5 million from SIIF appropriated to the agency for housing initiative grants.
FTE position adjustments	Section 16 would authorize the Housing Finance Agency to increase or decrease authorized FTE positions subject to the availability of funds.

Sixty-ninth
Legislative Assembly
of North Dakota

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

	Base Level	Adjustments or Enhancements	Appropriation
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	0	3,000,000	3,000,000
Total All Funds	$122,237,102	$15,634,366	$137,871,468
Less Estimated Income	122,237,102	10,451,572	132,688,674
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

	Base Level	Adjustments or Enhancements	Appropriation
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	0	0	0
Total All Funds	$28,381,785	$11,484,618	$39,866,403
Less Estimated Income	268,000	1,802,377	2,070,377
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

	Base Level	Adjustments or Enhancements	Appropriation
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

	Base Level	Adjustments or Enhancements	Appropriation
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

	Base Level	Adjustments or Enhancements	Appropriation
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

	Base Level	Adjustments or Enhancements	Appropriation
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:

One-Time Funding Description	2023-25	2025-27
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	14,655,335	24,221,672
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	412,207
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.

Department of Mineral Resources
Department No. 474
2025 Senate Bill No. 2014

EXECUTIVE BUDGET RECOMMENDATION
2025-27 BIENNIUM

Budget Summary

	FTE Positions	General Fund	Other Funds	Total
Executive budget recommendation	110.00	$37,796,026	$2,070,377	$39,866,403
Base level	108.00	28,113,785	268,000	28,381,785
Increase (decrease)	2.00	$9,682,241	$1,802,377	$11,484,618
Percentage increase (decrease)	1.9%	34.4%	672.5%	40.5%

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 ($1,389,856) and the 2023-25 new FTE pool ($1,284,293)
- Adds 1 FTE permitting technician position, including $151,146 for salaries and wages, $3,727 for ongoing operating expenses, and $7,160 for one-time operating expenses
- Adds 1 FTE reclamation specialist position, including $184,887 for salaries and wages, $64,590 for ongoing operating expenses, and $17,165 for one-time operating expenses
- Adds $171,944 to convert 1 FTE administrative assistant position to 1 FTE geologist position
- Decreases salaries and wages by $50,587 and operating expenses by $511,293 related to budgetary savings
- Adds $1.5 million for State Fleet rate adjustments
- Adds $1,444,377 of **one-time funding** from federal funds for abandoned well reclamation project administration
- Adds $3 million of **one-time funding** for oil and gas litigation expenses

Deficiency Appropriations

House Bill No. 1024, as recommended in the executive budget, would provide a deficiency appropriation of $30,000 to the Department of Mineral Resources for salaries and wages.

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 has 16 fees. The agency did not recommend any changes to the 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.

Department of Mineral Resources - Budget No. 474
Agency Worksheet - Senate Bill No. 2014

	Executive Budget			
	FTE Positions	General Fund	Other Funds	Total
2025-27 Biennium Base Level	108.00	$28,113,785	$268,000	$28,381,785
2025-27 Ongoing Funding Changes				
Salary increase		$1,190,593		$1,190,593
Health insurance increase		660,580		660,580
Funding to replace the 2023-25 vacant FTE pool		1,389,856		1,389,856
Funding to replace the 2023-25 new FTE pool		1,284,293		1,284,293
FTE permitting technician position	1.00	154,873		154,873
FTE reclamation specialist position	1.00	249,477		249,477
FTE position conversion to geologist		171,944		171,944
Federal funds adjustment to salaries			$16,000	16,000
Budget reduction from savings		(561,880)		(561,880)
Information technology rate adjustment		108,065		108,065
State fleet rate adjustment		1,500,000		1,500,000
Total ongoing funding changes	**2.00**	**$6,147,801**	**$16,000**	**$6,163,801**
One-Time Funding Items				
Federal abandoned well reclamation administration			$1,444,377	$1,444,377
FTE position conversion operating expenses		$10,115		10,115
New FTE position operating expenses		24,325		24,325
Mineral analysis		100,000		100,000
Rare earth elements study		100,000		100,000
Archeology excavation project		300,000		300,000
Ordinary high water mark expert fees			342,000	342,000
Oil and gas litigation		3,000,000		3,000,000
Total one-time funding changes	**0.00**	**$3,534,440**	**$1,786,377**	**$5,320,817**
Total Changes to Base Level Funding	**2.00**	**$9,682,241**	**$1,802,377**	**$11,484,618**
2025-27 Total Funding	**110.00**	**$37,796,026**	**$2,070,377**	**$39,866,403**
Federal funds included in other funds			*$1,728,377*	
Total ongoing changes - Percentage of base level	*1.9%*	*21.9%*	*6.0%*	*21.7%*
Total changes - Percentage of base level	*1.9%*	*34.4%*	*672.5%*	*40.5%*

Other Sections in Department of Mineral Resources - Budget No. 474

Section Description	Executive Budget
Unspent biennium appropriation exemption	Section 15 would provide exemptions allowing unspent prior biennium appropriation authority to continue into the 2025-27 biennium for a federal abandoned oil well conversion to water supply grant program.
Full-time equivalent (FTE) position adjustments	Section 16 would authorize the Department of Mineral Resources 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

	Base Level	Adjustments or Enhancements	Appropriation
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	0	3,000,000	3,000,000
Total All Funds	$122,237,102	$15,634,366	$137,871,468
Less Estimated Income	122,237,102	10,451,572	132,688,674
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

	Base Level	Adjustments or Enhancements	Appropriation
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	0	0	0
Total All Funds	$28,381,785	$11,484,618	$39,866,403
Less Estimated Income	268,000	1,802,377	2,070,377
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

	Base Level	Adjustments or Enhancements	Appropriation
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

	Base Level	Adjustments or Enhancements	Appropriation
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

	Base Level	Adjustments or Enhancements	Appropriation
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

	Base Level	Adjustments or Enhancements	Appropriation
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:

One-Time Funding Description	2023-25	2025-27
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	14,655,335	24,221,672
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	412,207
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.

Mill and Elevator Association
Department No. 475
2025 Senate Bill No. 2014

EXECUTIVE BUDGET RECOMMENDATION
2025-27 BIENNIUM

Budget Summary

	FTE Positions	General Fund	Other Funds	Total
Executive budget recommendation	172.00	$0	$105,483,411	$105,483,411
Base level	170.00	0	97,410,920	97,410,920
Increase (decrease)	2.00	$0	$8,072,491	$8,072,491
Percentage increase (decrease)	1.2%	N/A	8.3%	8.3%

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 subject to union negotiations
- 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 ($1,756,563) and the 2023-25 new FTE pool ($2,367,332)
- Adds $359,808 for 2 FTE railcar inspector positions

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.

Mill and Elevator Association - Budget No. 475
Agency Worksheet - Senate Bill No. 2014

	Executive Budget			
	FTE Positions	**General Fund**	**Other Funds**	**Total**
2025-27 Biennium Base Level	170.00	$0	$97,410,920	$97,410,920
2025-27 Ongoing Funding Changes				
Salary increases subject to union negotiations			$2,545,656	$2,545,656
Health insurance increase			1,032,908	1,032,908
Funding to replace the 2023-25 vacant FTE pool			1,756,563	1,756,563
Funding to replace the 2023-25 new FTE pool			2,367,332	2,367,332
FTE railcar inspector positions	2.00		359,808	359,808
Information technology rate adjustment			10,224	10,224
Total ongoing funding changes	**2.00**	**$0**	**$8,072,491**	**$8,072,491**
One-Time Funding Items				
No one-time funding items				$0
Total one-time funding changes	**0.00**	**$0**	**$0**	**$0**
Total Changes to Base Level Funding	**2.00**	**$0**	**$8,072,491**	**$8,072,491**
2025-27 Total Funding	**172.00**	**$0**	**$105,483,411**	**$105,483,411**
Federal funds included in other funds			*$0*	
Total ongoing changes - Percentage of base level	*1.2%*	*N/A*	*8.3%*	*8.3%*
Total changes - Percentage of base level	*1.2%*	*N/A*	*8.3%*	*8.3%*

Other Sections in Mill and Elevator Association - Budget No. 475

Section Description	Executive Budget
Profits and gain-sharing program	Section 13 would provide an exemption to suspend the transfer of 50 percent of the Mill's profits to the general fund. Section 14 would provide an exemption allowing the gain-sharing program to be approved without a transfer of profits to the general fund.
FTE position adjustments	Section 16 would authorize the Mill to increase or decrease authorized FTE positions subject to the availability of funds.

Sixty-ninth
Legislative Assembly
of North Dakota

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

	Base Level	Adjustments or Enhancements	Appropriation
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	0	3,000,000	3,000,000
Total All Funds	$122,237,102	$15,634,366	$137,871,468
Less Estimated Income	122,237,102	10,451,572	132,688,674
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

	Base Level	Adjustments or Enhancements	Appropriation
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	0	0	0
Total All Funds	$28,381,785	$11,484,618	$39,866,403
Less Estimated Income	268,000	1,802,377	2,070,377
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

	Base Level	Adjustments or Enhancements	Appropriation
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

	Base Level	Adjustments or Enhancements	Appropriation
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

	Base Level	Adjustments or Enhancements	Appropriation
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

	Base Level	Adjustments or Enhancements	Appropriation
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:

One-Time Funding Description	2023-25	2025-27
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	14,655,335	24,221,672
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	412,207
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.

Industrial Commission
Department No. 405
2025 Senate Bill No. 2014

REVISED EXECUTIVE BUDGET RECOMMENDATION
2025-27 BIENNIUM

Budget Summary

	FTE Positions	General Fund	Other Funds	Total
Burgum budget recommendation	9.75	$5,182,794	$132,688,674	$137,871,468
Revisions - Increase (decrease)	0.00	(4,782,794)	4,767,287	(15,507)
Armstrong budget recommendation	**9.75**	**$400,000**	**$137,455,961**	**$137,855,961**
Base level	9.75	0	122,237,102	122,237,102
Increase (decrease)	0.00	$400,000	$15,218,859	$15,618,859
Percentage increase (decrease)	0.0%	N/A	12.5%	12.8%

NOTE:
More detailed information on the revised executive budget recommendation is attached as an appendix.

Selected Highlights

- ***Salary increases of up to 3 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 ($30,381) and the 2023-25 new FTE pool ($490,562)
- Adds $350,000 from special funds for executive director salary equity increases
- Transfers $581,791 from the salaries and wages line item to the operating expenses line item
- Adds $400,000 from the general fund for a Transmission Authority director contract
- Decreases funding for bond payments by $2,761,713, from $119,879,913 to $117,118,200
- ***Adds $13,668,089 of one-time funding for an electric grid resiliency grant, including $1,782,794 from the strategic investment and improvements fund (SIIF) and $11,885,295 from federal funds***
- ***Adds $3 million of one-time funding from SIIF for lignite litigation fees***

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

House Bill No. 1275 - Natural gas supply grants - Appropriates $5 million from SIIF for a natural gas supply infrastructure grant program.

Senate Bill No. 2328 - Life science development grants - Appropriates and transfers $12 million from the general fund to a newly created life science development fund and transfers any remaining balance from the bioscience innovation grant fund to the life science development fund with the funding available for grants, loans, or other financial assistance.

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.

Industrial Commission - Budget No. 405
Agency Worksheet - Senate Bill No. 2014

	Armstrong Executive Budget			
	FTE Positions	**General Fund**	**Other Funds**	**Total**
2025-27 Biennium Base Level	9.75	$0	$122,237,102	$122,237,102
2025-27 Ongoing Funding Changes				
Salary increase			$71,132	$71,132
Health insurance increase			45,039	45,039
Funding to replace the 2023-25 vacant FTE pool			30,381	30,381
Funding to replace the 2023-25 new FTE pool			490,562	490,562
Executive director salary equity increases			350,000	350,000
Transfers $581,791 from salaries to operating				0
Information technology rate adjustments			369	369
Grant management software fees			275,000	275,000
Transmission Authority director contract		$400,000		400,000
Bond payment adjustment			(2,761,713)	(2,761,713)
Total ongoing funding changes	**0.00**	**$400,000**	**($1,499,230)**	**($1,099,230)**
One-Time Funding Items				
Inflationary increases			$50,000	$50,000
Electric grid resiliency grant - SIIF and federal			13,668,089	13,668,089
Lignite litigation fees - SIIF			3,000,000	3,000,000
Total one-time funding changes	**0.00**	**$0**	**$16,718,089**	**$16,718,089**
Total Changes to Base Level Funding	**0.00**	**$400,000**	**$15,218,859**	**$15,618,859**
2025-27 Total Funding	**9.75**	**$400,000**	**$137,455,961**	**$137,855,961**
Federal funds included in other funds			*$11,885,295*	
Total ongoing changes - Percentage of base level	*0.0%*	*N/A*	*(1.2%)*	*(0.9%)*
Total changes - Percentage of base level	*0.0%*	*N/A*	*12.5%*	*12.8%*

Bank of North Dakota
Department No. 471
2025 Senate Bill No. 2014

REVISED EXECUTIVE BUDGET RECOMMENDATION
2025-27 BIENNIUM

Budget Summary

	FTE Positions	General Fund	Other Funds	Total
Burgum budget recommendation	189.00	$0	$86,818,924	$86,818,924
Revisions - Increase (decrease)	(2.00)	0	(5,909,473)	(5,909,473)
Armstrong budget recommendation	**187.00**	**$0**	**$80,909,451**	**$80,909,451**
Base level	187.00	0	71,605,483	71,605,483
Increase (decrease)	0.00	$0	$9,303,968	$9,303,968
Percentage increase (decrease)	0.0%	N/A	13.0%	13.0%

NOTE:
More detailed information on the revised executive budget recommendation is attached as an appendix.

Selected Highlights

- ***Salary increases of up to 3 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)
- 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 $600,000 of one-time funding for temporary salary funding related to the implementation of a cash management program***

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

House Bill No. 1128 - Higher education infrastructure revolving loan fund - Appropriates and transfers $25 million from the general fund to a newly created higher education infrastructure revolving loan fund for auxiliary enterprise infrastructure projects.

House Bill No. 1362 - Housing development loan fund - Appropriates and transfers $10 million from the general fund to a newly created housing development loan fund to assist local housing builders and developers.

House Bill No. 1590 - Student education services account - Appropriates $41.2 million from the general fund to the Bank for matching funds and administration of a student education services account program.

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

	Armstrong 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			$1,825,271	$1,825,271
Health insurance increase			1,122,988	1,122,988
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
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				0
Total ongoing funding changes	**0.00**	**$0**	**$8,703,968**	**$8,703,968**
One-Time Funding Items				
Cash management implementation temporary			$600,000	$600,000
Total one-time funding changes	**0.00**	**$0**	**$600,000**	**$600,000**
Total Changes to Base Level Funding	**0.00**	**$0**	**$9,303,968**	**$9,303,968**
2025-27 Total Funding	**187.00**	**$0**	**$80,909,451**	**$80,909,451**
Federal funds included in other funds			*$0*	
Total ongoing changes - Percentage of base level	*0.0%*	*N/A*	*12.2%*	*12.2%*
Total changes - Percentage of base level	*0.0%*	*N/A*	*13.0%*	*13.0%*

Housing Finance Agency
Department No. 473
2025 Senate Bill No. 2014

REVISED EXECUTIVE BUDGET RECOMMENDATION
2025-27 BIENNIUM

Budget Summary

	FTE Positions	General Fund	Other Funds	Total
Burgum budget recommendation	56.00	$0	$74,935,801	$74,935,801
Revisions - Increase (decrease)	0.00	0	(5,108,988)	(5,108,988)
Armstrong budget recommendation	**56.00**	**$0**	**$69,826,813**	**$69,826,813**
Base level	54.00	2,500,000	68,742,347	71,242,347
Increase (decrease)	2.00	($2,500,000)	$1,084,466	($1,415,534)
Percentage increase (decrease)	3.7%	(100.0%)	1.6%	(2.0%)

NOTE:
More detailed information on the revised executive budget recommendation is attached as an appendix.

Selected Highlights

- ***Salary increases of up to 3 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 ($465,165) and the 2023-25 new FTE pool ($986,476)
- Adds 2 FTE positions, including $184,796 for 1 FTE loan specialist position and $257,410 for 1 FTE accountant position
- Decreases funding for operating expenses ($1,478,160) and grants ($200,000) from budgetary savings
- Removes $2.5 million of ongoing funding from the general fund for homeless 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 has 32 fees. The agency did not recommend any changes to the fees.

Major Related Legislation

Senate Bill No. 2030 - Housing incentive fund and homelessness study - Transfers $200 million from the general fund to the housing incentive fund to address housing needs, transfers $10 million from the general fund to the housing incentive fund for homeless grants, and appropriates $50,000 from the general fund to the Housing Finance Agency for a study of homelessness in the state.

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.

Housing Finance Agency - Budget No. 473
Agency Worksheet - Senate Bill No. 2014

	Armstrong Executive Budget			
	FTE Positions	**General Fund**	**Other Funds**	**Total**
2025-27 Biennium Base Level	54.00	$2,500,000	$68,742,347	$71,242,347
2025-27 Ongoing Funding Changes				
Salary increase			$488,030	$488,030
Health insurance increase			336,296	336,296
Funding to replace the 2023-25 vacant FTE pool			465,165	465,165
Funding to replace the 2023-25 new FTE pool			986,476	986,476
FTE loan specialist position	1.00		184,796	184,796
FTE accountant position	1.00		257,410	257,410
Information technology rate adjustment			44,453	44,453
Budget reduction from operating and grant savings			(1,678,160)	(1,678,160)
Homeless grants		($2,500,000)		(2,500,000)
Total ongoing funding changes	**2.00**	**($2,500,000)**	**$1,084,466**	**($1,415,534)**
One-Time Funding Items				
No one-time funding items				$0
Total one-time funding changes	**0.00**	**$0**	**$0**	**$0**
Total Changes to Base Level Funding	**2.00**	**($2,500,000)**	**$1,084,466**	**($1,415,534)**
2025-27 Total Funding	**56.00**	**$0**	**$69,826,813**	**$69,826,813**
Federal funds included in other funds			*$47,333,539*	
Total ongoing changes - Percentage of base level	*3.7%*	*(100.0%)*	*1.6%*	*(2.0%)*
Total changes - Percentage of base level	*3.7%*	*(100.0%)*	*1.6%*	*(2.0%)*

Department of Mineral Resources
Department No. 474
2025 Senate Bill No. 2014

REVISED EXECUTIVE BUDGET RECOMMENDATION
2025-27 BIENNIUM

Budget Summary

	FTE Positions	General Fund	Other Funds	Total
Burgum budget recommendation	110.00	$37,796,026	$2,070,377	$39,866,403
Revisions - Increase (decrease)	1.00	(3,335,528)	3,300,000	(35,528)
Armstrong budget recommendation	**111.00**	**$34,460,498**	**$5,370,377**	**$39,830,875**
Base level	108.00	28,113,785	268,000	28,381,785
Increase (decrease)	3.00	$6,346,713	$5,102,377	$11,449,090
Percentage increase (decrease)	2.8%	22.6%	1,903.9%	40.3%

NOTE:
More detailed information on the revised executive budget recommendation is attached as an appendix.

Selected Highlights

- ***Salary increases of up to 3 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 ($1,389,856) and the 2023-25 new FTE pool ($1,284,293)
- Adds 1 FTE permitting technician position, including $151,146 for salaries and wages, $3,727 for ongoing operating expenses, and $7,160 for one-time operating expenses
- Adds 1 FTE reclamation specialist position, including $184,887 for salaries and wages, $64,590 for ongoing operating expenses, and $17,165 for one-time operating expenses
- ***Adds 1 FTE administrative assistant position, including $163,030 for salaries and wages and $7,160 for one-time operating expenses***
- Adds $171,944 to convert 1 FTE administrative assistant position to 1 FTE geologist position
- Decreases salaries and wages by $50,587 and operating expenses by $511,293 related to budgetary savings
- Adds $1.5 million for State Fleet rate adjustments
- Adds $1,444,377 of one-time funding from federal funds for abandoned well reclamation project administration
- ***Adds $3 million of one-time funding from the strategic investment and improvements fund (SIIF) for oil and gas litigation expenses***

Deficiency Appropriations

House Bill No. 1024, as recommended in the executive budget, would provide a deficiency appropriation of $30,000 to the Department of Mineral Resources for salaries and wages.

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 has 16 fees. The agency did not recommend any changes to the 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.

Department of Mineral Resources - Budget No. 474
Agency Worksheet - Senate Bill No. 2014

	Armstrong Executive Budget			
	FTE Positions	**General Fund**	**Other Funds**	**Total**
2025-27 Biennium Base Level	108.00	$28,113,785	$268,000	$28,381,785
2025-27 Ongoing Funding Changes				
Salary increase		$978,870		$978,870
Health insurance increase		666,585		666,585
Funding to replace the 2023-25 vacant FTE pool		1,389,856		1,389,856
Funding to replace the 2023-25 new FTE pool		1,284,293		1,284,293
FTE permitting technician position	1.00	154,873		154,873
FTE reclamation specialist position	1.00	249,477		249,477
FTE administrative assistant position	1.00	163,030		163,030
FTE position conversion to geologist		171,944		171,944
Federal funds adjustment to salaries			$16,000	16,000
Budget reduction from savings		(561,880)		(561,880)
Information technology rate adjustment		108,065		108,065
State fleet rate adjustment		1,500,000		1,500,000
Total ongoing funding changes	**3.00**	**$6,105,113**	**$16,000**	**$6,121,113**
One-Time Funding Items				
Federal abandoned well reclamation administration			$1,444,377	$1,444,377
FTE position conversion operating expenses		$10,115		10,115
New FTE position operating expenses		31,485		31,485
Mineral analysis		100,000		100,000
Rare earth elements study		100,000		100,000
Archeology excavation project - SIIF			300,000	300,000
Ordinary high water mark expert fees			342,000	342,000
Oil and gas litigation - SIIF			3,000,000	3,000,000
Total one-time funding changes	**0.00**	**$241,600**	**$5,086,377**	**$5,327,977**
Total Changes to Base Level Funding	**3.00**	**$6,346,713**	**$5,102,377**	**$11,449,090**
2025-27 Total Funding	**111.00**	**$34,460,498**	**$5,370,377**	**$39,830,875**
Federal funds included in other funds			*$1,728,377*	
Total ongoing changes - Percentage of base level	*2.8%*	*21.7%*	*6.0%*	*21.6%*
Total changes - Percentage of base level	*2.8%*	*22.6%*	*1903.9%*	*40.3%*

Mill and Elevator Association
Department No. 475
2025 Senate Bill No. 2014

REVISED EXECUTIVE BUDGET RECOMMENDATION
2025-27 BIENNIUM

Budget Summary

	FTE Positions	General Fund	Other Funds	Total
Burgum budget recommendation	172.00	$0	$105,483,411	$105,483,411
Revisions - Increase (decrease)	0.00	0	0	0
Armstrong budget recommendation	**172.00**	**$0**	**$105,483,411**	**$105,483,411**
Base level	170.00	0	97,410,920	97,410,920
Increase (decrease)	2.00	$0	$8,072,491	$8,072,491
Percentage increase (decrease)	1.2%	N/A	8.3%	8.3%

NOTE:
More detailed information on the revised executive budget recommendation is attached as an appendix.

Selected Highlights

- Salary increases subject to union negotiations
- 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 ($1,756,563) and the 2023-25 new FTE pool ($2,367,332)
- Adds $359,808 for 2 FTE railcar inspector positions

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.

Mill and Elevator Association - Budget No. 475
Agency Worksheet - Senate Bill No. 2014

	Armstrong Executive Budget			
	FTE Positions	**General Fund**	**Other Funds**	**Total**
2025-27 Biennium Base Level	170.00	$0	$97,410,920	$97,410,920
2025-27 Ongoing Funding Changes				
Salary increases subject to union negotiations			$2,545,656	$2,545,656
Health insurance increase			1,032,908	1,032,908
Funding to replace the 2023-25 vacant FTE pool			1,756,563	1,756,563
Funding to replace the 2023-25 new FTE pool			2,367,332	2,367,332
FTE railcar inspector positions	2.00		359,808	359,808
Information technology rate adjustment			10,224	10,224
Total ongoing funding changes	**2.00**	**$0**	**$8,072,491**	**$8,072,491**
One-Time Funding Items				
No one-time funding items				$0
Total one-time funding changes	**0.00**	**$0**	**$0**	**$0**
Total Changes to Base Level Funding	**2.00**	**$0**	**$8,072,491**	**$8,072,491**
2025-27 Total Funding	**172.00**	**$0**	**$105,483,411**	**$105,483,411**
Federal funds included in other funds			*$0*	
Total ongoing changes - Percentage of base level	*1.2%*	*N/A*	*8.3%*	*8.3%*
Total changes - Percentage of base level	*1.2%*	*N/A*	*8.3%*	*8.3%*

2025 SENATE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division
Sakakawea Room, State Capitol

SB 2014
1/14/2025
AM

A BILL for an Act to provide an appropriation for defraying the expenses of the industrial commission and the agencies under its control; to provide for a transfer; to provide an exemption; and to provide for a report.

10:00 a.m. Chairman Sorvaag called the meeting to order.

Members Present: Chairman Ronald Sorvaag, Senator Cole Conley, Senator Scott Meyer, Senator Donald Schaible, Senator Paul J. Thomas.

Discussion Topics:

- Agency Introductions.
- Budget Requests & Priorities of Requests.
- DMR Retention & Professional Development.
- Discussion on Permits, Reclamation, Current Projects

10:05 a.m. Karen Tyler, Executive Director, ND Industrial Commission, testified in favor and submitted testimony #29069.

10:27 a.m. Brenna Jessen, Fiscal Manager, NDIC, testified in favor.

10:30 a.m. Nathan Anderson, Director of Department of Mineral Resources, testified in favor and continued testimony #29060.

10:39 a.m. Mark Bohrer, Assistant Director, NDIC-DMR-Oil & Gas, testified in favor and continued testimony #29060.

11:08 a.m. Ed Murphy, Director of Geological Survey, testified in favor and continued testimony #29060.

11:22 a.m. Robyn Loumer, Finance Manager, DMR, testified in favor and continued testimony #29060.

Additional written testimony:

Tyler Hammon, Assistant VP for Strategic Partnerships, EERC, submitted testimony in neutral #28872.

11:30 a.m. Chairman Sorvaag adjourned the meeting.

Steven Hall, Committee Clerk

Energy & Environmental Research Center
15 North 23rd Street, Stop 9018 • Grand Forks, ND 58202-9018 • P. 701.777.5000 • F. 701.777.5181
www.undeerc.org

Chairman Sorvaag, members of the committee, on behalf of the Energy & Environmental Research Center (EERC) I appreciate this opportunity to offer comments regarding Senate Bill 2014. The North Dakota Industrial Commission (NDIC) has been a key partner in helping the EERC in its mission to lead the world in developing solutions to energy and environmental challenges. As of 2022, North Dakota was 8th in total energy production, producing 4.114 quads of energy – over 4 trillion BTUs. The state has the 3rd highest per capita GDP in the nation, has the 8th lowest retail electric prices, and is a global leader in numerous agricultural products. The success we have in feeding and powering the world can be tied directly back to the programs and funds overseen by the NDIC.

The NDIC oversees the entire technology development pathway, from invention and innovation in partnership with the State Energy Research Center, to research, development, and demonstration under the lignite, oil and gas, and renewable research councils, to commercialization under the Clean Sustainable Energy Authority. Through these programs, the EERC has been able to pursue several initiatives and partnerships to achieve successes for the State of North Dakota and its energy industry.

The EERC has leveraged competitive funding through the research councils to engage in work across many different energy sectors. Examples with the Lignite Research Program include the exploration of lignite-derived value-added carbon products, rare earth elements and critical mineral extraction from lignite coal, as well as front-end engineering and design of postcombustion carbon capture for our lignite generation facilities. The Oil and Gas Research Program has been critical to supporting the Bakken Production Optimization Program, which has led to numerous innovations to increase efficiency while improving operations as well as the iPIPE program for pipeline monitoring and leak detection, and various flaring mitigation technologies. This past year, the Renewable Energy Program supported an EERC proposal to develop a Regional Electric Vehicle Infrastructure Resilience Plan (REVIR), which will provide the state and regional stakeholders with an actionable roadmap to address vulnerabilities in the grid as EV infrastructure is considered and developed.

In addition to the research councils, the NDIC also oversees legislatively-directed initiatives. Pursuant to section 17 of House Bill 1014, enacted during the last legislative session, the EERC worked with the Lignite Energy Council to conduct a study regarding future lignite electrical generation facilities. That study identified trends and analyzed load forecasts for our state and region, included rigorous analysis of policies and regulations impacting the lignite industry, identified current and prospective technology options for a new lignite-fired power plant, and explored potential for new market development and value-added products associated with lignite mining and power production. The EERC also worked with the Bank of North Dakota (BND) and North Dakota Tax Commissioner to develop a 20-year enhanced oil recovery forecast as part of the BND's sustainability study.

Finally, I'd add that the NDIC, through both the Lignite Research Program and the Oil & Gas Research Program, has been an important partner in the Plains CO_2 Reduction (PCOR) Partnership. This program, now in its third decade, has seen participation from over 200 companies in the energy industry, including most of those based in or doing business in North Dakota, ten states, and four Canadian provinces to advance regional characterization, validation, and commercial demonstration of carbon capture utilization and storage (CCUS) sites. The collaboration and technical assistance offered by the PCOR Partnership has resulted in 11 enhanced oil recovery projects, 6 dedicated storage projects, and 35 additional CCUS projects that have been announced. We appreciate the NDIC's continued support as this program enters its fourth phase of commercializing CCUS activity and enabling emissions reduction for fossil fuel production and other industrial sources.

In short, the work supported by the NDIC this past biennium and through the history of the research councils has been instrumental to the success of our energy industries, and will continue to play a critical role going forward to advance new opportunities and ensure the wise utilization of our energy resources for future generations of North Dakotans.

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Nathan D. Anderson, Director
Mark F. Bohrer, Assistant Director Oil & Gas Division
Edward C. Murphy, Director Geological Survey, State Geologist
Michael Ziesch, Staff Officer
Robyn Loumer, Finance Manager

NORTH DAKOTA DEPARTMENT OF MINERAL RESOURCES

The Legislature created the Industrial Commission of North Dakota in 1919 to conduct and manage, on behalf of the State, certain utilities, industries, enterprises, and business projects established by state law. The Industrial Commission has jurisdiction over oil and gas resources, the investigation and publication of geological information and the regulation of coal exploration, geophysical exploration, geothermal energy, paleontology resources, subsurface minerals, and oil, gas, and carbon dioxide underground storage in North Dakota through the Department of Mineral Resources Geological Survey and Oil and Gas Division.

The Industrial Commission appoints the Director of the Department of Mineral Resources, who serves as Director of the Oil and Gas Division. The Director appoints the State Geologist and Assistant Director of the Oil and Gas Division.



DMR ORGANIZATIONAL STRUCTURE



Nathan Anderson
Director (1)



Mark Bohrer
Oil & Gas Division
Assistant Director (1)

- Field Staff (32)
- Pipeline Program (9)
- Reclamation Program (2)
- Permitting (5)
- Geological Analyst | CCUS (5)
- Logs (3)
- Petroleum Engineering (2)
- Production | Measurement (5)
- UIC | Treating Plants (3)
- Bonding (1)
- Seismic (1)



Michael Ziesch
Support
Staff Officer (1)

- IT | Data Management (5)
- Administrative Assistants (2)
- Finance | Accounting (3)
- Legal | Hearing Dockets | Orders (2)
- Public Information Officer (1)
- Safety Officer (1)
- Human Resources (1)
- Warehouse Technician (1)



Ed Murphy
Geological Survey
State Geologist (1)

- Paleontology (4)
- Publications | Maps (4)
- Surface Geology | Core Library (7)
- Subsurface Geology (5)

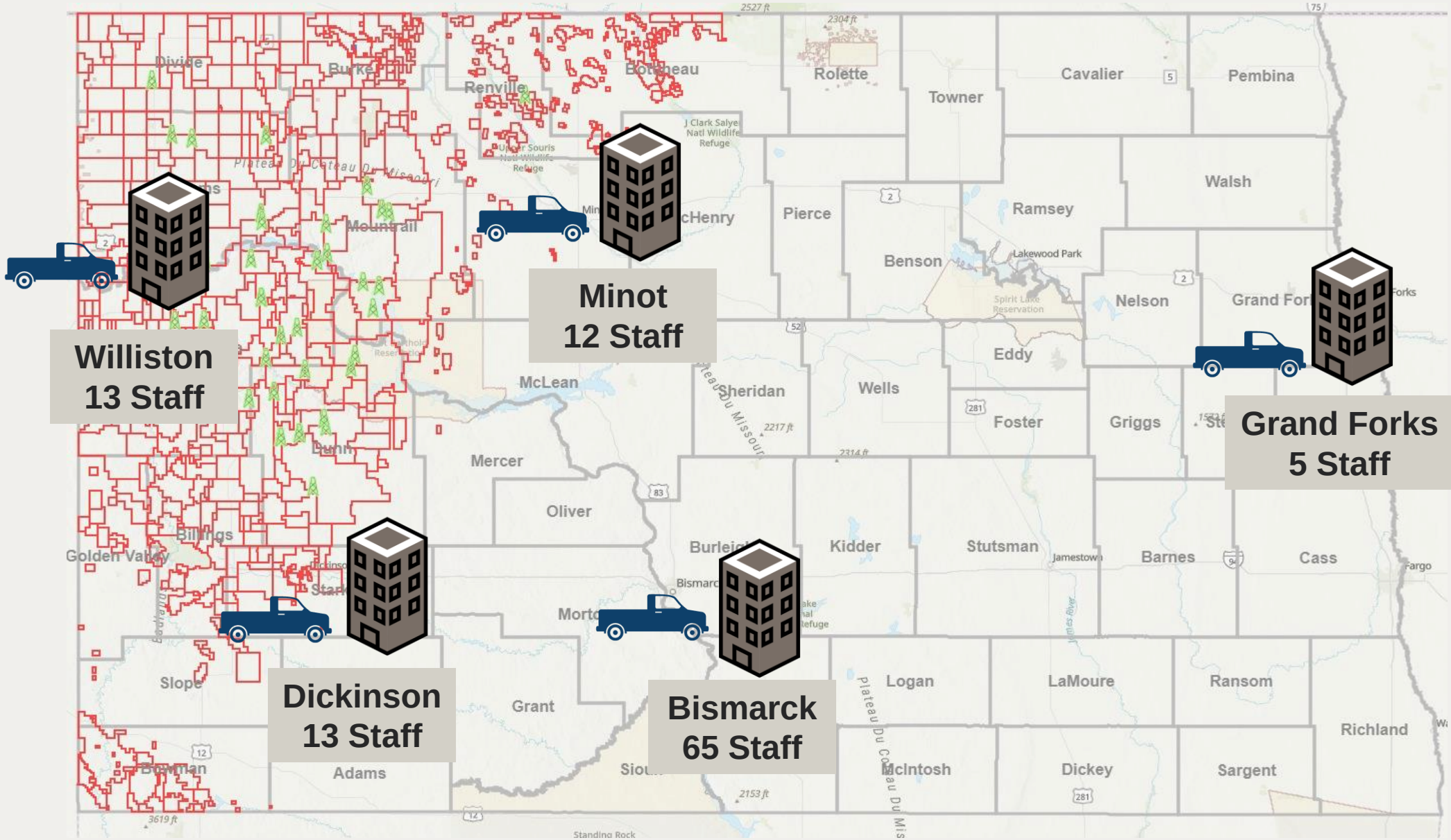
Total Oil and Gas = 70

Total DMR Support = 17

Total Geological Survey = 21

Total DMR FTEs = 108

OFFICE LOCATIONS AND TOTAL STAFF



DMR RETENTION & PROFESSIONAL DEVELOPMENT

Agency is in a Dynamic Position

- Leadership Transition
- Resiliency
- Succession planning
  - Deep dive – summer 2025
- Key retirements likely
  - 3 – manager level and up
  - 1 – key finance role
- Opportunity to build
- Mentoring takes time
- Training
- Travel & collaboration
- Attract, develop, retain top tier
- Training time overlap preferred

We ask for the budget and freedom to make this process work

INPUTS

Employees
-Benefits
-Compensation
-Culture
IT Systems
Brick & Mortar



The Machine

DMR Process

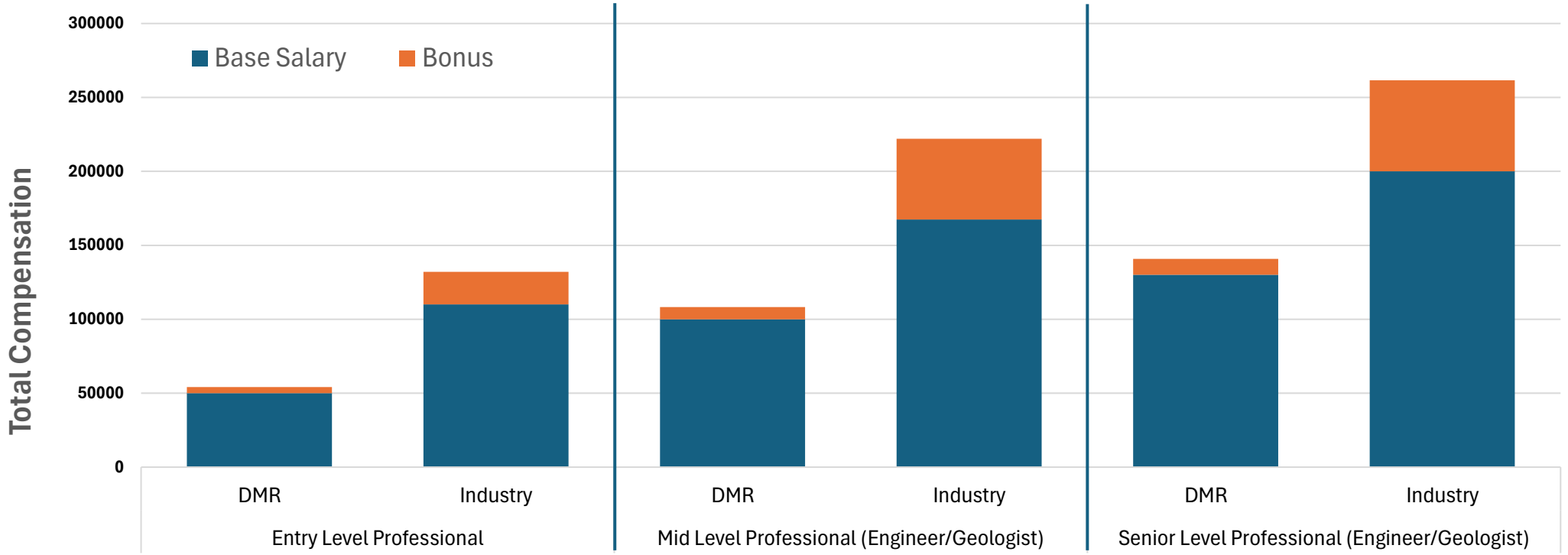
OUTPUTS
=
EXPECTATIONS

Permits
Data
Production Reporting
Field Inspections
UIC Program
Plugging
Reclamation
Orders
Public outreach
Geologic Investigations
Core Library

Current Personnel as of 12/31/2024

Years of Service	0-3	4-6	7-10	11-15	16-20	21-25	26-30	30+
FTE	39	13	19	17	8	5	3	4
%	34%	12%	18%	16%	8%	5%	3%	4%

Compensation Comparable - DMR & Industry Example



- Critical Field Inspector positions continue to be challenged with turnover. Positions are critical to DMR and are hard to fill due to competition with oil & gas industry

- Turnover of 1/5th of field staff in 18 months. Training intensive with staff training new hires. Must have 4-year degree. Specialized employees

Turnover	Total FTE	Total Turnover	Turnover Percent	Classified Turnover	Classified Reason	Unclassified Turnover	Unclassified Reason
2023-25 Biennium	108	13	13%	6	2R, 2PS, 2-O	7	4R, 2PS, 1-O

Key:
R=Retirement
PS=Private Sector
O=Other

To date there have been 13 turnovers this biennium. The total cost of leave payouts was $77,371, Turnover rates do not include inter-agency transfers

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Oil & Gas Agency Overview

NORTH DAKOTA OIL AND GAS DIVISION

The Oil and Gas Division, headed by the Director of DMR, was formed in 1981 to provide the technical expertise needed for enforcement of Industrial Commission jurisdiction over statutes, rules, regulations, and orders pertaining to geophysical exploration, drilling, production of oil and gas, restoration of drilling and production sites, and proper disposal of oil field brine and other oil field wastes in North Dakota.

The Oil and Gas Division facilitates the electronic storage of and provides access to oil and gas production, reservoir, well, and geophysical log data for use by industry, royalty owners, and other governmental agencies and citizens.

In 1997, regulation of geophysical exploration (seismic) was placed under the Oil and Gas Division's jurisdiction. In 2009, regulation of carbon dioxide storage was added to the Oil and Gas Division's responsibilities. In 2013, regulation of underground gathering pipeline infrastructure was added to the Oil and Gas Division's responsibilities. In 2015, this authority was broadened to include bonding requirements on crude oil and produced water underground gathering pipelines. Also, the Oil and Gas Division has obtained primacy from the United States Environmental Protection Agency over Class II (disposal/injection) and Class VI (carbon dioxide storage) wells.

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OIL AND GAS REGULATORY PROGRAMS

Oil and Gas Exploration and Production (NDCC 38-08)

It is hereby declared to be in the public interest to foster, to encourage, and to promote the development, production, and utilization of natural resources of oil and gas in the state in such a manner as will prevent waste; to authorize and to provide for the operation and development of oil and gas properties in such a manner that a greater ultimate recovery of oil and gas be had and that the correlative rights of all owners be fully protected; and to encourage and to authorize cycling, recycling, pressure maintenance, and secondary recovery operations in order that the greatest possible economic recovery of oil and gas be obtained within the state to the end that the landowners, the royalty owners, the producers, and the general public realize and enjoy the greatest possible good from these vital natural resources.

Geophysical Exploration (NDCC 38-08.1)

Notwithstanding any other provision of this chapter, the commission is the primary enforcement agency governing geophysical exploration in this state. Any person in this state engaged in geophysical exploration or engaged as a subcontractor of a person engaged in geophysical exploration shall comply with this chapter; provided, however, that compliance with this chapter by a crew or its employer constitutes compliance herewith by that person who has engaged the service of the crew, or its employer, as an independent contractor.

Pipeline (NDCC 38-08-27)

The application of this section is limited to an underground gathering pipeline that is designed or intended to transfer crude oil or produced water from a production facility for disposal, storage, or sale purposes and which was placed into service after August 1, 2015. Upon request, the operator shall provide the commission the underground gathering pipeline engineering construction design drawings and specifications, list of independent inspectors, and a plan for leak protection and monitoring for the underground gathering pipeline. Within sixty days of an underground gathering pipeline being placed into service, the operator of that pipeline shall file with the commission an independent inspector's certificate of hydrostatic or pneumatic testing of the underground gathering pipeline.

OIL AND GAS REGULATORY PROGRAMS

Carbon Dioxide Geological Storage (NDCC 38-22-01)

It is in the public interest to promote the geologic storage of carbon dioxide. Doing so will benefit the state and the global environment by reducing greenhouse gas emissions. Doing so will help ensure the viability of the state's coal and power industries, to the economic benefit of North Dakota and its citizens. Further, geologic storage of carbon dioxide, a potentially valuable commodity, may allow for its ready availability if needed for commercial, industrial, or other uses, including enhanced recovery of oil, gas, and other minerals. Geologic storage, however, to be practical and effective requires cooperative use of surface and subsurface property interests and the collaboration of property owners. Obtaining consent from all owners may not be feasible, requiring procedures that promote, in a manner fair to all interests, cooperative management, thereby ensuring the maximum use of natural resources.

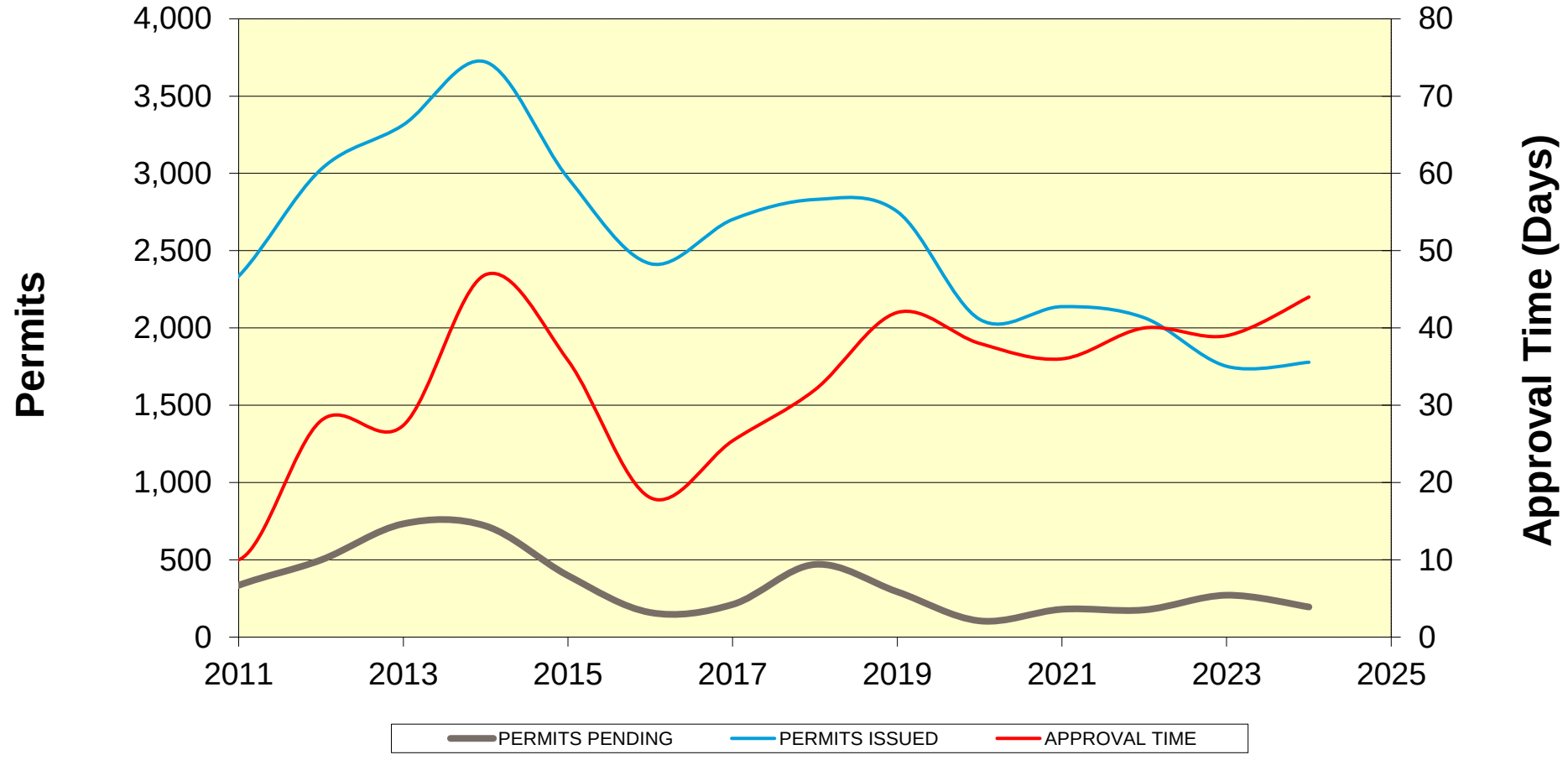
Underground Storage of Oil and Gas (NDCC 38-25-08) *Includes all natural gas, including hydrogen, and all other fluid hydrocarbons not defined as oil.

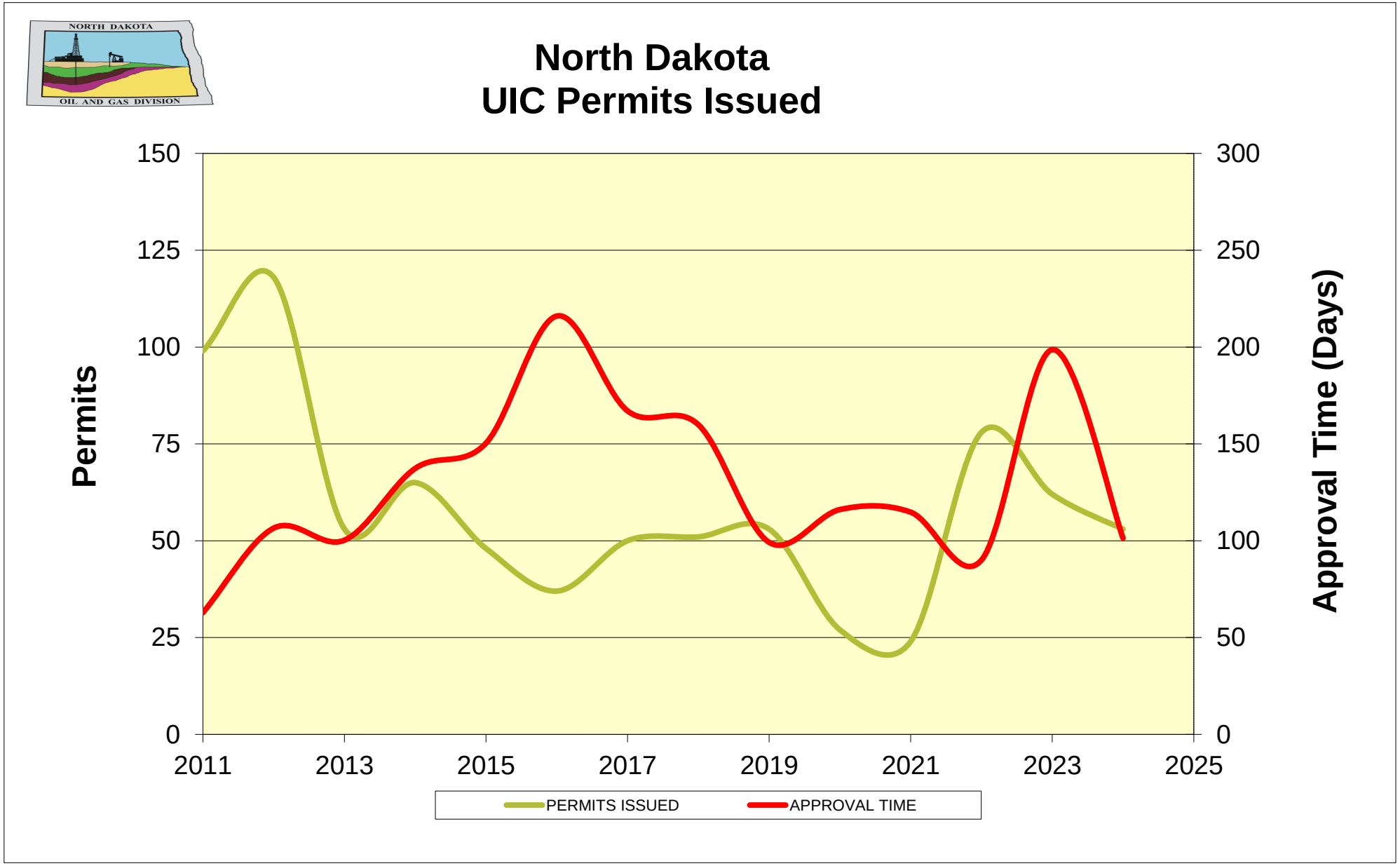
If a storage operator does not obtain the consent of all persons owning a pore space and of mineral interest owners when required by this chapter, the commission may require the interest owned by the nonconsenting owners be included in an approved storage facility and subject to geologic storage if the minimum percentage of consent is obtained as specified in this chapter. Any pore space owner who does not have responsibility over the construction, management, supervision, or control of the storage facility operations is not liable for money damages for personal or other property damages proximately caused by the operations.

Underground Storage of Oil and Gas (NDCC 38-25-11)

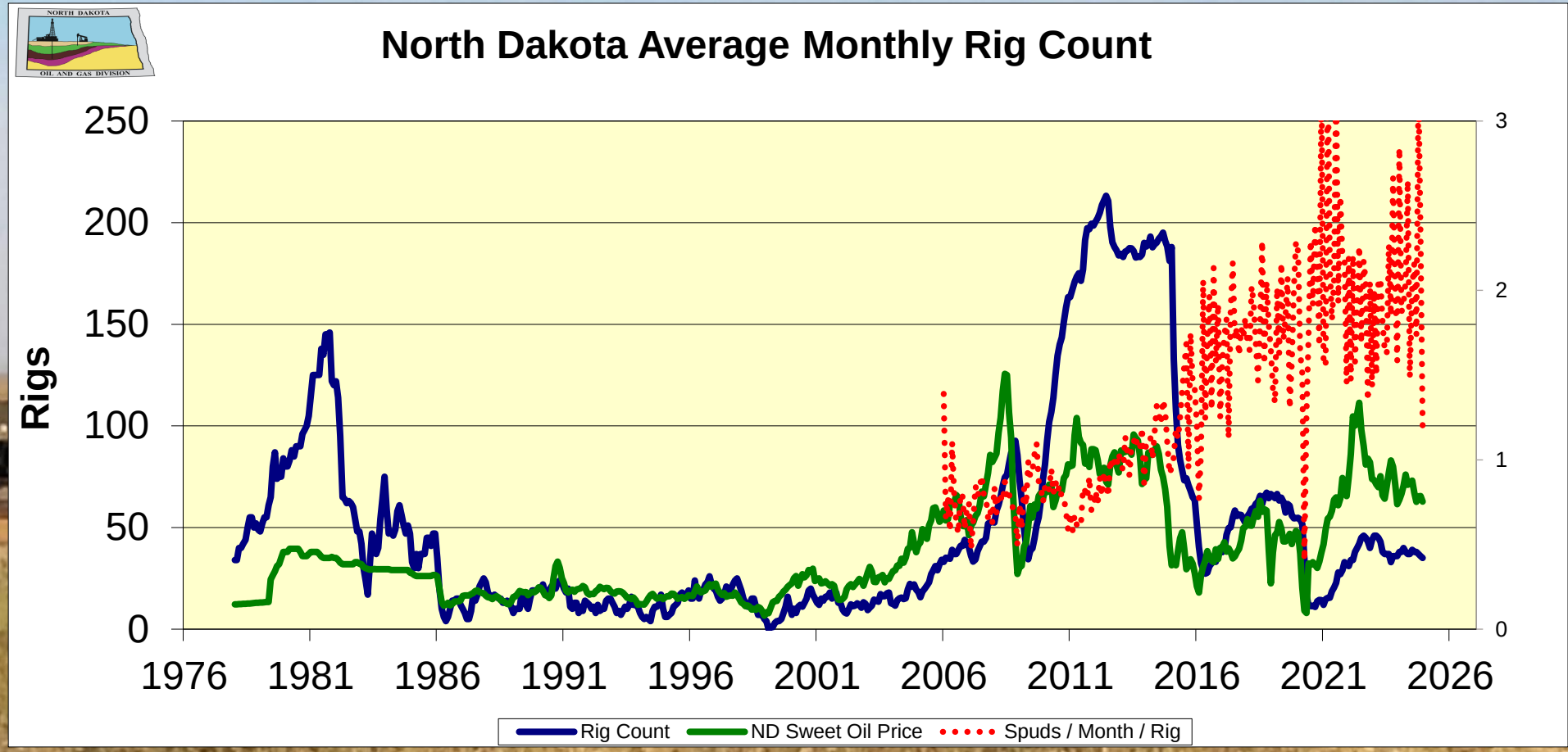
This chapter does not apply to applications filed with the commission which propose to use produced gas for an enhanced oil or gas recovery project. Those applications must be processed under chapter 38-08.

North Dakota
Oil & Gas Permits Issued




NORTH DAKOTA
OIL AND GAS DIVISION
North Dakota
UIC Permits Issued
Permits
Approval Time (Days)
150
125
100
75
50
25
0
300
250
200
150
100
50
0
2011
2013
2015
2017
2019
2021
2023
2025
PERMITS ISSUED
APPROVAL TIME





Statistics	2022	2023	2024 *Jan-Oct 2024
Wells Waiting on Completion	470	415	345*
Inactive Wells	1992	1770	1687*
Wells Completed	768	1089	757*
Producing Wells	17,230	18,753	19,334*

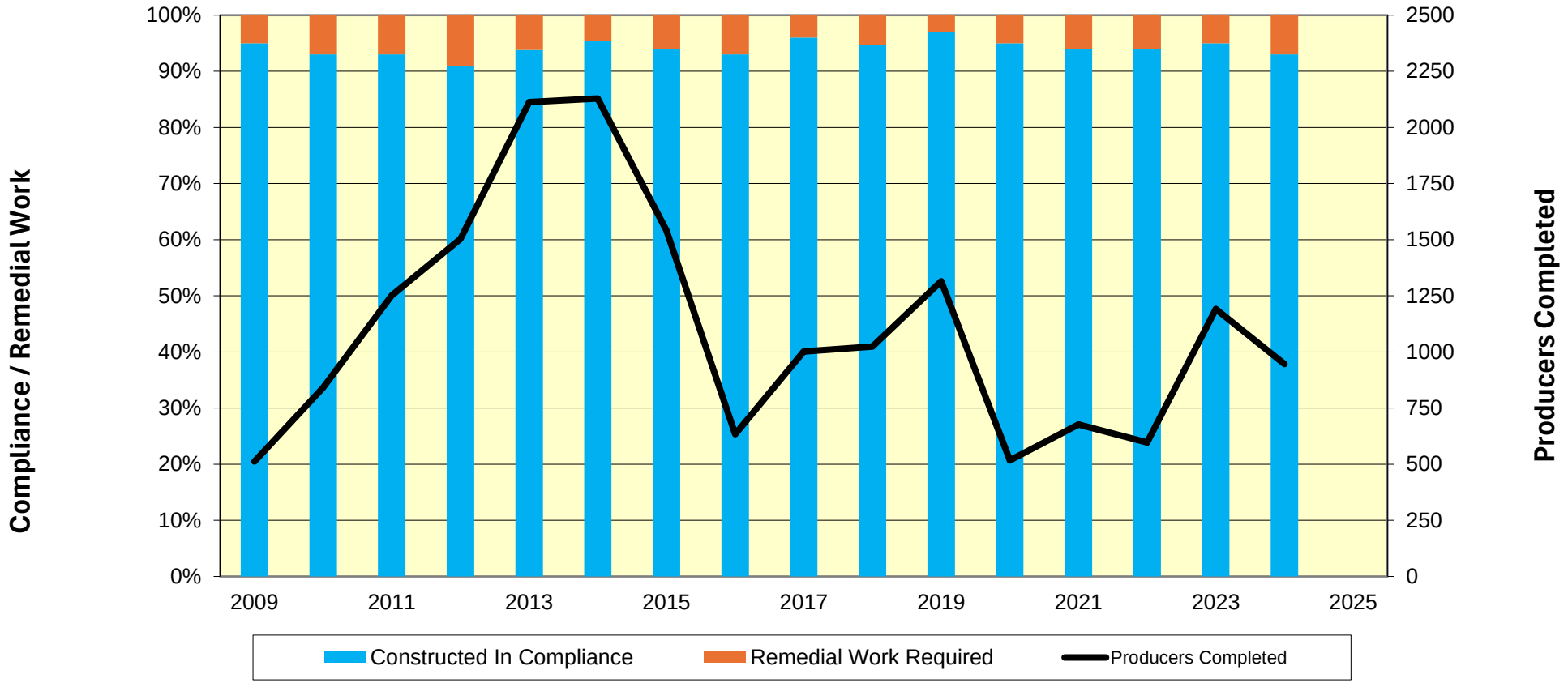
Reclamation

Current Wells/Permits in Reclamation Status	**3544**
Average wells plugged per year since 2020	**380**

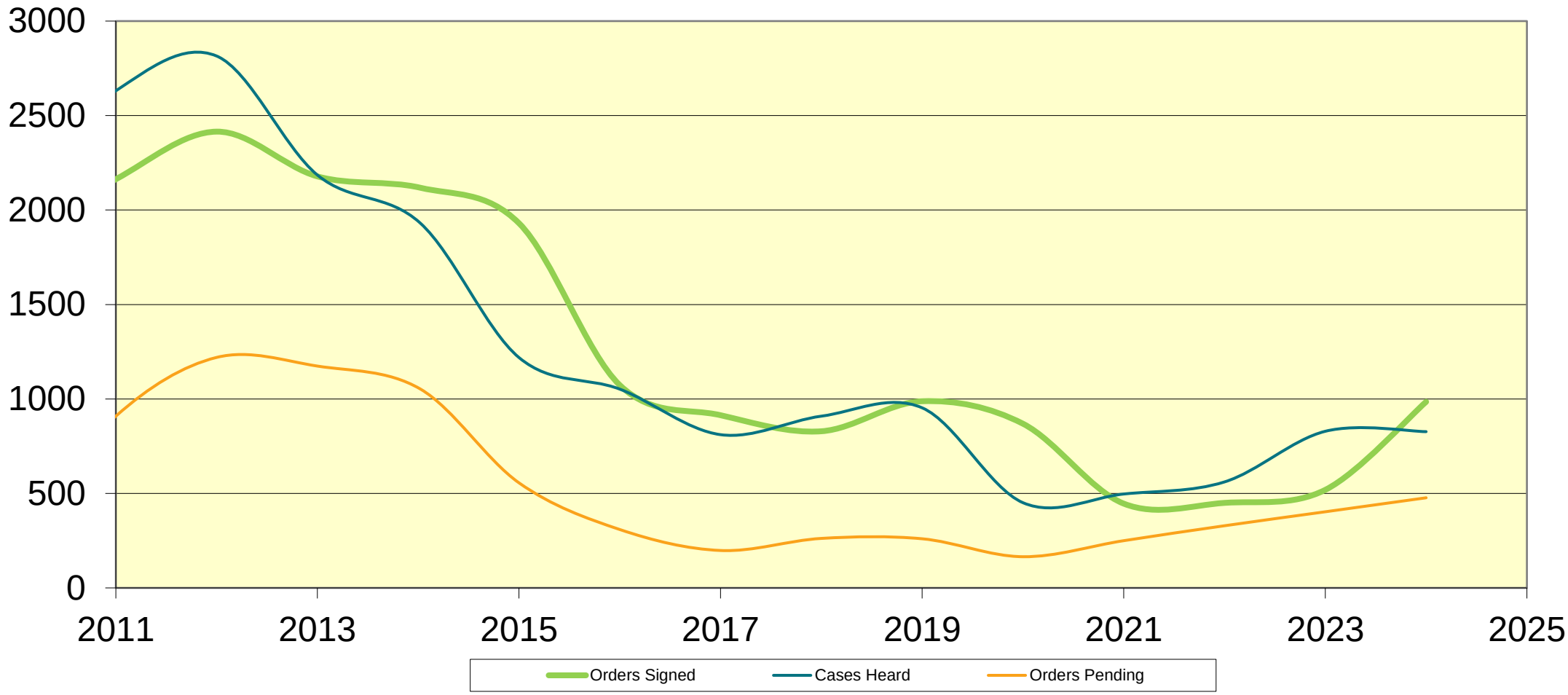
Releases	**2022**	**2023**	**2024**
	545	219	165

Well Construction

Well construction rules protect underground drinking water.
Without this program 5-10% of new wells could be leaking.



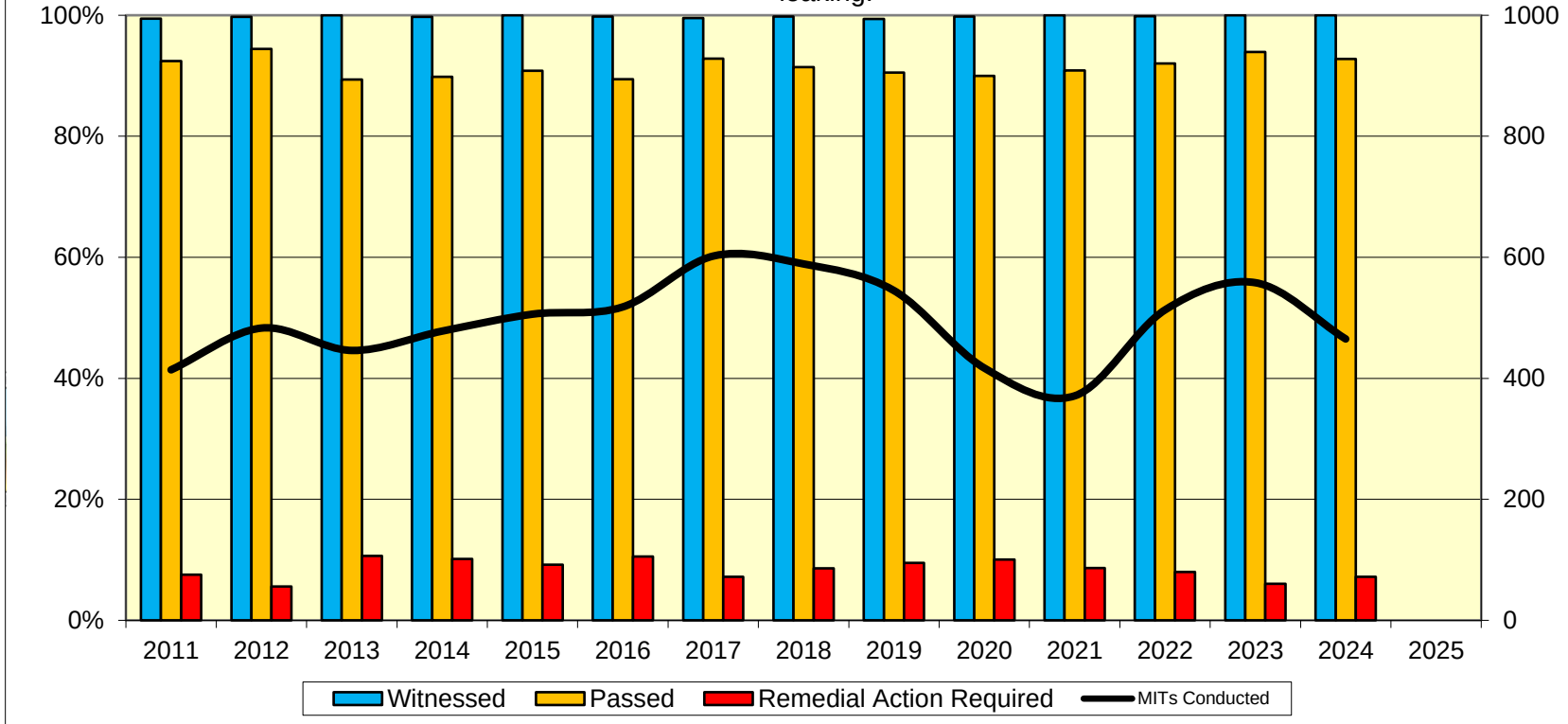
Orders Signed--Cases Heard





Mechanical Integrity Tests

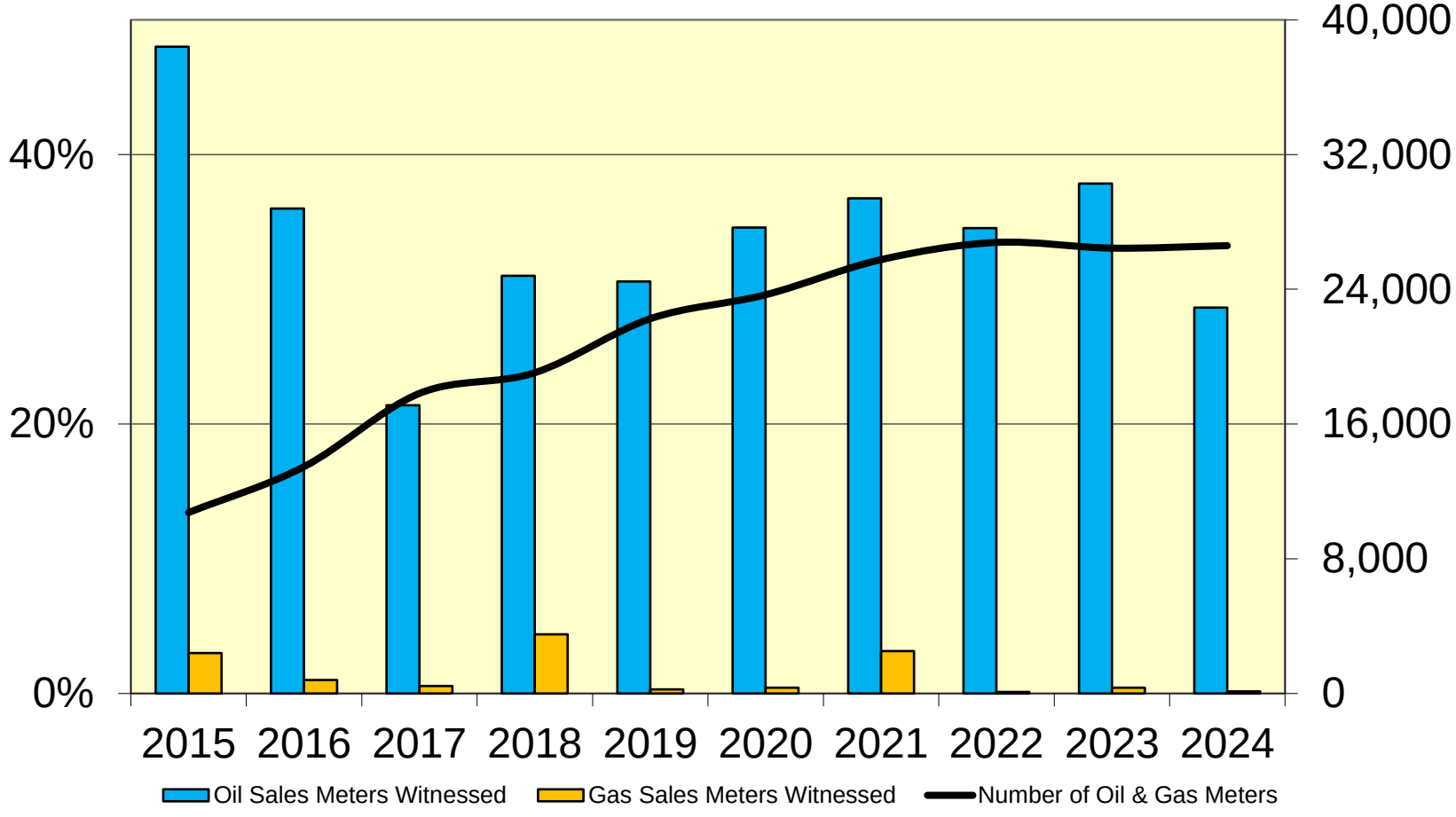
The Oil and Gas Division witnesses nearly all mechanical integrity tests.
Without this program 1-10% of North Dakota injection and temporary abandoned wells could be leaking.





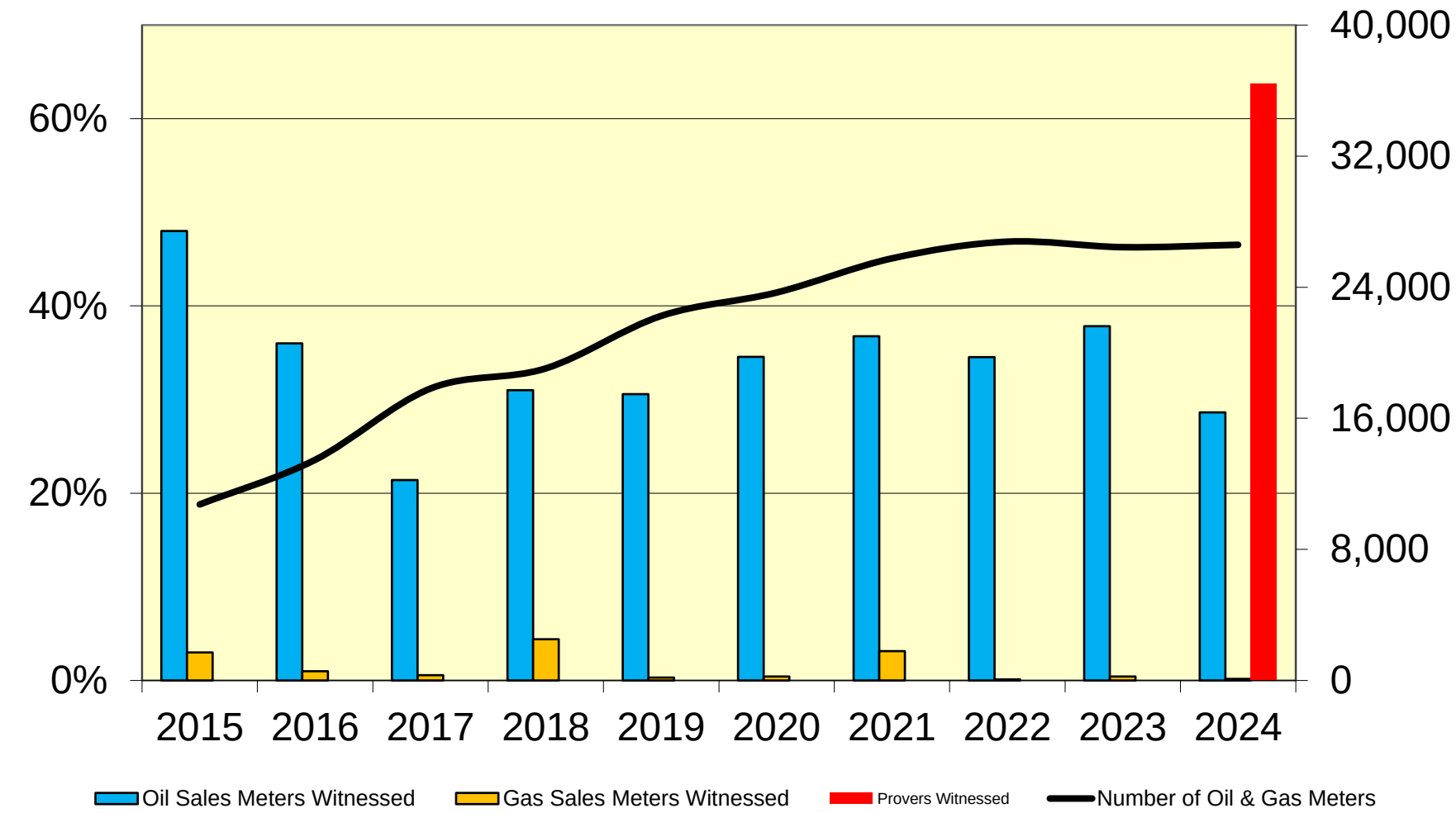
Sales Meter Tests

The Oil and Gas Division regulates oil and gas meter accuracy and royalty owner information. The Oil and Gas Divison has two meter inspectors on staff.

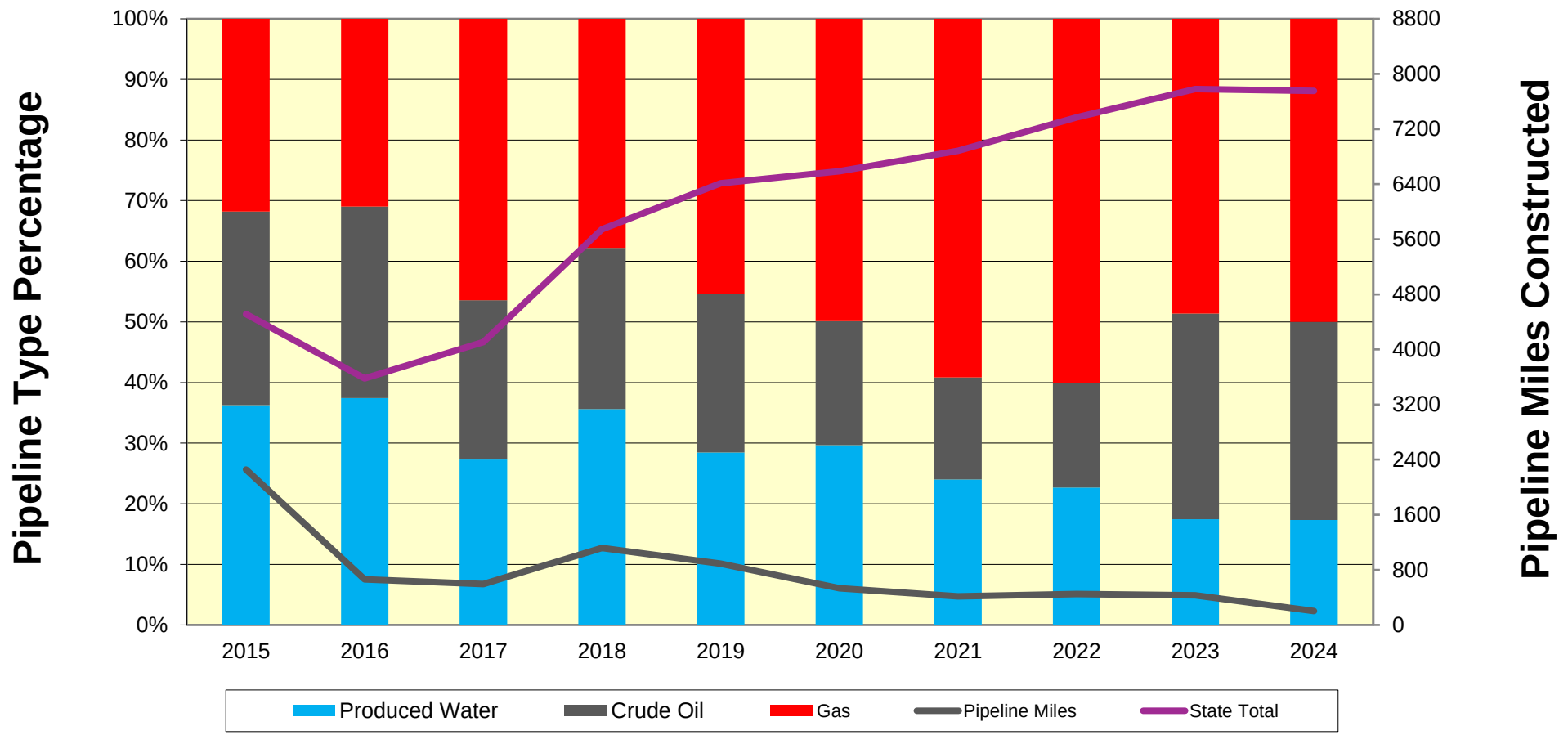


Sales Meter Tests

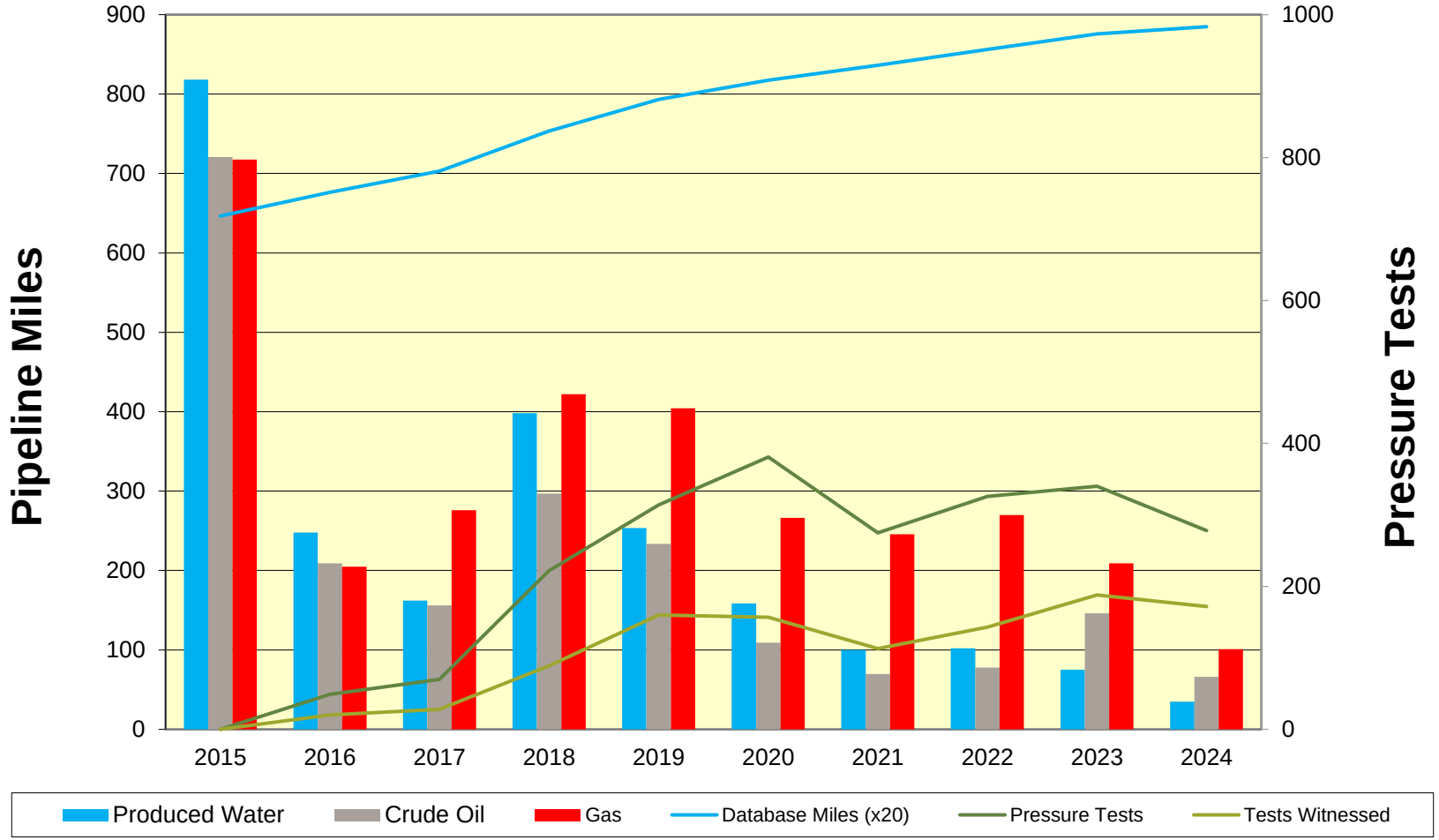
The Oil and Gas Divison has two meter inspectors on staff. In April 2024, a rule amendment changed the agency focus to witnessing how the meter provers perform provings.



Pipeline Construction



Pipeline Construction



NORTH Dakota | Mineral Resources

Be Legendary.™

Geological Survey Overview

GEOLOGICAL SURVEY

The North Dakota Geological Survey was created by an act of the North Dakota Legislature in 1895. After 130 years, the Survey still serves as the primary source of geological information in the state. Its mission over the years has grown and is now three-fold: to investigate the geology of North Dakota, to administer regulatory programs and act in an advisory capacity to other state agencies, and to provide public service to the people of North Dakota.

The Geological Survey publishes maps and reports on the mineralogical, paleontological, and geochemical resources of North Dakota, including oil and gas, coal, uranium, critical minerals (including the rare earth elements), clay, sand and gravel, volcanic ash, potash, and other salts, etc. In addition to the mapping of subsurface resources such as the shallow salts for hydrocarbon storage, the Survey is actively mapping landslides throughout the state. Survey publications support the regulatory programs of the Industrial Commission, as well as other state and federal agencies, and assist mineral companies, geotechnical consulting firms, city and county governments, landowners, and citizens of the state.

The Geological Survey and the Oil and Gas Division are in the Department of Mineral Resources and under the North Dakota Industrial Commission. The main office of the Department of Mineral Resources is located at 1016 East Calgary Avenue in Bismarck. The paleontology program of the Geological Survey is housed in the Clarence Johnsrud Paleontology Laboratory in the North Dakota Heritage Center (state museum) on the State Capitol grounds in Bismarck. The North Dakota State Fossil Collection, as well as the State Rock and Mineral Collection, are also housed in the Heritage Center. The North Dakota Geological Survey's Wilson M. Laird Core and Sample Library is located on the University of North Dakota campus in Grand Forks. The facility currently houses 486,000 feet of core (170,000 core boxes) and 59,000 boxes of drill cuttings obtained from oil and gas wells.

GEOLOGICAL SURVEY REGULATORY PROGRAMS

Regulation, Development, and Production of Subsurface Minerals (NDCC 38-12)

The exploration, development and production of subsurface minerals requires a permit, basic data to be provided to the state geologist. These regulations cover minerals not included in the oil & gas and coal regulatory programs.

- **Subsurface Mineral Exploration and Development (NDAC 43-02-02)**
- **Underground Injection Control Program (NDAC 43-02-02.1)**
- **In Situ Leach Mineral Mining Rules (NDAC 43-02-02.2)**
- **Surface Mining–(Non-Coal) (NDAC 43-02-02.3)**
- **Solution Mining (NDAC 43-02-02.4)**

Coal Exploration (NDCC 38-12.1)

Drilling for coal exploration or evaluation requires a permit and a report of findings must be filed with the state geologist. Collectively, these reports comprise a database useful to private and government coal researchers and provide information necessary for geologic correlations and economic forecasting.

- **Coal Exploration (NDAC 43-02-01)**

Geothermal Resource Development Regulation (NDCC 38-19)

Geothermal (ground source) heating and cooling systems require a permit. The permit review process helps to ensure that geothermal systems are properly designed and constructed, in order to minimize the risk of groundwater contamination or other environmental problems.

- **Geothermal Energy Production (NDAC 43-02-07)**
- **Geothermal Deep Energy Production (NDAC 43-02-07.1)**

GEOLOGICAL SURVEY REGULATORY PROGRAMS

Paleontological Resource Protection (NDCC 54-17.3)

Paleontological resources, on land owned by the State of North Dakota and its political subdivisions, are protected. A permit is required from the state geologist to investigate, excavate, collect, or otherwise record paleontological resources on these lands.

Paleontological Resource Protection (NDAC 43-04-02)

High-Level Radioactive Waste Disposal (NDCC 38-23)

The exploration, testing, placement, storage, or disposal of high-level radioactive waste is prohibited in North Dakota. If this prohibition is struck from the law, a permit is required before any testing, exploring, excavating, drilling, boring or operating of a high-level radioactive waste facility can commence.

High-Level Radioactive Waste (NDAC 43-02-13)

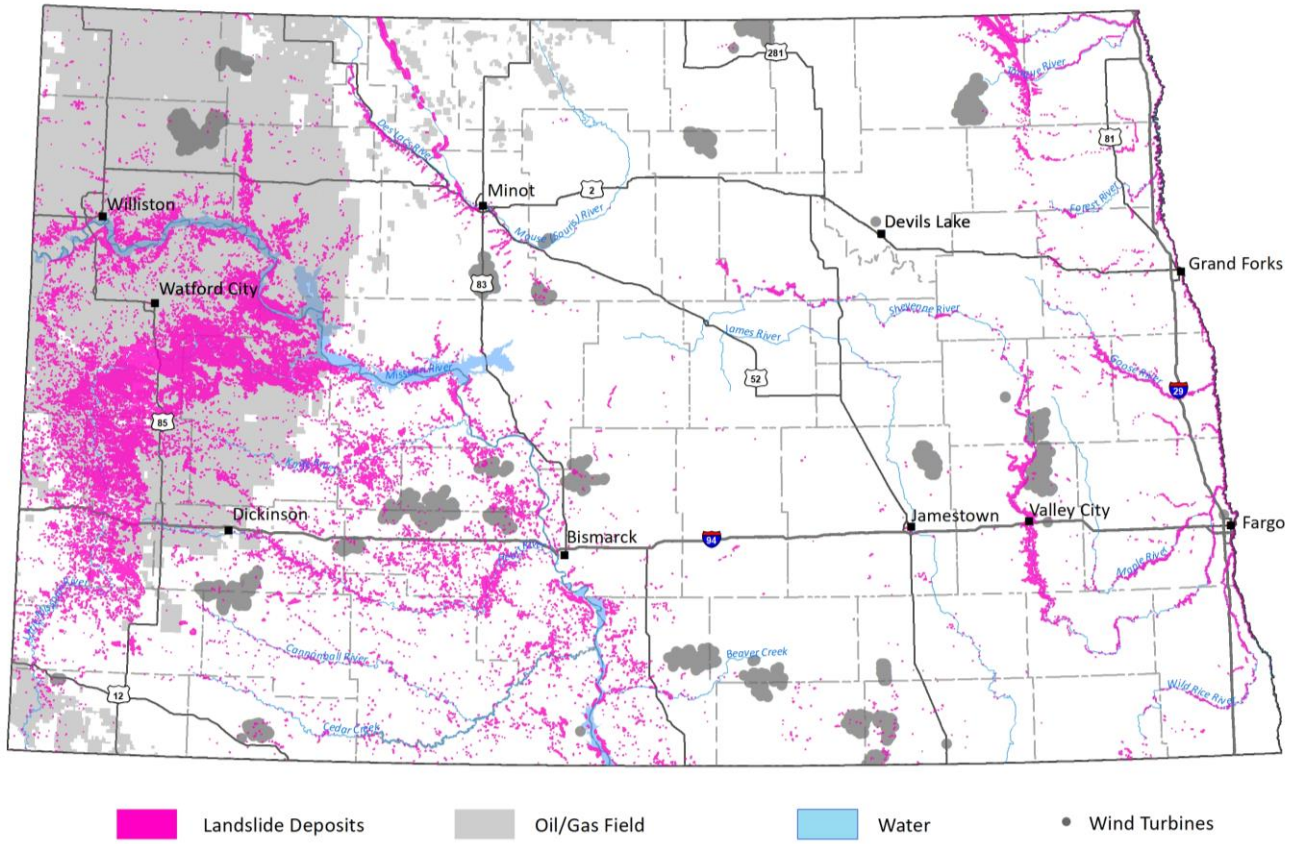
Underground Storage and Retrieval of Nonhydrocarbons (NDCC 38-24)

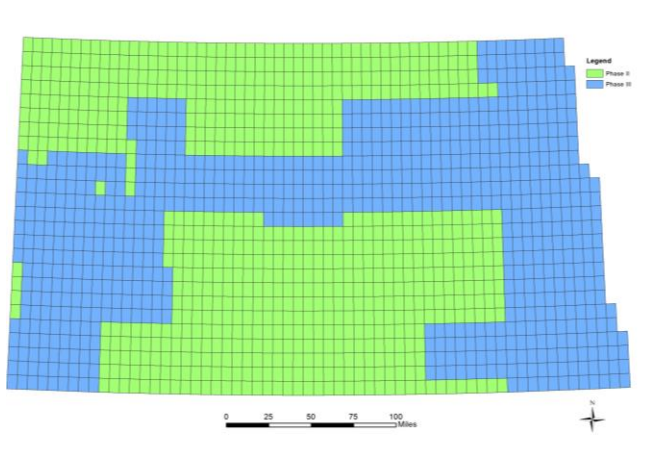
A permit is required for the testing, storage, or retrieval of nonhydrocarbons and other gases not regulated by title 38.

LANDSLIDE PROGRAM

Phase III

Two years ago, the Geological Survey completed a Phase II landslide mapping program (1:24,000) in North Dakota, one of the first states in the nation to do so. We are now a third of the way into a Phase III project where we are identifying active landslides by comparing two LiDAR coverages which were flown roughly 10 years apart. We identified 65,000 landslides during the Phase I and II projects and have identified 12,000 active landslides under Phase III. We anticipate completing Phase III mapping in the areas that contain oil and gas fields by June of 2025.





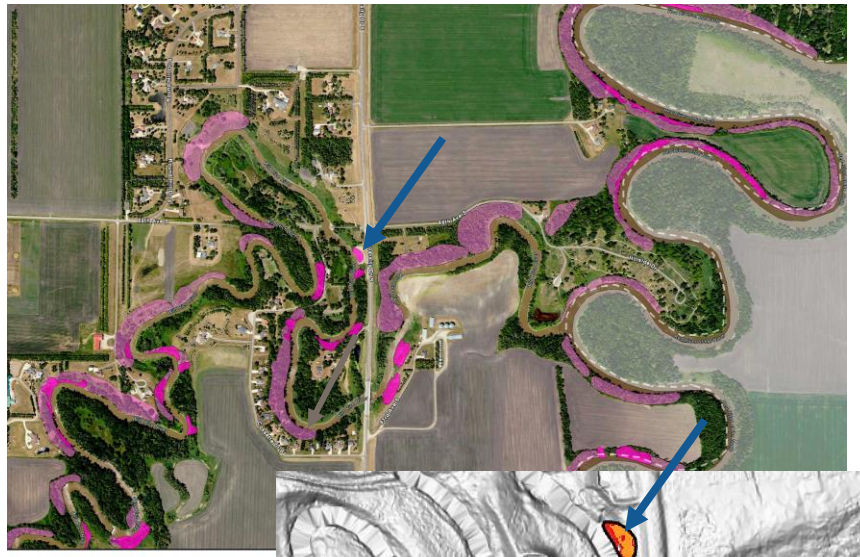
Phase II Landslide Maps: Interpreted from stereopair aerial photographs, LiDAR, and Google Earth imagery.

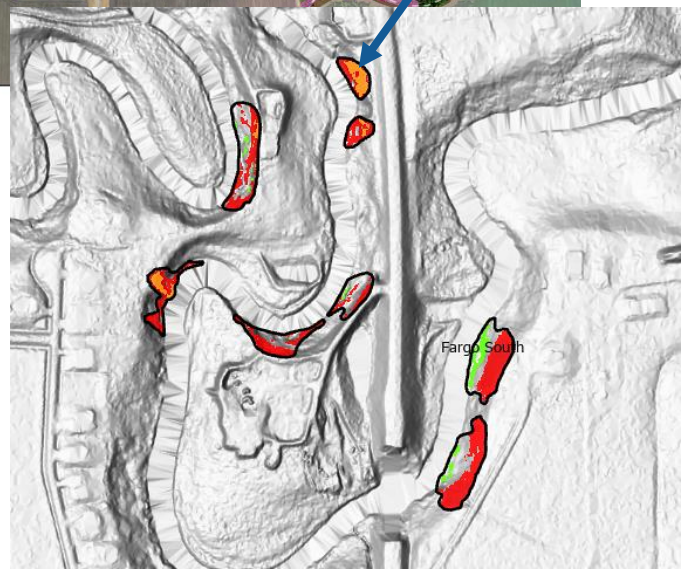
Phase III Landslide Maps: LiDAR coverages circa 2008 compared and contrasted to those circa 2018 (8 – 10 years apart).

PHASE III LANDSLIDE MAPS

Landslides in Eastern North Dakota







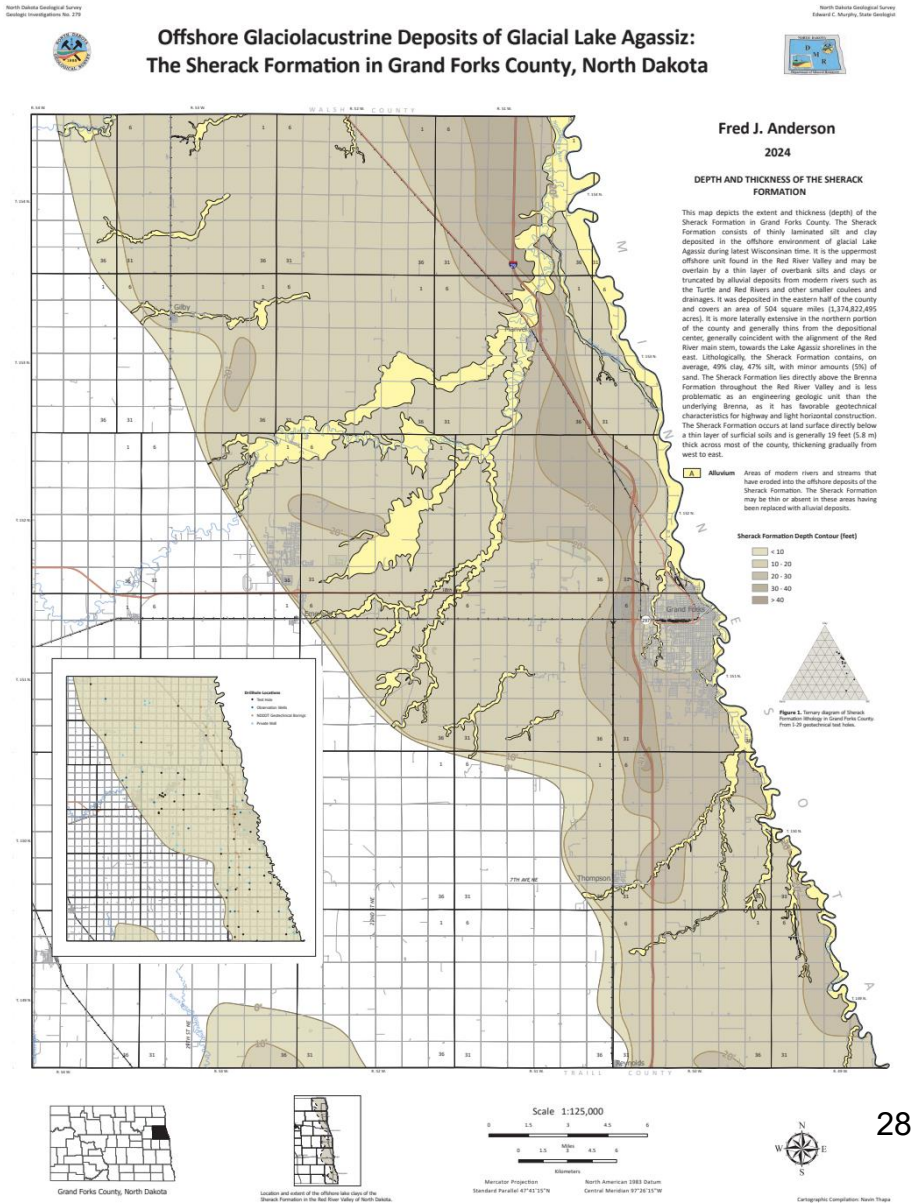
Left: Slumping (2019-2022) along the Wild Rice River encroaching upon utility corridor and South University Drive, South Fargo. The elevation change from the top of the slide to the river is approximately 30 feet. Landslide mitigation occurred at the site in 2023. Upper Right: A Phase III landslide map of the South Fargo area, the arrow points to the landslide on the left. Light pink areas are landslides, dark pink area are landslides with movement that occurred roughly between 2008 and 2019. Lower Right: A LiDAR map of the area, the yellow arrow points to the slide in the photograph. The red is negative elevation change and green denotes positive elevation changes.

MAPPING LAKE AGASSIZ DEPOSITS

Sherack Formation
Laminated silt and clay in the Red River Valley



Formation Extent, Depth &
County Scale 1:125,000
Grand Forks County Completed

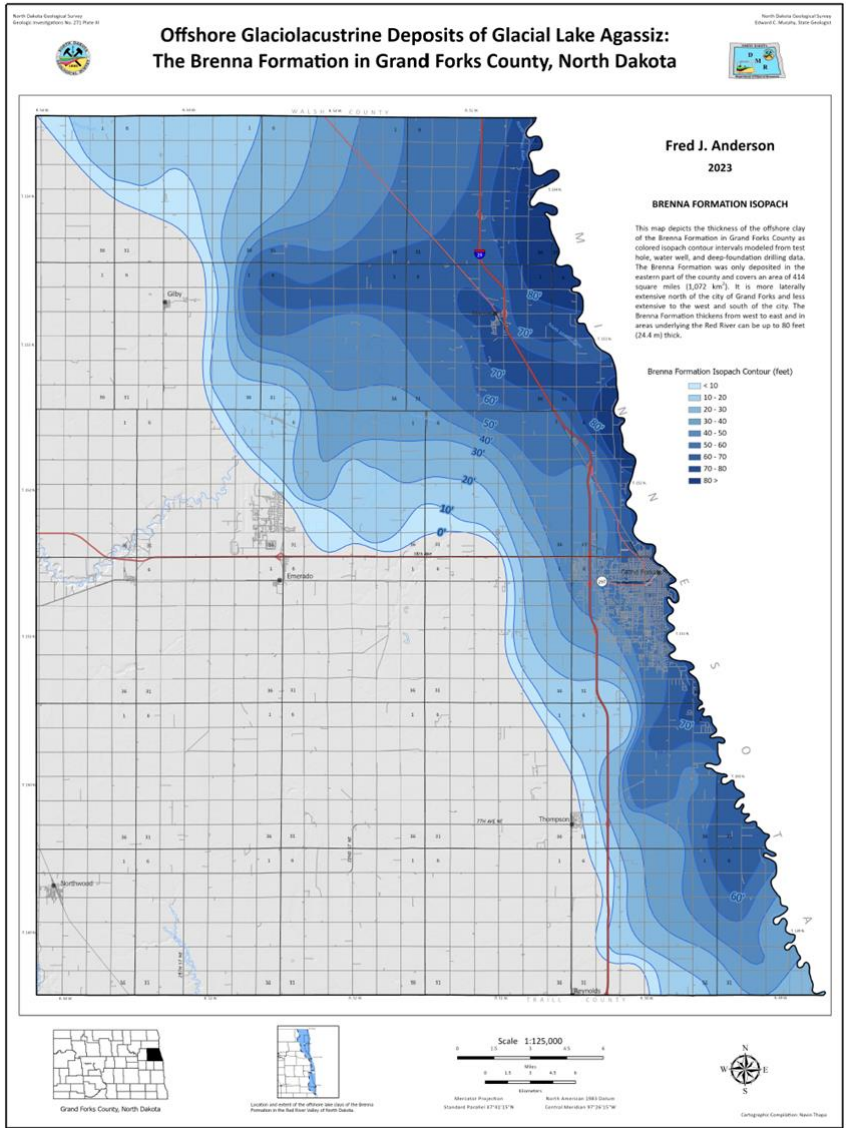


MAPPING LAKE AGASSIZ DEPOSITS

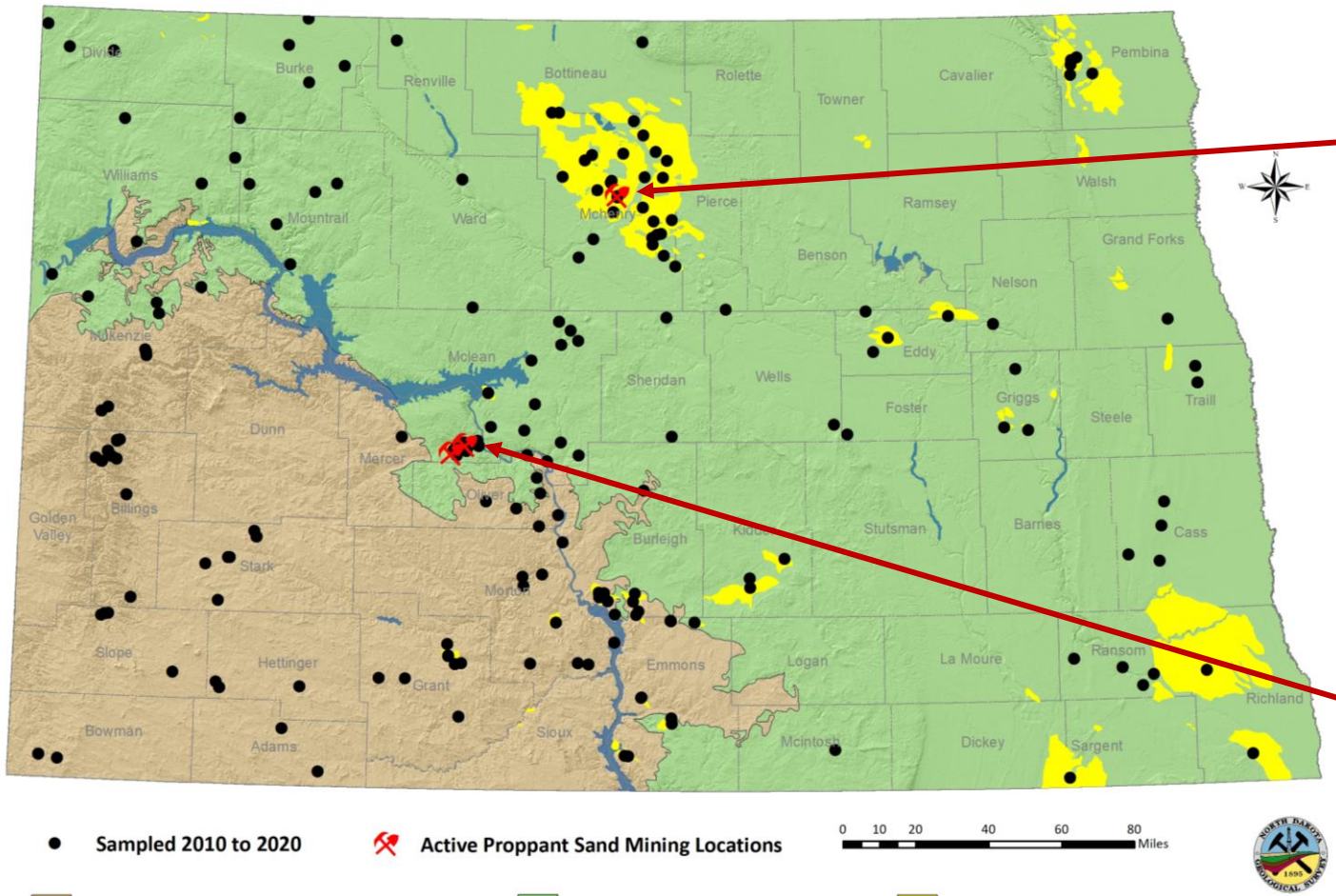
Brenna Formation
Massive clay in the near surface in the Red River Valley



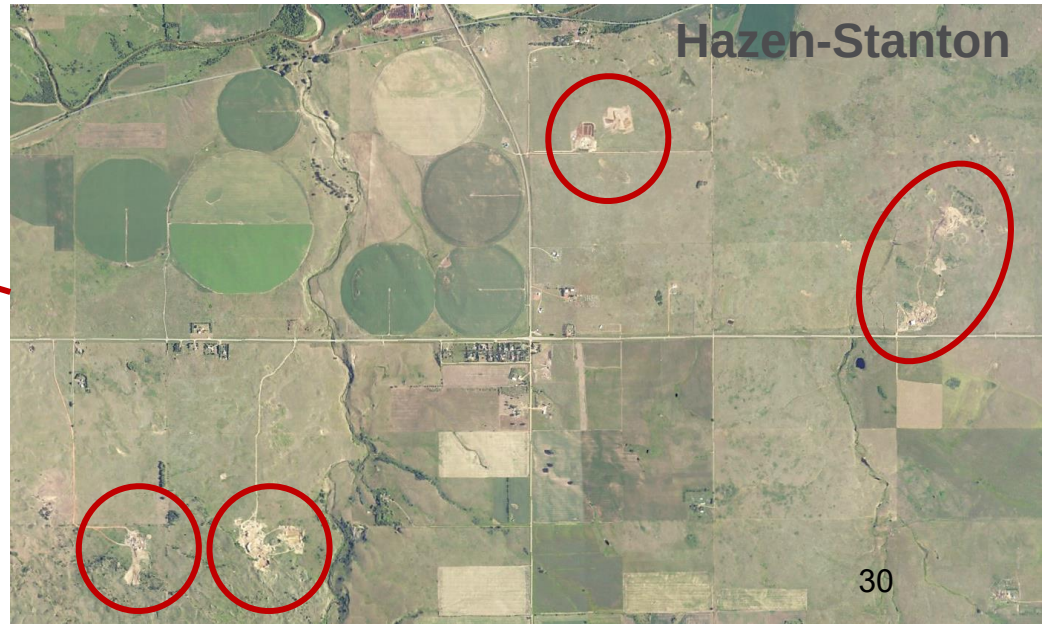
Formation Extent, Depth &
County Scale 1:125,000
NDGS GI-271



PROPPANT SAND PROJECTS (2009-2011, 2018-2024)

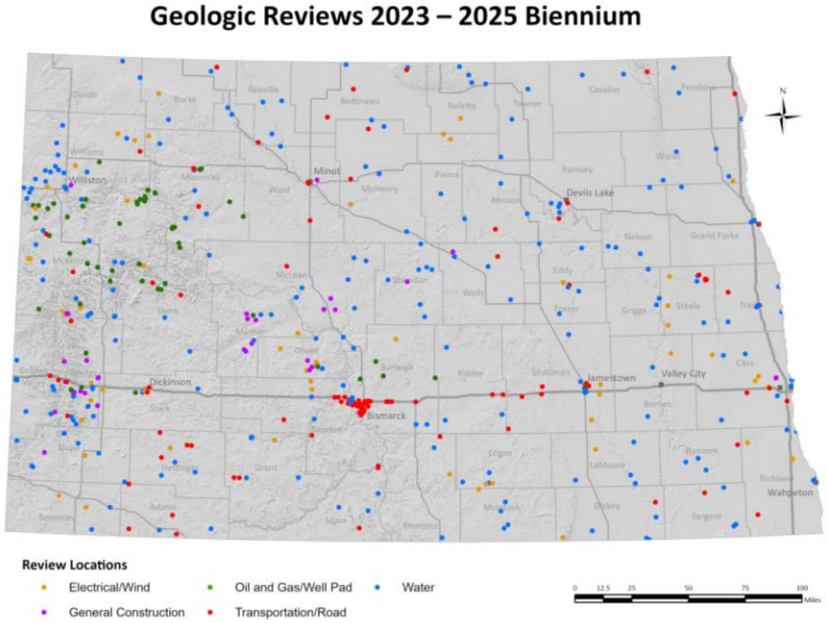






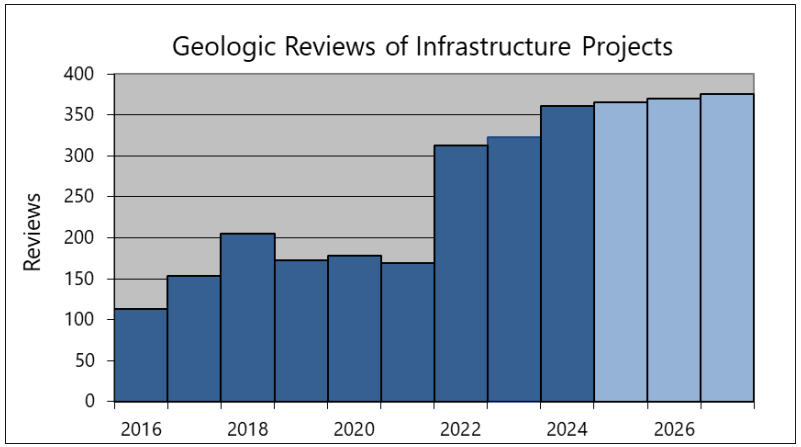
Position Conversion to a Geologist to Assist with Geologic Reviews of Infrastructure Projects

Since the April 1, 2024, retirement of the Geological Survey's Administrative Services II person, that position has been held open in the hope that we could obtain the additional funding to convert it to a Geologist in the upcoming legislative session. There has been a 3.5-fold increase in the number of requests for geologic reviews of proposed infrastructure projects since 2016, a 2-fold increase since 2021. The revised position would assist with this expanding program as well as the landslide and critical minerals programs. In the meantime, we have been using the salary from that open position to cover a shortfall in funds to support students photographing core in the core library.



25-27 Biennium

Requested	$182,059 to convert Admin Services II position to a geologist
Burgum Budget	$182,059 in salaries and operating for the conversion



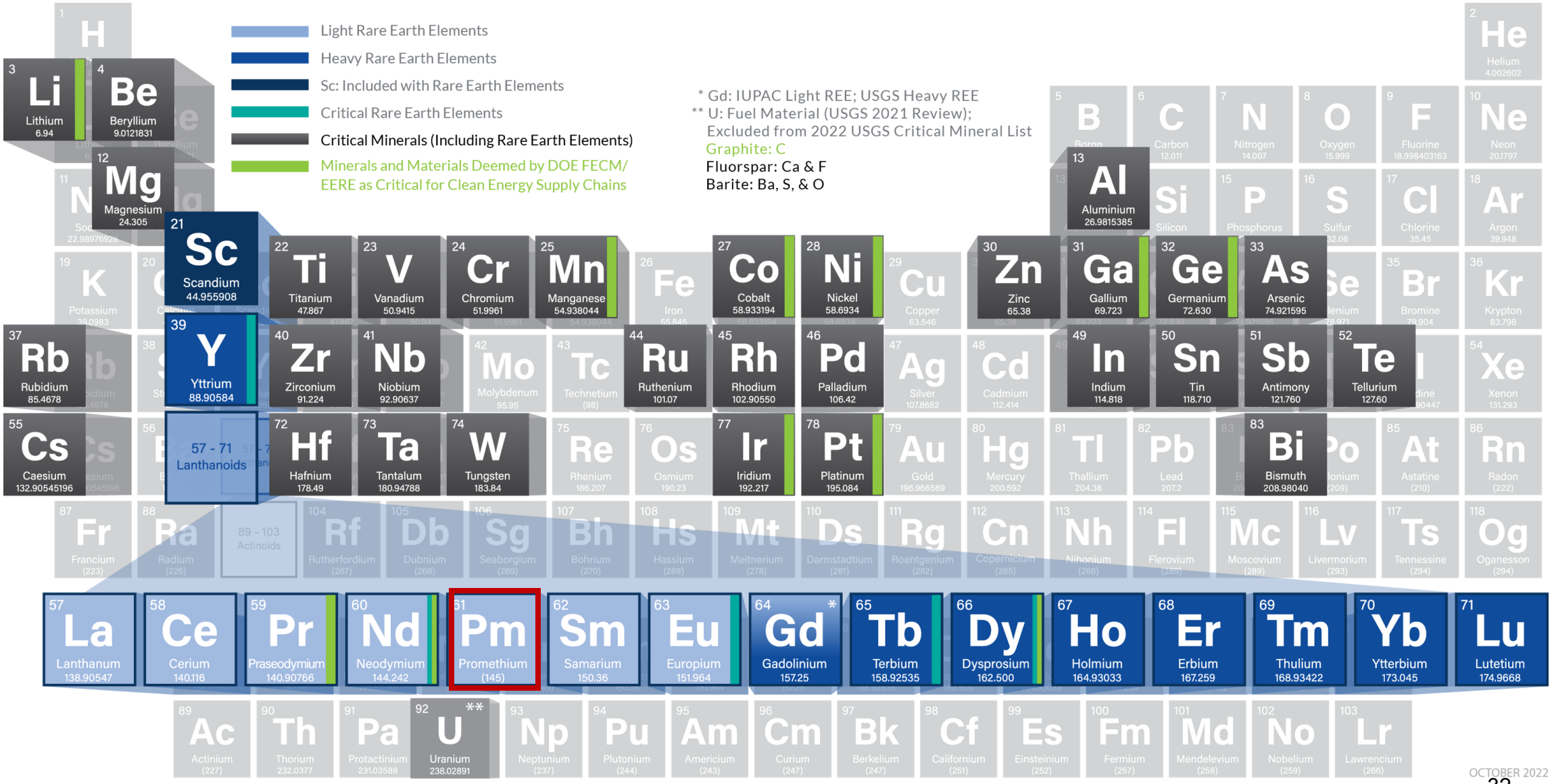








PERIODIC TABLE

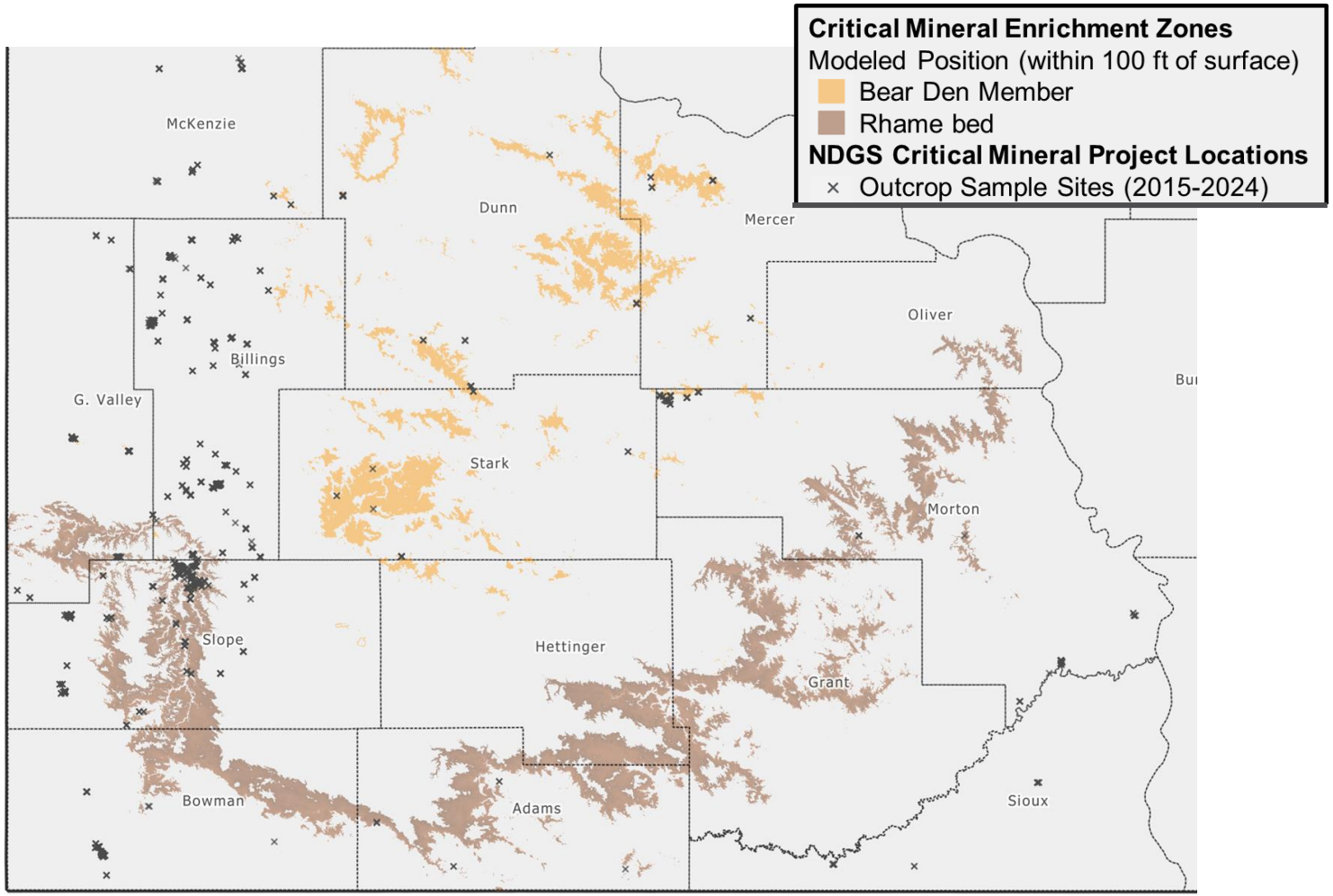


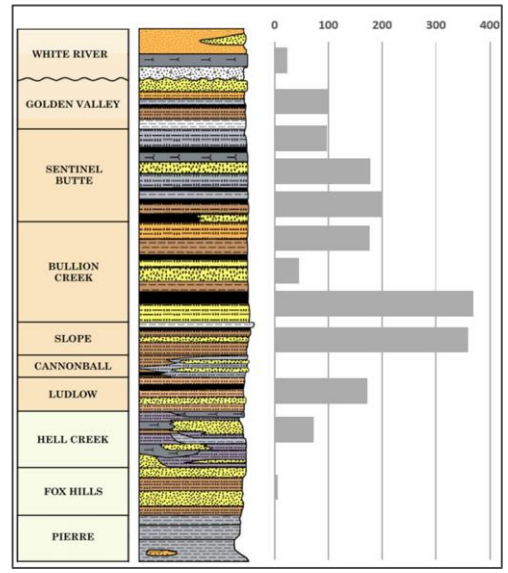
CRITICAL MINERALS PROJECT (2015 – present)

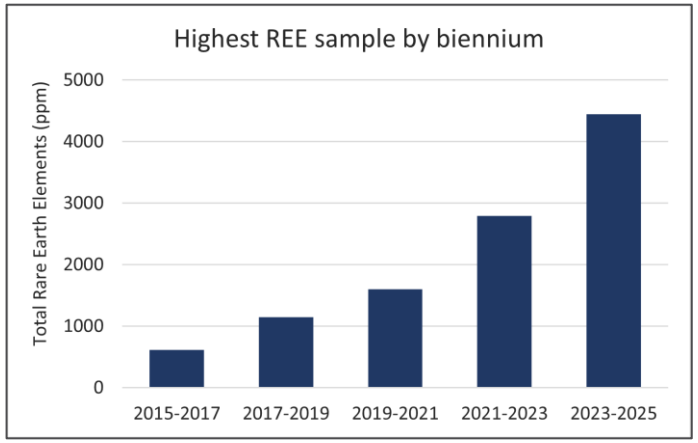
2,175 rock samples collected

1,829 rocks analyzed

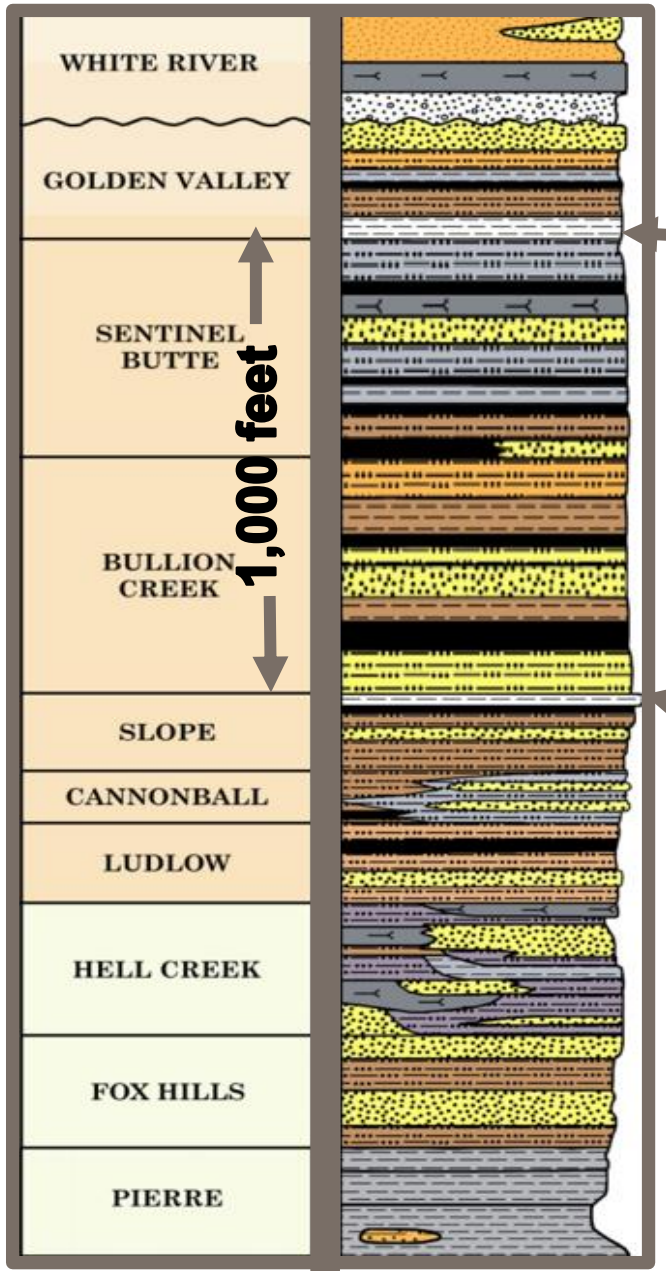
321 geologic sections measured

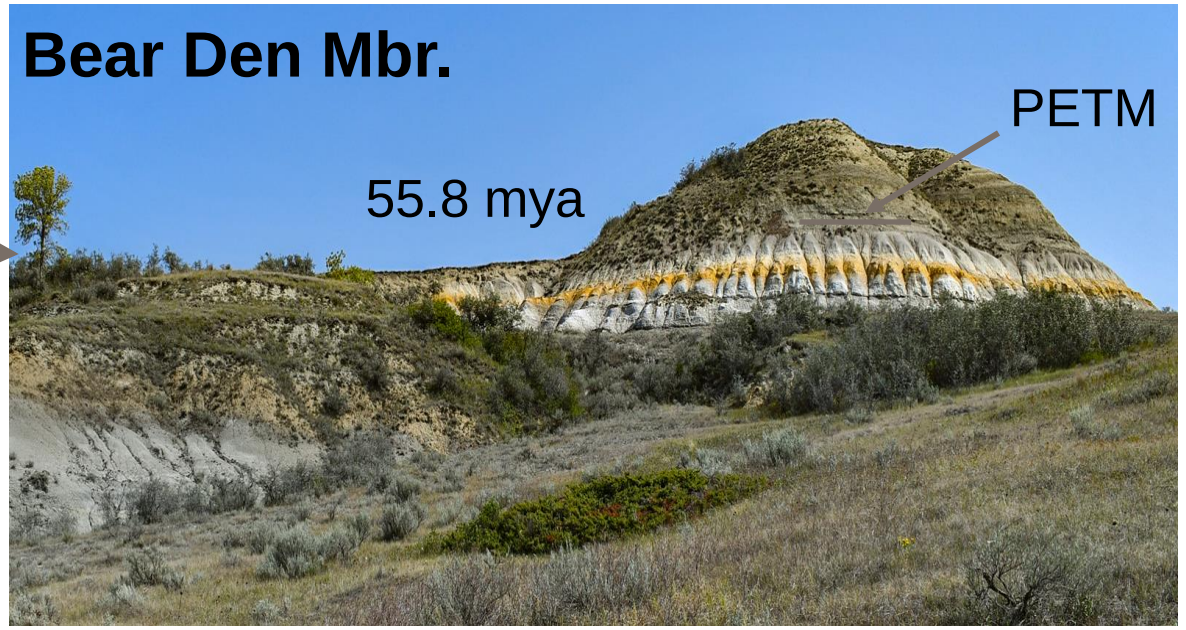






CRITICAL MINERALS PROJECT (2015 to present)







CRITICAL MINERALS DRILILNG PROJECT

Phase I Drilling Project



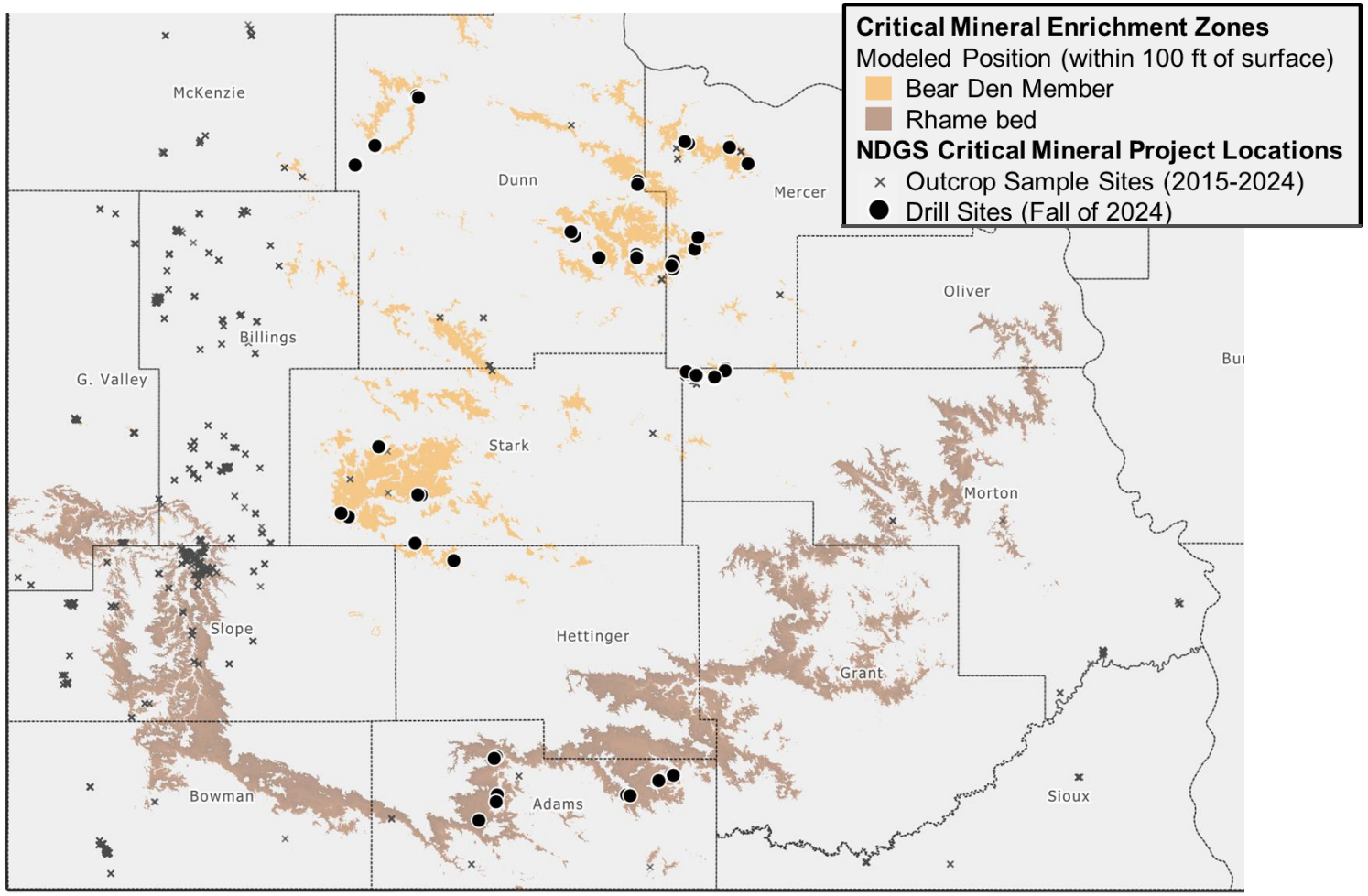


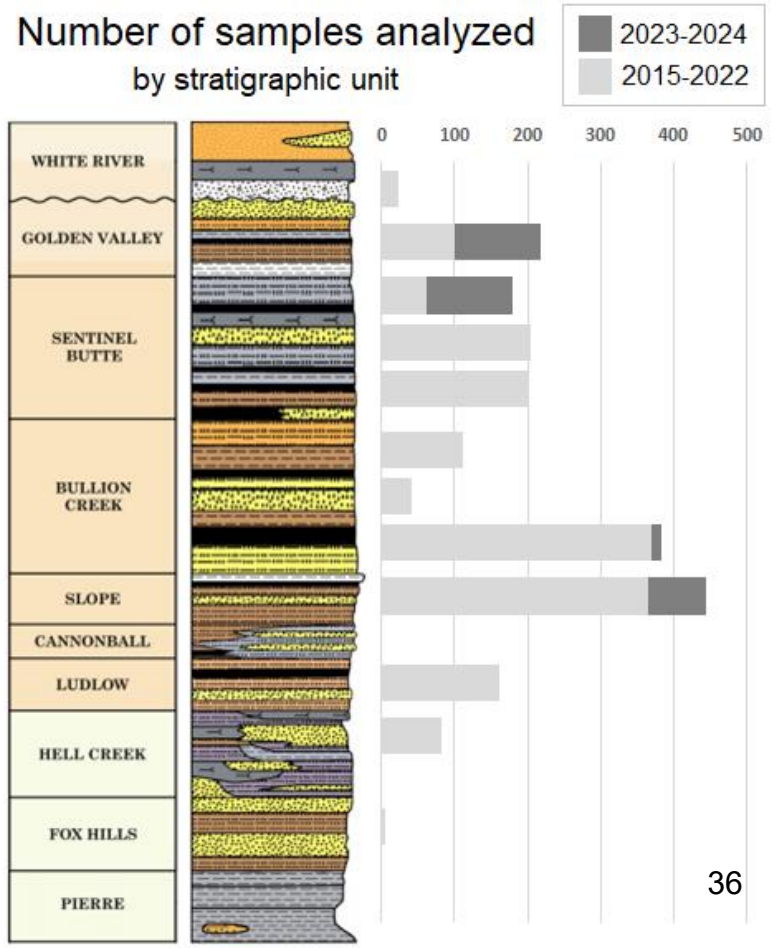




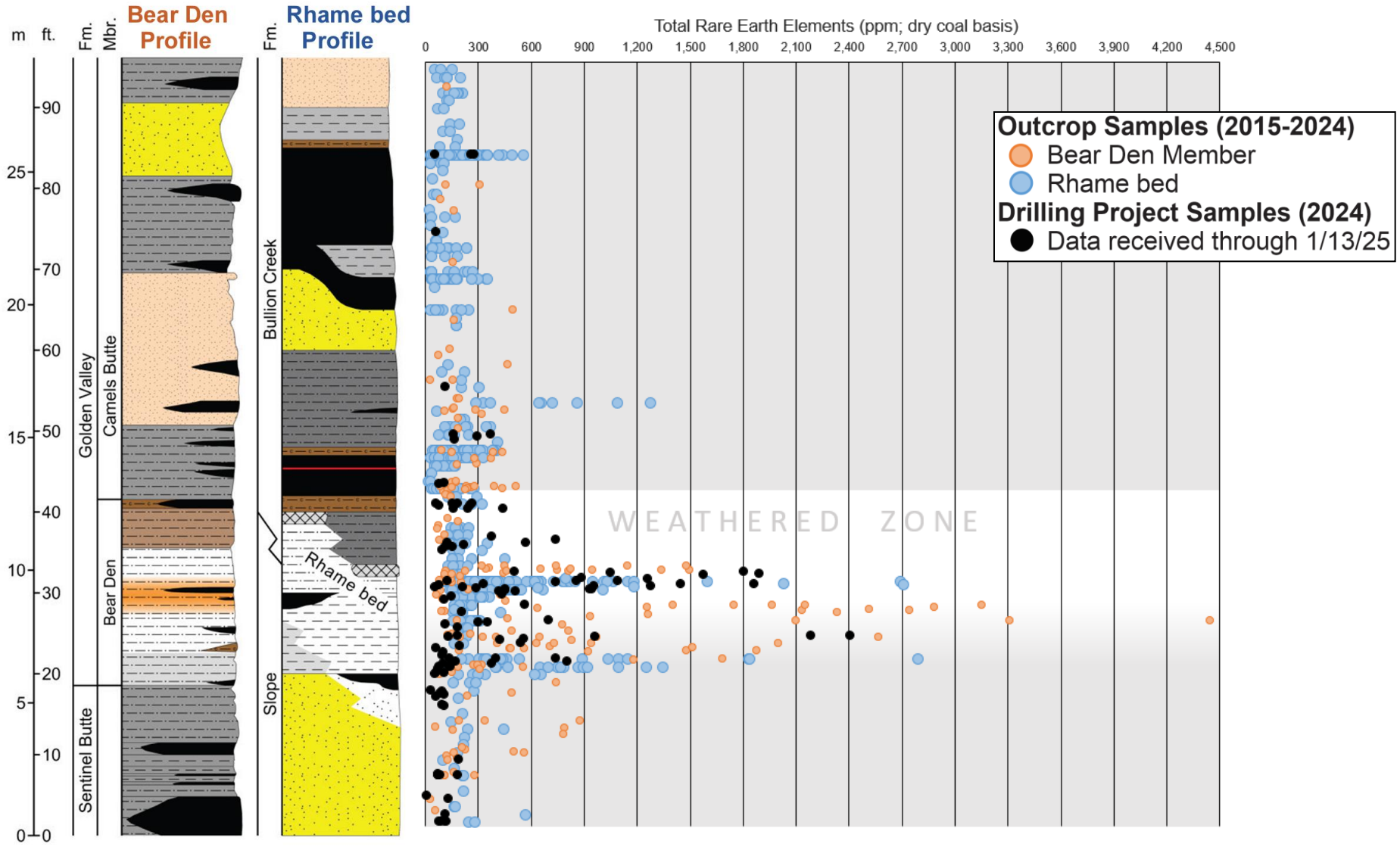
CRITICAL MINERALS PROJECT -- Phase I Drilling Project

53 holes 8,592 feet drilled 941 feet cored 175(+) core samples submitted for analysis



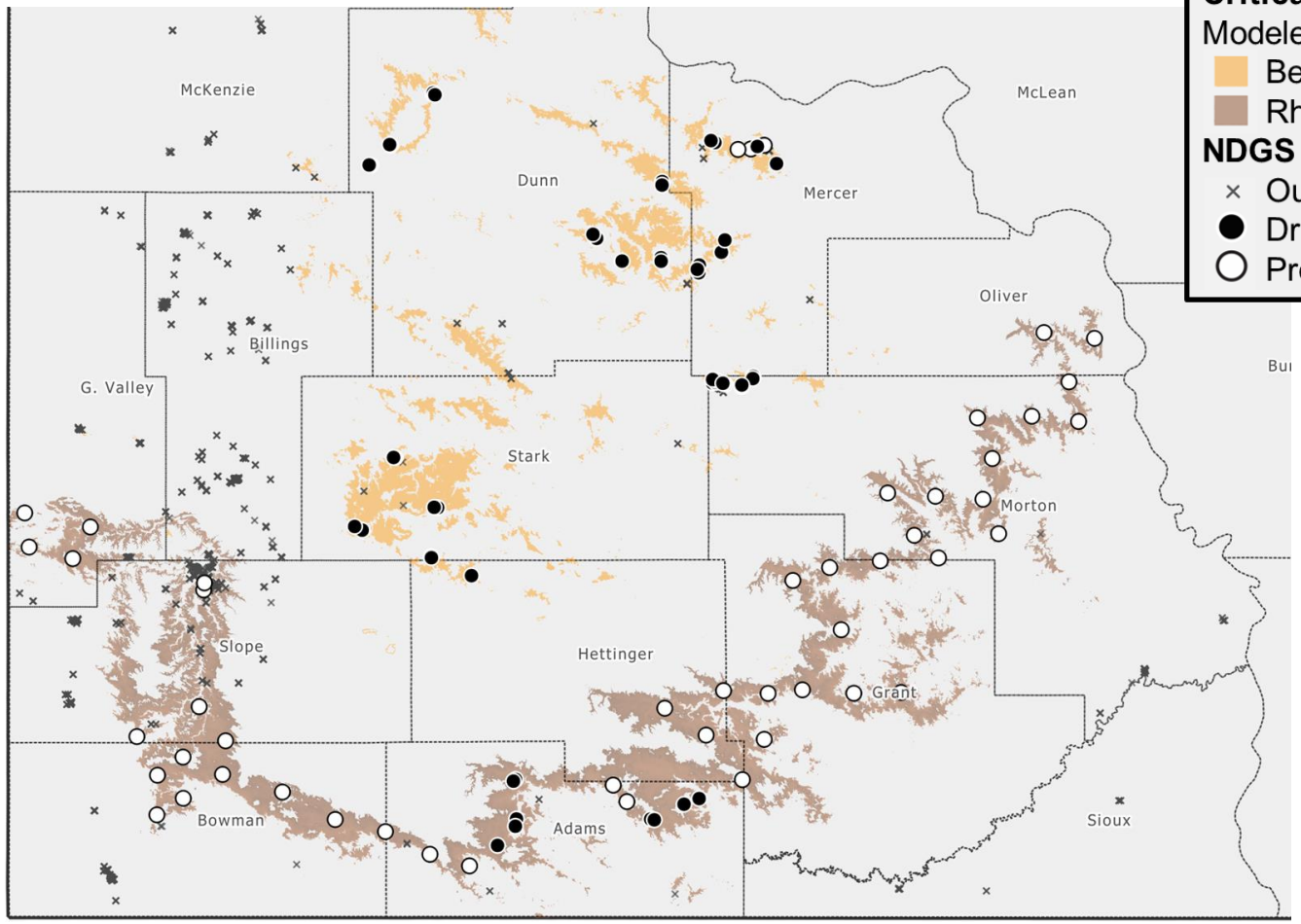


CRITICAL MINERALS PROJECT -- Phase I Drilling Project



CRITICAL MINERALS PROJECT

Phase II -- Proposed 50-hole Drilling Program



23-25 Biennium

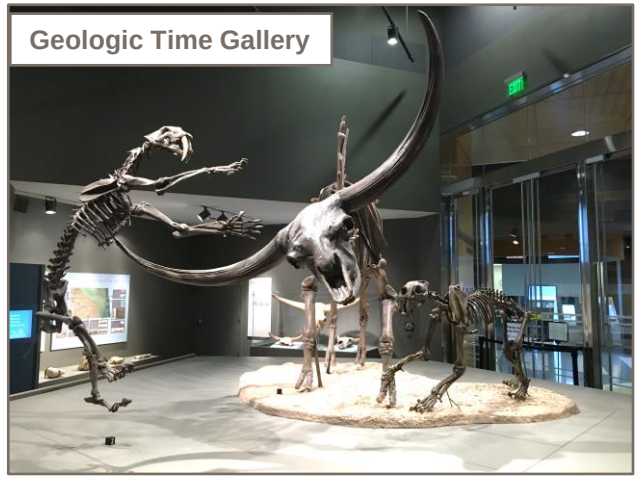
Received	$500,000
Spent	$400,000 (*53 holes, drilled 8,600 ft, cored 1,040 ft)*
Remaining Funds	$100,000

25-27 Biennium

Requested	$500,000 (can do it for $400,000)
Burgum Budget	$100,000

Paleontology Section of the Geological Survey

The Paleontology Section of the Geological Survey is housed in the ND Heritage Center – State Museum. The Paleontology Area consists of four offices, a library, a dirty lab, a clean lab, and the State Fossil Collection. The Paleontology Section designed the Geologic Time Gallery in the State Museum that opened in 2014 and routinely gives tours of the gallery, our labs, and the State Fossil Collection.


Geologic Time Gallery


State Fossil Collection






Fossil Prep Lab



Expansion of Public Fossil Digs Program

Requesting an Additional Paleontology Technology Position

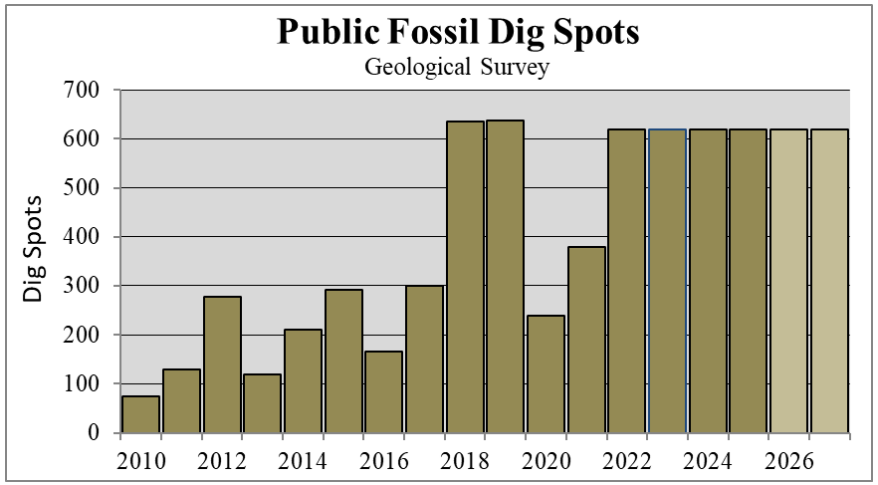
The Geological Survey's Public Fossil Dig Program is extremely popular, all of the available registration slots sell out within minutes. Every year, this results in hundreds of disappointed North Dakotans as well as people throughout the U.S. Last Legislative Session, we were able to add a paleontology technician to help us with the backlog of 750 fossil field jackets that has resulted from the Public Fossil Dig Program. An additional paleontology technician would enable us to expand the fossil dig program by 40% (from 600 available slots to 840).











25-27 Biennium

Requested	$216,472
Burgum Budget	$ 0

Excavation of a Woolly Mammoth in Northwestern North Dakota

In 1988, the Geological Survey was asked to investigate woolly mammoth bones that were discovered while excavating for a house and garage addition in southwestern Burke County. By the time we got the message, the slab and apron had been poured and the addition had been completed. We went back in 2024 and excavated and area on the northside of the garage and found numerous mammoth bones and parts of teeth. We are requesting funds to excavate the bones under the garage. This will require removing the slab and part of the apron, possibly hoisting field jackets through the roof, backfilling, pouring a new slab and apron, and compensating the homeowner for the inconvenience.







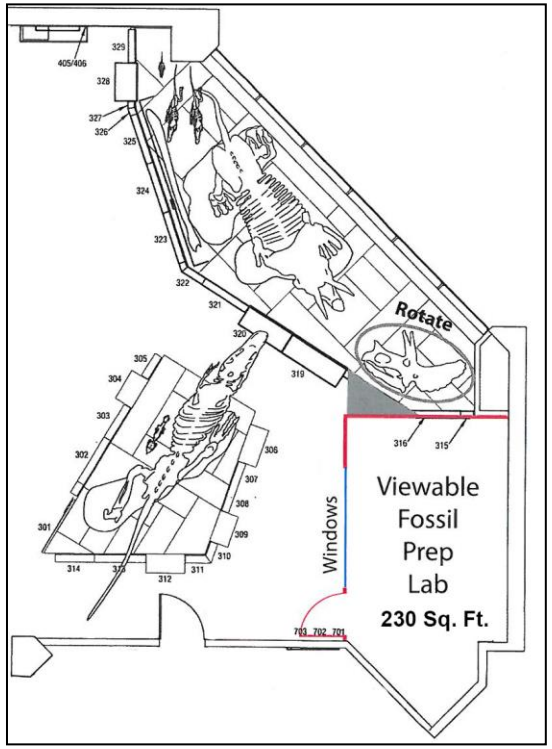


25-27 Biennium

Requested	$300,000
Burgum Budget	$300,000

Paleontology Viewing Laboratory (Heritage Center)

Viewing laboratories afford the public the opportunity to see paleontologists preparing fossil specimens to go on display and are very popular in museums around the country. The State Historical Society of North Dakota supports this project. The preliminary estimate total is $319,000 with costs likely closer to $250,000 if it could be rolled in with the military wing due to the economy of scale with the much larger project.





25-27 Biennium

Requested	$250,000 (capital asset)
Burgum Budget	$0

Wilson M. Laird Core & Sample Library

Situated on the University of North Dakota campus, the Wilson M. Laird Core and Sample Library consists of a warehouse (41,000 ft^2) and five laboratories (5,000 ft^2) for core and sample studies. The original core warehouse was constructed in 1980 and the rest of the building was constructed in 2016. The facility houses 487,000 feet of core (170,000 core boxes) and 59,000 boxes of oil and gas drill cuttings.







Lower left: This biennium, we have pulled 50,000 feet of core off the shelves, an amount equal to three of these shelving units.

CORE AND THIN SECTION PHOTOGRAPHY PROGRAM

Wilson M. Laird Core and Sample Library Temporary Salaries



Total core (one set) in the core library =	487,000 feet (92 mi.)
Total photographed =	263,000 feet (54%)
Core photographs =	**402,000**
Total thin sections in the core library =	20,000
Thin section photographs =	**151,000**
Total photographs on website =	**553,000**





21-23 Biennium

Reservoir Data	$120,000 temp salaries

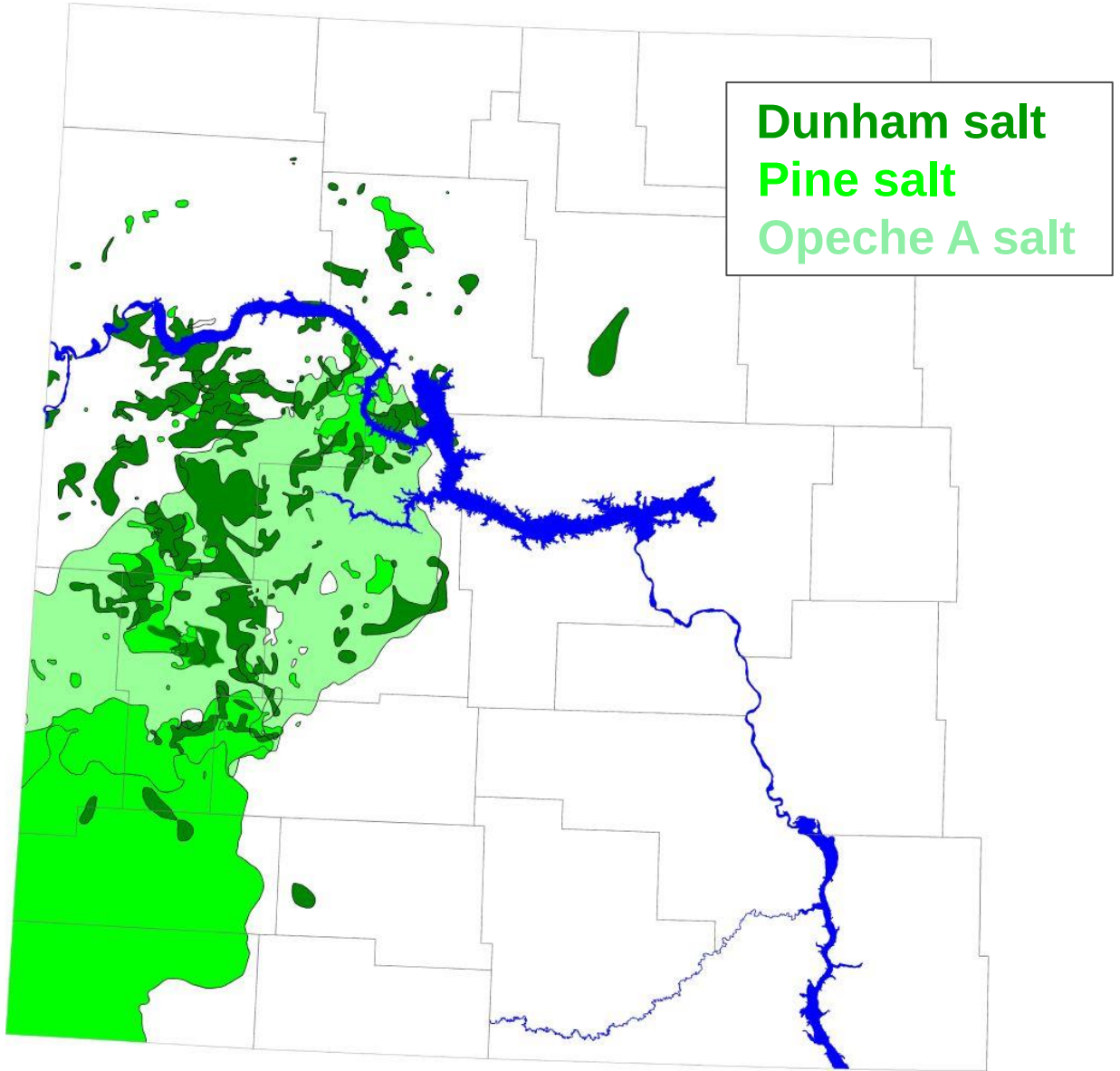
23-25 Biennium

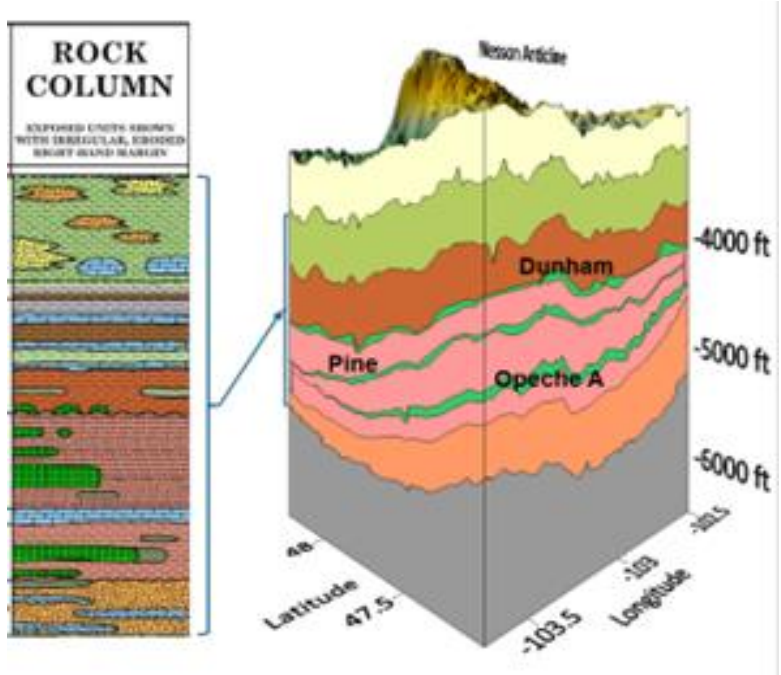
Reservoir Data	$0 temp salaries
HB 1014	$45,000 temp salaries
Admin Services II salary	$96,000 temp salaries

25-27 Biennium

Reservoir Data	$0 temp salaries
Requested additional	$45,000 in temp salaries
Burgum Budget	$0 in temp salaries

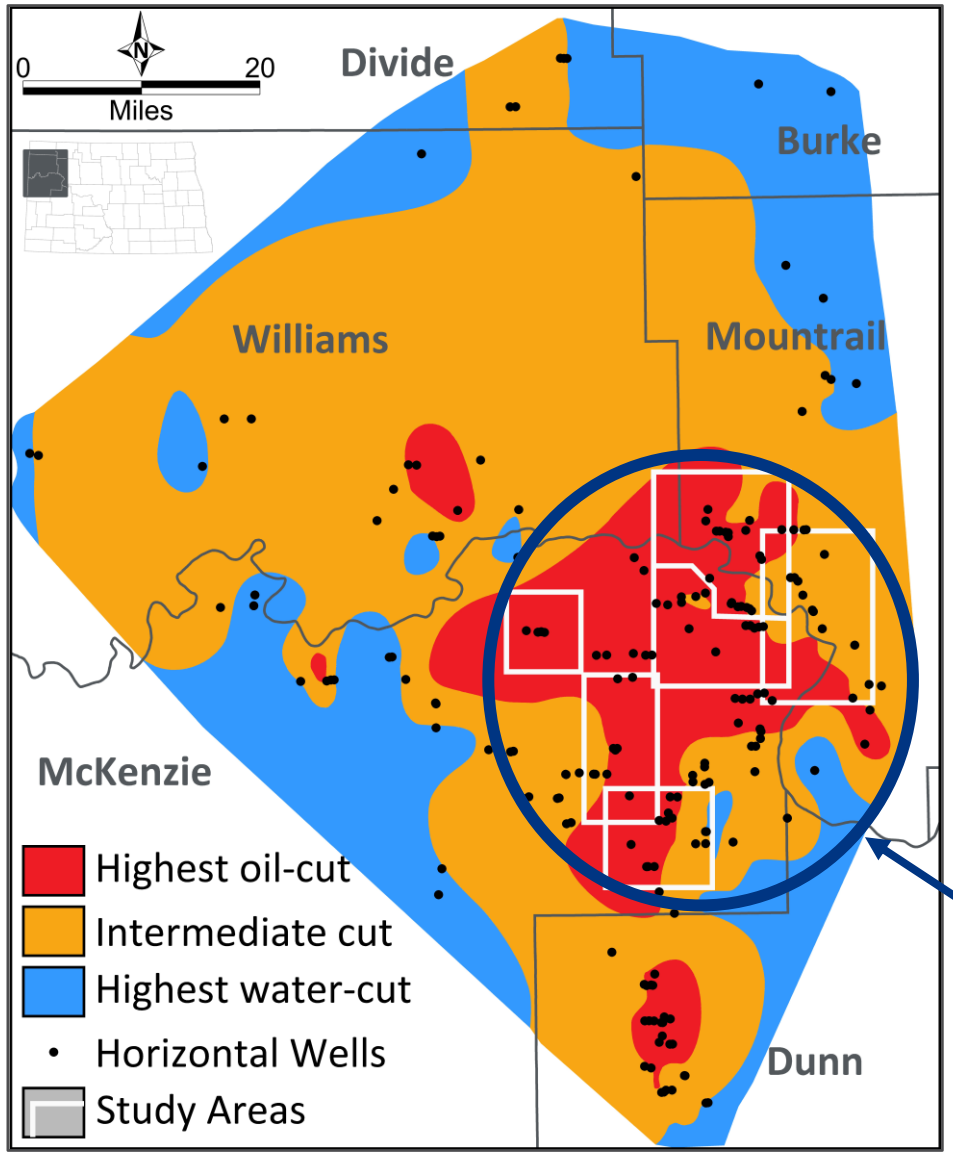
SHALLOW SALTS FOR HYDROCARBON STORAGE – Opeche Salt

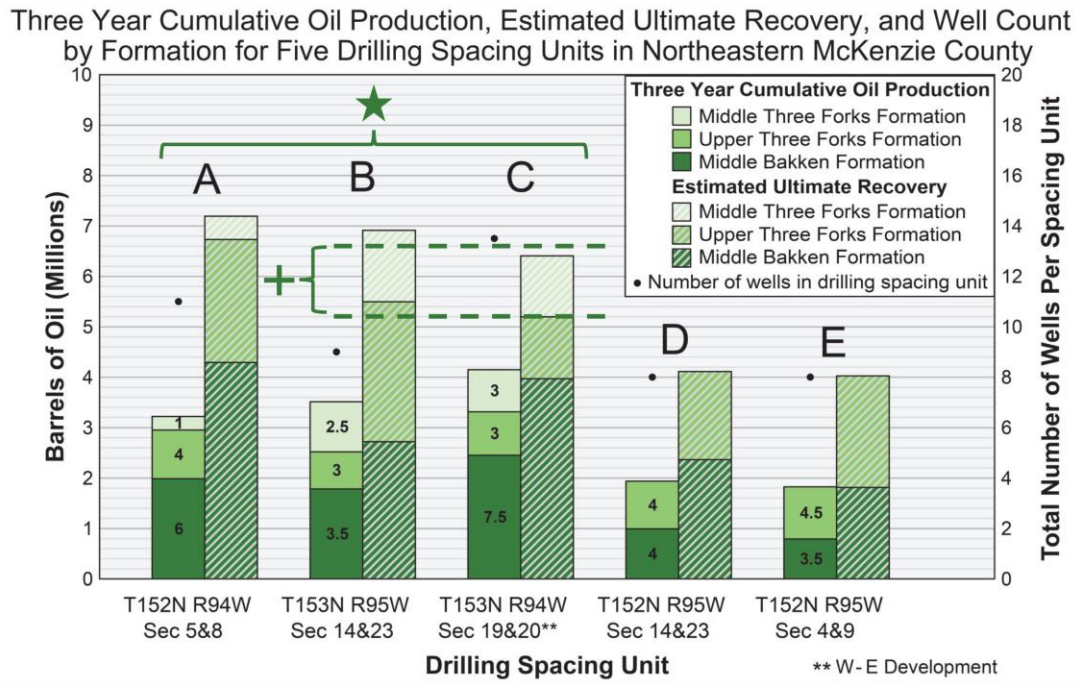






BAKKEN PETROLEUM SYSTEM – Middle Three Forks



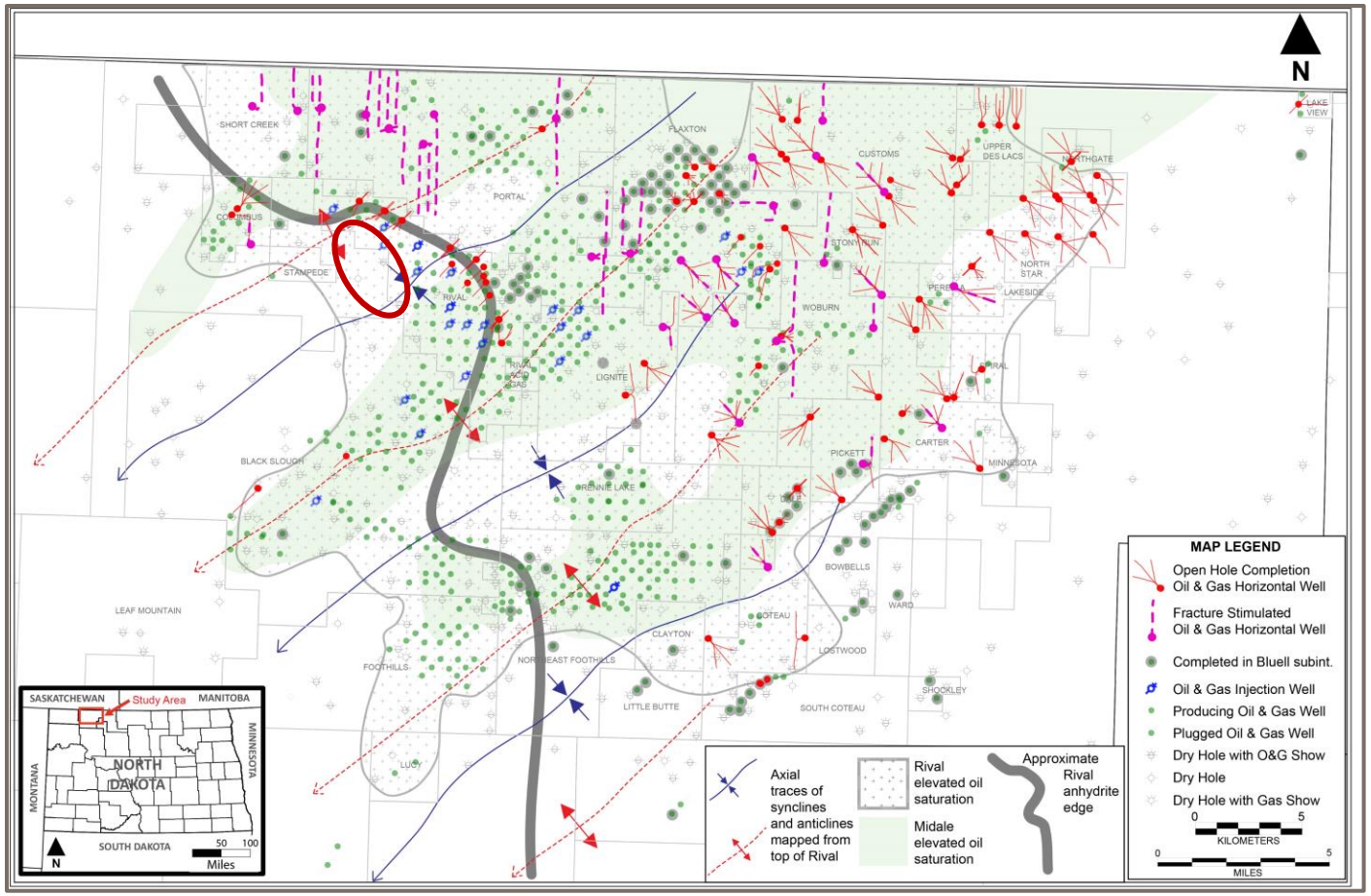


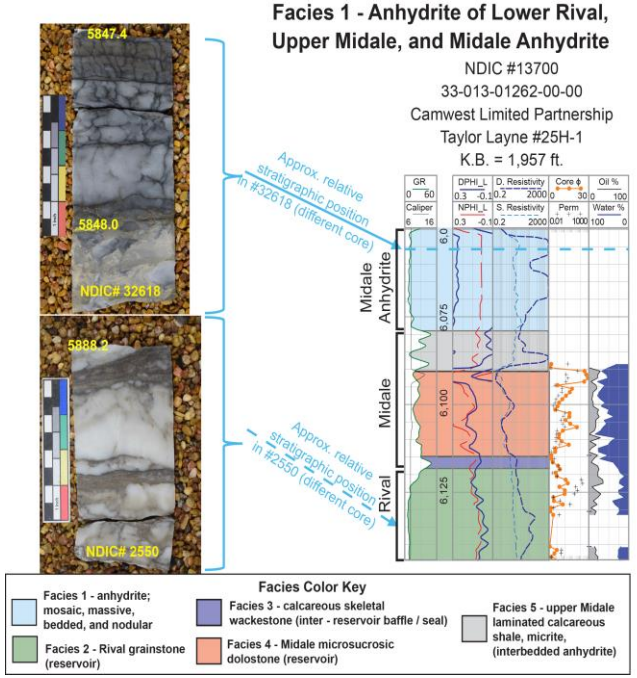
★ Drilling Spacing Units with middle Three Forks are top performers

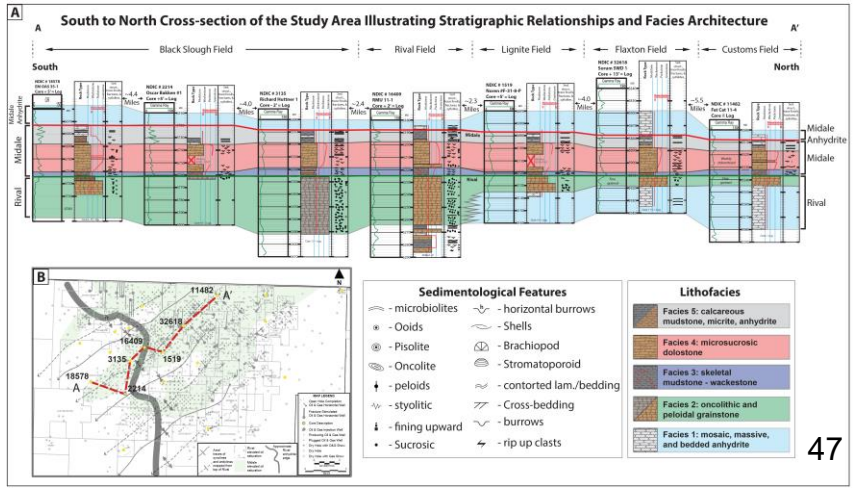
\+ ~1.4 MMBO addition with 2-3 MTF wells

Wells in Data Set	Middle Three Forks Estimated Ultimate Recovery (EUR)		
	10th Percentile	50th Percentile	90th Percentile
70	274,111	430,262	682,608
Potential Remaining Drilling Locations	Prospective Area* middle Three Forks EUR		
	10th Percentile	50th Percentile	90th Percentile
600	164,466,600	258,157,200	409,564,800
~165 - 410 Million Barrels of Recoverable Oil			

NONBAKKEN– Madison Group (GI 272)



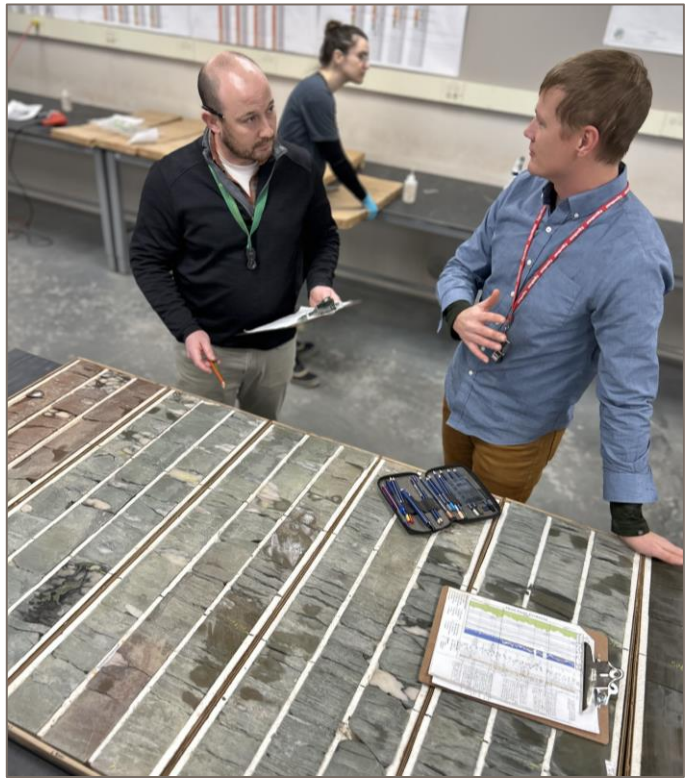




Funding For Rock and Mineral Analysis

An Ongoing Appropriation

Geological Survey geologists routinely send off samples to laboratories for a variety of analyses. For core samples, these typically include core total organic carbon, volatile organic compounds, RockEval, X-ray diffraction, vitrinite reflectance, etc. For coal samples, these typically include determinations of the rare earth element concentrations along with other critical minerals, and occasionally the major ions.







23-25 Biennium

Requested	$100,000 on-going for rock analyses
Received	$100,000 one-time rock analyses

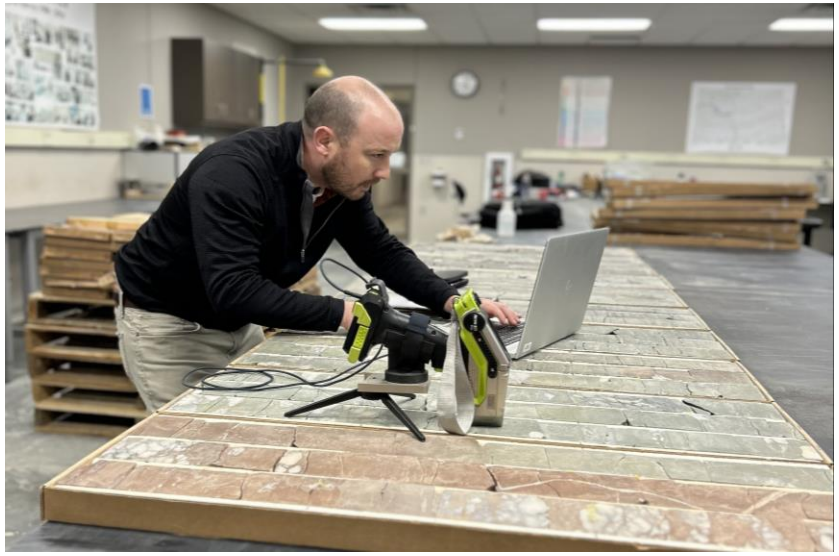
25-27 Biennium

Requested	$100,000 on-going for rock analyses
Burgum Budget	$100,000 one-time rock analyses

Portable X-Ray Fluorescence (XRF) Machine

The Geological Survey has a portable x-ray fluorescence machine that was purchased with donated funds to be used in the core library. We have found it to be a very beneficial investigative analytical tool in the field with the critical minerals project as well as in the paleontology laboratory evaluating the mineralogy of mummified skin, etc. All of these other uses have put a strain on the machine and have taken it away from the core library. It would be very beneficial to have two portable machines.







Left to right: a surface geologist using the portable xrf to analyze for yttrium in lignite, a subsurface geologist using the xrf to analyze core for magnesium, and a paleontologist using the xrf to analyze for iron concentrations in the skin of Dakota the dinomummy.

25-27 Biennium

Requested	$45,000 (capital asset)
Burgum Budget	$0

OUTREACH

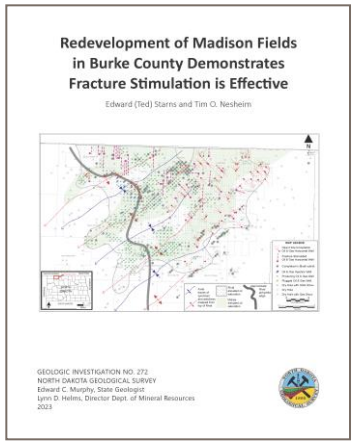


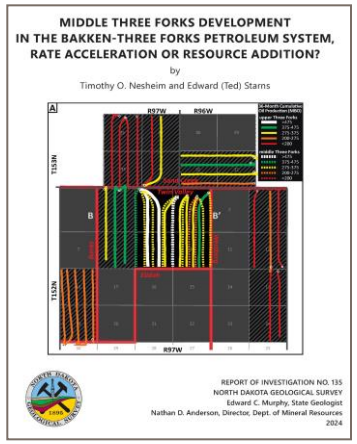


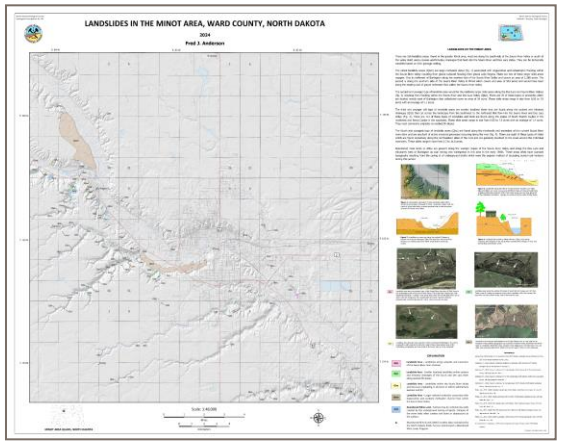


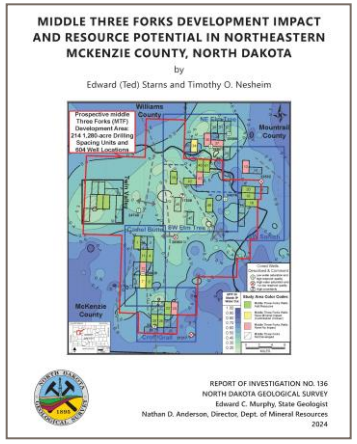


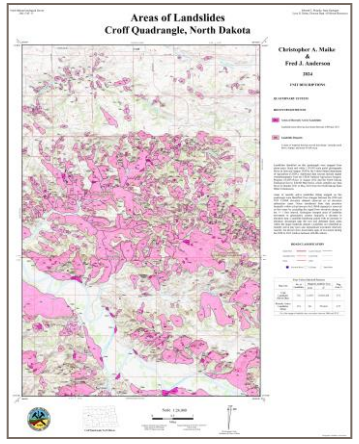


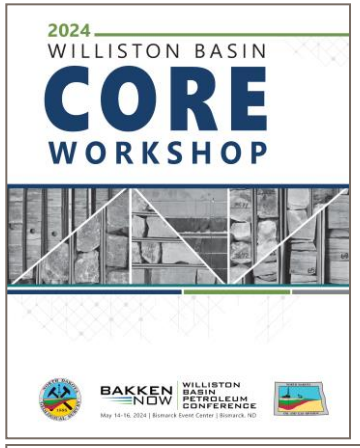


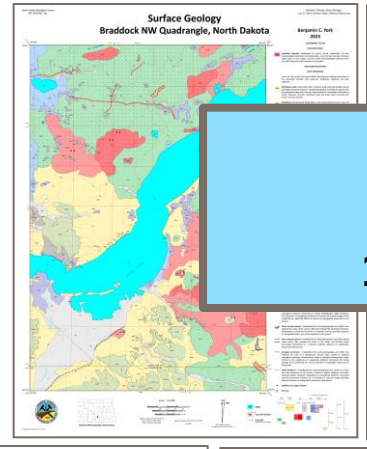


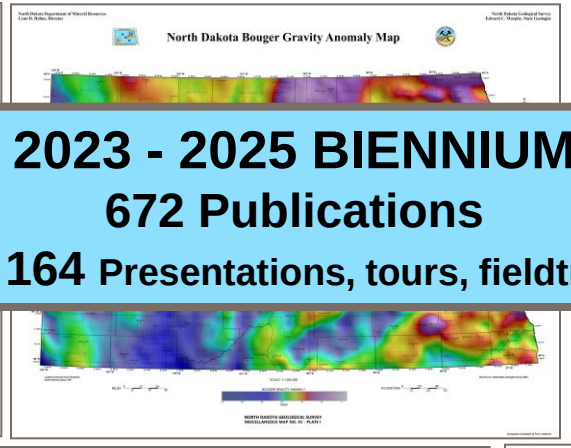


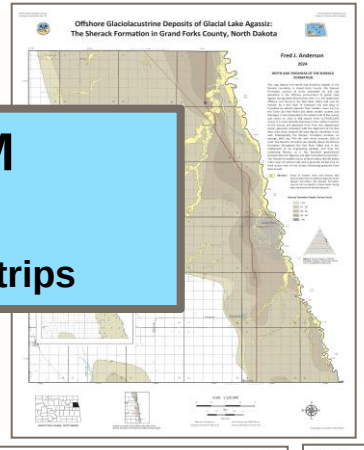






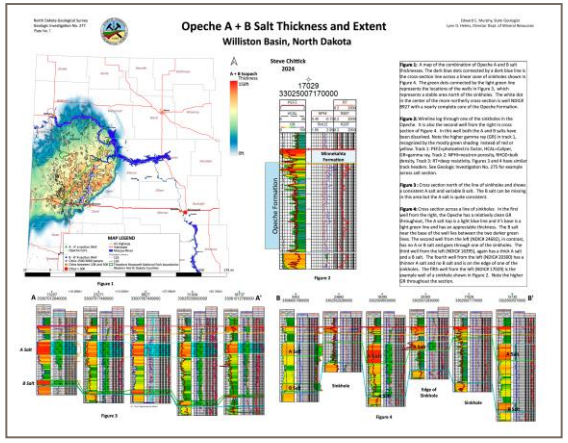


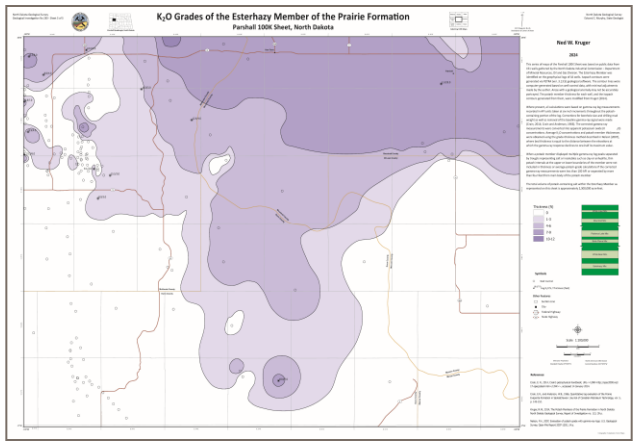


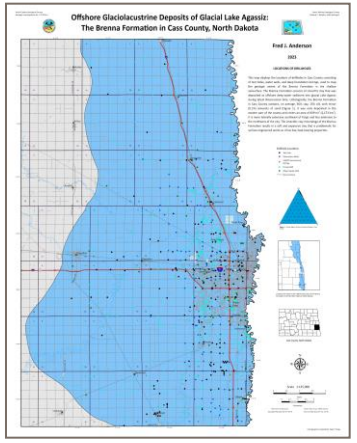


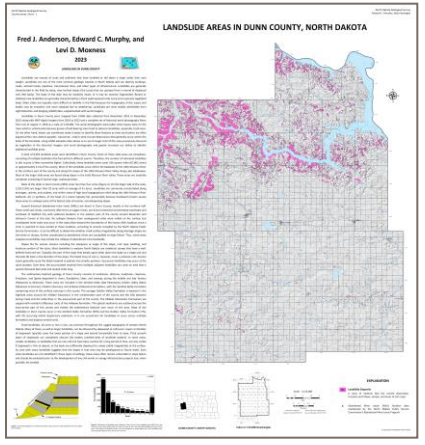


2023 - 2025 BIENNIUM
672 Publications
164 Presentations, tours, fieldtrips









NORTH Dakota | Mineral Resources

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Audit | Budget Overview

RECENT AUDIT FINDINGS

A biennial audit of the Industrial Commission was conducted by the State Auditor's Office in accordance with generally accepted government auditing standards for the three-year period ending June 30, 2023.

The audit included the following entities and programs under the direction and control of the Commission:

- Department of Mineral Resources (Geological Survey and Oil and Gas Division)
- Lignite Research, Development, and Marketing Program
- Oil and Gas Research Program
- Outdoor Heritage Fund
- Pipeline Authority
- Renewable Energy Program
- Transmission Authority

The audit did not have any findings.

AGENCY FEES

47400 - Department of Mineral Resources Agency Fees

Fee Description	Fee Amount	Authority Reference (Statute or Administrative Rule)	Date Established	Actual 2021-23 Biennial Revenue	*Estimated 2021-23 Biennial Cost Incurred*	Required by Statute to cover costs?	Is use of fee revenue restricted by statute?	Is fee appropriate and affordable?	Recommendations to change or remove.
Geophysical Permit Application Fee	up to $100	NDCC 38-08.1-04 NDAC 43-02-12-04 NDCC 38-21-01	1981	$1,500.00	$2,500.50	No	Yes	Fee appropriately generates significant revenue for established purpose and seems affordable as negative feedback from stakeholders has not been received.	DMR proposes no changes at this time but will contine to evaluate.
Geothermal Commercial Permit Application Fee	$100	NDCC 38-19-04 NDAC 43-02-07-06 NDCC 38-21-01	1981	$1,900.00	$2,064.16	No	Yes	Fee appropriately generates significant revenue for established purpose and seems affordable as negative feedback from stakeholders has not been received.	DMR proposes no changes at this time but will contine to evaluate.
Geothermal Residential Permit Application Fee	$20	NDCC 38-19-04 NDAC 43-02-07-06 NDCC 38-21-01	1981	$460.00	$1,249.36	No	Yes	Fee appropriately generates significant revenue for established purpose and seems affordable as negative feedback from stakeholders has not been received.	DMR proposes no changes at this time but will contine to evaluate.
Coal Exploration Permit Application Fee	$100	NDCC 38-12.1-05 NDAC 43-02-01-18 NDCC 38-21-01	1975	$500.00	$543.20	No	Yes	Fee appropriately generates significant revenue for established purpose and seems affordable as negative feedback from stakeholders has not been received.	DMR proposes no changes at this time but will contine to evaluate.
Subsurface Mineral Exploration Permit Application Fee	$100	NDCC 38-12-03 NDAC 43-02-02-12 NDCC 38-21-01	1967	$100.00	$108.64	No	Yes	Fee appropriately generates significant revenue for established purpose and seems affordable as negative feedback from stakeholders has not been received.	DMR proposes no changes at this time but will contine to evaluate.
Case Continuance Fee	$25	NDCC 38-08-11 NDCC 38-08-04.5(1)(a) NDAC 43-02-03-90	1990	$5,075.00	$7,720.09	No	Yes	Fee appropriately generates significant revenue for established purpose and seems affordable as negative feedback from stakeholders has not been received.	DMR proposes no changes at this time but will contine to evaluate.
Drilling Permit Application Fee (new)	$100	NDCC 38-08-05 NDAC 43-02-03-16 NDCC 38-08-04.5(1)(a)	1953	$161,600.00	$210,500.16	No	Yes	Fee appropriately generates significant revenue for established purpose and seems affordable as negative feedback from stakeholders has not been received.	DMR proposes no changes at this time but will contine to evaluate.
Renewal Permit Application Fee	$100	NDCC 38-08-05 NDAC 43-02-03-16 NDCC 38-08-04.5(1)(a)	1953	$244,200.00	$318,094.92	No	Yes	Fee appropriately generates significant revenue for established purpose and seems affordable as negative feedback from stakeholders has not been received.	DMR proposes no changes at this time but will contine to evaluate.
Temporary Abandoned Renewal Fee	$100	NDCC 38-08-04 NDAC 43-02-03-55(2) NDCC 38-08-04.5(1)(a)	2007	$37,300.00	$27,242.06	No	Yes	Fee appropriately generates significant revenue for established purpose and seems affordable as negative feedback from stakeholders has not been received.	DMR proposes no changes at this time but will contine to evaluate.

AGENCY FEES (CONT'D)

Fee Description	Fee Amount	Authority Reference (Statute or Administrative Rule)	Date Established	Actual 2021-23 Biennial Revenue	*Estimated 2021-23 Biennial Cost Incurred*	Required by Statute to cover costs?	Is use of fee revenue restricted by statute?	Is fee appropriate and affordable?	Recommendations to change or remove.
Operator Change Fee	$25	NDCC 38-08-04 NDCC 38-08-04.5(1)(a) NDAC 43-02-03-13	1983	$114,175.00	$159,799.33	No	Yes	Fee appropriately generates significant revenue for established purpose and seems affordable as negative feedback from stakeholders has not been received.	DMR proposes no changes at this time but will contine to evaluate.
Well Name Change Fee	$25	NDCC 38-08-04 NDCC 38-08-04.5(1)(a) NDAC 43-02-03-13	1983	$7,800.00	$10,916.88	No	Yes	Fee appropriately generates significant revenue for established purpose and seems affordable as negative feedback from stakeholders has not been received.	DMR proposes no changes at this time but will contine to evaluate.
Recompletion Fee	$50	NDCC 38-08-04 NDCC 38-08-04.5(1)(a) NDAC 43-02-03-16	2000	$500.00	$651.30	No	Yes	Fee appropriately generates significant revenue for established purpose and seems affordable as negative feedback from stakeholders has not been received.	DMR proposes no changes at this time but will contine to evaluate.
Re-entry Fee	$50	NDCC 38-08-04 NDCC 38-08-04.5(1)(a) NDAC 43-02-03-16	2000	$100.00	$173.68	No	Yes	Fee appropriately generates significant revenue for established purpose and seems affordable as negative feedback from stakeholders has not been received.	DMR proposes no changes at this time but will contine to evaluate.
Horizontal Re-entry Fee	$50	NDCC 38-08-04 NDCC 38-08-04.5(1)(a) NDAC 43-02-03-16	2000	$400.00	$694.72	No	Yes	Fee appropriately generates significant revenue for established purpose and seems affordable as negative feedback from stakeholders has not been received.	DMR proposes no changes at this time but will contine to evaluate.
CO2 Storage Admin Application Fee	actual costs	NDCC 38-22-14 NDAC 43-05-01-17(1)	2010	$55,266.77	$55,266.77	Yes	Yes	Fee is actual cost to process application.	DMR proposes no changes at this time but will contine to evaluate.
CO2 Storage Admin Fee	1 cent/ton	NDCC 38-22-14 NDAC 43-05-01-17(1)	2010	$820.16	$117.54	Yes	Yes	It is too soon to tell as only 3 projects are running, and only 1 has been running long enough to pay a fee.	DMR proposes no changes at this time but will contine to evaluate.
CO2 Storage Trust Fee	7 cents/ton	NDCC 38-22-15 NDAC 43-05-01-17(2)	2010	$5,741.09	$117.54	Yes	Yes	It is too soon to tell as only 3 projects are running, and only 1 has been running long enough to pay a fee.	DMR proposes no changes at this time but will contine to evaluate.

This report reflects actual numbers from the 2021-2023 biennium. It provides a brief summary of each fee and comments on the appropriateness of the fee and any recommendations to change or remove the fees. None of these fees are used to support any of the costs for DMR as we are a 100% general fund agency, but the fees do support specific purposes as listed in the authority referenced. We have not received any concerns from stakeholders regarding the dollar value or process surrounding these fees. DMR does not anticipate any changes.

STATE FISCAL RECOVERY FUNDING

Abandoned Oil Well Conversion to Water Supply

Appropriated: $3,199,837.84
Turned Back: $2,453,615.78
Expended: $266,422.06
Obligated: $479,800.00

A large amount was transferred as per SB 2393 due to the original amount of funds requested being based on the costs to plug, reclaim, and convert the abandoned wells to freshwater wells. Since then, agreements were made with operators to do the plugging and reclamation work. With the most expensive portion of the well conversion being paid by the operators, the conversion costs to the state have been drastically reduced.
Funds can be expended through 12/31/2026.

CHANGES TO FEDERAL FUNDING

Federal Funding Program	2023-2025 Anticipated Award	2023-2025 Anticipated Change	2025-2027 Anticipated Award
UIC Oil & Gas (EPA)	$240,000	$16,000	$256,000
PSC Coal (OSM-DOI)	$15,000	$0	$15,000
Statemap (USGS-DOI)	$13,000	$0	$13,000
IIJA Initial Grant (ECRP-DOI)	$2,300,000	$0	$0
IIJA Formula Grant (ECRP-DOI)			$1,444,377

ONE TIME FUNDING 23-25 BIENNIUM

	Amount	Status
Equipment for new FTE positions	$ 68,335	Purchased $57,492
Inflationary Expenses	$ 886,868	Used $665,151 as of 12/31/24
Drones & Computers	$ 83,648	Purchased/seeking bids
Core & Mineral Analysis	$ 100,000	Purchased/ordered
Computer Server Transition	$ 80,000	Used $60,047 as of 12/31/24
IIJA abandoned well reclamation	$2,300,000	Used $2,050,000 as of 12/31/24
Oil & Gas Litigation	$3,000,000	Used $1,532,372 as of 12/31/24
Transfer to Paleo fund	$ 250,000	Transferred

ONE TIME FUNDING 25-27 BIENNIUM

	Amount	Burgum Executive Budget
Equipment for new FTE positions	$ 99,460	Allowed $34,440
Drilling Project (phase 2)	$ 350,000	Allowed $100,000
Woolly Mammoth Excavation	$ 300,000	Allowed $300,000
Paleontology Viewing Lab	$ 250,000	Allowed $0
Portable XRF (capital asset)	$ 45,000	Allowed $0
IIJA Formula Grant	$2,400,000	Allowed $1,444,377
Oil & Gas Litigation	$3,000,000	Allowed $3,000,000
OHWM Witness Fees	$ 342,000	Allowed $342,000
Core & Mineral Analysis (requested $100,000 on-going)	$ 0	Allowed $100,000 one-time

2023-25 NEW POSITIONS APPROPRIATED

FTE	Position Number	Position Title	Date Filled	Amount Transferred from Pool	Funding Appropriated before Pool	Amount Estimated to be Spent for Biennium
1	31511	Carbon Capture	5/9/2023	$253,726.00	$253,726.00	$296,335.00
1	31512	Carbon Capture	5/9/2023	$253,726.00	$253,726.00	$296,335.00
1	31513	Carbon Capture	n/a	$0.00	$207,682.00	$0.00
1	31514	Paleontology Lab Tech	8/30/2023	$160,116.00	$167,102.00	$160,141.00
1	31515	Subsurface Geologist	9/9/2024	$119,695.00	$119,695.00	$119,695.00
1	31516	Critical Minerals	10/16/2023	$192,600.00	$216,028.00	$192,600.00
0.5	28402	Records Management	11/1/2023	$60,005.00	$66,334.00	$61,273.00

DMR VACANCY SAVINGS & POOL ACTIVITY

Estimated Vacancy Savings:

Appropriation deducted for new FTE pool	$1,284,293.00
Appropriation deducted for vacant FTE pool	$1,389,856.00
Total deducted from appropriation	$2,674,149.00
Amount transferred to date for new FTE	($1,039,868.00)
Amount transferred to date for vacant FTE	($975,185.71)
Expected tranfers from pool	($67,798.00)
Total unfunded salary appropriation	$591,297.29
Estimated Vacancy Savings as of 12/31/2024	($1,063,339.34)
Use of savings:	
Accrued leave payments	$77,930.00
Extra salary increases	$209,489.00
Bonuses	$39,378.00
Extra temporary salary funding	$8,199.00
Other - temporary employee costs	$57,911.00
Anticipated Vacancy Savings	**($79,135.04)**

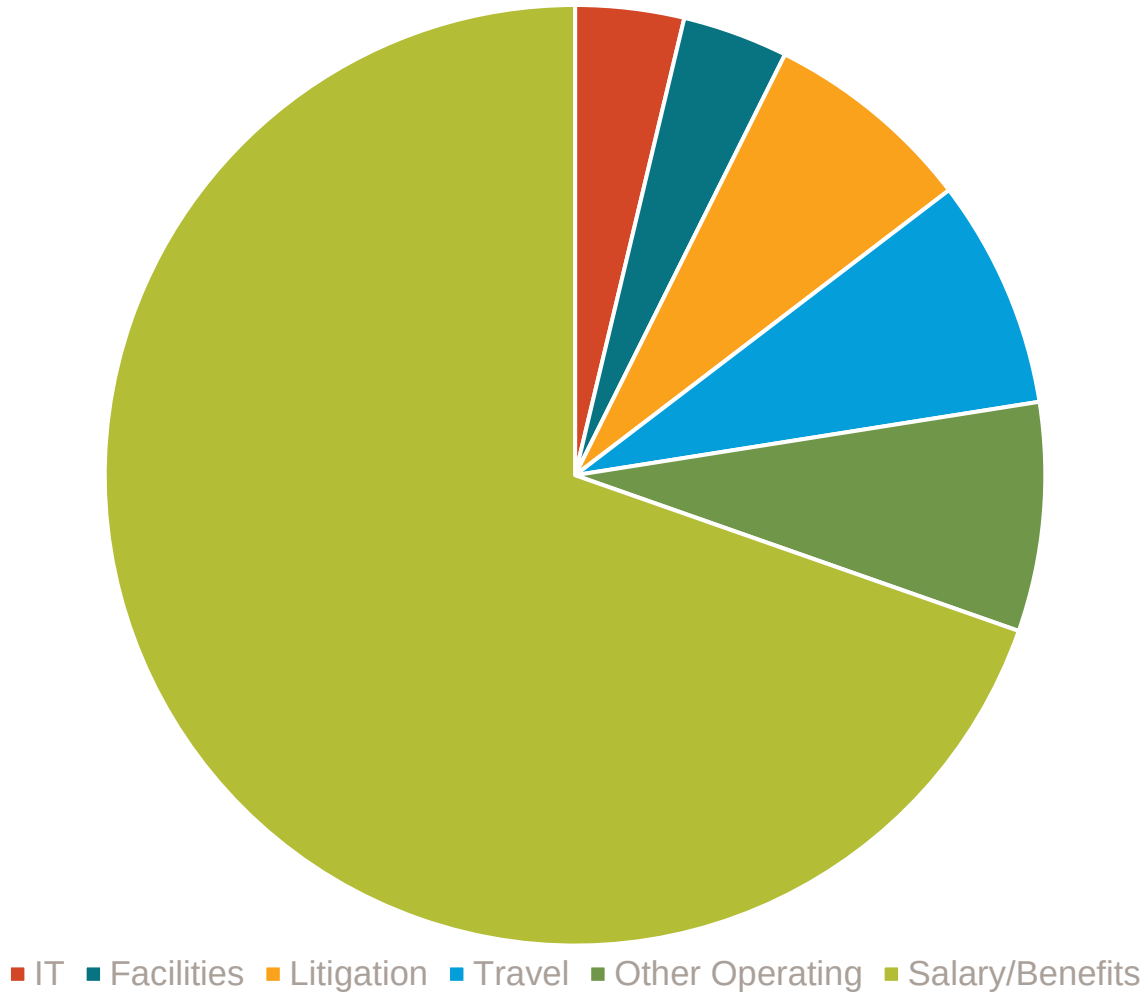
OMB Funding Pools Activity:

Funding available in OMB pool	$2,128,763.00
Amount transferred to date for new FTE	($1,039,868.00)
Amount transferred to date for vacant FTE	($975,185.71)
Funding remaining in pool	$113,709.29
Estimated future tranfers from pool	($67,798.00)
Balance available in OMB pool	**$45,911.29**

Agency concerns with the FTE funding pools:

- extra work required when positions are vacant and no funding available to compensate the coworkers who pick up the workload;
- no allowance in the budget for annual leave and sick leave payouts; and
- tracking changes to all positions and requesting draw downs and reporting amounts to OMB is very time-consuming and burdensome.

2025-2027 DMR BUDGET



The Department of Mineral Resources (DMR) budget is **95% general funds, 4.2% federal funds, and 0.8% special funds**.

Federal funds include $1.4 million in IIJA grants.

Budget costs are primarily salary and benefits (69%).

The **Operating Budget** consists of travel (26%), primarily state fleet vehicle mileage for fieldwork. Other operating items of significant costs include Litigation costs (24%); Lease, Rent, Facilities costs (12%) for the Bismarck office, warehouse, and three field offices; and IT costs (12%), two-thirds of which are ITD data processing, Telephone, and Contractual Services.

DMR Budget Comparison

	2023-25 Appropriated Budget	2025-27 Base Budget	2025-27 Recommended Burgum Budget	2025-27 Essential DMR Budget
47410 Salaries & Benefits	$23,123,267	$23,261,532	$28,690,812	$28,605,637
47430 Operating Expense	$11,541,104	$5,120,253	$11,175,591	$12,617,545
47450 Capital Assets	$98,000	$0	$0	$295,000
Total Expenditures	$34,762,371	$28,381,785	$39,866,403	$41,518,182
Less Federal Income	$2,568,000	$268,000	$1,728,377	$1,728,377
Less Special Income	$0	$0	$342,000	$342,000
Total General Fund	$32,194,371	$28,113,785	$37,796,026	$39,447,805
FTE	108	108	110	116

Notes:
Federal Funds include $1,444,377 in IIJA Formula Grant.
Special Funds are related to OHWM ongoing litigation that requires expert witness testimony.
Essential DMR budget does not include Burgum recommended compensation adjustments.

DMR BUDGET COMPARISON

47410 Salaries & Benefits:

- Base budget provides the 2023-25 salary appropriation for 108 appropriated FTE less the FTE funding pool deductions.
- Burgum recommendation is the base budget plus: $2,674,149 for the FTE funding pools; $1,850,970 for compensation adjustments of 4%/3% raises and health insurance increases; $464,089 for optional request of 2.0 new FTEs (reclamation tech and permitting tech) and 1.0 FTE conversion (administrative converted to geologist position); $250,000 for optional request of equity adjustment (non-classified employees were not included in last session equity adjustments); and $138,265 for cost to continue adjustments for equity and retirement.
- DMR budget is the Burgum recommendation plus optional requests of: $1,138,927 for 6 new FTEs (executive administrator, professional services II, class 6 programmer, paleontology technician, and two reclamation technicians; $555,800 for equity adjustments (non-classified employees were not included in last session equity adjustments); and $45,000 for temporary employee salaries. The DMR budget does not include the Burgum recommended compensation adjustments for raises and health insurance increase.

47430 Operating

- Base budget provides the 2023-25 operating appropriation less one-time funded items.
- Burgum recommendation is the base budget plus: $108,065 for ITD data processing increases; $172,916 for optional request of 2.0 new FTEs (reclamation tech and permitting tech) and 1.0 FTE conversion (administrative converted to geologist position); $1,500,000 for optional request to adding back one-time inflationary costs and required 3% cuts; $100,000 for mineral analysis optional request; $100,000 for drilling project (phase 2) optional request; $300,000 for woolly mammoth optional request; $3,000,000 for litigation costs; $115,000 for estimated cost of NDIC assessment; and $342,000 for ordinary high water mark witness fees.
- DMR budget is the Burgum recommendation plus optional requests of: $735,400 for rest of inflationary and restoration costs; $234,553 for 6 new FTEs (executive administrator, professional services II, Class VI programmer, paleontology technician, and two reclamation technicians; $400,000 for rest of drilling project (phase 2) costs; $57,000 for professional development costs; and $15,000 for EOR project costs.

DMR BUDGET COMPARISON (continued)

47450 Capital Assets

- Base budget does not provide for any capital assets.
- Burgum recommendation does not provide for any capital assets.
- DMR budget adds optional requests of $250,000 for the paleontology viewing lab and $45,000 for a portable XRF machine.

FTE Count

- Base budget is the 2023-25 appropriated FTE count of 108.
- Burgum recommendation increases the base budget count by 2.0 bringing the total count to 110 FTE.
- DMR increases the Burgum recommendation count by 6.0 bringing the total count to 116 FTE.

REQUESTED CHANGES TO BURGUM RECOMMENDED BUDGET

- **Restore full inflation and restoration costs - $735,401:** This would bring the total to $2,235,401 which would fully fund DMR's essential operating costs. program but DMR 2023-25 biennium inflation items were given a one-time funding status. For this reason, the prior inflationary amounts were deducted in creating the 2025-27 base budget. With the continued inflationary increase, there is now an even greater request to cover the total inflationary amounts. The biggest portion of the request is for the Fleet Services budget guidelines requiring budgeting for $0.69/mile which equates to an increase of $1,293,362. This amount includes $811,342 for inflation from the 2023-25 biennium (change from $0.23/mile to $0.56/mile) and $482,020 for the 2025-27 biennium (change from $0.56/mile to $0.69/mile). Other inflationary items include lease payments $75,022, ITD costs $199,598, fire resistant safety clothing $28,250, and other smaller increases for supplies, postage, and printing costs.
- **New FTE executive administration position - $183,659:** This position is needed to assist the DMR director and the leadership team on all administrative duties which will allow all team leaders to spend less time on scheduling and more time focusing on leadership needs.
- **New FTE paleontology technician position - $216,472:** A new paleontology technician assigned to the Public Fossil Dig Program would enable us to increase the number of available registration spots from 600 to 840 (a 40% increase) increasing the number of tourists traveling within North Dakota as well as bringing in additional out-of-state tourists. Additional costs associated with expanding the Public Fossil Dig Program will be covered by registration fees collected from the additional 240 spots.
- **Equity adjustment for field inspectors - $555,800:** This would bring the total to $805,800 which allows for an estimated $700/month increase for the 40 field inspector positions. This optional request is due to a great need to pay competitive salaries for experienced personnel. There exists a tremendous inequity between the salaries paid by our agency and the salaries paid by the oil and gas industry. The Oil and Gas Division continues to see field inspection turnover and a lack of applicants due to the lower salary amount. It should be noted that these positions are non-classified and therefore were not included in the prior session HRMS equity calculations.
- **Drilling project (phase 2) - $400,000:** This would bring the total to $500,000 which would enable the Geological Survey to complete a Phase II drilling program by utilizing the tracts that were not drilled on during the Phase I drilling program.
- **New FTE class VI programming position - $225,123:** With North Dakota being the first state to receive Class VI primacy and the only state to have active Class VI injection projects, it is imperative to develop a database to monitor and manage Class VI wells and facilities. The United States Environmental Protection Agency has made available to North Dakota a $1,930,000 grant to be used for operation of a Class VI primacy program. The Oil and Gas Division intends to apply for this grant and pool a portion of it with other states through the Ground Water Protection Council to develop a Class VI database.

REQUESTED CHANGES TO BURGUM BUDGET CONTINUED

- **2 new FTE reclamation technicians - $519,211:** This would bring the total to $799,925 allowing for one reclamation technician in each district. There has been increased demand for reclamation oversight due to recent funding from federal grants and the Oil and Gas Division's efforts to plug orphan wells. While the federal grant money covers the cost of the reclamation, Oil and Gas Division personnel must inspect the process as it is being performed, conduct a final inspection for bond release, as well as process Notices of Intent to Reclaim and Final Reclamation reports. The newly acquired Infrastructure Investment and Jobs Act Phase 1 Formula Grant covers five years and will allow for restoration of legacy brine ponds. During winter months, when reclamation work is put on hold, these positions will work as field inspectors conducting well and facility inspections.
- **Paleontology viewing laboratory - $250,000:** This would be a capital asset line item. The Geologic Time Gallery in the Heritage Center opened to the public in 2014. In the years since, we have received numerous requests to place a laboratory in the gallery where visitors could watch paleontologists prepare fossil specimens. These viewing laboratories are present in paleontological museum galleries around the World and are always very popular attractions.
- **Professional land/legal assistant - $241,216:** This position will report directly to the Oil & Gas Assistant Director and will take on the legal load of processing orders of complex cases while bringing in critical land-based knowledge. Thus, allowing the Oil & Gas Assistant Director more time to address field needs.
- **Temporary employee funding - $45,000:** Since 2004, we have been hiring students at UND to photograph core and thin sections for the Oil and Gas Subscription site. So far, we have photographed 256,000 feet (52% of the core in the Wilson M. Laird Core and Sample Library) and generated 393,000 photographs for the subscription site. We have also photographed 19,600 thin sections generating 151,000 photomicrographs for the web site. During the last legislative session, we were given a permanent infusion of $45,000 in temporary salaries to help offset our source of funding to pay college students to photograph core. An additional $45,000 in temporary salaries would get us closer to being fully funding for the core and thin section photography project.
- **Professional development - $57,000:** The Interstate Oil and Gas Compact Commission (IOGCC) serves as the collective voice of member states on oil and gas issues and initiates innovative projects to advance our nation's energy future. The Ground Water Protection Council (GWPC) serves as the collective voice of member states on underground injection issues and promotes research and the use of best management practices and fair but effective laws regarding comprehensive ground water protection. It is critical that the State of North Dakota participates in these organizations, and the participants from the Oil and Gas Division are considered national experts, serving in leadership roles. It is necessary to cross-train Oil and Gas Division employees due to employee attrition, which requires attendance of additional conferences and therefore the payment of conference fees. Geological Survey Division cut funds for meetings during budget cuts a couple of bienniums ago. Prior to that, Geological Survey geologists routinely presented the results of their work at regional and national meetings where they could learn from the presentations of other scientists, attend special training classes, core workshops, and fieldtrips. The funding would enable Survey geologists to attend national or regional scientific meetings presenting on their work. These presentations can encourage other scientists to do an expanded study on a North Dakota topic which will often bring them to North Dakota to do fieldwork or visit our core and sample library.

REQUESTED CHANGES TO BURGUM BUDGET CONTINUED

- **Portable XRF machine (capital asset) - $45,000:** This would be a capital asset line item. A portable X-ray fluorescence machine (XRF) was purchased in 2022 so that Survey personnel and industry scientists could use it to analyze for elements in rock core in the Wilson M. Laird Core and Sample Library. The XRF was purchased using donations from the ND Petroleum Council. Geological Survey geologists in the surface and paleontology sections have since demonstrated the analyzer is very useful in their work on critical minerals and dinosaur skin evaluation. This piece of equipment would be used to supplement the analytical work that could be generated by the analytical fund.
- **Enhanced oil recovery project - $15,000:** This request is for well data evaluation, database modification, presentations, conference attendance, ongoing software costs, and publications to promote the feasibility of enhanced oil recovery. In addition to the Bakken play, North Dakota has many conventional reservoirs that are suitable for enhanced oil recovery but the operators that would be candidates to implement such projects are often small and may not have the resources to perform evaluations.

OTHER DMR BUDGET SECTIONS

SB 2014 – Carryover Items:

- The Abandoned Oil Well Conversion to Water Supply program funds can continue to be expended through 12/31/2026. For this reason, a carryover of unexpended funds to the 2025-27 biennium has been requested. The remaining obligated amount is $479,800.
- The 65th Legislative Session SB 2134 Ordinary High Water Mark litigation is nearing the end, but it is still possible for expert witness testimony yet to be required. For this reason, a carryover of unexpended funds to the 2025-27 biennium has been requested. The remaining available amount is $342,000.
- The IIJA Initial Grant funds received an extension and can continue to be expended through 09/30/2025. For this reason, a carryover of unexpended funds to the 2025-27 biennium is being requested. The remaining available grant amount is $225,500.

• Note: the $2.5 million Formula Grant funds have a project period through 07/31/2029. Because the funds were appropriated via the Budget Section, the funds need to have a full legislative appropriation. For this reason, unexpended funds were included in Section 1, Subdivision 2, and not treated as a carryover in this section.

OTHER LEGISLATIVE BILLS IMPACTING

Not aware of any at this time.

NORTH Dakota | Mineral Resources

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Nathan D. Anderson, Director
Mark F. Bohrer, Assistant Director of Oil & Gas
Edward C. Murphy, Director of Geological Survey, State Geologist
Michael Ziesch, Staff Officer
Robyn Loumer, Finance Manager
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Industrial Commission of North Dakota

Kelly Armstrong
Governor

Drew H. Wrigley
Attorney General

Doug Goehring
Agriculture Commissioner

Senate Bill 2014

Testimony of Industrial Commission Executive Director Karen Tyler

Before the Senate Appropriations Education & Environmental Subcommittee

January 14, 2025

Good morning, Mr. Chairman and members of the committee. I am Karen Tyler, the Executive Director for the North Dakota Industrial Commission. On behalf of the team that you will hear from throughout the course of the day, it is a pleasure for us to appear before you to discuss the appropriation for the Industrial Commission Administrative Office, and the agencies and programs that the Commission oversees.

The Industrial Commission was created by the legislature in 1919 and its general authority is found under Chapter 54-17 of the North Dakota century code. It is made up of the Governor as Chair, the Attorney General and the Agriculture Commissioner.

The Industrial Commission has a broad and diverse portfolio of authority including the oversight of our state-owned businesses, the Bank of North Dakota and the State Mill and Elevator, the financing of water infrastructure and state buildings through the Public Finance Authority and Building Authority, the regulation of our oil and gas industry through the Department of Mineral Resources, supporting affordable housing programs through the Housing Finance Agency, overseeing highly impactful research and commercialization grant programs, and serving as the state's pipeline authority and transmission authority supporting the transport and transmission of our states abundant energy resources.

Inside the front cover of the testimony binders we have prepared for you is the Industrial Commission organizational chart.

We will be covering all of the items on the list that was sent on your behalf by Mr. Knudson. At a subsequent meeting we look forward to providing you with detailed information about:

1. Public Finance Authority budget detail and Legacy bond payment detail, and Building Authority bond payment detail.

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2. Industrial Commission Grant Programs: Lignite Research Development and Marketing, Cleans Sustainable Energy Authority, Oil and Gas Research Program, Outdoor Heritage Fund, and Renewable Energy Program.
3. Federal IIJA Grid Resiliency Grant Program administered by the Transmission Authority
4. State Energy Research Center (SERC) Task 3 Activity
5. Ipipe Funding Through Oil and Gas Research Program
6. Clean Natural Gas Capture and Reduction through Oil and Gas Research Program
7. Pipeline Authority update on proposed project and review of capacity program approved last session.

For the IC Admin Office, as a starting point I want to remind the committee that there was a significant change that occurred last session with our budget, as we had previously been combined with the Department of Mineral Resources, and with the support of the legislature last session the Admin Office was separated into its own budget subsection. The goal was to, on paper, improve the clarity of this budget bill, and, in practice, for the agency to bring the execution of fiscal, HR, and technology related responsibilities into the Admin Office. This transition has gone well as a result of the resources provided to our office by the legislature

as well as the invaluable support of the team at the DMR. So now in Subdivision 1 of Section 1 of SB 1014 you will find the appropriation for the Admin Office and Public Finance Authority, and DMR is now on its own as Subdivision 4 of Section 1.

Item 2 on the list addresses audit findings. This past audit was the last one that would be handled as a combined audit of the Admin Office and DMR, so the Auditor chose to extend the audit period – it covers a three-year period ending June 30, 2023. DMR will provide you with more detail about the programs audited in their presentation, but I will just comment that there were no audit findings.

Item 3 asks for biennium accomplishments and challenges and next biennium goals and plans. Our focus over the last 18 months has been getting staffing in place and building work porfolios that make sense as we brought these new responsibilities into the admin office from DMR. Significant progress has been made on records management, and our most important technology project – a new grant management system is now in the production stage with our contracted vendor with a completion target date of October of 2025. You will find a project roadmap at the back of my written testimony. All Industrial Commission grant rounds were executed in a timely and effective manner, and

perhaps the most significant accomplishment for the Admin Office was managing the search process for hiring two key industrial commission executives – a new President and CEO for the Bank of North Dakota, Mr. Don Morgan, and a new executive director for the Department of Mineral Resources, Mr. Nathan Anderson, both of whom are here this morning, and the Commission is so pleased to have them both in their respective positions leading these hugely impactful agencies for the state. Looking ahead, we have more key executive transitions to come in the 25-27 biennium, the deployment of the finished grant management system across our 5 grant programs to support the award of potentially $84 million in new grants, and the management of 143 active projects and $124 million in committed funding, and continued work on the dispositioning of decades of industrial commission records.

As mentioned, the budget for the Office of the Industrial Commission is found within the appropriation presented in Section 1, Subdivision 1 on page 1 of SB 1014. This Subdivision of the bill shows the combined appropriation for the Administrative Office and the Public Finance Authority. The Administrative Office budget is also referenced separately in Section 4 on page 4 – this section addresses the mechanism for funding the admin office budget, which is the transfer of funding from entities under the control of the Industrial Commission.

Base budget 23-25

Subdivision 1.

INDUSTRIAL COMMISSION

	Base Level	Adjustments or Enhancements	Appropriation
Salaries and wages	$1,884,918	$0	$1,884,918
Operating expenses	472,271	0	472,271
Grants - bond payments	119,879,913	0	119,879,913
Total other funds	$122,237,102	$0	$122,237,102
Full-time equivalent positions	9.75	0.00	9.75

SECTION 4. TRANSFER - ENTITIES UNDER THE CONTROL OF THE INDUSTRIAL COMMISSION TO INDUSTRIAL COMMISSION FUND - ADMINISTRATION - EXEMPTION.

1. The sum of $1,818,114, 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 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.

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Item 4: For the upcoming biennium the total request for the Industrial Commission Administrative Office and PFA is $20,248,083. Please note I am leaving bond payments out of this calculation and DeAnn will cover that component at a later date when she covers the Legacy bond payment detail and Building Authority bond payment detail. This budget request varies from the base budget by $17,890,894. The increase includes a combination of General Fund, Federal Fund and Special Fund dollars which I will detail for you in a moment. This request also includes both ongoing and one-time expenditures. We are not seeking any new FTEs for the upcoming biennium.

I do want to note that a significant amount of this request is tied to a federal grant program and also funding for lignite litigation which you will see when we move into the detail.

Item 5: The 23-25 budget approved by the legislature included funding for 2 new FTEs for the Agency. One of those positions, our grant program administrative assistant, was filled in December of 2023. When this position was filled, $150,743 was transferred out of the OMB FTE pool. We anticipate the other position will be filled in the next 6 months.

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Item 6: The only turnover the agency has seen this biennium was the departure of the former Deputy. Our new Deputy, Jordan Kannianen, was onboard within a month so the position was not open long. The only vacancy is the new FTE previously described, so salary savings related to that position biennium to date has been $115,000. When I took on the role of interim executive director my salary was less than half of what was appropriated for the position. When I was appointed in a permanent status, the compensation was changed to approximately 2/3 of what was appropriated for the position, and the Commission made another adjustment in December when I wrapped up my role as state securities commissioner. Salary savings in the Executive Director position is approximately $95,000. Some of this savings was used for equity adjustments to other positions so the cumulative savings from this salary activity is estimated to be $40,000 for the biennium.

Item 7, 8, 9:

Because most of the increases in our current biennium budget were one time funding increases, and many of our requests for the upcoming biennium relate to those one-time funding increases, I will cover the status of the one-time funding and the basis for the new request together.

Last session we were appropriated $1,250,000 of special funds ($250,000 from each grant program) to cover the cost of developing a customized grant management system for the Industrial Commissions grant programs which include our 3 research grant programs, (lignite, oil and gas, and renewable) the Outdoor Heritage Fund, and the Clean Sustainable Energy Authority. As previously mentioned, that project will be complete by October 2025. We are asking for $275,000 of ongoing funding to cover the ongoing cost of supporting the new system which is estimated to be approximately $130,000 per year.

New Grant Management System Ongoing Support Costs $275,000

The Industrial Commission is the North Dakota Transmission Authority. The Transmission Authority's Executive Director is Claire Vigesaa and his office was moved to the Administrative Office in the capitol and the funding source was changed from using grant program dollars to general fund dollars. One time funding of $300,000 was appropriated last session. It has been exceedingly valuable and productive to have our Executive Director positioned with us and the Transmission Authority continues to see an increase in workload and an increase in demand for the expertise of the office as the resiliency of our electrical grid becomes increasingly challenged, and new developments such as Data Centers

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focus on locating in North Dakota. We are seeking on-going funding for the Executive Director's contract and also an increase in funding to cover electrical grid related studies. Our request for the Transmission Authority is $600,000.

On-Going Funding for Transmission Authority **$600,000**

As previously mentioned, some salary cost saving achieved because the interim executive director was not taking a full salary, were utilized to give equity pay increases to other team members. To restore that salary and plan for future succession events for both the Industrial Commission Executive Director and the Public Finance Executive Director an on-going increase of $232,300 related to those positions is requested.

IC and PFA Exec Director Salary Restore/Increase **$232,300**

You will be hearing more about the Infrastructure Investment and Jobs Act Grid Resiliency Grant Program from Jordan and Claire Vigesaa as we move through the session. Our last budget included $8,623,893 related to this program which reflects the federal dollars ($7,499,037) plus required 15% state match ($1,124,856) which came from the general fund. For this upcoming biennium we are asking for the spending authority for the federal component and the 15%

state match and this totals $13,668,089. This is $11,885,295 in federal funding and $1,782,794 in state general fund match.

IIJA Grid Resiliency Federal and State Components **$13,668,089**

Last session $3,000,00 of general fund dollars was added to the Admin Office budget for the purpose of paying for lignite litigation related expenses. To date over $2.5 million has been spent and we anticipate the remaining $500,000 will be depleted by the end of the biennium. We are asking that the legislature consider adding at least $3,000,000 in one time funding for the same purpose, as we will continue to have costs associated with the ongoing litigation and can reasonably expect new litigation activity in the future. A table showing payments to law firms and the matters they are addressing can be found at the back of my written testimony.

Lignite Litigation Funding **$3,000,000**

We are asking for ongoing funding for inflationary costs related to office rent, IT expenses, software licensing and agency assessments of $100,305.

Inflation **$100,305**

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We are asking for ongoing funding for professional development that covers costs associated with travel and participation in industry events that support education related to industry innovation, regulatory developments, and public policy.

Professional Development **$15,200**

Historically this budget has been funded exclusively with special fund sources, however, like last biennium there are 3 new general fund categories: the Transmission Authority Executive Director contract and studies, the state match for the IIJA grid resiliency grants, and the lignite litigation funding.

Item 10: The Agency charges small application fees associated with four of its grant programs. The fees are currently set at $100 per application and total approximately $4,600 biennium to date. These fees are deposited to the grant program fund with which they are associated. Currently there is no fee associated with applications for the Outdoor Heritage Fund. We are discussing adding an application fee for this program as it is our most resource intensive program to administer.

Item 11: There were no federal fiscal relief funds in the Agency budget directly, however Section 15 of HB 1014 of the 68th Legislative Assembly appropriated $5,300,000 of federal funds from the state fiscal recovery fund to the State

Energy Research Center (SERC) for a salt cavern underground energy storage research project. The project did not move forward, and you will be receiving an update on this at a future meeting.

Item 12: While I do not currently have any recommendations regarding additional sections that need to be added to the bill, I will note that it currently stands at 7 sections and last session the final bill concluded with 31 sections so I believe we can expect the bill to grow.

Item 13: Currently we are aware of SB 2030 and SB 2143 that could have a fiscal impact on the overall Industrial Commission budget bill. At this time we are not aware of any bill that would have a direct fiscal impact on the Administrative Office. However, I would note for the committee that while some additions to this budget may not add dollars to the Admin Office budget they may still have an impact on our human and technology resources and overall workload.

Industrial Commission Administrative Office and Public Finance Authority
Budget Request

	Base	New	Total
Salaries/Benefits	1,884,918	232,300	2,117,218
Operating	472,271	990,505	1,462,776
Total	2,357,189	1,222,805	3,579,994

IIJA Funding	13,668,089
Lignite Litigation	3,000,000
Total Budget Request	20,248,083

Optional Requests:

1. Grant Management System Support	275,000	Ongoing
2. Transmission Authority Exec Director and Studies	600,000	Ongoing
3. IC and PFA Exec Director Salary Increases	232,300	Ongoing
4. IIJA Grid Resiliency – Fed Funding Plus Match	13,668,089	One Time
5. Lignite Litigation Funding	3,000,000	One Time
6. Inflation	100,305	Ongoing
7. Professional Development	15,200	Ongoing

General Fund Items:

1. Transmission Authority Executive Director
2. State Match for IIJA Grid Resiliency Grants
3. Lignite Litigation Funding

All Other Funding in Admin Office/PFA Budget Request is Special or Federal Funds

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Industrial Commission Administrative Office and Public Finance Authority
Budget Request – Salaries, Benefits and Operating

	Base	New	Total
Salaries/Benefits	1,884,918	232,300	2,117,218
Operating	472,271	990,505	1,462,776
Total	2,357,189	1,222,805	3,579,994

By Agency	Admin Office	PFA	Total
Salaries	1,250,584	866,634	2,117,218
Operating	1,185,076	277,700	1,462,776
Total	2,435,660	1,144,334	3,579,994

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INDUSTRIAL COMMISSION

NORTH Dakota

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Priority	Form Name	2025-27 Agency Request				
		General Fund	Federal	Special	Total	FTE
40500 - Industrial Commission		**5,382,794**	**11,885,295**	**622,805**	**17,890,894**	**-**
01	Grant Management Ongoing Support Costs 6,949	-	-	275,000	275,000	-
02	Ongoing Funding for Transmission Authority Executive Director Contract 6,948	600,000	-	-	600,000	-
03	Executive Director Salary Increases 6,947	-	-	232,300	232,300	-
04	IIJA Grid Resiliency Grants 9,217	1,782,794	11,885,295	-	13,668,089	-
05	Lignite Litigation 8,115	3,000,000	-	-	3,000,000	-
06	Inflation 9,215	-	-	100,305	100,305	-
07	Professional Development 9,216	-	-	15,200	15,200	-

INDUSTRIAL COMMISSION ADMINISTRATIVE OFFICE AND PUBLIC FINANCE AUTHORITY BUDGET REQUEST

	Base	New	Total
Salaries/Benefits	1,884,918	232,300	2,117,218
Operating	472,271	990,505	1,462,776
Total	2,357,189	1,222,805	3,579,994

IIJA Funding	13,668,089
Lignite Litigation	3,000,000
Total Budget Request	20,248,083

OPTIONAL REQUESTS:

1. Grant Management System Support	275,000	Ongoing
2. Transmission Authority Exec Director and Studies	600,000	Ongoing
3. IC and PFA Exec Director Salary Increases	232,300	Ongoing
4. IIJA Grid Resiliency – Fed Funding Plus Match	13,668,089	One Time
5. Lignite Litigation Funding	3,000,000	One Time
6. Inflation	100,305	Ongoing
7. Professional Development	15,200	Ongoing

GENERAL FUND ITEMS:

1. Transmission Authority Executive Director
2. State Match for IIJA Grid Resiliency Grants
3. Lignite Litigation Funding

- All Other Funding in Admin Office/PFA Budget Request is Special or Federal Funds

INDUSTRIAL COMMISSION ADMINISTRATIVE OFFICE AND PUBLIC FINANCE AUTHORITY BUDGET REQUEST – SALARIES, BENEFITS AND OPERATING

	Base	New	Total
Salaries/Benefits	1,884,918	232,300	2,117,218
Operating	472,271	990,505	1,462,776
Total	2,357,189	1,222,805	3,579,994

By Agency	Admin Office	PFA	Total
Salaries	1,250,584	866,634	2,117,218
Operating	1,185,076	277,700	1,462,776
Total	2,435,660	1,144,334	3,579,994

2025 SENATE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division
Sakakawea Room, State Capitol

SB 2014
1/14/2025
PM

A BILL for an Act to provide an appropriation for defraying the expenses of the industrial commission and the agencies under its control; to provide for a transfer; to provide an exemption; and to provide for a report.

1:35 p.m. Chairman Sorvaag called the meeting to order.

Members Present: Chairman Ronald Sorvaag, Senator Cole Conley, Senator Scott Meyer, Senator Donald Schaible, Senator Paul J. Thomas.

Discussion Topics:

- Overview of Mill and Elevator.
- Mill mission.
- Current accomplishments.
- Strategic Objectives.

1:36 p.m. Vance Taylor, President & CEO, ND Mill and Elevator, testified in favor and submitted testimony #28919.

1:50 p.m. Cathy Dub, CFO, ND Mill and Elevator, testified in favor and continued testimony #28919.

2:00 p.m. Chairman Sorvaag closed the meeting.

Steven Hall, Committee Clerk

Senate Appropriations Committee
Education and Environment Division
Senate Bill No. 2014 Budget No. 475
North Dakota Mill & Elevator Association
January 14, 2025



Mr. Chairman and Senators:

I am Vance Taylor, President and CEO, of the North Dakota Mill and Elevator. With me today is Cathy Dub, our CFO. The North Dakota Mill & Elevator Association started operations in 1922 and serves as a foundation for value-added economic development in the state, promotes the export for North Dakota wheat, and returns a percentage of its annual profits to the state general fund. NDM operates under Chapter 54-18 of the North Dakota Century Code.

The North Dakota Mill and Elevator Association (NDM), located in Grand Forks, is presently the largest single site wheat flour mill and the 8th largest wheat milling company in the United States with sales over $500 million annually.

Our milling complex presently includes 10 milling units with the capacity to produce 6,050,000 lbs. of finished products per day, a terminal elevator with total available storage of over 5,000,000 bu. of grain and a packaging center and warehouse capable of producing, storing, and shipping large quantities of various sized bags of milled products. We process over 130,000 bu. of top-quality North Dakota spring wheat and durum per day, adding value to approximately 40,000,000 bu. per year.

NDM normally operates 24 hours per day, 5 to 7 days per week. Our milling units process about 90% spring wheat and 10% durum. Approximately 80% of our products are shipped in bulk trucks or railcars and 20% is shipped in bags or totes.

NDM produces conventional and organic products. At present organic products make up about 1% of our total shipments.

The Mission of the North Dakota Mill is to:

- Promote and provide support to North Dakota agriculture, commerce and industry.
- Provide superior quality, consistency, and service to our customers.
- Grow the business and provide a profit to our owners - the citizens of North Dakota.
- Conduct our business with the highest integrity so that our employees, customers, suppliers, and owners are proud to be associated with the North Dakota Mill.

NDM had no audit findings in Fiscal Year 2024.

Current Biennium Accomplishments:

- Record profits reached in Fiscal Year 2024 - $20,795,168 representing a 20.6% increase over the record profits of $17,238,265 in Fiscal Year 2023.
- Record flour production reached in Fiscal Year 2024 – 17,574,984 hundred weights (cwt.) representing a 9.8% increase over Fiscal Year 2023.
- Record flour shipments reached in Fiscal Year 2024 – 17,529,182 cwt. representing a 10% increase over Fiscal Year 2023.
- Record purchases of grain reached in Fiscal Year 2024 – 37.2 million bushels.
- Record $9,877,705 transferred to the General Fund.
- Record $1,039,758 transferred to APUF.

- Profit increases of 8.8% in Q1 & Q2 Fiscal Year 2025 over Q1 & Q2 Fiscal Year 2024.
- Flour production increases of 7.7% in Q1 & Q2 Fiscal Year 2025 over Q1 & Q2 Fiscal Year 2024.
- Flour shipment increases of 7.8% in Q1 & Q2 Fiscal Year 2025 over Q1 & Q2 Fiscal Year 2024.
- Midds Storage and Handling Facility Project - $56,000,000 scheduled to be completed in March 2025.
- Several projects have been completed recently, and others are underway to further improve milling, packing, and loading efficiency.
- Other projects that we are working on will improve plant reliability and employee and product safety.

Current Biennium Challenges:

- Elevated interest rates.
- Inflationary pressure on various expense categories.
- Volatile grain markets.
- Rules and on-going regulatory changes regarding food safety and security.

2025-2027 Biennium Goals:

- Add more milling capacity to facilitate company growth.
- Continue the modernization of our terminal elevator.
- Add a new 9th floor to the A – B milling building to facilitate modernization and capacity increases for the mills.
- Complete the installation of 2 additional electrical generators.
- Reach sales and production of 19.5 million cwt. per fiscal year.

Strategic Plan FY 2025

Working with Dr. Denny Elbert, former Dean of the UND Business School, the North Dakota Mill management team has developed the following strategic objectives for Fiscal Year 2025:

- Promote and Support ND Agriculture, Commerce, and Industry
- Identify and Respond to Emerging Issues in the Flour Milling Industry
- Maximize Profit Potential
- Grow our Customer Base
- Invest In and Protect Our Employees

FTE Data:

2023-2025 Biennium Approved Positions			
Position	**Funding Appropriated**	**Date Filled**	**Amounts Transferred from Pool**
2nd Shift Grain Mixing	$158,526	Sep-24	$66,053
2nd Shift Grain Mixing	$158,526	Sep-24	$66,053
2nd Shift Grain Mixing	$158,526	Sep-24	$66,053
Mechanic*	$183,614	Dec-24	$53,554
Electrician	$221,526	Jul-23	$221,526
Equipment Oiler	$155,282	Sep-24	$64,701
Midds Storage & Handling	$156,082	Sep-24	$65,034
Midds Storage & Handling	$156,082	Sep-24	$65,034
Midds Storage & Handling	$156,082	Sep-24	$65,034
4th Shift Miller	$174,964	Open	
4th Shift Miller	$174,986	Open	
4th Shift Miller	$174,986	Open	
4th Shift Assistant Miller	$172,344	Open	
4th Shift Grain Cleaner	$165,806	Open	
Totals	**$2,367,332**		**$733,042**

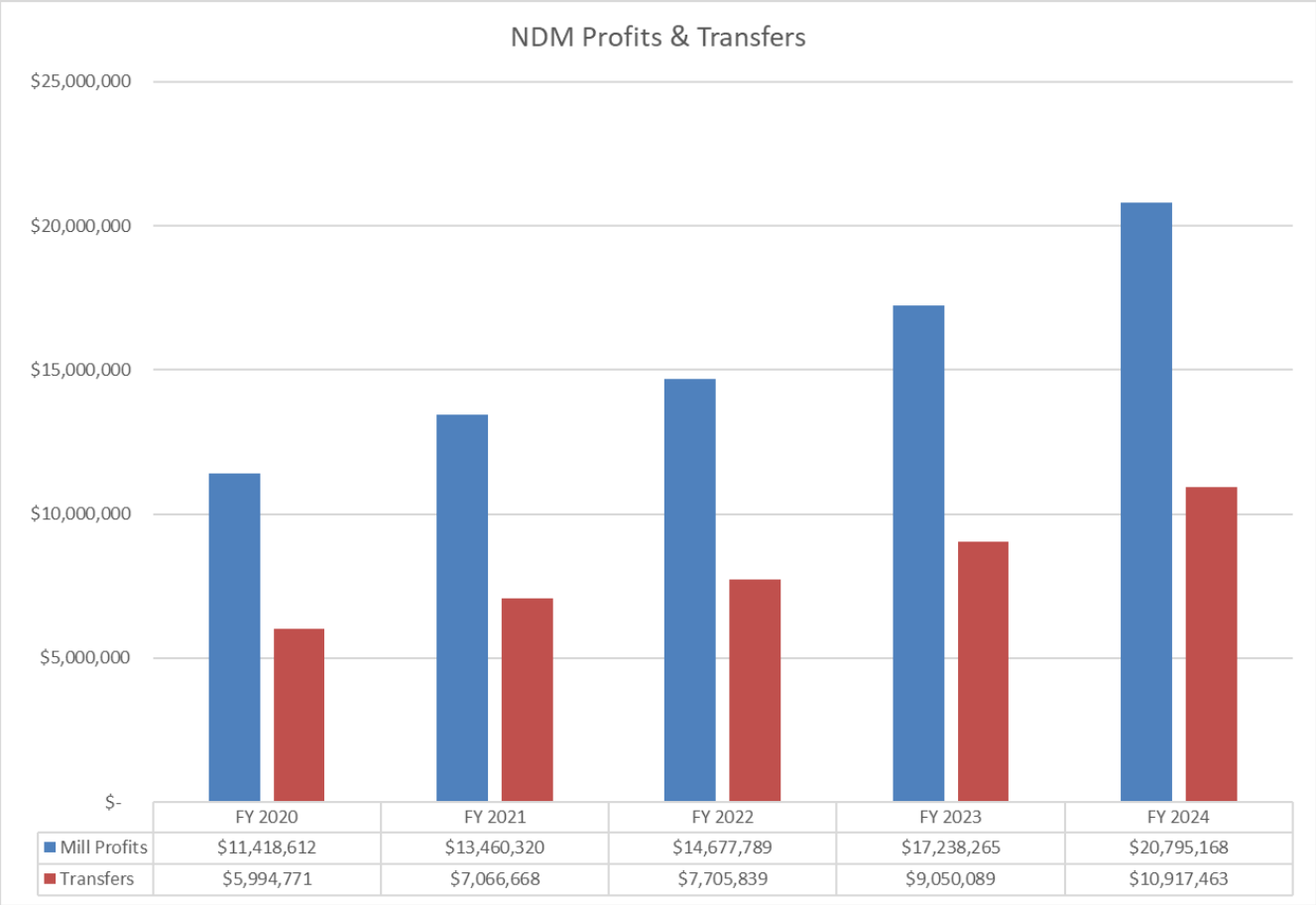
* Funds have not been requested at this time

Budget Request:

All operating funds are generated internally at NDM. Short or long-term cash needs are met by borrowing from the Bank of North Dakota. **No funds are received from the State.**

NDM currently transfers 5% of profits to the Agricultural Product Utilization Fund (APUF) and 50% of the remaining profits to the General Fund. In fiscal year 2024, the Mill transferred $1,039,758 (5% of profits) to the APUF and $9,877,705 (50% of remaining profits) to the General Fund. We respectfully request that the General Fund transfer amount not be raised above 50% of remaining profits for the 2025-2027 biennium, a change from the 0% recommended by the Burgum budget. Any increase in the General Fund transfer rate would hinder growth and put pressure on cash flow. At the General Fund transfer rate of 50%, we estimate transfers would equal $20.0 million for the biennium.

In the past six fiscal years, NDM has invested $115.0 million in capital projects. The Mill currently has another $37.9 million in projects in progress with the $56.0 million Midds Storage & Handling Facility scheduled to be completed in March 2025. Due to the significant amount of capital investment made and the elevated interest rates, the Mill is focusing on reducing debt to strategically place us for future growth.



	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Mill Profits	$11,418,612	$13,460,320	$14,677,789	$17,238,265	$20,795,168
Transfers	$5,994,771	$7,066,668	$7,705,839	$9,050,089	$10,917,463

Our budget request is for $108,043,394. This is a $10,632,474 increase over the base level budget. The increase represents restoration of the FTE funding pool amounts, increases in wages and benefits, operating expenses, and an additional 2 FTEs.

For biennium 2023-2025 the Mill's appropriation amount was $54,019,267 for wages and benefits. NDM has requested $61,960,587 for the 2025-2027 biennium. This represents requesting the total amount of the FTE funding pool that was removed from our 2023-2025 biennium budget ($4,123,895) as well as 2 additional FTEs, wage increases of 4% each year and increases in overtime and shift differential funding.

NDM's union contract expires June 30, 2025. NDM will negotiate a new contract with the union in the spring of 2025. As we have not started negotiations and are not certain of the wage increase that will be agreed upon, we have used increases of 4.0% for each year of the new biennium for salary and wage increases. Our budget request also includes increases in overtime and shift differential that would allow continuous 24/7 running of the mills.

The two (2) requested positions are for car checkers. These positions move, clean, and load railcars and trucks with flour to ship to customers. With additional capacity we need more employees to complete the cleaning of vessels and the loading of flour. These two positions would bring the 2nd shift load out and the 3rd shift load out to five person crews to maximize efficiencies. These positions added $359,984 to the salary and benefits expense.

Additionally, NDM requests to have the flexibility to hire employees as needed and not be legislatively mandated to a certain number of FTEs. This would allow us to change departments from 3-shift to 4-shift operations as we see the need to move in that direction and would provide a better work life balance for our employees. NDM would also request to be removed from the FTE Funding Pool this biennium. NDM has a complex payroll due to the union contract we must abide by, and employees may work within several job classifications within the same pay period. When NDM has vacant positions, it is more costly due to those hours being covered by other employees within the department, most times at overtime rates. NDM operates as a for-profit business and continues to manage employees in a manner that will allow for maximum profit potential.

For the 2025-27 biennium the Mill is requesting $61,960,587 in salary and benefits. The Mill will need additional funds added to our salary and benefits appropriation to account for increased health insurance costs as well as any wage increases that are granted greater than 4.0% per year. ADEC retirement contributions that will be assessed beginning January 1, 2026, will also need to be added into our appropriation amounts when the percentages become available.

To reach 19.5 million cwt. of production and sales NDM will need additional funding for inflationary factors and business growth. We have seen cost increases across many of our expense categories. We evaluated the new biennium budget based on the current biennium budget and the first-year expenses as well as considering the current economic environment with continued inflationary pressure. We adjusted line-item operating expenses where needed to allow us to continue to meet our operating needs. For the 2025-27 biennium the Mill is requesting $45,082,806 in operating expenses. This is up 6.3% from the 2023-25 biennium operating expenses appropriation of $42,391,653.

For biennium 2023-25 the Mill's appropriation amount was $16,004,550 for utilities. In the first year of the current biennium the Mill spent $5,237,682 on utilities. The largest portion of our utility bill is the electrical expense. The Western Area Power Administration (WAPA) supplies a significant portion of our electrical power. WAPA, starting January 2023, imposed a drought fee on the cost of their power, representing an estimated 15% increase in cost. The remaining portion of our electrical power comes from Nodak Electric. In addition to rising power prices, natural gas and propane prices continue to be volatile.

The 2025-2027 biennium will be the first full biennium with the new Midds Storage & Handling Facility which will also require additional power. The Mill budgeted $16,504,550 for utilities for the 2025-27 biennium.

For the biennium 2023-2025 the Mill's appropriation amount was $1,500,000 for Operating Fees and Services. This item includes the cost of fumigations and heat treatment to eliminate insects as well as various other services used in the plant. The cost of fumigations and general services continue to rise. We anticipate this expense to be $4,000,000 in the 2025-2027 biennium.

For biennium 2023-2025 the Mill's appropriation amount was $5,720,000 for insurance. Property insurance rates have begun to stabilize; however, inflation has increased the value of property that we are insuring. Food safety issues, as well as the increase in buildings and equipment from the expansion, will drive up the cost of our property and liability insurance. The cost of property insurance is anticipated to remain high with all the natural disasters occurring in the world today. As the Mill has increased cwts. of production and sales, we have increased the volume of flour inventory carried. This has resulted in an increased cost for insurance for these higher inventory values. The Mill anticipates our insurance costs to be $6,070,000 in the next biennium.

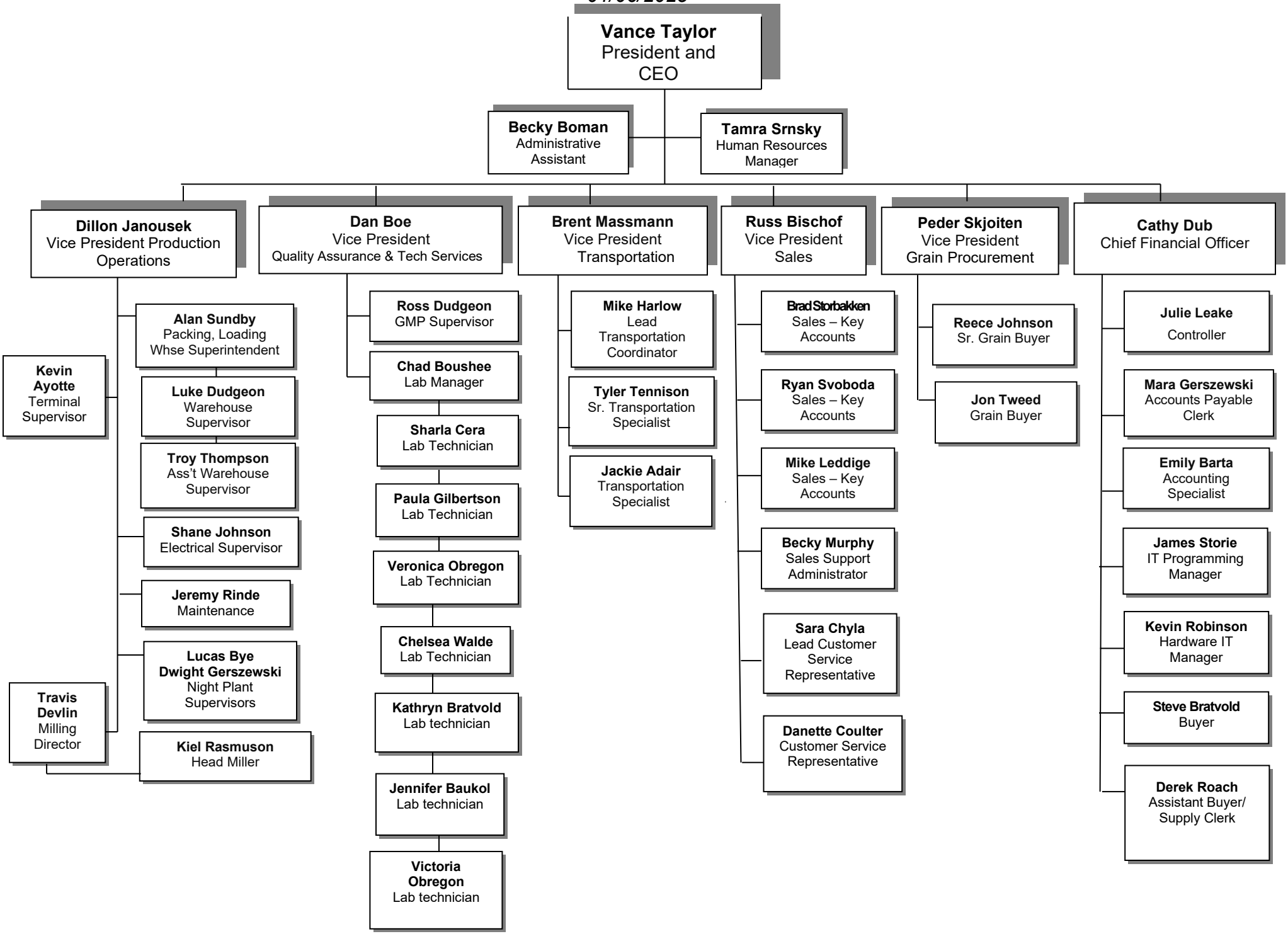
For the 2025-27 biennium the Mill is requesting $45,082,806 in operating expenses. This represents a 6.3% increase from the 2023-25 biennium appropriations. The volume of production and sales at the Mill drives a large share of these expenses. We continue to work hard to keep our expenses down to increase our profitability and improve our returns. The Mill is currently on

pace to have sales reaching 18,000,000 cwts in FY 2025, an approximate 8.0 % increase over the previous fiscal year. This represents grinding more than 40,000,000 bushels of spring wheat and durum. All expenditures incurred are paid for with the revenues generated by the North Dakota Mill. No General Fund dollars are expended by the North Dakota Mill. It is necessary for us to have room within our budget to continue the growth NDM has experienced in order to achieve the profitability levels and make the General Fund and APUF transfers that are expected of the mill.

Thank you for your time and consideration of our budget request. I will be happy to answer any questions.

NORTH DAKOTA MILL ORGANIZATION CHART

01/06/2025



2025 SENATE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division
Sakakawea Room, State Capitol

SB 2014
1/14/2025
PM

A BILL for an Act to provide an appropriation for defraying the expenses of the industrial commission and the agencies under its control; to provide for a transfer; to provide an exemption; and to provide for a report.

2:25 p.m. Chairman Sorvaag called the meeting to order.

Members Present: Chairman Ronald Sorvaag, Senator Cole Conley, Senator Scott Meyer, Senator Donald Schaible, Senator Paul J. Thomas

Discussion Topics:

- Bank of ND Future Plans
- Organizational structure.
- Key accomplishments.
- Strategic priorities.

2:26 p.m. Don Morgan, President and CEO of BND, testified in favor and submitted testimony #28997 & #28998.

2:51 p.m. Rob Pfenning, CFO of BND, testified in favor and submitted testimony #28997.

2:55 Don Morgan President and CEO of BND, testified in favor and continued testimony #28997.

3:08 p.m. Kelvin Hullet, Chief Business Development Officer BND, testified in favor and continued testimony #28997.

3:23 p.m. Don Morgan President and CEO of BND, testified in favor and continued testimony #28997.

Additional written testimony:

Laura Lacher, Executive Director, Economic Development Association of North Dakota, submitted testimony in favor #29872.

Tiffany Ford, State Director, ND Small Business Development Center, submitted testimony in neutral #28992.

3:25 p.m. Chairman Sorvaag adjourned the meeting.

Steven Hall, Committee Clerk

PO Box 1091 • Bismarck, ND 58502
701-355-4458 • www.ednd.org

Testimony of Laura Lacher

Economic Development Association of North Dakota

In Support of SB 2014

January 14, 2025

Chair Sorvaag and members of the Senate Appropriations Committee – Education and Environmental Division:

I am Laura Lacher from the Economic Development Association of North Dakota (EDND), and I would like to express our support for SB 2014, which includes the appropriation for the Bank of North Dakota (BND) and the North Dakota Housing Finance Agency (NDHFA).

EDND represents more than 80 state economic development organizations on the front line of economic development efforts throughout North Dakota. The organization's primary purpose is to promote the creation of new wealth throughout North Dakota to develop more vibrant and efficient communities and improve quality of life.

Bank of North Dakota

BND programs are important to and widely used by economic developers across the state. Supporting PACE and Flex PACE programs consistently arise as one of our developers' top legislative priorities and the top tools they use in their communities. PACE and Flex PACE provide flexibility for businesses and development agencies to support new and growing businesses in a fiscally safe manner in both rural and urban North Dakota. Speak to any local developer in the state and you will hear a wide variety of stories about the programs' impact.

North Dakota Housing Finance Agency

Affordable housing continues to be a priority for North Dakota's growing businesses and communities. The Housing Incentive Fund is a flexible gap financing tool leveraged to develop affordable multi-family housing for essential service workers, main street employees, fixed-income households, and older adults. A major stumbling block to attracting businesses that diversify the economy, or to attracting workers to fill the thousands of jobs open in the state, is a need for more affordable housing.

EDND understands the difficult decisions you have in determining the state's future, and it appreciates your thoughtfulness in managing this responsibility. Please consider how these programs and resources support communities in the entire state as you make these decisions. I urge the committee's support of these priorities within SB 2014.

NORTH DAKOTA SMALL BUSINESS DEVELOPMENT CENTERS

Your Ideas - Our Expertise - Your Success

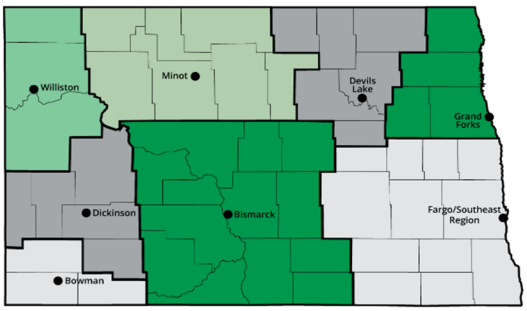
ND Small Business Development Centers
Lead Office
3125 University Avenue, Stop 7308
University of North Dakota
Nistler Hall Room 322
Grand Forks ND 58202-7308

TESTIMONY of TIFFANY FORD
SB 2014
JANUARY 14, 2025

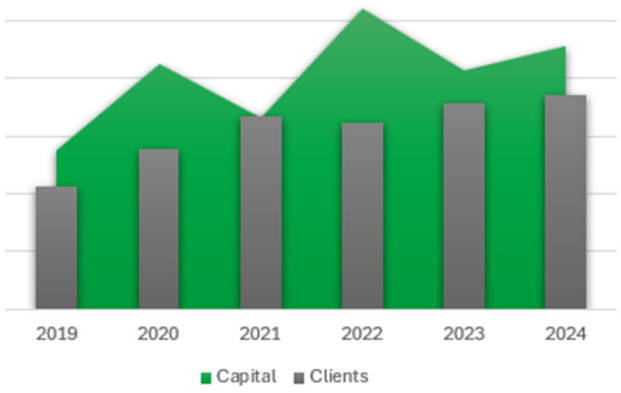
Chairman Sorvaag and members of the Committee:

The *nationally accredited* North Dakota Small Business Development Centers program continues to be a model for successful public-private partnerships. The ND SBDC program has been hosted by the University of North Dakota since its inception in 1986. Nationally, the SBDC program is administered and funded at the federal level by the U.S. Small Business Administration. The provisions of the cooperative agreement and the statutes within the U.S. Small Business Act require each SBDC program to obtain non-federal matching funds (at a 1:1 ratio, every dollar of federal funds needs to be matched by $1 of non-federal funds). In North Dakota, this is provided by the Bank of North Dakota (thank you), the University of North Dakota, and various other local investors.

We are the state's largest and most impactful small business development organization. Our team of credentialed advisors serves small business owners and entrepreneurs across the state, providing expertise, insights, and connecting and leveraging resources to ensure client success, resulting in economic impacts that strengthen local communities. All services are confidential and provided at no cost to the client.



Since the start of the 2023-2025 state biennium, our efforts to diversify our state and local economies served clients from each of the 53 counties in ND. We served more than 3,100 unique individuals with business advising and training workshops. From these clients, 216 new business starts were reported to us, and 9,216 jobs were supported by our work with these businesses. Through the direct assistance of our business advisors, our clients reported nearly $90 million in capital investment – fueling small business creation, expansion, and success. These aren't just numbers, they represent real opportunities for families, the foundation for generational wealth, stronger communities, and a more resilient North Dakota economy.



When we combine this capital investment amount, the annual sales of our clients, and the contracts (federal, state, and local) awarded to businesses in North Dakota being supported by our partner APEX Accelerator program (state funding provided by the Dept. of Commerce), our network's total economic impact in our state in 2024 was ***over $1.23 billion***.

The support provided by the Bank of North Dakota to the North Dakota Small Business Development Centers during the 2023-25 state biennium has been transformational. We have invested in three essential areas: our people, tools, and supporting our new strategic plan. The ND SBDC program is exceptional and rises above other offerings because of our people. Salaries are the largest investment of funds in our program, and for good reason: our staff are all professional business advisors, each with numerous credentials and certifications that allow us to say that we truly do have the best of the best. These advisors provide our state's small businesses and partners with the highest standard of quality and expertise. Because of the investment from BND in our program this biennium, our staff have been able to prioritize client-facing activities and reduce the amount of time they spend seeking other monetary support to maintain their center's operations.

This funding has supported investment in the tools and resources we can access, including some of the most powerful and comprehensive databases available for market and industry research. Having this information at our fingertips allows us to identify trends, offer more sophisticated analysis, tailored recommendations, proactive solutions, and actionable insights that help our clients make informed decisions, and ultimately empower them to navigate challenges with confidence.

We are constantly seeking ways to improve our operations and find efficiencies that benefit both our clients and our team. By focusing on the tactics outlined in our new strategic plan, and making investments that support these goals, we anticipate these efforts will enhance the quality of our work and the overall outcomes, driving growth and success for the program, and for our clients and partners across the state.

BND has included in this bill a proposal to fund the ND SBDC program at $1.5 million in the 2025-27 biennium. The national association representing SBDC networks is making requests at the federal level to increase the funding appropriated to SBA and in turn to SBDCs. The purpose of maintaining adequate state support is so that the ND program can leverage 100% of the federal allocation and not leave any federal funds "on the table" due to lack of state and local support. With this likely opportunity on the horizon, as well as considering inflationary impacts on budgets and costs, it would be reasonable to include ND SBDC program funding at $1,600,000.

The ND SBDC is a critical resource for businesses, state agencies, and program partners across the state, providing guidance, support, and innovative solutions that enable entrepreneurs and small businesses to thrive in our communities. The team's work has a direct and positive impact on the lives of North Dakota residents; helping to create jobs, stimulate economic growth, and improve the quality of life in communities across the state. This work has led to the realization of many entrepreneurial dreams, providing individuals with the opportunity to achieve financial independence and a better balance. ND SBDC only succeeds when our clients succeed, and the ND SBDC exists because of the support provided by our partners, like BND.

Small businesses *ARE* the foundation of our communities and provide essential services and products to support the operations and success of all our state's industries, including our top producers: oil, energy, agriculture, and tourism. Regardless of industry or interest, from manufacturing to childcare, innovation to rural vitality, and workforce development to business transition planning, we as a network of passionate and invested individuals look forward to serving this state for years to come. I appreciate having this opportunity to share this information with you. Thank you for your time, and for your support of the Bank of North Dakota, and the ND SBDC.

Respectfully,
Tiffany Ford
State Director, North Dakota Small Business Development Centers

NORTH DAKOTA
SMALL BUSINESS
DEVELOPMENT CENTERS

Your Ideas - Our Expertise - Your Success

SB 2014
BANK OF NORTH DAKOTA

7/1/2023 - 12/31/2024 data

STATEWIDE
BIENNIUM IMPACTS

216
New Businesses Created

9,216
Jobs Supported

3,187
Unique Clients Served
Advised & Trained

$159,236,180
Client Capital Formation



TIFFANY FORD
STATE DIRECTOR

Tiffany Ford, MBA, is starting her fifth year as State Director after having previously served as the Associate State Director for five years. She came to the network from UND Grants & Contracts. Tiffany leads the UND Center for Business Engagement & Development which includes UND's three business development outreach programs: ND SBDC, ND APEX Accelerator, and VBOC of the Dakotas.



MARNIE SCHUSCHKE
ASSOCIATE DIRECTOR

Marnie Schuschke joined the network in 2018 after ten years in advertising and was promoted to Associate State Director in 2021. Marnie focuses on operations, marketing, compliance and fiscal management. In addition to a degree in Business Administration and Management, Marnie has a diverse background working in a range of industries and regions across the country.

ABOUT THE ND SBDC

The North Dakota Small Business Development Centers (ND SBDC) is North Dakota's comprehensive small business assistance organization. The ND SBDC is part of a national network that was established through a partnership between the United States Congress and the Small Business Administration (SBA). SBDC program funding requires that for every federal dollar, one non-federal (state or local funds) dollar must be invested. ND SBDC credentialed advisors empower North Dakota small businesses and entrepreneurs to thrive; accelerating business growth in our communities and positively impacting our state's economy. The ND SBDC has service centers dispersed across the state, with the Lead Center located in Grand Forks at its host institution, the University of North Dakota.

TESTIMONIAL

"Without the ND SBDC, our communities are left with gaping holes for cultivation of future businesses which will increase prosperity, quality of life, workforce attraction, and help make our communities as strong as vibrant as they can be."

JOSH TEIGEN
Former Commissioner | ND Department of Commerce

Powering the creation, growth, and success of small business in North Dakota



The advice and work that Mary Beth contributed to our operation is as invaluable today as it was the day we got it. We consider the ND SBDC and Mary Beth an important part of our management needs.

Mark Kok

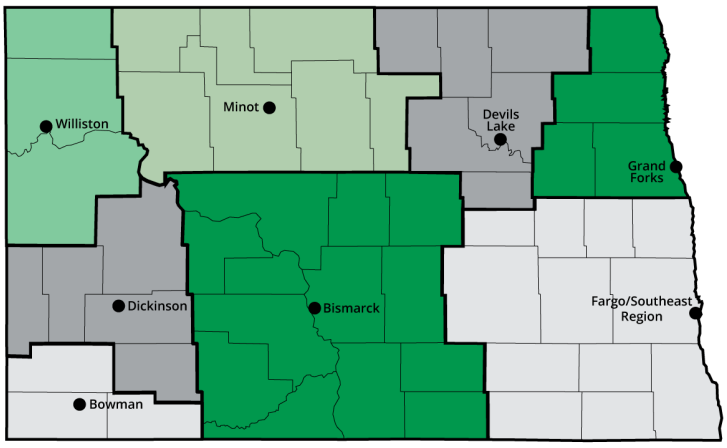
Founder, Great Northern Ag

Pioneering Workforce Development with Immersive Technology in North Dakota

Be More Colorful, founded by Matt and Katie Chaussee in Fargo, ND, is revolutionizing workforce development through immersive technology. Since 2016, their flagship product, CareerViewXR, has provided interactive career exploration tools, now available in all North Dakota middle and high schools.

The ND SBDC has been instrumental in their success, assisting with business planning, funding, and navigating challenges. "We would not have Be More Colorful today without the assistance from the ND SBDC. They were there to help when we needed it the most," says Katie. Their vision is to expand nationwide within ten years.





NORTH DAKOTA
SMALL BUSINESS
DEVELOPMENT CENTERS

Your Ideas - Our Expertise - Your Success

LEAD CENTER

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3125 University Ave, Stop 7308
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ndsbdc.org

Funded in part by a cooperative agreement with the U.S. Small Business Administration. All opinions, conclusions, or recommendations expressed are those of the author(s) and do not necessarily reflect the views of the SBA.



BND
Bank of North Dakota

America's Only Bank: Owned by the State Serving North Dakota for 106 Years

Senate Appropriations - SB 2014

January 14, 2025

BND
Bank of North Dakota

About BND

BND partners with local financial institutions to “participate” in loans and who serve as the distribution channel for BND programs.

MISSION STATEMENT

To deliver quality, sound financial services that promote agriculture, commerce and industry in North Dakota.

VISION STATEMENT

Bank of North Dakota is an agile partner that creates financial solutions for current and emerging economic needs.



Mission Prioritization and Stacking

Our “Balanced” Mission Drives the Role of BND Within the State

1. **Risk Managers**
   1. Liquidity Risk
   2. IRRM Risk
   3. Credit Risk

   } The Big “3”
2. **Provider of Liquidity Access**
   ($4B in Securities for Liquidity Management)
3. **Fund “Multipliers” for Economic Development**
   (Multiply $8B State Deposits into $10B in Comm/Ag Loans for Economic Development and Return)
4. **Processors of Funds Flow and Special Programs ($1B)**
5. **Generate Return to State**

Simplest Form: Total Return to State
= ROA+COF adjusted to Assets

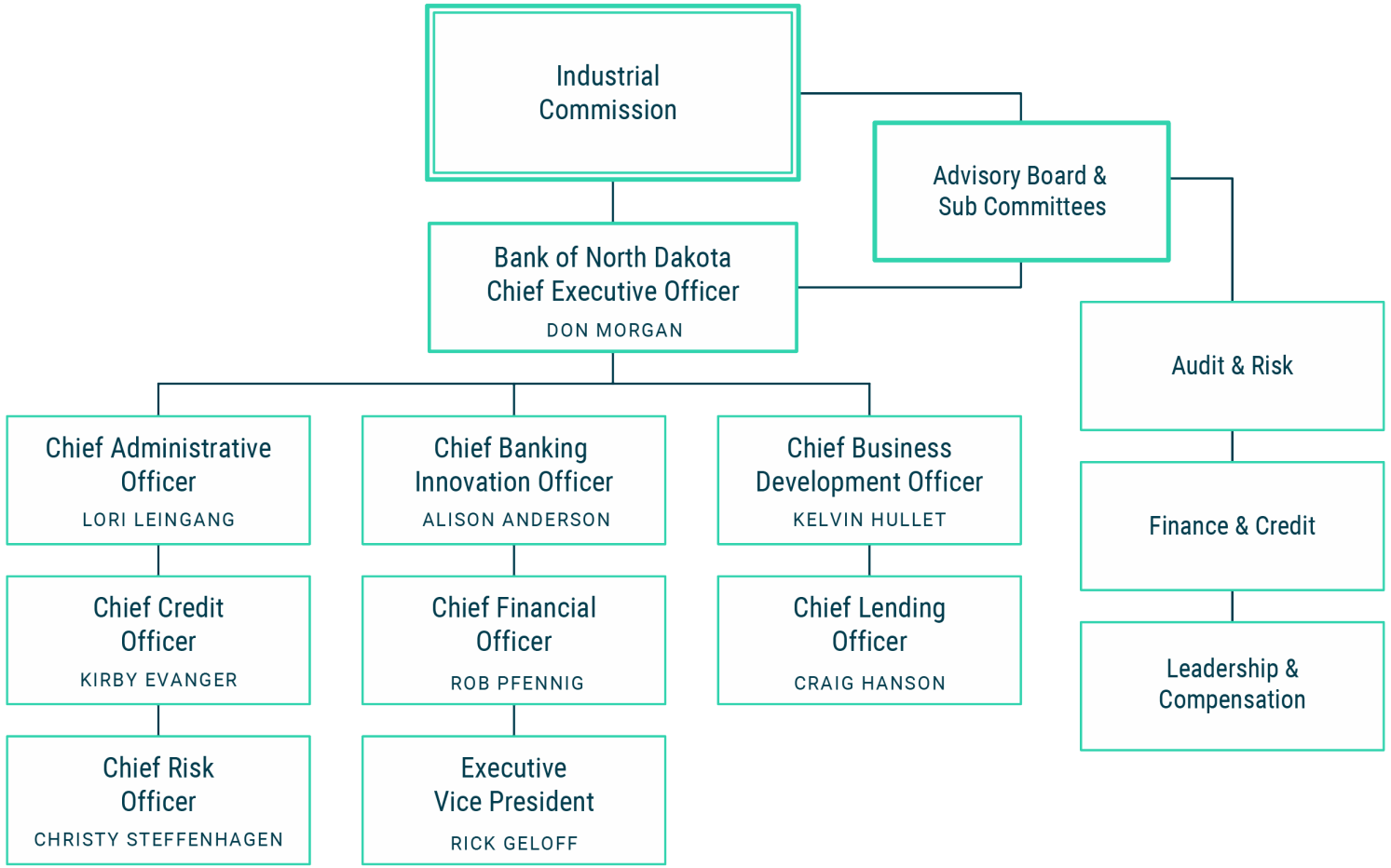
2% ROA + 2% ACOF = 4% Return

‘or’

$400 million per year on $10 billion in assets

BND Organizational Structure

ND Century Code 6-09



BND
Bank of North Dakota

Key Accomplishments

- Successful transition in leadership from Todd Steinwand to Don Morgan.
- Record loan portfolio of $6.1 billion, 14.5% growth since 2022
    - Commercial portfolio +27.0%
        - Match program +60%
        - Pace programs +50.0%
    - Ag portfolio +11.9%
- Supported the state's cattle ranchers issuing 190 loans for $16.7 million through the Livestock Rebuilders Program.
- Completed a Legislatively directed study on Sustainability. The STAND report provides a roadmap for the state on policy issues and provides a framework for the state to tell its story.
- Played a significant role in the cash management study.
- Implementation of a robust capital policy.
- Legislative-Directed programs have grown to 26 with over $1.1 billion in total assets.
- BND continues to administer the various revolving loan funds and disburse loans for LIFT in coordination with the Department of Commerce.
- Maintain S&P Rating A+
- No findings in the Bank’s 2023 FASB audit.

Strategic Priorities

Strong Banking

- Protect the State's "working capital" in a volatile/polarized world
- Strong banking practices, principles and policies at all times
- Evolved, robust enterprise risk management that drives strategy and capital
- Strong banking partnerships throughout the State
- Strong state agency partnerships with robust financial advisership

Public Affairs

- "Tell the story" of the BND mission
- Proactive solutions with partner agencies, Industrial Commission and Legislature
- Financial literacy

Digital Transformation and Innovation

- Embrace technology evolution (AI, cloud computing, blockchain, digital niche embedded banking)

Cybersecurity & Data Privacy

- Embrace robust & evolving cybersecurity technology

Talent Management

- Attract, develop, and retain
- Embrace changing workforce dynamics
- Support workforce housing and childcare needs statewide

Energy & Ag

- Support and promote capital flow to all forms of sustainable energy
- Support evolution of base-load power needs of the future
- Support and promote evolution of traditional ag practices
- Support and promote emerging ag industries; regenerative, organic, micro-niche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BND Proposed 2025-2027 Biennium Budget

Bank of North Dakota Bank Appropriation Request
2025-2027 Biennium

Line Item	2023-25 Biennium Appropriation		OMB Proposed 2025-27 Budget	Change from prior Biennium	Change	BND Proposed 2025-27 Budget	Change from OMB Proposed	Change	Change Package
BND Operations (1)	$ 73,329,746	*	$ 70,606,179	$ (2,723,567)	-3.7%	$ 73,794,669	$ 3,188,490	4.5%	$3,188,490
Capital Assets (2)	1,510,000		1,510,000	-	0.0%	1,510,000	-	0.0%	-
Contingency	3,000,000		3,000,000		0.0%	3,000,000	-	0.0%	-
	$ 77,839,746		$ 75,116,179	$ (2,723,567)	-3.5%	$ 78,304,669	$ 3,188,490	4.2%	$3,188,490
(1) BND Operations:									
Salaries and Benefits	$ 45,275,085		$ 45,275,085	$ -	0.0%	$ 48,463,575	$ 3,188,490	7.0%	$3,188,490
IT & System Costs	19,628,366		16,904,799	(2,723,567)	-13.9%	16,904,799	-	0.0%	-
Operating Expenses	7,218,845		7,218,845	-	0.0%	7,218,845	-	0.0%	-
Occupancy and Equipment	1,207,450		1,207,450	-	0.0%	1,207,450	-	0.0%	-
Other Operating Expenses	**$ 28,054,661**		**$ 25,331,094**	$ (2,723,567)	-9.7%	**$ 25,331,094**	$ -	0.0%	$ -
BND Operations									
(2) Capital Budget includes:									
Building	$ -		$ -	$ -	n/a	$ 1,010,000	$ 1,010,000	n/a	$1,010,000
Office Equipment	250,000		250,000	-	0.0%	250,000	-	0.0%	-
IT Equipment	-		-	-	n/a	-	-	n/a	-
Software	1,260,000		1,260,000	-	0.0%	250,000	(1,010,000)	-80.2%	(1,010,000)
	$ 1,510,000		**$ 1,510,000**	**$ -**	0.0%	**$ 1,510,000**	**$ -**	0.0%	$ -

- Office of Management and Budget proposed a 3% budget cut.
- BND reduced its operating expenses for the proposed 2025-27 biennium budget to match the requested 3% cut.
- BND is requesting a change package of $3,188,490 for a true-up of compensation costs.
  - $641,643 - 4% legislatively approved salary increase was implemented 7.1.24 and not included in OMBs proposed budget.
  - $438,905 - 7 positions in OMBs budget excluded health insurance costs.
  - $2,107,942 – prior years reclassifications to accommodate 26% loan growth and 6 additional legislatively directed programs as well as compensation package decisions approved by IC

BND
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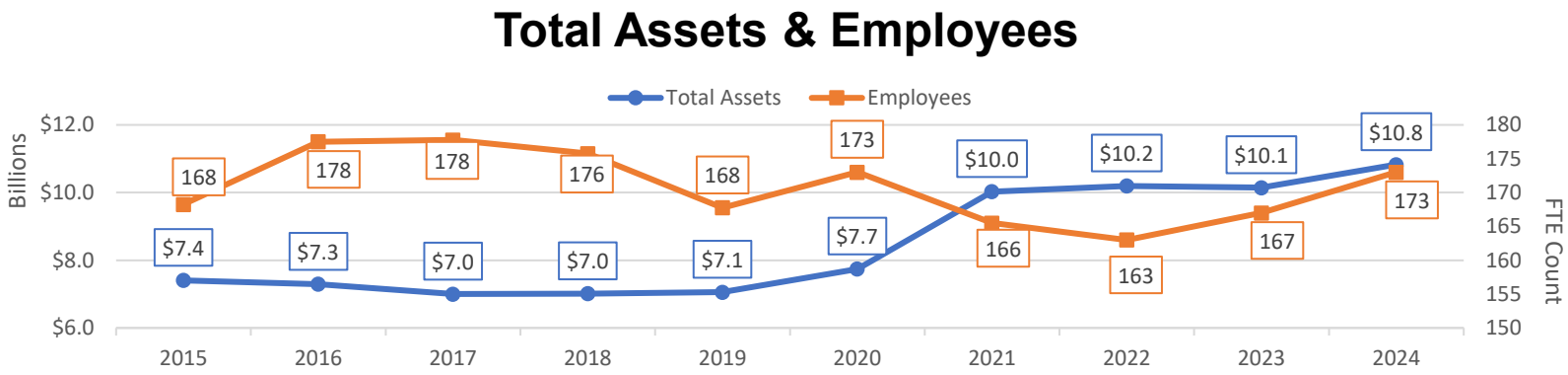
FTE Overview – as of 12/31/24

FTE Overview

21-23 Biennium	23-25 Biennium	25-27 Biennium
173	187	187

- 23-25 biennium
  14 additional FTE's
- 2024 restructured collateral valuation due to lower volume
  - Reallocated three FTE's
- Current FTE's as of 12/31
  - 173
  - Pending start = 1
  - Intention to fill = 13
    - Lending and credit administration due to loan growth



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FTE Overview

Projected Vacancy Pool Savings = $698,721

Bank of North Dakota	Approved FTEs	New FTE Request	Turnover Rate	Vacancy Rate
21-23 Biennium	173	0	9.5%	
23-25 Biennium	187	14	6.1%	3.3%
25-27 Biennium	187	0		

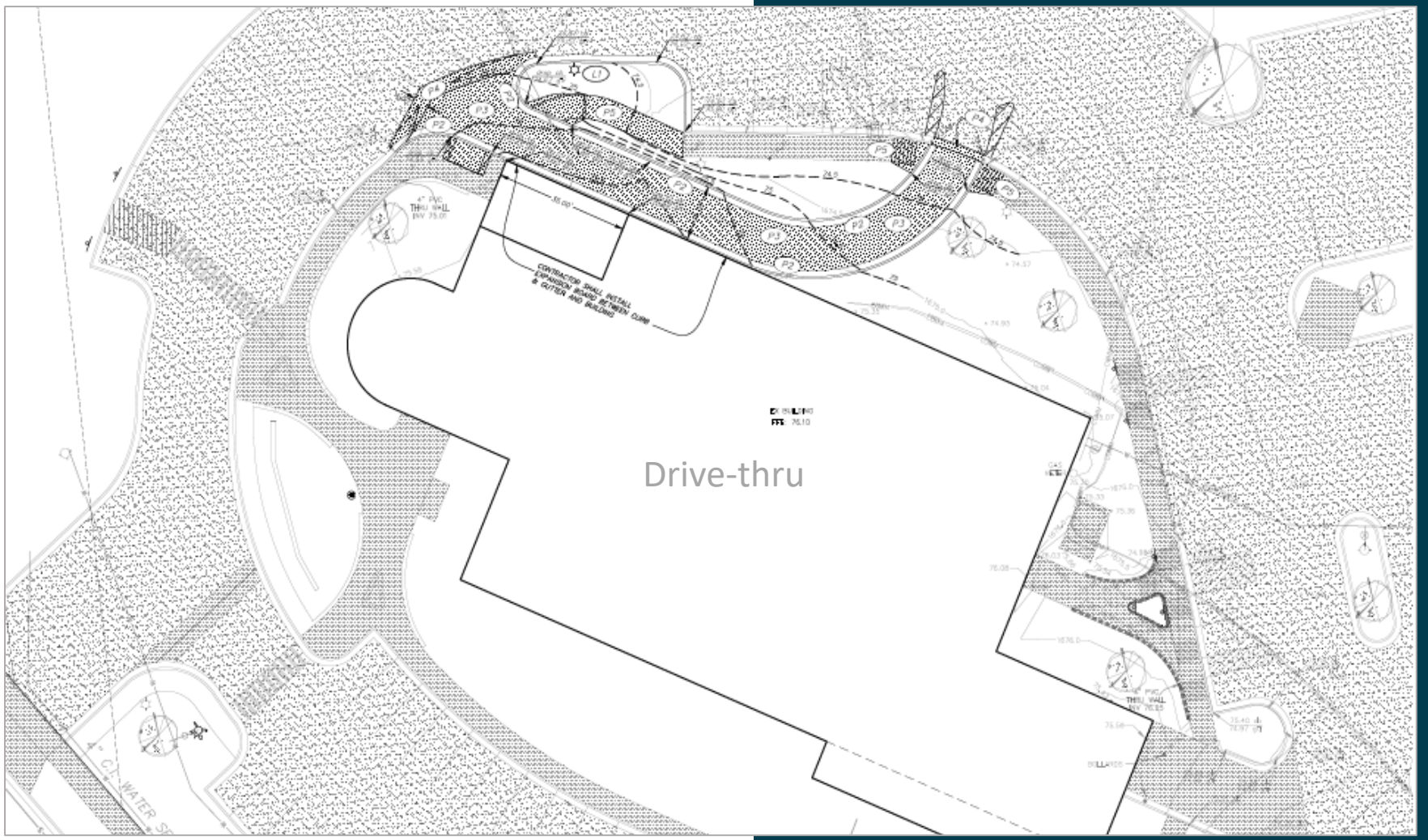
Utilization of 14 Additional FTE's from 23-25 Biennium

# of FTE's	FTE approved as	Job title filled as	Position #	Hire date	Anticipated hire date
1	Commercial Valuation Supervisor	FI Market Manager - NC9426	00031910	5/1/2024	
1	Credit Underwriter IV	Business Banker I - NC9422	00031911	7/1/2024	
1	Loan Servicing Supervisor	Loan Quality Control Specialist - NC9558	00031906	7/8/2024	
1	Collateral Valuation Analyst III	Compliance Officer III - NC9456	00031908	9/3/2024	
1	Loan Servicing Associate III	Public Information Specialist I	00032011	10/28/2024	
1	Loan Servicing Associate II	Loan Quality Control Specialist - NC9558	00031907		2/15/2025
1	Collateral Valuation Analyst IV	Business Banker I - NC9422	00031912		3/1/2025
1	Collateral Valuation Analyst IV	Facility Manager	00032008		3/1/2025
1	Staff Accountant III	Bank Ops Processing Supervisor	00032013		4/1/2025
1	Business Banking Associate I	Student Loan Rep II	00032010		6/1/2025
1	Loan Operations Supervisor	Business Banker I - NC9422	00031913		7/1/2025
1	Business Banking Associate II	Loan Servicing Associate II	00032012		11/1/2025
1	Agricultural Valuation Supervisor	Business Banker I - NC9422	00031914		11/1/2025
1	Credit Underwriter III	Credit Underwriter III	00032009		11/1/2025
14				**5**	**9**

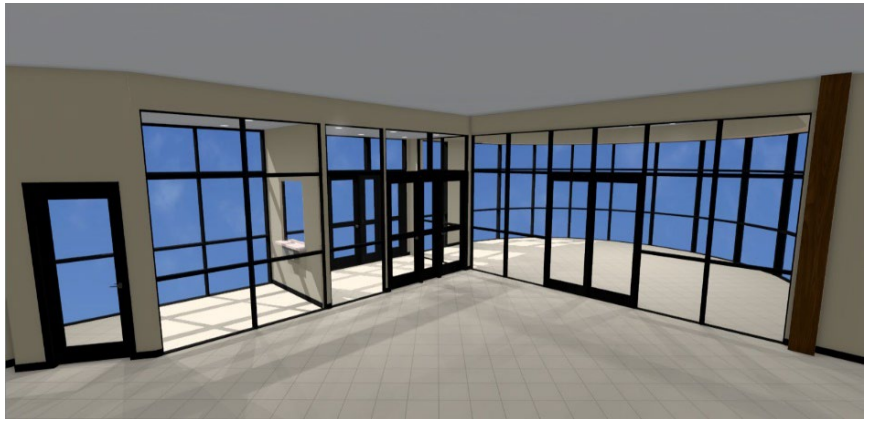
Capital Expenditures

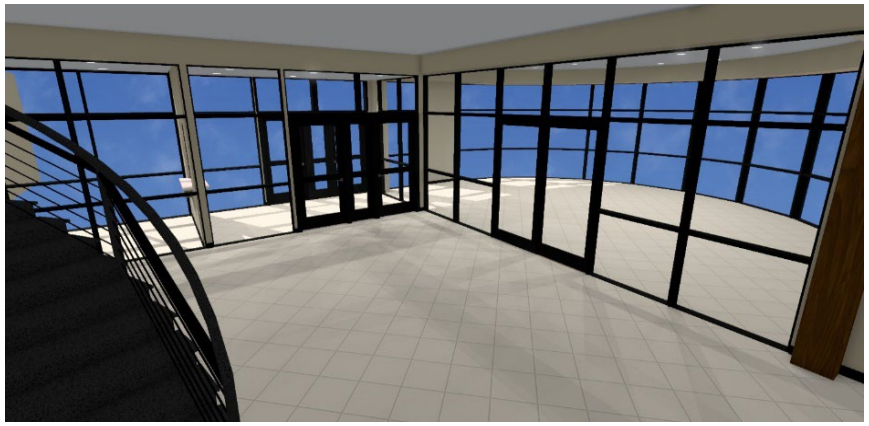
Project	23-25 Biennium Budget	23-25 Biennium Projected Spend	25-27 Biennium Budget as submitted	25-27 Biennium Change Package	25-27 Biennium Total
Office Equipment	$ 250,000	$ 205,000	$ 250,000		$ 250,000
Software	1,260,000	100,000	260,000		260,000
Building Refresh (carpet, walls, etc.)		-	848,000	2,468,299	3,316,299
Furniture		82,000	75,000	65,000	140,000
Drive Thru		221,000	-		-
Teller Line reconfiguration		-	50,000		50,000
Lobby Remodel		167,000	27,000		27,000
ECO HVAC Install - 1x State unification fee			-	100,000	100,000
Total	**$ 1,510,000**	**$ 775,000**	**$ 1,510,000**	**$ 2,633,299**	**$ 4,143,299**

Drive-thru



Lobby Remodel









Capital Policy

Intent of the Capital Policy

The overall purpose of the Bank's capital policy is to ensure the safety and soundness of the Bank, ensure the Bank can meet its mission and objectives and is aligned with industry best practices. A strong capital policy benefits the Bank by providing a framework for achieving its mission and strategic plan objectives consistent with maintaining regulatory guidance and providing for the safety and soundness of the Bank's depositors and operations.

The development of this capital policy was driven by the following factors:

1. The size and complexity of the Bank's operations has reached a critical juncture where a robust, dynamic, industry best practice capital policy is prudent for continued safe and sound operations.

2. The Department of Financial institutions, as part of its biennial review recommended BND develop a capital policy as a best practice.

3. The legislature as part of the HB 1014 in the 68th legislative session included language in section 28 to "consider developing procedures or adopting legislative rules for introducing bills and amendments related to the use of Bank of North Dakota Profits".

4. To create a dividend policy that provides a level of funding for use by the legislature while maintaining appropriate capital levels at BND to mitigate risk and comply with industry best practices and continued safe and sound operations.

Bank Management, Advisory Board, and the Industrial Commission together, establish policies, procedures, and controls that mitigate material risks such as economic, interest rate volatility, credit, liquidity requirements, competitive environment changes, financial, operational, cybersecurity, and reputational risk. The Bank must be prepared to respond quickly to unforeseen major events such as interest rate shock environments, natural disasters, economic disruptions, and state budget deficits.

2023-2025 Biennium – Capital Dividends

23-25 Biennium	
2021 & 2022 Calendar Yr. Earnings	335,321,000
Dividends:	
General Fund	140,000,000
BND Buydown Programs	60,000,000
Skilled Workforce/Dual Credit	8,300,000
UND SBDC	1,500,000
AGPUC	3,000,000
Statewide Interoperable Radio	20,000,000
Infrastructure Revolving Loan Fund*	52,000,000
Creation of Permanent Disaster Program	20,000,000
Rwish	10,000,000
FHLB Housing Grant	1,281,553
Total Dividends	**316,081,553**
Dividend Percentage	***94.3%***

**carry-over from 15-17 session*

2025-2027 Biennium – Capital Dividends

Year End 2024 - Projected	
Average Assets	10,657,084
Tier 1 Capital	1,288,617
Tier 1 Leverage Ratio	12.1%

BND Tier 1 Guideline	12.0%

25-27 Biennium	
2023 & 2024 Earnings	392,739,000
Anticipated Dividends	
General Fund	140,000,000
BND Buydown Programs	60,000,000
Skilled Workforce/Dual Credit	8,300,000
UND SBDC	1,500,000
AGPUC	3,000,000
Total Dividends	**212,800,000**
Dividend Percentage	***54.2%***

Total Return to the State	
BND 2023 & 2024 Earnings	392,739,000
Interest Paid to State Agencies	254,307,784
Total Return to the State	647,046,784

BND
Bank of North Dakota

Legislatively-Directed Loan Programs

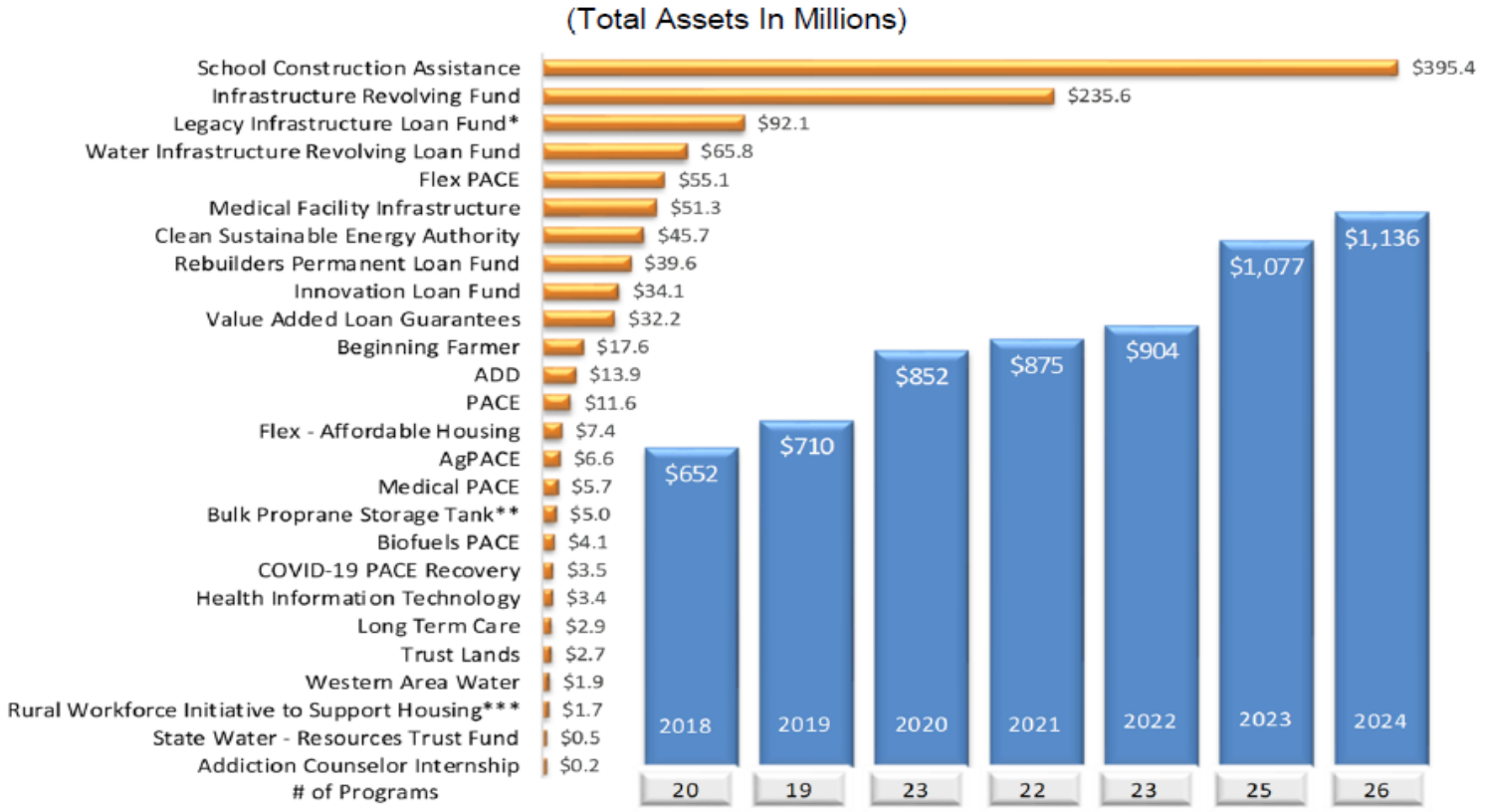
BND Currently administers $1.1 billion in net assets for legislative-directed loan programs. These programs serve a wide range of purposes, including school construction, water projects, general and medical infrastructure, and disaster recovery.

*Legacy Investment Loan Fund created in December 2023. Loans purchased from Infrastructure Revolving Loan Fund.

**SB 2242 created the Bulk Propane Storage Tank Revolving Loan Fund (BPST) during the 68th Legislative Session. This special fund was established by transferring $5 million in cash from the Strategic Investment and Improvements Fund (SILF).

***Rural Workforce Initiative to Support Housing was created in November 2024 to help rural communities with the construction of market-rate housing for the workforce when a company is locating or expanding in a community of 20,000 and under in population. BND has committed $10 million of capital for the program.

BND administers 26 programs and $1.1 billion in assets for the Legislature



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Amendments

Open Records Requests

6-08.1-02. Exemptions.
This chapter does not apply to any of the following:

7. The release by the Industrial Commission, in its capacity as the managing body of the Bank of North Dakota, of the following:

a. The name of any person who has obtained approval for direct ~~or indirect~~ financing or security, including a loan guarantee or a letter of credit, through the Bank of North Dakota primarily for purposes other than personal, family, or household purposes.

b. The amount of any financing or security referenced in subdivision a.

c. The amount of any net write off or loan forgiveness ~~associated with the financing or security referenced in subdivision a~~ which the industrial commission determines is uncollectible.

d. The program under which any financing or security referenced in subdivision a was made.

Amendments

PACE Program Buydown Increase

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

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

    a. Purchase of real property and equipment.
    b. Expansion of facilities.
    c. Working capital.
    d. Inventory.

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

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

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

4. The maximum amount from the fund in the interest rate buydown may not exceed five hundred thousand dollars ~~**per loan**~~ **unless the project is deemed to have a substantial economic impact.**

5. Projects deemed to have a substantial impact and qualified as a primary sector business **may receive an additional $1,000,000 in interest rate buydown with no required community match.**

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

7. The Bank of North Dakota shall adopt rules to implement this chapter.

Amendments

Spending Authority For Employee Training Sessions

Spending Authority. Notwithstanding any other provision of law, the Bank may spend funds of up to $50,000 per biennium for the purpose of four employee training sessions per biennium to include the purchase of food and non-alcoholic beverages.

Senate Appropriations, Education and Environment Division
SB2014 / Industrial Commission
Don Morgan, President & CEO
Bank of North Dakota

Chairman Sorvaag and members of the Committee, I am Don Morgan, President and CEO of the Bank of North Dakota. Thank you for the opportunity to present today on the proposed 2025-2027 biennium budget. I was selected to lead the Bank of North Dakota in August, so I'm a little over 5 months into the job.

Today, I want to start with a focus on the mission of BND, "to deliver financial services to promote agriculture, commerce and industry in North Dakota." This mission has remained the same for 105 years. It's part of why I put in my application to serve as President and CEO. The Bank is integrated into the fabric of the state and serves as a generational leader.

Mission Prioritization and Stacking
Today, I want to take a different approach to "Mission" and outline how the Bank is defining its mission prioritization and stacking. I'm sure you are asking what's that mean so let me give some context. My arrival at the Bank in August coincided with the conclusion of the cash management study. This study brought forth a broad discussion about return on investment of the state's operating cash. What became apparent was a misunderstanding of implementation of the Bank's mission. I want to talk through that with you today and describe how BND stacks its priorities in relation to mission:

1. First and foremost, management of the Bank are risk managers. This risk management occurs in three primary areas: liquidity risk, interest rate risk management and credit risk. There are many risk the Bank manages holistically, but these are the "Big 3".

2. The Bank is a provider of liquidity access for the state through effective management of its investment portfolio. Today, that portfolio is $4 billion dollars.

3. As you know, in the founding documents, BND was charged with coordinating, enhancing and supporting the private sector financial sector in North Dakota. This is executed through the participations BND undertakes with local financial institutions. Today, the commercial and agriculture loan portfolio, for the first time, exceeds $4 Billion dollars. With an average 50% participation rate with our financial institution partners, that is leveraged to nearly $8 billion dollars invested into North Dakota.

4. BND supports the state as a processor of funds for state agencies and the legislature. This includes everything from the day-to-day support of agencies to implementation of legislative directed programs and disaster programs.

5. Finally, at the bottom of the stack, is a return on investment. In its simplest form, BND provides a 3-4% return to the state. On the average, this return is comprised of approximately $200 million paid in interest to state agencies and a $200 million return on assets.

BND Organizational Structure
You are all familiar with BND's organizational structure, so I am just going to highlight a couple of key things. The Bank of North Dakota's board of directors is the Industrial Commission. As we look to the future, it seems prudent to continue strengthening the oversight of the IC and I'll touch more on that a bit later in the presentation.

In line with ensuring strong oversight, BND enhanced the role of the advisory board in the last biennium. After several years of discussion, the board implemented a committee system. The committee structure includes: leadership development and compensation, finance and credit, and audit and risk. Changing to this structure enables the advisory board to spend significant more time in their monthly meetings discussing issues of strategic importance as opposed to reviewing reports.

Key Accomplishments
Over the last biennium, BND established a list of accomplishments in support of its mission. These include:

- A successful transition in leadership from Todd Steinwand to Don Morgan.
- Record loan portfolio of $6.1 billion, 14.5% growth since 2022
    - Commercial portfolio +27.0%
    - Match program +60%
    - Pace programs +50.0%
    - Ag portfolio +11.9%
- Supported the state's cattle ranchers issuing 190 loans for $16.7 million through the Livestock Rebuilders Program.
- Completed a Legislatively directed study on Sustainability. The STAND report provides a roadmap for the state on policy issues and provides a framework for the state to tell its story.
- Played a significant role in the cash management study.
- Implementation of a robust capital policy.
- Legislative directed programs have grown to 26 with over $1.1 billion in total assets.
- BND continues to administer the various revolving loan funds and disburse loans for LIFT in coordination with the Department of Commerce.
- Maintain S&P Rating A+
- No findings in the Bank's 2023 FASB audit.

Strategic Priorities
As a legislative body, it is important that we keep you informed of the strategic priorities of the Bank. In my first few months at the Bank, I've spent a considerable amount of time meeting with our management team, the Industrial Commission and key stakeholders to ensure our priorities are aligned with the key issues impacting North Dakota and our local financial institutions. The strategic priorities are broken into some key areas. these include:

Strong Banking

- Protect the State's "working capital" in a volatile/polarized world
- Strong banking practices, principles and policies at all times
- Evolved, robust enterprise risk management that drives strategy and capital
- Balanced credit risk management and risk mitigation at all times
- Strong banking partnerships throughout the State
- Strong state agency partnerships with robust financial advisership

Public Affairs

- "Tell the story" of the BND mission
- Proactive solutions with partner agencies, Industrial Commission and Legislature
- Financial literacy
- Promote balanced culture that remains true to core values and BND mission in a volatile world
- Education resource for ND banking, industry, and ag

Digital Transformation and Innovation

- Embrace technology evolution (AI, cloud computing, blockchain, digital niche, embedded banking)
- "Carbon Leader" digital niche bank sourcing out-of-state deposit base
- "BND Embedded Banking" sourcing out-of-state deposit base

Talent Management

- Attract, develop, and retain a talented workforce
- Embrace changing workforce dynamics
- Promote talent management culture with dynamic succession planning
- Support workforce housing and childcare needs statewide

Energy & Agriculture

- Support and promote capital flow to all forms of sustainable energy
- Support and promote removal of capital flow bottlenecks for all forms of sustainable energy
- Carbon Exchange to bridge credit infrastructure gap between energy and agriculture
- Support evolution of base-load power needs of the future

I want to highlight how BND undertook telling its story because it fits into our overall philosophy which is strong on partnership. In this instance, BND wanted to highlight its partnership and local entities with the Legislature to provide low interest infrastructure and school construction loans to local political subdivisions. In the videos we are about to show, the goal was to have local partners tell the story of the partnership with the legislature to provide funding that reduced the burden on local property taxpayers.

Proposed 2025-2027 Biennium Budget

I now want to introduce Rob Pfennig, BND's Chief Financial Officer to provide a review of the proposed 2025-2027 biennium budget. Before I do that, I want to extend a word of thanks to the Legislature for the 6 & 4 salary increase and the equity pool passed last session. After several sessions of low or no salary increases, last session's employee package enabled BND to catch up on salary and assisted with our retention and recruitment efforts.

Chairman Sorvaag and members of the committee, I am Rob Pfennig, Chief Financial Officer for the Bank of North Dakota. Thank you for the opportunity to provide an overview of the proposed budget for BND for the upcoming biennium. In the following spreadsheet, I want to highlight for you the proposed change package specifically highlighting the operations change package. We will be covering a separate change package related capital expenditures later on in the presentation.

Line Item	2023-25 Biennium Appropriation		OMB Proposed 2025-27 Budget	Change from prior Biennium	Change	BND Proposed 2025-27 Budget	Change from OMB Proposed	Change	Change Package
BND Operations (1)	$ 73,329,746	*	$ 70,606,179	$ (2,723,567)	-3.7%	$ 73,794,669	$ 3,188,490	4.5%	$ 3,188,490
Capital Assets (2)	1,510,000		1,510,000	-	0.0%	1,510,000	-	0.0%	-
Contingency	3,000,000		3,000,000		0.0%	3,000,000	-	0.0%	-
	$ 77,839,746		$ 75,116,179	$ (2,723,567)	-3.5%	$ 78,304,669	$ 3,188,490	4.2%	$ 3,188,490
(1) BND Operations:									
Salaries and Benefits	$ 45,275,085		$ 45,275,085	$ -	0.0%	$ 48,463,575	$ 3,188,490	7.0%	$ 3,188,490
IT & System Costs	19,628,366		16,904,799	(2,723,567)	-13.9%	16,904,799	-	0.0%	-
Operating Expenses	7,218,845		7,218,845	-	0.0%	7,218,845	-	0.0%	-
Occupancy and Equipment	1,207,450		1,207,450	-	0.0%	1,207,450	-	0.0%	-
Other Operating Expenses	$ 28,054,661		$ 25,331,094	$ (2,723,567)	-9.7%	$ 25,331,094	$ -	0.0%	$ -
BND Operations									
(2) Capital Budget includes:									
Building	$ -		$ -	$ -	n/a	$ 1,010,000	$ 1,010,000	n/a	$ 1,010,000
Office Equipment	250,000		250,000	-	0.0%	250,000	-	0.0%	-
IT Equipment	-		-	-	n/a	-	-	n/a	-
Software	1,260,000		1,260,000	-	0.0%	250,000	(1,010,000)	-80.2%	(1,010,000)
	$ 1,510,000		$ 1,510,000	$ -	0.0%	$ 1,510,000	$ -	0.0%	$ -

At the direction of the Office of Management and Budget, BND reduced its operating expenses for the proposed 2025-27 biennium budget to match the requested 3% cut.

Highlighted in yellow on the far right of the spreadsheet, you will see BND is requesting a change package of $3,188,490 for a true-up of compensation costs which represents less than a 1% increase over our 23-25 biennium operations line. I want to briefly walk through the reasons for the proposed increase of $3,188,490.

- $641,643 is requested as the 4% legislatively approved salary increase was implemented 7.1.24 and not included in OMBs proposed budget.
- $438,905 is a true up for 7 positions in OMBs budget that excluded health insurance costs in the current biennium.
- $2,107,942 accounts for prior years reclassifications to accommodate 26% loan growth and 6 additional legislatively directed programs as well as compensation package decisions approved by IC.

FTE Overview

As requested by the Committee, the next couple of slides will provide an overview of the current FTE count and a review of the vacancy pool savings. As we start this part of the discussion, I want to emphasize that BND is operated as a business. Regardless of the allocated employee authorization by the legislature, we only hire employees when needed and after a review of how efficiency might be gained. With that in mind, let me walk through the numbers.

- The allocated FTE count for employees at BND is for 187.
    - Current employee count is 173.
    - Pending 1 employee starting.
    - Intention to fill 13 in lending and credit administration due to loan growth.

I want to highlight a couple things on the slide.

- First is that the staff of BND continues to show an amazing amount of productivity. If you look back to 2015, BND was a $7.4 Billion bank with 168 employees. Today, BND is a $10.5 billion bank with authorization for 183. This is an incredible amount of growth in productivity.

- As noted earlier, BND's loan portfolio continues to increase and today is over $6 Billion including the student loan and housing portfolios. It was only 2019 when BND was doing about $1 Billion in loans and renewals a year. That number jumped to $2.5 Billion through the Covid-19 pandemic and for 2024 will be just over $2.1 Billion in loans and renewals.

Prior to 2021 BND averaged $41.7M assets per FTE. Since 2021 BND has averaged $61.4M assets per FTE. Adding the requested employees would decrease the assets per FTE to $57.7M, if assets remain the same. If BND would want to get back to our pre-2021 assets per FTE level we would need to request 58 employees. This would increase our FTE count to 245 employees.

Regarding the vacancy FTE pool established by the Legislature last session, I want to highlight a couple of things:

1. As President and CEO, my role is to ensure our staff is productive while managing risk. I want to stress today that the balance of hiring the additional staff is essential to effective management of the Bank. If our local financial institutions continue to grow, BND will need to grow with them and approaching the 2027 legislative session may require additional staffing.

2. BND continues to have a relatively low turnover rate. However, when we look at the tenure of our staff, there are a number of key employees that are eligible or soon to be eligible for retirement. As you know, operating BND is unlike any other bank in America and having the right staff and enabling the knowledge transfer is essential to our institution.

Capital Expenditures

In BND's proposed capital budget for the 2025-2027 biennium, you will note a proposed increase of $2,633,299. There are two reasons for the proposed increase.

Project	23-25 Biennium Budget	23-25 Biennium Projected Spend	25-27 Biennium Budget as submitted	25-27 Biennium Change Package	25-27 Biennium Total
Office Equipment	$ 250,000	$ 205,000	$ 250,000		$ 250,000
Software	1,260,000	100,000	260,000		260,000
Building Refresh (carpet, walls, etc.)		-	848,000	2,468,299	3,316,299
Furniture		82,000	75,000	65,000	140,000
Drive Thru		221,000	-		-
Teller Line reconfiguration		-	50,000		50,000
Lobby Remodel		167,000	27,000		27,000
ECO HVAC Install - 1x State unification fee			-	100,000	100,000
Total	**$ 1,510,000**	**$ 775,000**	**$ 1,510,000**	**$ 2,633,299**	**$ 4,143,299**

First, BND's office space is in need of updating. The building was opened in 2008 there's been very limited interior replacement since that time to flooring, furniture and wall coverings. As with your own home, there just comes a time when updates are needed and putting them off is not prudent or fiscally responsible. You will note BND is proposing $2.5 million for this renovation.

Second, I want to highlight a structural change that BND is undertaking. This was brought up last session and is now moving to the implementation stage. This is the installation of a drive through and remodeling of the lobby to enhance security. There are two slides to review with you on this project.

1. The first is a drive through on the north side of the building. The need for this aspect came to light during Covid-19 and social distancing. However, as we look to the future, it's just a good business practice to provide drive through access which then enables BND to enhance lobby security. This should also help efficiency as the super majority of our customers are state agencies.

2. The second part of the project is to remodel the lobby and better secure the front entrance. As BND is not a retail bank, access to the lobby is something that's gotten considerable attention. It really came to light when the DAPL protestors demonstrated in the lobby and since then, BND has encountered some other security incidents. Keeping our staff safe is the highest priority and as we all know, with the changing political and cultural environment, building safety is essential for our staff and customers.

Capital Policy
At the end of last session, in HB 1014, the Legislature identified the need to better identify a process for the appropriation of BND's dividend to the general fund and for other programming. I want to highlight for you progress on this issue during the biennium.

First, Bank of North Dakota had its biennial examination with the North Dakota Department of Financial Institutions. The exam, by the way, went really well with no findings. However, DFI recommended to the Industrial Commission the development and implementation of a capital policy. This type of policy is required through the regulatory bodies of all public and private banks in America. While BND is not subject to FDIC or OCC oversight, BND implements best practices from these regulatory agencies.

The overall purpose of the Bank's capital policy is to ensure the safety and soundness of the Bank, ensure the Bank can meet its mission and objectives and is aligned with industry best practices. A strong capital policy benefits the Bank by providing a framework for achieving its mission and strategic plan objectives consistent with maintaining regulatory guidance and providing for the safety and soundness of the Bank's depositors and operations.

The development of this capital policy was driven by the following factors:

1. The size and complexity of the Bank's operations has reached a critical juncture where a robust, dynamic, industry best practice capital policy is prudent for continued safe and sound operations.

2. The Department of Financial institutions, as part of its biennial review recommended BND develop a capital policy as a best practice.

3. The legislature as part of the HB 1014 in the 68th legislative session included language in section 28 to "consider developing procedures or adopting legislative rules for introducing bills and amendments related to the use of Bank of North Dakota Profits".

4. To create a dividend policy that provides a level of funding for use by the legislature while maintaining appropriate capital levels at BND to mitigate risk and comply with industry best practices and continued safe and sound operations.

Bank Management, Advisory Board, and the Industrial Commission together, establish policies, procedures, and controls that mitigate material risks such as economic, interest rate volatility, credit, liquidity requirements, competitive environment changes, financial, operational, cybersecurity, and reputational risk. The Bank must be prepared to respond quickly to unforeseen major events such as interest rate shock environments, natural disasters, economic disruptions, and state budget deficits.

The capital policy was adopted by the Industrial Commission last Thursday and as part of today's hearing, we want to share with you the projected capital contributions by BND for the 2025-2027 biennium.

2021-22 Calendar Yr. Earnings

Dividends	$	335,321,000
General Fund	$	14,000,000
BND Buydown Programs	$	60,000,000
Skilled Workforce / Dual Credit	$	8,300,000
SBDC	$	1,500,000
AG PUC	$	3,000,000
Interoperable Radio	$	20,000,000
Infrastructure Revolving Loan	$	52,000,000
Permanent Disaster Program	$	20,000,000
R WISH	$	10,000,000
FHLB Housing Grant	$	1,281,533
Dividend Percentage		**94.3%**

2023-24 Calendar Yr Earnings

Dividends	$	392,739,000
General Fund	$	140,000,000
BND Buydown Programs	$	60,000,000
Skilled Workforce / Dual Credit	$	8,300,000
SBDC	$	15,000,000
AG PUC	$	30,000,000
Dividend Percentage		**54.2%**

Total Return to State

BND 2023-3024 Earnings	$	392,739,000
Interest Paid to State Agencies	$	254,307,784
Total Return to State	**$**	**647,046,784**

First, let me walk you through the earnings, proposed dividend and total return to the state. I'll then show you how the capital policy helped the Industrial Commission to arrive at that number.

- In calendar year 21-22, BND earned $335.3 Million. Of that amount, 94.3% or $316 million was utilized for general fund or other program dividends.

- Based on the capital policy and capital needed to safely operate the bank, the Industrial Commission for the 2025-2027 biennium, via the capital policy is setting a dividend percentage of 54.2% or $212,800,000.

Now, I'll demonstrate how that number was determined. In development of the capital policy, a variety of risk factors were considered to determine the average capital ratio required for safety and soundness of the Bank. Examples of some factors that were included:

- BND's Enterprise Risk Management Factors or Key Risk Indicators

- The restricted deposit base and not having access to additional capital tools.

- Correspondent Risk as BND is not the primary underwriter or servicer of a credit.

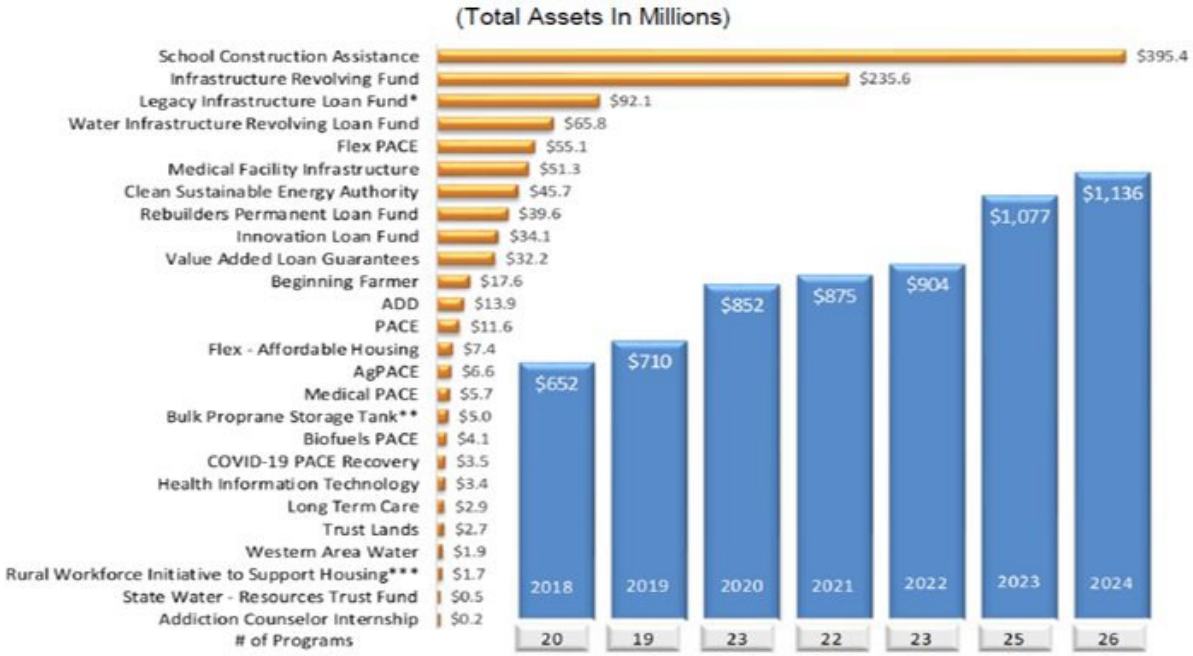
- Anticipating disaster needs for the next biennium and programming that may be required.

- Governmental Risk in case of a downturn and the legislature requiring a special dividend.

As determined by the capital policy, the tier one leverage ratio required is 12.1%. With projected year end 2024 average assets of $10,657,084 Billion, tier one capital required is $1,288,617 Billion.

Legislatively Directed Programs

Currently, BND administers $1.1 Billion in 26 legislatively directed programs. As you know, these programs serve a wide range of purposes to assist local political subdivisions with lower cost infrastructure financing.



As you consider legislatively directed programs this session, a few things to keep in mind.

1. Last session, the Legislature provided access of up to $150 Million in the Legacy Fund for the Legacy Infrastructure Loan Fund. To date, BND has transferred approximately $100 Million in loans to the Legacy Fund. If there is not a cash infusion this session to the fund, BND will transfer the other $50 million in the 25-27 biennium and will most likely have applications in excess of available funding.

2. Last session, the Legislature changed the lending limits for the School Construction Revolving Loan Fund. The increases and refinancing enabled last session quickly drew upon the $75 million appropriated during the biennium. If the legislature retains the higher loan limits, a capital infusion into the fund will be required.

As the session progresses, it is anticipated additional legislatively directed programs will be proposed and we look forward to working with Legislature to effectively structure and implement these programs.

Proposed Amendments
Today, BND is asking the committee to consider proposed program amendments. We will walk through these briefly and anticipate coming back for further discussion.

The first is related to open records request. BND is requesting that participation loans with local financial institutions be exempted from open records requests. The reason for the request is that BND's role is to support the local financial institutions in serving their customers. Many times, local customers are not aware BND is participating in a loan and may suddenly find their information subject to an open records request. BND is asking for the same confidentiality provided by local financial institutions.

Direct loans or loans that utilize a program such as PACE will still be subject to open records requests. In addition, any loans determined to be uncollectable will also be subject to open records. Normally, these loans are brought before the IC at the December or January meeting.

6-08.1-02. Exemptions.
This chapter does not apply to any of the following:

7. The release by the industrial commission, in its capacity as the managing body of the Bank of North Dakota, of the following:

a. The name of any person who has obtained approval for direct ~~or indirect~~ financing or security, including a loan guarantee or a letter of credit, through the Bank of North Dakota primarily for purposes other than personal, family, or household purposes.

b. The amount of any financing or security referenced in subdivision a.

c. The amount of any net write off or loan forgiveness ~~associated with the financing or security referenced in subdivision a~~ which the industrial commission determines is uncollectible.

d. The program under which any financing or security referenced in subdivision a was made.

Today, I am asking for language to provide funding to support employee training events. In this new world of hybrid work, it is essential for us to bring employees together to maintain culture and provide that in-person interaction. Unfortunately, to do these events requires the employees or management to pay for food and beverages for these events. You will see BND is requesting $50,000 for the biennium to support our four in-person training days.

Proposed Language to Support Employee Training Events

Spending Authority. Notwithstanding any other provision of law, the Bank may spend funds of up to $50,000 per biennium for the purpose of four employee training sessions per biennium to include the purchase of food and non-alcoholic beverages. All expenses authorized under this section must be recorded in a separate expense code for reporting purposes.

Finally, we are seeking a change to how PACE programs funds are allocated. In previous biennium's, the legislature dedicated a specific amount to the various programs. BND was then authorized to move funding within the programs to meet the demand. As opposed to specifying an amount per program, BND is asking for $60 million to be transferred and then will determine when and where it's needed. This is really just an administrative change that will create efficiency in our internal transfer and accounting procedures.

SECTION 6. TRANSFER - BANK OF NORTH DAKOTA PROFITS TO ~~ECONOMIC DEVELOPMENT~~ PACE PROGRAMS

During the biennium beginning July 1, 2025, and ending June 30, 2027, the Bank of North Dakota shall transfer ~~the following amounts~~ $60,000,000 from the Bank's current earnings and undivided profits to support the ~~P 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; ~~4. $15,000,000 to~~ and the beginning farmer revolving loan fund;

SECTION 7. TRANSFER – BANK OF NORTH DAKOTA PROFITS TO ECONOMIC DEVELOPMENT PROGRAMS.

1. During the biennium beginning July 1, 2025, and ending June 30, 2027, the Bank of North Dakota shall transfer $1,600,000 to the university of North Dakota for the North Dakota small business development center for the purpose of matching federal grants.
2. During the biennium beginning July 1, 2025, and ending June 30, 2027, the Bank of North Dakota shall transfer $3,000,000 to Agriculture Commissioner for Agriculture Products Utilization Commission grants.
3. During the biennium beginning July 1, 2025, and ending June 30, 2027, the Bank of North Dakota shall transfer $8,300,000 to the North Dakota University system for the skilled workforce and dual credit program.

2025 SENATE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division
Sakakawea Room, State Capitol

SB 2014
1/14/2025
PM

A BILL for an Act to provide an appropriation for defraying the expenses of the industrial commission and the agencies under its control; to provide for a transfer; to provide an exemption; and to provide for a report.

3:26 p.m. Chairman Sorvaag called the meeting to order.

Members Present: Senator Ronald Sorvaag, Senator Cole Conley, Senator Scott Meyer, Senator Donald Schaible, Senator Paul J. Thomas.

Discussion Topics:

- Agency introduction.
- Agency requests.
- FTE history.

3:27 p.m. Dave Flohr, Executive Director of ND Housing Finance Agency testified in favor and submitted testimony #28796 & #28813.

Additional written testimony:

Lisa Rotvold, Executive Director of the Red River Community Housing Development Organization, submitted testimony in favor #28820 & #28821 & #28822.

Laura Lacher, Executive Director of the Economic Development Association of North Dakota submitted testimony in favor #28973.

3:58 p.m. Chairman Sorvaag adjourned the meeting.

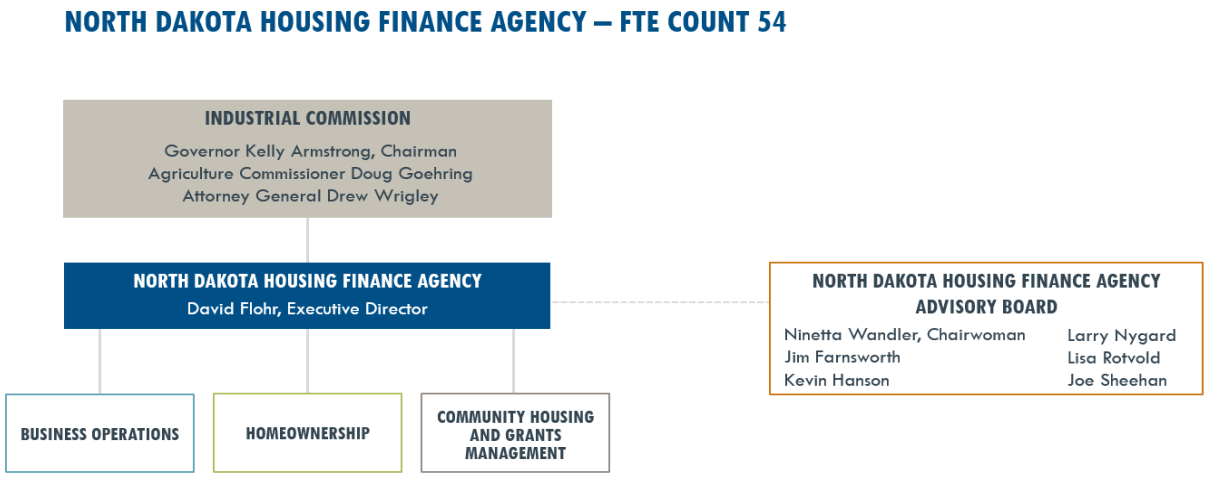
Steven Hall, Committee Clerk

NORTH DAKOTA HOUSING FINANCE AGENCY
DIVISION OF THE STATE INDUSTRIAL COMMISSION
BUDGET NO. 473.0
SB 2014 - TESTIMONY OF DAVID A. FLOHR, EXECUTIVE DIRECTOR
SENATE APPROPRIATIONS

JANUARY 14, 2025

1. NORTH DAKOTA CENTURY CODE CHAPTER(S) ASSOCIATED WITH NDHFA

N.D.C.C. 54-17-01 Industrial Commission to act as a state housing finance agency
54-17-07.3-13 Housing finance programs
54-17-40 Housing Incentive Fund – Continuing Appropriation



Agency Purpose and Overview

North Dakota Housing Finance Agency (NDHFA) is dedicated to making housing affordable for all North Dakotans. NDHFA provides affordable home financing to low- to moderate-income families and helps to ensure the continued availability of suitable rental housing for households of modest means, while focusing on the overall housing needs of our state's growing communities.

NDHFA was created in 1980 by an initiated measure supported by the state's real estate, homebuilding, and banking associations. NDHFA's advisory board is made up of representatives of the real estate, lending, homebuilding, and manufactured housing industries, and the public. Business operations are funded by agency generated revenue and federal administrative reimbursement.

NDHFA issues/sells Mortgage Revenue Bonds and Mortgage-Backed Securities to investors and uses the proceeds to purchase from participating private-sector lenders the mortgages of

homebuyers. NDHFA's operating expenses are covered by the spread between what we pay investors and the interest rate on the underlying mortgages. NDHFA also generates revenue by servicing mortgage loans. Over 54,000 homebuyers have utilized NDHFA's homeownership programs since our first bonds were issued in 1982.

NDHFA's multifamily development programs, the federal Low Income Housing Tax Credit, National Housing Trust Fund, HOME Investment Partnerships Program and North Dakota's Housing Incentive Fund (HIF), have supported the development of more than 11,000 affordable rental units since 1986. These programs provide low- to very low-income households with affordable rental options along with supportive services, as needed. Expenses are paid through administrative fees earned under the programs. NDHFA is also a contract administrator for the U.S. Department of Housing and Urban Development (HUD) under their Performance-Based Contract Administration program monitoring 2,500 rent-assisted units.

NDHFA acts as the Collaborative Applicant for the state's Homeless Continuum of Care (CoC). The CoC's geographic area encompasses all 53 of North Dakota's counties, its cities, towns, and unincorporated areas, as well as the 5 federally recognized tribes. NDHFA also administers the HUD Emergency Solutions Grant program and the North Dakota Homeless Grant on behalf of the state.

In 2024, in conjunction with the NDSU's Center for Social Research, NDHFA conducted an update of the Statewide Housing Needs Assessment. The most significant assessment highlights follow, all of which indicate a growing need for our programs.

- The state has a large population of young people entering the home buying stage of their life over the next decade.
- Population projections show the largest increases by income will be in extremely low-income to moderate-income households.
- The state's aging housing stock will present issues that will impact the quality of our housing inventory in the future.

The results of the Assessment helped NDHFA to focus as we prepared our budget request. Based on these expected trends and looking to the future, we request the following:

- FTE flexibility to meet investor, bond, and regulatory requirements and ensure quality service to citizens.
- Adequate compensation for existing staff and new hires.
- Increase funding for the North Dakota Homeless Grant to $10 million and move into HIF for accountability.

- Increase funding for HIF to $40 million to be used for single-family and multifamily development.

Homeownership

NDHFA helps North Dakotans achieve successful homeownership with homebuyer education, down payment and closing cost assistance, and affordable mortgage loans. More than 54,000 North Dakota households have achieved their homeownership dreams with NDHFA's support. The agency also manages the loans it acquires and currently services 13,409 mortgage loans, ensuring continued support for homeowners across the state.

Community Housing and Grants Management

NDHFA is charged with addressing the state's changing housing needs, including addressing a shortage of housing for the workforce and low- to moderate-income households, and providing technical assistance to communities struggling to address their housing needs. NDHFA's community housing and grants management division is committed to providing financing for affordable rental housing development and the preservation of the state's existing housing stock by supporting property improvements and extensions of rental assistance.

Compliance Monitoring

NDHFA provides regulatory oversight of privately-owned properties for thousands of individuals and families designed to offer modestly priced housing opportunities for low-income families, seniors, and individuals with disabilities. Working closely with federal agencies, NDHFA ensures that these rental housing options are safe, clean, and accessible.

Homeless Programs

The CoC is comprised of representatives of public and private organizations that come together to plan for and provide a homeless response system that is dedicated to preventing and ending homelessness in the state of North Dakota. Emergency Solutions Grant and North Dakota Homeless Grant provide funding to CoC organizations to support individuals and families experiencing homelessness and those who are at-risk of homelessness by funding emergency shelter operations, housing stabilization and case management services. These programs support North Dakota Health and Human Services (HHS) in meeting the requirements of the Department of Justice settlement. NDHFA-funded programs also support the work of HHS's Free through Recovery and Community Connect programs and help the Department of Corrections and Rehabilitation reestablish justice-involved individuals.

2. FINANCIAL AUDIT FINDINGS

There were no findings in NDHFA's audit of financial statements for the years ended June 30, 2023, and 2024.

3. CURRENT BIENNIUM ACCOMPLISHMENTS, CHALLENGES AND NEXT BIENNIUM GOALS AND PLANS

MAJOR ACCOMPLISHMENTS

- The homeownership portfolio grew 15.7%.
- New programs - transferred Commerce's Emergency Solutions Grant and North Dakota Homeless Grant programs to NDHFA improving efficiency of program delivery for homeless service providers.
- Oversaw completion of 368 new/rehabilitated affordable multifamily units.
- Statewide Housing Needs Assessment updated.

NEXT BIENNIUM GOALS AND PLANS

Findings in the 2024 Statewide Housing Needs Assessment update indicate:

- The state has a large population of young people entering the home buying stage of their life over the next decade.
- Projections show the largest population increases by income will be in extremely low-income to moderate-income households.
- Aging housing stock and the cost of new construction presents issues with quality housing inventory in the future.
- The population 65 and older will grow more than any other population segment.
- The Assessment update indicates up to 20,000 new homes could be needed to meet statewide demand through 2027.

Based on the Assessment forecast and NDHFA's Strategic Plan our goals and plans follow:

- Homeownership programs and multifamily and single-family development - continuing quality service to North Dakota citizens while working to meet investor, bond/agency rating, and federal regulatory guidelines. Having adequate staff and flexibility to accomplish this is vital.
- FTEs, Compensation, and Succession Planning – properly compensate staff to continue our mission. Continue succession planning to address upcoming retirements of key personnel.

- HIF – with adequate funding, HIF can be utilized to fill gaps that federal housing programs cannot support, assisting community efforts to provide housing that support workforce recruitment efforts and preserving existing affordable housing particularly in rural communities. If $40 million were allocated this is an estimate of possible housing production:

Housing Type	Amount	Purpose
Single-family	$10 million	60-70 homes, create 1-2 homes in each of 30 to 70 communities, addresses appraisal gaps and supply, revolving funds
Multifamily	$30 million	Rehab and new construction of MF, create or preserve approximately 200 units – used to leverage other funds

- Increase funding and transfer the North Dakota Homeless Grant allocated funding to HIF to provide efficient administration, accountability, and transparency. NDHFA is required to provide a biannual program activity report to the Legislature and a separate annual financial audit.

4. COMPARE NDHFA'S REQUEST/RECOMMENDATION TOTALS, INCLUDING FTE POSITIONS FOR THE NEXT BIENNIUM COMPARED TO THE CURRENT BIENNIUM

	Base Budget	Base Adjustments	Agency Additional FTE Request	ND Homeless Grant	NDHG to HIF	Total Agency Request
Salaries & Wages	11,413,354	1,451,641	1,098,284			13,963,279
Operating	10,903,883	(1,433,707)				9,470,176
Capital Assets	20,000	-				20,000
Grants	48,805,110	(200,000)		7,500,000	(10,000,000)	46,105,110
HFA Contingency	100,000	-				100,000
Total Appropriation	**71,242,347**	**(182,066)**	**1,098,284**	**7,500,000**	**(10,000,000)**	**69,658,565**
Federal	48,076,176	(876,807)				47,199,369
Special	20,666,171	694,741	1,098,284			22,459,196
General	2,500,000	-		7,500,000	(10,000,000)	-
Total Funding Sources	**71,242,347**	**(182,066)**	**1,098,284**	**7,500,000**	**(10,000,000)**	**69,658,565**
FTE	**54**		**5**			**59**

	23-25 HIF Transfer	25-27 HIF Transfer Request	NDHG to HIF	Total HIF Transfer Request
Housing Incentive Fund	13,750,000	40,000,000	10,000,000	50,000,000
Total Appropriation	**13,750,000**	**40,000,000**	**11,098,289**	**65,000,000**
Federal	-	-	-	-
Special	-	-	-	-
General	13,750,000	40,000,000	10,000,000	50,000,000
Total Funding Sources	**13,750,000**	**40,000,000**	**10,000,000**	**50,000,000**

5. NEW POSITIONS ADDED IN 2023

New FTE Pool

New FTE Pool Calculation	Budget Reduction	Amount in NDHFA Pool	Appropriation Reduction
90% of new FTE	986,476	824,612	161,864

Position	Budget Amount	New FTE Pool Request	Position filled date	
Business Analyst	233,296	228,980	Oct-23	
Business Analyst	233,296	180,141	Jan-24	
Compliance Specialist	218,908	203,797	Jul-23	
Budget: Compliance Specialist **Hire:** Homeownership Specialist	218,908	106,356	Apr-24	
Budget: Homeownership Specialist **Hire:** Compliance Specialist	*82,068*	*49,966*	*Jan-25*	*pending*
Reduction: FTE Pool limit		*(20,962)*		
Total	**986,476**	**748,278**	**226,695**	

6. EMPLOYEE TURNOVER AND VACANT POSITIONS

Vacant FTE Pool

Position	Budget Amount	New FTE Pool Request	Position filled date
Compliance Accountant	261,502	248,079	Jul-23
Agency Accountant	244,076	220,227	Jul-23
Reduction: Vacant FTE limit		*(3,141)*	
Total	**505,578**	**465,165**	**90,276**

Vacant FTE Pool Calculation	Budget Reduction	Amount in NDHFA Pool	Appropriation Reduction
75% of vacant FTE	465,165	388,831	76,334

	Percentage of Salary Base	Vacant FTE per Month	Authorized FTE
Vacancy Rate Assigned	4.50%	2.43	
23-25 Biennium Vacancy Rate Estimate	1.85%	1	54
21-23 Biennium Vacancy Rate Actual	1.28%	0.625	49

Turnover - 23-25 Biennium to Date	
Retirements	**7.41%**
Voluntary	**11.11%**
Involuntary / Other	**3.70%**
Total Turnover	**22.22%**

Vacancy Savings Reported to OMB	
Estimate through June 2025	394,347
Vacancy Savings Used:	
Salary Increases (workload adjustments, new hire adjustments)	47,557
Reclassifications (changes in duties / structure)	34,763
Temp Salaries	252,736
New FTE - Pool Shortage	20,962
Vacancy Pool Shortage	3,141
Total Used	359,159
Remaining Balance	**35,188**
Percentage of Salary Base for Vacant Pool Calculation	**0.340%**

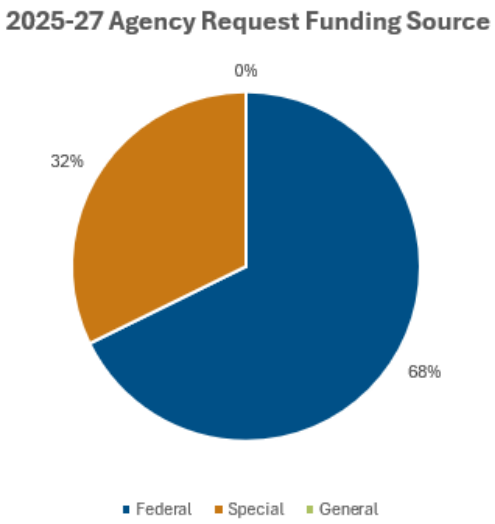
Combined New FTE / Vacant FTE pool			
	New FTE	**Vacant FTE**	**Total**
Appropriation Reduction	986,476	465,165	1,451,641
Pool Reduction	(161,864)	(76,334)	(238,198)
FTE Pool Available	824,612	388,831	1,213,443
Requests:			
July 1, 2023 Vacant		465,165	465,165
New FTE			
Compliance Specialist	203,797		203,797
Business Analyst	228,980		228,980
Business Analyst	180,141		180,141
Compliance / Homeownership Specialist	106,356		106,356
Homeownership / Compliance Specialist	*29,004*		29,004
			-
Total Pool Requests	748,278	465,165	1,213,443
Balance Remaining	**76,334**	**(76,334)**	**-**

7. FUNDING INCLUDED IN EACH PROGRAM/LINE ITEM

A. AMOUNTS INCLUDED IN THE BASE BUDGET AND THEIR PURPOSE AND USE.

NDHFA's special fund base budget is funded with mortgage program revenues and administrative fees that cover the costs associated with NDHFA operations and the administration of programs.

NDHFA receives federal funding from HUD. The funding received is used for rental assistance payments, multifamily development, homeless services, and administrative costs incurred by NDHFA.



	2025-27 Agency Request
Federal	47,181,588
Special	22,476,977
General	-
Total Funding Sources	**69,658,565**

B. AMOUNTS INCLUDED IN THE EXECUTIVE BUDGET AND JUSTIFICATION FOR THE CHANGE FROM THE BASE BUDGET. DISCUSS CHANGES RELATING TO:

(1) SALARIES AND WAGES

	Total	FTE Positions	General Fund	Special *	Federal
23-25 Salary and Benefits Base	**11,413,354**	**54**	**-**	**8,532,841**	**2,880,513**
Restore FTE Pool	1,451,641			1,342,052	109,589
Base Reallocation (federal to special) Salary Line	-			907,224	(907,224)
Health Insurance Increase	-			-	-
Gov Recommended salary adjustments	-			-	-
FTE - Homeownership Specialists	369,588	2		369,588	-
FTE - Business Analyst	257,408	1		257,408	-
FTE - Accountant	257,408	1		257,408	-
FTE - Program Manger - Homeless	213,880	1		213,880	-
Total Additional	**2,549,925**	**5**	**-**	**3,347,560**	**(797,635)**
Total Agency Request	**13,963,279**	**59**	**-**	**11,880,401**	**2,082,878**

* Agency Revenues

The change related to salary and wages is due to our request for an additional FTE, restoring the amount removed for the FTE pool. No increase is included for the Governor's compensation package or for a health insurance cost increase due to the time of the Governor's budget release.

NDHFA currently has 1 vacant FTE position and has already made one attempt to fill the position and intends to fill it before the biennium end. NDHFA budget request includes 5 FTEs. Without adequate staffing for our homeownership programs and business operations, NDHFA may need to limit the number of mortgages purchased from our lending partners and will struggle to accomplish the following:

- Meet investor, bond rating, and federal regulatory guidelines.
- Maintain quality service to citizens and our housing partners.
- Manage future housing market growth and address succession planning needs.
- Provide NDHFA-funded programs.

The entire cost of the additional FTEs will be paid exclusively by agency revenues.

(2) OPERATING EXPENSES

	Total	General Fund	Special *	Federal
Operating Base	**10,903,883**	**-**	**10,363,330**	**540,553**
IT Rate Adjustment	44,453		31,117	13,336
Required reduction (3% special fund) Operating Line	(460,647)		(460,647)	-
Base Reallocation (federal to special) Operating Line	(1,017,513)		(907,224)	(110,289)
Total Additional	**(1,433,707)**	**-**	**(1,336,754)**	**(96,953)**
Total Agency Request	**9,470,176**	**-**	**9,026,576**	**443,600**

Loan Servicing Direct Operating Costs	**Total**
SRP	6,658,566
Loan Loss - Agency Loans / Foreclosures GNMA / Guarantee	200,000
Misc Loan Loss	40,000
Reinstatement Fees	20,000
Service / Commitment Fees	33,300
Total	**6,951,866**
Remaining Agency Operating Cost	**2,518,310**

Agency operating decrease was required per Governor Burgum mandate. The largest portion of the Agency's direct operating costs is mortgage loan servicing.

(3) GRANTS

	Total	General Fund	Special *	Federal
Grants Base	**48,805,110**	**2,500,000**	**1,650,000**	**44,655,110**
Required reduction (3% special fund) Agency Grants	(200,000)	-	(200,000)	-
ND Homeless Grant increase	7,500,000	7,500,000	-	-
Move ND Homeless Grant to HIF	(10,000,000)	(10,000,000)	-	-
Total Additional	**(2,700,000)**	**(2,500,000)**	**(200,000)**	**-**
Total Agency Request	**46,105,110**	**-**	**1,450,000**	**44,655,110**

* Agency Revenues

Agency Grant decrease was required per Governor Burgum mandate. The other changes relate to increase of funding for the NDHG and moving the funding to HIF.

(4) FTE

NDHFA is requesting 5 new FTEs. The additional FTEs will increase the base budget by $1,098,284 which will be funded exclusively with agency revenue.

Homeownership Programs – Loan Specialist 2 FTEs

In the private market, the standard employee-to-loan servicing ratio is 1:835. By comparison, NDHFA currently manages 1,031 loans per FTE. Over the next two years, NDHFA expects loan servicing to grow by 4% annually, contingent on market conditions. By 2026, the agency projects servicing 14,721 loans with 13 employees in its servicing department, equating to 1,132 loans per FTE. This represents a workload 35% higher per FTE than the private market standard.

Accounting – Accountant 1 FTE

With the addition of the North Dakota Homeless Grant and Emergency Solutions Grant over the last biennium along with the increase in the pipeline for new loans to be serviced and the serviced mortgage portfolio, the workload can no longer be managed with the current staff level. This is necessary to ensure the agency can meet its obligations when it comes to auditors, bond investors and other regulatory requirements.

Technology –Business Analyst 1 FTE

The NDHFA-serviced mortgage portfolio and trust accounting operate using internally developed software specific to a servicing company. Given the increase in the mortgage portfolio serviced over the last several years, the current workload can no longer be managed with the current staff level. This position will help to accommodate the demand for mortgages among low-to-moderate-income homebuyers statewide by allowing NDHFA to continue to build the serviced mortgage portfolio.

North Dakota Homeless Grant – Housing Program Administrator 1 FTE

North Dakota Homeless grant provides funding to non-profit organizations on a reimbursement basis. The program provides funding for emergency shelter operations, homeless prevention and rapid rehousing assistance to individuals experiencing homelessness or who are at risk of homelessness. To provide appropriate oversight and monitor the expenditure of funds, an additional FTE is needed if funding is increased to the proposed level.

8. PURPOSE AND USE OF ANY ONE-TIME FUNDING ITEMS FOR THE CURRENT BIENNIUM

During the 68th North Dakota Legislative Session, $13.75 million was allocated for HIF. The program provides gap assistance and matching funds to address unmet housing needs in the state. Allowable projects include new construction, rehabilitation, and acquisition of multifamily and single-family housing. Eligible recipients include local, state, and tribal governments and housing authorities, community action agencies, regional planning councils, community land trusts and multifamily housing developers. **The entire $13.75 million has been awarded to projects.**

For more information about HIF visit: www.ndhfa.org/index.php/ndhif/.

9. IDENTIFY AND JUSTIFY THE NEED FOR ANY ONE-TIME FUNDING BEING REQUESTED/RECOMMENDED

	Total	General Fund	Special	Federal
Agency Request or HIF	40,000,000	40,000,000	-	-
Move ND Homeless Grant to HIF	10,000,000	10,000,000	-	-
25-27 Agency Request	**50,000,000**	**50,000,000**	**-**	**-**

The agency recommends that $40 million be approved for HIF to meet the demand for single-family and multi-family projects and $10 million for the North Dakota Homeless Grant.

10. NDHFA FEES

NDHFA charges fees that are based on standard housing industry practices or are limited by federal regulation. These fees are used in the administration of housing programs.

11. FEDERAL AND STATE FISCAL RELIEF FUNDS

NDHFA received no federal or state fiscal relief funds to be spent by December 2026.

12. NEED FOR OTHER SECTIONS INCLUDED IN NDHFA'S APPROPRIATION BILL

NDHFA requests the approval of the following Sections to SB 2014:

Section 4. APPROPRIATION. 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, 2023, and ending June 30, 2025.

Continuing this provision during the upcoming biennium will provide NDHFA with the flexibility to capitalize on new funding opportunities and continue to meet the state's housing challenges.

SECTION 6. APPROPRIATION - TRANSFER - HOUSING INCENTIVE FUND - ONE-TIME FUNDING.

1. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $40,000,000 which the office of management and budget shall transfer to the Housing Incentive Fund during the biennium beginning July 1, 2025, and ending June 30, 2027.

2. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $10,000,000 for the North Dakota Homeless Grant which the office of management and budget shall transfer to the housing incentive fund and will be specified for use pursuant to NDCC 54-17-40.3(e) during the biennium beginning July 1, 2025, and ending June 30, 2027.

Item 2 is a transfer of the North Dakota Homeless Grant from the Agency's budget to the Housing Incentive Fund to create efficient administration, accountability, and transparency. The Agency is required to provide a biannual report to the Legislature and have an independent financial audit performed on the Housing Incentive Fund that will provide an accounting of the Agency's administration of state funding.

13. OTHER BILLS BEING CONSIDERED AND POTENTIAL BUDGETARY IMPACT

SB 2030 – This bill was created by the Interim Government Services Committee in response to their study of homelessness per HCR 3030. Budgetary impact is an appropriation of $211,550,000. This bill would provide $10 million for the North Dakota Homeless Grant, $50,000 for a homeless study, $1 million to the Department of Public Instruction for public school homeless student liaisons, and $200 million for the Housing Incentive Fund over a four-year period ending on June 30, 2029.

14. ITEMIZED LIST OF CHANGES NDHFA IS REQUESTING TO THE EXECUTIVE BUDGET RECOMMENDATION

	FTE Positions	General Fund	Total Other Funds	Total
2025-27 Biennium Base Level	**54**	**2,500,000**	**68,742,347**	**71,242,347**
Restore FTE Pool			1,451,641	1,451,641
IT Rate Adjustment			44,453	44,453
Required reduction (3% special fund) Operating Line			(460,647)	(460,647)
Required reduction (3% special fund) Agency Grants			(200,000)	(200,000)
Base Reallocation (federal to special) Salary Line			-	-
Base Reallocation (federal to special) Operating Line			(1,017,513)	(1,017,513)
Health Insurance Increase			-	-
Gov Recommended salary adjustments			-	-
FTE - Homeownership Specialists	2		369,588	369,588
FTE - Business Analyst	1		257,408	257,408
FTE - Accountant	1		257,408	257,408
FTE - Program Manger - Homeless	1		213,880	213,880
ND Homeless Grant increase		7,500,000	-	7,500,000
Move ND Homeless Grant to HIF		(10,000,000)	-	(10,000,000)
Total Changes to Base	**5**	**(2,500,000)**	**916,218**	**(1,583,782)**
Total Agency Request	**59**	**-**	**69,658,565**	**69,658,565**

Governor Burgum's budget removed 3 positions. We need our original request to ensure we meet our business needs.

15. ADDITIONAL INFORMATION

North Dakota Housing Finance Agency website, www.ndhfa.org/.

Housing Incentive Fund, www.ndhfa.org/index.php/ndhif/.

Statewide Housing Needs Assessment

- 2020-2025 Statewide Housing Needs Assessment – Condensed Version
- Statewide Housing Needs Assessment Presentation by Dr. Nancy Hodur for the 2022 Statewide Housing Forum
- 2020-2025 Statewide Housing Needs Assessment – Population and Housing Forecast
- 2020-2025 Statewide Housing Needs Assessment – Housing Profiles
- 2020-2025 Statewide Housing Needs Assessment – Detailed Tables
- 2020-2025 Statewide Housing Needs Assessment – Combined Report (Forecast, Housing Profiles and Detailed Tables)

Contact Information about this testimony:

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Executive Director
dflohr@nd.gov
701.328.8060

2025 Legislature

SENATE APPROPRIATIONS – SB 2014

ENVIRONMENT AND EDUCATION DIVISION

Dave Flohr
Executive Director
701.328.8060
dflohr@nd.gov
www.ndhfa.org

NORTH DAKOTA housing FINANCE AGENCY

Agency Introduction

Created by 1980 Initiated Measure

Purchase mortgage loans from local lending institutions

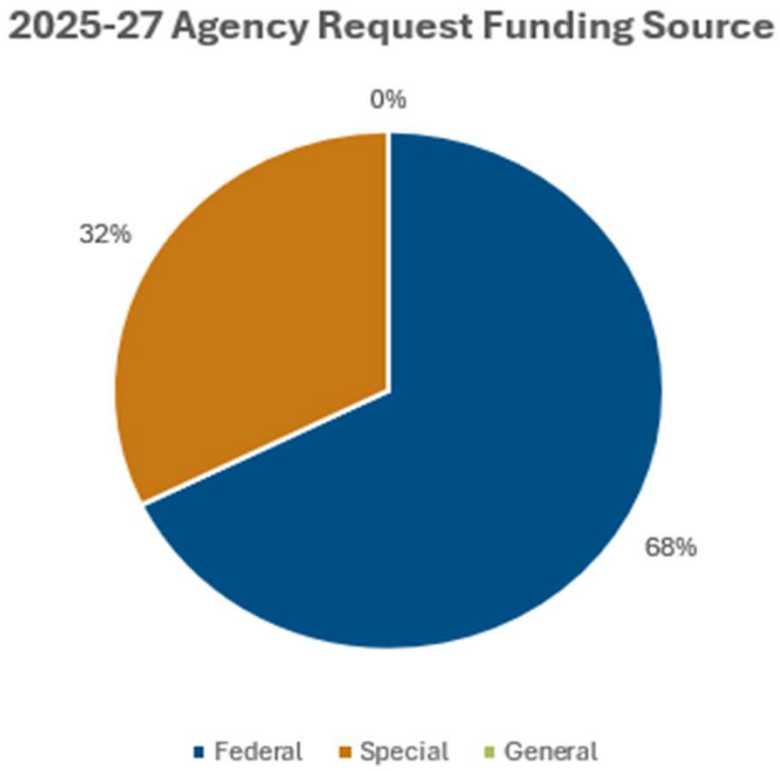
Service mortgage loans

Administer federal housing programs on behalf of the state

Administer state-funded housing programs

Administer agency-funded programs

Operations are funded with agency revenue



	2025-27 Agency Request
Federal	47,181,588
Special	22,476,977
General	-
Total Funding Sources	**69,658,565**

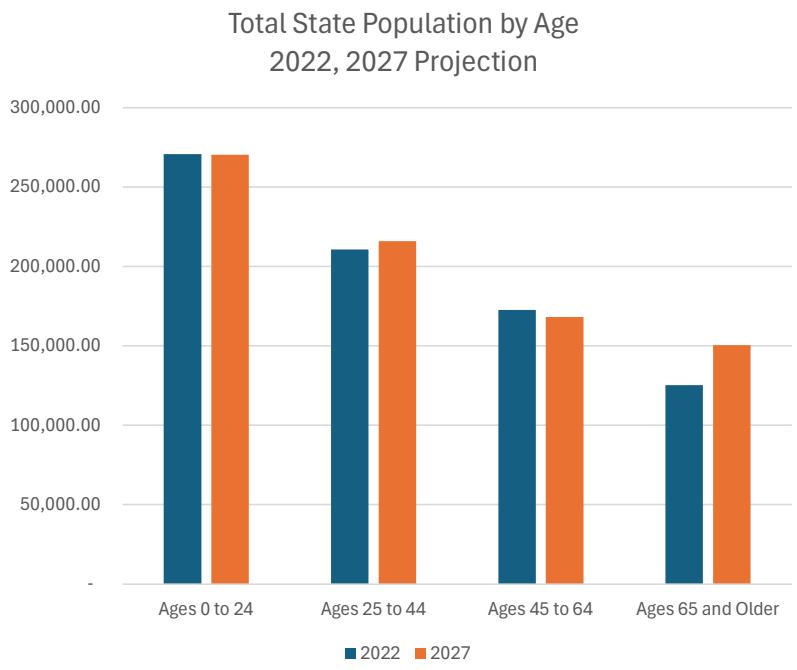
***Special funds = Agency generated revenue**

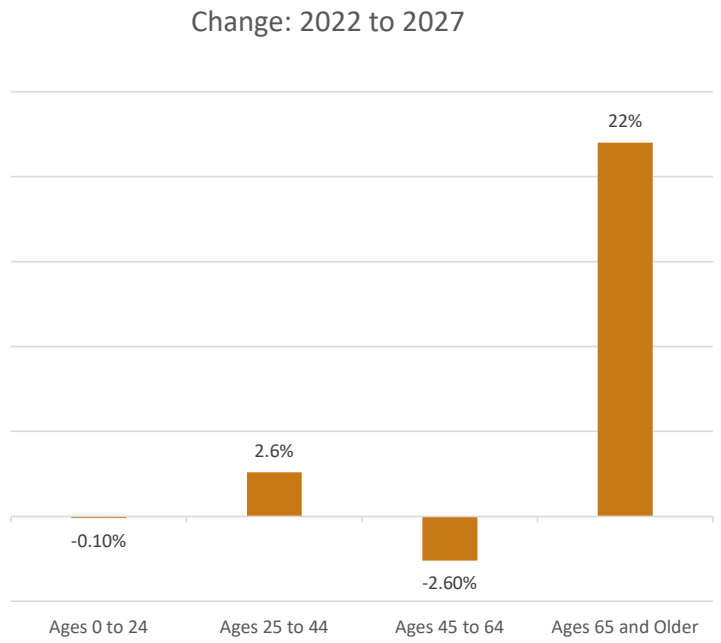
Housing Needs Assessment

- Population groups
- Income groups
- Projections on number of units needed

Total state population by age

2022, 2027 projection – and Percent Change from 2022-2027

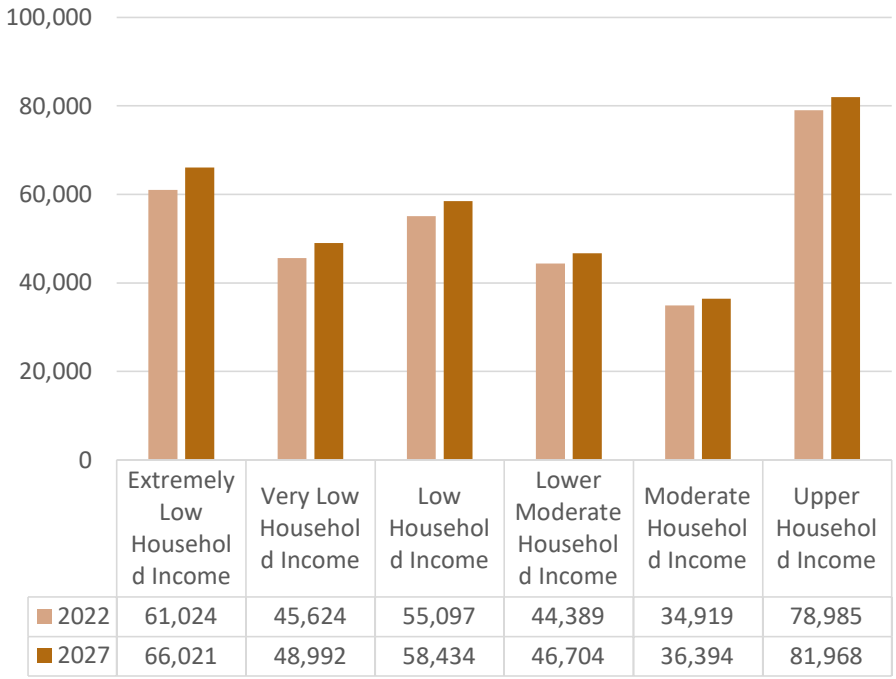




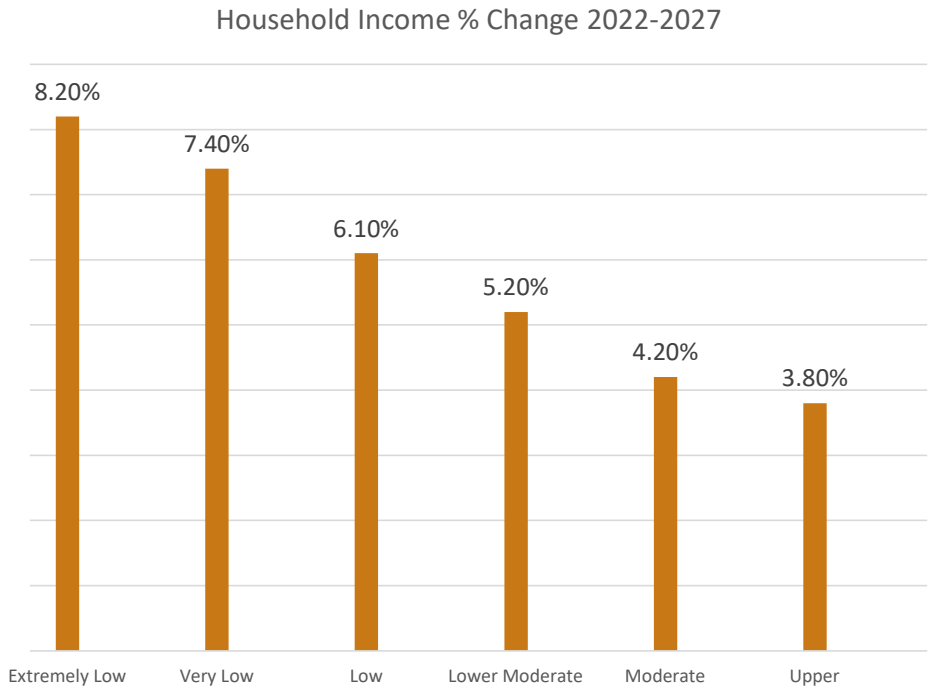
Source: U.S. Census Bureau (2023a) and the Center for Social Research (2024)

Household income levels in ND

2022 and 2027 Projections



	Extremely Low Household Income	Very Low Household Income	Low Household Income	Lower Moderate Household Income	Moderate Household Income	Upper Household Income
2022	61,024	45,624	55,097	44,389	34,919	78,985
2027	66,021	48,992	58,434	46,704	36,394	81,968



Overall Takeaways

Housing priorities may need to focus on lower income households

Large Population of Households entering homebuying age

Projections suggest more than **20,000** housing units (single- and multifamily) are needed by 2027

Community Housing & Grants Management

Homeless Programs

Program	# of apps	Request	Available	Oversubscription
Emergency Solutions Grant (federal)	**45**	**$4,222,738**	**$1,446,877**	**$2,850,356**
ND Homeless Grant (state funded)	**48**	**$5,710,737**	**$2,039,115**	**$3,671,622**

2023-2025 Funding Total Oversubscription = **$6,521,978**

Community Housing & Grants Management

Multifamily Programs

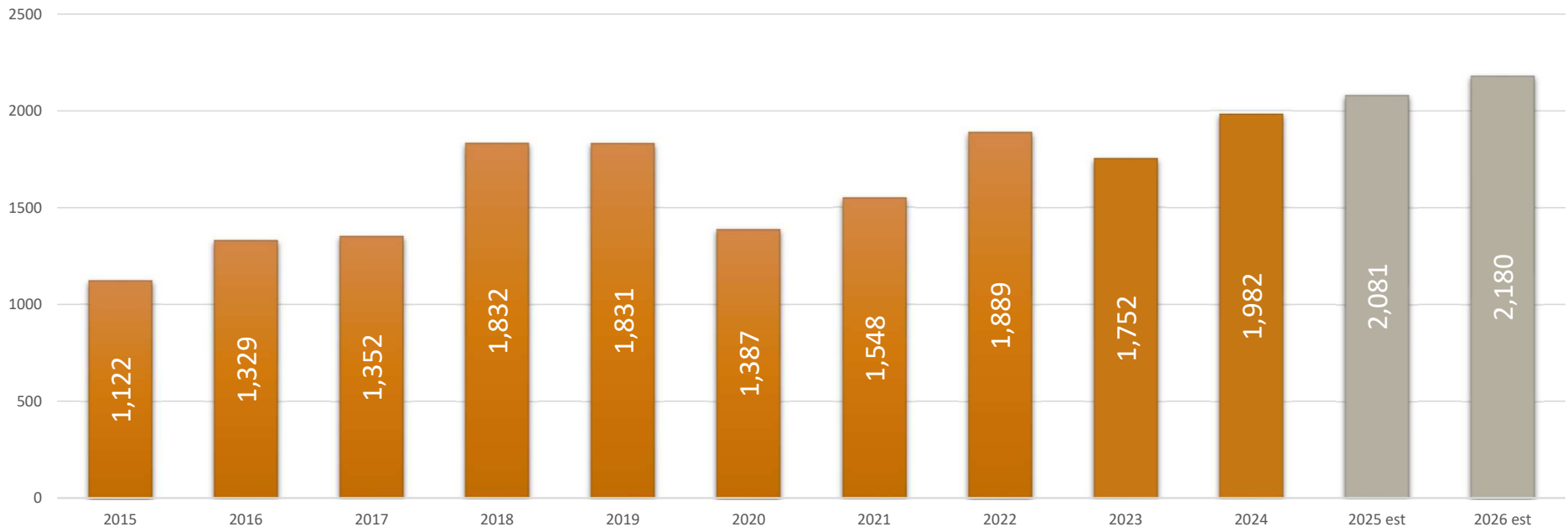
Program	# of apps	Request	Available	Oversubscription
Low Income Housing Tax Credit (federal)	22	$20,727,710	$7,358,172	$13,369,538
HOME (federal)	17	$17,027,069	$4,690,866	$12,336,203
National Housing Trust Fund (federal)	12	$18,432,666	$5,925,166	$12,507,488
Housing Incentive Fund (state funded)	18	$20,567,605	$12,097,994	$8,469,611

2023-2025 Funding Total Oversubscription = **$46,682,840**

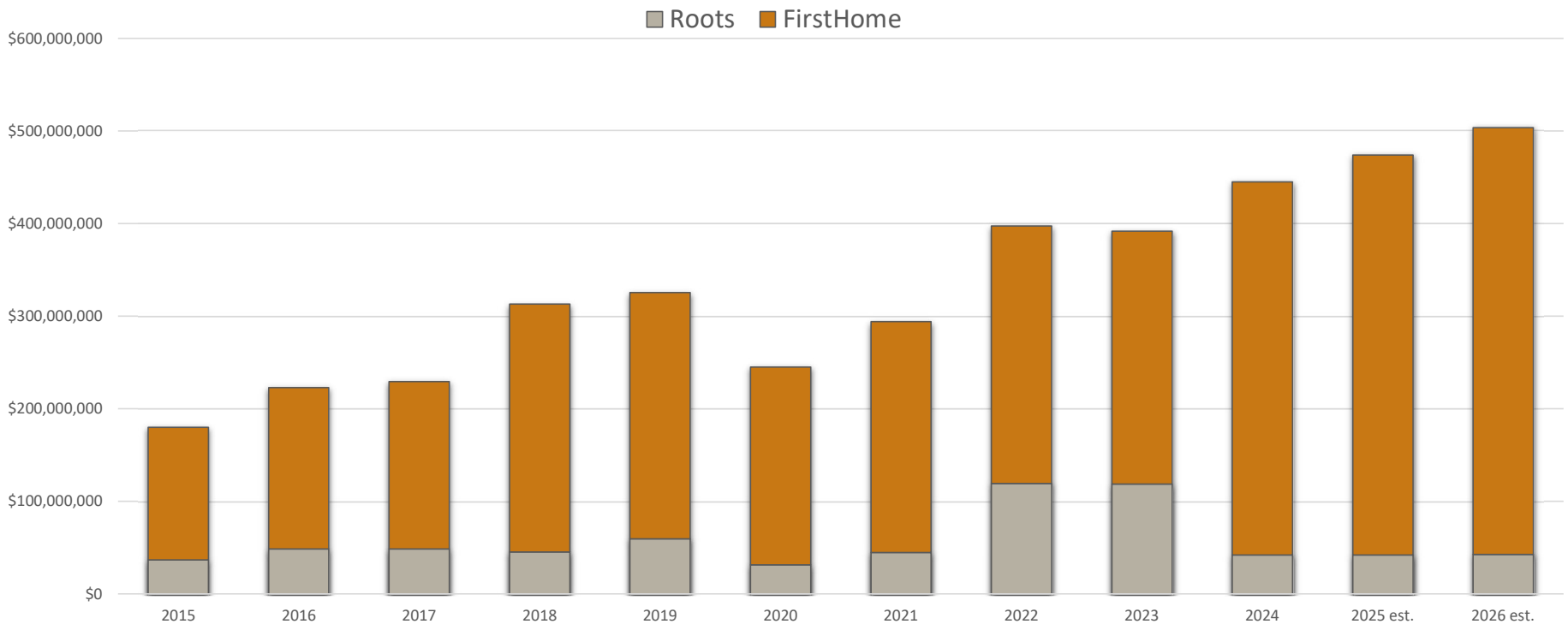
Agency Requests

- HIF appropriation - $40 million
- ND Homeless Grant - $10 million
- Transfer of ND Homeless Grant to HIF
  - Accountability – required report to Legislature and audit
  - Administrative efficiency
- 1 FTE

Total Production (# of Loans)



Production (Total Funded Amt)



Benefits of FirstHome Program



Rate averaged 1.26% below market in 2024



Average monthly payment savings = $179



Loans serviced in state



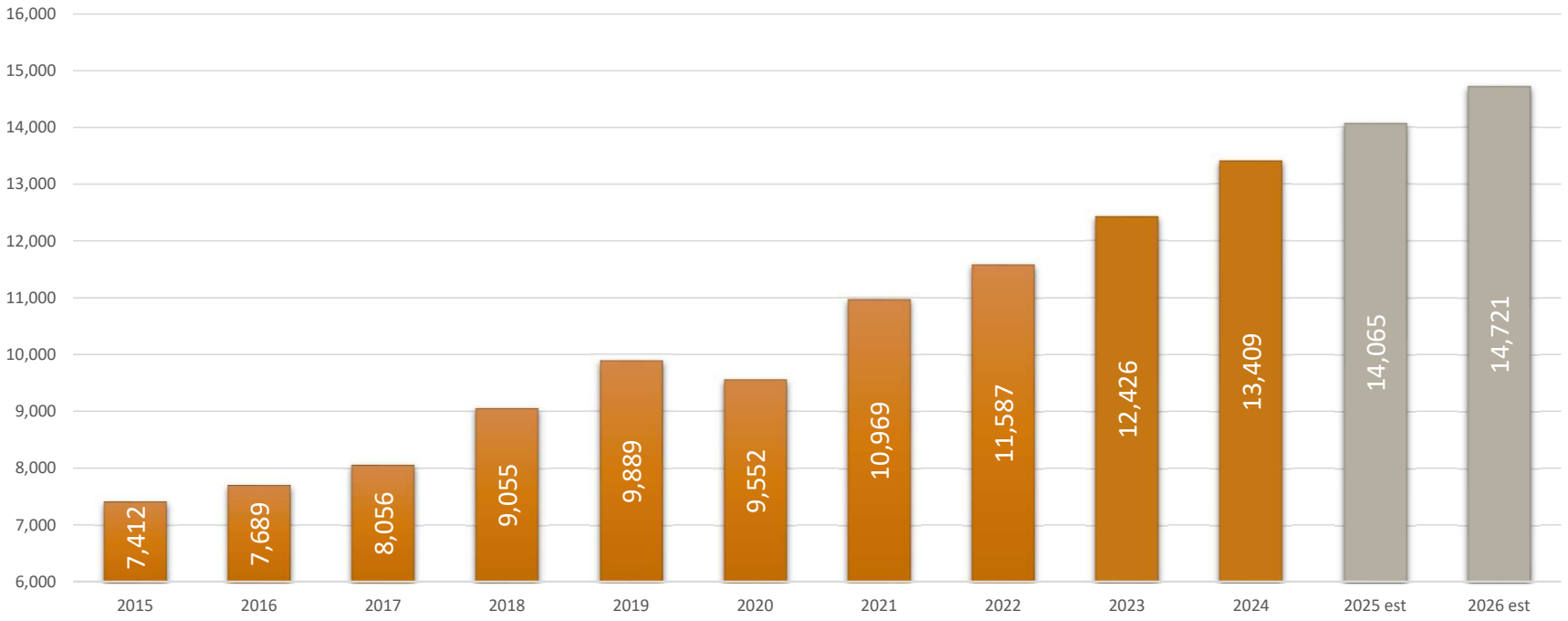
Down payment assistance provided

55% of homebuyers used DPA in 2024

Acquisition Staffing

- Adequate staffing needed to ensure:
  - Loans are reviewed and purchased timely from lenders
  - Borrowers receive loan payment information timely

Serviced Loans

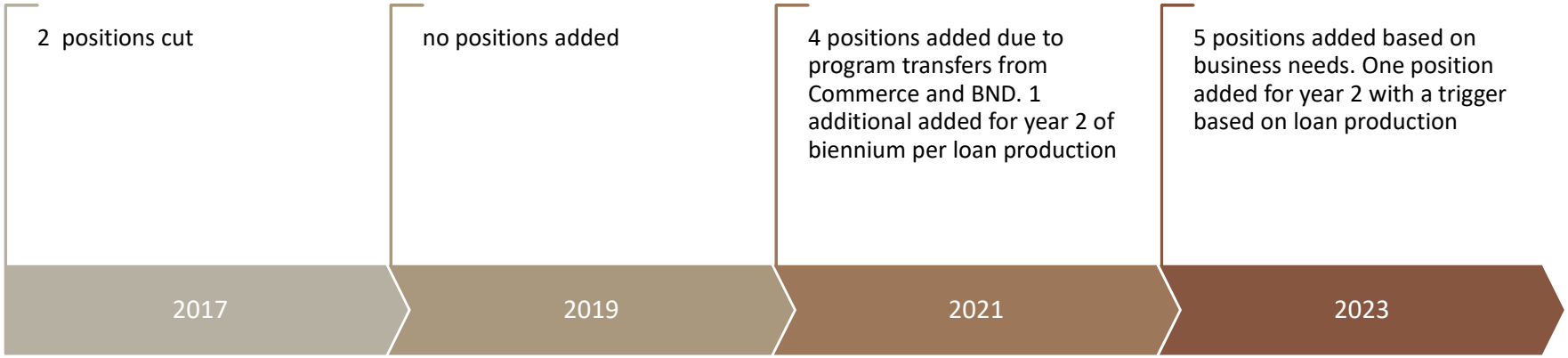


Servicing Staff

- Current loans serviced = 13,409
- Agency - 1,031/FTE
- Mortgage Bankers Association - 835/FTE
- Currently we are short 3 FTE’s

Support FTE staff

- Support for all business operations:
  - Business Analyst – 1 FTE
  - Accountant – 1 FTE


2 positions cut
2017
no positions added
2019
4 positions added due to program transfers from Commerce and BND. 1 additional added for year 2 of biennium per loan production
2021
5 positions added based on business needs. One position added for year 2 with a trigger based on loan production
2023

FTE History

FTE Pool

- 4.5% vacancy rate anticipated
- Reduced budget by $465,165
- Actual vacancy rate = 1.85%
- Average vacancy days = 45
- Vacancy savings = $35,188
- Vacancy savings = 0.34% of base salary line

FTE Request - 5 (Paid with Agency Revenues)

- Maintain quality service to citizens and our housing partners
- Manage future housing market growth
- Meet investor, bond rating, and federal regulatory guidelines
- Address succession planning for key personnel

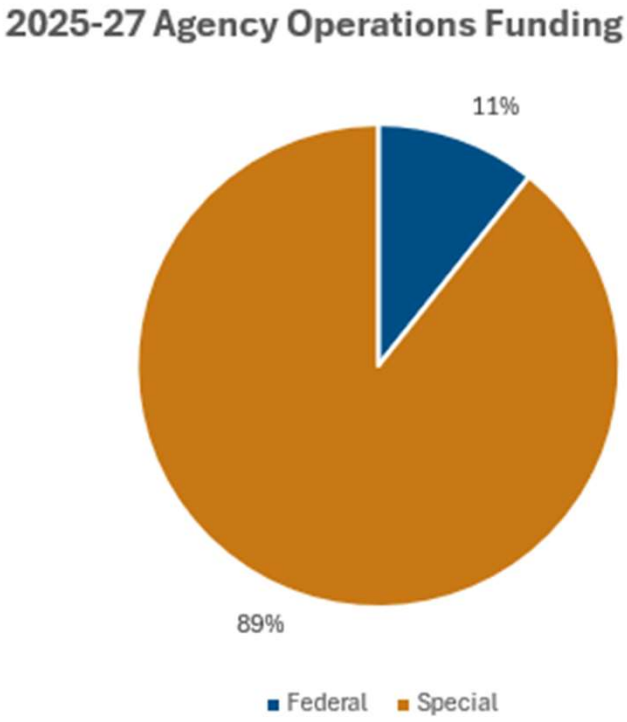
Paid with Agency revenues

Salary and Wages

	Total	FTE Positions	General Fund	Special *	Federal
23-25 Salary and Benefits Base	**11,413,354**	**54**	**-**	**8,532,841**	**2,880,513**
Restore FTE Pool	1,451,641			1,342,052	109,589
Base Reallocation (federal to special) Salary Line	-			907,224	(907,224)
Health Insurance Increase	-			-	-
Gov Recommended salary adjustments	-			-	-
FTE - Homeownership Specialists	369,588	2		369,588	-
FTE - Business Analyst	257,408	1		257,408	-
FTE - Accountant	257,408	1		257,408	-
FTE - Program Manager - Homeless	213,880	1		213,880	-
Total Additional	**2,549,925**	**5**	**-**	**3,347,560**	**(797,635)**
Total Agency Request	**13,963,279**	**59**	**-**	**11,880,401**	**2,082,878**

* Agency Revenues

Operating – Special Funds = Agency Revenue



	2025-27 Agency Request
Salaries & Wages	13,963,279
Operating	9,470,176
Capital Assets	20,000
HFA Contingency	100,000
Total Agency Operatio	**23,553,455**

Federal	2,526,478
Special	21,026,977
General	-
Total Funding Sources	**23,553,455**

Grants

	Total	General Fund	Special *	Federal
Grants Base	**48,805,110**	**2,500,000**	**1,650,000**	**44,655,110**
Required reduction (3% special fund) Agency Grants	(200,000)	-	(200,000)	-
ND Homeless Grant increase	7,500,000	7,500,000	-	-
Move ND Homeless Grant to HIF	(10,000,000)	(10,000,000)	-	-
Total Additional	**(2,700,000)**	**(2,500,000)**	**(200,000)**	**-**
Total Agency Request	**46,105,110**	**-**	**1,450,000**	**44,655,110**

* Agency Revenues

Summary of Agency Requests

- 5 FTE
- Continuing appropriation language
- HIF appropriation - $40 million
- ND Homeless Grant - $10 million
- Transfer of ND Homeless Grant to HIF

Contact Information

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NORTH DAKOTA housing FINANCE AGENCY

chdo RED RIVER
growing opportunity in the valley

Red River Community Housing Development Organization (CHDO)



Lakota, ND, population 686

The Red River Community Housing Development Organization (CHDO) is a Grafton based non-profit with a mission to grow opportunities for low-income and moderate-income people, and underserved rural communities, by developing decent and attainable housing and supporting community development, to help them thrive. This case study outlines the organization's efforts to increase single family housing production in rural communities in north east North Dakota. Lakota was our first community.

Primary Objectives

- Create opportunities for growth in rural communities
- Jumpstart new construction of single-family homes in rural communities,
- Lift values to reduce and/or eliminate appraisal gap in small towns

"Spark Build" Initiative

After identifying barriers RRCHDO identified strategies to overcome them resulting in the Spark Build Initiative

- Red River CHDO acts as developer to be the risk taker in places where others aren't willing or able to do so.
- Acquires lots, finds builder, contracts with builder, secures all construction financing, pays builder monthly for work completed, collects lien waivers, markets homes, sells homes, repays construction financing

Process

- Sent RFP to 12 contractors in region, no responses received
- Shifted strategy to recruit a builder
- Collaborated with builder on home design and budget to reach project goals
- Outreach to communities - in inquiries from 9 communities, 6 proposals, and 29 lots
- Selected communities, lots, and funding partners
- Secured conditional commitment of HIF forgivable construction loan
- Secured construction loan from local lender(s)
- Signed contract with builder
- Transferred ownership of lots to RR CHDO (updated abstract, title search, cleared lien, purchase liability and builders risk insurance, applied for building permit)
- Broke ground in May
- Sales contracts on both homes signed by end of June.
- Both homes complete and sold by end of year.
- Two additional homes currently under construction in Larimore.

516 Cooper Avenue | Grafton | ND | 58237 | 701-430-1597

Challenges

- Finding a builder – busy, not interested, skeptical, not general contractors
- Attracting bank financing for construction – risk averse
- Accessing HIF dollars – not able to use for single family for sale housing until after law change in 2023 legislature
- Timing – getting on a builder's schedule - typically book jobs out a year (or more) in advance, require signed contract and down payment
- Single family construction payment structure – pay ahead vs. after work complete
- Appraised value vs. cost to build

Partners

- Red River Community Housing Development Organization (CHDO)
- City of Lakota
- State Bank of Lakota & First United Bank
- North Dakota Housing Finance Agency
- ·Gemmill Custom Cabinets and Homes

Outcomes

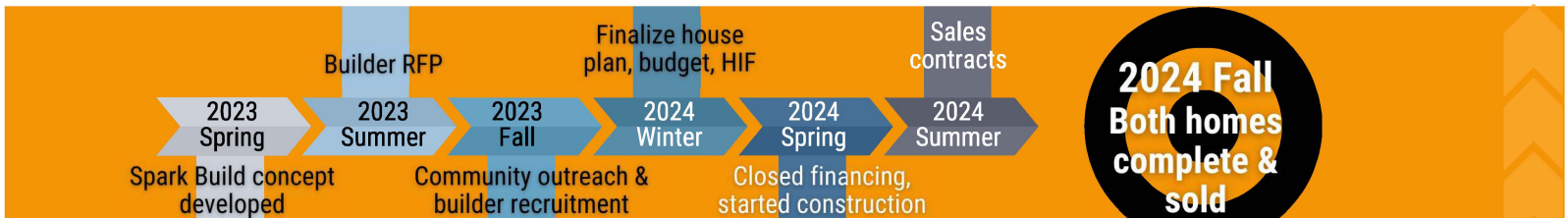
- Expanded housing stock and created movement in local housing market.
- Two new single-family homes started, finished, and sold in 2024
- Lakota retained two "empty nester" households in need of single level living
- Opened up two well-kept single-family homes in Lakota for sale at + or - $200,000.One new first time home buyer
- Opened up one rental apartment – already re-leased

Lessons Learned

- Developer, risk taker, is missing link
- Construction financing - another missing link
- Challenges encountered at every level in rural area – builders, financing, lots, marketing, home values/appraisals, risk management.
- Stick to a single house plan for multiple homes - saved time, saved money, fewer decision points
- Bundling multiple homes under one contract - good for builder, good for CHDO, saved time and money
- Build a relatively basic home – appraisal gap not as bad as expected – "extras" and upgrades may increase value gap
- Every partner needs to manage their risk - developers, builders, lenders, and cities
- Housing Incentive Fund (HIF) was the key to risk management and pulling this all together







Testimony from Lisa Rotvold

SB 2014 – A BILL for an Act to provide an appropriation for defraying the expenses of the industrial commission and the agencies under its control; to provide for a transfer; to provide for an exemption, and to provide for a report.

Regarding: North Dakota Housing Finance Agency Budget – Housing Incentive Fund

January 14, 2025 - Senate Appropriations Committee – Education and Environment Division hearing

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My name is Lisa Rotvold. I live in Hillsboro and serve on the advisory board for the North Dakota Housing Finance Agency. I am also the Executive Director of the non-profit Red River Community Housing Development Organization (CHDO), based in Grafton.

This testimony is to share a Housing Incentive Fund (HIF) success story. In my 30-year career as an affordable housing community development practitioner, I have utilized many of the Agency's programs including Low Income Housing Tax Credits (LIHTC), the HOME program, Federal Housing Trust Fund (HTF), and Housing Incentive Fund. In my current role my work is focused on increasing the availability and affordability of housing in rural communities in northeast North Dakota.

Small communities in my service area (Region 4) have had very little new construction of single-family homes in the past 20 years. Building permit data from 2003 to 2023 show that while the City of Grand Forks issued on average 2.35 single family building permits per 1000 population, Nelson County issued 0.81, Pembina County issued 0.22, and Walsh County issued 0.43 single family building permits per 1,000 population. The rural parts of Region 4 have fallen behind, not because people don't want to live there, or because there aren't jobs for people, but because they don't have adequate housing to meet demand.

We identified three barriers to new home construction in rural communities. (1) risk (for developers, builders, lenders, and home buyers), (2) profit for builders, and (3) appraisal gaps. Our solution to overcoming these barriers is called the **Spark Build Initiative**. NDHFA and the Housing Incentive Fund enabled our small non-profit to build and sell two new single-family homes in Lakota and break ground on two more in Larimore in 2024. HIF helped manage risk for us as a developer, but also for the construction lender(s), builder, and buyers. Now we are working with Park River so they will be ready to break ground on two homes this spring. Six more communities want us to help them as well, if additional HIF funding becomes available.

A regional housing study, completed by Fourth Economy in August 2024, identified demand for 4,800 additional housing units in Region 4 between now and 2030 (not including the city of Grand Forks). Rural North Dakota needs the Housing Incentive Fund. Rural communities are speaking up about their housing needs. The flexibility HIF offers can support small-scale development that is right sized for rural communities when federal programs just don't work. With continued HIF funding, we hope to help correct the appraisal gap problem, and demonstrate to builders and lenders that rural North Dakota is a solid investment.

So, thank you, and kudos to all of you who created and have continued to support the Housing Incentive Fund. It is a uniquely North Dakota solution to helping meet diverse housing needs. NDHFA is a great steward of the Housing Incentive Fund. Their programs, systems, and staff are responsive to evolving housing needs across the state.

As you consider funding for the next biennium, I want you to know that rural North Dakota is ready to put those dollars to work, improving housing availability and quality, and making room for newcomers.

Attachments:

1. Red River CHDO's Spark Build Initiative flyer
2. Case Study for the Lakota "Spark Build" homes showcases the important role that HIF played in getting these new homes built.

THE SPARK BUILDING INITIATIVE

SPARKING NEW HOUSING CONSTRUCTION IN REGION 4

The non-profit Red River Community Housing Development Organization (CHDO) is rolling out its Spark Building Initiative in 2024. Spark Building is focused on sparking new construction of single family for sale homes in small towns that have struggled with inactivity. Red River CHDO is taking the speculative nature of new home construction out of the way for contractors to encourage them to take a risk on small town new construction.



BARRIERS TO NEW CONSTRUCTION

- **Risk.** Builders can view speculative new home construction in small towns to be risky.
- **Profits.** Builders can earn larger profits on a custom homes than on workforce or entry level homes many communities need.
- **Appraisal Gaps.** New construction in slow markets can often appraise for less than the cost to build. This gap can make it difficult for home buyers to secure adequate financing to purchase new construction home.

SPARK BUILDING SOLUTIONS

- **Reducing Risk.** Red River CHDO will reduce the risk to builders by being the developer, managing development details, construction financing, and home sales so builders don't have to.
- **Improving Profit.** By bundling construction of two or more homes under one contract, Red River CHDO can offer builders an opportunity to earn profits on par with a larger custom home.
- **Managing Appraisal Gaps.** As a non-profit organization Red River CHDO is applying for funding to buy down appraisal gaps. Further, by continuing to build a small number of homes each year, we create comparable sales for the next new home, with a goal of ultimately eliminating the appraisal gap problem.

Red River CHDO | 516 Cooper Avenue | Suite 101 | Grafton, ND 58237



WHY SPARK BUILDING?

Communities in Region 4 are poised for growth with a healthy economy, and growing job opportunities. A low unemployment rate means we need to attract newcomers to the region.

Quantity, quality, and affordability all affect rural housing markets. By making new construction both available and affordable, communities can make room for newcomers, helping employers attract the workers they need.

Due to a long term lack of new construction, appraisal gaps are hindering builders, buyers, and communities.

As a non-profit developer, Red River CHDO can take a risk on small towns in the region to jump start new construction activity.

SPARK BULID 2024

Red River CHDO is proud to be partnering with the Cities of Lakota and Larimore for this inaugural year of the **Spark Building Initiative** (a.k.a. "Spark Build 2024"). Both communities are poised for growth with business expansion driving housing demand. Red River CHDO will build two homes in each community. Each City has donated the lots for the homes, and will offer buyers a two year real estate tax exemption.

Homes will be sold at appraised value. Resources such as down payment assistance, reduced interest rates, or loan guarantees may be available to qualified buyers from USDA Rural Development, North Dakota Housing Finance Agency, Federal Home Loan Bank, FHA and VA . Each home will feature three bedrooms and two bathrooms, with an attached two stall garage.

chdo RED RIVER
growing opportunity in the valley

Red River Community Housing Development Organization (CHDO) is a 501(c) 3 non-profit organization who's purpose includes housing and community development for low and moderate income people, and underserved communities in Grand Forks, Nelson, Pembina, and Walsh Counites.

Red River CHDO | 516 Cooper Avenue | Suite 101 | Grafton, ND 58237

PO Box 1091 • Bismarck, ND 58502
701-355-4458 • www.ednd.org

Testimony of Laura Lacher

Economic Development Association of North Dakota

In Support of SB 2014

January 14, 2025

Chair Sorvaag and members of the Senate Appropriations Committee – Education and Environmental Division:

I am Laura Lacher from the Economic Development Association of North Dakota (EDND), and I would like to express our support for SB 2014, which includes the appropriation for the Bank of North Dakota (BND) and the North Dakota Housing Finance Agency (NDHFA).

EDND represents more than 80 state economic development organizations on the front line of economic development efforts throughout North Dakota. The organization's primary purpose is to promote the creation of new wealth throughout North Dakota to develop more vibrant and efficient communities and improve quality of life.

Bank of North Dakota

BND programs are important to and widely used by economic developers across the state. Supporting PACE and Flex PACE programs consistently arise as one of our developers' top legislative priorities and the top tools they use in their communities. PACE and Flex PACE provide flexibility for businesses and development agencies to support new and growing businesses in a fiscally safe manner in both rural and urban North Dakota. Speak to any local developer in the state and you will hear a wide variety of stories about the programs' impact.

North Dakota Housing Finance Agency

Affordable housing continues to be a priority for North Dakota's growing businesses and communities. The Housing Incentive Fund is a flexible gap financing tool leveraged to develop affordable multi-family housing for essential service workers, main street employees, fixed-income households, and older adults. A major stumbling block to attracting businesses that diversify the economy, or to attracting workers to fill the thousands of jobs open in the state, is a need for more affordable housing.

EDND understands the difficult decisions you have in determining the state's future, and it appreciates your thoughtfulness in managing this responsibility. Please consider how these programs and resources support communities in the entire state as you make these decisions. I urge the committee's support of these priorities within SB 2014.

2025 SENATE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division
Sakakawea Room, State Capitol

SB 2014
1/24/2025

A BILL for an Act to provide an appropriation for defraying the expenses of the industrial commission and the agencies under its control; to provide for a transfer; to provide an exemption; and to provide for a report.

9:07 a.m. Chairman Sorvaag called the meeting to order.

Members Present: Chairman Ronald Sorvaag, Senator Cole Conley, Senator Scott Meyer, Senator Donald Schaible, Senator Paul J. Thomas.

Discussion Topics:

- Details regarding budget recommendations.
- Differences between Budget recommendations of Bergum and Armstrong.
- Other Legislative Bills Impacting DMR

9:09 a.m. Adam Mathiak, Legislative Council, testified in neutral and submitted testimony #33939.

9:11 a.m. Vance Taylor, President & CEO, ND Mill & Elevator, testified in favor.

9:18 a.m. Cathy Dub, CFO, ND Mill & Elevator, testified in favor and submitted testimony #31025.

9:31 a.m. Chairman Sorvaag recessed the meeting.

9:37 a.m. Chairman Sorvaag reconvened the meeting.

9:39 a.m. Adam Mathiak, Legislative Council, testified in neutral.

9:41 a.m. Nathan Anderson, Director, Dept. Human Resources, testified in favor and submitted testimony #31294.

9:47 a.m. Robyn Loumer, Finance Manager, NDMR, testified in favor and continued testimony #31294.

9:56 a.m. Mark Bohrer, Assistant Director, Oil & Gas Division testified in favor.

9:57 a.m. Robyn Loumer, Finance Manager, NDMR, testified in favor and continued testimony #31294.

9:58 a.m. Mark Bohrer, Assistant Director, Oil & Gas Division testified in favor.

10:02 a.m. Ed Murphy, Director, Dept. of Mineral Resources testified in favor and continued with previous testimony #29060.

10:02 a.m. Robyn Loumer, Finance Manager, DMR, testified in favor and continued testimony #31294.

10:05 a.m. Mark Bohrer, Assistant Director, Oil & Gas Division testified in favor and continued testimony #31294

10:09 a.m. Karen Taylor, Executive Director, Industrial Commission, testified in favor.

10:12 a.m. Chairman Sorvaag adjourned the hearing.

Steven Hall, Committee Clerk

Senate Appropriations Committee
Education and Environment Division
Senate Bill No. 2014 Budget No. 475
North Dakota Mill & Elevator Association
January 14, 2025



Mr. Chairman and Senators:

I am Vance Taylor, President and CEO, of the North Dakota Mill and Elevator. With me today is Cathy Dub, our CFO. The North Dakota Mill & Elevator Association started operations in 1922 and serves as a foundation for value-added economic development in the state, promotes the export for North Dakota wheat, and returns a percentage of its annual profits to the state general fund. NDM operates under Chapter 54-18 of the North Dakota Century Code.

The North Dakota Mill and Elevator Association (NDM), located in Grand Forks, is presently the largest single site wheat flour mill and the 8th largest wheat milling company in the United States with sales over $500 million annually.

Our milling complex presently includes 10 milling units with the capacity to produce 6,050,000 lbs. of finished products per day, a terminal elevator with total available storage of over 5,000,000 bu. of grain and a packaging center and warehouse capable of producing, storing, and shipping large quantities of various sized bags of milled products. We process over 130,000 bu. of top-quality North Dakota spring wheat and durum per day, adding value to approximately 40,000,000 bu. per year.

NDM normally operates 24 hours per day, 5 to 7 days per week. Our milling units process about 90% spring wheat and 10% durum. Approximately 80% of our products are shipped in bulk trucks or railcars and 20% is shipped in bags or totes.

NDM produces conventional and organic products. At present organic products make up about 1% of our total shipments.

The Mission of the North Dakota Mill is to:

- Promote and provide support to North Dakota agriculture, commerce and industry.
- Provide superior quality, consistency, and service to our customers.
- Grow the business and provide a profit to our owners - the citizens of North Dakota.
- Conduct our business with the highest integrity so that our employees, customers, suppliers, and owners are proud to be associated with the North Dakota Mill.

NDM had no audit findings in Fiscal Year 2024.

Current Biennium Accomplishments:

- Record profits reached in Fiscal Year 2024 - $20,795,168 representing a 20.6% increase over the record profits of $17,238,265 in Fiscal Year 2023.
- Record flour production reached in Fiscal Year 2024 – 17,574,984 hundred weights (cwt.) representing a 9.8% increase over Fiscal Year 2023.
- Record flour shipments reached in Fiscal Year 2024 – 17,529,182 cwt. representing a 10% increase over Fiscal Year 2023.
- Record purchases of grain reached in Fiscal Year 2024 – 37.2 million bushels.
- Record $9,877,705 transferred to the General Fund.
- Record $1,039,758 transferred to APUF.

- Profit increases of 8.8% in Q1 & Q2 Fiscal Year 2025 over Q1 & Q2 Fiscal Year 2024.
- Flour production increases of 7.7% in Q1 & Q2 Fiscal Year 2025 over Q1 & Q2 Fiscal Year 2024.
- Flour shipment increases of 7.8% in Q1 & Q2 Fiscal Year 2025 over Q1 & Q2 Fiscal Year 2024.
- Midds Storage and Handling Facility Project - $56,000,000 scheduled to be completed in March 2025.
- Several projects have been completed recently, and others are underway to further improve milling, packing, and loading efficiency.
- Other projects that we are working on will improve plant reliability and employee and product safety.

Current Biennium Challenges:

- Elevated interest rates.
- Inflationary pressure on various expense categories.
- Volatile grain markets.
- Rules and on-going regulatory changes regarding food safety and security.

2025-2027 Biennium Goals:

- Add more milling capacity to facilitate company growth.
- Continue the modernization of our terminal elevator.
- Add a new 9th floor to the A – B milling building to facilitate modernization and capacity increases for the mills.
- Complete the installation of 2 additional electrical generators.
- Reach sales and production of 19.5 million cwt. per fiscal year.

Strategic Plan FY 2025

Working with Dr. Denny Elbert, former Dean of the UND Business School, the North Dakota Mill management team has developed the following strategic objectives for Fiscal Year 2025:

- Promote and Support ND Agriculture, Commerce, and Industry
- Identify and Respond to Emerging Issues in the Flour Milling Industry
- Maximize Profit Potential
- Grow our Customer Base
- Invest In and Protect Our Employees

FTE Data:

2023-2025 Biennium Approved Positions			
Position	**Funding Appropriated**	**Date Filled**	**Amounts Transferred from Pool**
2nd Shift Grain Mixing	$158,526	Sep-24	$66,053
2nd Shift Grain Mixing	$158,526	Sep-24	$66,053
2nd Shift Grain Mixing	$158,526	Sep-24	$66,053
Mechanic*	$183,614	Dec-24	$53,554
Electrician	$221,526	Jul-23	$221,526
Equipment Oiler	$155,282	Sep-24	$64,701
Midds Storage & Handling	$156,082	Sep-24	$65,034
Midds Storage & Handling	$156,082	Sep-24	$65,034
Midds Storage & Handling	$156,082	Sep-24	$65,034
4th Shift Miller	$174,964	Open	
4th Shift Miller	$174,986	Open	
4th Shift Miller	$174,986	Open	
4th Shift Assistant Miller	$172,344	Open	
4th Shift Grain Cleaner	$165,806	Open	
Totals	**$2,367,332**		**$733,042**

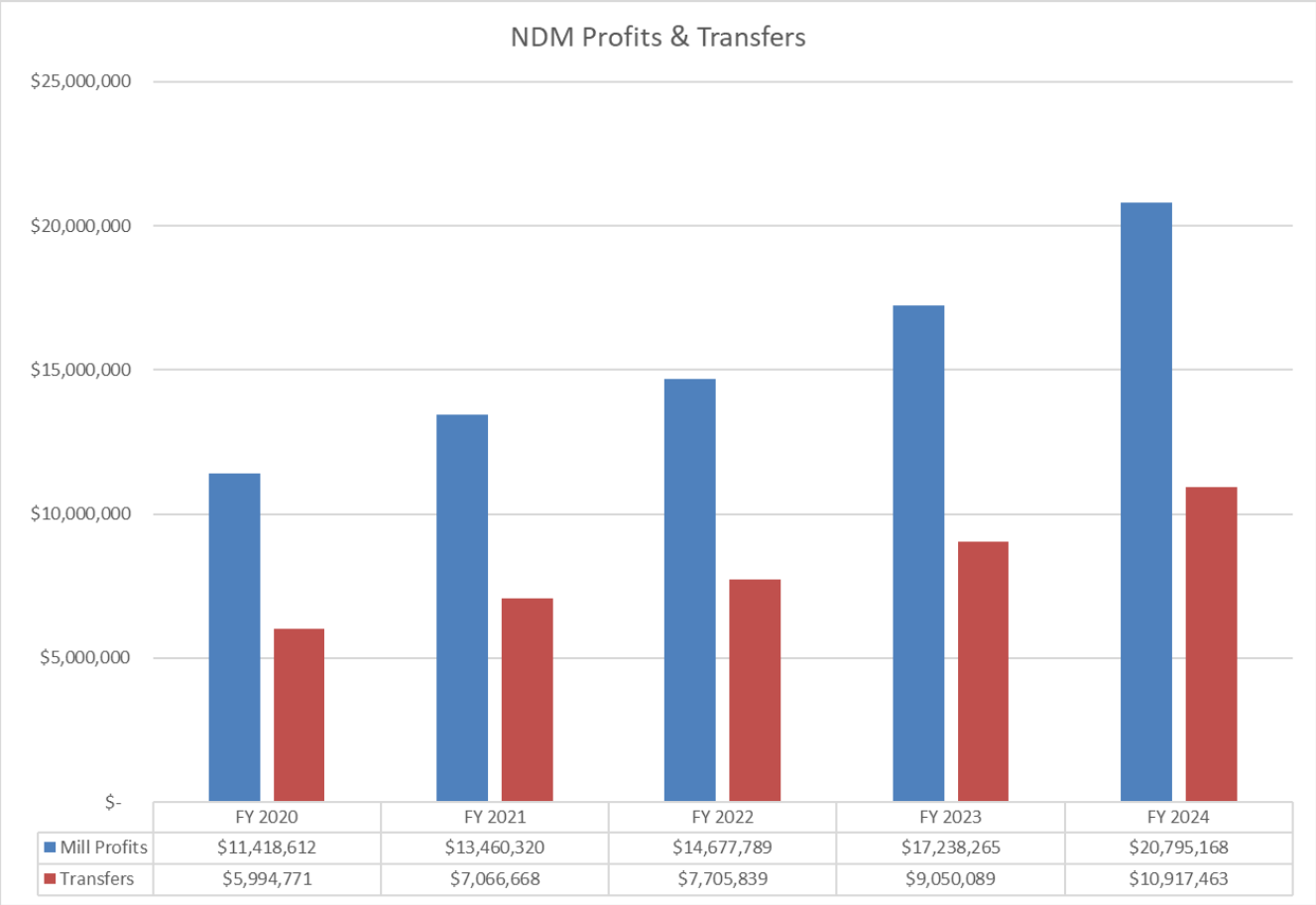
* Funds have not been requested at this time

Budget Request:

All operating funds are generated internally at NDM. Short or long-term cash needs are met by borrowing from the Bank of North Dakota. **No funds are received from the State.**

NDM currently transfers 5% of profits to the Agricultural Product Utilization Fund (APUF) and 50% of the remaining profits to the General Fund. In fiscal year 2024, the Mill transferred $1,039,758 (5% of profits) to the APUF and $9,877,705 (50% of remaining profits) to the General Fund. We respectfully request that the General Fund transfer amount not be raised above 50% of remaining profits for the 2025-2027 biennium, a change from the 0% recommended by the Burgum budget. Any increase in the General Fund transfer rate would hinder growth and put pressure on cash flow. At the General Fund transfer rate of 50%, we estimate transfers would equal $20.0 million for the biennium.

In the past six fiscal years, NDM has invested $115.0 million in capital projects. The Mill currently has another $37.9 million in projects in progress with the $56.0 million Midds Storage & Handling Facility scheduled to be completed in March 2025. Due to the significant amount of capital investment made and the elevated interest rates, the Mill is focusing on reducing debt to strategically place us for future growth.



	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Mill Profits	$11,418,612	$13,460,320	$14,677,789	$17,238,265	$20,795,168
Transfers	$5,994,771	$7,066,668	$7,705,839	$9,050,089	$10,917,463

Our budget request is for $108,043,394. This is a $10,632,474 increase over the base level budget. The increase represents restoration of the FTE funding pool amounts, increases in wages and benefits, operating expenses, and an additional 2 FTEs.

For biennium 2023-2025 the Mill's appropriation amount was $54,019,267 for wages and benefits. NDM has requested $61,960,587 for the 2025-2027 biennium. This represents requesting the total amount of the FTE funding pool that was removed from our 2023-2025 biennium budget ($4,123,895) as well as 2 additional FTEs, wage increases of 4% each year and increases in overtime and shift differential funding.

NDM's union contract expires June 30, 2025. NDM will negotiate a new contract with the union in the spring of 2025. As we have not started negotiations and are not certain of the wage increase that will be agreed upon, we have used increases of 4.0% for each year of the new biennium for salary and wage increases. Our budget request also includes increases in overtime and shift differential that would allow continuous 24/7 running of the mills.

The two (2) requested positions are for car checkers. These positions move, clean, and load railcars and trucks with flour to ship to customers. With additional capacity we need more employees to complete the cleaning of vessels and the loading of flour. These two positions would bring the 2nd shift load out and the 3rd shift load out to five person crews to maximize efficiencies. These positions added $359,984 to the salary and benefits expense.

Additionally, NDM requests to have the flexibility to hire employees as needed and not be legislatively mandated to a certain number of FTEs. This would allow us to change departments from 3-shift to 4-shift operations as we see the need to move in that direction and would provide a better work life balance for our employees. NDM would also request to be removed from the FTE Funding Pool this biennium. NDM has a complex payroll due to the union contract we must abide by, and employees may work within several job classifications within the same pay period. When NDM has vacant positions, it is more costly due to those hours being covered by other employees within the department, most times at overtime rates. NDM operates as a for-profit business and continues to manage employees in a manner that will allow for maximum profit potential.

For the 2025-27 biennium the Mill is requesting $61,960,587 in salary and benefits. The Mill will need additional funds added to our salary and benefits appropriation to account for increased health insurance costs as well as any wage increases that are granted greater than 4.0% per year. ADEC retirement contributions that will be assessed beginning January 1, 2026, will also need to be added into our appropriation amounts when the percentages become available.

To reach 19.5 million cwt. of production and sales NDM will need additional funding for inflationary factors and business growth. We have seen cost increases across many of our expense categories. We evaluated the new biennium budget based on the current biennium budget and the first-year expenses as well as considering the current economic environment with continued inflationary pressure. We adjusted line-item operating expenses where needed to allow us to continue to meet our operating needs. For the 2025-27 biennium the Mill is requesting $45,082,806 in operating expenses. This is up 6.3% from the 2023-25 biennium operating expenses appropriation of $42,391,653.

For biennium 2023-25 the Mill's appropriation amount was $16,004,550 for utilities. In the first year of the current biennium the Mill spent $5,237,682 on utilities. The largest portion of our utility bill is the electrical expense. The Western Area Power Administration (WAPA) supplies a significant portion of our electrical power. WAPA, starting January 2023, imposed a drought fee on the cost of their power, representing an estimated 15% increase in cost. The remaining portion of our electrical power comes from Nodak Electric. In addition to rising power prices, natural gas and propane prices continue to be volatile.

The 2025-2027 biennium will be the first full biennium with the new Midds Storage & Handling Facility which will also require additional power. The Mill budgeted $16,504,550 for utilities for the 2025-27 biennium.

For the biennium 2023-2025 the Mill's appropriation amount was $1,500,000 for Operating Fees and Services. This item includes the cost of fumigations and heat treatment to eliminate insects as well as various other services used in the plant. The cost of fumigations and general services continue to rise. We anticipate this expense to be $4,000,000 in the 2025-2027 biennium.

For biennium 2023-2025 the Mill's appropriation amount was $5,720,000 for insurance. Property insurance rates have begun to stabilize; however, inflation has increased the value of property that we are insuring. Food safety issues, as well as the increase in buildings and equipment from the expansion, will drive up the cost of our property and liability insurance. The cost of property insurance is anticipated to remain high with all the natural disasters occurring in the world today. As the Mill has increased cwts. of production and sales, we have increased the volume of flour inventory carried. This has resulted in an increased cost for insurance for these higher inventory values. The Mill anticipates our insurance costs to be $6,070,000 in the next biennium.

For the 2025-27 biennium the Mill is requesting $45,082,806 in operating expenses. This represents a 6.3% increase from the 2023-25 biennium appropriations. The volume of production and sales at the Mill drives a large share of these expenses. We continue to work hard to keep our expenses down to increase our profitability and improve our returns. The Mill is currently on

pace to have sales reaching 18,000,000 cwts in FY 2025, an approximate 8.0 % increase over the previous fiscal year. This represents grinding more than 40,000,000 bushels of spring wheat and durum. All expenditures incurred are paid for with the revenues generated by the North Dakota Mill. No General Fund dollars are expended by the North Dakota Mill. It is necessary for us to have room within our budget to continue the growth NDM has experienced in order to achieve the profitability levels and make the General Fund and APUF transfers that are expected of the mill.

Thank you for your time and consideration of our budget request. I will be happy to answer any questions.

NORTH DAKOTA MILL ORGANIZATION CHART

01/06/2025

Vance Taylor
President and CEO

Becky Boman
Administrative Assistant

Tamra Srnsky
Human Resources Manager

Dillon Janousek
Vice President Production Operations

- **Kevin Ayotte** — Terminal Supervisor
- **Alan Sundby** — Packing, Loading Whse Superintendent
- **Luke Dudgeon** — Warehouse Supervisor
- **Troy Thompson** — Ass't Warehouse Supervisor
- **Shane Johnson** — Electrical Supervisor
- **Jeremy Rinde** — Maintenance
- **Lucas Bye**, **Dwight Gerszewski** — Night Plant Supervisors
- **Travis Devlin** — Milling Director
- **Kiel Rasmuson** — Head Miller

Dan Boe
Vice President Quality Assurance & Tech Services

- **Ross Dudgeon** — GMP Supervisor
- **Chad Boushee** — Lab Manager
- **Sharla Cera** — Lab Technician
- **Paula Gilbertson** — Lab Technician
- **Veronica Obregon** — Lab Technician
- **Chelsea Walde** — Lab Technician
- **Kathryn Bratvold** — Lab technician
- **Jennifer Baukol** — Lab technician
- **Victoria Obregon** — Lab technician

Brent Massmann
Vice President Transportation

- **Mike Harlow** — Lead Transportation Coordinator
- **Tyler Tennison** — Sr. Transportation Specialist
- **Jackie Adair** — Transportation Specialist

Russ Bischof
Vice President Sales

- **Brad Storbakken** — Sales – Key Accounts
- **Ryan Svoboda** — Sales – Key Accounts
- **Mike Leddige** — Sales – Key Accounts
- **Becky Murphy** — Sales Support Administrator
- **Sara Chyla** — Lead Customer Service Representative
- **Danette Coulter** — Customer Service Representative

Peder Skjoiten
Vice President Grain Procurement

- **Reece Johnson** — Sr. Grain Buyer
- **Jon Tweed** — Grain Buyer

Cathy Dub
Chief Financial Officer

- **Julie Leake** — Controller
- **Mara Gerszewski** — Accounts Payable Clerk
- **Emily Barta** — Accounting Specialist
- **James Storie** — IT Programming Manager
- **Kevin Robinson** — Hardware IT Manager
- **Steve Bratvold** — Buyer
- **Derek Roach** — Assistant Buyer/ Supply Clerk

Compensation & Benefits

Considerations

- The agency is in a leadership transition.
- Bonus opportunities - FTE pool limiting ability to utilize agency savings from general and administrative budget to assist with bonus.
- ▲ Total compensation doesn't appear within a reasonable range of the private sector, defined as 80-90% of private compensation.
- ● Private retirement packages are competing if not surpassing especially when compared to higher salaries in private market.
- ■ Cost of health care lower at state than private but when compared to higher salaries in private sector the clear choice would be more competitive compensation.
- Metric based compensation unavailable at state - Equity, bonus, profit sharing.
- Equity study during 68th biennium only considered classified positions and did not consider DMR's 80% unclassified positions.
- Historically bonuses have been approximately equivalent to one-month salary of the employee. Turnback last biennium was over $1 million in salaries even with bonuses given. The DMR utilized their dollars to retain employees in a responsible/accountable manner.

Compensation & Benefit Comparison (January 2025 Example)

	Entry Level		Mid Level		Senior Level	
Salaries (not including benefits)	DMR	Private	DMR	Private	DMR	Private
▲ Combined Salary and Bonus	$54,500	$132,000	$108,300	$222,000	$140,800	$261,600
% Difference: DMR to Private	-142%		-104%		-85%	
Retirement						
● Employer Retirement Contribution (State 13%, Private 8%)	$7,085	$10,560	$14,079	$17,760	$18,304	$20,928
● Employee Retirement Contribution (State 3%, Private 10%)	$1,635	$10,560	$3,249	$17,760	$4,224	$20,928
● **Total Retirement Benefit Annually**	**$8,720**	**$21,120**	**$17,328**	**$35,520**	**$22,528**	**$41,856**
Medical						
■ Maximum Out of Pocket Medical Expenses Estimate (annually) Assumes a family unit	**$4,700**	**$14,500**	**$4,700**	**$14,500**	**$4,700**	**$14,500**
■ Total Employee Paid Retirement & Medical Expenses	$6,335	$25,060	$7,949	$32,260	$8,924	$35,428
Percentage of Employee Salary	12%	19%	7%	15%	6%	14%
Employee Take Home Pay After Benefits and Medical Expenses Estimate does not include taxes	**$48,165**	**$106,940**	**$100,351**	**$189,740**	**$131,876**	**$226,172**

How do strong companies and good leaders hire, retain and motivate top tier employees?

DMR Budget Comparison

	2023-25 Appropriated Budget	2025-27 Burgum Recommended	2025-27 Armstrong Recommended	2025-27 Essential DMR Budget
47410 Salaries & Benefits	$23,123,267	$26,839,639	$27,008,760	$28,605,639
47410 Compensation Increases	$0	$1,851,173	$1,639,364	$1,639,364
47430 Operating Expense	$11,541,104	$11,175,591	$11,182,751	$12,617,545
47450 Capital Assets	$98,000	$0	$0	$295,000
Total Expenditures	$34,762,371	$39,866,403	$39,830,875	$43,157,548
Less Federal Income	$2,568,000	$1,728,377	$1,728,377	$1,728,377
Less Special Income	$0	$342,000	$3,642,000	$3,642,000
Total General Fund	$32,194,371	$37,796,026	$34,460,498	$37,787,171
FTE	108	110	111	116

Note: Compensation increases include recommended salary, benefits, and health insurance increases.

SB 2014 Industrial Commission - DMR Budget

	Burgum's Recommended	Armstrong's Recommended	DMR Request
23-25 Base Level FTE	**108.00**	**108.00**	**108.00**
Salaries and Benefits			
23-25 Base Level Salaries & Benefits	**$23,261,532**	**$23,261,532**	**$23,261,532**
Base payroll changes:			
Gov. Rec. Salary Increase	$1,190,593	$978,784	$978,784
Health Insurance Increase	$660,580	$660,565	$660,565
FTE Funding Pool - New	$1,284,293	$1,284,293	$1,284,293
FTE Funding Pool - Vacant	$1,389,856	$1,389,856	$1,389,856
3% Required Cuts	($284,587)	($284,587)	($284,587)
Optional Requests:			
Position Conversion to Geologist	$101,785	$101,785	$101,785
Permitting Technician Position (1 FTE)	$151,146	$151,146	$151,146
IIJA Formula Grant - Administration	$500,727	$500,727	$500,727
Equity Adjustment	$250,000	$250,000	$805,800
Reclamation Techs (3 FTE)	$184,887	$184,887	$554,660
Executive Administrative Position (1 FTE)		$169,136	$172,772
Paleo Tech (1 FTE)			$178,090
Class VI Programmer (1 FTE)			$214,236
Professional Land/Legal Assistant (1 FTE)			$230,329
Increase Temp Salaries			$45,000
Total Salary and Benefits	**$28,690,812**	**$28,648,124**	**$30,244,988**
Operating			
23-25 Base Level Operating	**$5,120,253**	**$5,120,253**	**$5,120,253**
Base operating changes:			
ITD Data Processing	$108,065	$108,065	$108,065
3% Required Cuts	($626,293)	($626,293)	($626,293)
Optional Requests:			
Position Conversion to Geologist	$80,274	$80,274	$80,274
Permitting Position (1 FTE)	$10,887	$10,887	$10,887
Mineral Analysis	$100,000	$100,000	$100,000
Woolly Mammoth Excavation	$300,000	$300,000	$300,000
NDIC Assessment	$115,000	$115,000	$115,000
OHWM - for Witness Fees	$342,000	$342,000	$342,000
IIJA Formula Grant - Administration	$943,650	$943,650	$943,650
Litigation	$3,000,000	$3,000,000	$3,000,000
Inflation & Restoration	$1,500,000	$1,500,000	$2,235,401
Drilling Project Phase II	$100,000	$100,000	$500,000
Reclamation Techs (3 FTE)	$81,755	$81,755	$245,265
Executive Administrative Position (1 FTE)		$7,160	$10,887
Paleo Tech (1 FTE)			$38,382
Class VI Programmer (1 FTE)			$10,887
Professional Land/Legal Assistant (1 FTE)			$10,887
Professional Development			$57,000
Enhanced Oil Recovery Project			$15,000
Total Operating	**$11,175,591**	**$11,182,751**	**$12,617,545**
Capital Assets			
23-25 Base Level Capital Assets	**$0**	**$0**	**$0**
Portable XRF			$45,000
Paleontology Viewing Lab			$250,000
Total Capital Assets	**$0**	**$0**	**$295,000**
Total Expenditures	**$39,866,403**	**$39,830,875**	**$43,157,533**
Less Estimated Income	$2,070,377	$2,070,377	$2,070,377
Total General Fund	$37,796,026	$37,760,498	$41,087,156
Total FTE	**110.00**	**111.00**	**116.00**

DMR FTE Optional Request Priority List

Priority	Position	Salaries	Operating	Total
1	Executive Administrative Position	$172,772	$10,887	$183,659
2	Professional Legal/Land Position	$230,329	$10,887	$241,216
3	Permitting Position	$151,144	$10,887	$162,031
4	Reclamation Position	$184,887	$81,755	$266,642
5	Reclamation Position	$184,887	$81,755	$266,642
6	Reclamation Position	$184,887	$81,755	$266,642
7	Class VI Programming Position	$214,236	$10,887	$225,123
8	Paleontology Technician Position	$178,090	$38,382	$216,472

DMR Non-FTE Optional Request Priority List

Priority	Description	Salaries	Operating	Capital Asset	Total
1	Inflation & Restoration	$0	$2,235,401	$0	$2,235,401
2	Position Conversion to Geologist	$101,785	$80,274	$0	$182,059
3	Equity Adjustment	$805,800	$0	$0	$805,800
4	Drilling Project Phase II	$0	$500,000	$0	$500,000
5	Woolly Mammoth Excavation	$0	$300,000	$0	$300,000
6	Paleontology Viewing Lab	$0	$0	$250,000	$250,000
7	Mineral Analysis	$0	$100,000	$0	$100,000
8	Increase Temp Salaries	$45,000	$0	$0	$45,000
9	Professional Development	$57,000	$0	$0	$57,000
10	Portable XRF	$0	$0	$45,000	$45,000
11	Enhanced Oil Recovery Project	$0	$15,000	$0	$15,000
12	NDIC Assessment	$0	$115,000	$0	$115,000
13	IIJA Formula Grant - Administration	$0	$1,444,377	$0	$1,444,377
14	OHWM - for Witness Fees	$0	$342,000	$0	$342,000
15	Litigation	$0	$3,000,000	$0	$3,000,000

OTHER LEGISLATIVE BILLS IMPACTING DMR

SB 2313 (Introduced 01/20/2025 and referred to Senate Energy and Natural Resources)
This bill amends and reenacts section 38-08-04.12 of the North Dakota Century Code, relating to reclamation of land disturbed by oil and gas activity. This bill would require on-site meeting between the ND Industrial Commission-Dept. of Mineral Resources and operator. Because of the increased workload, the bill would require three new reclamation FTEs.

Legislative Council

Mill and Elevator Association - Budget No. 475
Agency Worksheet - Senate Bill No. 2014

	Burgum Budget				Armstrong Budget				Armstrong Budget Compared to Burgum Budget Increase (Decrease)			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2025-27 Biennium Base Level	170.00	$0	$97,410,920	$97,410,920	170.00	$0	$97,410,920	$97,410,920	0.00	$0	$0	$0
2025-27 Ongoing Funding Changes												
Salary increases subject to union negotiations			$2,545,656	$2,545,656			$2,545,656	$2,545,656				$0
Health insurance increase			1,032,908	1,032,908			1,032,908	1,032,908				0
Funding to replace the 2023-25 vacant FTE pool			1,756,563	1,756,563			1,756,563	1,756,563				0
Funding to replace the 2023-25 new FTE pool			2,367,332	2,367,332			2,367,332	2,367,332				0
FTE railcar inspector positions	2.00		359,808	359,808	2.00		359,808	359,808				0
Information technology rate adjustment			10,224	10,224			10,224	10,224				0
Total ongoing funding changes	**2.00**	**$0**	**$8,072,491**	**$8,072,491**	**2.00**	**$0**	**$8,072,491**	**$8,072,491**	**0.00**	**$0**	**$0**	**$0**
One-Time Funding Items												
No one-time funding items				$0				$0				$0
Total one-time funding changes	**0.00**	**$0**	**$0**	**$0**	**0.00**	**$0**	**$0**	**$0**	**0.00**	**$0**	**$0**	**$0**
Total Changes to Base Level Funding	**2.00**	**$0**	**$8,072,491**	**$8,072,491**	**2.00**	**$0**	**$8,072,491**	**$8,072,491**	**0.00**	**$0**	**$0**	**$0**
2025-27 Total Funding	**172.00**	**$0**	**$105,483,411**	**$105,483,411**	**172.00**	**$0**	**$105,483,411**	**$105,483,411**	**0.00**	**$0**	**$0**	**$0**
Federal funds included in other funds			*$0*				*$0*				*$0*	
Total ongoing changes - Percentage of base level	*1.2%*	*N/A*	*8.3%*	*8.3%*	*1.2%*	*N/A*	*8.3%*	*8.3%*	*N/A*	*N/A*	*N/A*	*N/A*
Total changes - Percentage of base level	*1.2%*	*N/A*	*8.3%*	*8.3%*	*1.2%*	*N/A*	*8.3%*	*8.3%*	*N/A*	*N/A*	*N/A*	*N/A*

2025 SENATE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division
Sakakawea Room, State Capitol

SB 2014
1/28/2025

A BILL for an Act to provide an appropriation for defraying the expenses of the industrial commission and the agencies under its control; to provide for a transfer; to provide an exemption; and to provide for a report.

2:01 p.m. Chairman Sorvaag called the meeting to order.

Members Present: Chairman Ronald Sorvaag, Senator Cole Conley, Senator Scott Meyer, Senator Donald Schaible, Senator Paul J. Thomas.

Discussion Topics:

- Function of Enhanced Oil Recovery (EOR)
- Current and Upcoming Projects in the Bakken.
- EOR's role on existing assets.

2:04 p.m. Senator Dale Paton, District 26, introduced the bill and testified in favor.

2:05 p.m. Charles Goreki, CEO, Environmental Research Center, UND, testified in favor and submitted testimony #32270.

2:31 p.m. Brian Kroshus, Tax Commissioner, State of ND, testified in favor and submitted testimony #32248.

2:56 p.m. Ron Ness, President, ND Petroleum Council, testified in favor and submitted testimony #32255.

3:10 p.m. John Argo, VP, Williston Basin, Continental Resources, testified in favor.

3:20 p.m. Ron Ness, President, ND Petroleum Council, testified in favor.

3:24 p.m. Chairman Sorvaag adjourned the meeting.

Steven Hall, Committee Clerk



North Dakota CO_2-EOR Financial Analysis

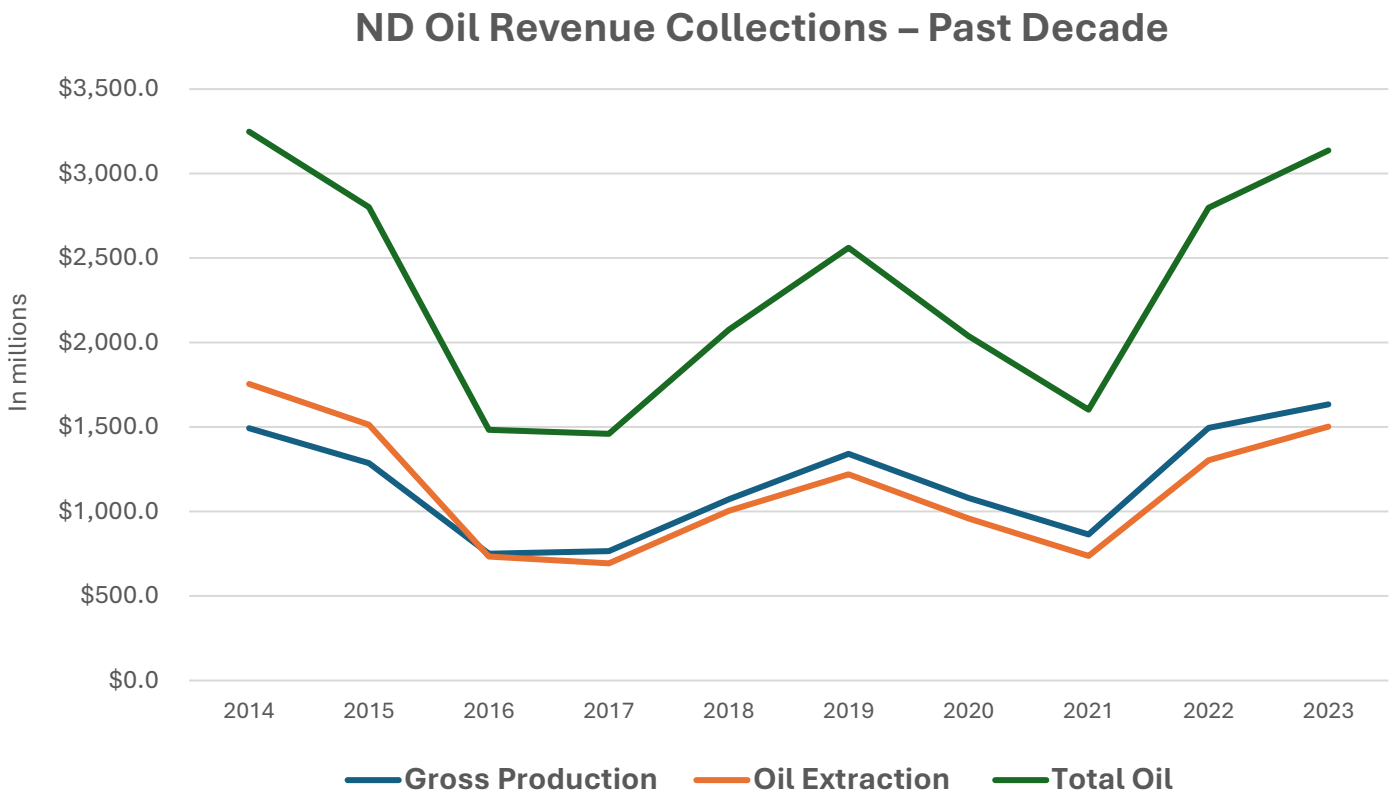
By: Brian Kroshus
Tax Commissioner
January 28, 2025

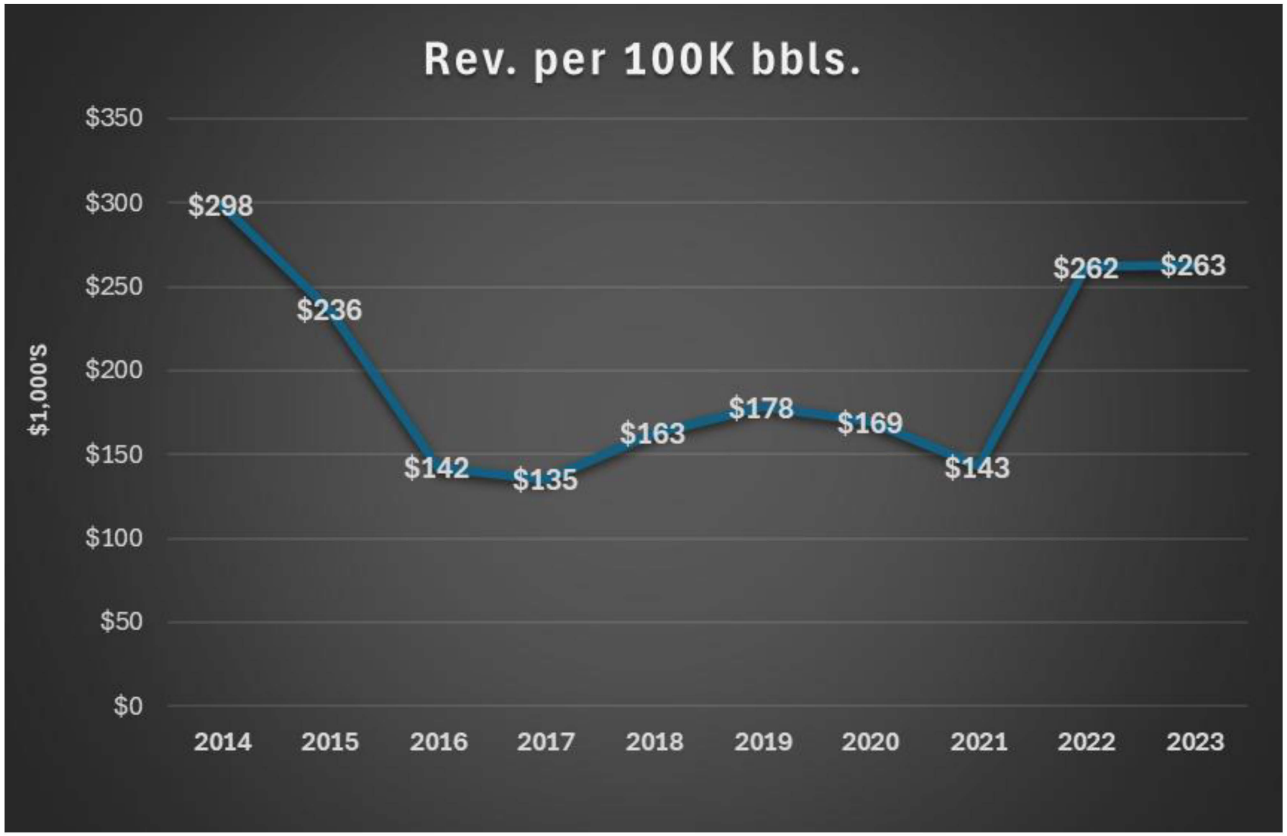
CO_2-EOR in North Dakota

- CO_2-EOR represents a significant opportunity for North Dakota
- The CO_2-EOR landscape is becoming increasingly competitive – being "next to market" is critical
- North Dakota is strategically positioned to implement CO_2-EOR
  - Size and scope of interrelated industry resources
  - Reasonable, fair and consistent regulatory framework
  - Favorable tax policy to incentivize investment
- CO_2-EOR further monetizes existing assets, minimizing surface disturbance
- The U.S. Geological Survey estimates that up to 3.3 billion barrels of undiscovered, technically recoverable oil are in the Bakken Formation
  - This equates to **$33 billion dollars** in additional oil production and extraction tax revenues, alone

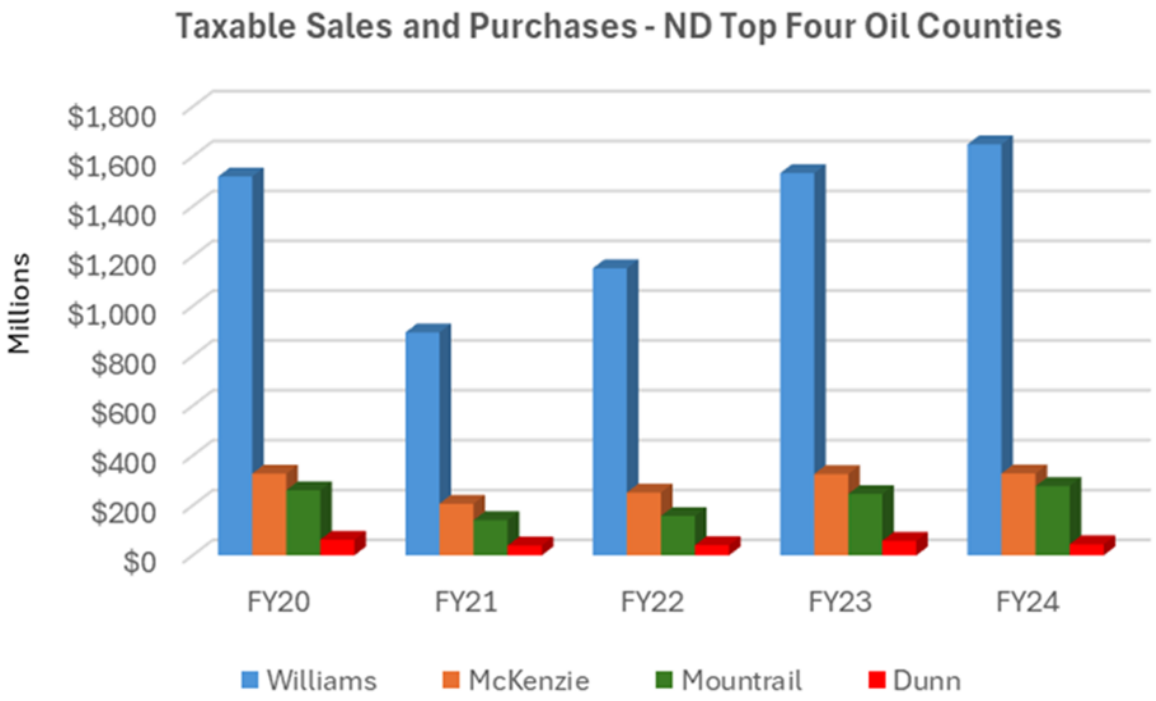
Oil and gas production helps drive the North Dakota economy

- Oil production and extraction tax collections have generated more than **$23 billion in revenue** to the state over the past decade
- Beyond oil production and extraction tax, billions more in both direct and indirect revenue collections from:
  - Sales and use tax
  - Corporate income tax
  - Individual income tax
- Oil-driven, legacy fund contributions and associated earnings, support important state priorities including providing property tax relief to citizens
- Oil and gas activity plays an integral role in directly supporting communities and main street businesses in western North Dakota
- North Dakota oil production plays a vital role in funding state priorities

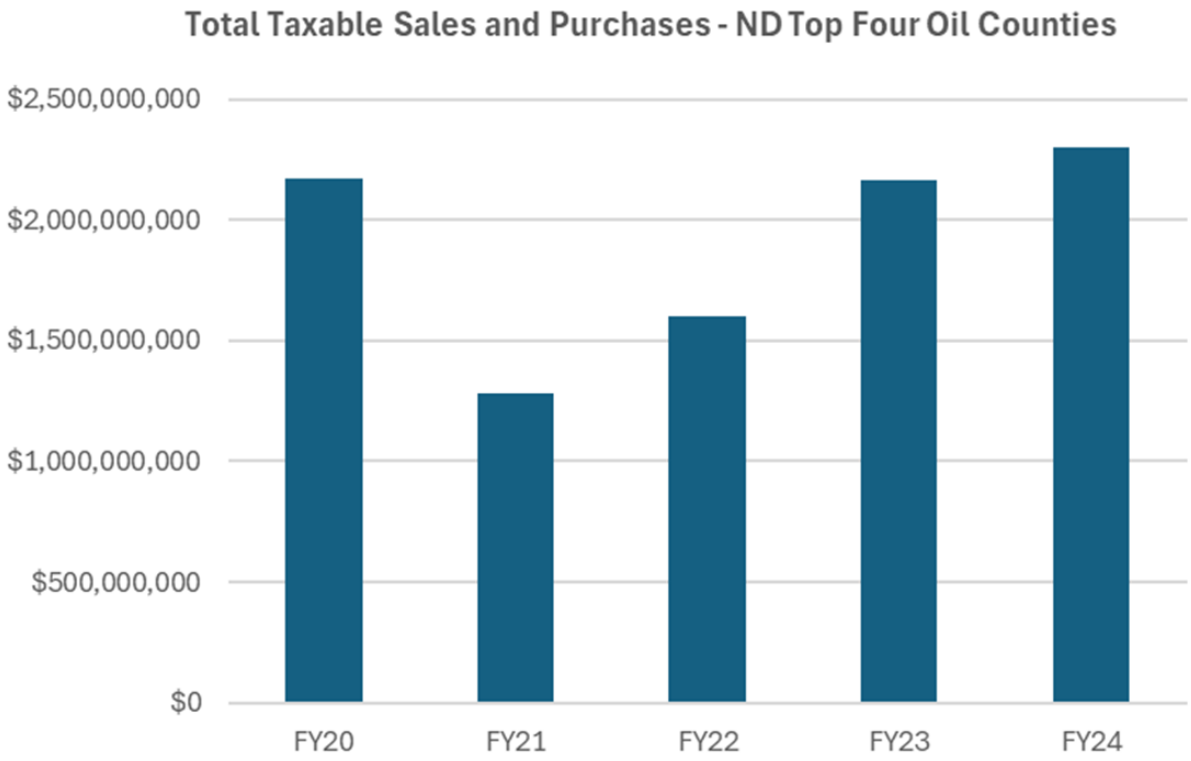

ND Oil Revenue Collections – Past Decade
$3,500.0
$3,000.0
$2,500.0
$2,000.0
$1,500.0
$1,000.0
$500.0
$0.0
In millions
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
Gross Production
Oil Extraction
Total Oil


Rev. per 100K bbls.
$1,000'S
$350
$300
$250
$200
$150
$100
$50
$0
$298
$236
$142
$135
$163
$178
$169
$143
$262
$263
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023

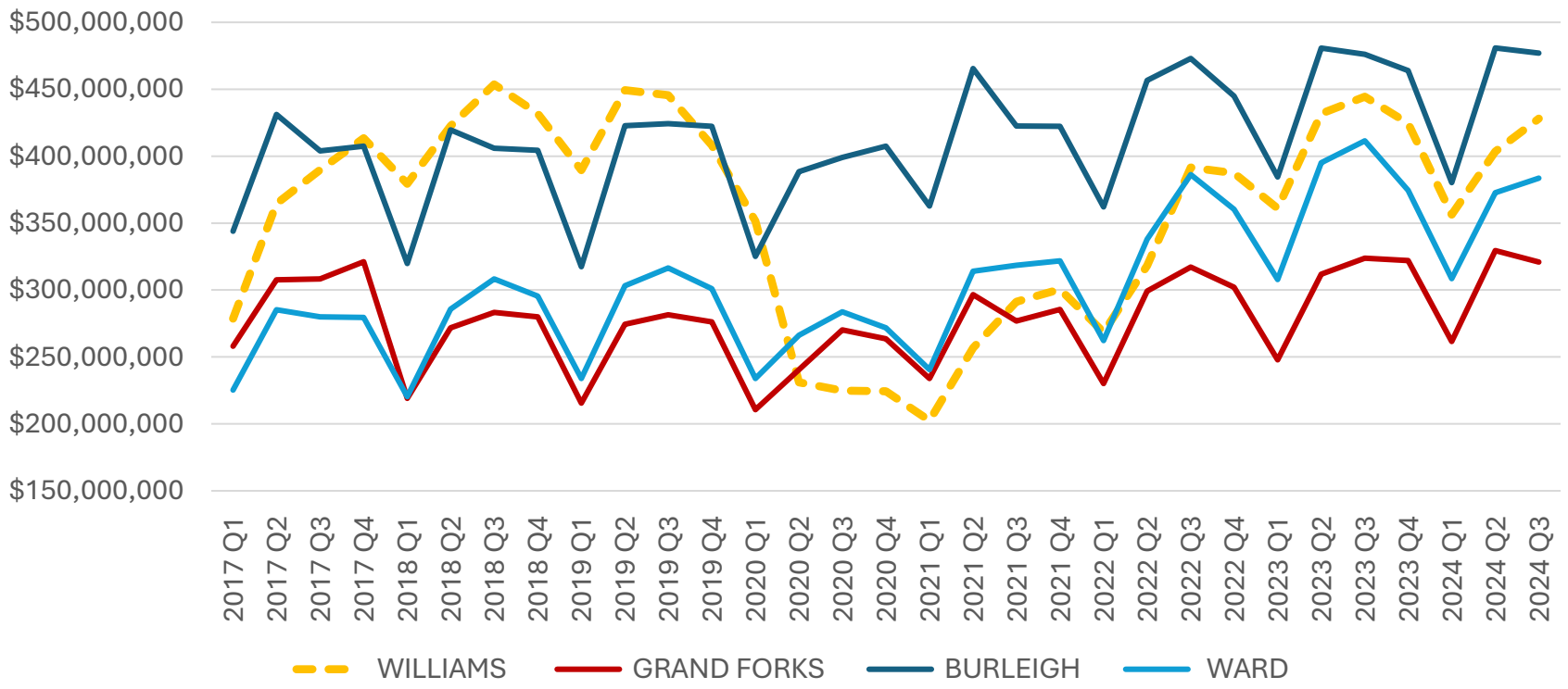
ND Oil Producing Counties "Big Four"



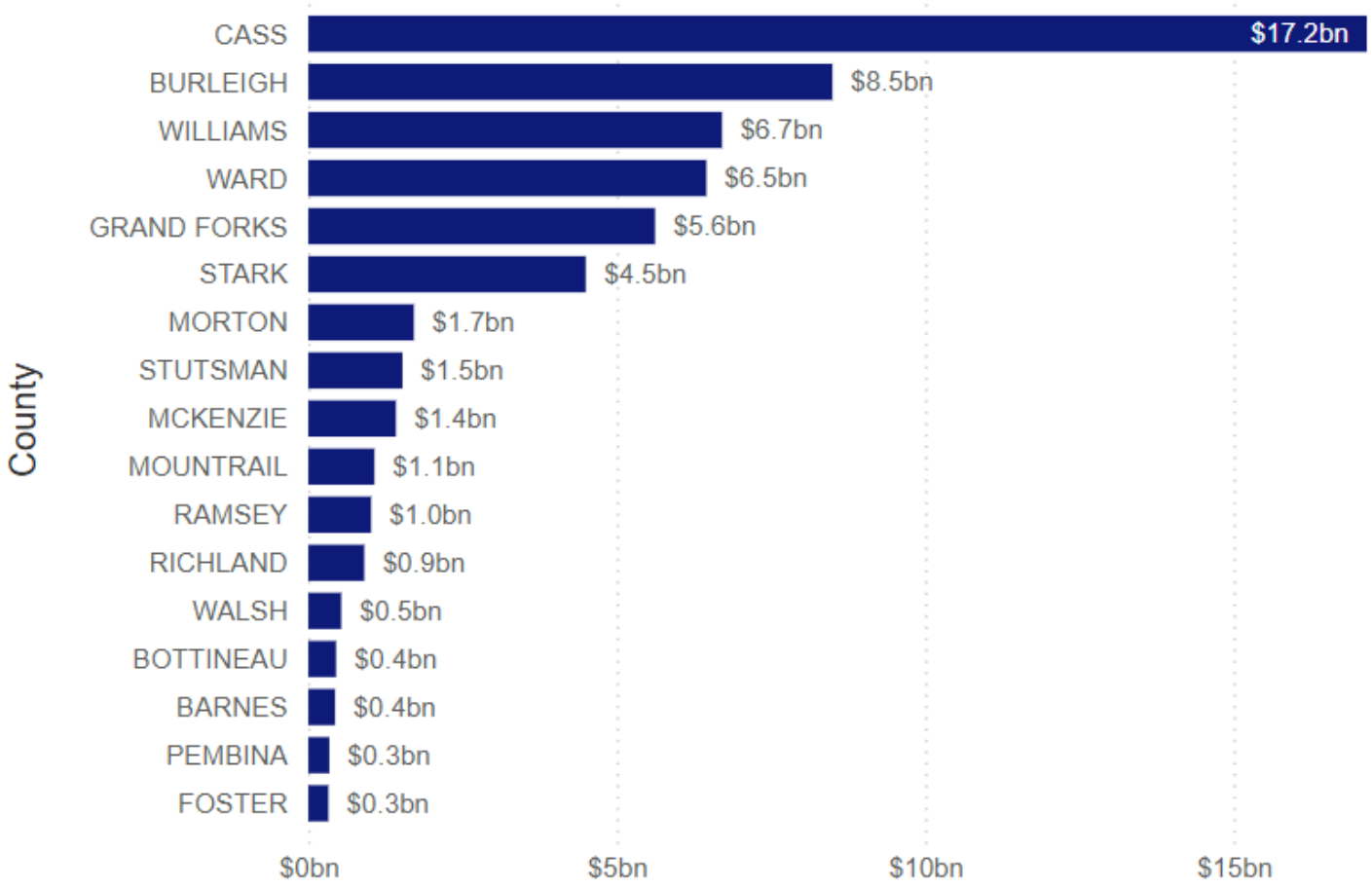
ND Oil Producing Counties "Big Four"



Taxable Sales and Purchases by ND County



Taxable Sales and Purchases by ND County[1]



[1]*Taxable Sales and Purchases – past five years, 2020-2024 (Q4, 2019 through Q3, 2024)*

Single Well CO_2-EOR– 5-yr. extraction tax exempt[1]

		Total Annual Production bbls.	Legacy Production bbls.	Incremental Production bbls.	Ave. price Bakken Crude	Incremental Production Tax Revenue	Incremental Extraction Tax Revenue	Total Incremental Revenue
2028	yr 1	71,781	9,211	62,570	$80.00	$250,280	$0	$250,280
2029	yr 2	45,192	7,375	37,817	$80.00	$151,268	$0	$151,268
2030	yr 3	33,222	5,905	27,317	$80.00	$109,268	$0	$109,268
2031	yr 4	20,043	4,728	15,315	$80.00	$61,260	$0	$61,260
2032	yr 5	12,911	3,785	9,126	$80.00	$36,504	$0	$36,504
2033	yr 6	8,719	3,030	5,689	$80.00	$22,756	$22,756	$45,512
2034	yr 7	6,016	2,426	3,590	$80.00	$14,360	$14,360	$28,720
2035	yr 8	4,148	1,943	2,205	$80.00	$8,820	$8,820	$17,640
2036	yr 9	3,010	1,555	1,455	$80.00	$5,820	$5,820	$11,640
2037	yr 10	1,732	1,392	340	$80.00	$1,360	$1,360	$2,720
	Total	**206,774**	**41,350**	**165,424**		**$661,696**	**$53,116**	**$714,812**

[1]Based on 10 yr. average price of $80.00

Single Well Revenue Model	Incremental Production Tax Revenue	Incremental Extraction Tax Revenue	Total - Single Well
EOR 10-year model - EIA Pricing	$502,149	$0	$502,149
EOR 10-year model - $80.00 WTI	$661,696	$0	$661,696
EOR 5-year model - EIA Pricing	$502,149	$46,248	$548,396
EOR 5-year model - $80.00 WTI	$661,696	$53,116	$714,812

CO_2-EOR Incremental Revenue Models North Dakota

**As indicated, if every certified, low-producing or stripper well currently identified in North Dakota is targeted for CO_2-EOR, the economic benefit is significantly higher in comparison to the low estimate, even with low-producing wells in the state being exempted from extraction tax for the life of the well under current statute. Conversely, the opportunity cost or potential revenue loss absent CO_2-EOR as demonstrated, equates to billions of dollars in unrealized collections.*

Single Well Revenue Model	Total - 5,744 Wells	Total - 12,515 Wells* (*Stripper Well Count - 7-24)
EOR 10-year model - EIA Pricing	$2,884,341,547	$6,284,389,704
EOR 10-year model - $80.00 WTI	$3,800,781,824	$8,281,125,440
EOR 5-year model - EIA Pricing	$3,149,988,103	$6,863,179,163
EOR 5-year model - $80.00 WTI	$4,105,880,128	$8,945,872,180

CO_2-EOR Incremental Revenue Models North Dakota

**As indicated, if every certified, low-producing or stripper well currently identified in North Dakota is targeted for CO_2-EOR, the economic benefit is significantly higher in comparison to the low estimate, even with low-producing wells in the state being exempted from extraction tax for the life of the well under current statute. Conversely, the opportunity cost or potential revenue loss absent CO_2-EOR as demonstrated, equates to billions of dollars in unrealized collections.*

CO_2-EOR Production Cost Model (single well)

Expense/Savings Centers	Cost per bbl.	Tax savings/bbl.	Tax savings/tonne CO_2	Net Cost/bbl.
CO_2 Transportation [1,2]	$5.00	$0	$0	$5.00
CO_2 price/bbl. ($30/t = 3 bbls.) [2]	$10.00	$0.50	$1.50	$9.50
Royalty payment est. (19% of $80/bbl. Oil)	$15.20	$0	$0	$15.20
Well and surface (taxable) [3]	$17.50	$0.88	$2.63	$16.63
Well and surface (non-taxable)[4]	$7.50	$0	$0	$7.50
Extraction tax savings - $80/bbl.*5%	$0	$4.00	$12.00	($4.00)
Totals	**$55.20**	**$5.38**	**$16.13**	**$49.83**

[1]Primary distribution delivery cost est. = $15/tonne
[2]Per bbl. based on $30/tonne CO2 and 3:1 bbl. oil/tonne CO2
[3]Includes well, distribution infrastructure & production costs
[4]Labor cost

CO_2-EOR Challenges and Opportunities

- 45Q incentive gap currently exists between EOR application and sequestration
  - EOR - $60 per metric tonne
  - Sequestration - $85 per metric tonne
- Closing the incentive gap is critical
- Competitive landscape – other oil producing states are aggressively pursuing mechanisms to incentivize CO_2-EOR within their borders
- Creating new efficiencies through advancements in technology represents a significant return on investment for North Dakota
- Shale plays like the Bakken experience rapid depletion rates
  - CO_2-EOR production revitalizes existing assets (wells) with minimal surface disturbance, within the same footprint
  - Creates greater, long-term assurances for oil producers which in turn, creates greater long-term financial certainty for North Dakota

Final Thoughts

- CO_2-EOR signifies the next chapter in North Dakota energy production
- Opportunity to accentuate existing and create new energy partnerships - increased value proposition
- CO_2-EOR and the race for capital will continue to intensify in what can best be described as a highly competitive landscape
- The ability to attract capital will be influenced by a multitude of factors, including advancements in technology - “cracking the code”
- Technology – tremendous progress to date, but more resources are needed to support continued advancement
- North Dakota is recognized as a global leader in shale oil production and can be in CO_2-EOR, as well

In closing, CO_2-EOR, represents a significant and exciting economic opportunity current and future generations can benefit from.



Senate Bill 2014

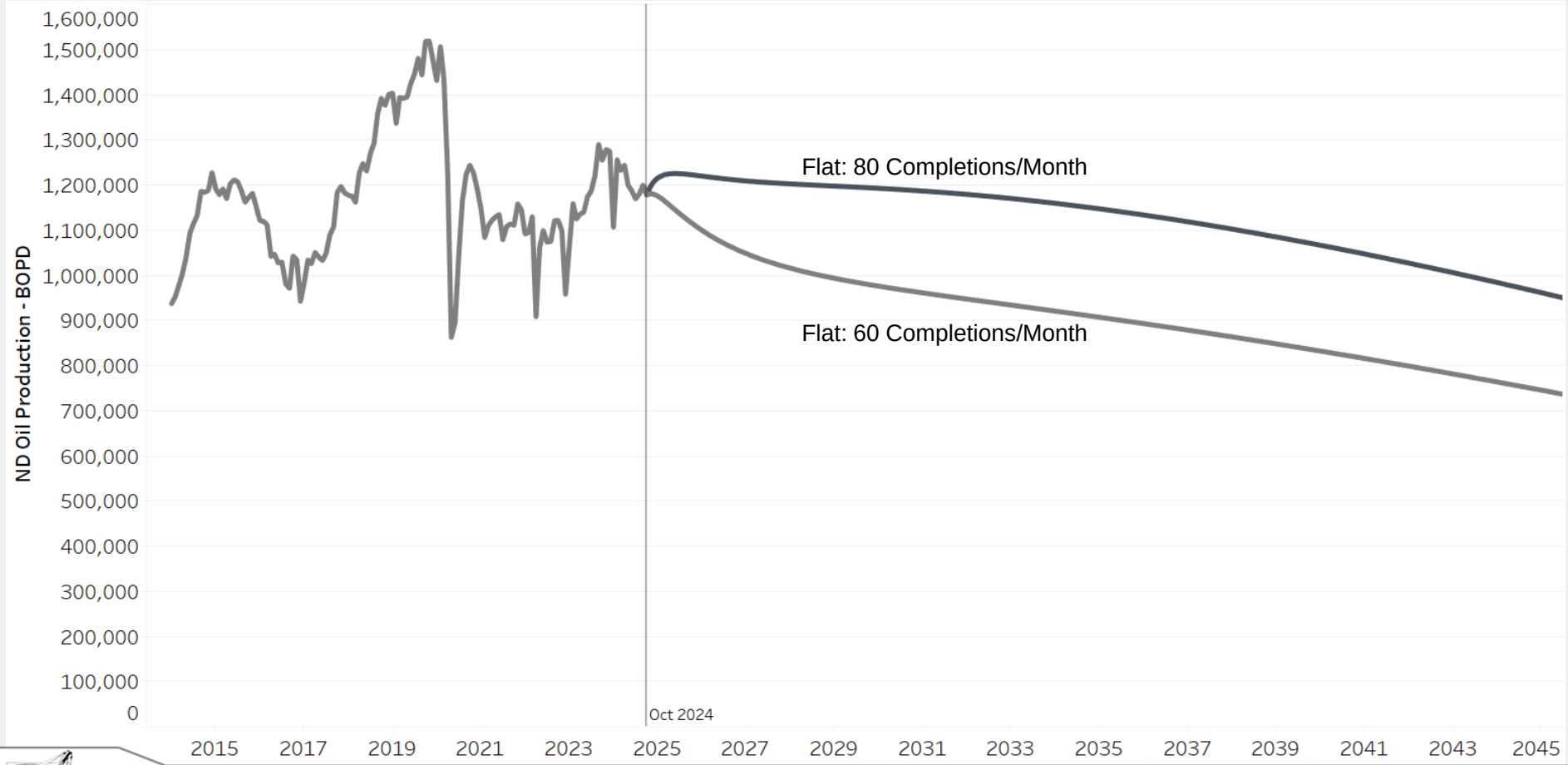
Ron Ness
President, North Dakota Petroleum Council

January 28, 2025

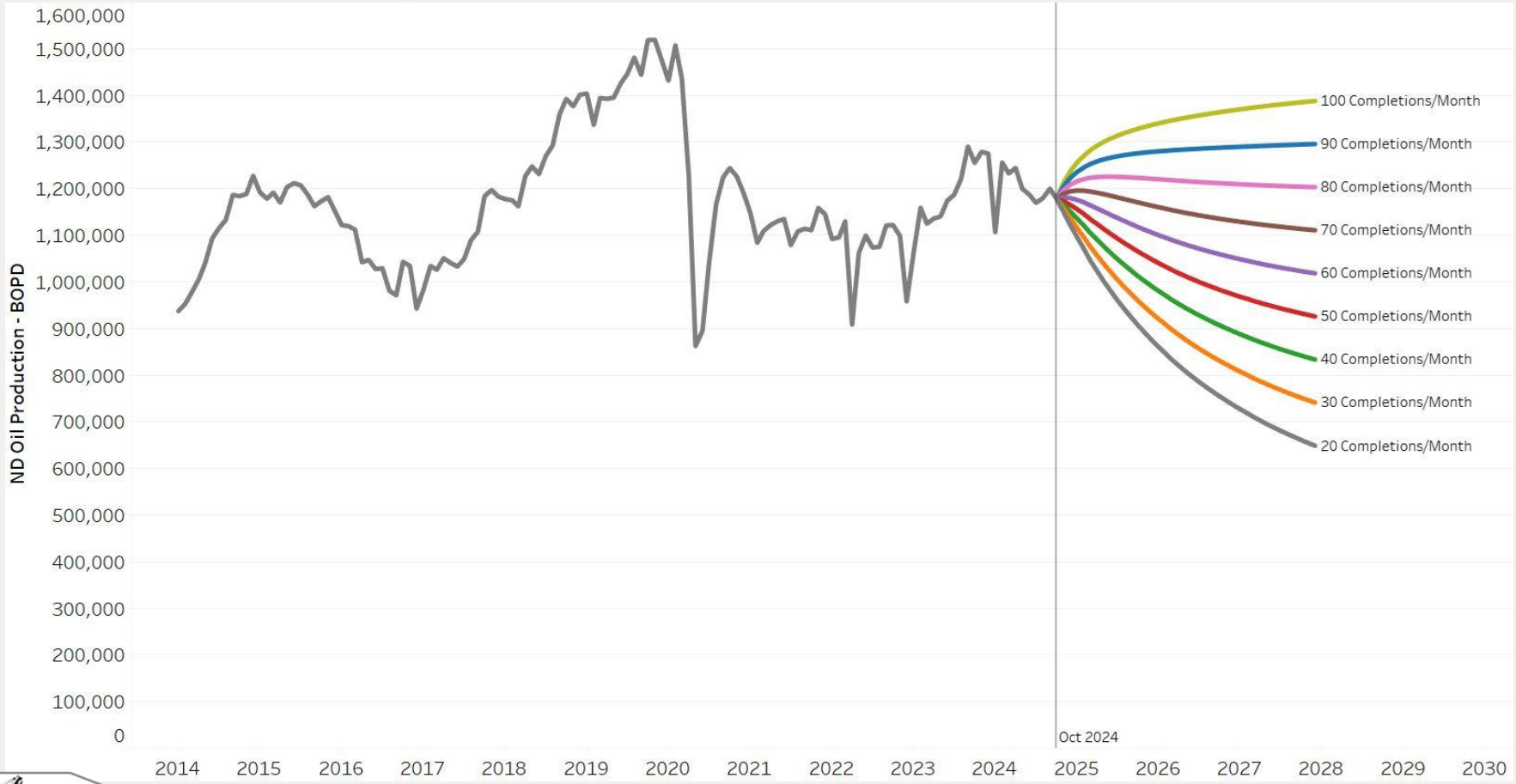
NORTH DAKOTA PETROLEUM COUNCIL

www.NDOil.org

60 & 80 Well Completions Per Month - Oil



Monthly Completion* Scenarios - Oil



WHAT'S THE PRIZE For North Dakota?

- 3-7 Billion Barrels &
- 2/3 Decades of Tax Revenues







QUESTIONS?

NORTH DAKOTA PETROLEUM COUNCIL

www.NDOil.org



Critical Challenges. Practical Solutions.

Energy & Environmental Research Center (EERC)

IMPROVING NORTH DAKOTA OIL PRODUCTION

Presented to the North Dakota Senate Appropriations
Education and Environment Division

January 28, 2025

Charles D. Gorecki
CEO

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In 2022, North Dakota was 8th in total energy production, 4.114 quads.

Energy consumption was 0.671 quads (40th).

In 2023, North Dakota had a per capita GDP of $74,005 (3rd).

As of September 2024, North Dakota's average retail price of electricity was 12.78 cents/kWh (8th lowest).

And North Dakota's a leader in agricultural products.

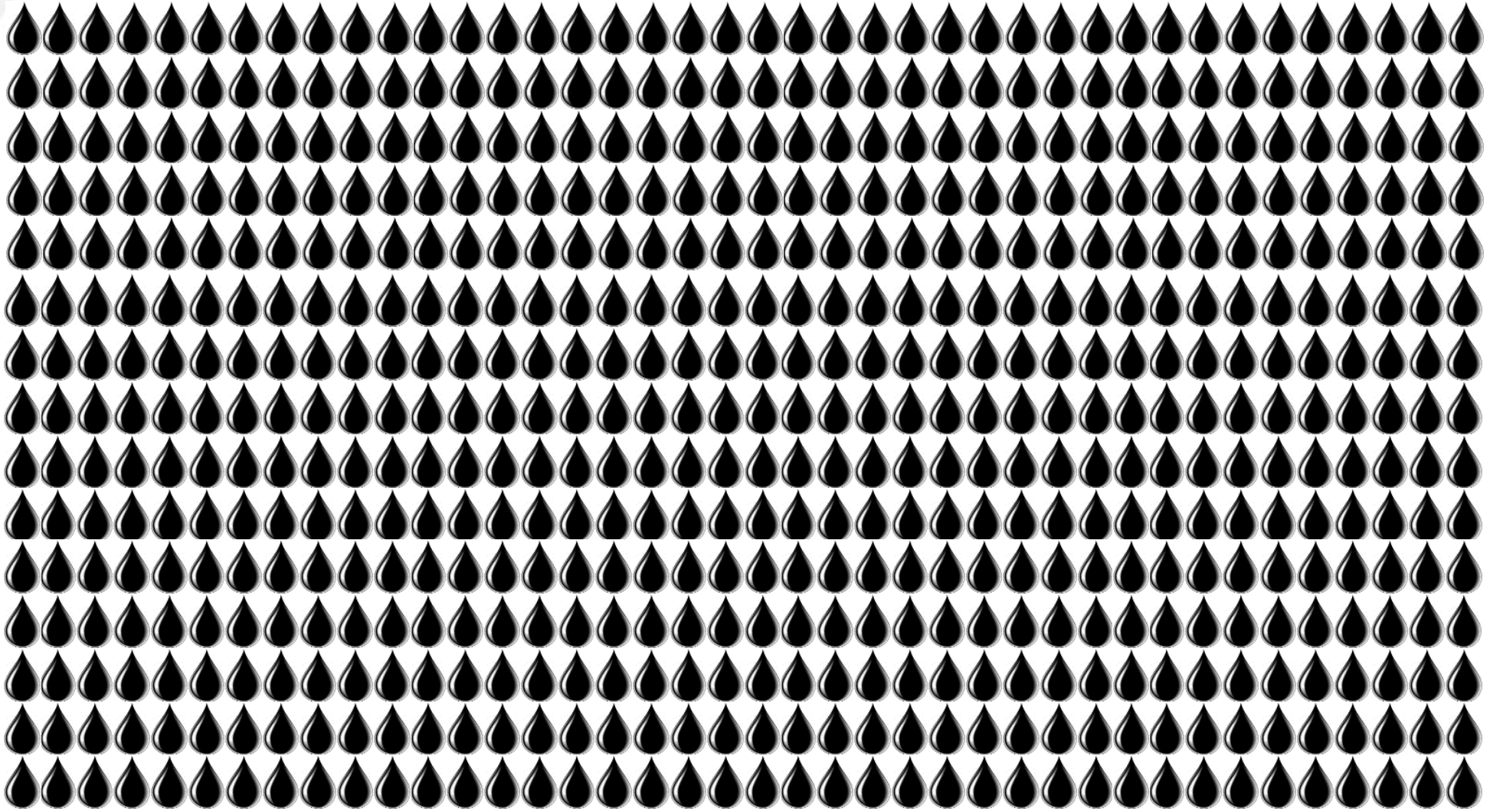
It takes energy to feed and power the world.



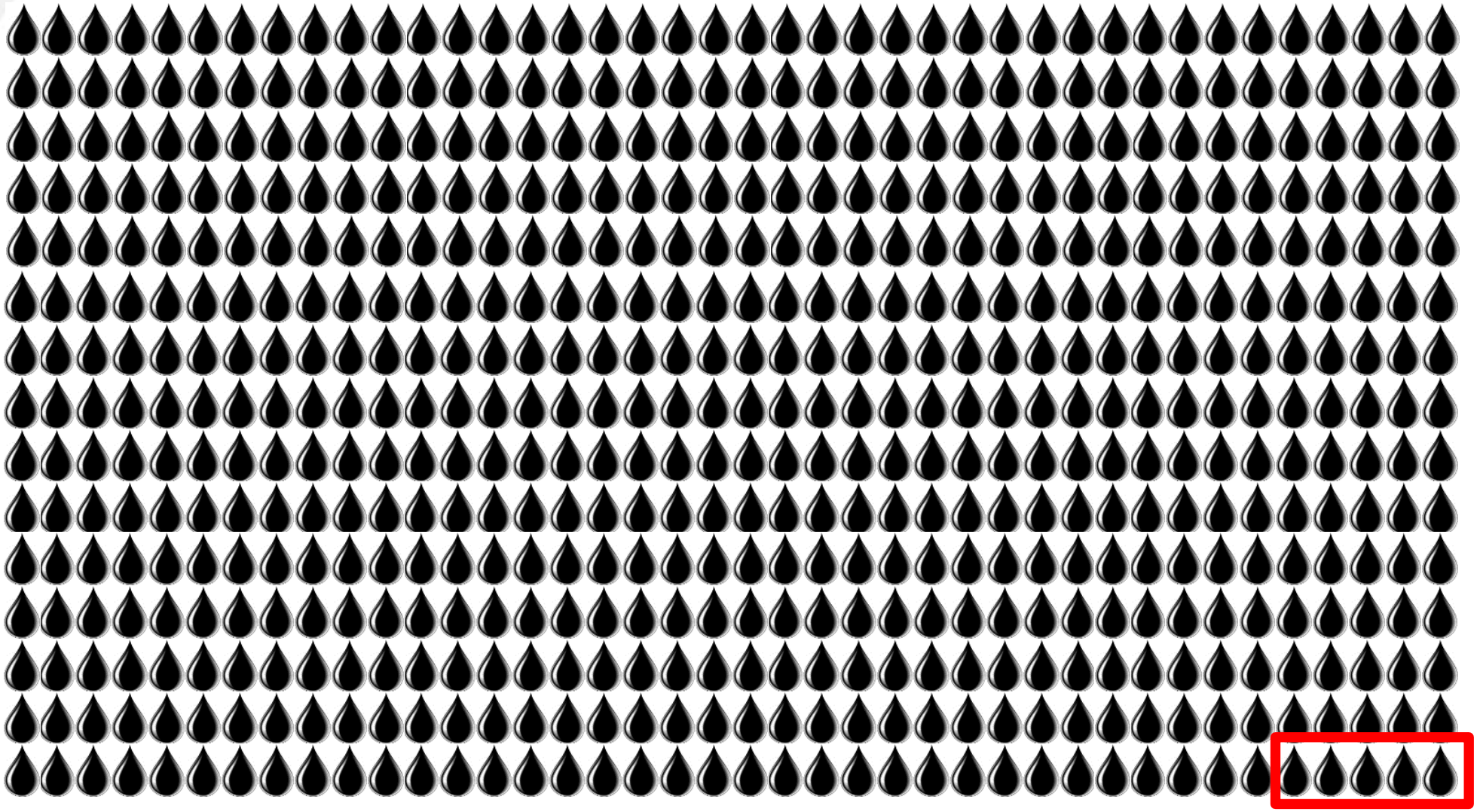
Data sourced from U.S. Energy Information Administration

Image credit: EERC

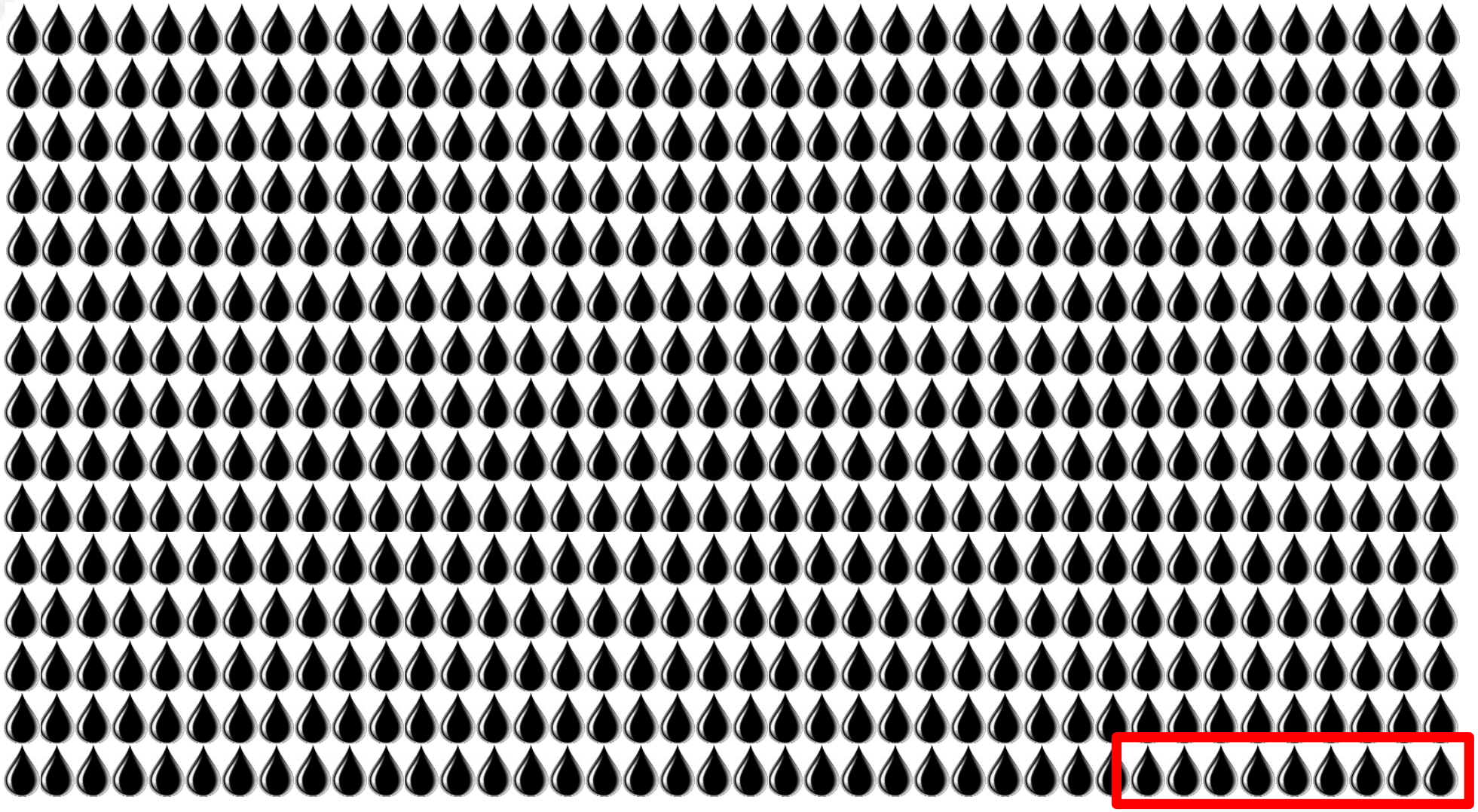
BAKKEN OIL IN PLACE



BAKKEN OIL RECOVERY THROUGH 2024



BAKKEN OIL RECOVERY BY 2035



TECHNOLOGY DEVELOPMENT

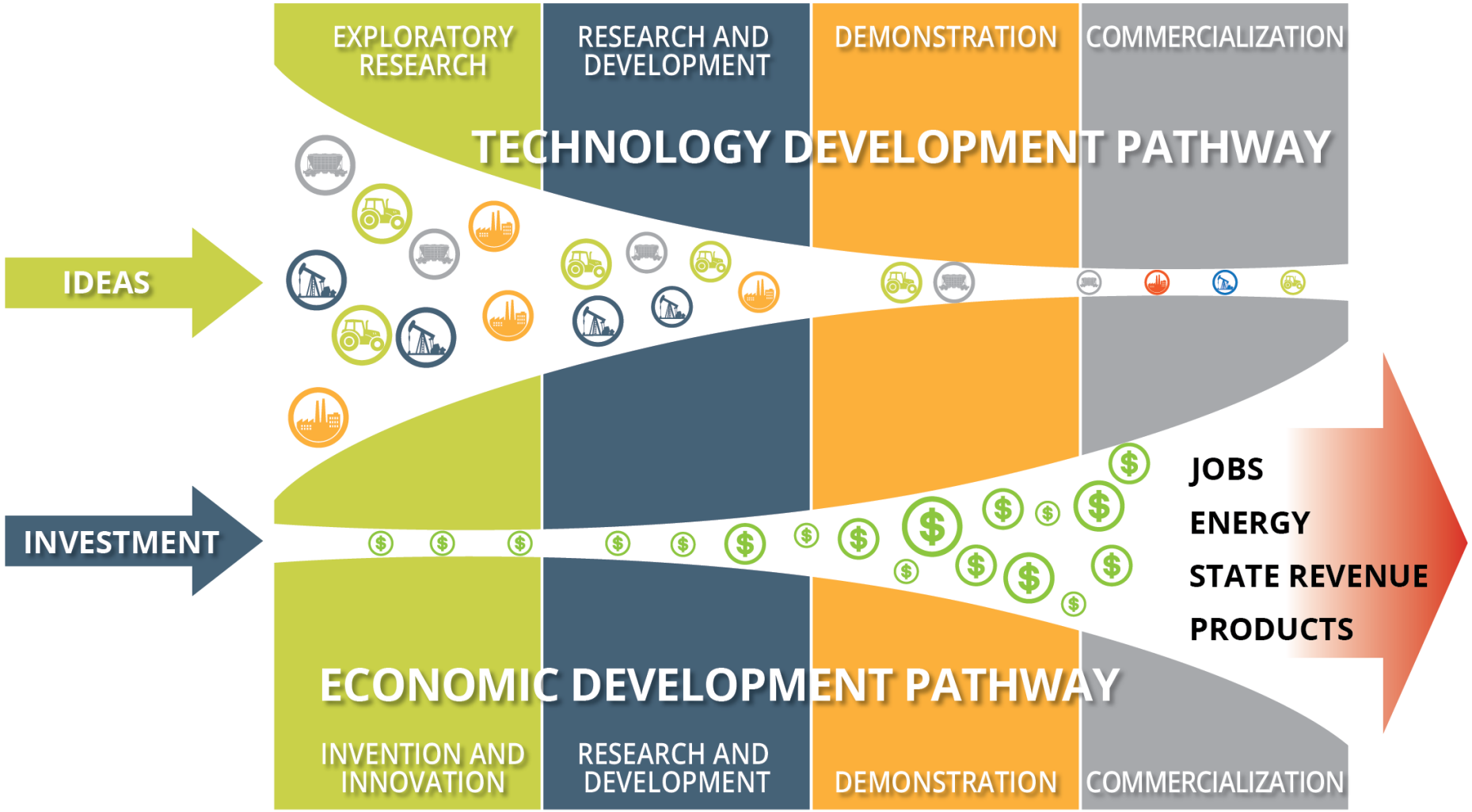
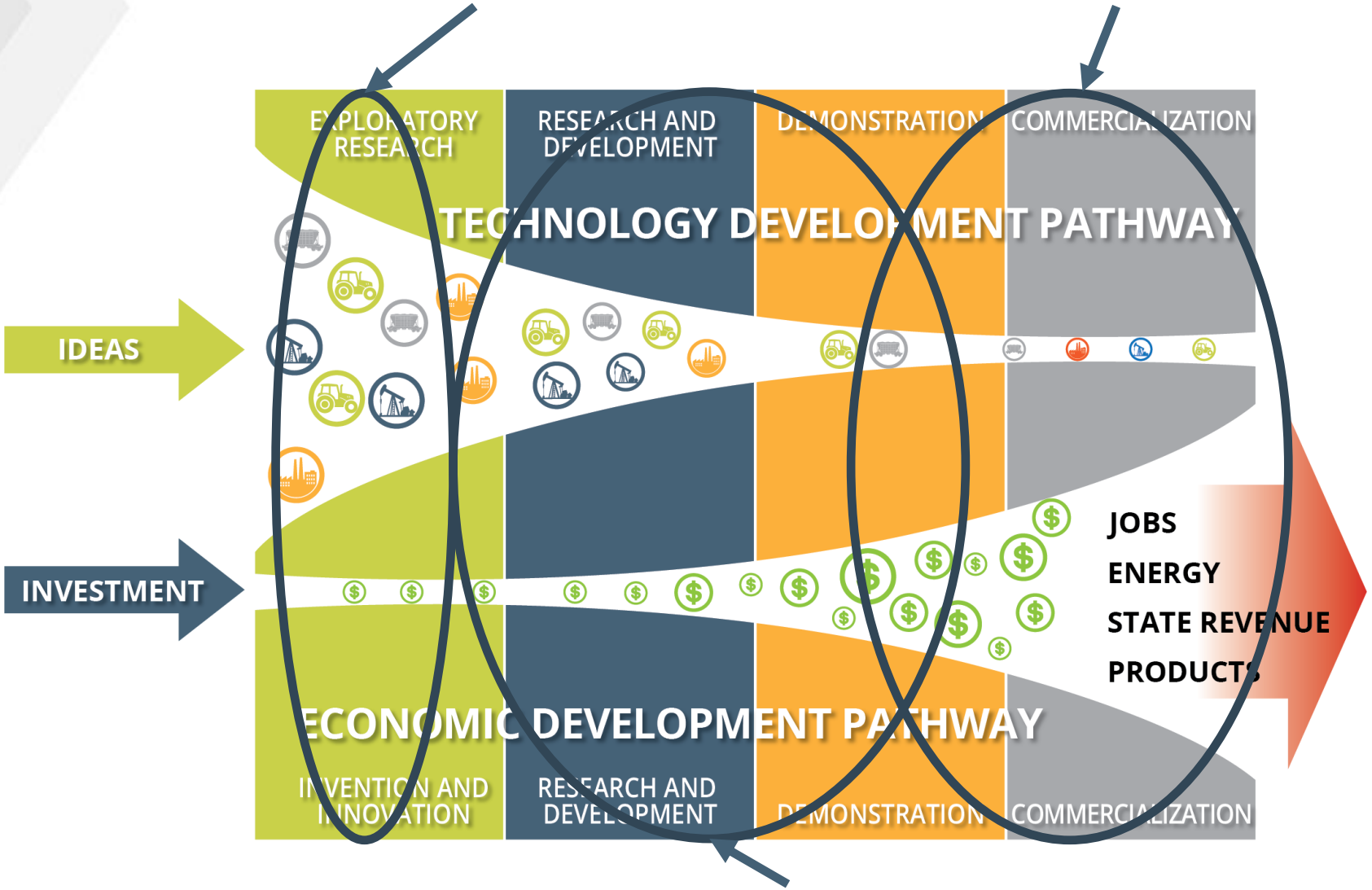


Image credit: EERC

State Energy Research Center (SERC)

Clean Sustainable Energy Authority



Lignite, Oil and Gas, Renewable
Research Programs, and Legislatively Directed Projects

Image credit: EERC

EOR in North Dakota Legacy (conventional) Fields – Size of the Prize

Identified

201

Conventional Oil Fields

Requiring

358,000,000

Tons of CO_2

To Produce up to

1,041,000,000

Barrels of Incremental Oil

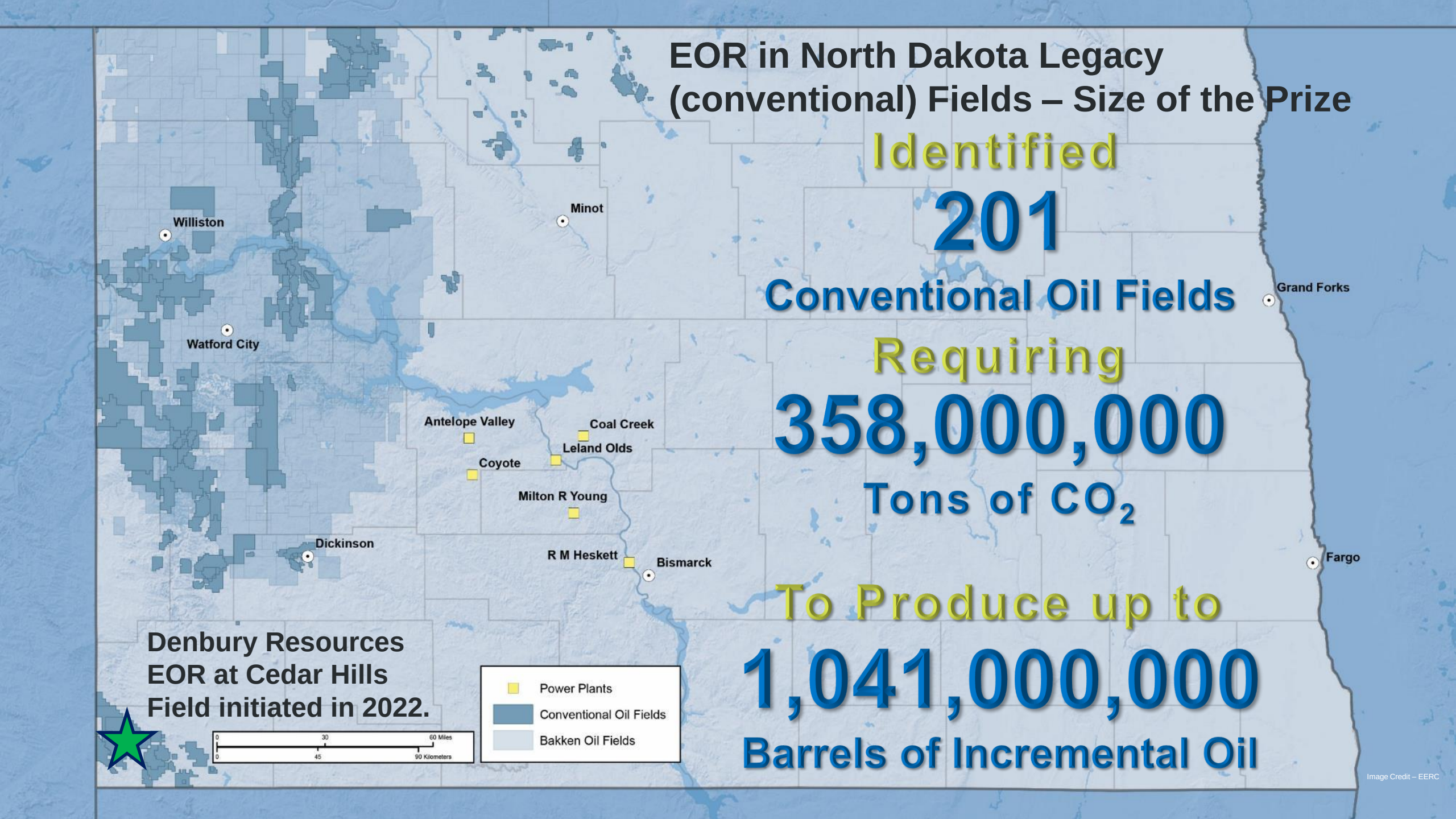
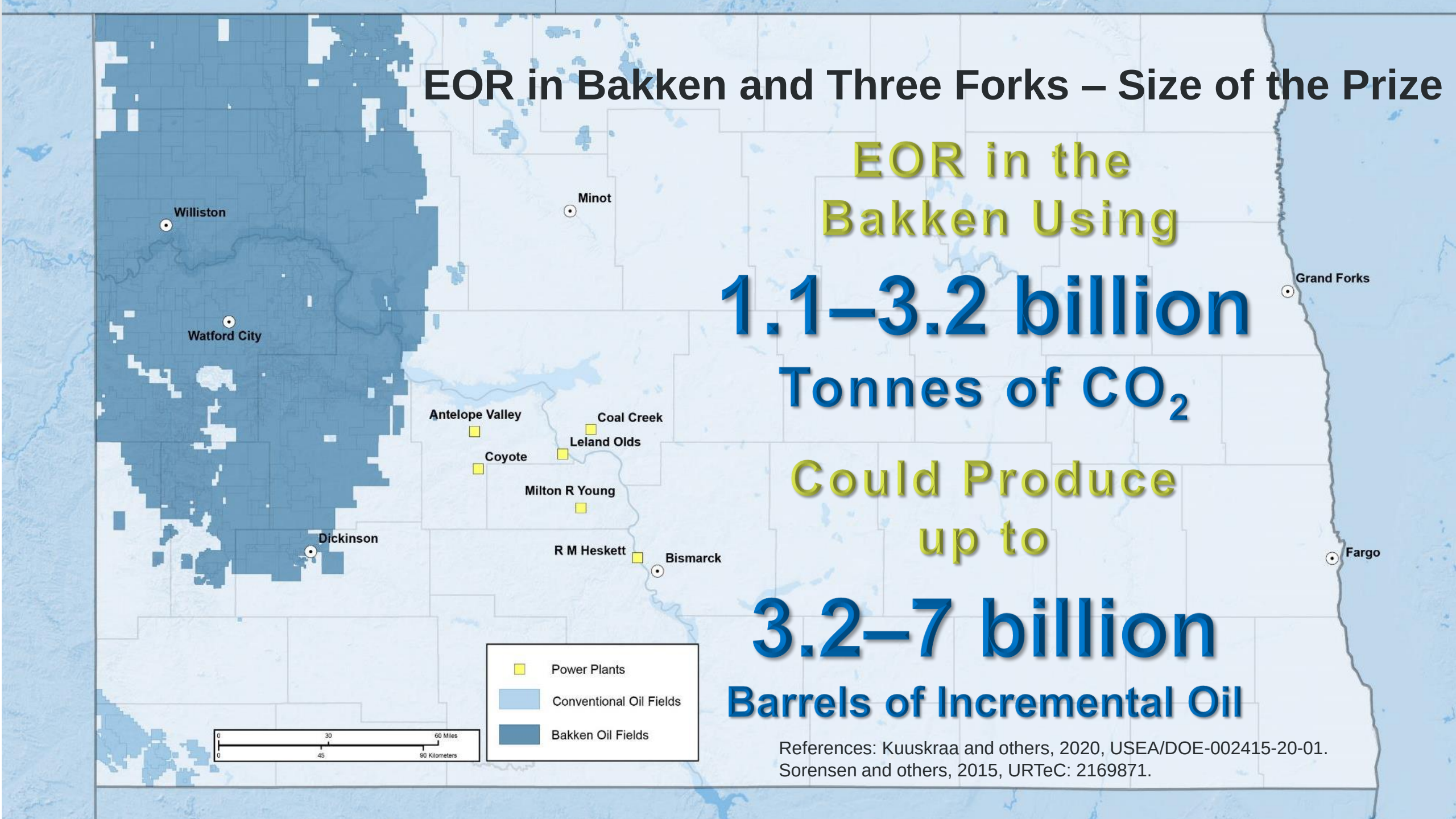


Image Credit – EERC

EOR in Bakken and Three Forks – Size of the Prize



EOR in the Bakken Using

1.1–3.2 billion

Tonnes of CO_2

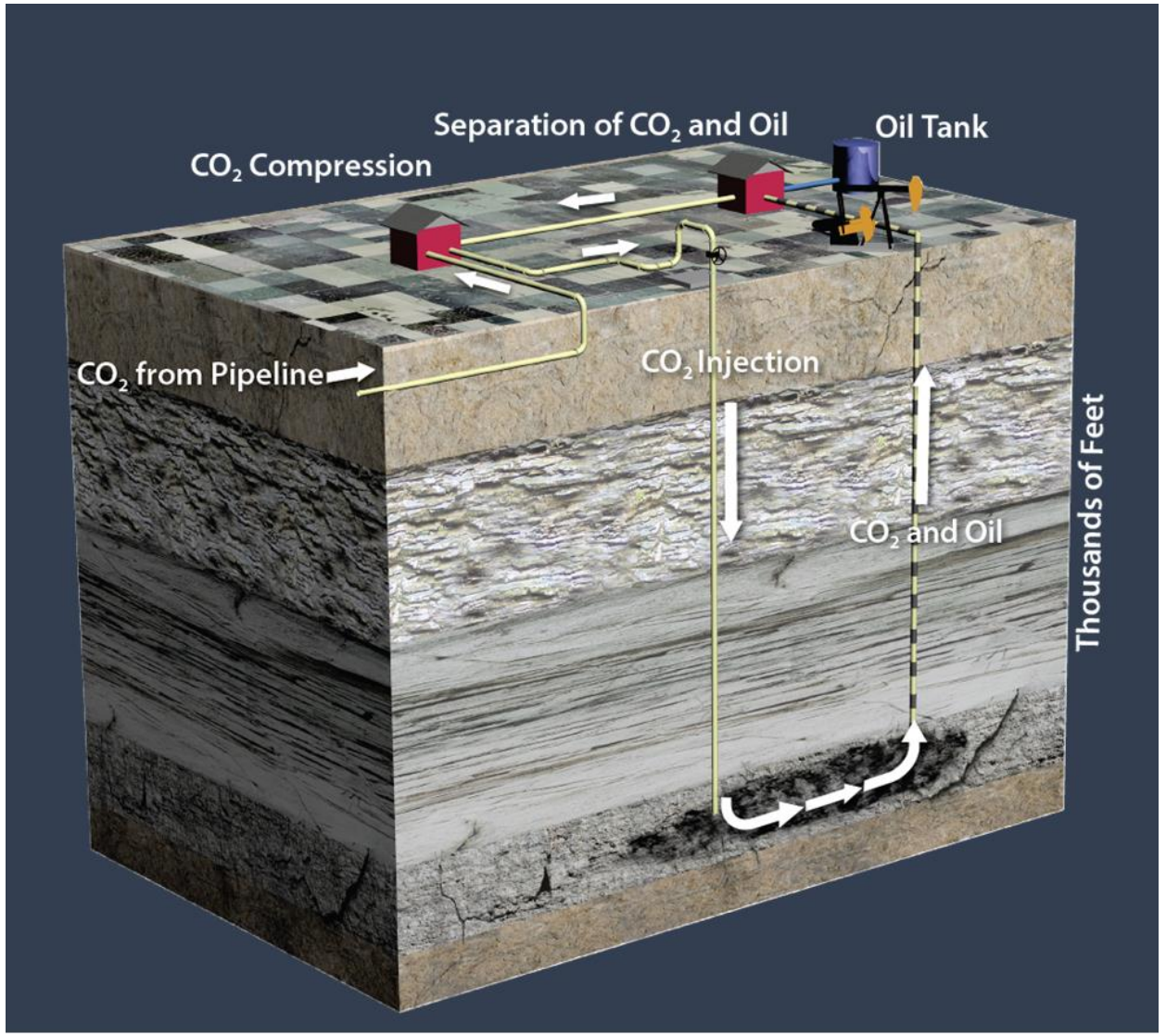
Could Produce up to

3.2–7 billion

Barrels of Incremental Oil

References: Kuuskraa and others, 2020, USEA/DOE-002415-20-01.
Sorensen and others, 2015, URTeC: 2169871.

HOW DOES EOR WORK?



CO_2 EOR Study Goals and Outcomes

- **Goal:** Forecast plausible CO_2 EOR development scenarios (5–20 million tons CO_2/year) in North Dakota's unconventional and conventional reservoirs over 20 years.

Bakken

- Incremental oil recoveries ranged from 337 million barrels (MMbbl) to 1 billion barrels (Bbbl) under low- and high-CO_2-availability scenarios, with an average of 694 MMbbl under the baseline CO_2 scenario of 10 million tonnes (MMt) CO_2/year.
- CO_2 supply demands ranged from 93 to 294 MMt, depending on the scenario.
- If EOR were operated to maintain higher CO_2-utilization rates or we achieved greater IOR ratios, greater than 20 MMt CO_2/year would be needed (CO_2 supply constrained).

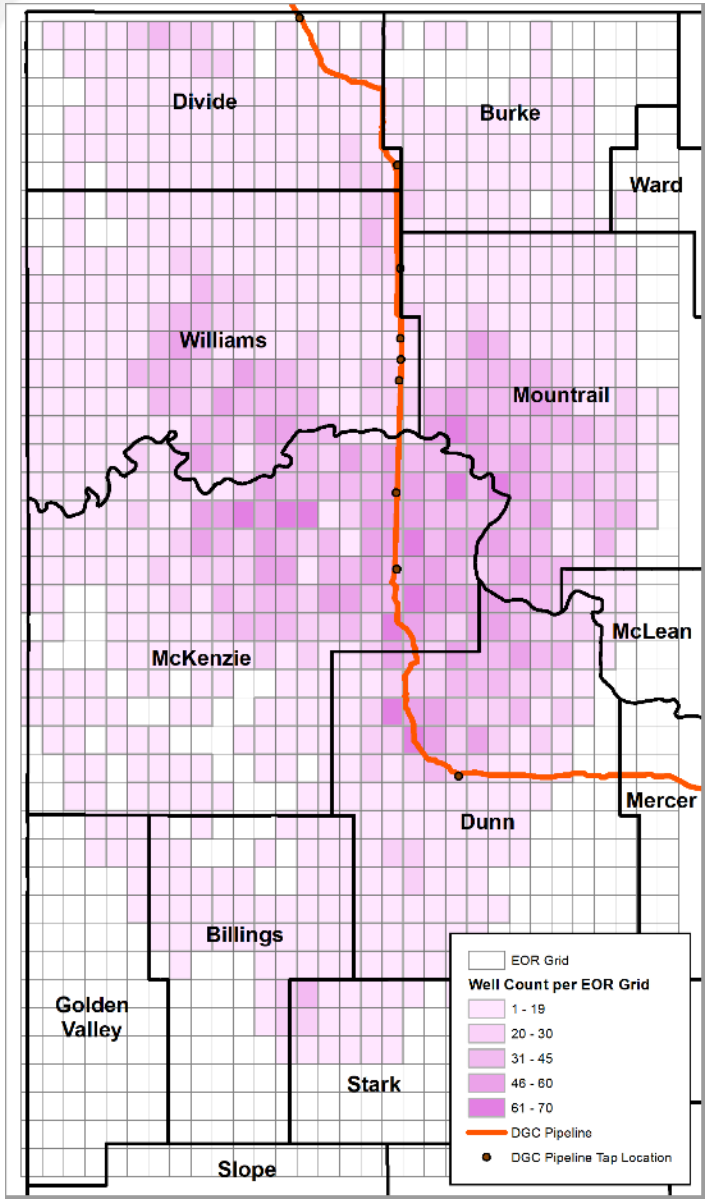
Conventional Reservoirs

- Incremental oil recoveries were 105 MMbbl, and CO_2 supply demand was 88 MMt.

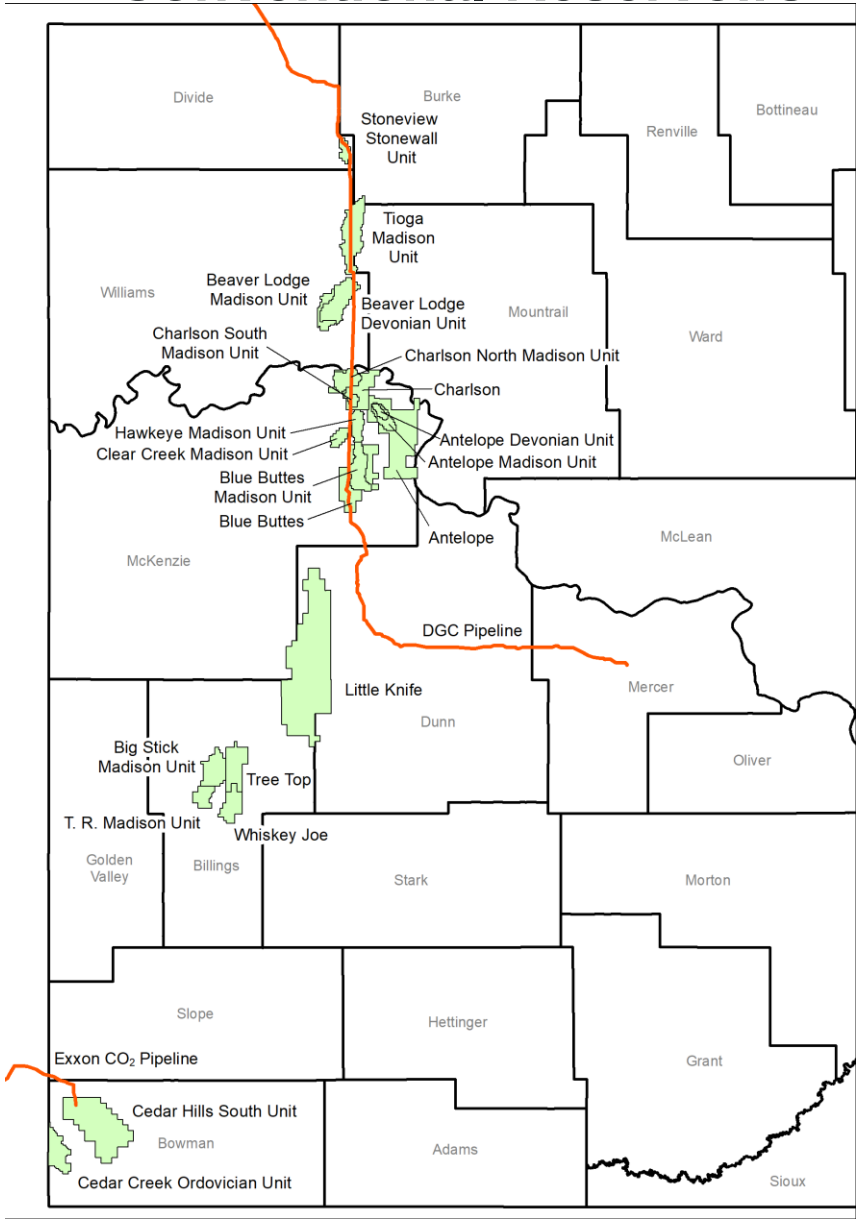
Bakken CO_2 EOR Development Assumptions

- **Baseline case:** CO_2 was limited to 10 MMt of CO_2/year. The baseline case assumed 6 thousand cubic feet (Mcf)/bbl (0.3 tonnes/bbl) and an increased oil recovery (IOR) ratio of 1.3.
- **Low-/high-CO_2-availability cases:** Two additional sensitivity cases were considered using 50% less (5 MMt CO_2/year) and 50% more (15 MMt CO_2/year).
- **High-CO_2-utilization case:** The high-CO_2-utilization case used 3x more CO_2 per incremental barrel than the baseline case (17.3 Mcf/bbl, or 0.9 tonnes/bbl) to explore a scenario where operators were incentivized to store CO_2.
- **High-IOR case:** The high-IOR case increased the IOR from 1.3 to 1.6, and CO_2 utilization was 9.6 Mcf/bbl (0.5 tonnes/bbl).

Bakken



Conventional Reservoirs

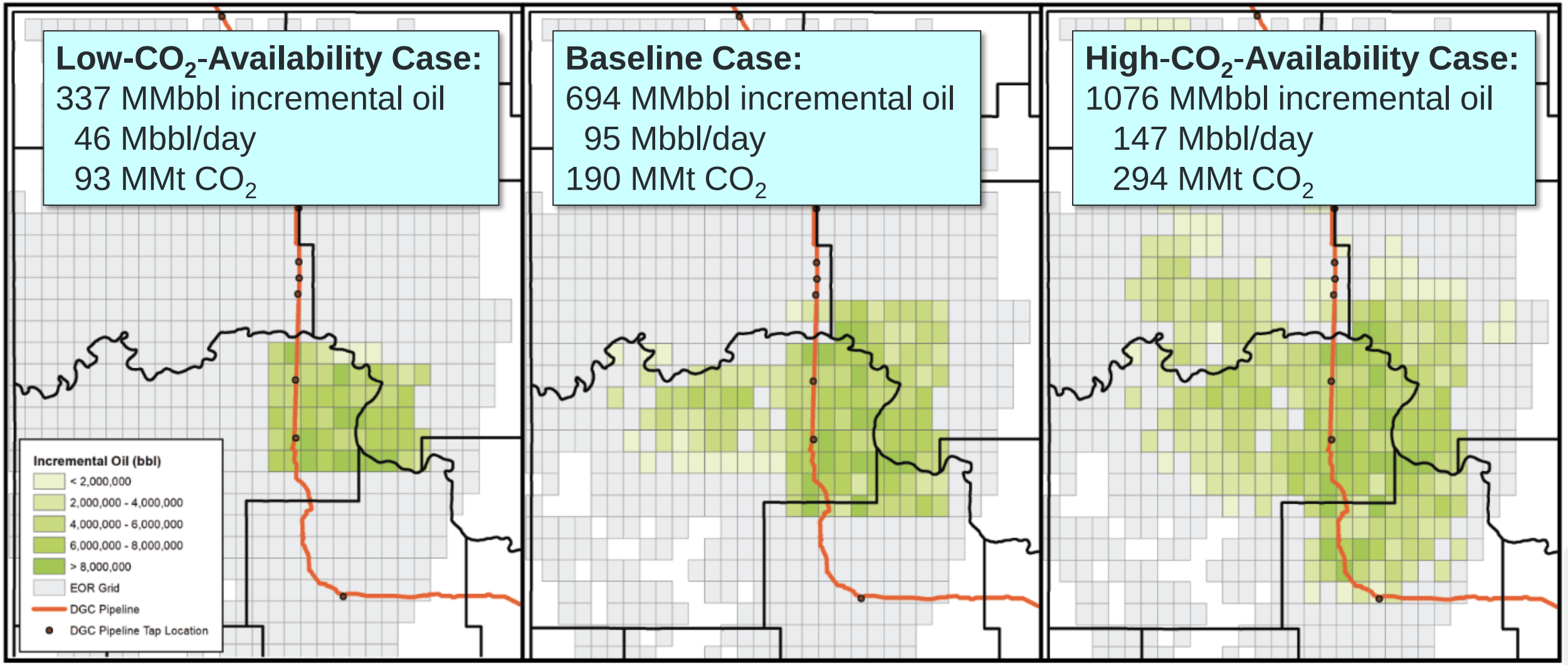


Bakken 20-Year CO_2 EOR Performance

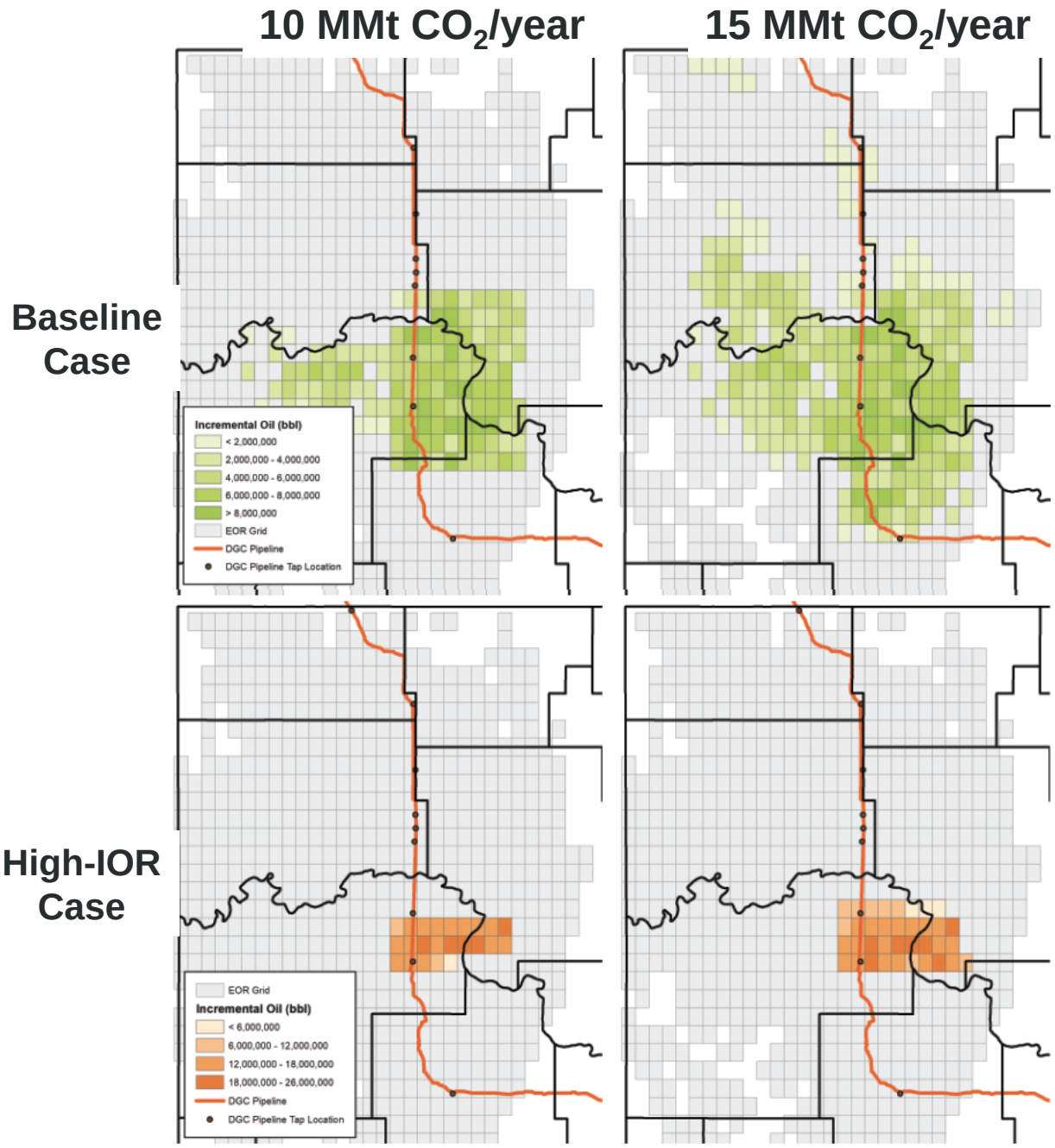
Low-CO_2-Availability Case:
337 MMbbl incremental oil
46 Mbbl/day
93 MMt CO_2

Baseline Case:
694 MMbbl incremental oil
95 Mbbl/day
190 MMt CO_2

High-CO_2-Availability Case:
1076 MMbbl incremental oil
147 Mbbl/day
294 MMt CO_2



Bakken CO_2 EOR Performance – Sensitivity



- High IOR/baseline:
  - 42 grids (69% decrease)
  - 295 MMbbl (58% decrease)
  - 172 MMt CO_2 (19% decrease)
- High IOR/high CO_2 availability:
  - 36 grids (86% decrease)
  - 513 MMbbl (52% decrease)
  - 269 MMt CO_2 (3% decrease)
- Similar results for the high-CO_2-utilization cases



2017 – Bear Creek
Operator = XTO
Location = Dunn County

Small-scale CO_2 injection test demonstrated **ability of CO_2 to mobilize stranded oil in the Bakken**.



2018–2019 – Stomping Horse
Operator = Liberty Resources
Location = Williams County

Multiwell rich gas EOR pilot demonstrated ability to **build reservoir pressure and keep the injected gas in the drill spacing unit (DSU).**



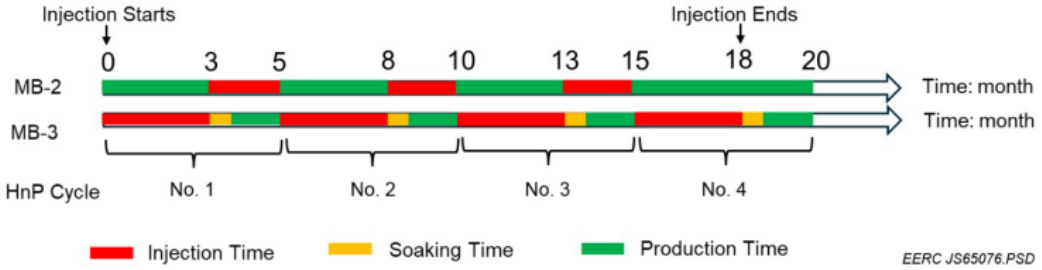
2021–2022 – East Nesson
Operator = Liberty Resources
Location = Mountrail County

EOR pilot test using injection of rich gas pulsed with water and surfactant **yielded >4000 barrels of incremental oil over 9 months.**

BAKKEN EOR LARGE-SCALE PILOT

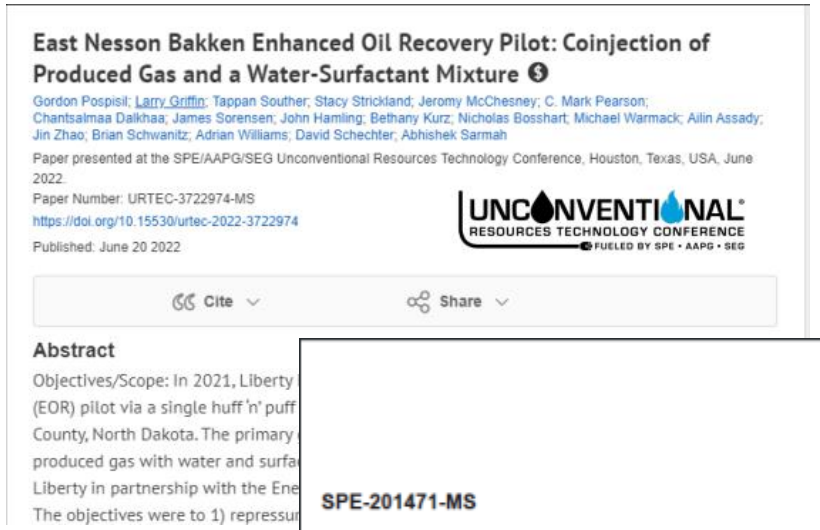
- EERC received $11.6 million DOE award in October 2024.
- Field requirements:
  - Injection of up to 500,000 tons CO_2 into Bakken reservoir over 18 months
- Project objectives:
  - Demonstrate incremental recovery from unconventional reservoirs through CO_2 injection and storage.
  - Advance North Dakota energy goals of Bakken optimization and CCUS.
  - Deployment in McKenzie County DSU
    - *Heart of the Basin – proven here, proven everywhere*





BAKKEN EOR LARGE-SCALE PILOT

- Success = Demonstrated pathway to commercialization
- Continues building on results of previous pilots
- Moving by orders of magnitude – 10X
  - Previous pilots – 1000s/10,000s tons injected
  - ***Current pilot – 100,000s***
  - Commercialization – 1,000,000s



East Nesson Bakken Enhanced Oil Recovery Pilot: Coinjection of Produced Gas and a Water-Surfactant Mixture

Gordon Pospisil; Larry Griffin; Tappan Souther; Stacy Strickland; Jeromy McChesney; C. Mark Pearson; Chantsalmaa Dalkhaa; James Sorensen; John Hamling; Bethany Kurz; Nicholas Bosshart; Michael Warmack; Ailin Assady; Jin Zhao; Brian Schwanitz; Adrian Williams; David Schechter; Abhishek Sarmah

Paper presented at the SPE/AAPG/SEG Unconventional Resources Technology Conference, Houston, Texas, USA, June 2022.

Paper Number: URTEC-3722974-MS

https://doi.org/10.15530/urtec-2022-3722974

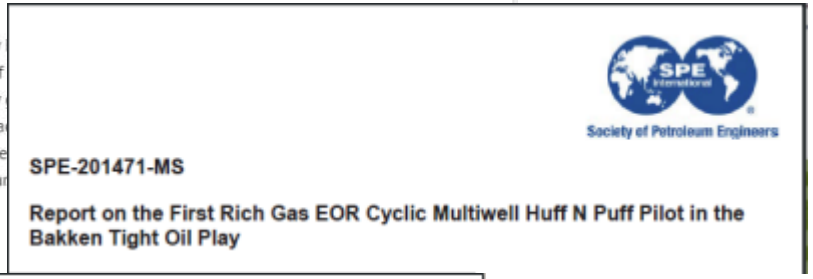
Published: June 20 2022

UNCONVENTIONAL RESOURCES TECHNOLOGY CONFERENCE FUELED BY SPE • AAPG • SEG

Cite Share

Abstract

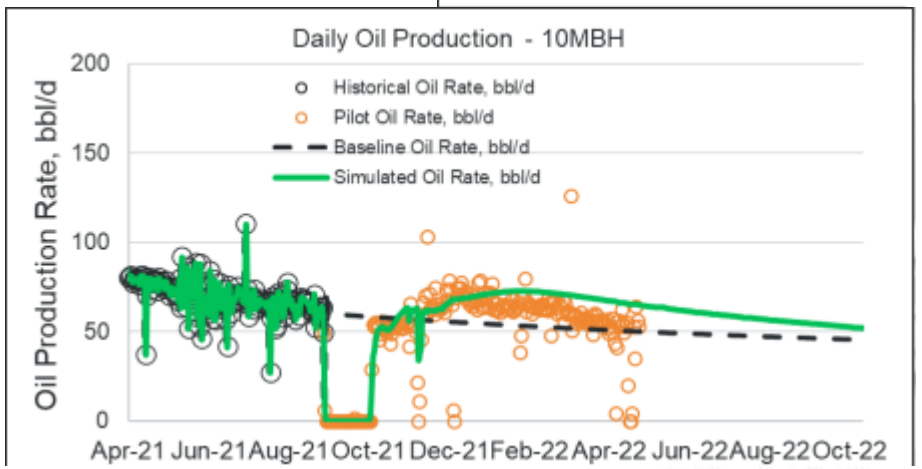
Objectives/Scope: In 2021, Liberty
(EOR) pilot via a single huff 'n' puff
County, North Dakota. The primary
produced gas with water and surfa
Liberty in partnership with the Ene
The objectives were to 1) repressu



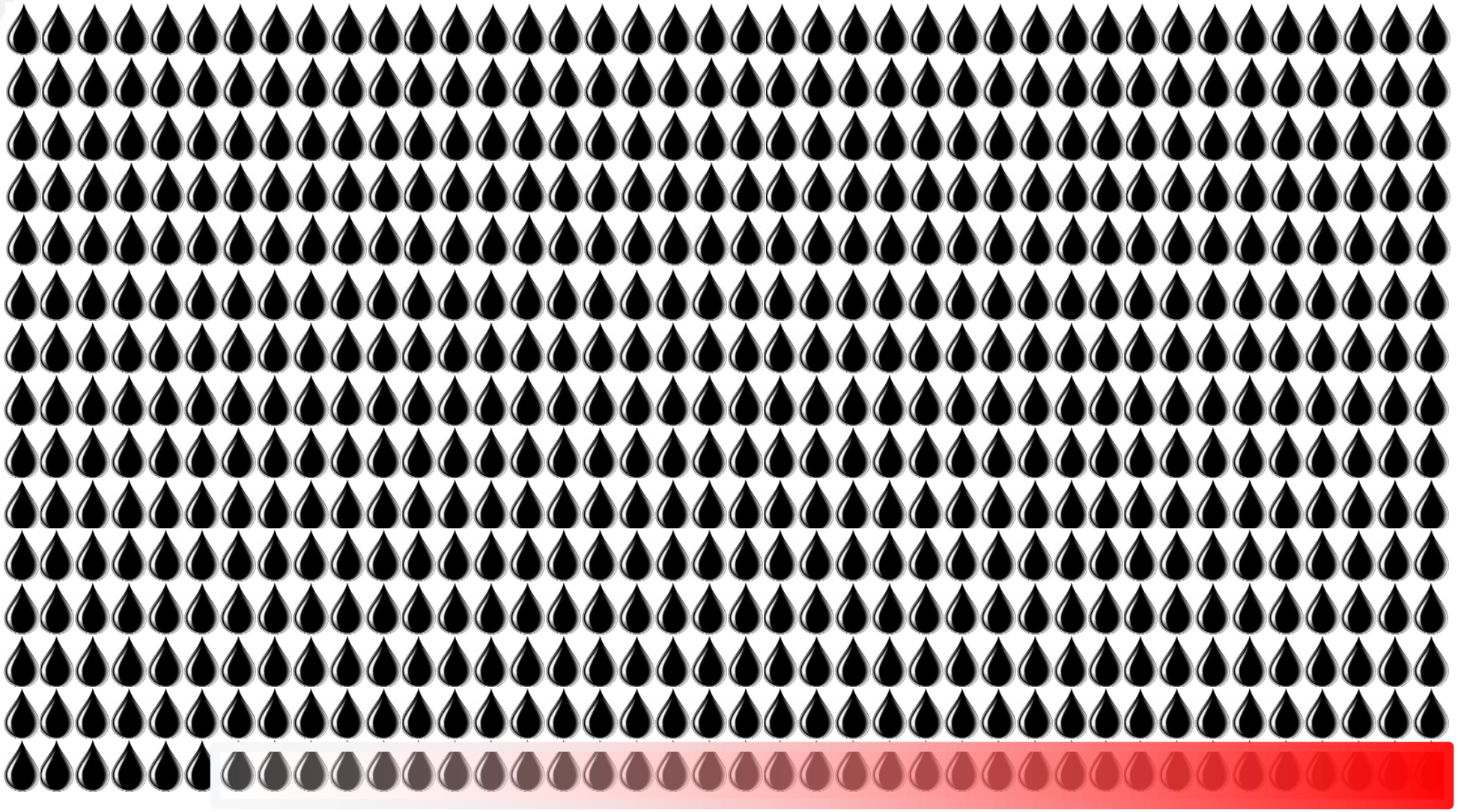
Society of Petroleum Engineers

SPE-201471-MS

Report on the First Rich Gas EOR Cyclic Multiwell Huff N Puff Pilot in the Bakken Tight Oil Play



BAKKEN OIL RECOVERY BEYOND 2035



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THANK YOU

Critical Challenges. Practical Solutions.



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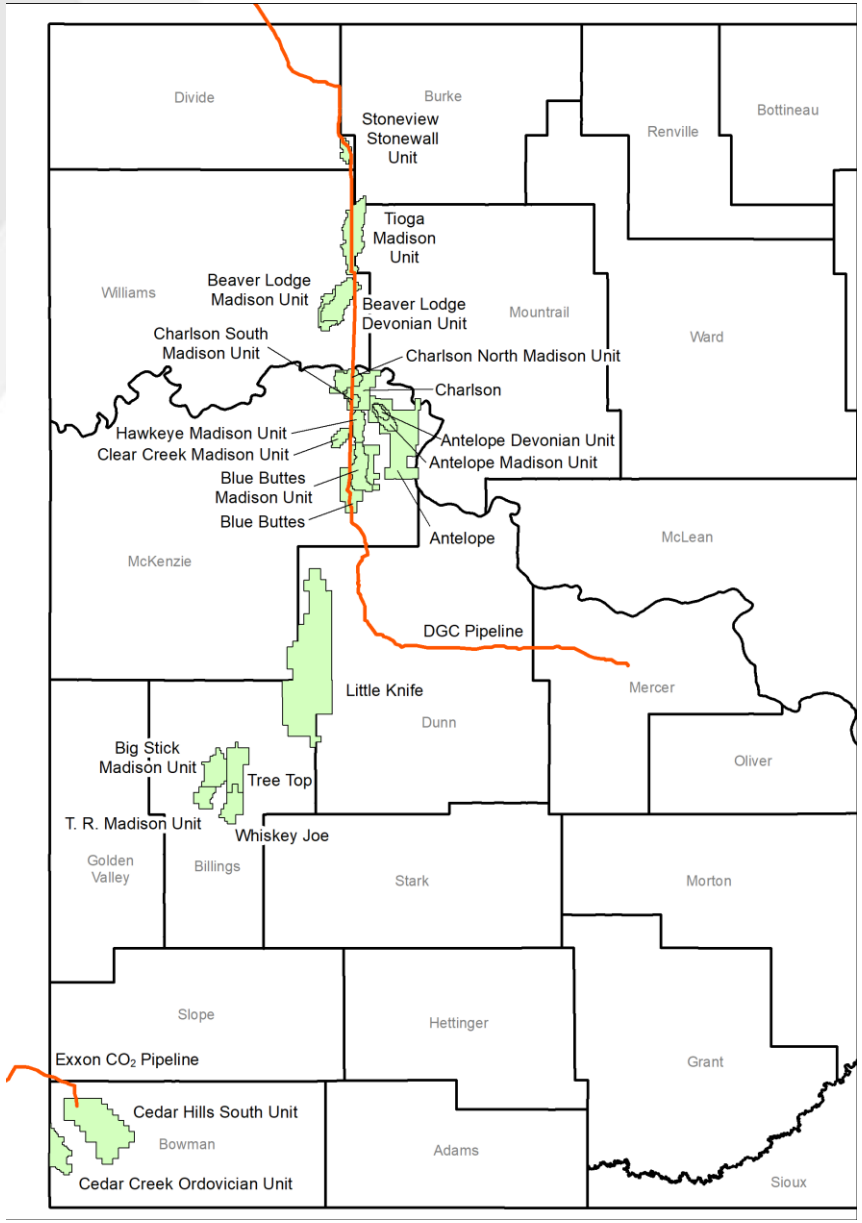
Critical Challenges. Practical Solutions.



Conventional 20-Year CO_2 EOR Performance

- Maximum daily oil rate: 23 Mbbl/day
- Average daily oil rate: 14 Mbbl/day
- Cumulative incremental oil production over 20 years: 105 MMbbl
- Maximum and average CO_2 utilization were 17,000 and 12,000 tonnes of CO_2/day, respectively
- Cumulative purchased CO_2 over 20 years: 88 MMt CO_2

2025 SENATE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division
Sakakawea Room, State Capitol

SB 2014
1/29/2025

A BILL for an Act to provide an appropriation for defraying the expenses of the industrial commission and the agencies under its control; to provide for a transfer; to provide an exemption; and to provide for a report.

9:00 a.m. Chairman Sorvaag called the meeting to order.

Members Present: Chairman Ronald Sorvaag, Senator Cole Conley, Senator Scott Meyer, Senator Donald Schaible, Senator Paul J. Thomas.

Discussion Topics:

- Gov. Burgum VS. Armstrong Budget Recommendations
- Bank of ND updated Biennium Budget.
- BND Proposed Amendment for Bond Insurance Coverage
- BND Proposed Amendment for Cyber Liability Insurance Coverage
- Economic Impact of homeownership.
- FTE requests by ND Housing & Finance.

9:00 a.m. Adam Mathiak, Fiscal Analyst, Legislative Council, testified in neutral and submitted testimony #32524 and #32583 and #32582

9:04 a.m. Don Morgan, President & CEO, Bank of ND, testified in favor and submitted testimony #32627.

9:09 a.m. Kelvin Hullet, Chief Business Development Officer, BND testified in favor and submitted testimony #32525.

9:18 a.m. Don Morgan, President & CEO, Bank of ND, testified in favor.

9:25 a.m. Chairman Sorvaag recessed the meeting.

9:56 a.m. Chairman Sorvaag reconvened the meeting.

9:56 a.m. Adam Mathiak, Fiscal Analyst, Legislative Council, testified neutral.

10:00 a.m. Dave Flohr, Executive Director, ND Housing Finance Agency, testified in favor and submitted testimony #32544.

10:01 a.m. Brandyn Detlaff, Homeownership Director, testified in favor and continued testimony #32544.

10:16 a.m. Jennifer Henderson, Community Housing & Grants Management Director testified in favor and continued testimony #32544.

10:22 a.m. Dave Flohr, Executive Director, ND Housing Finance Agency, testified in favor and continued testimony #32544.

10:41 a.m. Karen Tyler, Executive Director, Industrial Commission, testified in favor and submitted testimony #32586 & #32587.

11:06 a.m. Chairman Sorvaag closed the meeting.

Steven Hall, Committee Clerk

January 24, 2025

Legislative Council

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

	Burgum Budget				Armstrong Budget				Armstrong Budget Compared to Burgum Budget Increase (Decrease)			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2025-27 Biennium Base Level	187.00	$0	$71,605,483	$71,605,483	187.00	$0	$71,605,483	$71,605,483	0.00	$0	$0	$0
2025-27 Ongoing Funding Changes												
Salary increase			$2,259,732	$2,259,732			$1,825,271	$1,825,271			($434,461)	($434,461)
Health insurance increase			1,134,998	1,134,998			1,122,988	1,122,988			(12,010)	(12,010)
Funding to replace the 2023-25 vacant FTE pool			2,323,303	2,323,303			2,323,303	2,323,303				0
Funding to replace the 2023-25 new FTE pool			3,106,682	3,106,682			3,106,682	3,106,682				0
FTE cash management positions	2.00		563,002	563,002				0	(2.00)		(563,002)	(563,002)
Budget reduction from operational savings			(78,168)	(78,168)			(78,168)	(78,168)				0
Information technology rate adjustment			403,892	403,892			403,892	403,892				0
Transfer of $804,278 from operations to capital				0				0				0
Total ongoing funding changes	**2.00**	**$0**	**$9,713,441**	**$9,713,441**	**0.00**	**$0**	**$8,703,968**	**$8,703,968**	**(2.00)**	**$0**	**($1,009,473)**	**($1,009,473)**
One-Time Funding Items												
Economic diversification research grants			$5,500,000	$5,500,000				$0			($5,500,000)	($5,500,000)
Cash management temporary salaries				0			$600,000	600,000			600,000	600,000
Total one-time funding changes	**0.00**	**$0**	**$5,500,000**	**$5,500,000**	**0.00**	**$0**	**$600,000**	**$600,000**	**0.00**	**$0**	**($4,900,000)**	**($4,900,000)**
Total Changes to Base Level Funding	**2.00**	**$0**	**$15,213,441**	**$15,213,441**	**0.00**	**$0**	**$9,303,968**	**$9,303,968**	**(2.00)**	**$0**	**($5,909,473)**	**($5,909,473)**
2025-27 Total Funding	**189.00**	**$0**	**$86,818,924**	**$86,818,924**	**187.00**	**$0**	**$80,909,451**	**$80,909,451**	**(2.00)**	**$0**	**($5,909,473)**	**($5,909,473)**
Federal funds included in other funds			*$0*				*$0*				*$0*	
Total ongoing changes - Percentage of base level	*1.1%*	*N/A*	*13.6%*	*13.6%*	*0.0%*	*N/A*	*12.2%*	*12.2%*	*N/A*	*N/A*	*N/A*	*N/A*
Total changes - Percentage of base level	*1.1%*	*N/A*	*21.2%*	*21.2%*	*0.0%*	*N/A*	*13.0%*	*13.0%*	*N/A*	*N/A*	*N/A*	*N/A*

Proposed Amendments. Bank Confidentiality

6-08.1-02. Exemptions.
This chapter does not apply to any of the following:

7. The release by the Industrial Commission, in its capacity as the managing body of the Bank of North Dakota, of the following:

a. The name of any person who has obtained approval for direct ~~or indirect~~ financing or security, including a loan guarantee or a letter of credit, through the Bank of North Dakota primarily for purposes other than personal, family, or household purposes.

b. The amount of any financing or security referenced in subdivision a.

c. The amount of any net write off or loan forgiveness ~~associated with the financing or security referenced in subdivision a~~ which the industrial commission determines is uncollectible.

d. The program under which any financing or security referenced in subdivision a was made.

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

6-09-35. Confidentiality of Bank records.
The following records of the Bank of North Dakota are confidential:

1. Commercial or financial information of a customer, whether obtained directly or indirectly, except for routine credit inquiries or unless required by due legal process. As used in this subsection, "customer" means any person who has transacted or is transacting business with, or has used or is using the services of, the Bank of North Dakota, or for whom the Bank of North Dakota has acted as a fiduciary with respect to trust property.

2. Internal or interagency memorandums or letters which would not be available by law to a party other than in litigation with the Bank.

3. Information contained in or related to examination, operating, or condition reports prepared by, on behalf of, or for the use of a state or federal agency responsible for the regulation or supervision of any Bank activity.

4. Information obtained from the state department of financial institutions which would not be available from that agency under section 6-01-07.1.

5. The report by a Bank officer or member of the Bank's advisory board of directors concerning personal financial statements.

6. The following records of the Bank of North Dakota are exempt:
   1.Bond insurance coverage.
   2.Excess bond insurance coverage.
   3.Cyber liability insurance coverage.
   4.Excess cyber liability insurance coverage.

PACE Program Buydown Increase

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

1. The fund moneys may be used to participate in an interest rate buydown on a loan to a new or expanding business for the following eligible uses:
    a. Purchase of real property and equipment.
    b. Expansion of facilities.
    c. Working capital.
    d. Inventory.

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

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

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

4. The maximum amount from the fund in the interest rate buydown may not exceed five hundred thousand dollars ~~per loan~~ **unless the project is deemed to have a substantial economic impact.**

5. Projects deemed to have a substantial impact and qualified as a primary sector business **may receive an additional $1,000,000 in interest rate buydown with no required community match.**

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

7. The Bank of North Dakota shall adopt rules to implement this chapter.

2025 Legislature

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Executive Director
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dflohr@nd.gov
www.ndhfa.org

SENATE APPROPRIATIONS – SB 2014

ENVIRONMENT AND EDUCATION DIVISION

NORTH DAKOTA housing FINANCE AGENCY

NORTH DAKOTA HOUSING FINANCE AGENCY – FTE COUNT 54

INDUSTRIAL COMMISSION

Governor Kelly Armstrong, Chairman
Agriculture Commissioner Doug Goehring
Attorney General Drew Wrigley

NORTH DAKOTA HOUSING FINANCE AGENCY
David Flohr, Executive Director

BUSINESS OPERATIONS

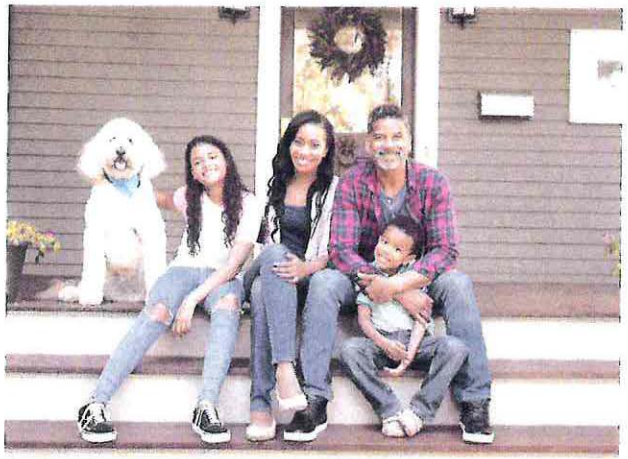
HOMEOWNERSHIP

COMMUNITY HOUSING AND GRANTS MANAGEMENT

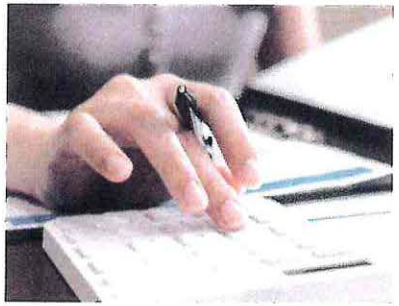
NORTH DAKOTA HOUSING FINANCE AGENCY ADVISORY BOARD

Ninetta Wandler, Chairwoman	Larry Nygard
Jim Farnsworth	Lisa Rotvold
Kevin Hanson	Joe Sheehan









NDHFA Core Operations

Homeownership

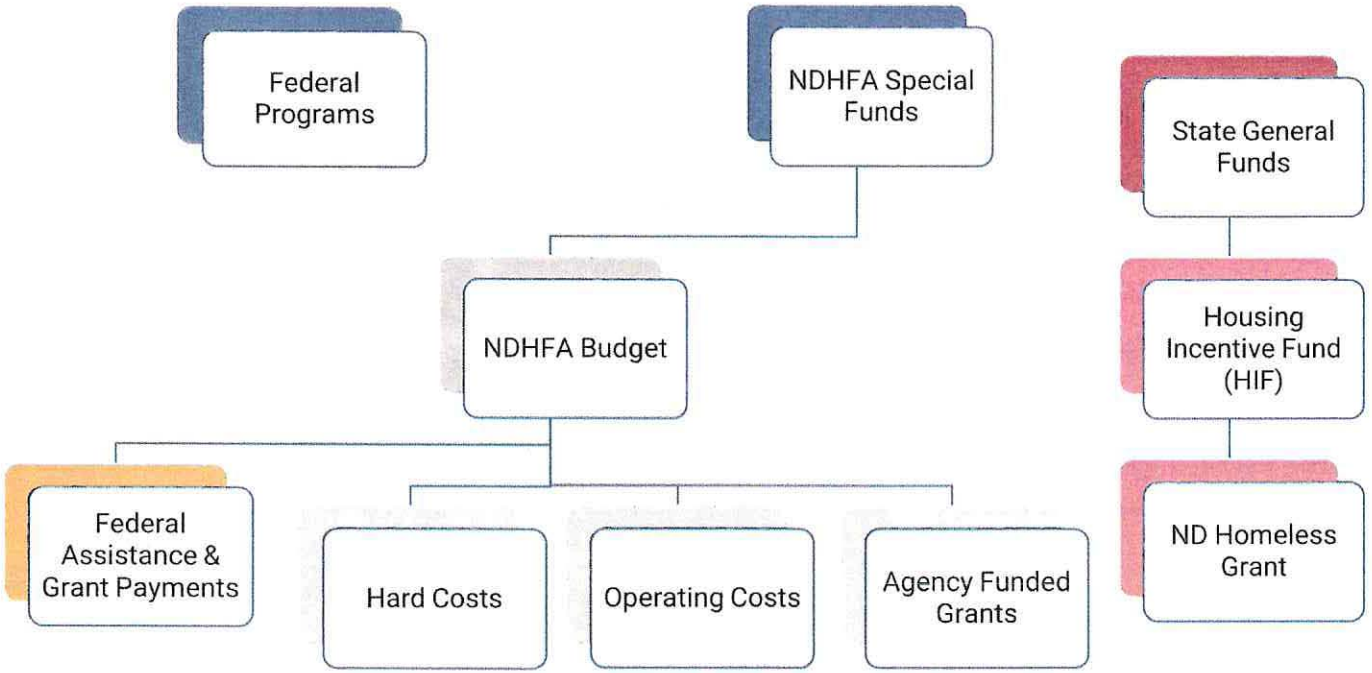
- Acquisition and Loan Servicing

Grants Management

- Administration and Compliance Monitoring

Business Operations

- Support Staff


Federal Programs
NDHFA Special Funds
State General Funds
NDHFA Budget
Housing Incentive Fund (HIF)
Federal Assistance & Grant Payments
Hard Costs
Operating Costs
Agency Funded Grants
ND Homeless Grant

Homeownership Process

Mortgage Revenue Bonds

Loan Acquisition

Loan Servicing

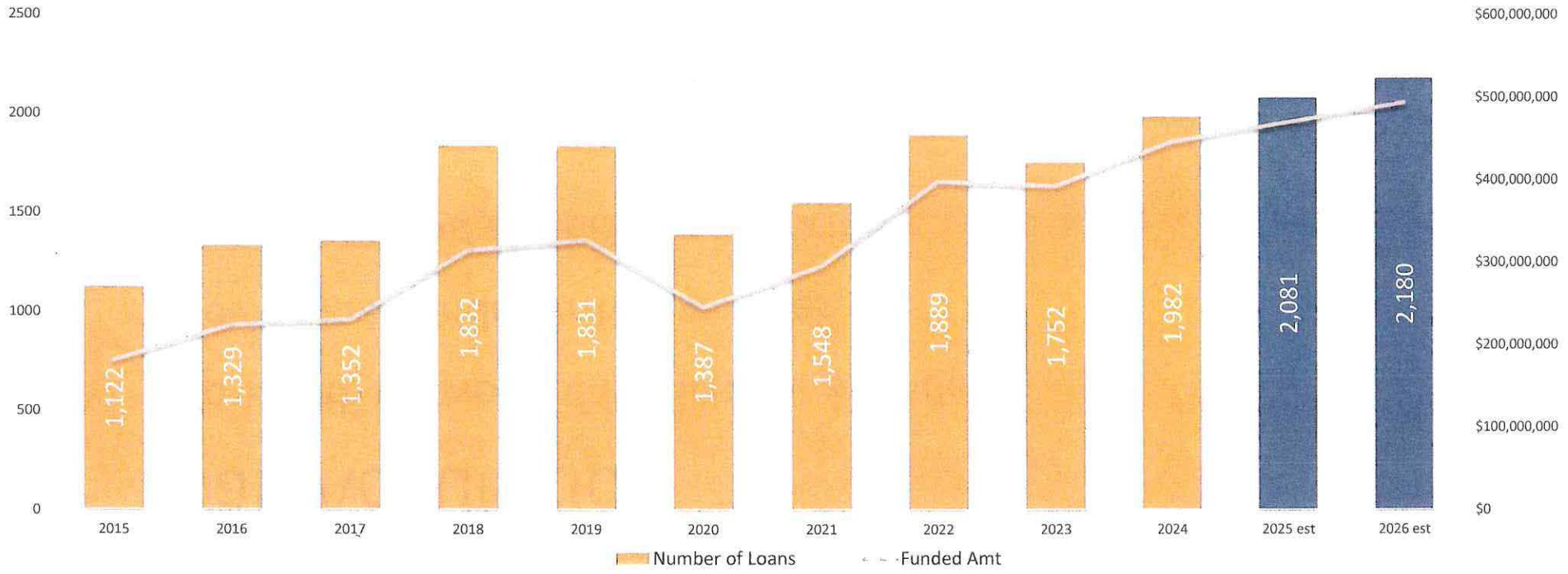
Mortgage Revenue Bonds

- A type of municipal bond issued by state or local governments to finance affordable housing initiatives
- Funding vehicle for homeownership programs
- Adds additional IRS regulations
- Tax exemption allows for lower interest rates

Loan Acquisition

- Work with network of Participating Lenders
- Provide loan underwriting services
- Compliance and eligibility monitoring

Loan Production

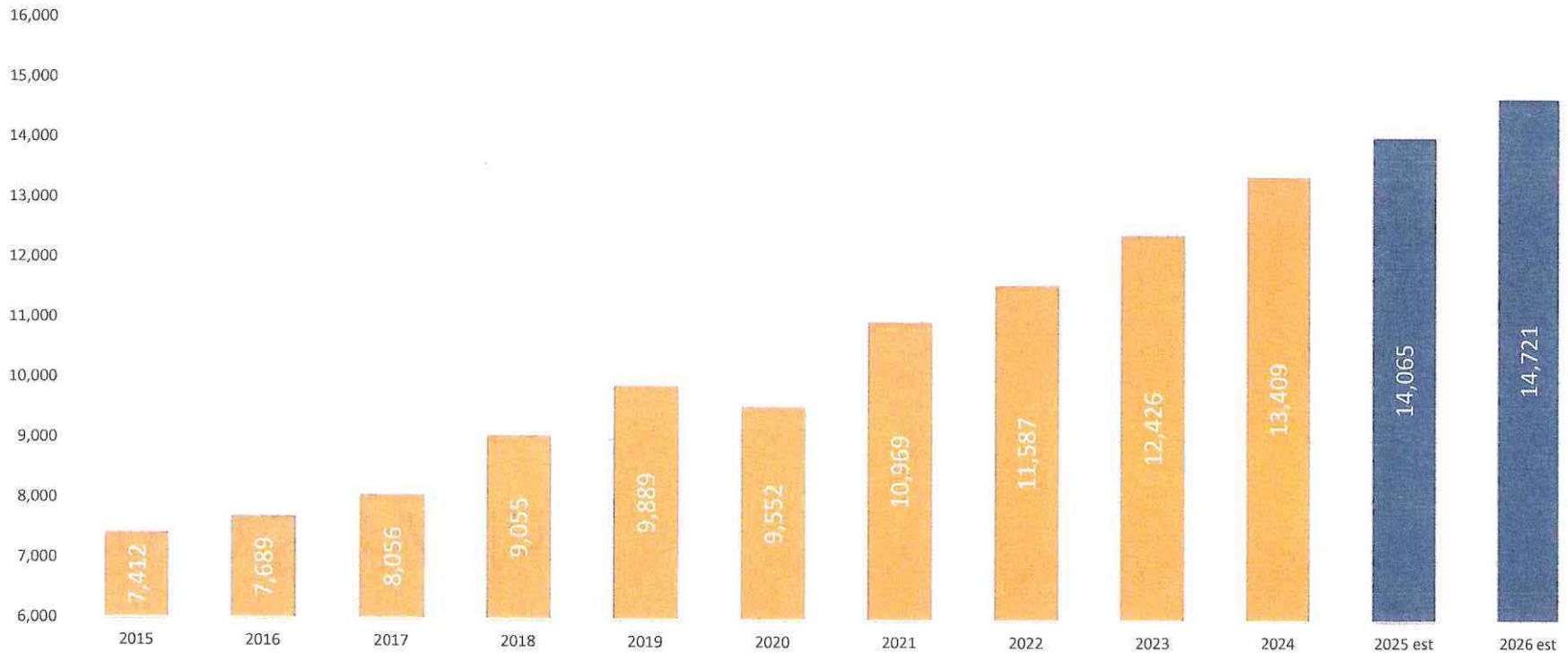


Loan Servicing

Key Responsibilities

- Payment processing
- Escrow management
- Delinquency management
- Loan record maintenance
- Customer service

Serviced Loans



Loan Servicing Challenges

- Continued portfolio growth
- FTE's to effectively manage portfolio
- Bond regulations
- Federal regulations

Loan Servicing FTEs

Mortgage Bankers Association report

- 835 loans per FTE

NDHFA – 1,031/FTE

- Currently short 3 FTEs
- End of the 2027 biennium short 5 FTEs
- Only asking for 2

Both positions funded exclusively with agency earnings, no general fund dollars.

Payment Savings



Our average mortgage rate in 2024 averaged 1.25% below market.

- Saves borrowers $180.00/mth or $2,160 a year.

Economic Impact of Lower Interest Rates

Lower rate in 2024
(1.25% below market)
= $4.3M

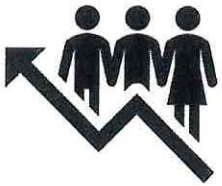
Lower rate since 2020
(1% below market)
= $14.6M

Economic Impact of Buying a Home in 2024

HOME PURCHASE RELATED =
$5,460.00/HOME

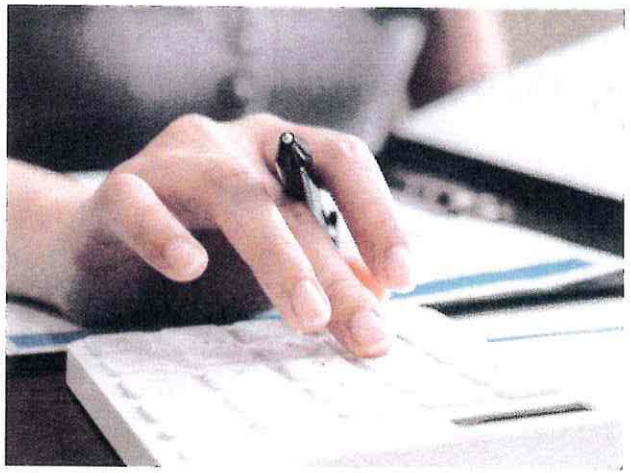


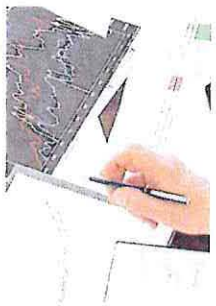
MULTIPLIER EFFECT =
$92,300.00/HOME



In 2024, NDHFA's homeownership programs generated a $183M economic impact for the state of North Dakota.









Homeownership FTE Need

Governor's budget listed 2 FTEs

What we need:

- 2 Loan Servicing Specialists
- 1 Senior Bond Accountant
- 1 Business Analyst

All 4 FTEs will be paid exclusively from agency earnings, no general fund dollars.

Community Housing and Grants Management

Multifamily Development and Rehabilitation	Multifamily Compliance	HUD Project Based Rental Assistance Contracts
Single-Family Development	Homeowner Rehabilitation and Accessibility	Homeless Response

Community Housing and Grants Management Process







Develop allocation plans that address the state's housing priorities.

Execute award contracts with top scoring applications.

Reimburse contracts for eligible expenses, construction monitoring and project completion.

Ongoing monitoring for program compliance.

Multifamily Development and Rehabilitation Programs

Low Income Housing Tax Credit
- Federal
- $3 million

HOME
- Federal
- $3 million

Housing Trust Fund
- Federal
- $3 million

Housing Incentive Fund
- State
- Varies



Annually receive 8-20 applications representing (500-1000 units)



Projects are selected competitively based on ability to best address housing priorities and financial feasibility.



Annually 4-6 projects are selected for approval. (250-500 units)



23 projects under various phases of construction (1046 units)

Multifamily Pipeline Demand

Program	# of apps	Request	Available	Unfunded
Low Income Housing Tax Credit (federal)	22	$20,727,710	$7,358,172	$13,369,538
HOME (federal)	17	$17,027,069	$4,690,866	$12,336,203
National Housing Trust Fund (federal)	12	$18,432,666	$5,925,166	$12,507,488
Housing Incentive Fund (state funded)	18	$20,567,605	$12,097,994	$8,469,611

2023-2025 Unfunded Applications =14 Projects/ 522 Units
$46,682,840

Multifamily Compliance

11,000 Affordable Housing Units

- 1,044 Projects (9,500 Units) Multifamily Development Programs
- 83 Projects (2,400 Units) Project-Based Rental Assistance Contracts

Conduct Onsite Physical Inspections

Review Tenant Eligibility

Ensure Owners/Managers are meeting program obligations and commitments made.

Tenant/Landlord Rights

Homeowner Rehabilitation/Accessibility

Homeowner Rehabilitation Programs

- Funding to support Community Action Agency programs.
- Provide assistance to low-income homeowners.
- Roof replacement, building system replacement.
- Assist on average 100 households per year.

Rehab Accessibility Program

- Provides grant assistance to homeowners or renters for accessibility upgrades to home.
- 50% of funding goes towards bathroom accessibility.
- Average 25 households served per year.
- FY 2025 increased funding level to serve more households.

ND Continuum of Care (ND CoC)

ND CoC public/private organizations that plan and provide a homeless response system dedicated to preventing and ending homelessness in ND.

Apply for HUD CoC Grants

Coordinate regional homeless response systems.

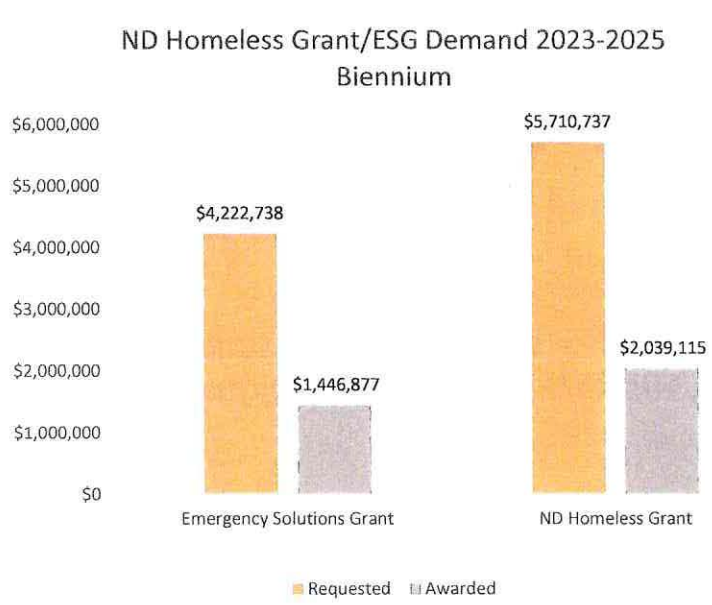
Conduct annual HUD point in time count

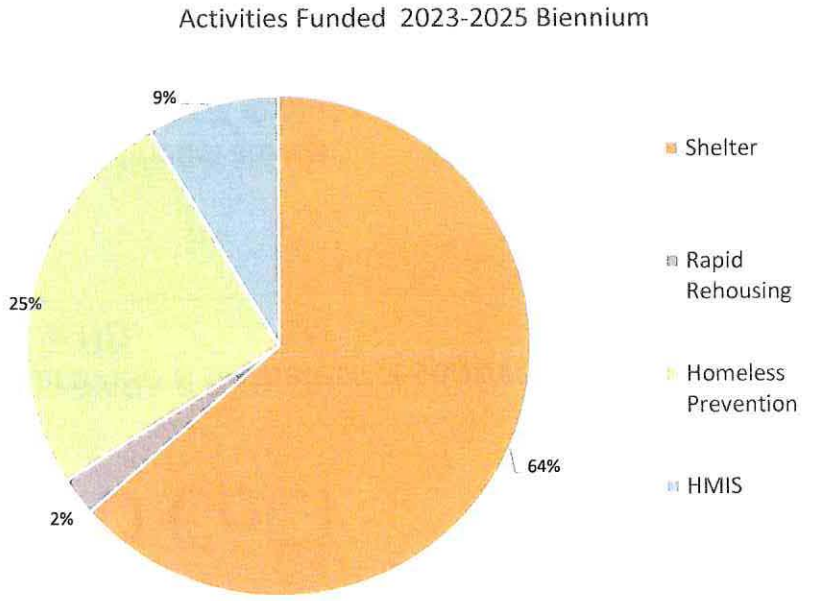
Collect homeless data in HMIS system.

CoC organizations utilize state, federal, local and charitable funds to support operations including, emergency shelter, street outreach, transitional housing, supportive housing, short term rental assistance, housing supports and case management services.

ESG/NDHG Funding

Emergency Solutions Grant (ESG) and North Dakota Homeless Grant (NDHG) provide funding to local non-profit organizations to support individuals and families experiencing homelessness and those who are at-risk of homelessness by funding emergency shelter operations, housing stabilization and case management services, including short term rental assistance.





Community Housing and Grants Management Division Requests

- HIF appropriation $40 million
- North Dakota Homeless Grant $10 million
- Transfer of Homeless Grant to HIF
- 1 FTE- Homeless Programs

Housing Needs Assessment

Housing priorities may need to focus on lower income households.

Large population of households entering homebuying age.

Projections suggest up to 20,000 housing units (single-and multifamily needed by 2027)

Agency Budget Request

	23-25 Base Budget	Governor Burgum	Governor Armstrong	Agency Request
Salaries & Wages	11,413,354	14,240,515	14,131,527	14,787,609
Operating	10,903,883	9,470,176	9,470,176	9,470,176
Capital Assets	20,000	20,000	20,000	20,000
Grants	48,805,110	51,105,110	46,105,110	46,105,110
HFA Contingency	100,000	100,000	100,000	100,000
Total Appropriation	**71,242,347**	**74,935,801**	**69,826,813**	**70,482,895**
Federal	48,076,176	47,350,848	47,333,539	47,333,539
Special	20,666,171	22,584,953	22,493,274	23,149,356
General	2,500,000	5,000,000	-	-
Total Funding Sources	**71,242,347**	**74,935,801**	**69,826,813**	**70,482,895**
FTE	**54**	**56**	**56**	**59**

Housing Incentive Fund Transfer Request

Housing Incentive Fund	23-25 HIF Transfer	Governor Burgum	Governor Armstrong	Agency Request
Housing Development	13,750,000	30,000,000	25,000,000	40,000,000
Homeless	-	10,000,000	10,000,000	10,000,000
Total Appropriation	**13,750,000**	**40,000,000**	**35,000,000**	**50,000,000**

FTE Request

Position	FTE	Governor Recommendation	FTE	Additional Agency Request	Total Special Funds
Homeownership Specialist	1	184,796			184,796
Accountant	1	257,410			257,410
Homeownership Specialist			1	184,794	184,794
Business Analyst			1	257,408	257,408
Program Manager - Homeless			1	213,880	213,880
Additional Agency Request	**2**	**442,206**	**3**	**656,082**	**1,098,288**

Salary and Wages Line

	FTE	Governor Burgum	Governor Armstrong	Agency Request
23-25 Salary and Benefits Base	**54**	**11,413,354**	**11,413,354**	**11,413,354**
Restore Vacant FTE Pool		465,165	465,165	465,165
Restore New FTE Pool		986,476	986,476	986,476
Health Insurance Increase		336,296	336,296	336,296
Gov Recommended salary adjustments		597,018	488,030	488,030
FTE - Homeownership Specialist	1	184,796	184,796	184,796
FTE - Accountant	1	257,410	257,410	257,410
FTE - Homeownership Specialists	1			184,794
FTE - Business Analyst	1			257,408
FTE - Program Manager - Homeless	1			213,880
Total Salary and Benefits Line	**59**	**14,240,515**	**14,131,527**	**14,787,609**
Federal		2,234,357	2,217,048	2,217,048
Special *		12,006,158	11,914,479	12,570,561
General		-	-	-
Total Funding Sources	**-**	**14,240,515**	**14,131,527**	**14,787,609**

* Agency Revenues

FTE Pool

Combined New FTE / Vacant FTE pool			
	New FTE	Vacant FTE	Total
Appropriation Reduction	986,476	465,165	1,451,641
Pool Reduction	(161,864)	(76,334)	(238,198)
FTE Pool Available	824,612	388,831	1,213,443
Requests:			
July 1, 2023 Vacant		465,165	465,165
New FTE			
Compliance Specialist	203,797		203,797
Business Analyst	228,980		228,980
Business Analyst	180,141		180,141
Budget: Compliance Specialist			
Hire: Homeownership Specialist	106,356		106,356
Budget: Homeownership Specialist			
Hire: Compliance Specialist	29,004		29,004
			-
Total Pool Requests	748,278	465,165	1,213,443
Balance Remaining	**76,334**	**(76,334)**	-
Total Pool Requests	748,278	465,165	1,213,443
Balance Remaining	**76,334**	**(76,334)**	-

FTE Vacancy Pool Proposed Changes:

Update Vacant Pool request language.

- Current language does not allow an agency with no vacancies on July 1 to request the use of pool funds until the **end of the biennium**.
- Pool funds may be exhausted at that time.

No Pool Reduction.

- Keep 100% of the Vacancy Pool available to agencies to request.

Operating Line

	Governor Burgum	Governor Armstrong	Agency Request
23-25 Operating Base	**10,903,883**	**10,903,883**	**10,903,883**
IT Rate Adjustment	44,453	44,453	44,453
Required reduction (3% special fund) Operating Line	(460,647)	(460,647)	(460,647)
Base Reallocation (federal to special) Operating Line	(1,017,513)	(1,017,513)	(1,017,513)
Total Operating Line	**9,470,176**	**9,470,176**	**9,470,176**
Federal	461,381	461,381	461,381
Special *	9,008,795	9,008,795	9,008,795
General			
Total Funding Sources	**9,470,176**	**9,470,176**	**9,470,176**

* Agency Revenues

Grants Line

	Governor Burgum	Governor Armstrong	Agency Request
23-25 Grants Base	**48,805,110**	**48,805,110**	**48,805,110**
Required reduction (3% special fund) Agency Grant:	(200,000)	(200,000)	(200,000)
ND Homeless Grant increase	7,500,000	7,500,000	7,500,000
Move ND Homeless Grant to HIF	(10,000,000)	(10,000,000)	(10,000,000)
Housing Initiative Grants from SIIF (one-time)	5,000,000		
Total Grants Line	**51,105,110**	**46,105,110**	**46,105,110**
Federal	44,655,110	44,655,110	44,655,110
Special *	1,450,000	1,450,000	1,450,000
SIIF	5,000,000	-	-
Total Funding Sources	**51,105,110**	**46,105,110**	**46,105,110**

* Agency Revenues

Housing Incentive Fund

	Governor Burgum	Governor Armstrong	Agency Request
Housing Incentive Fund			
Transfer to HIF - Multi and Single Family Development	30,000,000	25,000,000	40,000,000
Transfer to HIF - Homeless Programs	10,000,000	10,000,000	10,000,000
Total Housing Incentive Fund Transfer	**40,000,000**	**35,000,000**	**50,000,000**
General	-	35,000,000	50,000,000
SIFF	40,000,000	-	-
Total Funding Sources	**40,000,000**	**35,000,000**	**50,000,000**

Summary of Agency Requests

- 5 FTEs
- Continuing appropriation language
- HIF appropriation - $40 million
- ND Homeless Grant - $10 million
- Transfer of ND Homeless Grant to HIF
- FTE Pool – amendments to or exclusion from

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NORTH DAKOTA housing FINANCE AGENCY

Legislative Council

Housing Finance Agency - Budget No. 473
Agency Worksheet - Senate Bill No. 2014

	Burgum Budget				Armstrong Budget				Armstrong Budget Compared to Burgum Budget Increase (Decrease)			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2025-27 Biennium Base Level	54.00	$2,500,000	$68,742,347	$71,242,347	54.00	$2,500,000	$68,742,347	$71,242,347	0.00	$0	$0	$0
2025-27 Ongoing Funding Changes												
Salary increase			$597,018	$597,018			$488,030	$488,030			($108,988)	($108,988)
Health insurance increase			336,296	336,296			336,296	336,296				0
Funding to replace the 2023-25 vacant FTE pool			465,165	465,165			465,165	465,165				0
Funding to replace the 2023-25 new FTE pool			986,476	986,476			986,476	986,476				0
FTE loan specialist position	1.00		184,796	184,796	1.00		184,796	184,796				0
FTE accountant position	1.00		257,410	257,410	1.00		257,410	257,410				0
Information technology rate adjustment			44,453	44,453			44,453	44,453				0
Budget reduction from operating and grant savings			(1,678,160)	(1,678,160)			(1,678,160)	(1,678,160)				0
Homeless grants		($2,500,000)		(2,500,000)		($2,500,000)		(2,500,000)				0
Total ongoing funding changes	**2.00**	**($2,500,000)**	**$1,193,454**	**($1,306,546)**	**2.00**	**($2,500,000)**	**$1,084,466**	**($1,415,534)**	**0.00**	**$0**	**($108,988)**	**($108,988)**
One-Time Funding Items												
Housing initiative grants - SIIF			$5,000,000	$5,000,000				$0			($5,000,000)	($5,000,000)
Total one-time funding changes	**0.00**	**$0**	**$5,000,000**	**$5,000,000**	**0.00**	**$0**	**$0**	**$0**	**0.00**	**$0**	**($5,000,000)**	**($5,000,000)**
Total Changes to Base Level Funding	**2.00**	**($2,500,000)**	**$6,193,454**	**$3,693,454**	**2.00**	**($2,500,000)**	**$1,084,466**	**($1,415,534)**	**0.00**	**$0**	**($5,108,988)**	**($5,108,988)**
2025-27 Total Funding	**56.00**	**$0**	**$74,935,801**	**$74,935,801**	**56.00**	**$0**	**$69,826,813**	**$69,826,813**	**0.00**	**$0**	**($5,108,988)**	**($5,108,988)**
Federal funds included in other funds			*$47,350,888*				*$47,333,539*				*($17,349)*	
Total ongoing changes - Percentage of base level	*3.7%*	*(100.0%)*	*1.7%*	*(1.8%)*	*3.7%*	*(100.0%)*	*1.6%*	*(2.0%)*	*N/A*	*N/A*	*N/A*	*N/A*
Total changes - Percentage of base level	*3.7%*	*(100.0%)*	*9.0%*	*5.2%*	*3.7%*	*(100.0%)*	*1.6%*	*(2.0%)*	*N/A*	*N/A*	*N/A*	*N/A*

January 23, 2025

Legislative Council

Industrial Commission - Budget No. 405
Agency Worksheet - Senate Bill No. 2014

	Burgum Budget				Armstrong Budget				Armstrong Budget Compared to Burgum Budget Increase (Decrease)			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2025-27 Biennium Base Level	9.75	$0	$122,237,102	$122,237,102	9.75	$0	$122,237,102	$122,237,102	0.00	$0	$0	$0
2025-27 Ongoing Funding Changes												
Salary increase			$86,639	$86,639			$71,132	$71,132			($15,507)	($15,507)
Health insurance increase			45,039	45,039			45,039	45,039				0
Funding to replace the 2023-25 vacant FTE pool			30,381	30,381			30,381	30,381				0
Funding to replace the 2023-25 new FTE pool			490,562	490,562			490,562	490,562				0
Executive director salary equity increases			350,000	350,000			350,000	350,000				0
Transfers $581,791 from salaries to operating				0				0				0
Information technology rate adjustments			369	369			369	369				0
Grant management software fees			275,000	275,000			275,000	275,000				0
Transmission Authority director contract		$400,000		400,000		$400,000		400,000				0
Bond payment adjustment			(2,761,713)	(2,761,713)			(2,761,713)	(2,761,713)				0
Total ongoing funding changes	**0.00**	**$400,000**	**($1,483,723)**	**($1,083,723)**	**0.00**	**$400,000**	**($1,499,230)**	**($1,099,230)**	**0.00**	**$0**	**($15,507)**	**($15,507)**
One-Time Funding Items												
Inflationary increases			$50,000	$50,000			$50,000	$50,000				$0
Electric grid resiliency grant		$1,782,794	11,885,295	13,668,089			13,668,089	13,668,089		($1,782,794)	$1,782,794	0
Lignite litigation fees		3,000,000		3,000,000			3,000,000	3,000,000		(3,000,000)	3,000,000	0
Total one-time funding changes	**0.00**	**$4,782,794**	**$11,935,295**	**$16,718,089**	**0.00**	**$0**	**$16,718,089**	**$16,718,089**	**0.00**	**($4,782,794)**	**$4,782,794**	**$0**
Total Changes to Base Level Funding	**0.00**	**$5,182,794**	**$10,451,572**	**$15,634,366**	**0.00**	**$400,000**	**$15,218,859**	**$15,618,859**	**0.00**	**($4,782,794)**	**$4,767,287**	**($15,507)**
2025-27 Total Funding	**9.75**	**$5,182,794**	**$132,688,674**	**$137,871,468**	**9.75**	**$400,000**	**$137,455,961**	**$137,855,961**	**0.00**	**($4,782,794)**	**$4,767,287**	**($15,507)**
Federal funds included in other funds			*$11,885,295*				*$11,885,295*				*$0*	
Total ongoing changes - Percentage of base level	*0.0%*	*N/A*	*(1.2%)*	*(0.9%)*	*0.0%*	*N/A*	*(1.2%)*	*(0.9%)*	*N/A*	*N/A*	*N/A*	*N/A*
Total changes - Percentage of base level	*0.0%*	*N/A*	*8.6%*	*12.8%*	*0.0%*	*N/A*	*12.5%*	*12.8%*	*N/A*	*N/A*	*N/A*	*N/A*

SB 2014 Office of the Industrial Commission Budget

	Burgum's Recommended	Armstrong's Recommended	Office of the Industrial Commission Request
23-25 Base Level FTE - IC	6	6	6
23-25 Base Level FTE - PFA	3.75	3.75	3.75
25-27 Base Level Salaries and Benefits	**$122,237,102**	**$122,237,102**	**$122,237,102**
23-25 Base Level Salaries & Benefits - IC	$1,123,066	$1,123,066	$1,123,066
23-25 Base Level Salaries & Benefits - PFA	$761,852	$761,852	$761,852
Base Payroll Changes:			
Gov. Rec. Salary Increase - IC & PFA	$86,639	$71,132	$71,132
Health Insurance Increase - IC & PFA	$45,039	$45,039	$45,039
FTE Funding Pool - New - IC & PFA	$30,381	$30,381	$30,381
FTE Funding Pool - Vacant - IC & PFA	$490,562	$490,562	$490,562
Optional Requests:			
Executive Director Salary Increase - IC	$350,000	$350,000	$182,300
Executive Director Salary Increase - PFA	$0	$0	$50,000
Total Salary and Benefits	**$2,887,539**	**$2,872,032**	**$2,754,332**
Operating - IC			
23-25 Base Level Operating	$274,571	$274,571	$274,571
Base Operating Changes:			
IT Rate Adjustments	$369	$369	$369
Optional Requests:			
Inflation - Leasing Space - IC	$20,305	$20,305	$20,305
Grant Management Ongoing Support - IC	$275,000	$275,000	$275,000
Transmission Authority Director Contract - IC	$400,000	$400,000	$600,000
Lignite Litigation - IC	$3,000,000	$3,000,000	$3,000,000
IIJA Grid Resiliency Grants	$13,668,089	$13,668,089	$13,668,089
Professional Development - IC	$0	$0	$15,200
Total Operating	**$17,638,334**	**$17,638,334**	**$17,853,534**
Operating - PFA			
23-25 Base Level Operating - PFA	$197,700	$197,700	$197,700
Optional Requests:			
Inflation - Data Processing, equip, licensing - PFA	$29,695	$29,695	$80,000
Total Operating	**$227,395**	**$227,395**	**$277,700**
Transfers			
23-25 Base Level Bonds - PFA	$119,879,913	$119,879,913	$119,879,913
Base Bond Changes:	-$2,761,713	-$2,761,713	-$2,761,713
Total Bonds	**$117,118,200**	**$117,118,200**	**$117,118,200**
2025-2027 Budget Request	**$137,871,468**	$137,855,961	$138,003,766

23-25 Carryover Line Items			
Line Item	**23-25 Appropriation**	**25-27 Carryover Amount**	**Notes**
Grant Management Software	**$1,250,000**	$600,000	4 deliverables have been paid for a total of $350,000 from October 2024 - January 2025, and we anticipate another $300,000 to be paid this biennium. The remainder will be spent between July - November 2025.
Records Digitization	**$75,000**	$58,000	Phase 1 of the records digitization project was completed from August-November 2024 for $17,000. Phase 2 will kick off early summer 2025.
Salt-Cavern Project	**$6,000,000**	$6,000,000	During the 23-25 biennium, $6 million from SIIF was appropriated to the IC for a salt cavern demonstration project. The EERC, acting in its capacity as the State Energy Research Center, was pursuing a private-sector match from the Prairie Horizon consortium. In August 2024, the consortium announced its dissolution due to unfavorable hydrogen markets on the west coast. EERC has received interest from other private-sector parties, and is currently in negotiations.
iPipe Project	**$3,000,000**	$2,900,000	During the 23-25 biennium, $3 million from SIIF was appropriated to the IC for a pipeline leak detection project. An award of $3 million was granted to EERC by the IC in December 2023. The project is expected to be completed by December 31, 2025. To date, approximately $100,000 has been expended. The spend rate on the project is expected to increase in early 2025.
IIJA Grid Resiliency Grants	**$8,623,839**	$8,623,839	During the 23-25 biennium, $7,499,037 in federal funds were received by the IC under the federal Department of Energy's IIJA Grid Resilience grant program. This required a state match of 15% ($1,124,856), which was appropriated from general funds. North Dakota was the first state to receive an award under this program. The IC awarded the funds to 4 sub awardees in October 2023. The projects were awaiting NEPA review by DOE, and now 3 of the 4 were started in fall of 2024.

LIGNITE LITIGATION EXPENSES
2023-25 Biennium

Funds: *IC $3M appropriation*

	Bev & Diam & Cons McC **EPA Mercury & Air Toxins**	*Greenberg Traurig* **EPA Regional Haze**	*Beatty & Wozniak* **EPA Coal Combustion**	*Jackson Walker* **EPA Greenhouse Gas (Methane)**	*Winthrop & Weinstine (?)* **MN 100% Carbon Free 2040**	*Always On Energy Resear* **EPA Miso & SPP Carbon Rule**	**Monthly Total**
Jul-23							$0.00
Aug-23							$0.00
Sep-23							$0.00
Oct-23							$0.00
Nov-23							$0.00
Dec-23	$74,806.89	$3,270.00					$78,076.89
Jan-24	$24,195.00	$31,367.50					$55,562.50
Feb-24							$0.00
Mar-24							$0.00
Apr-24	$56,865.00				$48,511.00	$65,000.00	$170,376.00
May-24	$56,685.00	$68,259.30					$124,944.30
Jun-24	$305,342.14	$25,888.60	$59,125.05	$338,630.00	$13,338.00	$245,000.00	$987,323.79
Jul-24			$51,288.50	$57,858.00	$11,370.00		$120,516.50
Aug-24			$3,115.50				$3,115.50
Sep-24				$6,088.50			$6,088.50
Oct-24	$213,118.97			$42,696.00			$255,814.97
Nov-24	$543,008.00	$14,325.00	$2,829.00				$560,162.00
Dec-24	$27,733.40	$53,233.30	$43,856.00	$38,651.50	$300.00		$163,774.20
Jan-25		$2,145.00		$22,311.00	$9,708.00		$34,164.00
Feb-25							$0.00
Mar-25							$0.00
Apr-25							$0.00
May-25							$0.00
Jun-25							$0.00
Jun A/B							$0.00
Total	**$1,301,754.40**	**$198,488.70**	**$160,214.05**	**$506,235.00**	**$83,227.00**	**$310,000.00**	**$2,559,919.15**

BIENNIUM-TO-DATE

Grant Program	Funding Available	Funding Awarded
Outdoor Heritage Fund	$ 15,000,000.00	$ 8,963,333.01
Lignite Research Program	$ 18,500,000.00	$ 10,515,099.00
Oil & Gas Research Program	$ 17,500,000.00	$ 13,271,586.00
Renewable Energy Program	$ 3,000,000.00	$ 2,371,950.00
CSEA	$ 30,000,000.00	$ 32,329,362.00
TOTAL=	**$ 84,000,000.00**	**$ 67,451,330.01**

OUTDOOR HERITAGE FUND

Project	Amount Awarded
023-225 Audubon Great Plains Management Toolbox	$ 747,400.00
023-226 Mayville Dam	$ 396,595.48
023-227 Napoleon Recreation Trail	$ 750,000.00
023-228 McLean Co. Lost Lake Fish Passage	$ 66,735.53
023-229 McLean Co. Painted Woods flood protection/recreation project	$ 50,250.00
023-230 ND Natural Resources Trust Wildlife Dams Phase II	$ 267,750.00
023-231 Phesants Forever Habitat	$ 250,000.00
023-232 TMBCI Fishing/Boat Access project	$ 109,800.00
024-233 NDSU-ND Forest Service Windbreak 4.0	$ 900,000.00
024-234 Belfeild Dam Improvements	$ 145,125.00
024-235 NDNRT-Working Lands Program III	$ 1,625,000.00
024-236 NDNRT- Badlands Restoration Project	$ 77,000.00
024-237 ND Prescribed Fire Program	$ 200,000.00
024-238 Sunset Park PreK Playground	$ 10,000.00
024-239 McLean Co. Painted Woods flood protection	$ 1,000,000.00
025-240 Mule Deer Foundation- Big Game Connectivity/Habitat Fragmentation	$ 750,000.00
025-241 NDPF- Planting for the Future	$ 220,177.00
025-242 Audubon Great Plains- ND Grazing Management Toolbox	$ 635,000.00
025-243 NDNRT- Working Grassland Partership 7	$ 762,500.00
TOTAL=	**$ 8,963,333.01**

LIGNITE RESEARCH PROGRAM

Project	Amount Awarded
FY23-103-255 Semplastics- High value products from produced water	$ 100,000.00
FY24-104-256 LEC- Continued funding for Public Affairs program	$ 1,800,000.00
FY24-104-257 Rainbow Energy- Bridge Study for CCS at Coal Creek Station	$ 1,094,416.00
FY24-104-258 Americarbon- Coal Pitch Manufacturing	$ 743,809.00
FY24-105-259 Microbeam- Germanium & Gallium Concentrates	$ 376,000.00
FY24-105-260 EERC- Williston Basin PCOR	$ 1,250,000.00
FY24-105-261 EERC- Coal Creek Carbon Storage	$ 5,150,874.00
TOTAL=	**$ 10,515,099.00**

OIL & GAS RESEARCH PROGRAM

Project	Amount Awarded
G-058-113 One OK Roughrider Carbon Storage Hub	$ 525,000.00
G-058-114 Cobra EOR	$ 2,000,000.00
G-058-115 BPOP 4.0	$ 4,000,000.00
G-060-117-Blue Rock Solutions- Methane Detectors Phase II	$ 450,000.00
G-061-118 EERC Project Polar Bear	$ 2,566,341.00
G-061-119 Cobra EOR Phase II	$ 1,000,000.00
G-061-120 NDPF Outreach & Education Program	$ 930,245.00
G-061-121 EERC CO2 EOR Pilot	$ 1,800,000.00
TOTAL=	**$ 13,271,586.00**

RENEWABLE ENERGY RESEARCH PROGRAM

Project	Amount Awarded
R-52-070 UND SH0WUP	$ 500,000.00
R-52-071 EERC- Prairie Horizon Carbon Management Hub	$ 100,000.00
R-53-072 EERC- Regional EV Infrastructure study	$ 375,000.00
R-54-073 New Carbon- American Crystal Sugar RNG	$ 455,000.00
R-54-074 New Carbon- Van Bedaf Dairy RNG	$ 455,000.00
R-54-075 Singularity Energy Technologies- Sandwich Gasifier Commercialization	$ 486,950.00
TOTAL=	**$ 2,371,950.00**

CLEAN SUSTAINABLE ENERGY AUTHORITY

Project	Amount Awarded
C-04-10 Bushel Farm Traceability Dashboard	$ 5,529,362.00
C-04-11 Wellspring Hydro- Unlocking the full potential of produced water	$ 5,000,000.00
C-05-12 Green Pig Iron Production Facility	$ 7,000,000.00
C-05-13 Marathon Petroleum Dickinson Renewable Fuel Facility Expansion	$ 3,300,000.00
C-05-14 Dakota Lithium- Technology for Lithium-Ion Batteries	$ 2,000,000.00
C-05-15 Cerilon FEL-3	$ 9,500,000.00
TOTAL=	**$ 32,329,362.00**

BND Proposed 2025-2027 Biennium Budget

Line Item	2023-25 Biennium Appropriation		Governor's Proposed 2025-27 Budget	Change from prior Biennium	Change	BND Proposed 2025-27 Budget	Change from Governor Proposed	Change	Change Package
Salaries and benefits	45,275,085	*	52,011,844	6,736,759	14.9%	51,411,844	(600,000)	-1.2%	
Operating Expenses	28,054,661		24,387,597	(3,667,064)	-13.1%	25,331,084	943,487	3.9%	
BND Operations (1)	$ 73,329,746	*	$ 76,399,441	3,069,695	4.2%	$ 76,742,928	343,487	0.4%	$ 343,487
Capital Assets (2)	1,510,000		1,510,000	0	0.0%	4,143,299	2,633,299	174.4%	2,633,299
Contingency	3,000,000		3,000,000	0	0.0%	3,000,000	-	0.0%	-
	$ 77,839,746		$ 80,909,441	3,069,695	3.9%	$ 83,886,227	2,976,786	3.7%	$ 2,976,786
(1) BND Operations:									
Salaries and Benefits	$ 45,275,085		$ 52,011,844	6,736,759	14.9%	$ 51,411,844	(600,000)	-1.2%	$ (600,000)
IT & System Costs	19,628,366		15,961,302	(3,667,064)	-18.7%	16,904,789	943,487	5.9%	943,487
Operating Expenses	7,218,845		7,218,845	0	0.0%	7,218,845	-	0.0%	-
Occupancy and Equipment	1,207,450		1,207,450	0	0.0%	1,207,450	-	0.0%	-
Other Operating Expenses	**$ 28,054,661**		**$ 24,387,597**	(3,667,064)	-13.1%	**$ 25,331,084**	$ 943,487	3.9%	$ 343,487
BND Operations									
(2) Capital Budget includes:									
Building	$ -		1,010,000	1,010,000	#DIV/0!	$ 3,643,299	2,633,299	260.7%	$ 2,633,299
Office Equipment	250,000		250,000	0	0.0%	250,000	-	0.0%	-
IT Equipment	-		-	-		-	-		-
Software	1,260,000		250,000	(1,010,000)	-80.2%	250,000	-	0.0%	-
	$ 1,510,000		**$ 1,510,000**	0	0.0%	**$ 4,143,299**	**$ 2,633,299**	174.4%	$ 2,633,299

- BND is requesting a change package of $343,487 to true-up compensation costs. An increase of .004%
- The pay grade changes of $943,487 requested by BND were taken out of the operating line in the Governor's budget.
- Capex change package request of $2,633,299 for building related upgrades.

BND
Bank of North Dakota

2025 SENATE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division
Sakakawea Room, State Capitol

SB 2014
1/31/2025

A BILL for an Act to provide an appropriation for defraying the expenses of the industrial commission and the agencies under its control; to provide for a transfer; to provide an exemption; and to provide for a report.

10:30 a.m. Chairman Sorvaag called the meeting to order.

Members Present: Chairman Ronald Sorvaag, Senator Cole Conley, Senator Donald Schaible, Senator Paul J. Thomas.

Absent**:** Senator Scott Meyer.

Discussion Topics:

- Updated Budget Requests for ND Mill & Elevator Association.
- Senator Schaible Recommendations.

10:32 a.m. Cathy Dub, CFO, ND Mill & Elevator Association, testified in favor and referenced previous testimony # 31025.

10:43 a.m. Senator Schaible testified in favor.

10:44 a.m. Adam Mathiak, Fiscal Analyst, Legislative Council, testified in neutral and referenced previous longsheet #32524.

10:47 a.m. Senator Schaible testified in favor.

10:52 a.m. Chairman Sorvaag adjourned the meeting.

Steven Hall, Committee Clerk

2025 SENATE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division
Sakakawea Room, State Capitol

SB 2014
2/4/2025

A BILL for an Act to provide an appropriation for defraying the expenses of the industrial commission and the agencies under its control; to provide for a transfer; to provide an exemption; and to provide for a report.

8:55 a.m. Chairman Sorvaag called the meeting to order.

Members Present: Chairman Ronald Sorvaag, Senator Cole Conley, Senator Scott Meyer, Senator Donald Schaible, Senator Paul J. Thomas.

Discussion Topics:

- Banking confidentiality
- Industrial Commission

8:55 a.m. Kelvin Hullet, Chief Business Development Officer, Bank of ND, testified in favor and submitted testimony #34449.

9:00 a.m. Rick Clayburgh, President & CEO, ND Bankers Association, testified in favor.

9:02 a.m. Alexis Baxley, President, Independent Community Bankers of ND, testified in favor.

9:03 a.m. Chairman Sorvaag closed the meeting.

Steven Hall, Committee Clerk

BND
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Senate Appropriations, Education and Environment Subcommittee

February 4, 2025

SB2014 / Bank of North Dakota

Kelvin Hullet, Chief Business Development Officer

Chairman Sorvaag and members of the committee. I am Kelvin Hullet, Chief Business Development Officer for the Bank of North Dakota. Today, I am here to provide testimony in support of a proposed amendment for BND. The proposed amendment will increase the Bank's ability to maintain confidentiality of records in partnership with local financial institutions across the state.

Today, under section 6-08.1-02, BND is required to provide the name of a business entity and the amount of the loan in which BND is participating with a local financial institution. In current code, BND must also provide the same information for a direct loan, loan guarantee or letter of credit primarily for purposes other than personal, family or household purposes.

As you know, BND 's commercial and agriculture lending portfolio is done in coordination with local financial institutions across the state. If a local financial institution receives a request for a loan that is over their lending limit or creates a concentration issue, BND will participate in the loan enabling the local FI to maintain its relationship with that customer.

Since BND is a participation bank with a mission of supporting the state's private financial sector, the super majority of the time, a customer does not know that BND is holding part of the loan. As such, if an open records request is received and that customers information is made public, it will come as a surprise to that local customer. This then creates a trust issue for the customer with their local financial institution.

In addition, it creates a trust issue between BND and the local financial institution. When that local FI has a need for a participation loan in the future, they may reconsider their decision to participate with BND and instead seek out a private sector financial institution as a partner. If this occurs, it is detrimental to the banks mission and the local FI's.

As you will see with the language, direct loans made by BND and program loans will continue to be available through open records. In addition, any loan that is determined to be not collectable by the Industrial Commission will also be open to public record.

The amendment that is requested in 6-09-35 adds a section 6 to identify that specific records, not related to lending are protected as confidential information. These records include: bond and cyber liability insurance. It seems obvious that these types of coverages should not be open to public record as it reveals information, that if released, will be detrimental to the Bank.

Mr. Chairman and members of the committee, we ask for you to adopt the amendments and will stand for any questions.

2025 SENATE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division
Sakakawea Room, State Capitol

SB 2014
2/12/2025

A BILL for an Act to provide an appropriation for defraying the expenses of the industrial commission and the agencies under its control; to provide for a transfer; to provide an exemption; and to provide for a report.

8:33 a.m. Chairman Sorvaag called the meeting to order.

Members Present: Chairman Ronald Sorvaag, Senator Cole Conley, Senator Scott Meyer, Senator Donald Schaible, Senator Paul J. Thomas.

Discussion Topics:

- Budget adjustments regarding FTE positions.
- Governor Burgum VS. Armstrong Budget Recommendations.
- One time funding amendment

8:35 a.m. Adam Mathiak, Fiscal Analyst, Legislative Council, testified in neutral and referenced previous long sheet #32582 01/29/25.

8:37 a.m. Dave Flohr, Executive Director, ND Housing and Finance Agency, testified in favor.

8:55 a.m. Adam Mathiak, Fiscal Analyst, Legislative Council, testified in neutral and submitted long sheet #37385.

9:00 a.m. Nathan Anderson, Director, Dept of Mineral Resources, testified in favor.

9:05 a.m. Mark Bohrer, Assistant Director, NDIC Oil and Gas Division, testified in favor.

9:07 a.m. Chairman Sorvaag closed the meeting.

Steven Hall, Committee Clerk

January 23, 2025

Legislative Council

Department of Mineral Resources - Budget No. 474
Agency Worksheet - Senate Bill No. 2014

Nathan Anderson

	Burgum Budget				Armstrong Budget				Armstrong Budget Compared to Burgum Budget Increase (Decrease)			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2025-27 Biennium Base Level	108.00	$28,113,785	$268,000	$28,381,785	108.00	$28,113,785	$268,000	$28,381,785	0.00	$0	$0	$0
2025-27 Ongoing Funding Changes												
Salary increase		$1,190,593		$1,190,593		$978,870		$978,870		($211,723)		($211,723)
Health insurance increase		660,580		660,580		666,585		666,585		6,005		6,005
Funding to replace the 2023-25 vacant FTE pool		1,389,856		1,389,856		1,389,856		1,389,856				0
Funding to replace the 2023-25 new FTE pool		1,284,293		1,284,293		1,284,293		1,284,293				0
FTE permitting technician position	1.00	154,873		154,873	1.00	154,873		154,873				0
FTE reclamation specialist position	1.00	249,477		249,477	1.00	249,477		249,477				0
FTE administrative assistant position				0	1.00	163,030		163,030	1.00	163,030		163,030
FTE position conversion to geologist		171,944		171,944		171,944		171,944				0
Federal funds adjustment to salaries			$16,000	16,000			$16,000	16,000				0
Budget reduction from savings		(561,880)		(561,880)		(561,880)		(561,880)				0
Information technology rate adjustment		108,065		108,065		108,065		108,065				0
State fleet rate adjustment		1,500,000		1,500,000		1,500,000		1,500,000				0
Total ongoing funding changes	**2.00**	**$6,147,801**	**$16,000**	**$6,163,801**	**3.00**	**$6,105,113**	**$16,000**	**$6,121,113**	**1.00**	**($42,688)**	**$0**	**($42,688)**
One-Time Funding Items												
Federal abandoned well reclamation administration			$1,444,377	$1,444,377			$1,444,377	$1,444,377				$0
FTE position conversion operating expenses		$10,115		10,115		$10,115		10,115				0
New FTE position operating expenses		24,325		24,325		31,485		31,485		$7,160		7,160
Mineral analysis		100,000		100,000		100,000		100,000				0
Rare earth elements study		100,000		100,000		100,000		100,000				0
Archeology excavation project		300,000		300,000			300,000	300,000		(300,000)	$300,000	0
Ordinary high water mark expert fees			342,000	342,000			342,000	342,000				0
Oil and gas litigation		3,000,000		3,000,000			3,000,000	3,000,000		(3,000,000)	3,000,000	0
Total one-time funding changes	**0.00**	**$3,534,440**	**$1,786,377**	**$5,320,817**	**0.00**	**$241,600**	**$5,086,377**	**$5,327,977**	**0.00**	**($3,292,840)**	**$3,300,000**	**$7,160**
Total Changes to Base Level Funding	**2.00**	**$9,682,241**	**$1,802,377**	**$11,484,618**	**3.00**	**$6,346,713**	**$5,102,377**	**$11,449,090**	**1.00**	**($3,335,528)**	**$3,300,000**	**($35,528)**
2025-27 Total Funding	**110.00**	**$37,796,026**	**$2,070,377**	**$39,866,403**	**111.00**	**$34,460,498**	**$5,370,377**	**$39,830,875**	**1.00**	**($3,335,528)**	**$3,300,000**	**($35,528)**
Federal funds included in other funds			*$1,728,377*				*$1,728,377*				*$0*	
Total ongoing changes - Percentage of base level	*1.9%*	*21.9%*	*6.0%*	*21.7%*	*2.8%*	*21.7%*	*6.0%*	*21.6%*	*N/A*	*N/A*	*N/A*	*N/A*
Total changes - Percentage of base level	*1.9%*	*34.4%*	*672.5%*	*40.5%*	*2.8%*	*22.6%*	*1903.9%*	*40.3%*	*N/A*	*N/A*	*N/A*	*N/A*

2025 SENATE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division
Sakakawea Room, State Capitol

SB 2014
2/12/2025

A BILL for an Act to provide an appropriation for defraying the expenses of the industrial commission and the agencies under its control; to provide for a transfer; to provide an exemption; and to provide for a report.

9:35 a.m. Chairman Sorvaag called the meeting to order.

Members Present: Chairman Ronald Sorvaag, Senator Cole Conley, Senator Scott Meyer, Senator Donald Schaible, Senator Paul J. Thomas.

Discussion Topics:

- General Funds to be Moved to Homeless Grant.
- SIIF Funds to be Moved to Housing Incentive Fund.
- Homeless Management Study Verbiage.

9:35 a.m. Chairman Sorvaag testified in favor.

9:36 a.m. Senator Schaible explained proposed verbal amendment to provide $150,000 to a Native community based homeless provider, Committee will wait to take action.

9:41 a.m. Chairman Sorvaag closed the meeting.

Steven Hall, Committee Clerk

2025 SENATE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division
Sakakawea Room, State Capitol

SB 2014
2/14/2025

A BILL for an Act to provide an appropriation for defraying the expenses of the industrial commission and the agencies under its control; to provide for a transfer; to provide an exemption; and to provide for a report.

8:30 a.m. Chairman Sorvaag called the meeting to order.

Members Present: Chairman Ronald Sorvaag, Senator Cole Conley, Senator Scott Meyer, Senator Donald Schaible, Senator Paul J. Thomas.

Discussion Topics:

- Updated info regarding FTE.
- Roles and Need of Desired Positions.

8:31 a.m. Dave Flohr, Executive Director, ND Housing Finance, testified in favor.

8:35 a.m. Nathan Anderson, Director, Dept. of Mineral Resources, testified in favor and referenced previous testimony #31294 01/24/25.

8:40 a.m. Robyn Loumer, Fiscal Manager, DMR, testified in favor and continued with previous testimony #31294.

8:41 a.m. Nathan Anderson, Director, Dept. of Mineral Resources, continued with previous testimony #31294.

8:43 a.m. Mark Bohrer, Director, Oil and Gas Division, DMR, testified in favor and continued with previous testimony #31294.

8:46 a.m. Nathan Anderson, Director, Dept. of Mineral Resources, continued testimony with previous #31294.

8:48 a.m. Nathan Anderson, Director, Dept. of Mineral Resources, continued with previous testimony #31294.

8:50 a.m. Ed Murphy, State Geologist Dept., DMR, testified in favor and continued with previous testimony #31294.

8:55 a.m. Adam Mathiak, Fiscal Analyst, Legislative Council, answered questions.

8:57 a.m. Mark Bohrer, Director, Dept. of Mineral Resources, continued with previous testimony #31294.

8:58 a.m. Ed Murphy, State Geologist Dept., DMR, testified in favor and continued testimony #31294.

9:03 a.m. Chairman Sorvaag closed the meeting.

Steven Hall, Committee Clerk

2025 SENATE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division
Sakakawea Room, State Capitol

SB 2014
2/14/2025

A BILL for an Act to provide an appropriation for defraying the expenses of the industrial commission and the agencies under its control; to provide for a transfer; to provide an exemption; and to provide for a report.

9:56 a.m. Chairman Sorvaag called the meeting to order.

Members Present: Chairman Ronald Sorvaag, Senator Cole Conley, Senator Scott Meyer, Senator Donald Schaible, Senator Paul J. Thomas.

Discussion Topics:

- Status of Current Projects.
- Status of Grants.
- Progress of Salt Cavern.

9:57 a.m. Senator Schaible testified in favor and referenced previous testimony #31294 01/24/25.

10:00 a.m. Adam Mathiak, Fiscal Analyst, Legislative Council, answered committee questions.

10:06 a.m. Karen Tyler, Executive Director, Industrial Commission, testified in favor and answered committee questions.

10:10 a.m. Jordan Kannianen, Deputy Director, Industrial Commission, testified in favor and answered committee questions.

10:12 a.m. Karen Tyler, Executive Director, Industrial Commission, answered committee questions.

10:14 a.m. Adam Mathiak, Fiscal Analyst, Legislative Council, answered committee questions.

10:16 a.m. Tyler Hammon, AVP for Strategic Partnerships, EERC, testified in favor.

10:20 a.m. Karen Tyler, Executive Director, Industrial Commission, answered committee questions.

10:33 a.m. Adam Mathiak, Fiscal Analyst, Legislative Council, referenced previous long sheet #32583 and answered committee questions.

10:35 a.m. Karen Tyler, Executive Director, Industrial Commission, answered committee questions.

10:38 a.m. Adam Mathiak, Fiscal Analyst, Legislative Council, answered committee questions.

10:48 a.m. Karen Tyler, Executive Director, Industrial Commission, answered committee questions.

10:50 a.m. Adam Mathiak, Fiscal Analyst, Legislative Council, answered committee questions and referenced previous long sheet #31294 01/23/25 and previous testimony #32535 01/29/25.

11:04 a.m. Chairman Sorvaag closed the meeting.

Steven Hall, Committee Clerk

2025 SENATE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division
Sakakawea Room, State Capitol

SB 2014
2/18/2025

A BILL for an Act to provide an appropriation for defraying the expenses of the industrial commission and the agencies under its control; to provide for a transfer; to provide an exemption; and to provide for a report.

8:48 a.m. Chairman Sorvaag called the meeting to order.

Members Present: Chairman Ronald Sorvaag, Senator Cole Conley, Senator Scott Meyer, Senator Donald Schaible, Senator Paul J. Thomas.

Discussion Topics:

- Changes to Government Recommendations.
- Enhanced Oil Recovery Project Funds.
- Portable Mineral Detection Equipment.
- Housing Program Funds.

8:49. Senator Schaible testified in neutral.

8:52 a.m. Adam Mathiak, Fiscal Analyst, Legislative Committee, testified in neutral and submitted Long Sheets #37962 and #37964 and #37965 and #37967 and #37968.

8:53 a.m. Senator Schaible continued neutral testimony.

8:57 a.m. Adam Mathiak, Fiscal Analyst, Legislative Committee, answered committee questions.

8:59 a.m. Senator Schaible continued neutral testimony referencing long sheets.

9:06 a.m. Chairman Sorvaag closed the meeting.

Steven Hall, Committee Clerk

February 17, 2025

Legislative Council

Industrial Commission - Budget No. 405
Agency Worksheet - Senate Bill No. 2014

	Armstrong Executive Budget				Senate Version				Senate Compared to Executive Budget Increase (Decrease)			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2025-27 Biennium Base Level	9.75	$0	$122,237,102	$122,237,102	9.75	$0	$122,237,102	$122,237,102	0.00	$0	$0	$0
2025-27 Ongoing Funding Changes												
Salary increase			$71,132	$71,132			$71,132	$71,132				$0
Health insurance increase			45,039	45,039			45,039	45,039				0
Funding to replace the 2023-25 vacant FTE pool			30,381	30,381			30,381	30,381				0
Funding to replace the 2023-25 new FTE pool			490,562	490,562			490,562	490,562				0
2025-27 new and vacant FTE pool				0			(8,733)	(8,733)			($8,733)	(8,733)
Executive director salary equity increases			350,000	350,000				0			(350,000)	(350,000)
Executive director equity - Industrial Commission				0			245,000	245,000			245,000	245,000
Executive director equity - Public Finance Authority				0			105,000	105,000			105,000	105,000
Transfers $581,791 from salaries to operating				0				0				0
Information technology rate adjustments			369	369			369	369				0
Professional development and travel				0			15,200	15,200			15,200	15,200
Grant management software fees			275,000	275,000			275,000	275,000				0
Transmission Authority director contract		$400,000		400,000		$400,000		400,000				0
Bond payment adjustment			(2,761,713)	(2,761,713)			(2,761,713)	(2,761,713)				0
Total ongoing funding changes	**0.00**	**$400,000**	**($1,499,230)**	**($1,099,230)**	**0.00**	**$400,000**	**($1,492,763)**	**($1,092,763)**	**0.00**	**$0**	**$6,467**	**$6,467**
One-Time Funding Items												
Inflationary increases			$50,000	$50,000			$50,000	$50,000				$0
Electric grid resiliency grant - SIIF and federal			13,668,089	13,668,089			13,668,089	13,668,089				0
Lignite litigation fees - SIIF			3,000,000	3,000,000			3,000,000	3,000,000				0
Total one-time funding changes	**0.00**	**$0**	**$16,718,089**	**$16,718,089**	**0.00**	**$0**	**$16,718,089**	**$16,718,089**	**0.00**	**$0**	**$0**	**$0**
Total Changes to Base Level Funding	**0.00**	**$400,000**	**$15,218,859**	**$15,618,859**	**0.00**	**$400,000**	**$15,225,326**	**$15,625,326**	**0.00**	**$0**	**$6,467**	**$6,467**
2025-27 Total Funding	**9.75**	**$400,000**	**$137,455,961**	**$137,855,961**	**9.75**	**$400,000**	**$137,462,428**	**$137,862,428**	**0.00**	**$0**	**$6,467**	**$6,467**
Federal funds included in other funds			*$11,885,295*				*$11,885,295*				*$0*	
Total ongoing changes - Percentage of base level	*0.0%*	*N/A*	*(1.2%)*	*(0.9%)*	*0.0%*	*N/A*	*(1.2%)*	*(0.9%)*	*N/A*	*N/A*	*N/A*	*N/A*
Total changes - Percentage of base level	*0.0%*	*N/A*	*12.5%*	*12.8%*	*0.0%*	*N/A*	*12.5%*	*12.8%*	*N/A*	*N/A*	*N/A*	*N/A*

Other Sections in Industrial Commission - Budget No. 405

Section Description	Armstrong Executive Budget	Senate Version	
New and vacant FTE pool line item		Section 3 provides for the use of funding in the new and vacant FTE pool line item.	
Bond payments		Section 4 identifies the amounts for bond payments during the 2025-27 biennium.	
Administrative costs		Section 5 would allow the Industrial Commission to transfer up to $2,435,660 from entities and funds under the control of the Industrial Commission for administrative services and would allow unspent prior biennium appropriation authority for administrative costs to be available in the 2025-27 biennium.	

Other Sections in Industrial Commission - Budget No. 405

Section Description	Armstrong Executive Budget	Senate Version	
Strategic investment and improvements fund (SIIF)		Section 11 identifies funding from SIIF for matching federal funds for an electric grid resiliency grant ($1,782,794) and lignite litigation ($3,000,000).	
Unspent biennium appropriation exemption		Section 15 provides exemptions allowing unspent prior biennium appropriation authority to continue into the 2025-27 biennium for grant management software, records digitization, and a federal electric grid resiliency grant.	

February 17, 2025

Legislative Council

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

	Armstrong Executive Budget				Senate Version				Senate Compared to Executive Budget Increase (Decrease)			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2025-27 Biennium Base Level	187.00	$0	$71,605,483	$71,605,483	187.00	$0	$71,605,483	$71,605,483	0.00	$0	$0	$0
2025-27 Ongoing Funding Changes												
Salary increase			$1,825,271	$1,825,271			$1,825,271	$1,825,271				$0
Health insurance increase			1,122,988	1,122,988			1,122,988	1,122,988				0
Funding to replace the 2023-25 vacant FTE pool			2,323,303	2,323,303			2,323,303	2,323,303				0
Funding to replace the 2023-25 new FTE pool			3,106,682	3,106,682			3,106,682	3,106,682				0
2025-27 new and vacant FTE pool				0			(909,460)	(909,460)			($909,460)	(909,460)
Salary funding - Cost to continue				0			343,487	343,487			343,487	343,487
Budget reduction from operational savings			(78,168)	(78,168)			(78,168)	(78,168)				0
Information technology rate adjustment			403,892	403,892			403,892	403,892				0
Transfer of $804,278 from operations to capital				0				0				0
Total ongoing funding changes	**0.00**	**$0**	**$8,703,968**	**$8,703,968**	**0.00**	**$0**	**$8,137,995**	**$8,137,995**	**0.00**	**$0**	**($565,973)**	**($565,973)**
One-Time Funding Items												
Cash management temporary salaries			$600,000	$600,000				$0			($600,000)	($600,000)
Capital improvement projects				0			$2,633,299	2,633,299			2,633,299	2,633,299
Total one-time funding changes	**0.00**	**$0**	**$600,000**	**$600,000**	**0.00**	**$0**	**$2,633,299**	**$2,633,299**	**0.00**	**$0**	**$2,033,299**	**$2,033,299**
Total Changes to Base Level Funding	**0.00**	**$0**	**$9,303,968**	**$9,303,968**	**0.00**	**$0**	**$10,771,294**	**$10,771,294**	**0.00**	**$0**	**$1,467,326**	**$1,467,326**
2025-27 Total Funding	**187.00**	**$0**	**$80,909,451**	**$80,909,451**	**187.00**	**$0**	**$82,376,777**	**$82,376,777**	**0.00**	**$0**	**$1,467,326**	**$1,467,326**
Federal funds included in other funds			*$0*				*$0*				*$0*	
Total ongoing changes - Percentage of base level	*0.0%*	*N/A*	*12.2%*	*12.2%*	*0.0%*	*N/A*	*11.4%*	*11.4%*	*N/A*	*N/A*	*N/A*	*N/A*
Total changes - Percentage of base level	*0.0%*	*N/A*	*13.0%*	*13.0%*	*0.0%*	*N/A*	*15.0%*	*15.0%*	*N/A*	*N/A*	*N/A*	*N/A*

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

Section Description	Armstrong Executive Budget	Senate Version	
New and vacant FTE pool line item		Section 3 provides for the use of funding in the new and vacant FTE pool line item.	
Transfers to general fund		Section 8 transfers $140 million from Bank profits to the general fund for the 2025-27 biennium.	
Transfers to economic development programs		Section 9 transfers $61.9 million from Bank profits to economic development programs, including $39 million to the partnership in assisting community expansion (PACE) fund, $5 million to the Ag PACE fund, $1 million to the biofuels PACE fund, $15 million to the beginning farmer revolving loan fund, and $1.9 million to the University of North Dakota small business development center to match federal funds.	
Confidential and exempt Bank records		Sections 12 and 13 amend statutory provisions relating to Bank of North Dakota records to clarify the confidentiality of indirect financing records and to exempt insurance coverage from open records.	

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

Section Description	Armstrong Executive Budget	Senate Version	
PACE fund interest rate buydowns		Section 14 increases the amount of funding that may be used for interest rate buydowns under the PACE fund from $500,000 to $1.5 million for projects with a substantial economic impact and removes the matching requirement for the additional $1 million of interest rate buydown funding.	

February 17, 2025

Legislative Council

Department of Mineral Resources - Budget No. 474
Agency Worksheet - Senate Bill No. 2014

	Armstrong Executive Budget				Senate Version				Senate Compared to Executive Budget Increase (Decrease)			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2025-27 Biennium Base Level	108.00	$28,113,785	$268,000	$28,381,785	108.00	$28,113,785	$268,000	$28,381,785	0.00	$0	$0	$0
2025-27 Ongoing Funding Changes												
Salary increase		$978,870		$978,870		$978,870		$978,870				$0
Health insurance increase		666,585		666,585		666,585		666,585				0
Funding to replace the 2023-25 vacant FTE pool		1,389,856		1,389,856		1,389,856		1,389,856				0
Funding to replace the 2023-25 new FTE pool		1,284,293		1,284,293		1,284,293		1,284,293				0
2025-27 new and vacant FTE pool - vacant				0		(496,901)		(496,901)		($496,901)		(496,901)
2025-27 new and vacant FTE pool - new				0		(49,906)		(49,906)		(49,906)		(49,906)
FTE permitting technician position	1.00	154,873		154,873	1.00	154,873		154,873				0
FTE reclamation specialist position	1.00	249,477		249,477	1.00	249,477		249,477				0
FTE administrative assistant position	1.00	163,030		163,030	1.00	163,030		163,030				0
FTE position conversion to geologist		171,944		171,944		171,944		171,944				0
Federal funds adjustment to salaries			$16,000	16,000			$16,000	16,000				0
Temporary salaries				0		45,000		45,000		45,000		45,000
Budget reduction from savings		(561,880)		(561,880)		(561,880)		(561,880)				0
Information technology rate adjustment		108,065		108,065		108,065		108,065				0
State fleet rate adjustment		1,500,000		1,500,000		1,500,000		1,500,000				0
Total ongoing funding changes	**3.00**	**$6,105,113**	**$16,000**	**$6,121,113**	**3.00**	**$5,603,306**	**$16,000**	**$5,619,306**	**0.00**	**($501,807)**	**$0**	**($501,807)**
One-Time Funding Items												
Federal abandoned well reclamation administration			$1,444,377	$1,444,377			$1,444,377	$1,444,377				$0
FTE position conversion operating expenses		$10,115		10,115		$10,115		10,115				0
New FTE position operating expenses		31,485		31,485		31,485		31,485				0
Mineral analyses		100,000		100,000		100,000		100,000				0
Rare earth elements study - SIIF		100,000		100,000			400,000	400,000		($100,000)	$400,000	300,000
Archeology excavation project - SIIF			300,000	300,000			150,000	150,000			(150,000)	(150,000)
Ordinary high water mark expert fees			342,000	342,000				0			(342,000)	(342,000)
Oil and gas litigation - SIIF			3,000,000	3,000,000			3,000,000	3,000,000				0
Enhanced oil recovery database				0		15,000		15,000		15,000		15,000
Portable mineral detection equipment				0		45,000		45,000		45,000		45,000
Total one-time funding changes	**0.00**	**$241,600**	**$5,086,377**	**$5,327,977**	**0.00**	**$201,600**	**$4,994,377**	**$5,195,977**	**0.00**	**($40,000)**	**($92,000)**	**($132,000)**
Total Changes to Base Level Funding	**3.00**	**$6,346,713**	**$5,102,377**	**$11,449,090**	**3.00**	**$5,804,906**	**$5,010,377**	**$10,815,283**	**0.00**	**($541,807)**	**($92,000)**	**($633,807)**
2025-27 Total Funding	**111.00**	**$34,460,498**	**$5,370,377**	**$39,830,875**	**111.00**	**$33,918,691**	**$5,278,377**	**$39,197,068**	**0.00**	**($541,807)**	**($92,000)**	**($633,807)**
Federal funds included in other funds			*$1,728,377*				*$1,728,377*				*$0*	
Total ongoing changes - Percentage of base level	*2.8%*	*21.7%*	*6.0%*	*21.6%*	*2.8%*	*19.9%*	*6.0%*	*19.8%*	*N/A*	*N/A*	*N/A*	*N/A*
Total changes - Percentage of base level	*2.8%*	*22.6%*	*1903.9%*	*40.3%*	*2.8%*	*20.6%*	*1869.5%*	*38.1%*	*N/A*	*N/A*	*N/A*	*N/A*

Other Sections in Department of Mineral Resources - Budget No. 474

Section Description	Armstrong Executive Budget	Senate Version	
New and vacant FTE pool line item		Section 3 provides for the use of funding in the new and vacant FTE pool line item.	
Strategic investment and improvements fund (SIIF)		Section 11 of this Act identifies $3,550,000 from SIIF for a rare earth elements study ($400,000), an archeology excavation project ($150,000), and oil and gas litigation ($3,000,000).	
Unspent biennium appropriation exemption		Section 15 provides an exemption allowing unspent prior biennium appropriation authority to continue into the 2025-27 biennium for a federal abandoned oil well conversion to water supply grant program.	

Legislative Council

Housing Finance Agency - Budget No. 473
Agency Worksheet - Senate Bill No. 2014

	Armstrong Executive Budget				Senate Version				Senate Compared to Executive Budget Increase (Decrease)			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2025-27 Biennium Base Level	54.00	$2,500,000	$68,742,347	$71,242,347	54.00	$2,500,000	$68,742,347	$71,242,347	0.00	$0	$0	$0
2025-27 Ongoing Funding Changes												
Salary increase			$488,030	$488,030			$488,030	$488,030				$0
Health insurance increase			336,296	336,296			336,296	336,296				0
Funding to replace the 2023-25 vacant FTE pool			465,165	465,165			465,165	465,165				0
Funding to replace the 2023-25 new FTE pool			986,476	986,476			986,476	986,476				0
2025-27 new and vacant FTE pool - vacant				0			(186,127)	(186,127)			($186,127)	(186,127)
2025-27 new and vacant FTE pool - new				0			(65,609)	(65,609)			(65,609)	(65,609)
FTE loan specialist position	1.00		184,796	184,796	1.00		184,796	184,796				0
FTE accountant position	1.00		257,410	257,410	1.00		257,410	257,410				0
FTE homeless program manager				0	1.00		213,880	213,880	1.00		213,880	213,880
Information technology rate adjustment			44,453	44,453			44,453	44,453				0
Budget reduction from operating and grant savings			(1,678,160)	(1,678,160)			(1,678,160)	(1,678,160)				0
Homeless grants		($2,500,000)		(2,500,000)		($2,500,000)		(2,500,000)				0
Total ongoing funding changes	**2.00**	**($2,500,000)**	**$1,084,466**	**($1,415,534)**	**3.00**	**($2,500,000)**	**$1,046,610**	**($1,453,390)**	**1.00**	**$0**	**($37,856)**	**($37,856)**
One-Time Funding Items												
Transfer to HIF - homelessness programs				$0		$10,000,000		$10,000,000		$10,000,000		$10,000,000
Transfer to HIF - housing programs (SIIF)				0			$25,000,000	25,000,000			$25,000,000	25,000,000
Total one-time funding changes	**0.00**	**$0**	**$0**	**$0**	**0.00**	**$10,000,000**	**$25,000,000**	**$35,000,000**	**0.00**	**$10,000,000**	**$25,000,000**	**$35,000,000**
Total Changes to Base Level Funding	**2.00**	**($2,500,000)**	**$1,084,466**	**($1,415,534)**	**3.00**	**$7,500,000**	**$26,046,610**	**$33,546,610**	**1.00**	**$10,000,000**	**$24,962,144**	**$34,962,144**
2025-27 Total Funding	**56.00**	**$0**	**$69,826,813**	**$69,826,813**	**57.00**	**$10,000,000**	**$94,788,957**	**$104,788,957**	**1.00**	**$10,000,000**	**$24,962,144**	**$34,962,144**
Federal funds included in other funds			*$47,333,539*				*$47,303,609*				*($29,930)*	
Total ongoing changes - Percentage of base level	*3.7%*	*(100.0%)*	*1.6%*	*(2.0%)*	*5.6%*	*(100.0%)*	*1.5%*	*(2.0%)*	*N/A*	*N/A*	*N/A*	*N/A*
Total changes - Percentage of base level	*3.7%*	*(100.0%)*	*1.6%*	*(2.0%)*	*5.6%*	*300.0%*	*37.9%*	*47.1%*	*N/A*	*N/A*	*N/A*	*N/A*

Other Sections in Housing Finance Agency - Budget No. 473

Section Description	Armstrong Executive Budget	Senate Version	
New and vacant FTE pool line item		Section 3 provides for the use of funding in the new and vacant FTE pool line item.	
Additional appropriation authority		Section 5 provides appropriation authority to the Housing Finance Agency for any additional or unanticipated income from federal or other funds which may become available during the 2025-27 biennium.	
Housing incentive fund (HIF)		Section 6 appropriates and transfers $10 million from the general fund to HIF for homelessness programs, transfers $25 million from the strategic investment and improvements fund (SIIF) to HIF for housing programs, and designates $150,000 for a grant to an organization for a homelessness liaison.	

February 17, 2025

Legislative Council

Mill and Elevator Association - Budget No. 475
Agency Worksheet - Senate Bill No. 2014

	Armstrong Executive Budget				Senate Version				Senate Compared to Executive Budget Increase (Decrease)			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2025-27 Biennium Base Level	170.00	$0	$97,410,920	$97,410,920	170.00	$0	$97,410,920	$97,410,920	0.00	$0	$0	$0
2025-27 Ongoing Funding Changes												
Salary increases subject to union negotiations			$2,545,656	$2,545,656			$2,545,656	$2,545,656				$0
Health insurance increase			1,032,908	1,032,908			1,032,908	1,032,908				0
Funding to replace the 2023-25 vacant FTE pool			1,756,563	1,756,563			1,756,563	1,756,563				0
Funding to replace the 2023-25 new FTE pool			2,367,332	2,367,332			2,367,332	2,367,332				0
2025-27 new and vacant FTE pool - vacant				0			(707,015)	(707,015)			($707,015)	(707,015)
2025-27 new and vacant FTE pool - new				0			(35,981)	(35,981)			(35,981)	(35,981)
FTE railcar inspector positions	2.00		359,808	359,808	2.00		359,808	359,808				0
Salary funding - Overtime or 4th shift				0			1,000,000	1,000,000			1,000,000	1,000,000
Information technology rate adjustment			10,224	10,224			10,224	10,224				0
Operating expenses - Milling capacity increases				0			2,700,000	2,700,000			2,700,000	2,700,000
Total ongoing funding changes	**2.00**	**$0**	**$8,072,491**	**$8,072,491**	**2.00**	**$0**	**$11,029,495**	**$11,029,495**	**0.00**	**$0**	**$2,957,004**	**$2,957,004**
One-Time Funding Items												
No one-time funding items				$0				$0				$0
Total one-time funding changes	**0.00**	**$0**	**$0**	**$0**	**0.00**	**$0**	**$0**	**$0**	**0.00**	**$0**	**$0**	**$0**
Total Changes to Base Level Funding	**2.00**	**$0**	**$8,072,491**	**$8,072,491**	**2.00**	**$0**	**$11,029,495**	**$11,029,495**	**0.00**	**$0**	**$2,957,004**	**$2,957,004**
2025-27 Total Funding	**172.00**	**$0**	**$105,483,411**	**$105,483,411**	**172.00**	**$0**	**$108,440,415**	**$108,440,415**	**0.00**	**$0**	**$2,957,004**	**$2,957,004**
Federal funds included in other funds			*$0*				*$0*				*$0*	
Total ongoing changes - Percentage of base level	*1.2%*	*N/A*	*8.3%*	*8.3%*	*1.2%*	*N/A*	*11.3%*	*11.3%*	*N/A*	*N/A*	*N/A*	*N/A*
Total changes - Percentage of base level	*1.2%*	*N/A*	*8.3%*	*8.3%*	*1.2%*	*N/A*	*11.3%*	*11.3%*	*N/A*	*N/A*	*N/A*	*N/A*

Other Sections in Mill and Elevator Association - Budget No. 475

Section Description	Armstrong Executive Budget	Senate Version	
New and vacant FTE pool line item		Section 3 provides for the use of funding in the new and vacant FTE pool line item.	

2025 SENATE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division
Sakakawea Room, State Capitol

SB 2014
2/20/2025

A BILL for an Act to provide an appropriation for defraying the expenses of the industrial commission and the agencies under its control; to provide for a transfer; to provide an exemption; and to provide for a report.

9:26 a.m. Chairman Sorvaag called the meeting to order.

Members Present: Chairman Ronald Sorvaag, Senator Cole Conley, Senator Scott Meyer, Senator Donald Schaible, Senator Paul J. Thomas.

Discussion Topics:

- Funding for inflation.
- Continued Cost of Salary Increase.
- Salaries for New Positions.

9:26 a.m. Senator Schaible submitted testimony in favor #38188.

9:30 a.m. Adam Mathiak, Fiscal Analyst, Legislative Council, answered committee questions.

9:32 a.m. Senator Schaible continued neutral testimony.

9:43 a.m. Adam Mathiak, Fiscal Analyst, Legislative Council, made statements to the committee.

9:48 a.m. Senator Schaible moved to adopt amendment LC #25.0181.01004 #38188.

9:48 a.m. Senator Thomas seconded the motion.

Senators	Vote
Senator Ronald Sorvaag	Y
Senator Cole Conley	Y
Senator Scott Meyer	Y
Senator Donald Schaible	Y
Senator Paul J. Thomas	Y

Motion Passed: 5-0-0.

9:48 a.m. Senator Schaible moved a Do Pass as amended.

9:48 a.m. Senator Meyer seconded.

Senators	Vote
Senator Ronald Sorvaag	Y

Senator Cole Conley	Y
Senator Scott Meyer	Y
Senator Donald Schaible	Y
Senator Paul J. Thomas	Y

Motion Passed: 5-0-0.

Senator Schaible will carry the bill.

9:49 a.m. Chairman Sorvaag closed the meeting.

Steven Hall, Committee Clerk

25.0181.01004
Title.
Fiscal No. 1

Prepared by the Legislative Council staff for Senate Appropriations - Education and Environment Division Committee
February 19, 2025

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO

SENATE BILL NO. 2014

Introduced by

Appropriations Committee

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

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 other funds derived from special funds and federal funds, to the industrial commission and agencies under its control for the purpose of defraying the expenses of the industrial commission and the agencies under its control, for the biennium beginning July 1, 2025, and ending June 30, 2027, as follows:

Subdivision 1.

INDUSTRIAL COMMISSION

	Base Level	Adjustments or Enhancements	Appropriation

~~Salaries and wages~~	~~$1,884,918~~	~~$0~~	~~$1,884,918~~
~~Operating expenses~~	~~472,271~~	~~0~~	~~472,271~~
~~Grants - bond payments~~	~~119,879,913~~	~~0~~	~~119,879,913~~
~~Total other funds~~	~~$122,237,102~~	~~$0~~	~~$122,237,102~~
~~Full-time equivalent positions~~	~~9.75~~	~~0.00~~	~~9.75~~
Salaries and wages	$1,884,918	$376,583	$2,261,501
New and vacant FTE pool	0	20,376	20,376
Operating expenses	472,271	4,321,991	4,794,262
Grants	0	13,668,089	13,668,089
Grants - bond payments	119,879,913	(2,761,713)	117,118,200
Total all funds	$122,237,102	$15,625,326	$137,862,428
Less other funds	122,237,102	15,225,326	137,462,428
Total general fund	$0	$400,000	$400,000
Full-time equivalent positions	9.75	0.00	9.75

Subdivision 2.

BANK OF NORTH DAKOTA

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

Subdivision 3.

HOUSING FINANCE AGENCY

	Base Level	Adjustments or Enhancements	Appropriation

~~Salaries and wages~~	~~$11,413,354~~	~~$0~~	~~$11,413,354~~
~~Operating expenses~~	~~10,903,883~~	~~0~~	~~10,903,883~~
~~Capital assets~~	~~20,000~~	~~0~~	~~20,000~~
~~Grants~~	~~48,805,110~~	~~0~~	~~48,805,110~~
~~Housing finance agency contingencies~~	~~100,000~~	~~0~~	~~100,000~~
~~Total all funds~~	~~$71,242,347~~	~~$0~~	~~$71,242,347~~
~~Less other funds~~	~~68,742,347~~	~~0~~	~~68,742,347~~
~~Total general fund~~	~~$2,500,000~~	~~$0~~	~~$2,500,000~~
~~Full-time equivalent positions~~	~~54.00~~	~~0.00~~	~~54.00~~
Salaries and wages	$11,413,354	$1,655,543	$13,068,897
New and vacant FTE pool	0	1,024,774	1,024,774
Operating expenses	10,903,883	(1,433,707)	9,470,176
Capital assets	20,000	0	20,000
Grants	48,805,110	(2,700,000)	46,105,110
Housing finance agency contingencies	100,000	0	100,000
Total all funds	$71,242,347	($1,453,390)	$69,788,957
Less other funds	68,742,347	1,046,610	69,788,957
Total general fund	$2,500,000	($2,500,000)	$0
Full-time equivalent positions	54.00	3.00	57.00

Subdivision 4.

DEPARTMENT OF MINERAL RESOURCES

	Base Level	Adjustments or Enhancements	Appropriation
~~Salaries and wages~~	~~$23,261,532~~	~~$0~~	~~$23,261,532~~
~~Operating expenses~~	~~5,120,253~~	~~0~~	~~5,120,253~~
~~Total all funds~~	~~$28,381,785~~	~~$0~~	~~$28,381,785~~
~~Less other funds~~	~~268,000~~	~~0~~	~~268,000~~
~~Total general fund~~	~~$28,113,785~~	~~$0~~	~~$28,113,785~~
~~Full-time equivalent positions~~	~~108.00~~	~~0.00~~	~~108.00~~
Salaries and wages	$23,261,532	$3,276,192	$26,537,724
New and vacant FTE pool	0	1,608,593	1,608,593

Operating expenses	5,120,253	5,885,498	11,005,751
Capital assets	0	45,000	45,000
Total all funds	$28,381,785	$10,815,283	$39,197,068
Less other funds	268,000	5,010,377	5,278,377
Total general fund	$28,113,785	$5,804,906	$33,918,691
Full-time equivalent positions	108.00	3.00	111.00

Subdivision 5.

MILL AND ELEVATOR ASSOCIATION

	Base Level	Adjustments or Enhancements	Appropriation
~~Salaries and wages~~	~~$54,019,267~~	~~$0~~	~~$54,019,267~~
~~Operating expenses~~	~~42,391,653~~	~~0~~	~~42,391,653~~
~~Contingencies~~	~~500,000~~	~~0~~	~~500,000~~
~~Agriculture promotion~~	~~500,000~~	~~0~~	~~500,000~~
~~Total special funds~~	~~$97,410,920~~	~~$0~~	~~$97,410,920~~
~~Full-time equivalent positions~~	~~170.00~~	~~0.00~~	~~170.00~~
Salaries and wages	$54,019,267	$6,345,741	$60,365,008
New and vacant FTE pool	0	1,973,530	1,973,530
Operating expenses	42,391,653	2,710,224	45,101,877
Contingencies	500,000	0	500,000
Agriculture promotion	500,000	0	500,000
Total special funds	$97,410,920	$11,029,495	$108,440,415
Full-time equivalent positions	170.00	2.00	172.00

Subdivision 6.

TOTAL SECTION 1

	Base Level	Adjustments or Enhancements	Appropriation
~~Grand total all funds~~	~~$390,877,637~~	~~$0~~	~~$390,877,637~~
~~Less grand total other funds~~	~~360,263,852~~	~~0~~	~~360,263,852~~
~~Grand total general fund~~	~~$30,613,785~~	~~$0~~	~~$30,613,785~~
Grand total all funds	$390,877,637	$46,788,008	$437,665,645

Less grand total other funds	360,263,852	43,083,102	403,346,954
Grand total general fund	$30,613,785	$3,704,906	$34,318,691

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

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

SECTION 3. NEW AND VACANT FTE POOL - LIMITATION - TRANSFER REQUEST. The the industrial commission and agencies under its control may not spend funds appropriated in the new and vacant FTE pool line items in section 1 of this Act, but may request the office of management and budget to transfer funds, within each respective subdivision, from the new

and vacant FTE pool line item to the salaries and wages line items or Bank of North Dakota operations line item in accordance with the guidelines and reporting provisions included in House Bill No. 1015, as approved by the sixty-ninth legislative assembly.

SECTION 4. BOND PAYMENTS. The amount of ~~$119,879,913~~$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~~	~~$102,620,461~~
~~North Dakota university system~~	~~15,021,771~~
~~North Dakota university system - energy conservation projects~~	~~207,649~~
~~Department of corrections and rehabilitation~~	~~143,375~~
~~Office of management and budget~~	~~283,875~~
~~Attorney general's office~~	~~330,000~~
~~State historical society~~	~~592,375~~
~~Parks and recreation department~~	~~30,950~~
~~Agriculture research and extension service~~	~~242,205~~
~~Veterans' home~~	~~407,252~~
~~Total~~	~~$119,879,913~~
Infrastructure project and program bonds - legacy sinking and interest fund	$102,622,743
North Dakota university system	14,083,250
Veterans' home	412,207
Total	$117,118,200

SECTION 5. 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 special 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 6. APPROPRIATION - TRANSFER GENERAL FUND TO HOUSING INCENTIVE FUND - TRANSFER STRATEGIC INVESTMENT AND IMPROVEMENTS FUND

TO HOUSING INCENTIVE FUND - HOMELESS PROGRAMS - HOUSING PROGRAMS - EXEMPTION - ONE-TIME FUNDING.

1. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $10,000,000, which the office of management and budget shall transfer to the housing incentive fund for homeless programs, during the biennium beginning July 1, 2025, and ending June 30, 2027. The appropriation under this subsection is considered a one-time funding item. Notwithstanding any other requirements under section 54-17-40 and pursuant to the continuing appropriation under 54-17-40, the housing finance agency shall distribute a passthrough grant of $150,000 from the housing incentive fund to an organization for a Native American homelessness liaison, from the $10,000,000 transferred to the housing incentive fund under this subsection.
2. The office of management and budget shall transfer the sum of $25,000,000 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 7. TRANSFER - ENTITIES AND FUNDS UNDER THE CONTROL OF THE INDUSTRIAL COMMISSION TO INDUSTRIAL COMMISSION FUND - ADMINISTRATION - EXEMPTION.

1. The sum of ~~$1,818,114~~$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~~$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;
4. $15,000,000 to the beginning farmer revolving loan fund; and
5. ~~$1,500,000~~$1,900,000 to the university of North Dakota for the North Dakota small business development center for the purpose of matching federal grants.

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

1. From the $6,000,000 transferred to the state energy research center fund pursuant to section 15 of chapter 14 of the 2023 Session Laws, the office of management and budget shall transfer the sum of $4,000,000 to the oil and gas research center fund during the biennium beginning July 1, 2025, and ending June 30, 2027.
2. The office of management and budget shall transfer the sum of $21,000,000 from the strategic investment and improvements fund to the oil and gas research fund during the biennium beginning July 1, 2025, and ending June 30, 2027.

3. Pursuant to the continuing appropriation under section 57-51.1-07.3 and the powers of the industrial commission under chapter 54-17.6, the commission shall use $25,000,000 from the oil and gas research fund, transferred under this section, for an enhanced oil recovery grant program. The commission shall develop guidelines for the grant program, including eligibility criteria, requirements for matching funds, and reporting requirements.

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

1. Pursuant to the continuing appropriation under section 57-61-01.6, up to $4,500,000 from the lignite research fund 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 designated under this section also may be used for the purpose of contracting for nonmatching studies and activities in support of advanced energy technology and other technology development programs; 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 needed for the purposes stated in this section are available to the industrial commission for funding projects, processes, or activities under the lignite research, development, and marketing program.
2. The industrial commission shall report to the appropriations committees of the seventieth legislative assembly on the amounts spent pursuant to this section.

SECTION 12. OTHER FUNDS - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - GRANT, LITIGATION, STUDY, AND PROJECT FUNDING. The grand total other funds

line item in section 1 of this Act includes the sum of $8,332,794 from the strategic investment and improvements fund as follows:

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

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

7. The release by the industrial commission, in its capacity as the managing body of the Bank of North Dakota, of the following:
   a. The name of any person who has obtained approval for direct ~~or indirect~~ financing or security, including a loan guarantee or a letter of credit, through the Bank of North Dakota primarily for purposes other than personal, family, or household purposes.
   b. The amount of any financing or security referenced in subdivision a.
   c. The amount of any net writeoff or loan forgiveness ~~associated with the financing or security referenced in subdivision a~~ which the industrial commission determines is uncollectible.
   d. The program under which any financing or security referenced in subdivision a was made.

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

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

1. The following records of the Bank of North Dakota are confidential:

~~1.~~ a. Commercial or financial information of a customer, whether obtained directly or indirectly, except for routine credit inquiries or unless required by due legal process. As used in this subsection, "customer" means any person who has

transacted or is transacting business with, or has used or is using the services of, the Bank of North Dakota, or for whom the Bank of North Dakota has acted as a fiduciary with respect to trust property.

~~2.~~ b. Internal or interagency memorandums or letters which would not be available by law to a party other than in litigation with the Bank.

~~3.~~ c. Information contained in or related to examination, operating, or condition reports prepared by, on behalf of, or for the use of a state or federal agency responsible for the regulation or supervision of any Bank activity.

~~4.~~ d. Information obtained from the state department of financial institutions which would not be available from that agency under section 6-01-07.1.

~~5.~~ e. The report by a Bank officer or member of the Bank's advisory board of directors concerning personal financial statements.

2. The following records of the Bank of North Dakota are exempt:

a. Bond insurance coverage, including excess bond insurance coverage.

b. Cyber liability coverage, including excess cyber liability coverage.

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

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

1. The fund moneys may be used to participate in an interest rate buydown on a loan to a new or expanding business for the following eligible uses:
   a. Purchase of real property and equipment.
   b. Expansion of facilities.
   c. Working capital.
   d. Inventory.
2. The loan funds cannot be used to refinance any existing debt or for the relocation of the business within North Dakota.

~~2.~~3. The community shall determine the amount of the interest rate buydown and apply to the Bank of North Dakota for participation from the partnership in assisting community expansion fund. The funds for the community's portion of the buydown may come from a local development corporation, contributions, community funds, future dedicated tax programs, or any other community source.

~~3.~~4. The fund participation portion in the buydown must be determined by the Bank of North Dakota based on economic conditions in the city or county in which the business is located.

~~4.~~5. a. The maximum amount from the fund in the interest rate buydown may not exceed five hundred thousand dollars per loan.

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

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

~~5.~~7. The Bank of North Dakota shall adopt rules to implement this chapter.

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

SECTION 15. TRANSFER - STRATEGIC INVESTMENT AND IMPROVEMENTS 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.

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2014 - Summary of Senate Action

	Base Budget	Senate Changes	Senate Version
Industrial Commission			
Total all funds	$122,237,102	$15,625,326	$137,862,428
Less estimated income	122,237,102	15,225,326	137,462,428
General fund	$0	$400,000	$400,000
FTE	9.75	0.00	9.75
Bank of North Dakota			
Total all funds	$71,605,483	$10,771,294	$82,376,777
Less estimated income	71,605,483	10,771,294	82,376,777
General fund	$0	$0	$0
FTE	187.00	0.00	187.00
Housing Finance Agency			
Total all funds	$71,242,347	$8,546,610	$79,788,957
Less estimated income	68,742,347	1,046,610	69,788,957
General fund	$2,500,000	$7,500,000	$10,000,000
FTE	54.00	3.00	57.00
Department of Mineral Resources			
Total all funds	$28,381,785	$10,815,283	$39,197,068
Less estimated income	268,000	5,010,377	5,278,377
General fund	$28,113,785	$5,804,906	$33,918,691
FTE	108.00	3.00	111.00
Mill and Elevator			
Total all funds	$97,410,920	$11,029,495	$108,440,415
Less estimated income	97,410,920	11,029,495	108,440,415
General fund	$0	$0	$0
FTE	170.00	2.00	172.00
Bill total			
Total all funds	$390,877,637	$56,788,008	$447,665,645
Less estimated income	360,263,852	43,083,102	403,346,954
General fund	$30,613,785	$13,704,906	$44,318,691
FTE	528.75	8.00	536.75

Senate Bill No. 2014 - Industrial Commission - Senate Action

	Base Budget	Senate Changes	Senate Version
Salaries and wages	$1,884,918	$376,583	$2,261,501
New and vacant FTE pool		20,376	20,376
Operating expenses	472,271	4,321,991	4,794,262
Grants		13,668,089	13,668,089
Grants - Bond payments	119,879,913	(2,761,713)	117,118,200
Total all funds	$122,237,102	$15,625,326	$137,862,428
Less estimated income	122,237,102	15,225,326	137,462,428
General fund	$0	$400,000	$400,000
FTE	9.75	0.00	9.75

Department 405 - Industrial Commission - Detail of Senate Changes

	Adds Funding for Salary and Benefit Increases[1]	Adds Funding to Replace 2023-25 FTE Pool[2]	Transfers Funding for 2025-27 New and Vacant FTE Pool[3]	Adds Funding for Salary Equity Increases[4]	Transfers Funding Between Line Items[5]	Adds Funding for Operating Expenses[6]
Salaries and wages	$116,171	$520,943	($29,109)	$350,000	($581,422)	
New and vacant FTE pool			20,376			
Operating expenses					581,422	$690,569
Grants						
Grants - Bond payments						
Total all funds	$116,171	$520,943	($8,733)	$350,000	$0	$690,569
Less estimated income	116,171	520,943	(8,733)	350,000	0	290,569
General fund	$0	$0	$0	$0	$0	$400,000
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Decreases Funding for Bond Payments[7]	Adds One-Time Funding Items[8]	Total Senate Changes
Salaries and wages			$376,583
New and vacant FTE pool			20,376
Operating expenses		$3,050,000	4,321,991
Grants		13,668,089	13,668,089
Grants - Bond payments	($2,761,713)		(2,761,713)
Total all funds	($2,761,713)	$16,718,089	$15,625,326
Less estimated income	(2,761,713)	16,718,089	15,225,326
General fund	$0	$0	$400,000
FTE	0.00	0.00	0.00

[1] The following funding is added for 2025-27 biennium salary adjustments of 3 percent on July 1, 2025, and 3 percent on July 1, 2026, and increases in health insurance premiums from $1,643 to $1,893 per month:

	General Fund	Other Funds	Total
Salary increase	$0	$71,132	$71,132
Health insurance increase	0	45,039	45,039
Total	$0	$116,171	$116,171

[2] Funding is added to replace 2023-25 biennium new and vacant FTE pool funding as follows:

	General Fund	Other Funds	Total
Vacant FTE positions	$0	$30,381	$30,381
New FTE positions	0	490,562	490,562
Total	$0	$520,943	$520,943

[3] Funding of $29,109 is removed for estimated savings from vacant 2025-27 FTE positions and $20,376 is added for a new and vacant FTE pool line item resulting in net savings of $8,733.

[4] Funding of $350,000 from other funds is added for salary equity increases, including $245,000 for the Industrial Commission executive director and $105,000 for the Public Finance Authority executive director.

[5] Funding of $581,422 is transferred from the salaries and wages line item to the operating expenses line item related to base budget adjustments.

[6] Funding for operating expenses is added as follows:

	General Fund	Other Funds	Total
Information technology (IT) rate adjustments	$0	$369	$369
Professional development and travel	0	15,200	15,200
Grant management software fees	0	275,000	275,000
North Dakota Transmission Authority director contract	400,000	0	400,000
Total	$400,000	$290,569	$690,569

[7] Funding for bond payments is decreased by $2,761,713, from $119,879,913 to $117,118,200.

[8] One-time funding is added as follows:

- $50,000 from special funds for inflationary increases.
- $13,668,089 for an electricity grid resiliency grant, including $1,782,794 from the strategic investment and improvements fund (SIIF) and $11,885,295 from federal funds.
- $3 million from SIIF for lignite litigation.

The Senate version:

- Adds a section regarding the use of funding in the new and vacant FTE pool line item.
- Includes a section to identify the amounts for bond payments during the 2025-27 biennium.
- Includes a section authorizing the Industrial Commission to transfer funding from the entities under the commission's control for administrative services and allows unspent authority from the 2023-25 biennium to continue into the 2025-27 biennium.
- Adds a section identifying funding from SIIF for matching federal funds for an electricity grid resiliency grant and lignite litigation.
- Adds a section to amend 2023 Session Laws decreasing the amount of funding from SIIF for a salt cavern underground energy storage research project and allowing the funding to be used for a business case analysis rather than construction of salt caverns.
- Adds a section to provide exemptions allowing unspent 2023-25 biennium appropriation authority to continue into the 2025-27 biennium for grant management software, records digitization, and a federal electricity grid resiliency grant.

Senate Bill No. 2014 - Bank of North Dakota - Senate Action

	Base Budget	Senate Changes	Senate Version
New and vacant FTE pool		$2,122,074	$2,122,074
Capital assets	$705,722	3,437,577	4,143,299
Bank of North Dakota operations	70,899,761	5,211,643	76,111,404
Total all funds	$71,605,483	$10,771,294	$82,376,777
Less estimated income	71,605,483	10,771,294	82,376,777
General fund	$0	$0	$0
FTE	187.00	0.00	187.00

Department 471 - Bank of North Dakota - Detail of Senate Changes

	Adds Funding for Salary and Benefit Increases[1]	Adds Funding to Replace 2023-25 FTE Pool[2]	Transfers Funding for 2025-27 New and Vacant FTE Pool[3]	Adds Funding for Cost to Continue[4]	Adjusts Funding for Operations[5]	Transfers Funding Between Line Items[6]
New and vacant FTE pool			$2,122,074			
Capital assets						$804,278
Bank of North Dakota operations	$2,948,259	$5,429,985	(3,031,534)	$343,487	$325,724	(804,278)
Total all funds	$2,948,259	$5,429,985	($909,460)	$343,487	$325,724	$0
Less estimated income	2,948,259	5,429,985	(909,460)	343,487	325,724	0
General fund	$0	$0	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Adds One-Time Funding Item[7]	Total Senate Changes
New and vacant FTE pool		$2,122,074
Capital assets	$2,633,299	3,437,577
Bank of North Dakota operations		5,211,643
Total all funds	$2,633,299	$10,771,294
Less estimated income	2,633,299	10,771,294
General fund	$0	$0
FTE	0.00	0.00

[1] The following funding is added for 2025-27 biennium salary adjustments of 3 percent on July 1, 2025, and 3 percent on July 1, 2026, and increases in health insurance premiums from $1,643 to $1,893 per month:

	General Fund	Other Funds	Total
Salary increase	$0	$1,825,271	$1,825,271
Health insurance increase	0	1,122,988	1,122,988
Total	$0	$2,948,259	$2,948,259

[2] Funding is added to replace 2023-25 biennium new and vacant FTE pool funding as follows:

	General Fund	Other Funds	Total
Vacant FTE positions	$0	$2,323,303	$2,323,303
New FTE positions	0	3,106,682	3,106,682
Total	$0	$5,429,985	$5,429,985

[3] Funding of $3,031,534 is removed for estimated savings from vacant 2025-27 FTE positions and $2,122,074 is added for a new and vacant FTE pool line item resulting in net savings of $909,460.

[4] Funding of $343,487 is added for cost to continue salary increases.

[5] Funding for operations is adjusted as follows:
- Decreased by $78,168 for operational savings.
- Increased by $403,892 for IT rate adjustments.

[6] Funding of $804,278 is transferred from the Bank of North Dakota operations line item to the capital assets line item.

[7] One-time funding of $2,633,299 is added for capital improvement projects at the Bank of North Dakota.

The Senate version:
- Adds a section regarding the use of funding in the new and vacant FTE pool line item.
- Includes a section to transfer $140 million of Bank profits to the general fund.
- Includes a section to transfer $61.9 million of Bank profits to economic development programs, including $39 million to the partnership in assisting community expansion (PACE) fund, $5 million to the Ag PACE fund, $1 million to the biofuels PACE fund, $15 million to the beginning farmer revolving loan fund, and $1.9 million to the University of North Dakota small business development center to match federal funds.
- Adds two sections to amend statutory provisions relating to Bank records to clarify the confidentiality of indirect financing records and to exempt insurance coverage from open records.
- Adds a section to increase the amount of funding that may be used for interest rate buydowns under the PACE fund from $500,000 to $1.5 million for projects with a substantial economic impact and removes the matching requirement for the additional $1 million of interest rate buydown funding.

Senate Bill No. 2014 - Housing Finance Agency - Senate Action

	Base Budget	Senate Changes	Senate Version
Salaries and wages	$11,413,354	$1,655,543	$13,068,897
New and vacant FTE pool		1,024,774	1,024,774
Operating expenses	10,903,883	(1,433,707)	9,470,176
Capital assets	20,000		20,000
Grants	48,805,110	(2,700,000)	46,105,110
HFA contingencies	100,000		100,000
Housing incentive fund		10,000,000	10,000,000
Total all funds	$71,242,347	$8,546,610	$79,788,957
Less estimated income	68,742,347	1,046,610	69,788,957
General fund	$2,500,000	$7,500,000	$10,000,000
FTE	54.00	3.00	57.00

Department 473 - Housing Finance Agency - Detail of Senate Changes

	Adds Funding for Salary and Benefit Increases[1]	Adds Funding to Replace 2023-25 FTE Pool[2]	Transfers Funding for 2025-27 New and Vacant FTE Pool[3]	Adds FTE Positions[4]	Adjusts Funding for Operating Expenses[5]	Adjusts Funding for Grants[6]
Salaries and wages	$824,326	$1,451,641	($1,276,510)	$656,086		
New and vacant FTE pool			1,024,774			
Operating expenses					($1,433,707)	
Capital assets						
Grants						($2,700,000)
HFA contingencies						
Housing incentive fund						
Total all funds	$824,326	$1,451,641	($251,736)	$656,086	($1,433,707)	($2,700,000)
Less estimated income	824,326	1,451,641	(251,736)	656,086	(1,433,707)	(200,000)
General fund	$0	$0	$0	$0	$0	($2,500,000)
FTE	0.00	0.00	0.00	3.00	0.00	0.00

	Adds One-Time Funding Items[7]	Total Senate Changes
Salaries and wages		$1,655,543
New and vacant FTE pool		1,024,774
Operating expenses		(1,433,707)
Capital assets		
Grants		(2,700,000)
HFA contingencies		
Housing incentive fund	$10,000,000	10,000,000
Total all funds	$10,000,000	$8,546,610
Less estimated income	0	1,046,610
General fund	$10,000,000	$7,500,000
FTE	0.00	3.00

[1] The following funding is added for 2025-27 biennium salary adjustments of 3 percent on July 1, 2025, and 3 percent on July 1, 2026, and increases in health insurance premiums from $1,643 to $1,893 per month:

	General Fund	Other Funds	Total
Salary increase	$0	$488,030	$488,030
Health insurance increase	0	336,296	336,296
Total	$0	$824,326	$824,326

[2] Funding is added to replace 2023-25 biennium new and vacant FTE pool funding as follows:

	General Fund	Other Funds	Total
Vacant FTE positions	$0	$465,165	$465,165
New FTE positions	0	986,476	986,476
Total	$0	$1,451,641	$1,451,641

[3] Funding of $1,276,510 for new FTE positions and estimated savings from vacant FTE positions is removed and funding of $1,024,774 is added for a 2025-27 new and vacant FTE pool line item as follows:

	General Fund	Other Funds	Total
Vacant FTE positions	$0	($620,424)	($620,424)
New FTE positions	0	(656,086)	(656,086)
Total	$0	($1,276,510)	($1,276,510)
Funding pool line item	0	1,024,774	1,024,774
Net savings	$0	($251,736)	($251,736)

[4] The following FTE positions and related funding are added:

	FTE Positions	General Fund	Other Funds	Total
Loan specialist position	1.00	$0	$184,796	$184,796
Accountant position	1.00	0	257,410	257,410
Homeless program manager	1.00	0	213,880	213,880
Total	3.00	$0	$656,086	$656,086

[5] Funding for operating expenses is adjusted as follows:

- Increased by $44,453 for IT rate adjustments.
- Decreased by $1,478,160 for budgetary savings.

[6] Funding for grants is adjusted as follows:

- Decrease of $200,000 from federal funds related to budgetary savings.
- Removal of $2.5 million from the general fund related to changing the funding source for homeless grants to the housing incentive fund.

[7] One-time funding of $10 million from the general fund is transferred to the housing incentive fund, as included in Section 6 of the bill. Of the funding transferred, $150,000 is designated for a passthrough grant to an organization for a Native American homelessness liaison. Section 6 also transfers $25 million from SIIF to support housing programs.

The Senate version:

- Adds a section regarding the use of funding in the new and vacant FTE pool line item.
- Includes a section appropriating any additional or unanticipated income from federal or other funds which may become available during the 2025-27 biennium.
- Adds a section to provide an appropriation and transfer from the general fund to the housing incentive fund, to provide a transfer from SIIF to the housing incentive fund, and to designate a portion of the funding for a grant to an organization for a Native American homelessness liaison.
- Adds a section to provide for a legislative management study of homelessness.

Senate Bill No. 2014 - Department of Mineral Resources - Senate Action

	Base Budget	Senate Changes	Senate Version
Salaries and wages	$23,261,532	$3,276,192	$26,537,724
New and vacant FTE pool		1,608,593	1,608,593
Operating expenses	5,120,253	5,885,498	11,005,751
Capital assets		45,000	45,000
Total all funds	$28,381,785	$10,815,283	$39,197,068
Less estimated income	268,000	5,010,377	5,278,377
General fund	$28,113,785	$5,804,906	$33,918,691
FTE	108.00	3.00	111.00

Department 474 - Department of Mineral Resources - Detail of Senate Changes

	Adds Funding for Salary and Benefit Increases[1]	Adds Funding to Replace 2023-25 FTE Pool[2]	Transfers Funding for 2025-27 New and Vacant FTE Pool[3]	Adds FTE Positions[4]	Adds Funding for FTE Position Conversion[5]	Adjusts Funding for Salaries and Wages[6]
Salaries and wages	$1,645,455	$2,674,149	($2,155,400)	$499,063	$101,785	$10,413
New and vacant FTE pool			1,608,593			
Operating expenses				68,317	70,159	
Capital assets						
Total all funds	$1,645,455	$2,674,149	($546,807)	$567,380	$171,944	$10,413
Less estimated income	0	0	0	0	0	16,000
General fund	$1,645,455	$2,674,149	($546,807)	$567,380	$171,944	($5,587)
FTE	0.00	0.00	0.00	3.00	0.00	0.00

	Adjusts Funding for Operating Expenses[7]	Adds One-Time Funding Items[8]	Total Senate Changes
Salaries and wages		$500,727	$3,276,192
New and vacant FTE pool			1,608,593
Operating expenses	$1,096,772	4,650,250	5,885,498
Capital assets		45,000	45,000
Total all funds	$1,096,772	$5,195,977	$10,815,283
Less estimated income	0	4,994,377	5,010,377
General fund	$1,096,772	$201,600	$5,804,906
FTE	0.00	0.00	3.00

[1] The following funding is added for 2025-27 biennium salary adjustments of 3 percent on July 1, 2025, and 3 percent on July 1, 2026, and increases in health insurance premiums from $1,643 to $1,893 per month:

	General Fund	Other Funds	Total
Salary increase	$978,870	$0	$978,870
Health insurance increase	666,585	0	666,585
Total	$1,645,455	$0	$1,645,455

[2] Funding is added to replace 2023-25 biennium new and vacant FTE pool funding as follows:

	General Fund	Other Funds	Total
Vacant FTE positions	$1,389,856	$0	$1,389,856
New FTE positions	1,284,293	0	1,284,293
Total	$2,674,149	$0	$2,674,149

[3] Funding of $2,155,400 for new FTE positions and estimated savings from vacant FTE positions is removed and funding of $1,608,593 is added for a 2025-27 new and vacant FTE pool line item as follows:

	General Fund	Other Funds	Total
Vacant FTE positions	($1,656,337)	$0	($1,656,337)
New FTE positions	(499,063)	0	(499,063)
Total	($2,155,400)	$0	($2,155,400)
Funding pool line item	1,608,593	0	1,608,593
Net savings	($546,807)	$0	($546,807)

[4] The following FTE positions and related funding are added:

- 1 FTE permitting technician position, including $151,146 for salaries and wages and $3,727 for operating expenses.
- 1 FTE reclamation specialist position, including $184,887 for salaries and wages and $64,590 for operating expenses.
- 1 FTE administrative assistant position, including $163,030 for salaries and wages.

[5] Funding of $171,944 from the general fund is added to convert an administrative position to a geologist position, including $101,785 for salaries and wages and $70,159 for operating expenses.

[6] Funding for salaries and wages is adjusted as follows:

- Increased by $16,000 from federal funds for salaries and wages related to federal program administration.
- Increased by $45,000 from the general fund for temporary salaries.
- Decreased by $50,587 for budget reductions from salary savings.

[7] Operating funding is adjusted as follows:

	General Fund	Other Funds	Total
Budget reduction for operating efficiency savings	($511,293)	$0	($511,293)
IT rate adjustments	108,065	0	108,065
State fleet rate adjustments	1,500,000	0	1,500,000
Total	$1,096,772	$0	$1,096,772

[8] One-time funding items are added as follows:

- $1,444,377 from federal funds for administration of a federal abandoned well reclamation program, including $500,727 for salaries and wages and $943,650 for operating expenses.
- $41,600 from the general fund for new FTE position operating expenses.
- $100,000 from the general fund for operating expenses related to mineral analyses.
- $3.55 million from SIIF for operating expenses related to a rare earth element study ($400,000), an archeology excavation project ($150,000), and oil and gas litigation ($3 million).
- $15,000 from the general fund for operating expenses related to an enhanced oil recovery database project.
- $45,000 from the general fund for capital assets related to portable mineral detection equipment.

The Senate version:

- Adds a section regarding the use of funding in the new and vacant FTE pool line item.
- Adds a section identifying funding from SIIF for a rare earth elements study, an archeology excavation project, and oil and gas litigation.
- Provides an exemption to continue unspent appropriation authority from the federal state fiscal recovery fund into the 2025-27 biennium for an abandoned oil well conversion to the water supply grant program and a survey review.

Senate Bill No. 2014 - Mill and Elevator - Senate Action

	Base Budget	Senate Changes	Senate Version
Salaries and wages	$54,019,267	$6,345,741	$60,365,008
New and vacant FTE pool		1,973,530	1,973,530
Operating expenses	42,391,653	2,710,224	45,101,877
Contingencies	500,000		500,000
Agriculture promotion	500,000		500,000
Total all funds	$97,410,920	$11,029,495	$108,440,415
Less estimated income	97,410,920	11,029,495	108,440,415
General fund	$0	$0	$0
FTE	170.00	2.00	172.00

Department 475 - Mill and Elevator - Detail of Senate Changes

	Adds Funding for Salary and Benefit Increases[1]	Adds Funding to Replace 2023-25 FTE Pool[2]	Transfers Funding for 2025-27 New and Vacant FTE Pool[3]	Adds Railcar Inspector FTE Positions[4]	Adds Funding for Overtime or 4th Shift[5]	Adjusts Funding for Operating Expenses[6]
Salaries and wages	$3,578,564	$4,123,895	($2,716,526)	$359,808	$1,000,000	
New and vacant FTE pool			1,973,530			
Operating expenses						$2,710,224
Contingencies						
Agriculture promotion						
Total all funds	$3,578,564	$4,123,895	($742,996)	$359,808	$1,000,000	$2,710,224
Less estimated income	3,578,564	4,123,895	(742,996)	359,808	1,000,000	2,710,224
General fund	$0	$0	$0	$0	$0	$0
FTE	0.00	0.00	0.00	2.00	0.00	0.00

	Total Senate Changes
Salaries and wages	$6,345,741
New and vacant FTE pool	1,973,530
Operating expenses	2,710,224
Contingencies	
Agriculture promotion	
Total all funds	$11,029,495
Less estimated income	11,029,495
General fund	$0
FTE	2.00

[1] The following funding is added for 2025-27 biennium salary adjustments of 3 percent on July 1, 2025, and 3 percent on July 1, 2026, and increases in health insurance premiums from $1,643 to $1,893 per month:

	General Fund	Other Funds	Total
Salary increase, subject to union negotiations	$0	$2,545,656	$2,545,656
Health insurance increase	0	1,032,908	1,032,908
Total	$0	$3,578,564	$3,578,564

[2] Funding is added to replace 2023-25 biennium new and vacant FTE pool funding as follows:

	General Fund	Other Funds	Total
Vacant FTE positions	$0	$1,756,563	$1,756,563
New FTE positions	0	2,367,332	2,367,332
Total	$0	$4,123,895	$4,123,895

[3] Funding of $2,716,526 for new FTE positions and estimated savings from vacant FTE positions is removed and funding of $1,973,530 is added for a 2025-27 new and vacant FTE pool line item as follows:

	General Fund	Other Funds	Total
Vacant FTE positions	$0	($2,356,718)	($2,356,718)
New FTE positions	0	(359,808)	(359,808)
Total	$0	($2,716,526)	($2,716,526)
Funding pool line item	0	1,973,530	1,973,530
Net savings	$0	($742,996)	($742,996)

[4] Funding of $359,808 is added for 2 FTE railcar inspector positions.

[5] Funding of $1 million is added for overtime or a 4th shift in milling operations.

[6] Operating funding is added as follows:

	General Fund	Other Funds	Total
IT rate adjustments	$0	$10,224	$10,224
Milling capacity increases, including insurance, utilities, supplies, and other operating expenses	0	2,700,000	2,700,000
Total	$0	$2,710,224	$2,710,224

The Senate version also adds a section regarding the use of funding in the new and vacant FTE pool line item.

2025 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Harvest Room, State Capitol

SB 2014
2/21/2025

A BILL for an Act to provide an appropriation for defraying the expenses of the industrial commission and the agencies under its control; to provide for a transfer; to provide an exemption; and to provide for a report.

8:47 a.m. Chairman Bekkedahl opened the hearing.

Members Present: Chairman Bekkedahl, Vice-Chairman Erbele, and Senators Burckhard, Cleary, Conley, Davison, Dever, Dwyer, Magrum, Mathern, Meyer, Schaible, Sickler, Sorvaag, Thomas, Wanzek.

Discussion Topics:

- Small Business Development Centers Funding
- Increased FTEs
- Loan Write Offs Confidentiality
- Expansion of Authority
- Homelessness Study
- Budget Flexibility for Studies
- Homeless Grant Funding Distribution and Process

8:47 a.m. Senator Schaible introduced the bill and submitted testimony #38292.

8:55 a.m. Kelvin Hullet, Bank of ND Chief Business Development Officer, testified as neutral.

9:28 a.m. Senator Schaible moved amendment LC 25.0181.01007.

9:28 a.m. Senator Meyer seconded the motion.

Senators	Vote
Senator Brad Bekkedahl	Y
Senator Robert Erbele	Y
Senator Randy A. Burckhard	Y
Senator Sean Cleary	Y
Senator Cole Conley	Y
Senator Kyle Davison	Y
Senator Dick Dever	Y
Senator Michael Dwyer	N/V
Senator Jeffery J. Magrum	Y
Senator Tim Mathern	Y
Senator Scott Meyer	Y
Senator Donald Schaible	Y
Senator Jonathan Sickler	Y
Senator Ronald Sorvaag	Y

Senator Paul J. Thomas	Y
Senator Terry M. Wanzek	Y

Motion Passed 15-0-1.

9:29 a.m. Senator Schaible moved a Do Pass as Amended.

9:29 a.m. Senator Meyer seconded the motion.

Senators	Vote
Senator Brad Bekkedahl	Y
Senator Robert Erbele	Y
Senator Randy A. Burckhard	Y
Senator Sean Cleary	Y
Senator Cole Conley	Y
Senator Kyle Davison	Y
Senator Dick Dever	Y
Senator Michael Dwyer	N/V
Senator Jeffery J. Magrum	Y
Senator Tim Mathern	Y
Senator Scott Meyer	Y
Senator Donald Schaible	Y
Senator Jonathan Sickler	Y
Senator Ronald Sorvaag	Y
Senator Paul J. Thomas	Y
Senator Terry M. Wanzek	Y

Motion Passed 15-0-1.

Senator Schaible will carry the bill.

9:31 a.m. Chairman Bekkedahl closed the hearing.

Elizabeth Reiten, Committee Clerk

25.0181.01007
Title.02000
Fiscal No. 2

Prepared by the Legislative Council staff for Senate Appropriations - Education and Environment Division Committee
February 20, 2025

2-21-25
JB 1 of 14

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO

SENATE BILL NO. 2014

Introduced by

Appropriations Committee

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

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 other funds derived from special funds and federal funds, to the industrial commission and agencies under its control for the purpose of defraying the expenses of the industrial commission and the agencies under its control, for the biennium beginning July 1, 2025, and ending June 30, 2027, as follows:

Subdivision 1.

INDUSTRIAL COMMISSION

	Base Level	Adjustments or Enhancements	Appropriation

~~Salaries and wages~~	~~$1,884,918~~	~~$0~~	~~$1,884,918~~
~~Operating expenses~~	~~472,271~~	~~0~~	~~472,271~~
~~Grants - bond payments~~	~~119,879,913~~	~~0~~	~~119,879,913~~
~~Total other funds~~	~~$122,237,102~~	~~$0~~	~~$122,237,102~~
~~Full-time equivalent positions~~	~~9.75~~	~~0.00~~	~~9.75~~
Salaries and wages	$1,884,918	$376,583	$2,261,501
New and vacant FTE pool	0	20,376	20,376
Operating expenses	472,271	4,321,991	4,794,262
Grants	0	13,668,089	13,668,089
Grants - bond payments	119,879,913	(2,761,713)	117,118,200
Total all funds	$122,237,102	$15,625,326	$137,862,428
Less other funds	122,237,102	15,225,326	137,462,428
Total general fund	$0	$400,000	$400,000
Full-time equivalent positions	9.75	0.00	9.75

Subdivision 2.

BANK OF NORTH DAKOTA

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

Subdivision 3.

HOUSING FINANCE AGENCY

	Base Level	Adjustments or Enhancements	Appropriation

~~Salaries and wages~~	~~$11,413,354~~	~~$0~~	~~$11,413,354~~
~~Operating expenses~~	~~10,903,883~~	~~0~~	~~10,903,883~~
~~Capital assets~~	~~20,000~~	~~0~~	~~20,000~~
~~Grants~~	~~48,805,110~~	~~0~~	~~48,805,110~~
~~Housing finance agency contingencies~~	~~100,000~~	~~0~~	~~100,000~~
~~Total all funds~~	~~$71,242,347~~	~~$0~~	~~$71,242,347~~
~~Less other funds~~	~~68,742,347~~	~~0~~	~~68,742,347~~
~~Total general fund~~	~~$2,500,000~~	~~$0~~	~~$2,500,000~~
~~Full-time equivalent positions~~	~~54.00~~	~~0.00~~	~~54.00~~
Salaries and wages	$11,413,354	$1,655,543	$13,068,897
New and vacant FTE pool	0	1,024,774	1,024,774
Operating expenses	10,903,883	(1,433,707)	9,470,176
Capital assets	20,000	0	20,000
Grants	48,805,110	(2,700,000)	46,105,110
Housing finance agency contingencies	100,000	0	100,000
Total all funds	$71,242,347	($1,453,390)	$69,788,957
Less other funds	68,742,347	1,046,610	69,788,957
Total general fund	$2,500,000	($2,500,000)	$0
Full-time equivalent positions	54.00	3.00	57.00

Subdivision 4.

DEPARTMENT OF MINERAL RESOURCES

	Base Level	Adjustments or Enhancements	Appropriation
~~Salaries and wages~~	~~$23,261,532~~	~~$0~~	~~$23,261,532~~
~~Operating expenses~~	~~5,120,253~~	~~0~~	~~5,120,253~~
~~Total all funds~~	~~$28,381,785~~	~~$0~~	~~$28,381,785~~
~~Less other funds~~	~~268,000~~	~~0~~	~~268,000~~
~~Total general fund~~	~~$28,113,785~~	~~$0~~	~~$28,113,785~~
~~Full-time equivalent positions~~	~~108.00~~	~~0.00~~	~~108.00~~
Salaries and wages	$23,261,532	$3,026,192	$26,287,724
New and vacant FTE pool	0	1,608,593	1,608,593

Operating expenses	5,120,253	5,885,498	11,005,751
Capital assets	0	45,000	45,000
Total all funds	$28,381,785	$10,565,283	$38,947,068
Less other funds	268,000	5,010,377	5,278,377
Total general fund	$28,113,785	$5,554,906	$33,668,691
Full-time equivalent positions	108.00	3.00	111.00

Subdivision 5.

MILL AND ELEVATOR ASSOCIATION

	Base Level	Adjustments or Enhancements	Appropriation
~~Salaries and wages~~	~~$54,019,267~~	~~$0~~	~~$54,019,267~~
~~Operating expenses~~	~~42,391,653~~	~~0~~	~~42,391,653~~
~~Contingencies~~	~~500,000~~	~~0~~	~~500,000~~
~~Agriculture promotion~~	~~500,000~~	~~0~~	~~500,000~~
~~Total special funds~~	~~$97,410,920~~	~~$0~~	~~$97,410,920~~
~~Full-time equivalent positions~~	~~170.00~~	~~0.00~~	~~170.00~~
Salaries and wages	$54,019,267	$6,345,741	$60,365,008
New and vacant FTE pool	0	1,973,530	1,973,530
Operating expenses	42,391,653	2,710,224	45,101,877
Contingencies	500,000	0	500,000
Agriculture promotion	500,000	0	500,000
Total special funds	$97,410,920	$11,029,495	$108,440,415
Full-time equivalent positions	170.00	2.00	172.00

Subdivision 6.

TOTAL SECTION 1

	Base Level	Adjustments or Enhancements	Appropriation
~~Grand total all funds~~	~~$390,877,637~~	~~$0~~	~~$390,877,637~~
~~Less grand total other funds~~	~~360,263,852~~	~~0~~	~~360,263,852~~
~~Grand total general fund~~	~~$30,613,785~~	~~$0~~	~~$30,613,785~~
Grand total all funds	$390,877,637	$46,538,008	$437,415,645

Less grand total other funds	360,263,852	43,083,102	403,346,954
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 base budget for the 2027-29 biennium and which the entity shall report to the appropriations committees of the seventieth legislative assembly regarding the use of this funding:

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

SECTION 3. NEW AND VACANT FTE POOL - LIMITATION - TRANSFER REQUEST. The the industrial commission and agencies under its control may not spend funds appropriated in the new and vacant FTE pool line items in section 1 of this Act, but may request the office of management and budget to transfer funds, within each respective subdivision, from the new

and vacant FTE pool line item to the salaries and wages line items or Bank of North Dakota operations line item in accordance with the guidelines and reporting provisions included in House Bill No. 1015, as approved by the sixty-ninth legislative assembly.

SECTION 4. BOND PAYMENTS. The amount of ~~$119,879,913~~$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~~	~~$102,620,461~~
~~North Dakota university system~~	~~15,021,771~~
~~North Dakota university system - energy conservation projects~~	~~207,649~~
~~Department of corrections and rehabilitation~~	~~143,375~~
~~Office of management and budget~~	~~283,875~~
~~Attorney general's office~~	~~330,000~~
~~State historical society~~	~~592,375~~
~~Parks and recreation department~~	~~30,950~~
~~Agriculture research and extension service~~	~~242,205~~
~~Veterans' home~~	~~407,252~~
~~Total~~	~~$119,879,913~~
Infrastructure project and program bonds - legacy sinking and interest fund	$102,622,743
North Dakota university system	14,083,250
Veterans' home	412,207
Total	$117,118,200

SECTION 5. 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 special 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 6. APPROPRIATION - TRANSFER GENERAL FUND TO HOUSING INCENTIVE FUND - TRANSFER STRATEGIC INVESTMENT AND IMPROVEMENTS FUND

TO HOUSING INCENTIVE FUND - HOMELESS PROGRAMS - HOUSING PROGRAMS - EXEMPTION - ONE-TIME FUNDING.

1. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $10,000,000, which the office of management and budget shall transfer to the housing incentive fund for homeless programs, during the biennium beginning July 1, 2025, and ending June 30, 2027. The appropriation under this subsection is considered a one-time funding item. Notwithstanding any other requirements under section 54-17-40 and pursuant to the continuing appropriation under 54-17-40, the housing finance agency shall distribute a passthrough grant of $150,000 from the housing incentive fund to an organization for a Native American homelessness liaison, from the $10,000,000 transferred to the housing incentive fund under this subsection.
2. The office of management and budget shall transfer the sum of $25,000,000 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 7. TRANSFER - ENTITIES AND FUNDS UNDER THE CONTROL OF THE INDUSTRIAL COMMISSION TO INDUSTRIAL COMMISSION FUND - ADMINISTRATION - EXEMPTION.

1. The sum of ~~$1,818,114~~$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~~$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;
4. $15,000,000 to the beginning farmer revolving loan fund; and
5. ~~$1,500,000~~$1,900,000 to the university of North Dakota for the North Dakota small business development center for the purpose of matching federal grants.

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

1. From the $6,000,000 transferred to the state energy research center fund pursuant to section 15 of chapter 14 of the 2023 Session Laws, the office of management and budget shall transfer the sum of $4,000,000 to the oil and gas research fund during the biennium beginning July 1, 2025, and ending June 30, 2027.
2. The office of management and budget shall transfer the sum of $21,000,000 from the strategic investment and improvements fund to the oil and gas research fund during the biennium beginning July 1, 2025, and ending June 30, 2027.

3. Pursuant to the continuing appropriation under section 57-51.1-07.3 and the powers of the industrial commission under chapter 54-17.6, the commission shall use $25,000,000 from the oil and gas research fund, transferred under this section, for an enhanced oil recovery grant program. The commission shall develop guidelines for the grant program, including eligibility criteria, requirements for matching funds, and reporting requirements.

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

1. Pursuant to the continuing appropriation under section 57-61-01.6, up to $4,500,000 from the lignite research fund 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 designated under this section also may be used for the purpose of contracting for nonmatching studies and activities in support of advanced energy technology and other technology development programs; 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 needed for the purposes stated in this section are available to the industrial commission for funding projects, processes, or activities under the lignite research, development, and marketing program.
2. The industrial commission shall report to the appropriations committees of the seventieth legislative assembly on the amounts spent pursuant to this section.

SECTION 12. OTHER FUNDS - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - GRANT, LITIGATION, STUDY, AND PROJECT FUNDING. The grand total other funds

line item in section 1 of this Act includes the sum of $8,332,794 from the strategic investment and improvements fund as follows:

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

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

7. The release by the industrial commission, in its capacity as the managing body of the Bank of North Dakota, of the following:
   a. The name of any person who has obtained approval for direct ~~or indirect~~ financing or security, including a loan guarantee or a letter of credit, through the Bank of North Dakota primarily for purposes other than personal, family, or household purposes.
   b. The amount of any financing or security referenced in subdivision a.
   c. The amount of any net writeoff or loan forgiveness ~~associated with the financing or security referenced in subdivision a~~ which the industrial commission determines is uncollectible.
   d. The program under which any financing or security referenced in subdivision a was made.

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

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

1. The following records of the Bank of North Dakota are confidential:

~~1.~~ a. Commercial or financial information of a customer, whether obtained directly or indirectly, except for routine credit inquiries or unless required by due legal process. As used in this subsection, "customer" means any person who has

transacted or is transacting business with, or has used or is using the services of, the Bank of North Dakota, or for whom the Bank of North Dakota has acted as a fiduciary with respect to trust property.

~~2.~~ b. Internal or interagency memorandums or letters which would not be available by law to a party other than in litigation with the Bank.

~~3.~~ c. Information contained in or related to examination, operating, or condition reports prepared by, on behalf of, or for the use of a state or federal agency responsible for the regulation or supervision of any Bank activity.

~~4.~~ d. Information obtained from the state department of financial institutions which would not be available from that agency under section 6-01-07.1.

~~5.~~ e. The report by a Bank officer or member of the Bank's advisory board of directors concerning personal financial statements.

2. The following records of the Bank of North Dakota are exempt:

a. Bond insurance coverage, including excess bond insurance coverage.

b. Cyber liability coverage, including excess cyber liability coverage.

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

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

1. The fund moneys may be used to participate in an interest rate buydown on a loan to a new or expanding business for the following eligible uses:
   a. Purchase of real property and equipment.
   b. Expansion of facilities.
   c. Working capital.
   d. Inventory.
2. The loan funds cannot be used to refinance any existing debt or for the relocation of the business within North Dakota.
~~2.~~3. The community shall determine the amount of the interest rate buydown and apply to the Bank of North Dakota for participation from the partnership in assisting community expansion fund. The funds for the community's portion of the buydown may come from a local development corporation, contributions, community funds, future dedicated tax programs, or any other community source.

~~3.~~4. The fund participation portion in the buydown must be determined by the Bank of North Dakota based on economic conditions in the city or county in which the business is located.

~~4.~~5. a. The maximum amount from the fund in the interest rate buydown may not exceed five hundred thousand dollars per loan.

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

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

~~5.~~7. The Bank of North Dakota shall adopt rules to implement this chapter.

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

SECTION 15. TRANSFER - STRATEGIC INVESTMENT AND IMPROVEMENTS 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.

REPORT OF STANDING COMMITTEE
SB 2014

Appropriations Committee (Sen. Bekkedahl, Chairman) recommends **AMENDMENTS (25.0181.01007)** and when so amended, recommends **DO PASS** (15 YEAS, 0 NAYS, 1 ABSENT OR EXCUSED AND NOT VOTING). SB 2014 was placed on the Sixth order on the calendar. This bill does not affect workforce development.

2-21-25

25.0181.01007
Title.
Fiscal No. 2

Prepared by the Legislative Council staff for Senate Appropriations - Education and Environment Division Committee
February 20, 2025

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO

SENATE BILL NO. 2014

Introduced by

Appropriations Committee

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

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 other funds derived from special funds and federal funds, to the industrial commission and agencies under its control for the purpose of defraying the expenses of the industrial commission and the agencies under its control, for the biennium beginning July 1, 2025, and ending June 30, 2027, as follows:

Subdivision 1.

INDUSTRIAL COMMISSION

	Base Level	Adjustments or Enhancements	Appropriation

~~Salaries and wages~~	~~$1,884,918~~	~~$0~~	~~$1,884,918~~
~~Operating expenses~~	~~472,271~~	~~0~~	~~472,271~~
~~Grants - bond payments~~	~~119,879,913~~	~~0~~	~~119,879,913~~
~~Total other funds~~	~~$122,237,102~~	~~$0~~	~~$122,237,102~~
~~Full-time equivalent positions~~	~~9.75~~	~~0.00~~	~~9.75~~
Salaries and wages	$1,884,918	$376,583	$2,261,501
New and vacant FTE pool	0	20,376	20,376
Operating expenses	472,271	4,321,991	4,794,262
Grants	0	13,668,089	13,668,089
Grants - bond payments	119,879,913	(2,761,713)	117,118,200
Total all funds	$122,237,102	$15,625,326	$137,862,428
Less other funds	122,237,102	15,225,326	137,462,428
Total general fund	$0	$400,000	$400,000
Full-time equivalent positions	9.75	0.00	9.75

Subdivision 2.

BANK OF NORTH DAKOTA

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

Subdivision 3.

HOUSING FINANCE AGENCY

	Base Level	Adjustments or Enhancements	Appropriation

~~Salaries and wages~~	~~$11,413,354~~	~~$0~~	~~$11,413,354~~
~~Operating expenses~~	~~10,903,883~~	~~0~~	~~10,903,883~~
~~Capital assets~~	~~20,000~~	~~0~~	~~20,000~~
~~Grants~~	~~48,805,110~~	~~0~~	~~48,805,110~~
~~Housing finance agency contingencies~~	~~100,000~~	~~0~~	~~100,000~~
~~Total all funds~~	~~$71,242,347~~	~~$0~~	~~$71,242,347~~
~~Less other funds~~	~~68,742,347~~	~~0~~	~~68,742,347~~
~~Total general fund~~	~~$2,500,000~~	~~$0~~	~~$2,500,000~~
~~Full-time equivalent positions~~	~~54.00~~	~~0.00~~	~~54.00~~
Salaries and wages	$11,413,354	$1,655,543	$13,068,897
New and vacant FTE pool	0	1,024,774	1,024,774
Operating expenses	10,903,883	(1,433,707)	9,470,176
Capital assets	20,000	0	20,000
Grants	48,805,110	(2,700,000)	46,105,110
Housing finance agency contingencies	100,000	0	100,000
Total all funds	$71,242,347	($1,453,390)	$69,788,957
Less other funds	68,742,347	1,046,610	69,788,957
Total general fund	$2,500,000	($2,500,000)	$0
Full-time equivalent positions	54.00	3.00	57.00

Subdivision 4.

DEPARTMENT OF MINERAL RESOURCES

	Base Level	Adjustments or Enhancements	Appropriation
~~Salaries and wages~~	~~$23,261,532~~	~~$0~~	~~$23,261,532~~
~~Operating expenses~~	~~5,120,253~~	~~0~~	~~5,120,253~~
~~Total all funds~~	~~$28,381,785~~	~~$0~~	~~$28,381,785~~
~~Less other funds~~	~~268,000~~	~~0~~	~~268,000~~
~~Total general fund~~	~~$28,113,785~~	~~$0~~	~~$28,113,785~~
~~Full-time equivalent positions~~	~~108.00~~	~~0.00~~	~~108.00~~
Salaries and wages	$23,261,532	$3,026,192	$26,287,724
New and vacant FTE pool	0	1,608,593	1,608,593

Operating expenses	5,120,253	5,885,498	11,005,751
Capital assets	0	45,000	45,000
Total all funds	$28,381,785	$10,565,283	$38,947,068
Less other funds	268,000	5,010,377	5,278,377
Total general fund	$28,113,785	$5,554,906	$33,668,691
Full-time equivalent positions	108.00	3.00	111.00

Subdivision 5.

MILL AND ELEVATOR ASSOCIATION

	Base Level	Adjustments or Enhancements	Appropriation
~~Salaries and wages~~	~~$54,019,267~~	~~$0~~	~~$54,019,267~~
~~Operating expenses~~	~~42,391,653~~	~~0~~	~~42,391,653~~
~~Contingencies~~	~~500,000~~	~~0~~	~~500,000~~
~~Agriculture promotion~~	~~500,000~~	~~0~~	~~500,000~~
~~Total special funds~~	~~$97,410,920~~	~~$0~~	~~$97,410,920~~
~~Full-time equivalent positions~~	~~170.00~~	~~0.00~~	~~170.00~~
Salaries and wages	$54,019,267	$6,345,741	$60,365,008
New and vacant FTE pool	0	1,973,530	1,973,530
Operating expenses	42,391,653	2,710,224	45,101,877
Contingencies	500,000	0	500,000
Agriculture promotion	500,000	0	500,000
Total special funds	$97,410,920	$11,029,495	$108,440,415
Full-time equivalent positions	170.00	2.00	172.00

Subdivision 6.

TOTAL SECTION 1

	Base Level	Adjustments or Enhancements	Appropriation
~~Grand total all funds~~	~~$390,877,637~~	~~$0~~	~~$390,877,637~~
~~Less grand total other funds~~	~~360,263,852~~	~~0~~	~~360,263,852~~
~~Grand total general fund~~	~~$30,613,785~~	~~$0~~	~~$30,613,785~~
Grand total all funds	$390,877,637	$46,538,008	$437,415,645

Less grand total other funds	360,263,852	43,083,102	403,346,954
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 base budget for the 2027-29 biennium and which the entity shall report to the appropriations committees of the seventieth legislative assembly regarding the use of this funding:

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

SECTION 3. NEW AND VACANT FTE POOL - LIMITATION - TRANSFER REQUEST. The the industrial commission and agencies under its control may not spend funds appropriated in the new and vacant FTE pool line items in section 1 of this Act, but may request the office of management and budget to transfer funds, within each respective subdivision, from the new

and vacant FTE pool line item to the salaries and wages line items or Bank of North Dakota operations line item in accordance with the guidelines and reporting provisions included in House Bill No. 1015, as approved by the sixty-ninth legislative assembly.

SECTION 4. BOND PAYMENTS. The amount of ~~$119,879,913~~$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~~	~~$102,620,461~~
~~North Dakota university system~~	~~15,021,771~~
~~North Dakota university system - energy conservation projects~~	~~207,649~~
~~Department of corrections and rehabilitation~~	~~143,375~~
~~Office of management and budget~~	~~283,875~~
~~Attorney general's office~~	~~330,000~~
~~State historical society~~	~~592,375~~
~~Parks and recreation department~~	~~30,950~~
~~Agriculture research and extension service~~	~~242,205~~
~~Veterans' home~~	~~407,252~~
~~Total~~	~~$119,879,913~~
Infrastructure project and program bonds - legacy sinking and interest fund	$102,622,743
North Dakota university system	14,083,250
Veterans' home	412,207
Total	$117,118,200

SECTION 5. 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 special 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 6. APPROPRIATION - TRANSFER GENERAL FUND TO HOUSING INCENTIVE FUND - TRANSFER STRATEGIC INVESTMENT AND IMPROVEMENTS FUND

TO HOUSING INCENTIVE FUND - HOMELESS PROGRAMS - HOUSING PROGRAMS - EXEMPTION - ONE-TIME FUNDING.

1. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $10,000,000, which the office of management and budget shall transfer to the housing incentive fund for homeless programs, during the biennium beginning July 1, 2025, and ending June 30, 2027. The appropriation under this subsection is considered a one-time funding item. Notwithstanding any other requirements under section 54-17-40 and pursuant to the continuing appropriation under 54-17-40, the housing finance agency shall distribute a passthrough grant of $150,000 from the housing incentive fund to an organization for a Native American homelessness liaison, from the $10,000,000 transferred to the housing incentive fund under this subsection.
2. The office of management and budget shall transfer the sum of $25,000,000 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 7. TRANSFER - ENTITIES AND FUNDS UNDER THE CONTROL OF THE INDUSTRIAL COMMISSION TO INDUSTRIAL COMMISSION FUND - ADMINISTRATION - EXEMPTION.

1. The sum of ~~$1,818,114~~$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~~$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;
4. $15,000,000 to the beginning farmer revolving loan fund; and
5. ~~$1,500,000~~$1,900,000 to the university of North Dakota for the North Dakota small business development center for the purpose of matching federal grants.

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

1. From the $6,000,000 transferred to the state energy research center fund pursuant to section 15 of chapter 14 of the 2023 Session Laws, the office of management and budget shall transfer the sum of $4,000,000 to the oil and gas research center fund during the biennium beginning July 1, 2025, and ending June 30, 2027.
2. The office of management and budget shall transfer the sum of $21,000,000 from the strategic investment and improvements fund to the oil and gas research fund during the biennium beginning July 1, 2025, and ending June 30, 2027.

3. Pursuant to the continuing appropriation under section 57-51.1-07.3 and the powers of the industrial commission under chapter 54-17.6, the commission shall use $25,000,000 from the oil and gas research fund, transferred under this section, for an enhanced oil recovery grant program. The commission shall develop guidelines for the grant program, including eligibility criteria, requirements for matching funds, and reporting requirements.

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

1. Pursuant to the continuing appropriation under section 57-61-01.6, up to $4,500,000 from the lignite research fund 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 designated under this section also may be used for the purpose of contracting for nonmatching studies and activities in support of advanced energy technology and other technology development programs; 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 needed for the purposes stated in this section are available to the industrial commission for funding projects, processes, or activities under the lignite research, development, and marketing program.
2. The industrial commission shall report to the appropriations committees of the seventieth legislative assembly on the amounts spent pursuant to this section.

SECTION 12. OTHER FUNDS - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - GRANT, LITIGATION, STUDY, AND PROJECT FUNDING. The grand total other funds

line item in section 1 of this Act includes the sum of $8,332,794 from the strategic investment and improvements fund as follows:

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

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

7. The release by the industrial commission, in its capacity as the managing body of the Bank of North Dakota, of the following:
   a. The name of any person who has obtained approval for direct ~~or indirect~~ financing or security, including a loan guarantee or a letter of credit, through the Bank of North Dakota primarily for purposes other than personal, family, or household purposes.
   b. The amount of any financing or security referenced in subdivision a.
   c. The amount of any net writeoff or loan forgiveness ~~associated with the financing or security referenced in subdivision a~~ which the industrial commission determines is uncollectible.
   d. The program under which any financing or security referenced in subdivision a was made.

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

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

1. The following records of the Bank of North Dakota are confidential:

~~1.~~ a. Commercial or financial information of a customer, whether obtained directly or indirectly, except for routine credit inquiries or unless required by due legal process. As used in this subsection, "customer" means any person who has

transacted or is transacting business with, or has used or is using the services of, the Bank of North Dakota, or for whom the Bank of North Dakota has acted as a fiduciary with respect to trust property.

~~2.~~ b. Internal or interagency memorandums or letters which would not be available by law to a party other than in litigation with the Bank.

~~3.~~ c. Information contained in or related to examination, operating, or condition reports prepared by, on behalf of, or for the use of a state or federal agency responsible for the regulation or supervision of any Bank activity.

~~4.~~ d. Information obtained from the state department of financial institutions which would not be available from that agency under section 6-01-07.1.

~~5.~~ e. The report by a Bank officer or member of the Bank's advisory board of directors concerning personal financial statements.

2. The following records of the Bank of North Dakota are exempt:

a. Bond insurance coverage, including excess bond insurance coverage.

b. Cyber liability coverage, including excess cyber liability coverage.

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

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

1. The fund moneys may be used to participate in an interest rate buydown on a loan to a new or expanding business for the following eligible uses:
   a. Purchase of real property and equipment.
   b. Expansion of facilities.
   c. Working capital.
   d. Inventory.
2. The loan funds cannot be used to refinance any existing debt or for the relocation of the business within North Dakota.

~~2.~~3. The community shall determine the amount of the interest rate buydown and apply to the Bank of North Dakota for participation from the partnership in assisting community expansion fund. The funds for the community's portion of the buydown may come from a local development corporation, contributions, community funds, future dedicated tax programs, or any other community source.

~~3.~~4. The fund participation portion in the buydown must be determined by the Bank of North Dakota based on economic conditions in the city or county in which the business is located.

~~4.~~5. a. The maximum amount from the fund in the interest rate buydown may not exceed five hundred thousand dollars per loan.~~-~~

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

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

~~5.~~7. The Bank of North Dakota shall adopt rules to implement this chapter.

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

SECTION 15. TRANSFER - STRATEGIC INVESTMENT AND IMPROVEMENTS 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.

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2014 - Summary of Senate Action

	Base Budget	Senate Changes	Senate Version
Industrial Commission			
Total all funds	$122,237,102	$15,625,326	$137,862,428
Less estimated income	122,237,102	15,225,326	137,462,428
General fund	$0	$400,000	$400,000
FTE	9.75	0.00	9.75
Bank of North Dakota			
Total all funds	$71,605,483	$10,771,294	$82,376,777
Less estimated income	71,605,483	10,771,294	82,376,777
General fund	$0	$0	$0
FTE	187.00	0.00	187.00
Housing Finance Agency			
Total all funds	$71,242,347	$8,546,610	$79,788,957
Less estimated income	68,742,347	1,046,610	69,788,957
General fund	$2,500,000	$7,500,000	$10,000,000
FTE	54.00	3.00	57.00
Department of Mineral Resources			
Total all funds	$28,381,785	$10,565,283	$38,947,068
Less estimated income	268,000	5,010,377	5,278,377
General fund	$28,113,785	$5,554,906	$33,668,691
FTE	108.00	3.00	111.00
Mill and Elevator			
Total all funds	$97,410,920	$11,029,495	$108,440,415
Less estimated income	97,410,920	11,029,495	108,440,415
General fund	$0	$0	$0
FTE	170.00	2.00	172.00
Bill total			
Total all funds	$390,877,637	$56,538,008	$447,415,645
Less estimated income	360,263,852	43,083,102	403,346,954
General fund	$30,613,785	$13,454,906	$44,068,691
FTE	528.75	8.00	536.75

Senate Bill No. 2014 - Industrial Commission - Senate Action

	Base Budget	Senate Changes	Senate Version
Salaries and wages	$1,884,918	$376,583	$2,261,501
New and vacant FTE pool		20,376	20,376
Operating expenses	472,271	4,321,991	4,794,262
Grants		13,668,089	13,668,089
Grants - Bond payments	119,879,913	(2,761,713)	117,118,200
Total all funds	$122,237,102	$15,625,326	$137,862,428
Less estimated income	122,237,102	15,225,326	137,462,428
General fund	$0	$400,000	$400,000
FTE	9.75	0.00	9.75

Department 405 - Industrial Commission - Detail of Senate Changes

	Adds Funding for Salary and Benefit Increases[1]	Adds Funding to Replace 2023-25 FTE Pool[2]	Transfers Funding for 2025-27 New and Vacant FTE Pool[3]	Adds Funding for Salary Equity Increases[4]	Transfers Funding Between Line Items[5]	Adds Funding for Operating Expenses[6]
Salaries and wages	$116,171	$520,943	($29,109)	$350,000	($581,422)	
New and vacant FTE pool			20,376			
Operating expenses					581,422	$690,569
Grants						
Grants - Bond payments						
Total all funds	$116,171	$520,943	($8,733)	$350,000	$0	$690,569
Less estimated income	116,171	520,943	(8,733)	350,000	0	290,569
General fund	$0	$0	$0	$0	$0	$400,000
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Decreases Funding for Bond Payments[7]	Adds One-Time Funding Items[8]	Total Senate Changes
Salaries and wages			$376,583
New and vacant FTE pool			20,376
Operating expenses		$3,050,000	4,321,991
Grants		13,668,089	13,668,089
Grants - Bond payments	($2,761,713)		(2,761,713)
Total all funds	($2,761,713)	$16,718,089	$15,625,326
Less estimated income	(2,761,713)	16,718,089	15,225,326
General fund	$0	$0	$400,000
FTE	0.00	0.00	0.00

[1] The following funding is added for 2025-27 biennium salary adjustments of 3 percent on July 1, 2025, and 3 percent on July 1, 2026, and increases in health insurance premiums from $1,643 to $1,893 per month:

	General Fund	Other Funds	Total
Salary increase	$0	$71,132	$71,132
Health insurance increase	0	45,039	45,039
Total	$0	$116,171	$116,171

[2] Funding is added to replace 2023-25 biennium new and vacant FTE pool funding as follows:

	General Fund	Other Funds	Total
Vacant FTE positions	$0	$30,381	$30,381
New FTE positions	0	490,562	490,562
Total	$0	$520,943	$520,943

[3] Funding of $29,109 is removed for estimated savings from vacant 2025-27 FTE positions and $20,376 is added for a new and vacant FTE pool line item resulting in net savings of $8,733.

[4] Funding of $350,000 from other funds is added for salary equity increases, including $245,000 for the Industrial Commission executive director and $105,000 for the Public Finance Authority executive director.

[5] Funding of $581,422 is transferred from the salaries and wages line item to the operating expenses line item related to base budget adjustments.

[6] Funding for operating expenses is added as follows:

	General Fund	Other Funds	Total
Information technology (IT) rate adjustments	$0	$369	$369
Professional development and travel	0	15,200	15,200
Grant management software fees	0	275,000	275,000
North Dakota Transmission Authority director contract	400,000	0	400,000
Total	$400,000	$290,569	$690,569

[7] Funding for bond payments is decreased by $2,761,713, from $119,879,913 to $117,118,200.

[8] One-time funding is added as follows:
- $50,000 from special funds for inflationary increases.
- $13,668,089 for an electricity grid resiliency grant, including $1,782,794 from the strategic investment and improvements fund (SIIF) and $11,885,295 from federal funds.
- $3 million from SIIF for lignite litigation.

The Senate version:
- Adds a section regarding the use of funding in the new and vacant FTE pool line item.
- Includes a section to identify the amounts for bond payments during the 2025-27 biennium.
- Includes a section authorizing the Industrial Commission to transfer funding from the entities under the commission's control for administrative services and allows unspent authority from the 2023-25 biennium to continue into the 2025-27 biennium.
- Adds a section identifying funding from SIIF for matching federal funds for an electric grid resiliency grant and lignite litigation.
- Adds a section to amend 2023 Session Laws decreasing the amount of funding from SIIF for a salt cavern underground energy storage research project and allowing the funding to be used for a business case analysis rather than construction of salt caverns.
- Adds a section to provide exemptions allowing unspent 2023-25 biennium appropriation authority to continue into the 2025-27 biennium for grant management software, records digitization, and a federal electricity grid resiliency grant.

Senate Bill No. 2014 - Bank of North Dakota - Senate Action

	Base Budget	Senate Changes	Senate Version
New and vacant FTE pool		$2,122,074	$2,122,074
Capital assets	$705,722	3,437,577	4,143,299
Bank of North Dakota operations	70,899,761	5,211,643	76,111,404
Total all funds	$71,605,483	$10,771,294	$82,376,777
Less estimated income	71,605,483	10,771,294	82,376,777
General fund	$0	$0	$0
FTE	187.00	0.00	187.00

Department 471 - Bank of North Dakota - Detail of Senate Changes

	Adds Funding for Salary and Benefit Increases[1]	Adds Funding to Replace 2023-25 FTE Pool[2]	Transfers Funding for 2025-27 New and Vacant FTE Pool[3]	Adds Funding for Cost to Continue[4]	Adjusts Funding for Operations[5]	Transfers Funding Between Line Items[6]
New and vacant FTE pool			$2,122,074			
Capital assets						$804,278
Bank of North Dakota operations	$2,948,259	$5,429,985	(3,031,534)	$343,487	$325,724	(804,278)
Total all funds	$2,948,259	$5,429,985	($909,460)	$343,487	$325,724	$0
Less estimated income	2,948,259	5,429,985	(909,460)	343,487	325,724	0
General fund	$0	$0	$0	$0	$0	$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Adds One-Time Funding Item[7]	Total Senate Changes
New and vacant FTE pool		$2,122,074
Capital assets	$2,633,299	3,437,577
Bank of North Dakota operations		5,211,643
Total all funds	$2,633,299	$10,771,294
Less estimated income	2,633,299	10,771,294
General fund	$0	$0
FTE	0.00	0.00

[1] The following funding is added for 2025-27 biennium salary adjustments of 3 percent on July 1, 2025, and 3 percent on July 1, 2026, and increases in health insurance premiums from $1,643 to $1,893 per month:

	General Fund	Other Funds	Total
Salary increase	$0	$1,825,271	$1,825,271
Health insurance increase	0	1,122,988	1,122,988
Total	$0	$2,948,259	$2,948,259

[2] Funding is added to replace 2023-25 biennium new and vacant FTE pool funding as follows:

	General Fund	Other Funds	Total
Vacant FTE positions	$0	$2,323,303	$2,323,303
New FTE positions	0	3,106,682	3,106,682
Total	$0	$5,429,985	$5,429,985

[3] Funding of $3,031,534 is removed for estimated savings from vacant 2025-27 FTE positions and $2,122,074 is added for a new and vacant FTE pool line item resulting in net savings of $909,460.

[4] Funding of $343,487 is added for cost to continue salary increases.

[5] Funding for operations is adjusted as follows:
- Decreased by $78,168 for operational savings.
- Increased by $403,892 for IT rate adjustments.

[6] Funding of $804,278 is transferred from the Bank of North Dakota operations line item to the capital assets line item.

[7] One-time funding of $2,633,299 is added for capital improvement projects at the Bank of North Dakota.

The Senate version:
- Adds a section regarding the use of funding in the new and vacant FTE pool line item.
- Includes a section to transfer $140 million of Bank profits to the general fund.
- Includes a section to transfer $61.9 million of Bank profits to economic development programs, including $39 million to the partnership in assisting community expansion (PACE) fund, $5 million to the Ag PACE fund, $1 million to the biofuels PACE fund, $15 million to the beginning farmer revolving loan fund, and $1.9 million to the University of North Dakota small business development center to match federal funds.
- Adds two sections to amend statutory provisions relating to Bank records to clarify the confidentiality of indirect financing records and to exempt insurance coverage from open records.
- Adds a section to increase the amount of funding that may be used for interest rate buydowns under the PACE fund from $500,000 to $1.5 million for projects with a substantial economic impact and removes the matching requirement for the additional $1 million of interest rate buydown funding.

Senate Bill No. 2014 - Housing Finance Agency - Senate Action

	Base Budget	Senate Changes	Senate Version
Salaries and wages	$11,413,354	$1,655,543	$13,068,897
New and vacant FTE pool		1,024,774	1,024,774
Operating expenses	10,903,883	(1,433,707)	9,470,176
Capital assets	20,000		20,000
Grants	48,805,110	(2,700,000)	46,105,110
HFA contingencies	100,000		100,000
Housing incentive fund		10,000,000	10,000,000
Total all funds	$71,242,347	$8,546,610	$79,788,957
Less estimated income	68,742,347	1,046,610	69,788,957
General fund	$2,500,000	$7,500,000	$10,000,000
FTE	54.00	3.00	57.00

Department 473 - Housing Finance Agency - Detail of Senate Changes

	Adds Funding for Salary and Benefit Increases[1]	Adds Funding to Replace 2023-25 FTE Pool[2]	Transfers Funding for 2025-27 New and Vacant FTE Pool[3]	Adds FTE Positions[4]	Adjusts Funding for Operating Expenses[5]	Adjusts Funding for Grants[6]
Salaries and wages	$824,326	$1,451,641	($1,276,510)	$656,086		
New and vacant FTE pool			1,024,774			
Operating expenses					($1,433,707)	
Capital assets						
Grants						($2,700,000)
HFA contingencies						
Housing incentive fund						
Total all funds	$824,326	$1,451,641	($251,736)	$656,086	($1,433,707)	($2,700,000)
Less estimated income	824,326	1,451,641	(251,736)	656,086	(1,433,707)	(200,000)
General fund	$0	$0	$0	$0	$0	($2,500,000)
FTE	0.00	0.00	0.00	3.00	0.00	0.00

	Adds One-Time Funding Items[7]	Total Senate Changes
Salaries and wages		$1,655,543
New and vacant FTE pool		1,024,774
Operating expenses		(1,433,707)
Capital assets		
Grants		(2,700,000)
HFA contingencies		
Housing incentive fund	$10,000,000	10,000,000
Total all funds	$10,000,000	$8,546,610
Less estimated income	0	1,046,610
General fund	$10,000,000	$7,500,000
FTE	0.00	3.00

[1] The following funding is added for 2025-27 biennium salary adjustments of 3 percent on July 1, 2025, and 3 percent on July 1, 2026, and increases in health insurance premiums from $1,643 to $1,893 per month:

	General Fund	Other Funds	Total
Salary increase	$0	$488,030	$488,030
Health insurance increase	0	336,296	336,296
Total	$0	$824,326	$824,326

[2] Funding is added to replace 2023-25 biennium new and vacant FTE pool funding as follows:

	General Fund	Other Funds	Total
Vacant FTE positions	$0	$465,165	$465,165
New FTE positions	0	986,476	986,476
Total	$0	$1,451,641	$1,451,641

[3] Funding of $1,276,510 for new FTE positions and estimated savings from vacant FTE positions is removed and funding of $1,024,774 is added for a 2025-27 new and vacant FTE pool line item as follows:

	General Fund	Other Funds	Total
Vacant FTE positions	$0	($620,424)	($620,424)
New FTE positions	0	(656,086)	(656,086)
Total	$0	($1,276,510)	($1,276,510)
Funding pool line item	0	1,024,774	1,024,774
Net savings	$0	($251,736)	($251,736)

[4] The following FTE positions and related funding are added:

	FTE Positions	General Fund	Other Funds	Total
Loan specialist position	1.00	$0	$184,796	$184,796
Accountant position	1.00	0	257,410	257,410
Homeless program manager	1.00	0	213,880	213,880
Total	3.00	$0	$656,086	$656,086

[5] Funding for operating expenses is adjusted as follows:
- Increased by $44,453 for IT rate adjustments.
- Decreased by $1,478,160 for budgetary savings.

[6] Funding for grants is adjusted as follows:
- Decrease of $200,000 from federal funds related to budgetary savings.
- Removal of $2.5 million from the general fund related to changing the funding source for homeless grants to the housing incentive fund.

[7] One-time funding of $10 million from the general fund is transferred to the housing incentive fund for homeless programs, as included in Section 6 of the bill. Of the funding transferred, $150,000 is designated for a passthrough grant to an organization for a Native American homelessness liaison. Section 6 also transfers $25 million from SIIF to support housing programs.

The Senate version:
- Adds a section regarding the use of funding in the new and vacant FTE pool line item.
- Includes a section appropriating any additional or unanticipated income from federal or other funds which may become available during the 2025-27 biennium.
- Adds a section to provide an appropriation and transfer from the general fund to the housing incentive fund, to provide a transfer from SIIF to the housing incentive fund, and to designate a portion of the funding for a grant to an organization for a Native American homelessness liaison.
- Adds a section to provide for a legislative management study of homelessness.

Senate Bill No. 2014 - Department of Mineral Resources - Senate Action

	Base Budget	Senate Changes	Senate Version
Salaries and wages	$23,261,532	$3,026,192	$26,287,724
New and vacant FTE pool		1,608,593	1,608,593
Operating expenses	5,120,253	5,885,498	11,005,751
Capital assets		45,000	45,000
Total all funds	$28,381,785	$10,565,283	$38,947,068
Less estimated income	268,000	5,010,377	5,278,377
General fund	$28,113,785	$5,554,906	$33,668,691
FTE	108.00	3.00	111.00

Department 474 - Department of Mineral Resources - Detail of Senate Changes

	Adds Funding for Salary and Benefit Increases[1]	Adds Funding to Replace 2023-25 FTE Pool[2]	Transfers Funding for 2025-27 New and Vacant FTE Pool[3]	Adds FTE Positions[4]	Adds Funding for FTE Position Conversion[5]	Adjusts Funding for Salaries and Wages[6]
Salaries and wages	$1,645,455	$2,674,149	($2,155,400)	$499,063	$101,785	($239,587)
New and vacant FTE pool			1,608,593			
Operating expenses				68,317	70,159	
Capital assets						
Total all funds	$1,645,455	$2,674,149	($546,807)	$567,380	$171,944	($239,587)
Less estimated income	0	0	0	0	0	16,000
General fund	$1,645,455	$2,674,149	($546,807)	$567,380	$171,944	($255,587)
FTE	0.00	0.00	0.00	3.00	0.00	0.00

	Adjusts Funding for Operating Expenses[7]	Adds One-Time Funding Items[8]	Total Senate Changes
Salaries and wages		$500,727	$3,026,192
New and vacant FTE pool			1,608,593
Operating expenses	$1,096,772	4,650,250	5,885,498
Capital assets		45,000	45,000
Total all funds	$1,096,772	$5,195,977	$10,565,283
Less estimated income	0	4,994,377	5,010,377
General fund	$1,096,772	$201,600	$5,554,906
FTE	0.00	0.00	3.00

[1] The following funding is added for 2025-27 biennium salary adjustments of 3 percent on July 1, 2025, and 3 percent on July 1, 2026, and increases in health insurance premiums from $1,643 to $1,893 per month:

	General Fund	Other Funds	Total
Salary increase	$978,870	$0	$978,870
Health insurance increase	666,585	0	666,585
Total	$1,645,455	$0	$1,645,455

[2] Funding is added to replace 2023-25 biennium new and vacant FTE pool funding as follows:

	General Fund	Other Funds	Total
Vacant FTE positions	$1,389,856	$0	$1,389,856
New FTE positions	1,284,293	0	1,284,293
Total	$2,674,149	$0	$2,674,149

[3] Funding of $2,155,400 for new FTE positions and estimated savings from vacant FTE positions is removed and funding of $1,608,593 is added for a 2025-27 new and vacant FTE pool line item as follows:

	General Fund	Other Funds	Total
Vacant FTE positions	($1,656,337)	$0	($1,656,337)
New FTE positions	(499,063)	0	(499,063)
Total	($2,155,400)	$0	($2,155,400)
Funding pool line item	1,608,593	0	1,608,593
Net savings	($546,807)	$0	($546,807)

[4] The following FTE positions and related funding are added:
- 1 FTE permitting technician position, including $151,146 for salaries and wages and $3,727 for operating expenses.
- 1 FTE reclamation specialist position, including $184,887 for salaries and wages and $64,590 for operating expenses.
- 1 FTE administrative assistant position, including $163,030 for salaries and wages.

[5] Funding of $171,944 from the general fund is added to convert an administrative position to a geologist position, including $101,785 for salaries and wages and $70,159 for operating expenses.

[6] Funding for salaries and wages is adjusted as follows:
- Increased by $16,000 from federal funds for salaries and wages related to federal program administration.
- Increased by $45,000 from the general fund for temporary salaries.
- Decreased by $300,587 for budget reductions from salary savings.

[7] Operating funding is adjusted as follows:

	General Fund	Other Funds	Total
Budget reduction for operating efficiency savings	($511,293)	$0	($511,293)
IT rate adjustments	108,065	0	108,065
State fleet rate adjustments	1,500,000	0	1,500,000
Total	$1,096,772	$0	$1,096,772

[8] One-time funding items are added as follows:
- $1,444,377 from federal funds for administration of a federal abandoned well reclamation program, including $500,727 for salaries and wages and $943,650 for operating expenses.
- $41,600 from the general fund for new FTE position operating expenses.
- $100,000 from the general fund for operating expenses related to mineral analyses.
- $3.55 million from SIIF for operating expenses related to a rare earth element study ($400,000), an archeology excavation project ($150,000), and oil and gas litigation ($3 million).
- $15,000 from the general fund for operating expenses related to an enhanced oil recovery database project.
- $45,000 from the general fund for capital assets related to portable mineral detection equipment.

The Senate version:
- Adds a section regarding the use of funding in the new and vacant FTE pool line item.
- Adds a section identifying funding from SIIF for a rare earth elements study, an archeology excavation project, and oil and gas litigation.
- Provides an exemption to continue unspent appropriation authority from the federal state fiscal recovery fund into the 2025-27 biennium for an abandoned oil well conversion to the water supply grant program and a survey review.

Senate Bill No. 2014 - Mill and Elevator - Senate Action

	Base Budget	Senate Changes	Senate Version
Salaries and wages	$54,019,267	$6,345,741	$60,365,008
New and vacant FTE pool		1,973,530	1,973,530
Operating expenses	42,391,653	2,710,224	45,101,877
Contingencies	500,000		500,000
Agriculture promotion	500,000		500,000
Total all funds	$97,410,920	$11,029,495	$108,440,415
Less estimated income	97,410,920	11,029,495	108,440,415
General fund	$0	$0	$0
FTE	170.00	2.00	172.00

Department 475 - Mill and Elevator - Detail of Senate Changes

	Adds Funding for Salary and Benefit Increases[1]	Adds Funding to Replace 2023-25 FTE Pool[2]	Transfers Funding for 2025-27 New and Vacant FTE Pool[3]	Adds Railcar Inspector FTE Positions[4]	Adds Funding for Overtime or 4th Shift[5]	Adjusts Funding for Operating Expenses[6]
Salaries and wages	$3,578,564	$4,123,895	($2,716,526)	$359,808	$1,000,000	
New and vacant FTE pool			1,973,530			
Operating expenses						$2,710,224
Contingencies						
Agriculture promotion						
Total all funds	$3,578,564	$4,123,895	($742,996)	$359,808	$1,000,000	$2,710,224
Less estimated income	3,578,564	4,123,895	(742,996)	359,808	1,000,000	2,710,224
General fund	$0	$0	$0	$0	$0	$0
FTE	0.00	0.00	0.00	2.00	0.00	0.00

	Total Senate Changes
Salaries and wages	$6,345,741
New and vacant FTE pool	1,973,530
Operating expenses	2,710,224
Contingencies	
Agriculture promotion	
Total all funds	$11,029,495
Less estimated income	11,029,495
General fund	$0
FTE	2.00

[1] The following funding is added for 2025-27 biennium salary adjustments of 3 percent on July 1, 2025, and 3 percent on July 1, 2026, and increases in health insurance premiums from $1,643 to $1,893 per month:

	General Fund	Other Funds	Total
Salary increase, subject to union negotiations	$0	$2,545,656	$2,545,656
Health insurance increase	0	1,032,908	1,032,908
Total	$0	$3,578,564	$3,578,564

[2] Funding is added to replace 2023-25 biennium new and vacant FTE pool funding as follows:

	General Fund	Other Funds	Total
Vacant FTE positions	$0	$1,756,563	$1,756,563
New FTE positions	0	2,367,332	2,367,332
Total	$0	$4,123,895	$4,123,895

[3] Funding of $2,716,526 for new FTE positions and estimated savings from vacant FTE positions is removed and funding of $1,973,530 is added for a 2025-27 new and vacant FTE pool line item as follows:

	General Fund	Other Funds	Total
Vacant FTE positions	$0	($2,356,718)	($2,356,718)
New FTE positions	0	(359,808)	(359,808)
Total	$0	($2,716,526)	($2,716,526)
Funding pool line item	0	1,973,530	1,973,530
Net savings	$0	($742,996)	($742,996)

[4] Funding of $359,808 is added for 2 FTE railcar inspector positions.

[5] Funding of $1 million is added for overtime or a 4th shift in milling operations.

[6] Operating funding is added as follows:

	General Fund	Other Funds	Total
IT rate adjustments	$0	$10,224	$10,224
Milling capacity increases, including insurance, utilities, supplies, and other operating expenses	0	2,700,000	2,700,000
Total	$0	$2,710,224	$2,710,224

The Senate version also adds a section regarding the use of funding in the new and vacant FTE pool line item.

2025 HOUSE APPROPRIATIONS

SB 2014

2025 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division
Brynhild Haugland Room, State Capitol

SB 2014
3/12/2025

A BILL for an Act to provide an appropriation for defraying the expenses of the industrial commission and the agencies under its control; relating to confidential and exempt records of the Bank of North Dakota and interest rate buydown limits for the partnership in assisting community expansion fund; elating to a salt cavern underground energy storage research project; to provide for a transfer; to provide an exemption; to provide for a legislative management study; to provide for a legislative management report; and to provide for a report.

8:35 a.m. Chairman Monson called the meeting to order.

Members Present: Chairman Monson, Vice Chair Brandenburg, Representatives: Bosch, Fisher, Kempenich, Meier, Pyle.

Discussion Topics:

- North Dakota Industrial Commission (NDIC) Overview
- Grid Resilience Studies
- Rent and IT Costs for NDIC
- State Revolving Fund Program
- Prairie Dog Funding
- Property Tax
- Bank of North Dakota (BND)
- Legacy Funds
- Cryptocurrency
- Student Loans for ND Universities and Residents
- North Dakota Housing Finance Agency (NDHFA)
- North Dakota Mill and Elevator Association

8:36 a.m. Karen Tyler, Executive Director, North Dakota Industrial Commission, testified in favor and submitted testimony #40928 and #40949.

8:55 a.m. Representative Meier referenced the long sheet #40937.

9:15 a.m. DeAnn Ament, Executive Director, ND Public Finance and Building Authority, testified in favor and submitted testimony #40709.

9:47 a.m. Don Morgan, President & CEO, Bank of North Dakota, testified in favor and submitted testimony #40718 and #40719.

10:32 a.m. Dave Flohr, Executive Director, North Dakota Housing, testified in favor and submitted testimony #40450 and #40451.

10:46 a.m. Brandon Dettlaff, Homeownership Director, North Dakota Housing Financing Agency, testified in favor and continued with testimony #40450.

11:13 a.m. Chairman Monson recessed the meeting.

11:24 a.m. Chairman Monson reconvened the meeting

11:25 a.m. Vance Taylor, President and CEO, North Dakota Mill and Elevator Association, testified in favor and submitted testimony #40694.

11:56 a.m. Cathy Dub, Chief Financial Officer, North Dakota Mill and Elevator Association, testified in favor and continued with testimony #40694.

Additional written testimony:

Laura Lacher, Executive Director, Economic Development Association of North Dakota, submitted testimony in favor #40897.

Adam Mathiak, Fiscal Analyst, Legislative Council, submitted testimony in neutral #40937, #40993, #40966, and #41029.

12:10 p.m. Chairman closed the meeting.

Madaline Cooper, Committee Clerk

2025 Legislature

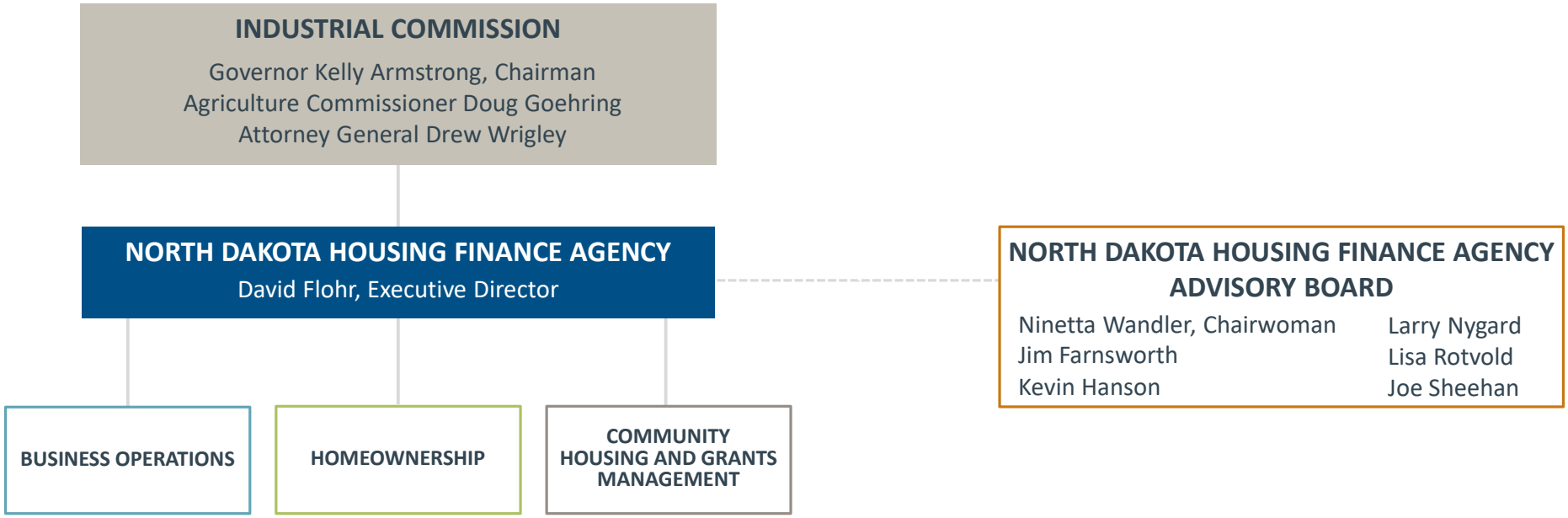
Dave Flohr
Executive Director
701.328.8060
dflohr@nd.gov
www.ndhfa.org

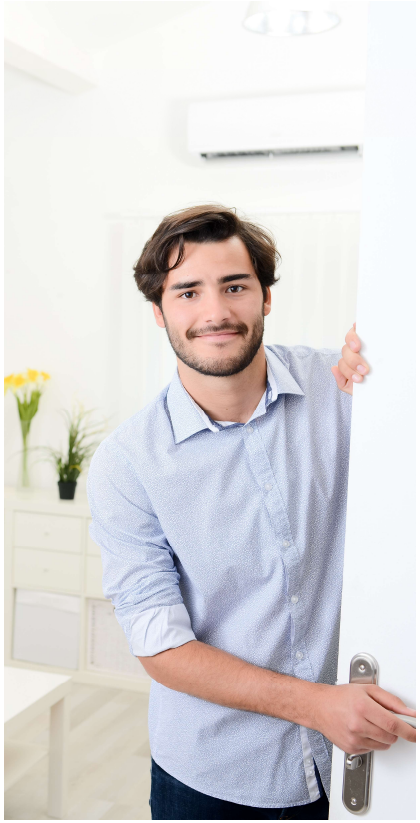
HOUSE APPROPRIATIONS – SB 2014

GOVERNMENT OPERATIONS DIVISION

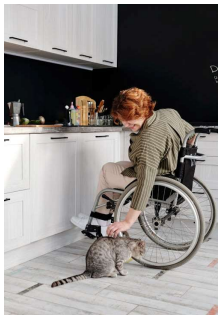
NORTH DAKOTA housing FINANCE AGENCY

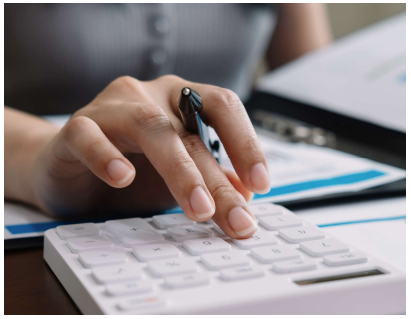
NORTH DAKOTA HOUSING FINANCE AGENCY – FTE COUNT 54











NDHFA Core Operations

Homeownership

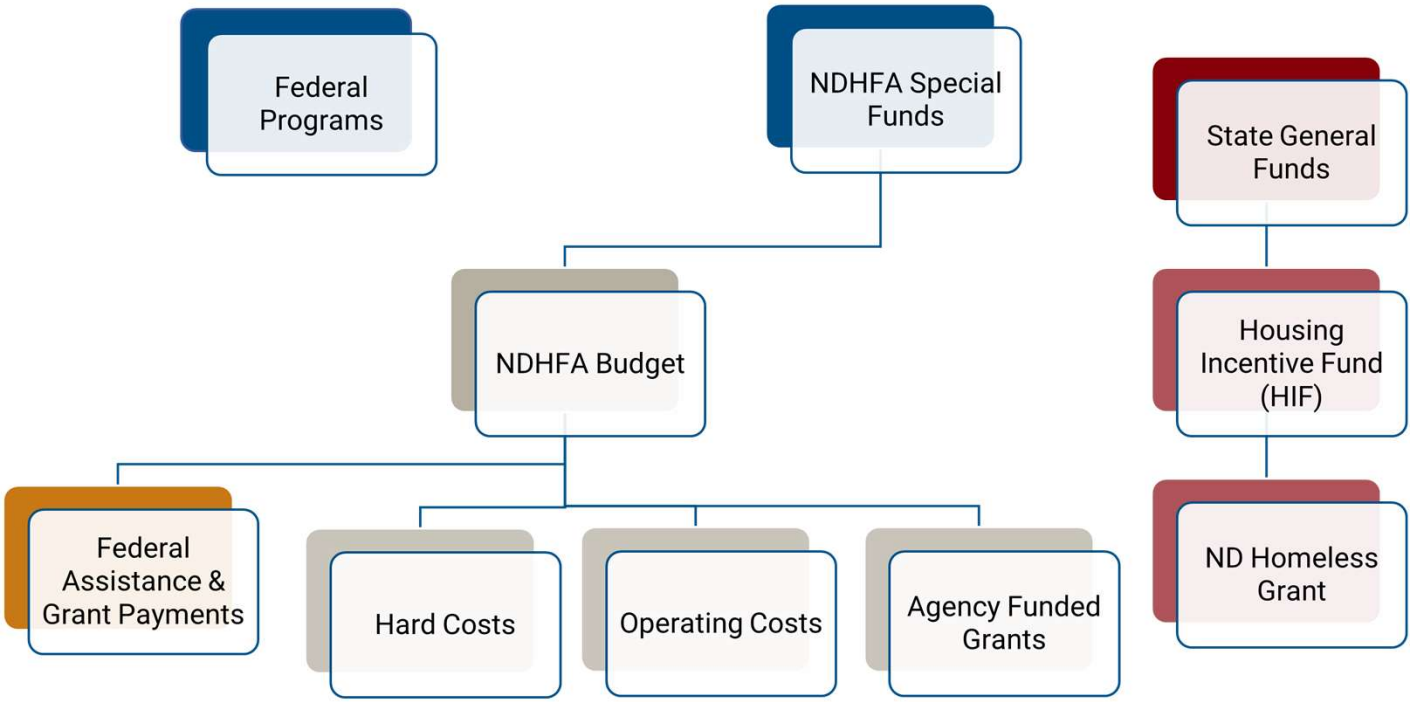
- Acquisition and Loan Servicing

Federal Programs and Grants Management

- Administration and Compliance Monitoring

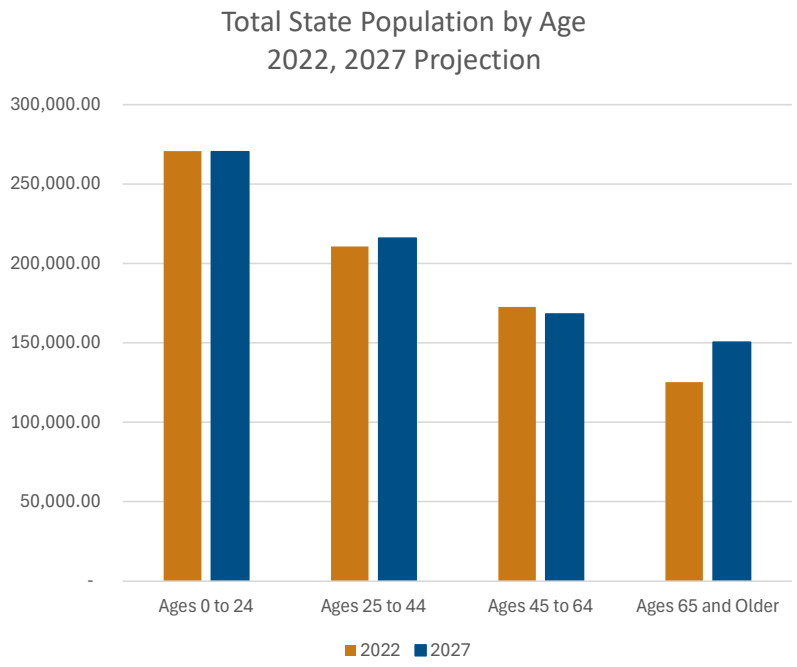
Business Operations

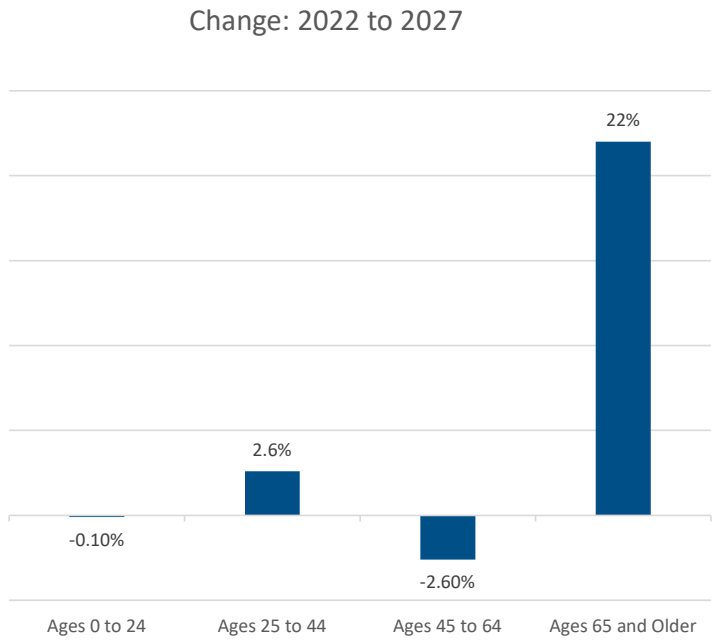
- Support Staff


Federal Programs
NDHFA Special Funds
State General Funds
NDHFA Budget
Housing Incentive Fund (HIF)
Federal Assistance & Grant Payments
Hard Costs
Operating Costs
Agency Funded Grants
ND Homeless Grant

Total state population by age

2022, 2027 projection – and Percent Change from 2022-2027

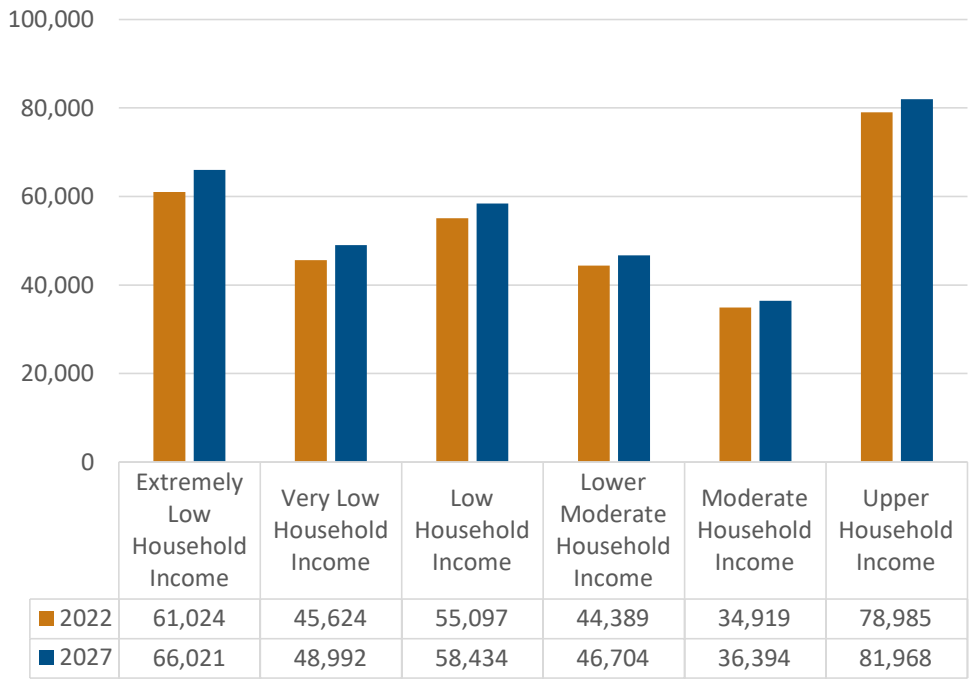




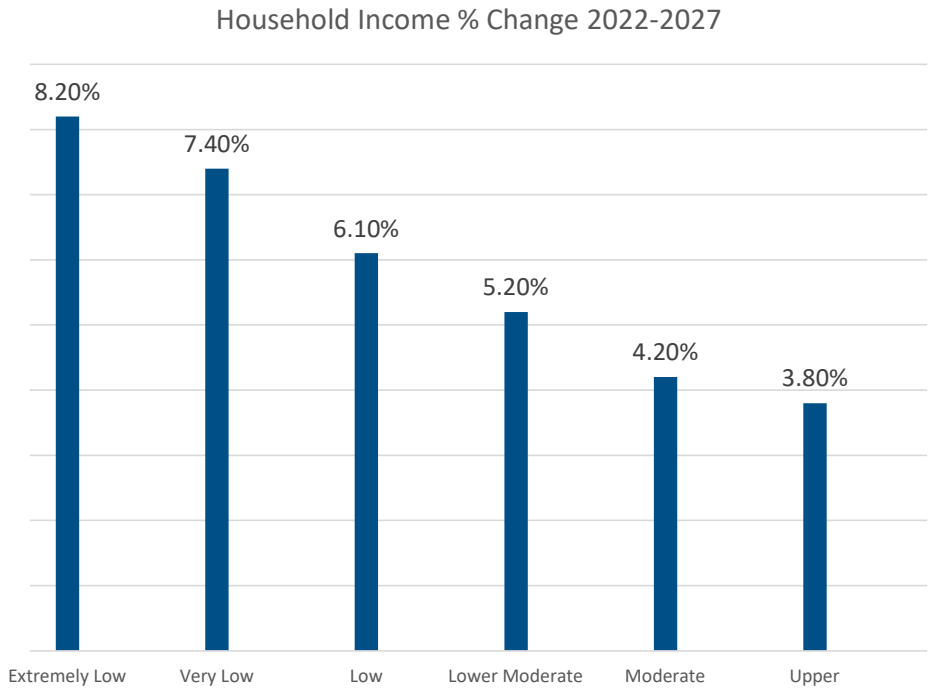
Source: U.S. Census Bureau (2023a) and the NDSU Center for Social Research (2024)

Household income levels in ND

2022 and 2027 Projections



	Extremely Low Household Income	Very Low Household Income	Low Household Income	Lower Moderate Household Income	Moderate Household Income	Upper Household Income
2022	61,024	45,624	55,097	44,389	34,919	78,985
2027	66,021	48,992	58,434	46,704	36,394	81,968



Source: U.S. Census Bureau (2023a) and the NDSU Center for Social Research (2024)

Housing Needs Assessment

Housing priorities may need to focus on lower income households.

Large population of households entering homebuying age.

Projections suggest up to 20,000 housing units (single-and multifamily needed by 2027)

Homeownership Process



Mortgage Revenue Bonds

- A type of municipal bond issued by state or local governments to finance affordable housing initiatives
- Funding vehicle for homeownership programs
- Adds additional IRS regulations
  - Income Limits – 100% to 115% of median income ($103,900-$128,110)
    - Dependent of family size and County
- Tax exemption allows for lower interest rates

Payment Savings



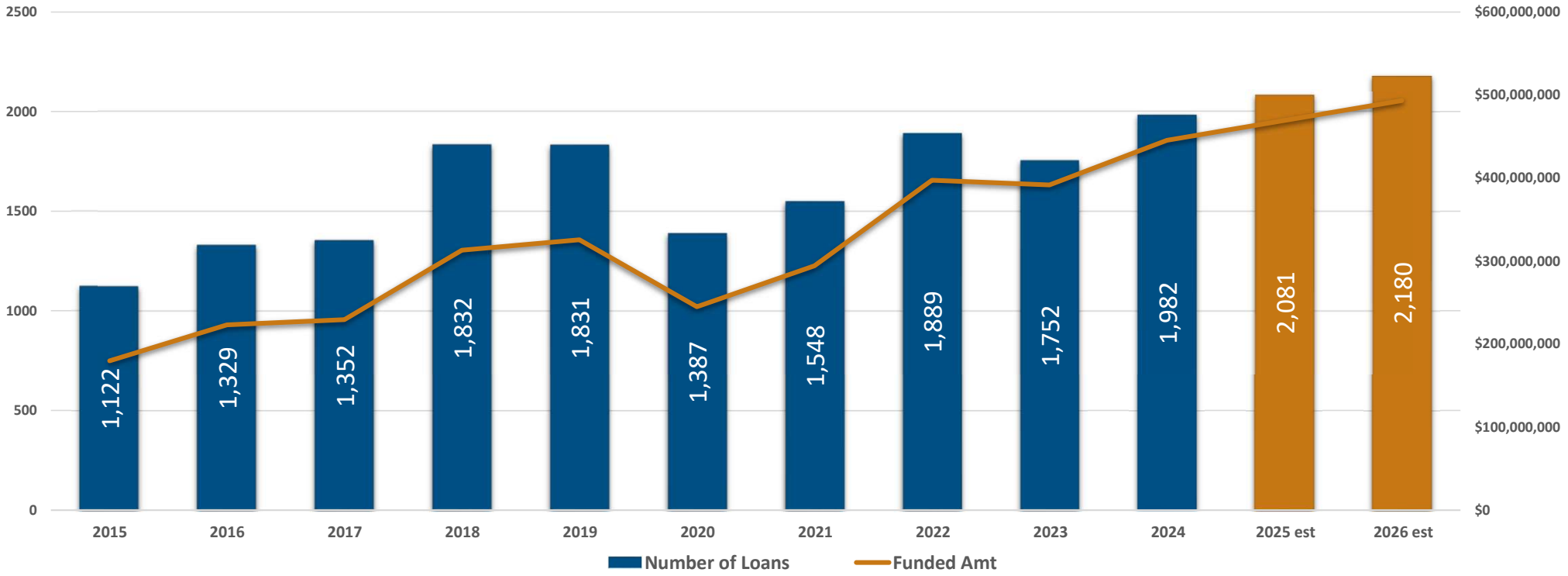
Our average mortgage rate in 2024 averaged 1.25% below market.

- Saves borrowers $180.00/month or $2,160 a year.

Loan Acquisition

- Work with network of Participating Lenders
- Provide loan underwriting services
- Compliance and eligibility monitoring

Loan Production



Loan Acquisition Challenges

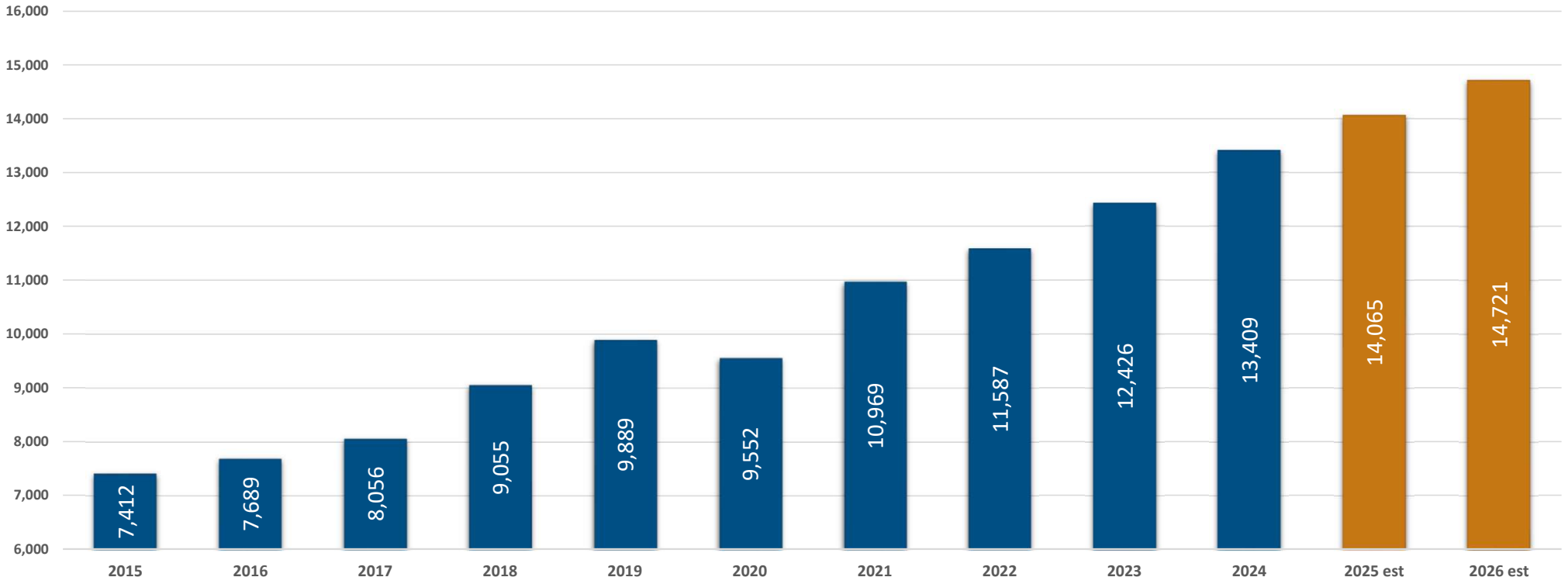
- Compliance reviews prior to loan funding
  - Adequate team members to review files in timely manner
- Underwriting services have increased
  - 32% since 2021
  - 58% since 2023
- Slower loan funding time
  - Issue for borrowers and lenders

Loan Servicing

Key Responsibilities

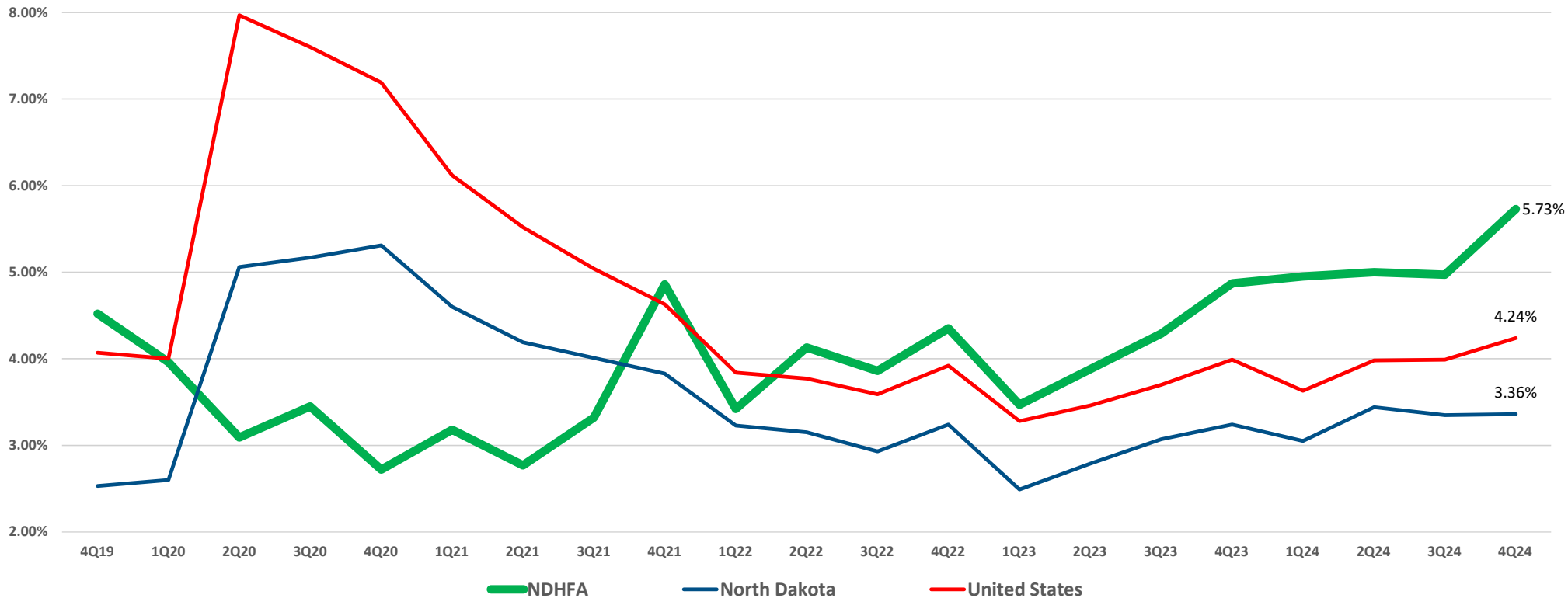
- Payment processing
- Escrow management
- Delinquency management
- Loan record maintenance
- Customer service

Serviced Loans



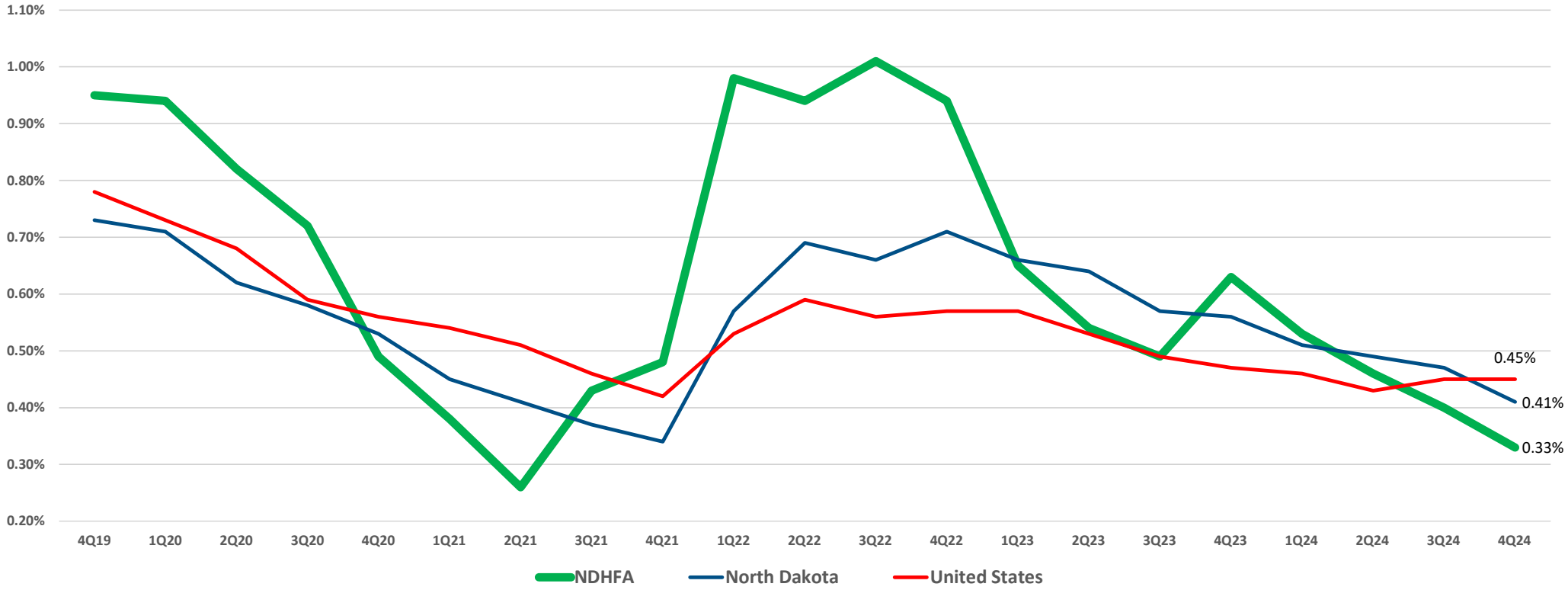
Mortgage Delinquency Rates

Payments 30-90 days late



Mortgage Foreclosure Rates

Payments 120 days or more delinquent



Loan Servicing Challenges

- Continued portfolio growth
- FTE’s to effectively manage portfolio
- Bond regulations
- Federal regulations

Loan Servicing FTEs

Mortgage Bankers Association report

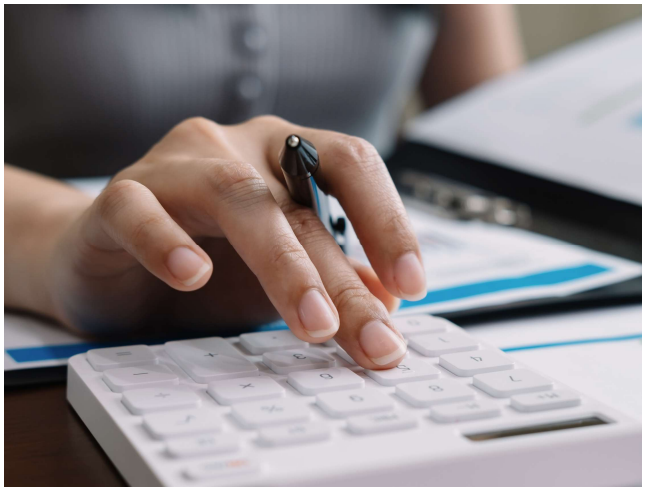
- 835 loans per FTE

NDHFA – 1,054/FTE

- Currently short 3 FTEs
- End of the 2027 biennium short 5 FTEs
- Only asking for 2

Both positions funded exclusively with agency earnings, no general fund dollars.









Homeownership FTE Need

Governor's budget listed 2 FTEs

SB2014 approved 2 FTEs

What we need:

- 2 Loan Servicing Specialists
- 1 Senior Bond Accountant
- 1 Business Analyst

All 4 FTEs will be paid exclusively from agency earnings, no general fund dollars.

Effects of no new FTE's

- Reduced access to affordable financing
  - Due to reduction our program availability
- Higher barriers to entry for first-time homebuyers
  - Higher interest rates
  - Lack of down payment assistance
- Reduced economic growth

Economic Impact of Lower Interest Rates

Lower rate in 2024
(1.25% below market)
= $4.3M

Lower rate since 2020
(1% below market)
= $14.6M

Economic Impact of Buying a Home in 2024

HOME PURCHASE RELATED =
$5,460.00/HOME



MULTIPLIER EFFECT =
$92,300.00/HOME



In 2024, NDHFA's homeownership programs generated a $183M economic impact for the state of North Dakota.

Community Housing and Grants Management

- Multifamily Development and Rehabilitation
- Multifamily Compliance
- HUD Project Based Rental Assistance Contracts
- Single-Family Development
- Homeowner Rehabilitation and Accessibility
- Homeless Response

Community Housing and Grants Management Process







Develop allocation plans that address the state's housing priorities.

Execute award contracts with top scoring applications.

Reimburse contracts for eligible expenses, construction monitoring and project completion.

Ongoing monitoring for program compliance.

Multifamily Development and Rehabilitation Programs

Low Income Housing Tax Credit
- Federal
- $3 million

HOME
- Federal
- $3 million

Housing Trust Fund
- Federal
- $3 million

Housing Incentive Fund
- State
- Varies



Annually receive 8-20 applications representing (500-1000 units)



Projects are selected competitively based on ability to best address housing priorities and financial feasibility.



Annually 4-6 projects are selected for approval. (250-500 units)



23 projects under various phases of construction (1046 units)

Multifamily Pipeline Demand

Program	# of apps	Request	Available	Unfunded
Low Income Housing Tax Credit (federal)	22	$20,727,710	$7,358,172	$13,369,538
HOME (federal)	17	$17,027,069	$4,690,866	$12,336,203
National Housing Trust Fund (federal)	12	$18,432,666	$5,925,166	$12,507,488
Housing Incentive Fund (state funded)	18	$20,567,605	$12,097,994	$8,469,611

2023-2025 Unfunded Applications =14 Projects/ 522 Units
$46,682,840

Multifamily Compliance

11,000 Affordable Housing Units

- 1,044 Projects (9,500 Units) Multifamily Development Programs
- 83 Projects (2,400 Units) Project-Based Rental Assistance Contracts

Conduct Onsite Physical Inspections

Review Tenant Eligibility

Ensure Owners/Managers are meeting program obligations and commitments made.

Tenant/Landlord Rights

Homeowner Rehabilitation/Accessibility

Homeowner Rehabilitation Programs

- Funding to support Community Action Agency programs.
- Provide assistance to low-income homeowners.
- Roof replacement, building system replacement.
- Assist on average 100 households per year.

Rehab Accessibility Program

- Provides grant assistance to homeowners or renters for accessibility upgrades to home.
- 50% of funding goes towards bathroom accessibility.
- Average 25 households served per year.
- FY 2025 increased funding level to serve more households.

ND Continuum of Care (ND CoC)

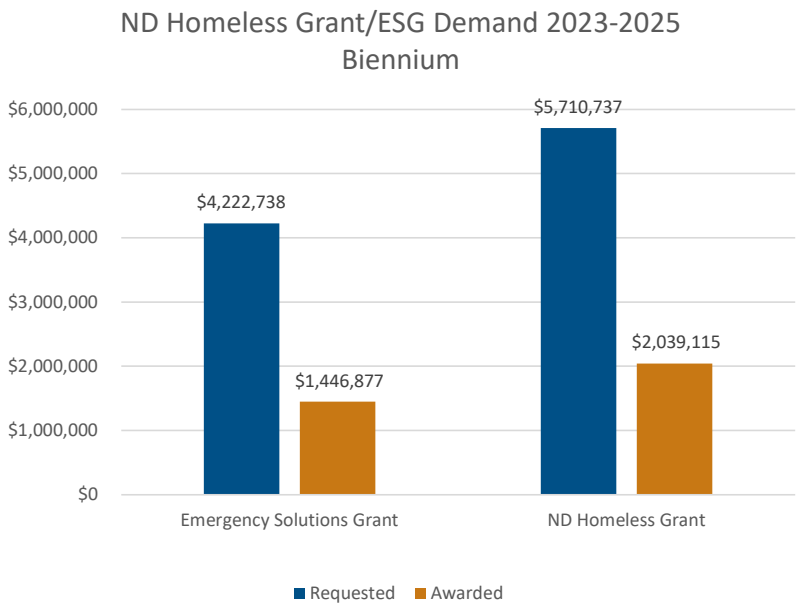
ND CoC public/private organizations that plan and provide a homeless response system dedicated to preventing and ending homelessness in ND.

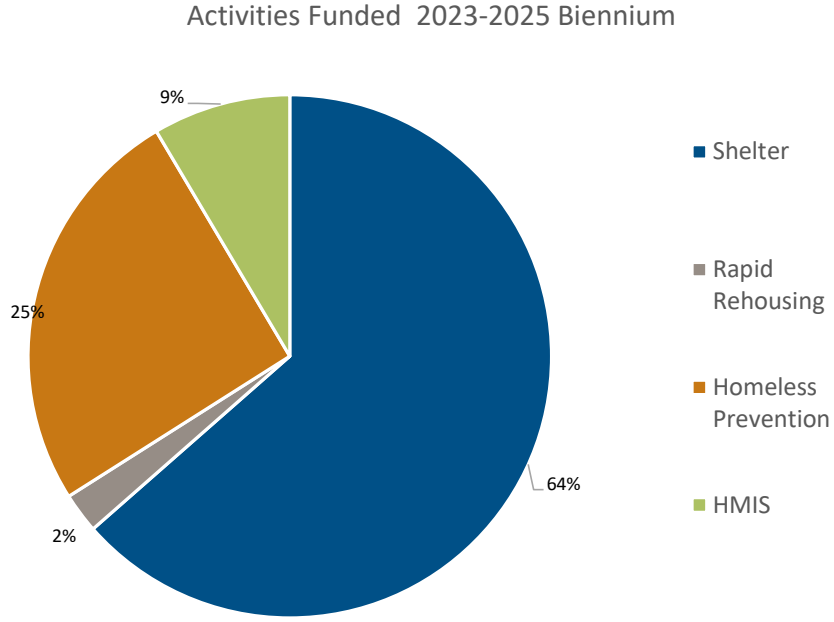


CoC organizations utilize state, federal, local and charitable funds to support operations including, emergency shelter, street outreach, transitional housing, supportive housing, short term rental assistance, housing supports and case management services.

ESG/NDHG Funding

Emergency Solutions Grant (ESG) and North Dakota Homeless Grant (NDHG) provide funding to local non-profit organizations to support individuals and families experiencing homelessness and those who are at-risk of homelessness by funding emergency shelter operations, housing stabilization and case management services, including short term rental assistance.





Community Housing and Grants Management Division Requests

- HIF appropriation $40 million
- North Dakota Homeless Grant $10 million
- Transfer of Homeless Grant to HIF
- 1 FTE- Homeless Programs

Agency Budget Request

	23-25 Base Budget	Governor Armstrong	Senate Version	Agency Request
Salaries & Wages	11,413,354	14,131,527	14,093,671	14,535,873
Operating	10,903,883	9,470,176	9,470,176	9,470,176
Capital Assets	20,000	20,000	20,000	20,000
Grants	48,805,110	46,105,110	46,105,110	46,105,110
HFA Contingency	100,000	100,000	100,000	100,000
Total Appropriation	**71,242,347**	**69,826,813**	**69,788,957**	**70,231,159**
Federal	48,076,176	47,333,539	47,333,543	47,333,539
Special	20,666,171	22,493,274	22,455,414	22,897,620
General	2,500,000	-	-	-
Total Funding Sources	**71,242,347**	**69,826,813**	**69,788,957**	**70,231,159**
FTE	**54**	**56**	**57**	**59**

Housing Incentive Fund Transfer Request

Housing Incentive Fund	23-25 HIF Transfer	Governor Armstrong	Senate Version	Agency Request
Housing Development	13,750,000	25,000,000	25,000,000	40,000,000
Homeless	-	10,000,000	10,000,000	10,000,000
Total Appropriation	**13,750,000**	**35,000,000**	**35,000,000**	**50,000,000**

FTE Request

Position	FTE	Senate Version	FTE	Additional Agency Request	Total Special Funds
Homeownership Specialist	1	184,796			184,796
Accountant	1	257,410			257,410
Program Manager - Homeless	1	213,880			213,880
Business Analyst			1	257,408	257,408
Homeownership Specialist			1	184,794	184,794
Additional Agency Request	**3**	**656,086**	**2**	**442,202**	**1,098,288**

Salary and Wages Line

	FTE	Governor Armstrong	Senate Version	Agency Request
23-25 Salary and Benefits Base	**54**	**11,413,354**	**11,413,354**	**11,413,354**
Restore Vacant FTE Pool		465,165	465,165	465,165
Restore New FTE Pool		986,476	986,476	986,476
Health Insurance Increase		336,296	336,296	336,296
Gov Recommended salary adjustments		488,030	488,030	488,030
FTE - Homeownership Specialist	1	184,796	184,796	184,796
FTE - Accountant	1	257,410	257,410	257,410
FTE - Program Manager - Homeless	1		213,880	213,880
FTE - Homeownership Specialists	1			184,794
FTE - Business Analyst	1			257,408
2025-27 new and vacant FTE Pool Vacant			(186,127)	(186,127)
2025-27 new and vacant FTE Pool New			(65,609)	(65,609)
Total Salary and Benefits Line	**59**	**14,131,527**	**14,093,671**	**14,535,873**
Federal		2,217,048	2,217,052	2,217,048
Special *		11,914,479	11,876,619	12,318,825
General		-	-	-
Total Funding Sources	**-**	**14,131,527**	**14,093,671**	**14,535,873**

* Agency Revenues

FTE Pool

Combined New FTE / Vacant FTE pool			
	New FTE	**Vacant FTE**	**Total**
Appropriation Reduction	986,476	465,165	1,451,641
Pool Reduction	(161,864)	(76,334)	(238,198)
FTE Pool Available	824,612	388,831	1,213,443
Requests:			
July 1, 2023 Vacant		465,165	465,165
New FTE			
Compliance Specialist	203,797		203,797
Business Analyst	228,980		228,980
Business Analyst	180,141		180,141
Budget: Compliance Specialist			
Hire: Homeownership Specialist	106,356		106,356
Budget: Homeownership Specialist			
Hire: Compliance Specialist	29,004		29,004
			-
Total Pool Requests	748,278	465,165	1,213,443
Balance Remaining	**76,334**	**(76,334)**	**-**
Total Pool Requests	748,278	465,165	1,213,443
Balance Remaining	**76,334**	**(76,334)**	**-**

Turnover	
Retirements	7.41%
Voluntary	11.11%
Other	3.70%
Total Turnover	22.22%
Vacancy Rate	1.85%
Average Days Vacant	45
Average Monthly Vacancies	1

Onboarding	
New FTE	5
Vacant FTE	14
Total Onboarded	19

Operating Line

	Governor Armstrong	Senate Version	Agency Request
23-25 Operating Base	**10,903,883**	**10,903,883**	**10,903,883**
IT Rate Adjustment	44,453	44,453	44,453
Required reduction (3% special fund) Operating Line	(460,647)	(460,647)	(460,647)
Base Reallocation (federal to special) Operating Line	(1,017,513)	(1,017,513)	(1,017,513)
Total Operating Line	**9,470,176**	**9,470,176**	**9,470,176**
Federal	461,381	461,381	461,381
Special *	9,008,795	9,008,795	9,008,795
General			
Total Funding Sources	**9,470,176**	**9,470,176**	**9,470,176**

* Agency Revenues

Grants Line

	Governor Armstrong	Senate Version	Agency Request
23-25 Grants Base	**48,805,110**	**48,805,110**	**48,805,110**
Required reduction (3% special fund) Agency Grants	(200,000)	(200,000)	(200,000)
ND Homeless Grant increase	7,500,000	7,500,000	7,500,000
Move ND Homeless Grant to HIF	(10,000,000)	(10,000,000)	(10,000,000)
Total Grants Line	**46,105,110**	**46,105,110**	**46,105,110**
Federal	44,655,110	44,655,110	44,655,110
Special *	1,450,000	1,450,000	1,450,000
SIIF	-	-	-
Total Funding Sources	**46,105,110**	**46,105,110**	**46,105,110**

* Agency Revenues

Housing Incentive Fund

	Governor Armstrong	Senate Version	Agency Request
Housing Incentive Fund			
Transfer to HIF - Multi and Single Family Development	25,000,000	25,000,000	40,000,000
Transfer to HIF - Homeless Programs	10,000,000	10,000,000	10,000,000
Total Housing Incentive Fund Transfer	**35,000,000**	**35,000,000**	**50,000,000**
General	35,000,000	10,000,000	50,000,000
SIFF	-	25,000,000	-
Total Funding Sources	**35,000,000**	**35,000,000**	**50,000,000**

Summary of Agency Requests

- 5 FTEs
- Continuing appropriation language
- HIF appropriation - $40 million
- ND Homeless Grant - $10 million
- Transfer of ND Homeless Grant to HIF

Contact Information

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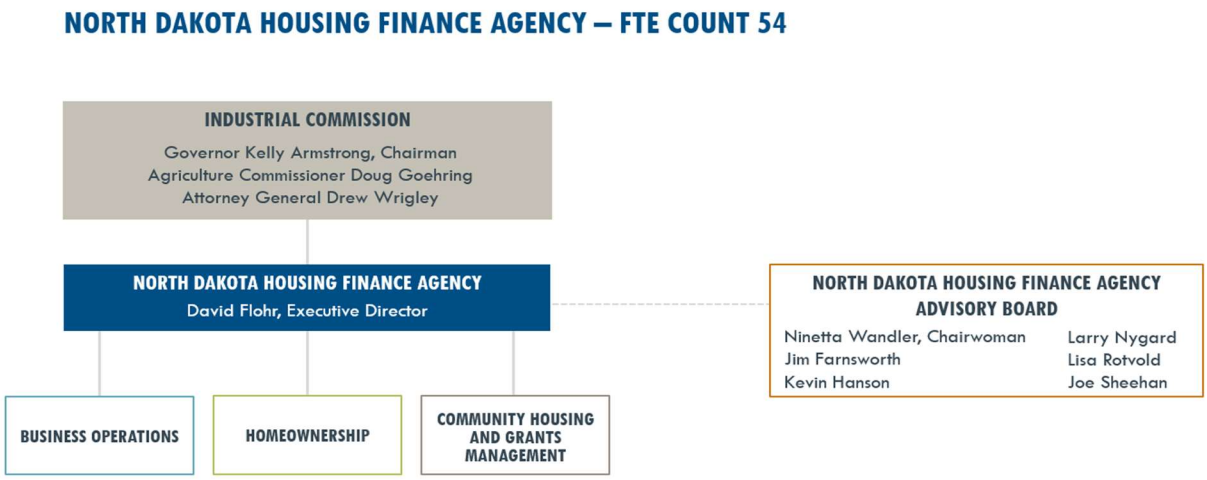
NORTH DAKOTA housing FINANCE AGENCY

NORTH DAKOTA HOUSING FINANCE AGENCY MARCH 12, 2025
DIVISION OF THE STATE INDUSTRIAL COMMISSION
BUDGET NO. 473.0
SB 2014 - TESTIMONY OF DAVID A. FLOHR, EXECUTIVE DIRECTOR
HOUSE APPROPRIATIONS – GOVERNMENT OPERATIONS DIVISION

1. NORTH DAKOTA CENTURY CODE CHAPTER(S) ASSOCIATED WITH NDHFA

N.D.C.C. 54-17-01 Industrial Commission to act as a state housing finance agency
54-17-07.3-13 Housing finance programs
54-17-40 Housing Incentive Fund – Continuing Appropriation



Agency Purpose and Overview

North Dakota Housing Finance Agency (NDHFA) is dedicated to making housing affordable for all North Dakotans. NDHFA provides affordable home financing to low- to moderate-income families and helps to ensure the continued availability of suitable rental housing for households of modest means, while focusing on the overall housing needs of our state's growing communities.

NDHFA was created in 1980 by an initiated measure supported by the state's real estate, homebuilding, and banking associations. NDHFA's advisory board is made up of representatives of the real estate, lending, homebuilding, and manufactured housing industries, and the public. Business operations are funded by agency generated revenue and federal administrative reimbursement.

NDHFA issues/sells Mortgage Revenue Bonds and Mortgage-Backed Securities to investors and uses the proceeds to purchase from participating private-sector lenders the mortgages of

homebuyers. NDHFA's operating expenses are covered by the spread between what we pay investors and the interest rate on the underlying mortgages. NDHFA also generates revenue by servicing mortgage loans. Over 54,000 homebuyers have utilized NDHFA's homeownership programs since our first bonds were issued in 1982.

NDHFA's multifamily development programs, the federal Low Income Housing Tax Credit, National Housing Trust Fund, HOME Investment Partnerships Program and North Dakota's Housing Incentive Fund (HIF), have supported the development of more than 11,000 affordable rental units since 1986. These programs provide low- to very low-income households with affordable rental options along with supportive services, as needed. Expenses are paid through administrative fees earned under the programs. NDHFA is also a contract administrator for the U.S. Department of Housing and Urban Development (HUD) under their Performance-Based Contract Administration program monitoring 2,500 rent-assisted units.

NDHFA acts as the Collaborative Applicant for the state's Homeless Continuum of Care (CoC). The CoC's geographic area encompasses all 53 of North Dakota's counties, its cities, towns, and unincorporated areas, as well as the 5 federally recognized tribes. NDHFA also administers the HUD Emergency Solutions Grant program and the North Dakota Homeless Grant on behalf of the state.

In 2024, in conjunction with the NDSU's Center for Social Research, NDHFA conducted an update of the Statewide Housing Needs Assessment. The most significant assessment highlights follow, all of which indicate a growing need for our programs.

- The state has a large population of young people entering the home buying stage of their life over the next decade.
- Population projections show the largest increases by income will be in extremely low-income to moderate-income households.
- The state's aging housing stock will present issues that will impact the quality of our housing inventory in the future.

The results of the Assessment helped NDHFA to focus as we prepared our budget request. Based on these expected trends and looking to the future, we request the following:

- FTE flexibility to meet investor, bond, and regulatory requirements and ensure quality service to citizens.
- Adequate compensation for existing staff and new hires.
- Increase funding for the North Dakota Homeless Grant to $10 million and move into HIF for accountability.

- Increase funding for HIF to $40 million to be used for single-family and multifamily development.

Homeownership

NDHFA helps North Dakotans achieve successful homeownership with homebuyer education, down payment and closing cost assistance, and affordable mortgage loans. More than 54,000 North Dakota households have achieved their homeownership dreams with NDHFA's support. The agency also manages the loans it acquires and is responsible for the servicing of over 15,000 mortgage loans, ensuring continued support for homeowners across the state.

Community Housing and Grants Management

NDHFA is charged with addressing the state's changing housing needs, including addressing a shortage of housing for the workforce and low- to moderate-income households, and providing technical assistance to communities struggling to address their housing needs. NDHFA's community housing and grants management division is committed to providing financing for affordable rental housing development and the preservation of the state's existing housing stock by supporting property improvements and extensions of rental assistance.

Compliance Monitoring

NDHFA provides regulatory oversight of privately-owned properties for thousands of individuals and families designed to offer modestly priced housing opportunities for low-income families, seniors, and individuals with disabilities. Working closely with federal agencies, NDHFA ensures that these rental housing options are safe, clean, and accessible.

Homeless Programs

The CoC is comprised of representatives of public and private organizations that come together to plan for and provide a homeless response system that is dedicated to preventing and ending homelessness in the state of North Dakota. Emergency Solutions Grant and North Dakota Homeless Grant provide funding to CoC organizations to support individuals and families experiencing homelessness and those who are at-risk of homelessness by funding emergency shelter operations, housing stabilization and case management services. These programs support North Dakota Health and Human Services (HHS) in meeting the requirements of the Department of Justice settlement. NDHFA-funded programs also support the work of HHS's Free through Recovery and Community Connect programs and help the Department of Corrections and Rehabilitation reestablish justice-involved individuals.

2. FINANCIAL AUDIT FINDINGS

There were no findings in NDHFA's audit of financial statements for the years ended June 30, 2023, and 2024.

3. CURRENT BIENNIUM ACCOMPLISHMENTS, CHALLENGES AND NEXT BIENNIUM GOALS AND PLANS

MAJOR ACCOMPLISHMENTS

- The homeownership portfolio grew 15.7%.
- New programs - transferred Commerce's Emergency Solutions Grant and North Dakota Homeless Grant programs to NDHFA improving efficiency of program delivery for homeless service providers.
- Oversaw completion of 368 new/rehabilitated affordable multifamily units.
- Statewide Housing Needs Assessment updated.

NEXT BIENNIUM GOALS AND PLANS

Findings in the 2024 Statewide Housing Needs Assessment update indicate:

- The state has a large population of young people entering the home buying stage of their life over the next decade.
- Projections show the largest population increases by income will be in extremely low-income to moderate-income households.
- Aging housing stock and the cost of new construction presents issues with quality housing inventory in the future.
- The population 65 and older will grow more than any other population segment.
- The Assessment update indicates up to 20,000 new homes could be needed to meet statewide demand through 2027.

Based on the Assessment forecast and NDHFA's Strategic Plan our goals and plans follow:

- Homeownership programs and multifamily and single-family development - continuing quality service to North Dakota citizens while working to meet investor, bond/agency rating, and federal regulatory guidelines. Having adequate staff and flexibility to accomplish this is vital.
- FTEs, Compensation, and Succession Planning – properly compensate staff to continue our mission. Continue succession planning to address upcoming retirements of key personnel.

- HIF – with adequate funding, HIF can be utilized to fill gaps that federal housing programs cannot support, assisting community efforts to provide housing that support workforce recruitment efforts and preserving existing affordable housing particularly in rural communities. If $40 million were allocated this is an estimate of possible housing production:

Housing Type	Amount	Purpose
Single-family	$10 million	60-70 homes, create 1-2 homes in each of 30 to 70 communities, addresses appraisal gaps and supply, revolving funds
Multifamily	$30 million	Rehab and new construction of MF, create or preserve approximately 200 units – used to leverage other funds

- Increase funding and transfer the North Dakota Homeless Grant allocated funding to HIF to provide efficient administration, accountability, and transparency. NDHFA is required to provide a biannual program activity report to the Legislature and a separate annual financial audit.

4. COMPARE NDHFA'S REQUEST/RECOMMENDATION TOTALS, INCLUDING FTE POSITIONS FOR THE NEXT BIENNIUM COMPARED TO THE CURRENT BIENNIUM

	23-25 Base Budget	Governor Armstrong	Senate Version	Agency Request
Salaries & Wages	11,413,354	14,131,527	14,093,671	14,535,873
Operating	10,903,883	9,470,176	9,470,176	9,470,176
Capital Assets	20,000	20,000	20,000	20,000
Grants	48,805,110	46,105,110	46,105,110	46,105,110
HFA Contingency	100,000	100,000	100,000	100,000
Total Appropriation	**71,242,347**	**69,826,813**	**69,788,957**	**70,231,159**
Federal	48,076,176	47,333,539	47,333,543	47,333,539
Special	20,666,171	22,493,274	22,455,414	22,897,620
General	2,500,000	-	-	-
Total Funding Sources	**71,242,347**	**69,826,813**	**69,788,957**	**70,231,159**
FTE	**54**	**56**	**57**	**59**

Housing Incentive Fund	23-25 HIF Transfer	Governor Armstrong	Senate Version	Agency Request
Housing Development	13,750,000	25,000,000	25,000,000	40,000,000
Homeless	-	10,000,000	10,000,000	10,000,000
Total Appropriation	**13,750,000**	**35,000,000**	**35,000,000**	**50,000,000**

5. NEW POSITIONS ADDED IN 2023

New FTE Pool			
New FTE Pool Calculation	**Budget Reduction**	**Amount in NDHFA Pool**	**Appropriation Reduction**
90% of new FTE	986,476	824,612	161,864

Position	Budget Amount	New FTE Pool Request	Position filled date
Business Analyst	233,296	228,980	Oct-23
Business Analyst	233,296	180,141	Jan-24
Compliance Specialist	218,908	203,797	Jul-23
Budget: Compliance Specialist **Hire:** Homeownership Specialist	218,908	106,356	Apr-24
Budget: Homeownership Specialist **Hire:** Compliance Specialist	*82,068*	*49,966*	Jan-25
Reduction: FTE Pool limit		*(20,962)*	
Total	**986,476**	**748,278**	**226,695**

6. EMPLOYEE TURNOVER AND VACANT POSITIONS

Vacant FTE Pool			
Position	**Budget Amount**	**New FTE Pool Request**	**Position filled date**
Compliance Accountant	261,502	248,079	Jul-23
Agency Accountant	244,076	220,227	Jul-23
Reduction: Vacant FTE limit		*(3,141)*	
Total	**505,578**	**465,165**	**90,276**

Vacant FTE Pool Calculation	Budget Reduction	Amount in NDHFA Pool	Appropriation Reduction
75% of vacant FTE	465,165	388,831	76,334

	Percentage of Salary Base	Vacant FTE per Month	Authorized FTE
Vacancy Rate Assigned	4.50%	2.43	
23-25 Biennium Vacancy Rate Estimate	1.85%	1	54
21-23 Biennium Vacancy Rate Actual	1.28%	0.625	49

Turnover - 23-25 Biennium to Date	
Retirements	**7.41%**
Voluntary	**11.11%**
Involuntary / Other	**3.70%**
Total Turnover	**22.22%**

Vacancy Savings Reported to OMB	
Estimate through June 2025	394,347
Vacancy Savings Used:	
Salary Increases (workload adjustments, new hire adjustments)	47,557
Reclassifications (changes in duties / structure)	34,763
Temp Salaries	252,736
New FTE - Pool Shortage	20,962
Vacancy Pool Shortage	3,141
Total Used	359,159
Remaining Balance	**35,188**
Percentage of Salary Base for Vacant Pool Calculation	**0.340%**

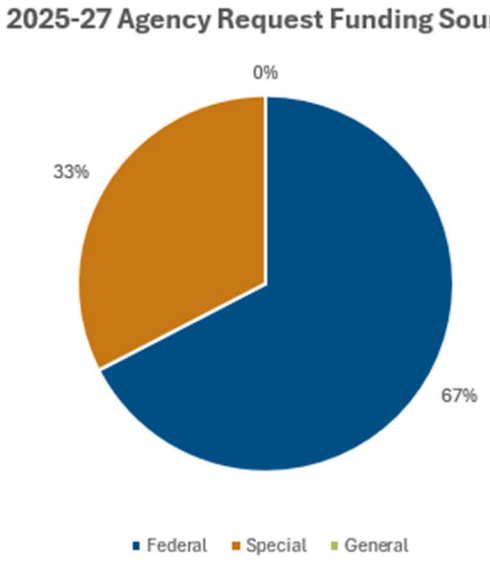
Combined New FTE / Vacant FTE pool			
	New FTE	**Vacant FTE**	**Total**
Appropriation Reduction	986,476	465,165	1,451,641
Pool Reduction	(161,864)	(76,334)	(238,198)
FTE Pool Available	824,612	388,831	1,213,443
Requests:			
July 1, 2023 Vacant		465,165	465,165
New FTE			
Compliance Specialist	203,797		203,797
Business Analyst	228,980		228,980
Business Analyst	180,141		180,141
Compliance / Homeownership Specialist	106,356		106,356
Homeownership / Compliance Specialist	29,004		29,004
			-
Total Pool Requests	748,278	465,165	1,213,443
Balance Remaining	**76,334**	**(76,334)**	**-**

7. FUNDING INCLUDED IN EACH PROGRAM/LINE ITEM

A. AMOUNTS INCLUDED IN THE BASE BUDGET AND THEIR PURPOSE AND USE.

NDHFA's special fund base budget is funded with mortgage program revenues and administrative fees that cover the costs associated with NDHFA operations and the administration of programs.

NDHFA receives federal funding from HUD. The funding received is used for rental assistance payments, multifamily development, homeless services, and administrative costs incurred by NDHFA.



	2025-27 Agency Request
Federal	47,333,539
Special	22,897,620
General	-
Total Funding Sources	**70,231,159**

B. AMOUNTS INCLUDED IN THE EXECUTIVE BUDGET AND JUSTIFICATION FOR THE CHANGE FROM THE BASE BUDGET. DISCUSS CHANGES RELATING TO:

(1) SALARIES AND WAGES

	FTE	Governor Armstrong	Senate Version	Agency Request
23-25 Salary and Benefits Base	**54**	**11,413,354**	**11,413,354**	**11,413,354**
Restore Vacant FTE Pool		465,165	465,165	465,165
Restore New FTE Pool		986,476	986,476	986,476
Health Insurance Increase		336,296	336,296	336,296
Gov Recommended salary adjustments		488,030	488,030	488,030
FTE - Homeownership Specialist	1	184,796	184,796	184,796
FTE - Accountant	1	257,410	257,410	257,410
FTE - Program Manager - Homeless	1		213,880	213,880
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2025-27 new and vacant FTE Pool Vacant			(186,127)	(186,127)
2025-27 new and vacant FTE Pool New			(65,609)	(65,609)
Total Salary and Benefits Line	**59**	**14,131,527**	**14,093,671**	**14,535,873**
Federal		2,217,048	2,217,052	2,217,048
Special *		11,914,479	11,876,619	12,318,825
General		-	-	-
Total Funding Sources	**-**	**14,131,527**	**14,093,671**	**14,535,873**

* Agency Revenues

The change related to salary and wages is due to our request for an additional FTE, restoring the amount removed for the FTE pool. No increase is included for the Governor's compensation package or for a health insurance cost increase due to the time of the Governor's budget release.

NDHFA currently has 1 vacant FTE position and has already made one attempt to fill the position and intends to fill it before the biennium end. NDHFA budget request includes 5 FTEs. Without adequate staffing for our homeownership programs and business operations, NDHFA may need to limit the number of mortgages purchased from our lending partners and will struggle to accomplish the following:

- Meet investor, bond rating, and federal regulatory guidelines.
- Maintain quality service to citizens and our housing partners.
- Manage future housing market growth and address succession planning needs.
- Provide NDHFA-funded programs.

The entire cost of the additional FTEs will be paid exclusively by agency revenues.

(2) OPERATING EXPENSES

	Governor Armstrong	Senate Version	Agency Request
23-25 Operating Base	**10,903,883**	**10,903,883**	**10,903,883**
IT Rate Adjustment	44,453	44,453	44,453
Required reduction (3% special fund) Operating Line	(460,647)	(460,647)	(460,647)
Base Reallocation (federal to special) Operating Line	(1,017,513)	(1,017,513)	(1,017,513)
Total Operating Line	**9,470,176**	**9,470,176**	**9,470,176**
Federal	461,381	461,381	461,381
Special *	9,008,795	9,008,795	9,008,795
General			
Total Funding Sources	**9,470,176**	**9,470,176**	**9,470,176**

* Agency Revenues

Loan Servicing Direct Operating Costs	**Total**
SRP	6,658,566
Loan Loss - Agency Loans, Foreclosures, GNMA, Guarantees	20,000
Misc. Loan Loss	40,000
Reinstatement Fees	20,000
Service / Commitment Fees	33,300
Total	**6,771,866**
Remaining Agency Operating Cost	**2,698,310**

Agency operating decrease was required per Governor Burgum mandate. The largest portion of the Agency's direct operating costs is mortgage loan servicing.

(3) GRANTS

	Governor Armstrong	Senate Version	Agency Request
23-25 Grants Base	**48,805,110**	**48,805,110**	**48,805,110**
Required reduction (3% special fund) Agency Grants	(200,000)	(200,000)	(200,000)
ND Homeless Grant increase	7,500,000	7,500,000	7,500,000
Move ND Homeless Grant to HIF	(10,000,000)	(10,000,000)	(10,000,000)
Total Grants Line	**46,105,110**	**46,105,110**	**46,105,110**
Federal	44,655,110	44,655,110	44,655,110
Special *	1,450,000	1,450,000	1,450,000
SIIF	-	-	-
Total Funding Sources	**46,105,110**	**46,105,110**	**46,105,110**

* Agency Revenues

Agency Grant decrease was required per Governor Burgum mandate. The other changes relate to increase of funding for the NDHG and moving the funding to HIF.

(4) FTE

NDHFA is requesting 5 new FTEs. The additional FTEs will increase the base budget by $1,098,284 which will be funded exclusively with agency revenue.

Homeownership Programs – Loan Specialist 2 FTEs

In the private market, the standard employee-to-loan servicing ratio is 1:835. By comparison, NDHFA currently manages 1,031 loans per FTE. Over the next two years, NDHFA expects loan servicing to grow by 4% annually, contingent on market conditions. By 2026, the agency projects servicing 14,721 loans with 13 employees in its servicing department, equating to 1,132 loans per FTE. This represents a workload 35% higher per FTE than the private market standard.

Accounting – Accountant 1 FTE

With the addition of the North Dakota Homeless Grant and Emergency Solutions Grant over the last biennium along with the increase in the pipeline for new loans to be serviced and the serviced mortgage portfolio, the workload can no longer be managed with the current staff level. This is necessary to ensure the agency can meet its obligations when it comes to auditors, bond investors and other regulatory requirements.

Technology –Business Analyst 1 FTE

The NDHFA-serviced mortgage portfolio and trust accounting operate using internally developed software specific to a servicing company. Given the increase in the mortgage portfolio serviced over the last several years, the current workload can no longer be managed with the current staff level. This position will help to accommodate the demand for mortgages among low-to-moderate-income homebuyers statewide by allowing NDHFA to continue to build the serviced mortgage portfolio.

North Dakota Homeless Grant – Housing Program Administrator 1 FTE

North Dakota Homeless grant provides funding to non-profit organizations on a reimbursement basis. The program provides funding for emergency shelter operations, homeless prevention and rapid rehousing assistance to individuals experiencing homelessness or who are at risk of homelessness. To provide appropriate oversight and monitor the expenditure of funds, an additional FTE is needed if funding is increased to the proposed level.

8. PURPOSE AND USE OF ANY ONE-TIME FUNDING ITEMS FOR THE CURRENT BIENNIUM

During the 68th North Dakota Legislative Session, $13.75 million was allocated for HIF. The program provides gap assistance and matching funds to address unmet housing needs in the

state. Allowable projects include new construction, rehabilitation, and acquisition of multifamily and single-family housing. Eligible recipients include local, state, and tribal governments and housing authorities, community action agencies, regional planning councils, community land trusts and multifamily housing developers. **The entire $13.75 million has been awarded to projects.**

For more information about HIF visit: www.ndhfa.org/index.php/ndhif/.

9. IDENTIFY AND JUSTIFY THE NEED FOR ANY ONE-TIME FUNDING BEING REQUESTED/RECOMMENDED

	Governor Armstrong	Senate Version	Agency Request
Housing Incentive Fund			
Transfer to HIF - Multi and Single Family Development	25,000,000	25,000,000	40,000,000
Transfer to HIF - Homeless Programs	10,000,000	10,000,000	10,000,000
Total Housing Incentive Fund Transfer	**35,000,000**	**35,000,000**	**50,000,000**
General	35,000,000	10,000,000	50,000,000
SIFF	-	25,000,000	-
Total Funding Sources	**35,000,000**	**35,000,000**	**50,000,000**

The agency recommends that $40 million be approved for HIF to meet the demand for single-family and multi-family projects and $10 million for the North Dakota Homeless Grant.

10. NDHFA FEES

NDHFA charges fees that are based on standard housing industry practices or are limited by federal regulation. These fees are used in the administration of housing programs.

11. FEDERAL AND STATE FISCAL RELIEF FUNDS

NDHFA received no federal or state fiscal relief funds to be spent by December 2026.

12. NEED FOR OTHER SECTIONS INCLUDED IN NDHFA'S APPROPRIATION BILL

NDHFA requests the approval of the following Sections to SB 2014:

> **Section (X). APPROPRIATION.** 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, 2025, and ending June 30, 2027.

Continuing this provision during the upcoming biennium will provide NDHFA with the flexibility to capitalize on new funding opportunities and continue to meet the state's housing challenges.

SECTION (X). APPROPRIATION - TRANSFER - HOUSING INCENTIVE FUND - ONE-TIME FUNDING.

1. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $40,000,000 which the office of management and budget shall transfer to the Housing Incentive Fund during the biennium beginning July 1, 2025, and ending June 30, 2027.

2. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $10,000,000 for the North Dakota Homeless Grant which the office of management and budget shall transfer to the housing incentive fund and will be specified for use pursuant to NDCC 54-17-40.3(e) during the biennium beginning July 1, 2025, and ending June 30, 2027.

Item 2 is a transfer of the North Dakota Homeless Grant from the Agency's budget to the Housing Incentive Fund to create efficient administration, accountability, and transparency. The Agency is required to provide a biannual report to the Legislature and have an independent financial audit performed on the Housing Incentive Fund that will provide an accounting of the Agency's administration of state funding.

13. OTHER BILLS BEING CONSIDERED AND POTENTIAL BUDGETARY IMPACT

SB 2030 – defeated by the Senate.

14. ITEMIZED LIST OF CHANGES NDHFA IS REQUESTING TO THE SENATE BUDGET RECOMMENDATION

	FTE Positions	General Fund	Total Other Funds	Total
ND Housing Finance Agency				
2025-27 Biennium Base Level	**54**	**2,500,000**	**68,742,347**	**71,242,347**
Restore Vacant FTE Pool			465,165	465,165
Restore New FTE Pool			986,476	986,476
IT Rate Adjustment			44,453	44,453
Required reduction (3% special fund) Operating Line			(460,647)	(460,647)
Required reduction (3% special fund) Agency Grants			(200,000)	(200,000)
Base Reallocation (federal to special) Salary Line			-	-
Base Reallocation (federal to special) Operating Line			(1,017,513)	(1,017,513)
Health Insurance Increase			336,296	336,296
Gov Recommended salary adjustments			488,030	488,030
FTE - Homeownership Specialists	1		184,796	184,796
FTE - Accountant	1		257,410	257,410
FTE - Program Manger - Homeless	1		213,880	213,880
ND Homeless Grant increase		7,500,000	-	7,500,000
Move ND Homeless Grant to HIF		(10,000,000)	-	(10,000,000)
2025-27 new and vacant FTE Pool Vacant			(186,127)	(186,127)
2025-27 new and vacant FTE Pool New			(65,609)	(65,609)
			-	-
			-	-
Senate Recommended Base	**57**	**-**	**69,788,957**	**69,788,957**
FTE - Homeownership Specialists	1		184,794	184,794
FTE - Business Analyst	1		257,408	257,408
Total Agency Request Changes	**2**	**-**	**442,202**	**442,202**
Total Agency Request	**59**	**-**	**70,231,159**	**70,231,159**

Or:

15. ADDITIONAL INFORMATION

North Dakota Housing Finance Agency website, www.ndhfa.org/.

Housing Incentive Fund, www.ndhfa.org/index.php/ndhif/.

Statewide Housing Needs Assessment

- 2020-2025 Statewide Housing Needs Assessment – Condensed Version
- Statewide Housing Needs Assessment Presentation by Dr. Nancy Hodur for the 2022 Statewide Housing Forum

- 2020-2025 Statewide Housing Needs Assessment – Population and Housing Forecast
- 2020-2025 Statewide Housing Needs Assessment – Housing Profiles
- 2020-2025 Statewide Housing Needs Assessment – Detailed Tables
- 2020-2025 Statewide Housing Needs Assessment – Combined Report (Forecast, Housing Profiles and Detailed Tables)

Contact Information about this testimony:

David A. Flohr
Executive Director
dflohr@nd.gov or 701.328.8060

House Appropriations Committee
Government Operations Division
Engrossed Senate Bill No. 2014 Budget No. 475
North Dakota Mill & Elevator Association
March 12, 2025



Mr. Chairman and Representatives:

I am Vance Taylor, President and CEO, of the North Dakota Mill and Elevator. Here with me today is Cathy Dub, our CFO. The North Dakota Mill & Elevator Association started operations in 1922 and serves as a foundation for value-added economic development in the state, promotes the export for North Dakota wheat, and returns a percentage of its annual profits to the state general fund. NDM operates under Chapter 54-18 of the North Dakota Century Code.

The North Dakota Mill and Elevator Association (NDM), located in Grand Forks, is presently the largest single site wheat flour mill and the 8th largest wheat milling company in the United States with sales over $500 million annually.

Our milling complex presently includes 10 milling units with the capacity to produce 6,050,000 lbs. of finished products per day, a terminal elevator with total available storage of over 5,000,000 bu. of grain and a packaging center and warehouse capable of producing, storing, and shipping large quantities of various sized bags of milled products. We process over 130,000 bu. of top-quality North Dakota spring wheat and durum per day, adding value to approximately 40,000,000 bu. per year.

NDM normally operates 24 hours per day, 5 to 7 days per week. Our milling units process about 90% spring wheat and 10% durum. Approximately 80% of our products are shipped in bulk trucks or railcars and 20% is shipped in bags or totes.

NDM produces conventional and organic products. At present organic products make up about 1% of our total shipments.

The Mission of the North Dakota Mill is to:

- Promote and provide support to North Dakota agriculture, commerce and industry.
- Provide superior quality, consistency, and service to our customers.
- Grow the business and provide a profit to our owners - the citizens of North Dakota.
- Conduct our business with the highest integrity so that our employees, customers, suppliers, and owners are proud to be associated with the North Dakota Mill.

NDM had no audit findings in Fiscal Year 2024.

Current Biennium Accomplishments:

- Record profits reached in Fiscal Year 2024 - $20,795,168 representing a 20.6% increase over the record profits of $17,238,265 in Fiscal Year 2023.
- Record flour production reached in Fiscal Year 2024 – 17,574,984 hundred weights (cwt.) representing a 9.8% increase over Fiscal Year 2023.
- Record flour shipments reached in Fiscal Year 2024 – 17,529,182 cwt. representing a 10% increase over Fiscal Year 2023.
- Record purchases of grain reached in Fiscal Year 2024 – 37.2 million bushels.
- Record $9,877,705 transferred to the General Fund.
- Record $1,039,758 transferred to APUF.

- Profit increases of 8.8% in Q1 & Q2 Fiscal Year 2025 over Q1 & Q2 Fiscal Year 2024.
- Flour production increases of 7.7% in Q1 & Q2 Fiscal Year 2025 over Q1 & Q2 Fiscal Year 2024.
- Flour shipment increases of 7.8% in Q1 & Q2 Fiscal Year 2025 over Q1 & Q2 Fiscal Year 2024.
- Midds Storage and Handling Facility Project - $56,000,000 scheduled to be completed in April 2025.
- Several projects have been completed recently, and others are underway to further improve milling, packing, and loading efficiency.
- Other projects that we are working on will improve plant reliability and employee and product safety.

Current Biennium Challenges:

- Elevated interest rates.
- Inflationary pressure on various expense categories.
- Volatile grain markets.
- Rules and on-going regulatory changes regarding food safety and security.

2025-2027 Biennium Goals:

- Add more milling capacity to facilitate company growth.
- Continue the modernization of our terminal elevator.
- Add a new 9th floor to the A – B milling building to facilitate modernization and capacity increases for the mills.
- Complete the installation of 2 additional electrical generators.
- Reach sales and production of 19.5 million cwt. per fiscal year.

Strategic Plan FY 2025

Working with Dr. Denny Elbert, former Dean of the UND Business School, the North Dakota Mill management team has developed the following strategic objectives for Fiscal Year 2025:

- Promote and Support ND Agriculture, Commerce, and Industry
- Identify and Respond to Emerging Issues in the Flour Milling Industry
- Maximize Profit Potential
- Grow our Customer Base
- Invest In and Protect Our Employees

FTE Data:

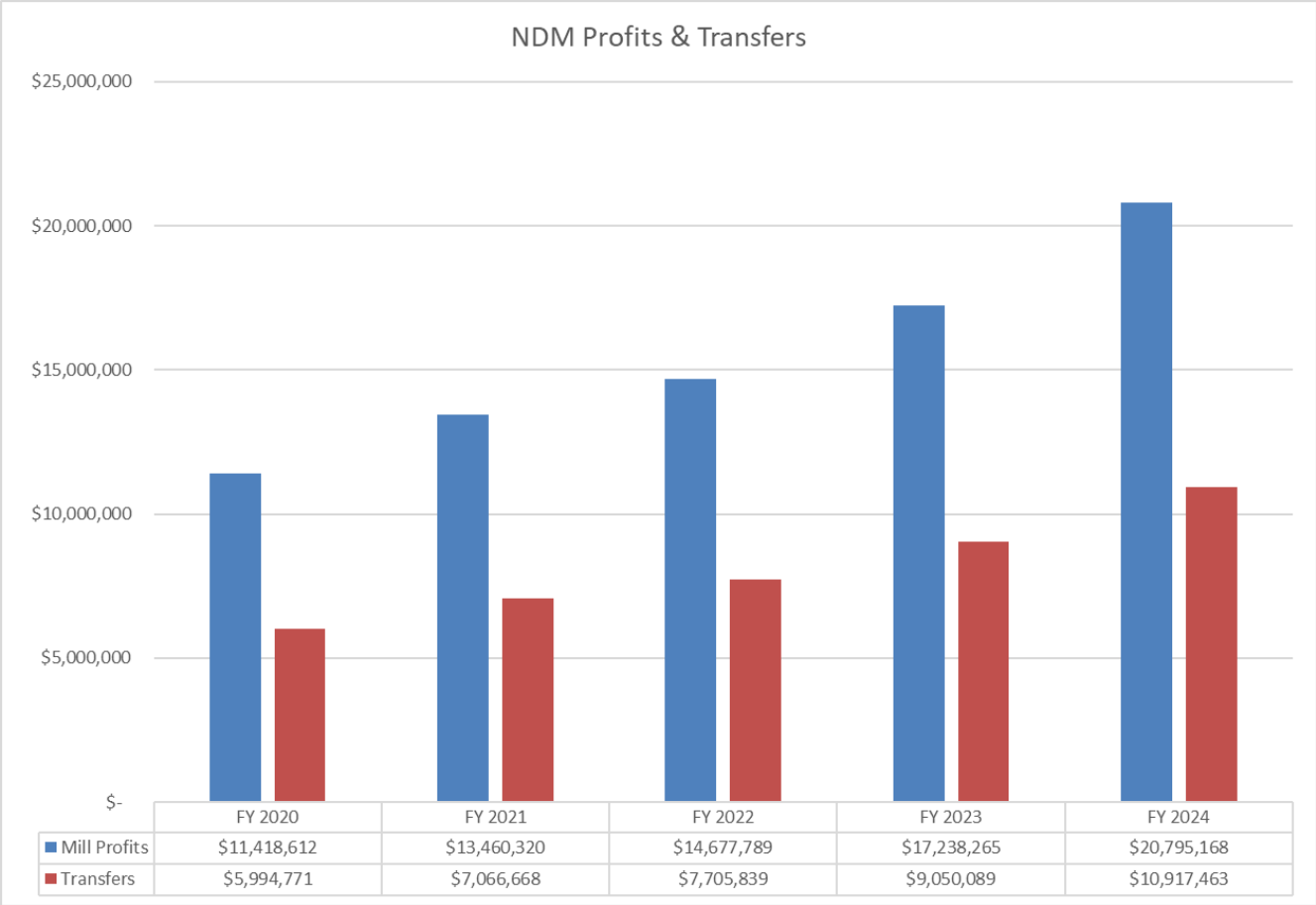
2023-2025 Biennium Approved Positions (14)			
Position	**Funding Appropriated**	**Date Filled**	**Amounts Transferred from Pool**
2nd Shift Grain Mixing	$158,526	Sep-24	$66,053
2nd Shift Grain Mixing	$158,526	Sep-24	$66,053
2nd Shift Grain Mixing	$158,526	Sep-24	$66,053
Mechanic	$183,614	Dec-24	$53,554
Electrician	$221,526	Jul-23	$221,526
Equipment Oiler	$155,282	Sep-24	$64,701
Midds Storage & Handling	$156,082	Sep-24	$65,034
Midds Storage & Handling	$156,082	Sep-24	$65,034
Midds Storage & Handling	$156,082	Sep-24	$65,034
4th Shift Miller	$174,964	Open	
4th Shift Miller	$174,986	Open	
4th Shift Miller	$174,986	Open	
4th Shift Assistant Miller	$172,344	Open	
4th Shift Grain Cleaner	$165,806	Open	
Totals	**$2,367,332**		**$733,042**

Budget Request:

All operating funds are generated internally at NDM. Short or long-term cash needs are met by borrowing from the Bank of North Dakota. **No funds are received from the State.**

NDM currently transfers 5% of profits to the Agricultural Product Utilization Fund (APUF) and 50% of the remaining profits to the General Fund. In fiscal year 2024, the Mill transferred $1,039,758 (5% of profits) to the APUF and $9,877,705 (50% of remaining profits) to the General Fund. We respectfully request that the General Fund transfer amount not be increased above 50% of remaining profits for the 2025-2027 biennium, a change from the 0% recommended by the Burgum budget, but matching the percentage that Governor Armstrong put forward. Any increase in the General Fund transfer rate would hinder growth and put pressure on cash flow. At the General Fund transfer rate of 50%, we estimate transfers would equal $20.0 million for the biennium.

In the past six fiscal years, NDM has invested $115.0 million in capital projects. The Mill currently has another $37.9 million in projects in progress with the $56.0 million Midds Storage & Handling Facility scheduled to be completed in April 2025. Due to the significant amount of capital investment made and the elevated interest rates, the Mill is focusing on reducing debt to strategically place us for future growth.



	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Mill Profits	$11,418,612	$13,460,320	$14,677,789	$17,238,265	$20,795,168
Transfers	$5,994,771	$7,066,668	$7,705,839	$9,050,089	$10,917,463

Our budget request is for $108,043,394. This is a $10,632,474 increase over the base level budget of $97,410,920. The increase represents restoration of the FTE funding pool amounts, increases in wages and benefits, operating expenses, and an additional 2 FTEs.

For biennium 2023-2025 the Mill's appropriation amount was $54,019,267 for wages and benefits. NDM has requested $61,960,587 for the 2025-2027 biennium. This represents requesting the total amount of the FTE funding pool that was removed from our 2023-2025 biennium budget ($4,123,895) as well as 2 additional FTEs, wage increases of 4% each year and increases in overtime and shift differential funding.

NDM's union contract expires June 30, 2025. NDM will negotiate a new contract with the union in the early summer of 2025. As we have not started negotiations and are not certain of the wage increase that will be agreed upon, we have used increases of 4.0% for each year of the new biennium for salary and wage increases. Our budget request also includes increases in overtime and shift differential that would allow continuous 24/7 running of the mills.

The two (2) requested positions are for car checkers. These positions move, clean, and load railcars and trucks with flour to ship to customers. With additional capacity we need more employees to complete the cleaning of vessels and the loading of flour. These two positions would bring the 2nd shift load out and the 3rd shift load out to five person crews to maximize efficiencies. These positions added $359,984 to the salary and benefits expense.

Additionally, NDM requests to have the flexibility to hire employees as needed and not be legislatively mandated to a certain number of FTEs. This would allow us to change departments from 3-shift to 4-shift operations as we see the need to move in that direction and would provide a better work life balance for our employees. NDM would also request to be removed from the FTE Funding Pool this biennium. NDM has a complex payroll due to the union contract we must abide by, and employees may work within several job classifications within the same pay period. When NDM has vacant positions, it is more costly due to those hours being covered by other employees within the department, most times at overtime rates. NDM operates as a for-profit business and continues to manage employees in a manner that will allow for maximum profit potential.

For the 2025-27 biennium the Mill has requested $61,960,587 in salary and benefits. This request did not include the additional funds for increased health insurance costs as well as any wage increases that are granted greater than 4.0% per year. The Senate increased our wages and salary appropriations to include the increases in health insurance and the additional overtime funding we requested. The total Senate wages and salary appropriation is $60,365,008 and the amount for the New and Vacant FTE pool is $1,973,530. If State Agencies are required to pay ADEC retirement contributions that will be assessed beginning January 1, 2026, those amounts would also need to be added into our appropriation amounts when the percentages become available.

To reach 19.5 million cwt. of production and sales NDM will need additional funding for inflationary factors and business growth. We have seen cost increases across many of our expense categories. We evaluated the new biennium budget based on the current biennium budget and the first-year expenses as well as considering the current economic environment with continued inflationary pressure. We adjusted line-item operating expenses where needed to allow us to continue to meet our operating needs. For the 2025-27 biennium the Mill has requested $45,082,806 in operating expenses. This is up 6.3% from the 2023-25 biennium operating expenses appropriation of $42,391,653.

For biennium 2023-25 the Mill's appropriation amount was $16,004,550 for utilities. In the first year of the current biennium the Mill spent $5,237,682 on utilities. The largest portion of our utility bill is the electrical expense. The Western Area Power Administration (WAPA) supplies a significant portion of our

electrical power. WAPA, starting January 2023, imposed a drought fee on the cost of their power, representing an estimated 15% increase in cost. The remaining portion of our electrical power comes from Nodak Electric. In addition to rising power prices, natural gas and propane prices continue to be volatile. The 2025-2027 biennium will be the first full biennium with the new Midds Storage & Handling Facility which will also require additional power. The Mill budgeted $16,504,550 for utilities for the 2025-27 biennium.

For the biennium 2023-2025 the Mill's appropriation amount was $1,500,000 for Operating Fees and Services. This item includes the cost of fumigations and heat treatment to eliminate insects as well as various other services used in the plant. The cost of fumigations and general services continue to rise. We anticipate this expense to be $4,000,000 in the 2025-2027 biennium.

For biennium 2023-2025 the Mill's appropriation amount was $5,720,000 for insurance. Property insurance rates have begun to stabilize; however, inflation has increased the value of property that we are insuring. Food safety issues, as well as the increase in buildings and equipment from the expansion, will drive up the cost of our property and liability insurance. The cost of property insurance is anticipated to remain high with all the natural disasters occurring in the world today. As the Mill has increased cwts. of production and sales, we have increased the volume of flour inventory carried. This has resulted in an increased cost for insurance for these higher inventory values. The Mill anticipates our insurance costs to be $6,070,000 in the next biennium.

For the 2025-27 biennium the Mill is requesting $45,082,806 in operating expenses. This represents a 6.3% increase from the 2023-25 biennium appropriations. The Senate increases our operating expense appropriation by $2,710,224 to bring our operating expense appropriation to $45,101,877. The increase in operating expenses allows us to continue to grow.

The volume of production and sales at the Mill drives a large share of these operating expenses. We continue to work hard to keep our expenses down to increase our profitability and improve our returns. The Mill is currently on pace to have sales reaching above 18,000,000 cwts in FY 2025, an approximate 8.0 % increase over the previous fiscal year. This represents grinding more than 40,000,000 bushels of spring wheat and durum. All expenditures incurred are paid for with the revenues generated by the North Dakota Mill. No General Fund dollars are expended by the North Dakota Mill. It is necessary for us to have room within our budget to continue the growth NDM has experienced in order to achieve the profitability levels and make the General Fund and APUF transfers that are expected of the mill.

Thank you for your time and consideration of our budget request. I will be happy to answer any questions.

NORTH DAKOTA MILL ORGANIZATION CHART

01/06/2025

Vance Taylor
President and CEO

Becky Boman
Administrative Assistant

Tamra Srnsky
Human Resources Manager

Dillon Janousek
Vice President Production Operations

- **Kevin Ayotte** — Terminal Supervisor
- **Alan Sundby** — Packing, Loading Whse Superintendent
- **Luke Dudgeon** — Warehouse Supervisor
- **Troy Thompson** — Ass't Warehouse Supervisor
- **Shane Johnson** — Electrical Supervisor
- **Jeremy Rinde** — Maintenance
- **Lucas Bye**, **Dwight Gerszewski** — Night Plant Supervisors
- **Travis Devlin** — Milling Director
- **Kiel Rasmuson** — Head Miller

Dan Boe
Vice President Quality Assurance & Tech Services

- **Ross Dudgeon** — GMP Supervisor
- **Chad Boushee** — Lab Manager
- **Sharla Cera** — Lab Technician
- **Paula Gilbertson** — Lab Technician
- **Veronica Obregon** — Lab Technician
- **Chelsea Walde** — Lab Technician
- **Kathryn Bratvold** — Lab technician
- **Jennifer Baukol** — Lab technician
- **Victoria Obregon** — Lab technician

Brent Massmann
Vice President Transportation

- **Mike Harlow** — Lead Transportation Coordinator
- **Tyler Tennison** — Sr. Transportation Specialist
- **Jackie Adair** — Transportation Specialist

Russ Bischof
Vice President Sales

- **Brad Storbakken** — Sales – Key Accounts
- **Ryan Svoboda** — Sales – Key Accounts
- **Mike Leddige** — Sales – Key Accounts
- **Becky Murphy** — Sales Support Administrator
- **Sara Chyla** — Lead Customer Service Representative
- **Danette Coulter** — Customer Service Representative

Peder Skjoiten
Vice President Grain Procurement

- **Reece Johnson** — Sr. Grain Buyer
- **Jon Tweed** — Grain Buyer

Cathy Dub
Chief Financial Officer

- **Julie Leake** — Controller
- **Mara Gerszewski** — Accounts Payable Clerk
- **Emily Barta** — Accounting Specialist
- **James Storie** — IT Programming Manager
- **Kevin Robinson** — Hardware IT Manager
- **Steve Bratvold** — Buyer
- **Derek Roach** — Assistant Buyer/ Supply Clerk

Industrial Commission
of North Dakota

Kelly Armstrong
GOVERNOR

Drew H. Wrigley
ATTORNEY GENERAL

Doug Goehring
AGRICULTURE COMMISSIONER

NORTH Dakota | Public Finance Authority
Be Legendary.

Senate Bill 2014
House Appropriations Committee / Government Operations Division
Testimony of DeAnn Ament
North Dakota Public Finance Authority/North Dakota Building Authority March 12, 2025

For the record, my name is DeAnn Ament. I am the Executive Director of the Public Finance Authority ("PFA" or "Authority") and agency of the Industrial Commission. I am also appearing today in my capacity as an Authorized Officer for the North Dakota Building Authority. I will first talk about the PFA. The statutory authority for the PFA is found in N.D.C.C. 6-09.4.

PURPOSE

The PFA was established to make low-cost loans to North Dakota political subdivisions at favorable interest rates. The PFA makes loans to them by purchasing the municipal securities issued by the political subdivisions in accordance with state and federal law. Loans are primarily made with the proceeds of bonds issued by the PFA under the programs described below. Direct loans may be made to a political subdivision from the PFA's operating fund or from the federal grants or loan repayments held under the State Revolving Loan Fund Program.

Mission

To develop rural and urban North Dakota by providing political subdivisions and other qualifying organizations access to flexible and competitive financing options for their local qualifying projects.

The Authority administers the financial portion of the State Revolving Loan Fund (SRF), the Capital Financing Program (CFP), Industrial Development Bond Program and the Legacy Fund Infrastructure Program bonds. Detailed activity of all programs is contained in our annual report which is attached. Additionally, the PFA provides the administration and accounting for the North Dakota Building Authority.

Currently, the most active program is the SRF. This program is funded through grants to the Department of Environmental Quality (DEQ) from the Environmental Protection Agency and are referred to as capitalization or cap grants. This funding began in 1990 and the program was set up as a Revolving Loan Fund. Along with the grants, bonds sold in the capital market have been issued to provide the required state match as well as leverage the program. These funds are utilized to provide low-interest loans for water, sanitary and storm sewer related projects.

This past calendar year there were loan approvals of $105,823,661 and funded draws of $104,907,997 for the Clean Water SRF. A few of the Clean Water projects financed recently included $45,000,000 for Bismarck's Hay Creek interceptor, lift station and force main, $3,638,000 for New Town's Phase I of their sanitary and storm sewer replacement, $6,922,000 for Grand Forks' Highway 81 Phase 3-5 sanitary sewer project and $15,000,000 for the replacement of meters in Fargo.

The Drinking Water SRF had approvals of $43,403,000 and funded loan draws of $40,848,995. Projects financed under the Drinking Water program include $9,714,000 to Central Plains Water District for improvements at the Maddock water treatment facility, $3,048,000 for elevated water storage in Ashley and $1,199,000 to Rhame for the replacement of aging water mains. Recently approved, but not closed was a $35,000,000 loan to the city of Fargo for replacement of lead service lines.

The Bipartisan Infrastructure Law (BIL) has added additional funding as well as the Build America, Buy America (BABA) Act to the SRF programs. The BIL requires a lot of additional documenting and reporting. The number of loan applications has been increasing as political subdivisions assess their eligibility for loan forgiveness and lead service line inventories.

Additionally, the Planning Assistance Reimbursement (PAR) program has been very successful and grown from 9 reimbursements to cities for $133,504 in the 2021-2023 biennium to 20 reimbursements for $881,341 from July 1, 2023, through December 31, 2024. The State Revolving Fund offers these reimbursements to help potential borrowers explore their options for their water, sanitary sewer and storm sewer systems as well as make sure their financial statements are in order should they apply for a loan in the future.

Over the past decade, obtaining, interpreting, and reviewing financial reports and audits of potential borrowers has become more difficult and time-consuming. Many political subdivisions experience turnover in the city auditor role and struggle to find qualified candidates with the necessary experience. Additionally, a shortage of external auditors further complicates the process of conducting audits or assisting with financial report preparation. This creates a significant challenge in helping communities finance their infrastructure projects, especially when they lack the necessary financial information to apply for a loan.

The PFA has been assisting the Department of Emergency Services in establishing the Safeguarding Tomorrow through Ongoing Risk Mitigation (STORM) revolving loan fund.

The BIL additional requirements, PAR reimbursements and financial statement issues challenge the current staff of 2.75 FTE to reprioritize the workload to meet requirements in a timely manner.

The PFA issued $200,920,000 of SRF bonds in August 2024 to provide funding for approved water, sanitary sewer, and storm water projects and refund $79,355,000 of 2015A bonds to provide net present value savings of $9.8 million.

During 2024 there were no CFP bonds or Industrial Development Bonds issued. In 2011, the Industrial Commission authorized the PFA to utilize the CFP to provide loans for political subdivisions impacted by weather related events and have mainly financed counties and townships. The PFA can offer disaster assistance to political subdivisions until federal and state money is available and/or to assist in cash flowing local match requirements.

Goals for the 2025-2027 biennium include to continue maximizing the use of the BIL funding, timely approval of loans and expediating loan forgiveness to meet federal grant requirements. The PFA will also continue to look at ways to work with other agencies to provide economical and efficient financing for state agencies and political subdivisions in North Dakota.

The PFA is a state agency that operates under the supervision and authority of the Industrial Commission. **It is a self-supporting state agency and receives no money from the General Fund.**

NORTH DAKOTA BUILDING AUTHORITY

The North Dakota Building Authority ("NDBA") was created in 1985 for the purpose of providing another option (obtaining funding through the capital markets) for the Legislature as it considers how to pay the costs of projects declared by the Legislature to be in the public interest. The authority for the NDBA can be found in N.D.C.C. 54-17.2. Since the NDBA was established, it has funded over $207 million of projects. The Industrial Commission has appointed three Authorized Officers for the North Dakota Building Authority ("NDBA"): Joe Morrissette, Karen Tyler and DeAnn Ament.

The NDBA portion of the Governor's Executive Budget of the PFA budget includes $117,118,200 for NDBA bond payments for the outstanding bonds and are reflected in Section 1, Subdivision 1 of Engrossed SB 2014. The 2023-2025 appropriation for NDBA for bond payments was $119,879,913. Section 1, Subdivision 1 was amended to reflect the $2,761,713 decrease in debt service payments due to a bond issue being paid in full.

Attached is the Debt Service Schedule for all the Building Authority outstanding bond issues. If NDBA bonding is authorized by the Legislature this session, this attachment shows that there is available debt service under the 10% of 1¢ statutory limitation established for any bonds issued by the NDBA. The level of debt service available would translate into NDBA bonding for approximately $262.5 million of projects.

LEGACY FUND INFRASTRUCTURE PROGRAM

During the 2021 legislative session, House Bill 1431 authorized the PFA to issue Legacy Fund Infrastructure Program bonds to provide funding for $680,000,000 of projects. Bonds were issued in 2021 and 2022 to provide funds for these projects. The Legacy portion of the Governor's Executive Budget of the PFA budget includes $102,622,743 for bond payments for the outstanding bonds and are reflected in Section 1, Subdivision 1 of SB 2014. Section 1, subdivision 1, was amended to reflect the $2,282 increase in debt service payments for these required debt payments.

BOND PAYMENTS

The total Section 1, Subdivision 1 Bond Payments Amended Appropriation is $117,118,200 which reflects the decreased NDBA and the increased Legacy Fund payments.

Section 4. provides the breakdown on the source of funding for the $119,879,913 of bond payments as stated under the base level. Because the amount needed is $117,118,200. Section 2 has been amended as follows:

Infrastructure project and program bonds – legacy sinking and interest fund	$102,622,743
North Dakota University System	14,083,250
Veteran's Home	412,207
Total	$117,118,200

The following non-General Fund sources will be utilized to pay a portion of these payments:

Veterans Home (10A/B)	$ 412,207
University System – UND (2020A)	3,821,875
	$ 4,234,082

###

The written testimony below describes additional information on the PFA and its financing programs. The attached PFA 2024 Annual Report included in the binder describes in more detail the PFA's programs and provides a complete history of all the Public Finance Authority's loans and bond issues since 1975. The Report is provided to Legislative Council each year.

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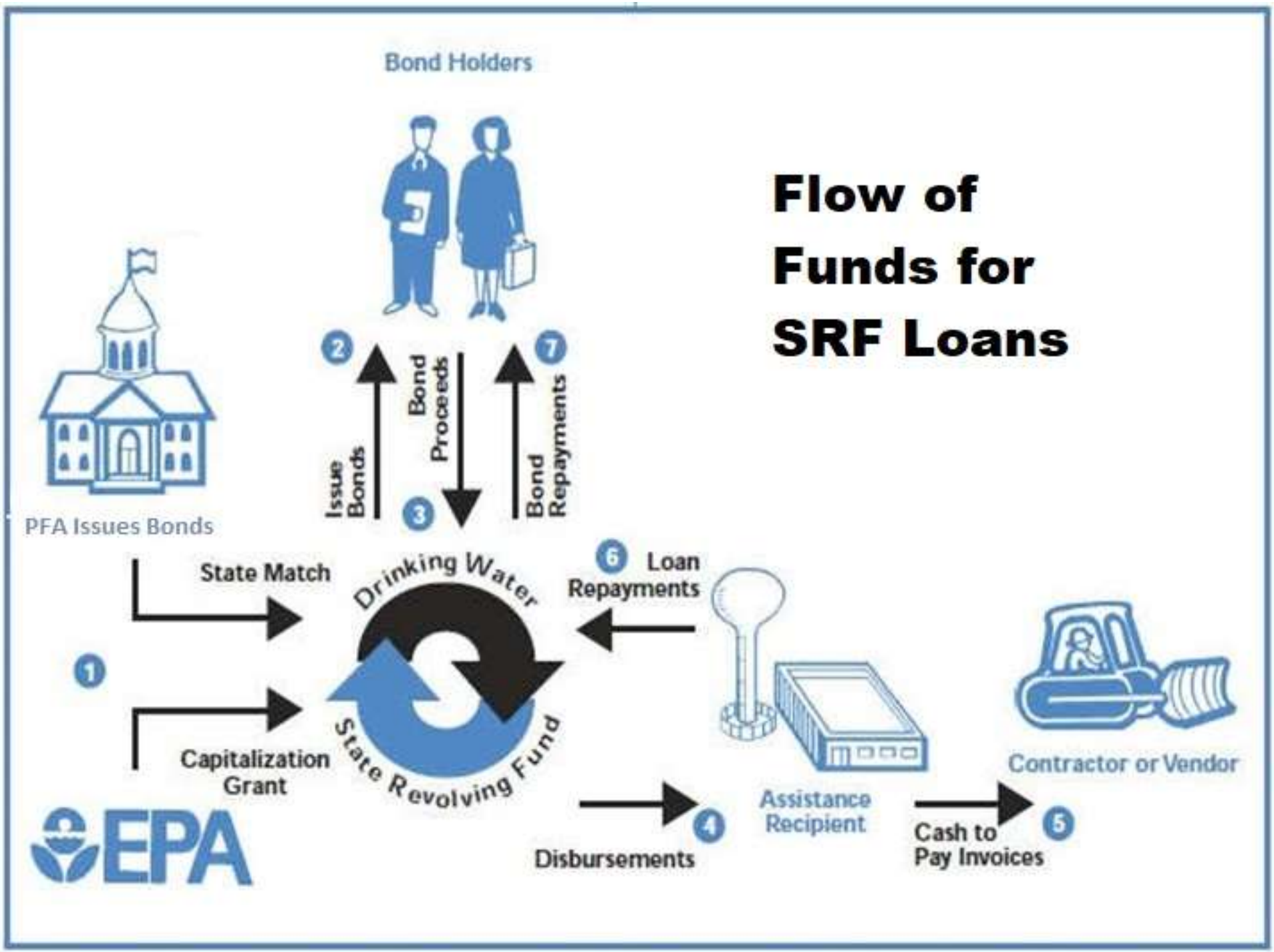

Bond Holders
Flow of Funds for SRF Loans
PFA Issues Bonds
2
Issue Bonds
Bond Proceeds
3
7
Bond Repayments
State Match
1
Capitalization Grant
Drinking Water State Revolving Fund
6
Loan Repayments
EPA
4
Disbursements
Assistance Recipient
5
Cash to Pay Invoices
Contractor or Vendor

The municipal securities issued by a political subdivision to the Public Finance Authority may be either tax-exempt or taxable obligations. A political subdivision must retain bond counsel to assist in the preparation and adoption of its bond resolution and other necessary documents. The Public Finance Authority may purchase municipal securities only if the Attorney General issues an opinion that states the municipal securities are properly eligible for purchase under the North Dakota Century Code (N.D.C.C.) chapter 6-09.4, the Public Finance Authority Act.

Required Debt Service Reserve

Subsection 1 of §6-09.4-10 of the N.D.C.C. requires the Public Finance Authority to establish a debt service reserve in an aggregate amount equal to at least the largest amount of money required in the current or any succeeding calendar year for the payment of the principal of and interest on its outstanding bonds.

Subsection 4 of §6-09.4-10 of the N.D.C.C. of the N.D.C.C. provides as follows:

> "In order to assure the maintenance of the required debt service reserve, there shall be appropriated by the Legislative Assembly and paid to the Public Finance Authority for deposit in the reserve fund, such sum, if any, as shall be certified by the Industrial Commission as necessary to restore the reserve fund to an amount equal to the required debt service reserve."

In the written opinion of the Attorney General, this provision does not constitute a legally enforceable obligation of the State. In the written opinion of the Public Finance Authority's bond counsel, there is no applicable provision of state law that would prohibit a future Legislative Assembly from appropriating any sum that is certified by the Industrial Commission as necessary to restore the reserve fund in an amount sufficient to meet the required debt service reserve amount. The legislative obligation imposed by the Legislative Assembly in subsection 4 of §6-09.4-10 is referred to as a moral obligation because the obligation to provide an appropriation for the Public Finance Authority's reserve fund is not backed by the full faith and credit of the State. All bonds issued by the Public Finance Authority under any of its programs prior to 2011 are moral obligation bonds unless the Industrial Commission approves a resolution to allow the Public Finance Authority to issue bonds under section 40-57 as a conduit issuer. The State Revolving Fund Program bonds issued after 2011 do not contain the moral obligation provision. Under any of the Public Finance Authority programs, there has never been the need to request an appropriation to cover a shortfall in a reserve fund.

At the present time, the Public Finance Authority has three loan programs: the Capital Financing Program, the State Revolving Fund Program, and the Industrial Development Bond Program.

Capital Financing Program

The Capital Financing Program, established in 1990, makes loans to political subdivisions for any purpose for which political subdivisions are authorized to issue municipal securities, subject to certain statutory requirements.

Through December 31, 2024, the Public Finance Authority has made $265,093,016 of loans to political subdivisions under the Capital Financing Program. The outstanding amount of Capital Financing Program bonds is $105,695,000. Recognizing the strength of the State's moral obligation pledge, Standard and Poor's (S&P) has assigned a rating of "AA-" to the Capital Financing Program Bonds.

The Industrial Commission authorized the PFA to utilize the Capital Financing Program to provide loans for political subdivisions impacted by weather-related events. These loans assisted political subdivisions until federal and state money was available or aided in cash flowing local match requirements.

During times of crisis, the PFA was able to assist 40 political subdivisions. Loans approved under this program total $71,531,546 and none were outstanding as of December 31, 2024.

State Revolving Fund Program

Under the State Revolving Fund (SRF) Program federal capitalization grants are received by the State through the Department of Environmental Quality from the Environmental Protection Agency (EPA) and are deposited and held under the Program's Master Trust Indenture for the purpose of making below-market interest rate loans to political subdivisions for qualified projects and for other authorized purposes. The projects are subject to approval by the Department under appropriate state law, the Federal Clean Water Act and the Federal Safe Drinking Water Act. The federal capitalization grants are available to states on the basis of an 80-20 federal-state match. A portion of the SRF Program bonds issued by the Public Finance Authority provides the 20% state match. The federal capitalization grants must be held by the state in a revolving loan fund and are available only for purposes authorized under the Federal Clean Water Act and the Federal Safe Drinking Water Act.

The SRF Program consists of a Clean Water SRF Program and a Drinking Water SRF Program. Federal capitalization grants for the Clean Water SRF Program were first appropriated to the State in 1989. The State has been appropriated and awarded $288,594,688 of federal capitalization grants under the Clean Water SRF Program from 1989 through calendar year 2024. Through December 31, 2024, 366 loans totaling $1,208,296,241 have been approved under the Clean Water SRF Program. The Department of Environmental Quality's Clean Water Intended Use Plan for 2024 includes over $1,341,829,000 of potential CWSRF projects.

Federal capitalization grants for the Drinking Water SRF Program were first appropriated to the State in 1997. $312,698,780 federal capitalization grants under the Drinking Water SRF Program have been appropriated and awarded to the State through calendar year 2024. Through December 31, 2024, 343 loans totaling $873,464,730 have been approved under the Drinking Water SRF Program. The Department of Environmental Quality's Drinking Water Intended Use Plan for 2024 includes approximately $1,575,226,000 of potential projects.

A project must be on the appropriate Intended Use Plan to be able to apply for a loan under the SRF Program. The current interest rate for most loans under the SRF Program is 1.5% with a 0.5% annual administrative fee on the outstanding balance. Loans for lead service line replacement with SRF funding provided by the Infrastructure Investment and Jobs Act are only charged the 0.5% annual administrative fee. Bonds issued by the Public Finance Authority under the SRF program are rated "Aaa" by Moody's Investors Service, Inc. and "AAA" by Standard & Poor's Ratings Services which are the highest possible rating from each rating agency.

Industrial Development Bond Program

The Public Finance Authority's Industrial Development Bond Program provides loans to North Dakota manufacturers that meet the IRS definition for small issue manufacturers. This program has been assigned an "A+" rating by S&P, which allows those manufacturers that qualify to finance fixed assets at attractive tax-exempt rates. Bonds issued under this Program will be moral obligation bonds of the State unless the borrower has the financial strength to request that the Public Finance Authority issue the bonds on a conduit basis. The 2005 Legislature passed the legislation allowing the Public Finance Authority to issue industrial revenue bonds. Current Program limits are $2,000,000 per borrower. For conduit issuance when the state's moral obligation is not used as a credit enhancement there are no project or program limits. The Public Finance Authority has made three loans under this program in the amount of $4,860,000 and $560,000 is currently outstanding.

If you have any questions, feel free to contact me at 701.426.5723 or dament@nd.gov.

NORTH DAKOTA BUILDING AUTHORITY DEBT SERVICE

Biennium	2010A/B	2017A 2006B/2001A 2006A/2000A/1998A 2005A	2020A	Totals	Other Source	Energy Conser. Budgeted	Total Gen. Fund	10% of $.01 Sales Tax*	Available Debt Ser
2023-25	404,834	2,782,875	14,016,375	17,204,084	4,262,045	207,649	12,734,390	52,133,737	39,399,347
2025-27	402,344	0	14,001,750	14,404,094	4,224,219	0	10,179,875	52,133,737	41,953,862
2027-29	396,928	0	14,020,125	14,417,053	4,223,678	0	10,193,375	52,133,737	41,940,362
2029-31	164,096	0	14,019,875	14,183,971	4,159,317	0	10,024,654	52,133,737	42,109,083
2031-33	0	0	14,013,500	14,013,500	3,823,500	0	10,190,000	52,133,737	41,943,737
2033-35	0	0	14,017,875	14,017,875	3,826,750	0	10,191,125	52,133,737	41,942,612
2035-37	0	0	14,018,125	14,018,125	3,818,125	0	10,200,000	52,133,737	41,933,737
2037-39	0	0	14,009,125	14,009,125	3,820,000	0	10,189,125	52,133,737	41,944,612
2039-41	0	0	14,010,125	14,010,125	3,818,875	0	10,191,250	52,133,737	41,942,487
Totals	2,182,830	16,358,375	140,134,375	162,813,118	41,619,252	1,062,788	120,131,078		

Revised 6/6/2023

*The statutory limitation is based on the Legislative May 2023 forecast with a 0% increase each subsequent biennium.

NORTH Dakota Be Legendary.

Environmental Quality | Public Finance Authority

State Revolving Funds Overview

The State Revolving Fund (SRF) Programs offer below-market interest rate loans (currently at 2 percent) to political subdivisions for financing projects authorized under the Clean Water Act and Safe Drinking Water Act. These programs operate nationwide with funding from the U.S. Environmental Protection Agency to provide loans to maintain and improve infrastructure that protects our vital water resources. Loans are awarded to projects listed on the project priority list based on eligibility and repayment ability.

Eligible Projects

Clean Water State Revolving Fund

- Wastewater Treatment
- Sewer Systems
- Water Meters[1]
- Water Reuse[2]
- Stormwater[1]
- Landfill[1]
- Necessary Land Acquisitions for Eligible Projects
- Administrative Buildings[2]

Drinking Water State Revolving Fund

- Source Water
- Treatment
- Storage
- Water Distribution
- Consolidation of Water Systems
- Water Security
- Energy Efficiency Plans
- Administrative Buildings

[1]*non-treatment works*
[2]*project-specific determination*

SRF Application Process

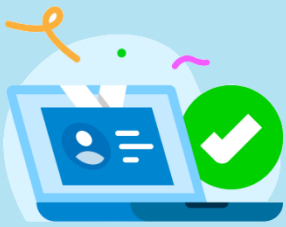
Project must be on the Project Priority List.



Loan applicant selects and retains bond counsel.



Submit pre-applicaiton in Funding Infrastructure in North Dakota (FIND).



Submit full application in SRF Tracker.



Financial Advantages of the SRFs

No state general funds have ever been used for state revolving loans!



- Early Payment = No Penalty
- Interest Only on Drawn Funds
- Low Issuance Cost: Only Bond Counsel Fees
- Refinance Eligible USDA-RA Loans
- Co-Funding for State & Federal Programs

Return on Investment

	CWSRF	DWSRF	Total
Total Federal Grants Received	$288,594,688	$312,698,780	$601,293,468
Total Project Assistance Disbursed	$967,428,641	$757,863,228	$1,725,291,869
Return on Investment	335%	242%	287%
Number of Projects	366	343	709

As of 12/31/2024

Cofunding Partners

NORTH Dakota Be Legendary. | Public Finance Authority CAPITAL FINANCING PROGRAM

CDBG COMMUNITY DEVELOPMENT BLOCK GRANT

US Army Corps of Engineers®

FEDERAL EMERGENCY MANAGEMENT AGENCY — PACE AC BELLO MERITA

GARRISON DIVERSION

NORTH Dakota Be Legendary. | Transportation

U.S. DEPARTMENT OF THE INTERIOR — BUREAU OF RECLAMATION

USDA Rural Development

BND Bank of North Dakota INFRASTRUCTURE REVOLVING LOAN FUND

NORTH Dakota Be Legendary. | Water Resources

Contact Environmental Quality at 701.328.5211 • www.deq.nd.gov/MF • NDSRF@nd.gov
or Public Finance Authority at 701.328.7100 • www.pfa.nd.gov • NDPFA@nd.gov

NORTH Dakota | Public Finance Authority

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2024 Annual Report

NORTH DAKOTA PUBLIC FINANCE AUTHORITY

Industrial Commission of North Dakota

Kelly Armstrong
Governor
Chairman

Drew H. Wrigley
Attorney General

Doug Goehring
Agriculture Commissioner

Advisory Committee

Keith Lund
Grand Forks

Linda Svihovec
Bismarck

John Phillips
Beulah

Staff

DeAnn Ament
Executive Director

Benita Eberts
Business Manager

Karla Zander
Fiscal Officer

NORTH DAKOTA
PUBLIC FINANCE AUTHORITY

2024 Annual Report

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NORTH DAKOTA PUBLIC FINANCE AUTHORITY

The North Dakota Public Finance Authority (PFA) was established for the purpose of making loans to political subdivisions of the State through the purchase of municipal securities which, in the opinion of the Attorney General of North Dakota, are properly eligible for purchase by the PFA. Subject to credit and program requirements, a loan can be made by the PFA to a political subdivision for any purpose for which the political subdivision has the legal authority to borrow money through the issuance of municipal securities. Certain types of municipal securities issued under N.D.C.C. ch. 40-57 (MIDA bonds) may also be purchased by the PFA.

The PFA, which is under the operation, control, and management of the Industrial Commission of North Dakota, is a self-supporting state agency. The costs and expenses of operation of the PFA are financed with earnings on program assets and fees paid by participating political subdivisions.

Obligations of the PFA which are issued to provide funds to purchase municipal securities do not constitute a debt or liability of the State or a pledge of the faith or credit of the State. All obligations of the PFA are payable solely from revenues or program assets pledged or available for their payment as authorized by law. The PFA has no authority to incur any indebtedness or liability on behalf of or payable by the State.

The PFA is authorized by statute (N.D.C.C. § 6-09.4-10(1)) to establish and maintain a reserve fund for its bonds. The Legislative Assembly has made a non-binding pledge to the PFA to replenish the reserve fund if it is depleted by the default of a political subdivision. Section 6-09.4-10(4) provides that "there shall be appropriated by the legislative assembly and paid to the PFA for deposit in the reserve fund, such sum, if any, as shall be certified by the industrial commission as necessary to restore the fund to an amount equal to the required debt service reserve." Because future Legislative Assemblies are not legally obligated or required to appropriate moneys certified as necessary by the Industrial Commission, this statutory provision is referred to as a "moral obligation." There has never been the need to request an appropriation for the reserve fund.

Mission

To develop rural and urban North Dakota by providing political subdivisions and other qualifying organizations access to flexible and competitive financing options for their local qualifying projects.

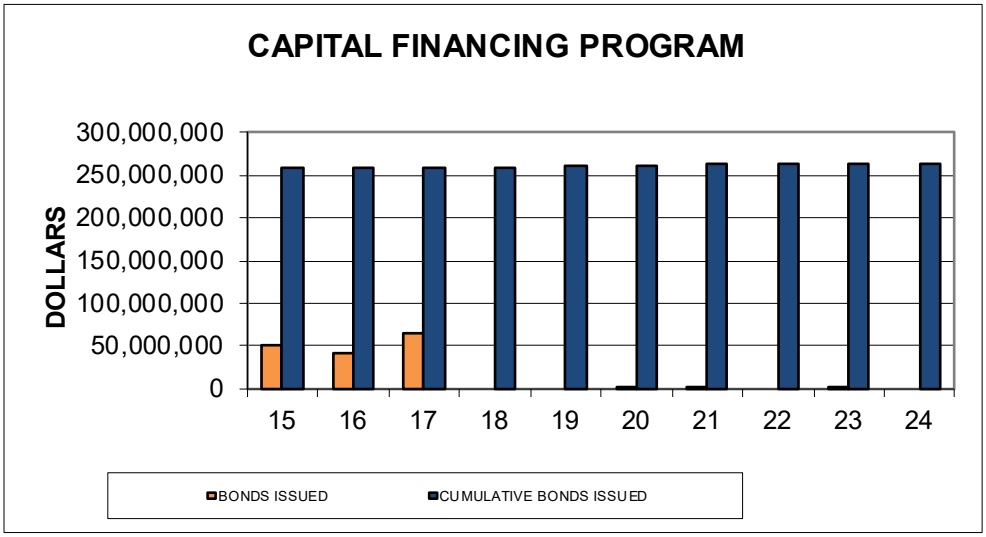
Vision Statement

A municipal bond market that realizes the competitive advantage of utilizing the North Dakota Public Finance Authority's (PFA) superior bond rating to issue municipal securities, resulting in lower interest rates to fund local projects. A PFA that enables customers to utilize on-line services, such as accessing account information or applying for additional financing. A PFA that leads a cooperative effort with other state agencies to combine available resources into programs that finance infrastructure and improvements for political subdivisions and other qualifying organizations. A State that recognizes the PFA as the leader in providing municipal financing for local projects.

CAPITAL FINANCING PROGRAM

Under its Capital Financing Program (CFP), the PFA makes loans for the purpose of financing projects or improvements for which political subdivisions are legally authorized to borrow money through the issuance of municipal securities. Subject to credit requirements and certain program requirements, financing is available in any dollar amount.

The interest rates payable by a political subdivision are market rates, which are set through a competitive bid process when the PFA issues and sells its bonds to fund a loan. The interest rates paid by the PFA on its bonds are the same rates a political subdivision will pay on its municipal securities sold to the PFA.



On September 26, 2018, the Capital Financing Program was upgraded from a rating of "A+" to "AA-" by Standard & Poor's Ratings Group.

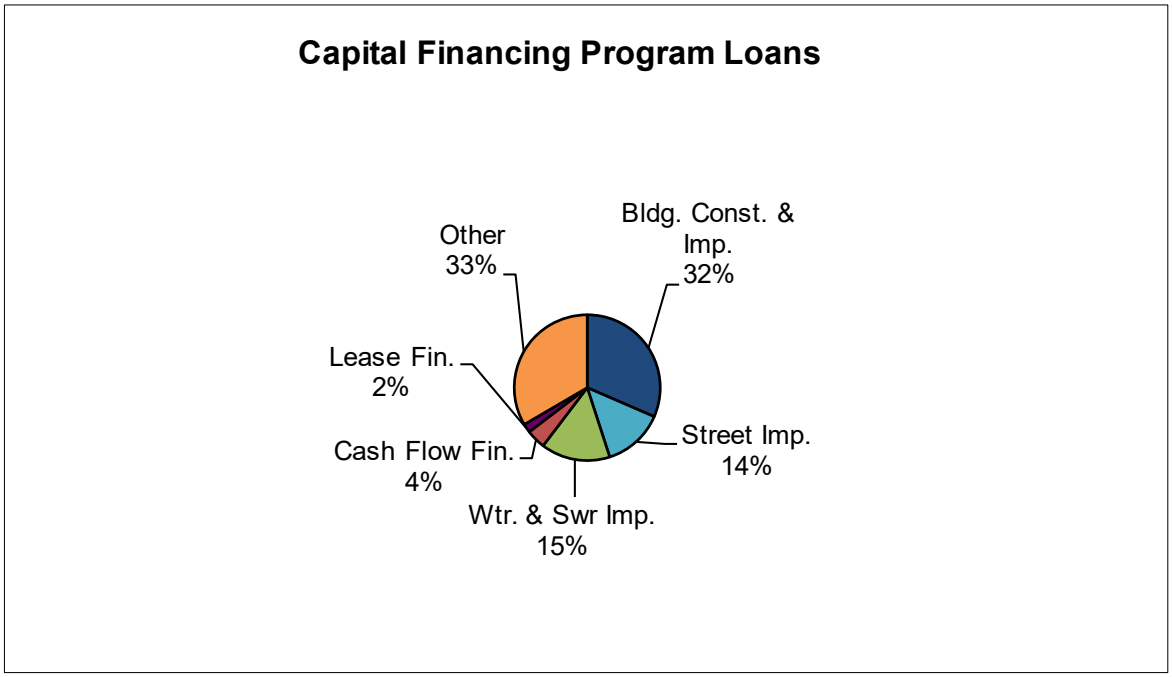
There were no CFP Bonds issued in 2024.

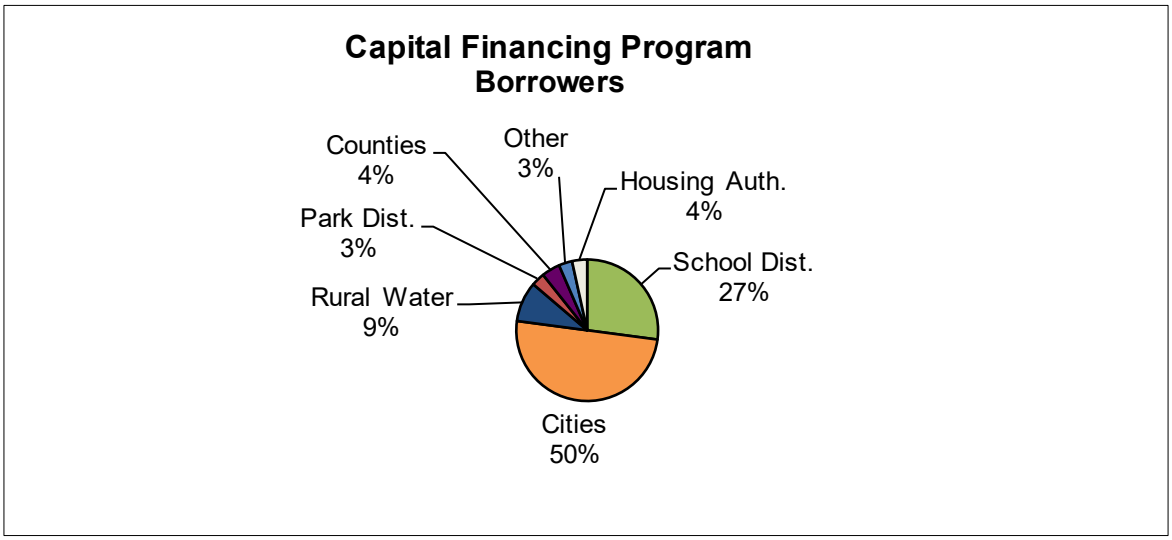
The total outstanding amount of CFP Reserve Fund Letters of Credit on December 31, 2024, was $25,990,723. The CFP Reserve Fund Letters of Credit are issued to meet the requirement of the CFP General Bond Resolution that the PFA maintain reserves for each series, equal to the largest aggregate amount of principal and interest due in any twenty-four-consecutive month period. The CFP Reserve Fund Letters of Credit are issued by Bank of North Dakota (BND).

As of December 31, 2024, the total cumulative amount of bonds issued under the CFP General Bond Resolution was $264,125,000 and the total outstanding amount of bonds under the CFP General Bond Resolution was $105,695,000.

Part F of Attachment 1 beginning on page 1-5 of this Report contains a complete list, as of December 31, 2024, of all loans made by the PFA with proceeds of CFP Bonds issued under the CFP General Bond Resolution, including the name of each political subdivision, the original amount of each loan, and the outstanding principal of each loan.

Part F of Attachment 2 on page 2-1 of this Report contains a complete list, as of December 31, 2024, of all series of Capital Financing Bonds issued under the CFP General Bond Resolution, including the original dollar amount and the outstanding principal amount of each series of CFP Bonds.





CAPITAL FINANCING DISASTER LOAN PROGRAM

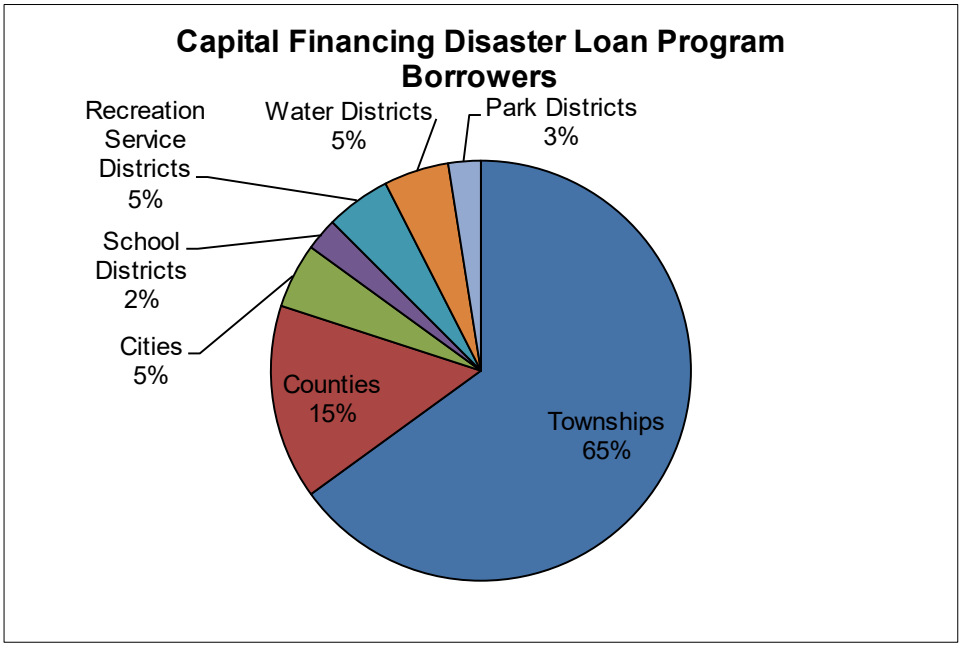
On June 16, 2011, the Industrial Commission authorized the PFA to utilize the Capital Financing Program to provide loans for political subdivisions impacted by weather related events. Under its Capital Financing Disaster Loan Program, the PFA makes loans for the purpose of providing disaster assistance to political subdivisions affected by weather related events until federal and state money is available and/or to assist in cash flowing local match requirements.

Any North Dakota political subdivision that is within a county that has received a Presidential Public Disaster Declaration, or a gubernatorial executive order or proclamation of a state disaster or emergency was eligible to apply. The political subdivision must show the ability to repay the financing either from Federal or State government disaster payments or from tax receipts. The interest rate payable by a political subdivision is the 1-month Federal Home Loan Bank plus 2% adjusted monthly with a floor of 2%.

There were no Disaster Financing loans approved in 2024. Loans approved under this program total $71,531,546 and none were outstanding as of December 31, 2024. Part E of Attachment 1 beginning on page 1-4 of this Report contains a complete list, as of December 31, 2024, of all loans approved by the PFA under the Disaster Loan Program, including the name of each political subdivision and the original amount of each loan.

The proceeds of the CFP Disaster Bonds have historically been used to make loans to political subdivisions approved for financing under the Disaster Loan Program. The PFA did not sell any CFP Disaster Bonds to Bank of North Dakota in 2024. As of December 31, 2024, the total cumulative amount of bonds issued under the Disaster Loan Program was $14,405,612 and there are no bonds outstanding under the Disaster Loan Program.

Part G of Attachment 2 on page 2-2 of this Report contains a complete list, as of December 31, 2024, of all series of Capital Financing Disaster Loan Bonds issued, including the original dollar amount and the outstanding principal amount of each series of Disaster Loan Bonds.



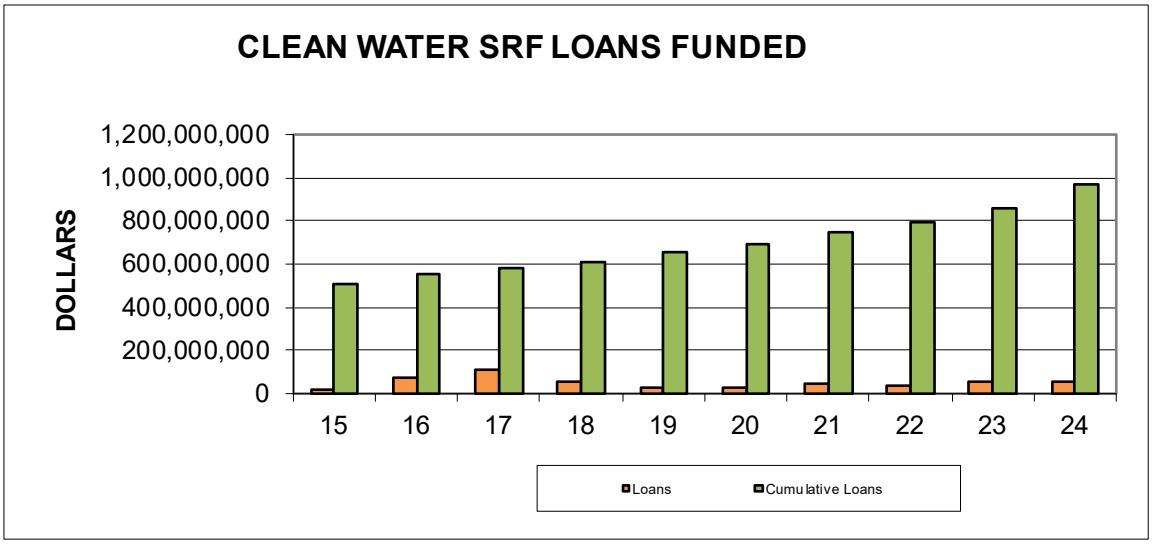
STATE REVOLVING FUND PROGRAM

The State Revolving Fund Program (SRF Program) was established in 1990 to enable North Dakota to receive federal capitalization grants as authorized under the Clean Water Act. In 1998, the SRF Program was amended to enable the State to receive capitalization grants as authorized under the Safe Drinking Water Act. The SRF Program grants, received from the United States Environmental Protection Agency, are to be used to make below-market interest rate loans to political subdivisions for the purpose of financing authorized projects, to establish reserve funds, and for other purposes under the Clean Water Act and the Safe Drinking Water Act. Authorized projects under the Clean Water Act include wastewater treatment facilities and nonpoint source pollution control projects. Authorized projects under the Safe Drinking Water Act include public water systems. The SRF Program is administered jointly by the North Dakota Department of Environmental Quality (DEQ) and the PFA.

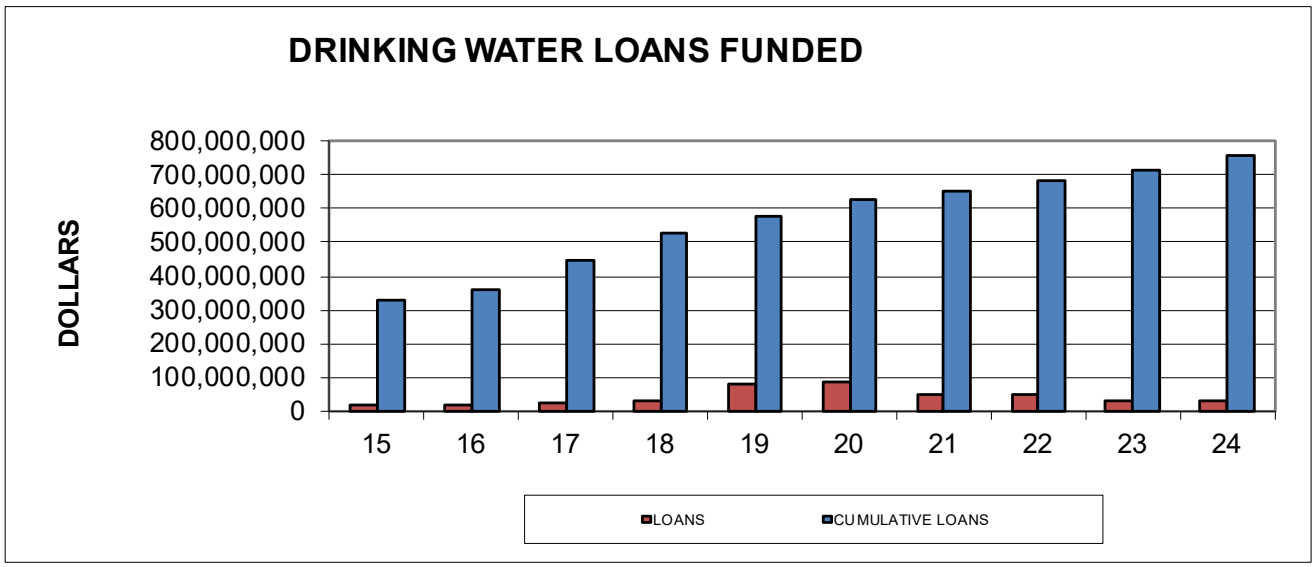
In 2001, Moody's Investors Service, Inc. upgraded the North Dakota SRF Program from "Aa2" to "Aaa", Moody's highest rating. The PFA obtained an additional rating for the North Dakota SRF Program bonds from Standard & Poor's Ratings Services which assigned their highest rating, "AAA," 2015.

The interest rates on SRF Program loans are set by the DEQ in consultation with the PFA. The interest rates are fixed for the term of a loan. The interest rate for tax-exempt SRF Program loans is 2.0%. Loans made with American Recovery and Reinvestment Act (ARRA) funds are at 1.0% and/or have a loan forgiveness component. Loans for lead service line replacement funded from Bipartisan Infrastructure Law funding have a 0.5% interest rate.

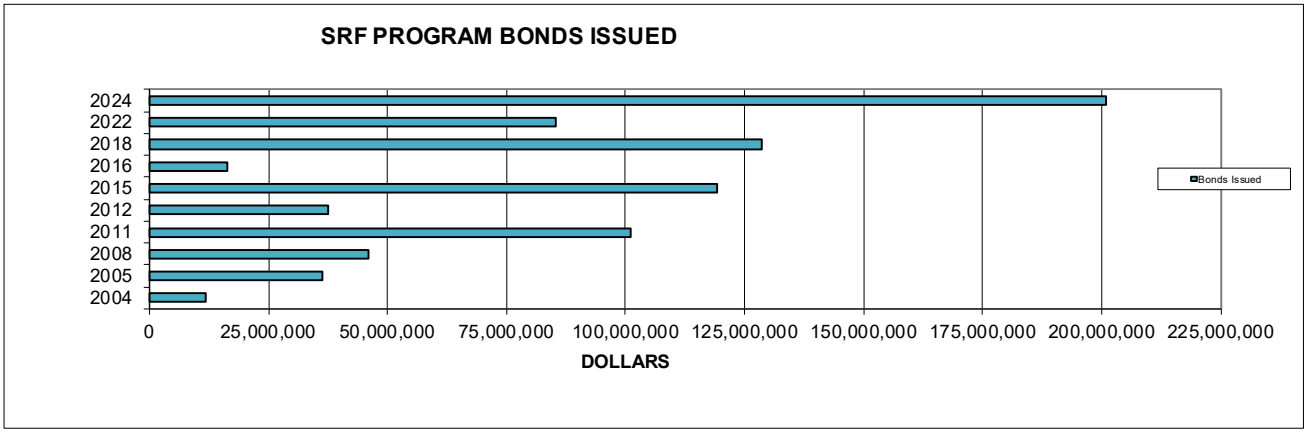
The PFA approved $105,823,661 of Clean Water SRF Program loans to 14 political subdivisions in 2024. Subpart 33 of Part G of Attachment 1 on page 1-18 of this Report contains a list of all approved Clean Water SRF Program loans for 2024, including the approved amount, the funded amount, and the outstanding principal amount of each loan as of December 31, 2024.



The PFA approved $46,162,000 of Drinking Water SRF Program loans to 21 political subdivisions in 2024. Subpart 26 of Part H of Attachment 1 on page 1-28 of this Report contains a list of loans made under the Drinking Water SRF Program during 2024, including the approved amount, the funded amount, and the outstanding principal amount of each loan as of December 31, 2024.



The total amount of SRF Program Bonds issued under the PFA's SRF Program Master Trust Indenture is $969,615,000. This total includes $283,220,000 of the 1990, 1993, 1995, 1996, 1998, 2000, 2001, 2003A, 2003B, 2004, 2005, 2008, 2011, and 2015 SRF Program Bonds which have been advance refunded and are no longer considered to be outstanding.



As of December 31, 2024, the total amount of SRF Program Bonds outstanding was $381,440,000, and the total outstanding amount of SRF Program loans was $935,349,557.

Part H of attachment 2 on page 2-3 of this Report contains a complete list of the SRF Program Bonds issued by the PFA under the Master Trust Indenture, including the original dollar amount and the outstanding principal amount of each series of SRF Program Bond.

INDUSTRIAL DEVELOPMENT BOND PROGRAM

The Public Finance Authority's Industrial Development Bond Program (IDBP) provides loans to North Dakota manufacturers that meet the IRS definition for small issue manufacturers. Bonds issued under this Program are moral obligation bonds of the State unless the borrower has the financial strength to request that the Public Finance Authority issue the bonds on a conduit basis. The Public Finance Authority limits the program to $2,000,000 per borrower and $20,000,000 for the entire program. For conduit issuance when the state's moral obligation is not used as a credit enhancement there are no project or program limits.

The interest rates payable by a borrower are market rates, which are set through a competitive bid process when the PFA issues and sells its bonds to fund a loan. The interest rates paid by the PFA on its bonds are the same rates a borrower will pay on its bonds sold to the PFA.

On September 26, 2018, the Industrial Development Bond Program was upgraded from a rating of "A+" to "AA-" by Standard & Poor's Ratings Group. The PFA did not issue IDBP Bonds in 2024.

Part I of Attachment 1 beginning on page 1-29 of this Report contains a complete list, as of December 31, 2024, of all loans made by the PFA with proceeds of IDBP Bonds issued under the IDBP General Bond Resolution, including the name of each borrower and the original amount of each loan.

Part I of Attachment 2 on page 2-4 of this Report contains a complete list, as of December 31, 2024, of all series of Industrial Development Program Bonds issued under the IDBP General Bond Resolution, including the original dollar amount and the outstanding principal amount of each series of IDBP Bonds.

The outstanding amount of Reserve Fund Letters of Credit on December 31, 2024, was $198,050. The IDBP Reserve Fund Letters of Credit are issued to meet the requirement of the IDBP General Bond Resolution that the PFA maintain reserves for each series, equal to the largest aggregate amount of principal and interest due in any twenty-four consecutive month periods. The IDBP Reserve Fund Letters of Credit are issued by BND.

LEGACY FUND INFRASTRUCTURE BOND PROGRAM

The Public Finance Authority's Legacy Fund Infrastructure Bond Program (Legacy Bonds) was established in 2021 to transfer funds to the Bank of North Dakota (BND) to allocate to legislature approved state infrastructure projects and programs. Upon request by BND, funds are transferred to BND for disbursement to funded programs. Bond payments will be funded by capitalized interest, earnings on unspent bond proceeds, and transfers from ND Legacy Fund earnings.

In December of 2021, the Legacy Bonds were assigned ratings of "AA" by Standard & Poor's Global Ratings and "Aa2" by Moody's Investors Service, Inc.

PFA issued Legacy Bonds to finance the following projects approved during the 2021 legislative session:

Fargo Diversion Project	$ 435,500,000
Resources Trust Fund	$ 74,500,000
Infrastructure Revolving Loan Fund	$ 50,000,000
Highway Fund	$ 70,000,000
NDSU Agriculture Products Development Facility	$ 50,000,000

Under the Legacy Fund Infrastructure Program $710,115,000 of bonds have been issued to fund all projects authorized during the 2021 legislative session. As of December 31, 2024, the total amount of Legacy Bonds outstanding was $652,625,000.

Part J of Attachment 2 on page 2-4 of this Report contains a complete list, as of December 31, 2024, of all series of Legacy Fund Infrastructure Program Bonds issued under the Legacy Bond Resolution, including the original dollar amount and the outstanding principal amount of each series of Legacy Bonds.

OTHER BONDS

1977 General Bond Resolution. The PFA, pursuant to a 1977 General Bond Resolution, issued $15,000,000 in 1977, $16,590,000 of bonds in 1979, and $11,600,000 of bonds in 1983, for a total principal amount of $43,190,000. The 1977, 1979 and 1983 bonds have been retired.

1985 Local Governmental Assistance Program. In 1985, the PFA issued $35,290,000 of bonds under a Local Governmental Assistance Program. These bonds were retired in 1986.

1990 Government Assistance Program. In 1990, pursuant to its Government Assistance Program, the PFA issued two series of bonds in the total amount of $2,006,704. These bonds were retired in 1991.

1989 Insured Water System Revenue Bonds and 1999 Taxable Insured Water System Refunding Revenue Bonds. Pursuant to a Trust Indenture adopted in 1989, the PFA issued two series of Water System Revenue Bonds. The 1989 Series A Bonds were issued in the amount of $11,650,000, and the 1989 Series B Bonds were issued in the amount of $1,410,000 (the 1989 Series A Bonds and the 1989 Series B Bonds are referred to as the "1989 Bonds"). The Series B Bonds were issued to fund a reserve fund for the Series A Bonds. On December 21, 1995, the PFA entered into a Purchase Contract for the forward refunding of the 1989 Bonds. Under the terms of the Purchase Contract, the PFA issued and delivered $8,875,000 of its Taxable Insured Water System Refunding Revenue Bonds, on April 1, 1999, for the purpose of refunding the 1989 Bonds. These bonds were retired in 2014.

BIENNIAL DEBT SERVICE REQUIREMENTS

The debt service requirement for the outstanding CFP Bonds for the remaining 2023-2025 biennium is $10,235,456 and the debt service requirement for the outstanding SRF Program Bonds for the 2023-2025 biennium is $11,363,850. The outstanding IDBP debt service requirement for 2023-2025 is $84,000. The remaining Legacy Bond debt service requirement for 2023-2025 is $10,985,446.

The aggregate debt service requirement for all outstanding PFA Bonds for the remaining 2023-2025 biennium is $32,668,752.

NORTH DAKOTA PUBLIC FINANCE AUTHORITY
LOANS MADE 1977 THROUGH 2024

Part A

Subpart 1 $15,000,000 1977 Series A Bonds

Borrower

Alexander PSD
Alexander
Almont
Ashley
Barney
Bell PSD
Beulah
Bismarck
Bismarck Park District
Butte PSD
Buxton
Carrington PSD
Cass County
Casselton
Center
Courtenay Special PSD
Drake
Edinburg PSD
Edmore PSD
Elgin
Ellendale PSD
Emerado
Enderlin
Esmond
Esmond PSD
Fingal PSD
Finley
Fordville
Gackle PSD
Galt PSD
Garrison
Glen Ullin PSD
Gwinner
Halliday
Hampden PSD
Hazelton Moffitt PSD
Hazen
Jamestown
Juzeler PSD
Kathryn PSD
Kensal PSD
Kinloss PSD
Kinyon PSD
Kulm
LaMoure PSD
LaMoure
Lawton
Leeds
Lehr
Leonard PSD
Leonard
Lidgerwood
Lignite
Lincoln PSD
Linton
Linton PSD
Maddock
Mandan
Mayville
McVille
Michigan
Minnewauken PSD
Napoleon
Nedrose PSD
Nesson PSD
New Salem
New Leipzig Fire District
New Rockford
New Leipzig PSD
New Leipzig
New Rockford
North Sargent PSD
Park River
Parshall
Pembina
Portland
Reeder PSD
Regent PSD
Reynolds
Robinson PSD
Rock Lake PSD
Rolla
Rutland
Sawyer PSD
Scotia PSD
Scranton
Sharon
Sharon PSD
Sherwood
Sheyenne PSD
Solen PSD
South Heart PSD
South Bend PSD
Southern PSD
Southwest Fargo
Stanley
Stanton
Steele
Streeter PSD
Sutton PSD
Thompson
Tioga PSD
Tolna
Traill County District
Turtle Lake
Valley City
Velva
Verona
Walcott
Walhalla
Washburn
Watford City
Westhope
Wildrose PSD
Wilton
Wishek PSD
Wishek
Woodworth PSD
Yellowstone Irrigation District
Zeeland PSD

Subpart 2 **$16,590,000 1979 Series A Bonds**

Borrower

Anita Fire Protection District
Ashley PSD
Beulah
Beulah PSD
Center PSD
Edgeley
Edinburg
Edmore
Enderlin
Finley
Gackle
Garrison
Glen Ullin
Grand Forks Park District
Halliday
Harwood
Hazelton
Hazen
Hazen PSD
Hebron
Hettinger
Hope
Hunter
Linton
Lisbon
Mandan
Mayville
Medina
Mott
Napoleon
New Rockford
New Rockford Park District
Park River
Portland
Richardson PSD
Rock Lake
Rolla
Scranton
Sherwood Fire Protection District
Stanley
Stanton
Strasburg
Streeter
Thompson
West Fargo PSD
Wilton
Wishek
Zap

Subpart 3 **$11,600,000 1983 Series A Bonds**

Borrower

Anamoose
Antler
Binford
Bismarck Rural Fire District
Bowbells PSD
Carrington
Cass Richland Drainage District
Casselton
Crosby
Dodge
Edgeley PSD
Elgin PSD
Enderlin
Finley
Flasher PSD
Gladstone
Grafton PSD
Gwinner
Hankinson Rural Fire District
Horace
Killdeer
Lakota PSD
Larimore
Leonard
Linton
Mandan
Manning PSD
Mapleton
Medina
Michigan PSD
Milnor
New England
New Leipzig
Osnabrock
Pembina
Pingree PSD
Rhame
Richardton
Rolette
Stanley
Strasburg
Towner
Velva
Westhope
Wildrose
Zap PSD

Part B **Local Government Assistance Program**
$35,290,000 1985 Series A Bonds

Borrower

Barnes County
Bismarck PSD
Border Central PSD
Burleigh County
Cass Valley North PSD
Cass County
Crary PSD
Dakota PSD
Dickey County
Dickinson PSD
Drayton PSD
Edgeley PSD
Epping PSD
Fargo PSD
Fessenden
Fordville
Grace City PSD
Grand Forks County
Grand Forks PSD
Killdeer PSD
LaMoure PSD
Mandan PSD
Mandan
McIntosh County
Michigan PSD
Minot PSD
Morton County
Powers Lake PSD
Ramsey County
Richland County
Solen PSD
Stanton PSD
Stark County
Steele County
Stutsman County
Tolley PSD
Walsh County
West Fargo PSD

Part C **Government Assistance Program**
$765,000 1990 Series A Bonds

Borrower

Cavalier
Edgeley PSD
Eight Mile PSD
Marion PSD
Pembina PSD
Sherwood PSD

Part D **Insured Water System Revenue Bonds**
$8,875,000 1999 Series A Bonds
$1,410,000 1999 Series B Bonds

Borrower

All Season Water Users
Cass Rural Water
Dakota Water Users
Lidgerwood
North Valley Water Users Association
Richland Rural Water
Traill County Rural Water Users, Inc.
Tri-County Water Users Association

Capital Financing Disaster Loan Program

Part E

Borrower	Original Loan Amount
Subpart 1 2011	
Orlien Township, Ward County	$ 400,000
Lund Township, Ward County	70,000
Ramsey County	2,000,000
Anna Township, Ward County	800,000
Logan County	6,000,000
Dickey County	5,000,000
Rolling Green Township, Ward Cnty	460,742
Cameron Township, Ward County	495,000
Otis Township, McLean County	35,000
Normanna Township, Cass County	40,000
Casselton Township, Cass County	83,000
Ward County	10,000,000
Sargent	10,000,000
Stutsman County	2,739,859
Weld Township, Stutsman County	1,321,733
Stirton Township, Stutsman County	1,295,017
Valley Springs Tnshp, Stutsman Cnty	904,483
Lowery Township, Stutsman County	600,000
Wadsworth Township, Stutsman County	26,000
St Paul Township, Stutsman County	278,500
Ashland Township, Stutsman County	5,741
Woodbury Township, Stutsman County	150,000
Sinclair Township, Stutsman County	193,000
Meadow Lake Township, Barnes Cnty	101,000
Sharlow Township, Stutsman County	50,000
Streeter Township, Stutsman County	400,000
Griffin Township, Stutsman County	61,832
Mandan	8,000,000
Rice Lake Recreation Service District	400,000
North Prairie Rural Water District	700,000
North Prairie Rural Water District	450,000
Minnewaukan Public School District	2,500,000
	55,560,907
Subpart 2 2012	
Newman Township, Ward County	40,000
Griffin Township, Stutsman County	1,030,530
Minot Park District	7,000,000
Rice Lake Recreation Service District	672,600
	8,743,130
Subpart 3 2013	
Gray Township, Stutsman County	30,000
Minnewaukan	6,637,509
German Township, Dickey County	360,000
Chicago Township, Stutsman County	200,000
	7,227,509
Total	$71,531,546

Capital Financing Program

Part F

Borrower	Original Loan Amount
Subpart 1 1990	
Morton County	$ 400,000
Linton	185,000
Mandan	95,000
Hankinson	155,000
Fargo Park District	680,000
Traill County Water Resource Dist	100,000
Dickinson Recreation Building Auth.	250,000
Rolla	220,000
Morton County Water Resource Brd.	230,000
North Valley Rural Water Assoc.	140,000
Milnor	85,000
Bismarck Parks & Recreation Dist.	770,000
Twin Buttes School District	70,000
Hettinger Park District	35,000
Mandan Parks & Recreation Dist.	335,000
	3,750,000
Subpart 2 1991	
Burleigh County Housing Auth.	225,000
Bismarck Parks & Recreation Dist.	1,300,000
Bismarck Parks & Recreation Dist.	410,000
Mandan Parks & Recreation Dist.	560,000
Richardton	165,000
Kindred	25,000
Montefiore PSD	75,000
Pembina PSD	195,000
Eight Mile PSD	150,000
Lake Agassiz Regional Council	180,000
North Valley Water Association	200,000
Finley	875,000
Wyndmere	65,000
Ward County	85,000
Oakes Municipal Airport Authority	45,000
Devils Lake PSD	1,810,000
Greater Richland Ed. Comm. Cons.	250,000
Cass County	400,000
	7,015,000

Borrower	Original Loan Amount
Subpart 3 1992	
Mandan PSD	$ 2,500,000
New England	75,000
Cavalier	75,000
Lidgerwood	75,000
Kindred PSD	1,545,000
Edinburg	120,000
Milnor	205,000
West Fargo PSD	2,500,000
Lisbon PSD	800,000
Emerado PSD	100,000
Milnor	190,000
Pembina PSD	195,000
Eight Mile PSD	200,000
Briarwood	40,000
Buxton	40,000
Missouri Hills Interactive Cons.	455,000
Grand Forks PSD	2,500,000
Mercer County Housing Auth.	435,000
Nelson County	100,000
	12,150,000
Subpart 4 1993	
Lake Metigoshe RSD	150,000
Glenburn PSD	880,000
Fargo PSD	1,975,000
Fargo PSD	525,000
Thompson PSD	900,000
Souris	40,000
Marion PSD	115,000
Pembina PSD	180,000
Eight Mile PSD	150,000
Sims PSD	60,000
Oakes	120,000
McVille	230,000
Milnor	195,000
Emerado PSD	60,000
Grand Forks PSD	2,000,000
Burleigh County Housing Auth.	325,000
	7,905,000

Borrower	Original Loan Amount
Subpart 5 1994	
Mandan Airport Authority	180,000
Fairmount PSD	305,500
Grafton PSD	2,000,000
Sawyer PSD	450,000
Glenburn PSD	592,500
Lincoln PSD	274,000
Finley-Sharon PSD	499,500
Oakes PSD	1,650,000
North Sargent-Gwinner PSD	538,300
Rolette PSD	461,900
Zap PSD	250,000
Stanley PSD	1,185,000
Clifford-Galesburg PSD	532,669
Rhame PSD	180,000
West Fargo PSD	3,000,000
Manvel PSD	228,000
United-Des Lacs PSD	942,647
Surrey PSD	413,000
Cando PSD	50,000
Surrey PSD	325,000
Sawyer	150,000
Marion PSD	105,000
Pembina PSD	90,000
Eight Mile PSD	200,000
Sims PSD	50,000
	14,653,016
Subpart 6 1995	
Burleigh County Housing Auth.	1,600,000
Traill County WRD	100,000
Mooreton	170,000
Milnor	160,000
Ward County	95,000
Marion PSD	105,000
Eight Mile PSD	200,000
Sims PSD	75,000
	2,505,000
Subpart 7 1996	
Minot	500,000
Rolette County Housing	500,000
Dunseith	100,000
Garrison	120,000
Hazelton	140,000
Walcott-Colfax District	70,000
Burleigh Water Users	1,585,000
Marion PSD	120,000
Garrison PSD	230,000
	3,365,000

Borrower	Original Loan Amount
Subpart 8 1997	
Cavalier	540,000
Burleigh Rural Water Users	3,350,000
New Town PSD	300,000
North Valley Water Association	1,400,000
South Central Water Users Dist.	350,000
Grafton PSD	4,500,000
Richardton	205,000
Aggasiz Water Users	375,000
Sims PSD	50,000
West Fargo PSD	1,000,000
Wahpeton	1,600,000
Garrison	125,000
McVille	1,550,000
	15,345,000
Subpart 9 1998	
Gackle	295,000
Lidgerwood	120,000
Prairie Rose	175,000
Surrey	100,000
Hettinger Park District	200,000
Maple River Water Resource District	55,000
Milnor	400,000
Grandin	165,000
West Fargo PSD	1,000,000
Sims PSD	50,000
Park River	450,000
	3,010,000
Subpart 10 1999	
Lidgerwood	1,075,000
Drayton	140,000
Drayton	70,000
Max	50,000
Surrey	100,000
West Fargo PSD	1,000,000
Sims PSD	100,000
Tri-County Water District	1,710,000
Tri-County Water District	285,000
	4,530,000
Subpart 11 2000	
Lisbon	765,000
Enderlin	195,000
Amenia	155,000
West Fargo PSD	3,000,000
Sims PSD	100,000
	4,215,000

Borrower		Original Loan Amount
Subpart 12	**2001**	
Frontier		735,000
Subpart 13	**2002**	
McVille		215,000
Southeast Water Users District		700,000
Bismarck Rural Fire Department		185,000
Kulm		150,000
Fessenden-Bowdon PSD		350,000
		1,600,000
Subpart 14	**2003**	
Langdon Rural Water District		1,495,000
Subpart 15	**2004**	
Traill Rural Water District		300,000
Surrey		500,000
Mercer County Housing		80,000
		880,000
Subpart 16	**2006**	
Rolette County Housing Authority		235,000
Belcourt PSD		1,045,000
Enderlin		105,000
		1,385,000

Borrower		Original Loan Amount	Outstanding Loan Amount
Subpart 17	**2009**		
West Fargo		530,000	355,000
Tri-County Water District		1,415,000	0
Emerado		180,000	60,000
		2,125,000	415,000
Subpart 18	**2011**		
Drayton		405,000	0
Drayton		350,000	0
McVille		2,357,000	0
McVille		618,000	0
		3,730,000	0
Subpart 19	**2012**		
McVille		150,000	35,000
Kulm		85,000	0
All Seasons Water Users District		820,000	385,000
Forman Housing Authority		935,000	0
Forman		505,000	0
Forman		1,090,000	0
Hankinson		1,930,000	1,225,000
Mayville		1,430,000	720,000
Tri-County Water District		1,405,000	0
Gackle		1,285,000	725,000
		9,635,000	3,090,000
Subpart 20	**2013**		
Fargo		51,375,000	28,075,000
Subpart 21	**2014**		
Fargo		32512000	17658000
Noonan		328,000	207,000
Stutsman Rural Water District		9,000,000	5,310,000
		41,840,000	23,175,000
Subpart 22	**2015**		
Minot		1,945,000	785,000
Forman		1,965,000	950,000
Watford City		23,655,000	15,685,000
Watford City		35,550,000	29,520,000
Rugby		465,000	55,000
Zap		2,265,000	1,490,000
		65,845,000	48,485,000

Borrower		Original Loan Amount	Outstanding Loan Amount
Subpart 23	**2018**		
Munich		1,360,000	645,000
Subpart 24	**2019**		
Morton County		2,515,000	0
Subpart 25	**2021**		
Drayton		210,000	160,000
Drayton		180,000	135,000
McVille		1,675,000	1,515,000
McVille		65,000	0
		2,130,000	1,810,000
Total Capital Financing Program Loans		$ 265,093,016	$ 105,695,000

Clean Water State Revolving Fund Program

Part G

Borrower		Approved and Funded Loan Amount
Subpart 1	**1990**	
Enderlin		$ 490,000
Fargo		3,561,559
Minot		879,386
		4,930,945
Subpart 2	**1993**	
Fargo		7,770,000
Jamestown		1,581,406
Minot		665,000
Northwood		1,150,000
Wahpeton		1,062,366
West Fargo		175,000
Lake Metigoshe RSD		296,263
New Town		132,050
Jamestown		1,289,702
Williston		252,835
		14,374,622
Subpart 3	**1994**	
Minot		443,522
Burlington		165,037
Devils Lake		1,076,423
Grafton		410,000
Casselton		112,000
		2,206,982
Subpart 4	**1995**	
Fargo		2,850,429
Max		74,912
Cooperstown		55,000
Northwood		225,837
Colfax		36,297
Edmore		62,256
Ellendale		196.826
Minot		400,000
Williston		291,881
Lisbon		100,000
Napoleon		133,851
Park River		498,279
Carrington		835,000
Mott		211,157
Harvey		478,556
Beach		226,241
Williston		328,581

Borrower		Approved and Funded Loan Amount
Subpart 4 Cont.	**1995**	
Buffalo		$ 38,248
Hettinger		156,001
Davenport		176,339
Ellendale		220,990
Cando		113,006
Cooperstown		300,000
		8,009,687
Subpart 5	**1996**	
Jamestown		16,300,000
Cooperstown		1,174,952
Park River		72,312
Portland		82,368
Medina		67,255
Mayville		105,433
Manvel		478,416
Oriska		21,531
Bottineau		100,000
Arthur		132,963
Cando		254,052
Kindred		124,498
Page		47,738
Argusville		213,061
Bottineau		104,500
Grand Forks		13,700,000
Bank of North Dakota		1,101,444
		34,080,523
Subpart 6	**1997**	
Grand Forks		3,940,000
Casselton		1,589,652
Christine		385,273
Mapleton		152,864
Horace		225,330
Carrington		805,000
Mandan		5,191,929
Berthold		82,875
Cooperstown		123,067
Jamestown		2,277,487
Lakota		1,933,969
Minnewauken		218,000
		16,925,446
Subpart 7	**1998**	
Granville		42,000
Enderlin		342,373

Borrower		Approved and Funded Loan Amount
Subpart 7 Cont.	**1998**	
Wishek		140,704
Fargo		1,482,337
Gwinner		258,711
Southeast Cass WRD		214,000
Casselton		108,261
Sanborn		76,195
Frontier		98,603
Abercrombie		300,875
Grandin		97,042
Taylor		59,872
Fargo		10,723,277
Grand Forks		2,650,804
		16,595,054
Subpart 8	**1999**	
Fargo		210,000
Gackle		118,020
Hillsboro		360,000
Kindred		1,113,522
Wimbledon		74,738
Jamestown		747,990
Lisbon		87,025
Stanley		102,413
Buffalo		213,667
Buxton		77,000
Hankinson		88,000
Jamestown		454,641
		3,647,016
Subpart 9	**2000**	
Abercrombie		20,064
Hankinson		84,999
Fargo		1,816,295
Lidgerwood		89,405
Enderlin		1,189,549
Hunter		158,395
Cogswell		81,960
Mayville		1,075,000
Ward County WRD		797,375
Emerado		406,207
		5,719,249
Subpart 10	**2001**	
Jamestown		370,120
Mayville		1,169,393
Forman		135,172
Lisbon		716,436

Borrower		Approved and Funded Loan Amount
Subpart 10 Cont.	**2001**	
Amenia		141,489
Grand Forks		13,781,500
Kulm		678,640
Tower City		503,123
Lake Metigoshe RSD		485,400
Williston		1,124,000
Rolette		102,000
Hebron		122,890
Hankinson		1,457,760
Harvey		69,281
Oakes		106,076
		20,963,280
Subpart 11	**2002**	
Sanborn		30,694
Williston		1,190,559
Grand Forks		1,580,755
Grand Forks		2,274,164
Grand Forks		6,546,560
Linton		95,770
Mayville		3,073,811
Morton County WRD		258,000
Wildrose		86,405
Mapleton		80,790
Wahpeton		374,065
		15,591,573
Subpart 12	**2003**	
Hunter		41,930
Oakes		746,350
Harvey		244,615
Hankinson		133,790
Mantador		50,000
Litchville		236,381
Courtenay		49,444
Jamestown		1,309,568
		2,812,078
Subpart 13	**2004**	
Oakes		601,500
Portland		291,164
Lidgerwood		84,416
Lincoln		397,944
Hillsboro		186,336
Warwick		32,775
West River Water and Sewer		338,007
		1,932,142

Borrower		Approved Loan Amount	Funded Loan Amount	Outstanding Loan Amount
Subpart 14	**2005**			
Mapleton		335,000	335,000	0
Hazen		276,120	276,120	16,000
Enderlin		184,307	184,307	0
Rutland		180,841	180,841	0
Grand Forks		4,500,000	4,500,000	280,000
		5,476,268	5,476,268	296,000
Subpart 15	**2006**			
Jamestown		1,475,346	1,475,346	184,000
Rice Lake RSD		2,813,537	2,813,537	252,000
Fargo		2,631,739	2,631,739	0
Gackle		77,824	77,824	0
Tower City		121,502	121,502	0
Bank of North Dakota		1,722,501	1,722,501	0
Portland		30,236	30,236	4,000
Wyndmere		188,146	188,146	0
Oakes		950,000	950,000	120,000
		10,010,831	10,010,831	560,000
Subpart 16	**2007**			
Bismarck		20,000,000	20,000,000	3,785,000
Southeast Cass WRD		738,299	738,299	85,000
Lakota		414,948	414,948	0
Leonard		255,000	255,000	47,000
Argusville		634,606	634,606	123,000
Mayville		345,725	345,725	42,000
McVille		81,677	81,677	10,000
Jamestown		1,467,998	1,467,998	157,000
Hope		757,963	757,963	51,000
Portland		46,937	46,937	9,000
Cass Rural Water District		15,326,652	15,326,652	4,245,652
Willow City		148,174	148,174	27,000
Oakes		258,747	258,747	45,000
Nome		16,011	16,011	0
		40,492,737	40,492,737	8,626,652
Subpart 17	**2008**			
Lisbon		1,174,092	1,174,092	280,000
Harvey		210,952	210,952	21,000
Hunter		138,580	138,580	35,000
Fargo		63,657,409	63,657,409	20,915,000
Flasher		121,414	121,414	0
Hankinson		100,000	100,000	25,000
Ellendale		734,842	734,842	177,000
Fargo		1,640,000	1,640,000	440,000
Watford City		808,588	808,588	195,000
		68,585,877	68,585,877	22,088,000

Borrower		Approved Loan Amount	Funded Loan Amount	Outstanding Loan Amount
Subpart 18	**2009**			
Tappen		179,761	179,761	44,000
Casselton		1,931,688	1,931,688	515,000
Mandan		1,679,763	1,679,763	420,000
Mandan		1,000,000	1,000,000	245,000
Stutsman RWD		4,603,386	4,603,386	1,190,000
Lisbon		1,247,424	1,247,424	155,000
Cavalier		487,315	487,315	110,000
Lake Metigoshe RSD		517,400	517,400	0
Velva		346,601	346,601	0
Hazen		246,919	246,919	0
Enderlin		799,172	799,172	100,000
Glenburn		784,378	784,378	125,000
Davenport		389,832	389,832	50,000
Munich		1,200,120	1,200,120	0
Edgeley		1,644,845	1,644,845	125,000
Valley City		345,241	345,241	95,000
Strasburg		1,404,743	1,404,743	120,000
		18,808,588	18,808,588	3,294,000
Subpart 19	**2010**			
Hillsboro		127,849	127,849	0
Drayton		1,677,066	1,677,066	41,000
Michigan		1,606,506	1,606,506	150,000
Northwood		2,306,303	2,306,303	345,000
Fargo		822,348	822,348	215,000
Wishek		185,547	185,547	56,000
Mapleton		610,964	610,964	200,000
Hankinson		569,833	569,833	180,000
Fargo		4,061,075	4,061,075	1,505,000
Hunter		143,032	143,032	60,000
Dickinson		569,354	569,354	0
Langdon		157,454	157,454	0
Kulm		54,409	54,409	20,000
		12,891,740	12,891,740	2,772,000
Subpart 20	**2011**			
Jamestown		1,140,023	1,140,023	415,000
Pembina		217,329	217,329	95,000
Wyndmere		1,664,897	1,664,897	690,000
Devils Lake		2,500,000	2,500,000	945,000
Minto		1,177,115	1,177,115	485,000
Fingal		519,245	519,245	155,000
Southeast Cass WRD		591,777	591,777	175,000
Forman		750,935	750,935	180,000
Hazen		178,494	178,494	73,000
		8,739,815	8,739,815	3,213,000

Borrower		Approved Loan Amount	Funded Loan Amount	Outstanding Loan Amount
Subpart 21	**2012**			
Velva		210,408	210,408	0
Kathryn		68,006	68,006	0
Maddock		1,284,300	1,284,300	180,000
Casselton		765,923	765,923	0
Dunn Center		200,000	200,000	0
Des Lacs		97,403	97,403	44,000
Clifford		46,228	46,228	22,000
Medina		238,028	238,028	0
		2,910,296	2,910,296	246,000
Subpart 22	**2013**			
Burleigh County WRD		244,653	244,653	120,000
Rolla		1,755,604	1,755,604	825,000
Lisbon		469,752	469,752	220,000
Ray		2,533,536	2,533,536	445,000
Wyndmere		205,773	205,773	0
Jamestown		822,306	822,306	420,000
Dickinson		38,924,961	38,924,961	18,635,000
Casselton		3,246,585	3,246,585	1,640,000
Lehr		219,482	219,482	53,000
Mandan		2,066,118	2,066,118	1,045,000
		50,488,770	50,488,770	23,403,000
Subpart 23	**2014**			
Douglas		67,866	67,866	34,000
Jamestown		11,100,950	11,100,950	6,235,000
Berthold		1,248,288	1,248,288	425,000
Bowbells		685,005	685,005	275,000
Noonan		237,000	237,000	135,000
Enderlin		365,500	365,500	200,000
Page		182,867	182,867	100,000
Beulah		586,800	586,800	310,000
Washburn		2,922,696	2,922,696	1,605,000
Mandan		1,681,280	1,681,280	880,000
Dickinson		37,252,730	37,252,730	20,750,000
Grenora		416,147	416,147	199,000
Williston		113,151,288	113,151,288	72,755,000
Ryder		189,109	189,109	99,000
		170,087,526	170,087,526	104,002,000

Borrower		Approved Loan Amount	Funded Loan Amount	Outstanding Loan Amount
Subpart 24	**2015**			
Watford City		18,718,523	18,718,523	14,465,000
Mandan		4,481,824	4,481,824	2,715,000
Tioga		2,500,000	2,500,000	0
Marion		97,732	97,732	50,000
Harvey		830,477	830,477	500,000
Ward County WRD		2,755,128	2,755,128	1,680,000
Granville		139,939	139,939	90,000
Grafton		497,760	497,760	305,000
Watford City		10,407,619	10,407,619	8,270,000
		40,429,002	40,429,002	28,075,000
Subpart 25	**2016**			
Oberon		191,552	191,552	147,000
Jamestown		522,119	522,119	350,000
Dwight		50,700	50,700	42,000
Makoti		57,450	57,450	36,000
LaMoure		1,315,894	1,315,894	710,000
Hebron		911,000	911,000	285,000
Arnegard		380,000	380,000	0
		3,428,715	3,428,715	1,570,000
Subpart 26	**2017**			
Horace		992,648	992,648	650,000
Colfax		519,633	519,633	416,000
Beulah		441,097	441,097	285,000
Gardner		26,710	26,710	0
Noonan		646,716	646,716	295,000
Oakes		1,005,000	1,005,000	770,000
Larimore		1,119,683	1,119,683	217,000
Oakes		230,121	230,121	186,000
Cavalier		998,000	879,373	499,599
Horace		1,858,999	1,858,999	881,999
Mayville		1,556,000	1,556,000	1,190,000
		9,394,607	9,275,980	5,390,598

Borrower		Approved Loan Amount	Funded Loan Amount	Outstanding Loan Amount
Subpart 27	**2018**			
Carrington		323,291	323,291	264,000
Lidgerwood		47,537	47,537	21,000
Wahpeton		1,041,682	1,041,682	800,000
Pick City		275,522	275,522	153,000
Petersburg		787,979	787,979	685,000
Jamestown		3,727,028	3,727,028	2,320,000
Garrison Diversion Conservancy Dist.		5,000,000	1,047,507	790,458
Argusville		712,575	712,575	595,000
Beulah		407,315	407,315	346,000
Jamestown		597,583	597,583	425,000
Lisbon		934,061	934,061	710,000
Arnegard		2,297,225	2,297,225	1,410,000
Minot		6,433,406	6,433,406	4,760,000
Minot		12,282,000	10,196,288	7,719,288
Horace		422,000	422,000	180,000
Grand Forks		9,000,000	9,000,000	7,605,000
Fargo		21,229,000	20,809,020	20,285,020
Arthur		115,263	115,263	54,000
Fargo		151,500,000	134,172,380	129,773,610
		217,133,467	193,347,662	178,896,376
Subpart 28	**2019**			
Wahpeton		1,381,642	1,381,642	1,155,000
Walcott		456,235	456,235	405,000
Rutland		131,478	131,478	93,000
Kindred		3,705,000	3,705,000	2,630,000
Valley City		395,851	395,851	300,000
Dickinson		2,145,166	2,145,166	1,865,000
Fargo		500,000	500,000	449,000
Fargo		26,500,000	11,924,979	10,854,979
Grand Forks		1,228,485	1,228,485	1,065,000
		36,443,857	21,868,836	18,816,979
Subpart 29	**2020**			
Wing		620,834	620,834	217,000
Wyndmere		4,048,035	4,048,035	3,440,000
Wildrose		2,455,268	2,455,268	1,380,000
Center		880,000	880,000	790,000
Buxton		721,716	721,716	660,000
Dunn Center		2,804,918	2,804,918	1,795,000
Stanton		617,500	617,500	560,000
Dickinson		1,291,469	1,291,469	1,155,000
		13,439,740	13,439,740	9,997,000

Borrower		Approved Loan Amount	Funded Loan Amount	Outstanding Loan Amount
Subpart 30	**2021**			
Bismarck		5,000,000	5,000,000	4,110,000
Jamestown		2,500,073	2,500,073	2,290,000
Valley City		457,151	457,151	345,000
Northwood		7,000,000	1,470,557	745,224
Stanley		165,000	165,000	123,000
New Salem		1,042,000	1,042,000	965,000
Cavalier		400,509	400,509	92,000
Wahpeton		4,275,000	4,275,000	3,950,000
Hankinson		97,933	97,933	33,000
		20,937,666	15,408,223	12,653,224
Subpart 31	**2022**			
Fargo		259,000	259,000	230,000
Fargo		4,361,000	4,361,000	3,960,000
Hebron		120,000	114,000	99,000
Wahpeton		1,810,965	1,810,965	1,205,000
Portland		430,000	430,000	408,000
Valley City		816,050	816,050	710,000
Forman		550,000	550,000	460,000
Strasburg		1,326,000	863,051	324,296
Wilton		1,520,000	1,444,000	1,410,000
Fargo		51,634,000	19,334,469	19,334,469
Tower City		459,023	459,023	448,000
		63,286,038	30,441,558	28,588,765
Subpart 32	**2023**			
Stanley		991,500	693,197	641,697
Stanley		330,500	231,065	222,566
Fort Ransom		678,193	678,193	461,000
Gardner		955,000	768,032	186,007
Cass Rural WUD		28,646,000	25,474,131	22,858,131
Center		500,000	500,000	488,000
Center		4,930,000	4,930,000	1,370,000
Minnewaukan		270,000	270,000	265,000
Grand Forks		3,167,000	2,276,156	2,275,156
Fairmount		1,330,000	603,077	603,077
Dazey		1,251,000	725,587	173,647
Grand Forks		5,607,000	5,169,267	5,169,267
Grand Forks		3,430,000	2,971,458	2,971,458
Mapleton		1,975,000	768,923	768,923
Berthold		997,397	997,397	996,397
Grand Forks		54,620,000	38,257,521	38,257,521
		109,678,590	85,314,004	77,707,846

Borrower		Approved Loan Amount	Funded Loan Amount	Outstanding Loan Amount
Subpart 33	**2024**			
Bismarck		45,000,000	2,073,152	2,073,152
Aneta		930,000	883,501	883,501
Beulah		4,184,000	2,898,443	2,898,443
Fargo		701,000	329,121	329,121
Fargo		10,647,000	4,308,009	2,806,009
Buffalo		1,330,000	276,553	276,553
Sawyer		420,661	420,661	420,661
New Town		3,638,000	3,478,810	3,478,810
Drayton		350,000	256,655	256,655
Richardton		500,000	377,880	377,880
Grand Forks		6,922,000	829,011	829,011
Fargo		15,000,000	2,062,080	2,062,080
		89,622,661	18,193,876	16,691,876
Total		$ 1,140,075,388	$ 967,428,641	$ 546,888,316

Drinking Water State Revolving Fund Program

Part H

Borrower		Approved and Funded Loan Amount
Subpart 1	**1999**	
Wahpeton		$ 345,715
Park River		261,000
New Rockford		281,102
Sawyer		136,000
Walsh Rural Water District		3,000,000
Tioga		44,004
Williston		3,901,331
St. John		399,388
		8,368,540
Subpart 2	**2000**	
Grand Forks		11,542,236
Lisbon		912,115
Stutsman Rural Water Users		666,168
State Water Commission		1,500,000
Cooperstown		300,000
Harwood		866,514
Mayville		1,025,000
		16,812,033
Subpart 3	**2001**	
Hankinson		405,000
Finley		2,479,994
Enderlin		195,000
Valley City		1,444,139
Grand Forks		10,050,000
Oxbow		475,657
Lisbon		460,381
Nome		22,465
Southeast Water Users		60,000
		15,592,636

Borrower		Approved and Funded Loan Amount
Subpart 4	**2002**	
Lisbon		$ 413,522
Harvey		427,076
Grafton		285,616
Mandan		4,197,565
Ramsey County WRD		3,482,000
Enderlin		87,500
Linton		563,063
Cleveland		206,406
Langdon		522,796
Drayton		132,362
Larimore		1,991,805
Wahpeton		1,890,000
Grafton		1,130,229
		15,329,940
Subpart 5	**2003**	
Southeast Water District		1,446,906
Grand Forks - Traill Water District		3,991,780
North Valley Water District		4,138,000
Williston		3,693,344
Barnes Rural Water District		816,000
Argusville		360,718
Casselton		1,272,000
Aneta		171,340
Stutsman Rural Water District		201,651
		16,091,739

Borrower		Approved Loan Amount	Funded Loan Amount	Outstanding Loan Amount
Subpart 6	**2004**			
Oakes		147,652	147,652	0
Cass Rural Water District		1,890,923	1,890,923	125,000
Lisbon		410,000	410,000	0
Leeds		179,000	179,000	0
Hazen		1,000,000	1,000,000	0
Tioga		418,727	418,727	0
Lincoln		307,681	307,681	18,000
Lincoln		447,000	447,000	0
Abercrombie		244,002	244,002	0
Williams County Rural Water		1,500,000	1,500,000	0
Harvey		676,556	676,556	0
Williston		5,000,000	5,000,000	0
Noonan		39,602	39,602	2,500
Williston		17,593,143	17,593,143	2,185,000
Jamestown		2,534,604	2,534,604	155,000
		32,388,890	32,388,890	2,485,500
Subpart 7	**2005**			
Argusville		217,304	217,304	0
Park River		746,100	746,100	0
Mapleton		83,754	83,754	0
Bottineau		750,000	750,000	0
Southeast Water Users District		808,411	808,411	50,000
		2,605,569	2,605,569	50,000
Subpart 8	**2006**			
Walcott		159,112	159,112	10,000
Stutsman Rural Water District		1,164,020	1,164,020	0
Wildrose		52,291	52,291	0
Velva		1,616,123	1,616,123	0
Cooperstown		309,634	309,634	10,000
Riverdale		762,138	762,138	42,000
Pick City		223,328	223,328	26,000
Braddock		16,610	16,610	0
Center		358,800	358,800	20,000
Page		95,975	95,975	12,000
Harvey		91,581	91,581	12,000
Hillsboro		1,151,563	1,151,563	0
Washburn		1,870,633	1,870,633	115,000
Southeast Water Users District		4,655,000	4,655,000	575,000
Portal		50,000	50,000	0
Park River		517,600	517,600	0
Central Plains Water District		1,661,967	1,661,967	0
Columbus		57,000	57,000	0
Southeast Water Users District		186,902	186,902	23,000
		15,000,277	15,000,277	845,000

Borrower		Approved Loan Amount	Funded Loan Amount	Outstanding Loan Amount
Subpart 9	**2007**			
McLean-Sheridan Rural Water		519,104	519,104	94,000
Walsh Rural Water District		1,796,902	1,796,902	0
North Prairie Water District		5,700,000	5,700,000	790,000
Mayville		324,341	324,341	40,000
Southeast Water Users District		5,418,000	5,418,000	395,000
South Central Regional Water		8,000,000	8,000,000	1,465,000
Jamestown		2,076,816	2,076,816	265,000
Devils Lake		3,800,000	3,800,000	0
North Valley Water District		2,617,000	2,617,000	0
Christine		219,015	219,015	41,000
Grand Forks Traill Water District		1,200,000	1,200,000	155,000
All Seasons Water Users District		211,950	211,950	38,000
		31,883,128	31,883,128	3,283,000
Subpart 10	**2008**			
Southeast Water Users District		595,000	595,000	109,000
Hazelton		245,120	245,120	30,000
Lisbon		757,220	757,220	165,000
Mapleton		1,149,088	1,149,088	0
Mandan		4,511,900	4,511,900	1,110,000
Fargo		2,500,000	2,500,000	490,000
Cass Rural Water District		1,376,605	1,376,605	385,000
Fargo		14,110,422	14,110,422	3,210,000
Tri-County Water District		363,289	363,289	73,000
Lakota		199,802	199,802	0
Crosby		551,488	551,488	0
Hankinson		95,000	95,000	24,000
Hannaford		53,748	53,748	11,000
South Central Regional Water		4,000,000	4,000,000	990,000
Ray		1,452,760	1,452,760	140,000
Parshall		3,610,500	3,610,500	1,300,000
Mandan		7,972,283	7,972,283	2,055,000
Leeds		37,076	37,076	8,000
		43,581,301	43,581,301	10,100,000

Borrower		Approved Loan Amount	Funded Loan Amount	Outstanding Loan Amount
Subpart 11	**2009**			
Traill Rural Water District		3,396,880	3,396,880	0
Carrington		240,117	240,117	0
Lisbon		305,787	305,787	80,000
Watford City		347,464	347,464	0
Bismarck		16,320,000	16,320,000	4,420,000
Lisbon		1,613,726	1,613,726	480,000
Ray		864,000	864,000	0
Southeast Water Users District		1,128,358	1,128,358	350,000
Southeast Water Users District		841,774	841,774	305,000
Barnes Rural Water District		2,050,000	2,050,000	295,000
Velva		373,579	373,579	0
All Seasons Water Users District		154,433	154,433	40,000
Wimbledon		258,353	258,353	72,000
Hope		175,000	175,000	35,000
Enderlin		2,196,790	2,196,790	640,000
Garrison		158,222	158,222	0
Wildrose		1,503,094	1,503,094	0
Karlsruhe		791,415	791,415	40,000
Strasburg		2,060,678	2,060,678	120,000
		34,779,670	34,779,670	6,877,000
Subpart 12	**2010**			
Hillsboro		289,376	289,376	0
Washburn		4,023,646	4,023,646	525,000
South Central Regional WD		4,600,000	4,600,000	1,670,000
BDW Water Systems		2,309,158	2,309,158	0
State Line Water Coop		147,781	147,781	0
Valley City		4,646,000	4,646,000	545,000
Hillsboro		1,310,679	1,310,679	275,000
Mandan		6,923,867	6,923,867	2,555,000
Kenmare		403,579	403,579	110,000
Buffalo		98,922	98,922	35,000
Jamestown		5,525,008	5,525,008	1,760,000
Kulm		25,300	25,300	0
		30,303,316	30,303,316	7,475,000

Borrower		Approved Loan Amount	Funded Loan Amount	Outstanding Loan Amount
Subpart 13	**2011**			
Pembina		1,743,743	1,743,743	760,000
Linton		224,800	224,800	93,000
Page		90,597	90,597	37,000
Cooperstown		700,235	700,235	275,000
Sawyer		308,708	308,708	130,000
Bowbells		2,145,000	2,145,000	490,000
McKenzie County WRD		8,200,000	8,200,000	2,550,000
Kenmare		892,039	892,039	325,000
		14,305,122	14,305,122	4,660,000
Subpart 14	**2012**			
Ray		2,500,000	2,500,000	0
Minnewaukan		1,535,189	1,535,189	0
R & T Water Supply Commerce		9,349,789	9,349,789	3,655,000
Garrison Rural Water District		720,000	720,000	280,000
Southeast Water Users District		1,603,656	1,603,656	405,000
Sherwood		82,475	82,475	38,000
Granville		209,990	209,990	85,000
		16,001,099	16,001,099	4,463,000
Subpart 15	**2013**			
Hillsboro		2,623,344	2,623,344	755,000
Ross		1,740,267	1,740,267	365,000
Max		292,062	292,062	150,000
Fargo		98,000,000	98,000,000	84,820,000
Cooperstown		314,393	314,393	150,000
		102,970,066	102,970,066	86,240,000
Subpart 16	**2014**			
Westhope		926,447	926,447	230,000
Grafton		2,200,757	2,200,757	1,175,000
Cooperstown		200,733	200,733	72,000
Stutsman Rural Water District		7,630,004	7,630,004	3,330,000
McLean-Sheridan Rural Water		1,350,000	1,350,000	1,050,000
Mandan		641,683	641,683	330,000
Fairmount		121,759	121,759	0
Noonan		282,130	282,130	158,000
Leeds		317,106	317,106	175,000
Columbus		387,828	387,828	84,000
Washburn		1,391,331	1,391,331	825,000
Jamestown		3,572,603	3,572,603	1,895,000
Grenora		383,853	383,853	169,000
Carrington		1,459,704	1,459,704	820,000
Ray		1,670,000	1,670,000	0
Barnes Rural Water District		2,063,033	2,063,033	1,255,000
		24,598,971	24,598,971	11,568,000

Borrower		Approved Loan Amount	Funded Loan Amount	Outstanding Loan Amount
Subpart 17	**2015**			
Cass Rural Water District		3,000,000	3,000,000	1,835,000
Jamestown		794,159	794,159	435,000
Garrison		1,821,023	1,821,023	1,105,000
Gwinner		2,882,111	2,882,111	1,060,000
Sheyenne		77,362	77,362	47,000
Lehr		79,065	79,065	18,500
		8,653,720	8,653,720	4,500,500
Subpart 18	**2016**			
Tri-County Water District		727,655	727,655	305,000
New Rockford		270,000	270,000	165,000
Enderlin		340,000	340,000	205,000
Cooperstown		369,283	369,283	274,000
Robinson		129,723	129,723	24,000
South Central Regional Water District		3,125,000	3,125,000	2,505,000
New Town		5,000,000	5,000,000	2,540,000
Hebron		2,834,223	2,834,223	655,000
Stutsman Rural Water District		1,582,373	1,582,373	1,255,000
Flaxton		95,000	95,000	0
North Prairie Water District		1,021,590	1,021,590	810,000
		15,494,847	15,494,847	8,738,000
Subpart 19	**2017**			
Pick City		1,032,980	1,032,980	323,000
Southeast Water Users District		5,925,000	5,925,000	5,050,000
Makoti		362,450	362,450	103,000
Grand Forks		66,000,000	66,000,000	59,290,000
Gardner		244,374	244,374	178,000
Jamestown		1,123,587	1,123,587	740,000
Jamestown		539,511	539,511	270,000
Maxbass		437,973	437,973	103,000
Williams Rural Water District		5,000,000	5,000,000	3,640,000
Northeast Regional Water District		2,978,890	2,978,890	2,095,000
Sherwood		126,587	126,587	80,000
R & T Water Supply Commerce Auth		5,000,000	5,000,000	3,640,000
Horace		479,216	479,216	340,000
Traill Rural Water District		3,206,464	3,206,464	2,330,000
Oakes		4,043,000	4,043,000	2,910,000
Ross		947,758	947,758	194,000
Aneta		80,000	80,000	57,000
Kindred		584,663	584,663	475,000
Mandan		1,327,453	1,327,453	920,000
Mayville		720,000	720,000	580,000
		100,159,906	100,159,906	83,318,000

Borrower		Approved Loan Amount	Funded Loan Amount	Outstanding Loan Amount
Subpart 20	**2018**			
Beulah		207,774	207,774	128,000
Mandan		820,281	820,281	570,000
Wahpeton		443,387	443,387	365,000
North Prairie Water District		416,248	416,248	355,000
Argusville		263,396	263,396	221,000
Casselton		901,025	901,025	695,000
Mohall		610,000	610,000	425,000
Lisbon		130,866	130,866	95,000
Towner		80,822	80,822	0
Fessenden		1,037,555	1,037,555	769,000
North Prairie Water District		347,782	347,782	286,000
Walsh Rural Water District		507,653	507,653	415,000
Cass Rural Water District		1,700,000	1,700,000	670,000
Central Plains Water District		4,925,000	4,925,000	4,035,000
Arnegard		1,752,977	1,752,977	1,475,000
Barnes		2,052,000	2,052,000	1,730,000
Minot		1,734,000	1,367,372	1,013,372
Northeast Rural Water District		3,118,000	3,118,000	2,810,000
Northeast Rural Water District		2,460,000	2,460,000	1,975,000
McLean-Sheridan Water District		965,898	965,898	340,000
Mercer		761,690	761,690	155,000
Tri-County Water District		1,050,000	1,050,000	775,000
Rugby		266,904	266,904	55,000
Larimore		119,500	119,500	60,000
Cando		2,044,000	2,044,000	1,515,000
Western Area Water Supply		16,500,000	14,180,589	11,615,589
Mandan		1,848,463	1,848,463	1,440,000
Jamestown		1,445,734	1,445,734	1,060,000
East Central Rural Water District		1,972,000	1,750,000	1,488,000
		50,482,955	47,574,916	36,535,961
Subpart 21	**2019**			
Stutsman Rural Water District		723,450	723,450	600,000
North Prairie Rural Water District		3,327,185	3,327,185	2,805,000
Lisbon		602,066	602,066	48,000
Fargo		23,950,000	21,556,953	20,251,953
Glenburn		422,479	422,479	362,000
Wahpeton		618,358	618,358	515,000
Carson		1,451,583	1,451,583	310,000
Cass Rural Water Users District		2,319,248	2,319,248	1,810,000
Cavalier		2,607,094	2,607,094	975,000
All Season Water Users District		3,594,000	2,110,688	779,955
Lincoln		836,000	836,000	660,000
Riverdale		2,161,000	2,161,000	140,000
		42,612,463	38,736,104	29,256,908

Borrower	Approved Loan Amount	Funded Loan Amount	Outstanding Loan Amount
Subpart 22 2020			
Stutsman Rural Water District	896,014	896,014	775,000
Dakota Rural Water District	2,283,000	2,102,736	1,942,736
McLean Sheridan Rural Water Distric	4,660,000	4,105,418	4,105,418
Enderlin	1,200,000	938,469	778,469
Carrington	4,975,000	4,975,000	4,330,000
Mapleton	1,041,995	1,041,995	922,000
Jamestown	1,951,145	1,951,145	1,620,000
Stutsman Rural Water District	3,027,000	3,027,000	2,635,000
Agassiz Water Users District	919,906	919,906	815,000
Wyndmere	1,196,000	1,196,000	981,000
Tri-County Water District	1,610,000	1,535,214	1,260,214
Missouri West Water System	621,208	621,208	560,000
Center	150,000	150,000	124,000
Dunn Center	776,706	776,706	0
Bismarck	6,877,277	6,877,277	4,845,000
Western Area Water System Associat	16,500,000	11,108,570	9,863,570
Mohall	391,000	391,000	330,000
Beach	1,511,787	1,511,787	340,000
	50,588,038	44,125,445	36,227,407
Subpart 23 2021			
Sykeston	411,000	411,000	379,000
Aneta	204,582	204,582	179,000
North Prairie Rural Water District	439,897	439,897	89,224
Lakota	456,720	456,720	425,000
Mandan	7,255,000	6,820,246	5,905,246
North Prairie Rural WD - Mountrail	3,825,000	1,018,096	828,096
Valley City	217,741	217,741	165,000
NorthPrairie Regional WD	2,107,000	1,904,801	1,772,801
Cooperstown	631,073	631,073	575,000
Jamestown	1,808,000	1,808,000	1,120,000
Stanley	400,000	400,000	300,000
New Salem	1,042,000	1,042,000	965,000
Coleharbor	880,000	880,000	385,000
Horace	2,740,000	1,310,589	965,589
East Central Regional WD	1,341,210	1,341,210	1,270,000
Hankinson	42,000	42,000	17,000
Flaxton	302,707	302,707	24,000
	24,103,930	19,230,662	15,364,956

Borrower		Approved Loan Amount	Funded Loan Amount	Outstanding Loan Amount
Subpart 24	**2022**			
Jamestown		1,344,000	1,344,000	1,165,000
Davenport		526,884	526,884	460,000
Jamestown		1,799,477	1,799,477	280,000
Wahpeton		988,376	988,376	955,000
McLean Sheidan Rural WD		1,015,000	931,044	906,044
Valley City		171,000	171,000	157,000
Barnes Rural WD		806,000	806,000	765,000
Bismarck		902,483	902,483	36,000
Forman		871,000	871,000	780,000
Bowbells		218,000	218,000	200,000
Wilton		2,119,000	2,013,050	1,970,050
Wing		2,337,000	2,337,000	569,000
Tri County WD		1,064,432	1,064,432	965,000
Cass Rural WUD		1,670,038	1,670,038	1,600,000
Riverdale		600,000	600,000	585,000
Upper Souris		1,274,000	165,686	106,686
		17,706,690	16,408,470	11,499,780
Subpart 25	**2023**			
East Central RWD		15,159,000	10,588,162	2,686,243
Stanley		1,689,750	969,704	879,954
Stanley		563,250	323,234	309,985
Wahpeton		826,662	826,662	755,000
Lincoln		1,858,000	1,637,583	1,594,583
Glen Ullin		1,895,860	1,895,860	480,860
Dakota Rural WD		3,952,000	3,452,004	396,118
Dickinson		2,800,000	2,478,948	2,355,998
Grand Forks		375,000	375,000	0
Missouri West WD		507,000	481,650	469,650
St. John		1,285,000	915,693	890,693
Mapleton		825,000	535,391	535,391
Berthold		693,108	693,108	692,108
Bismarck		2,000,000	307,365	51,841
Fargo		6,400,000	3,754,517	938,628
		40,829,630	29,234,881	13,037,051

Borrower		Approved Loan Amount	Funded Loan Amount	Outstanding Loan Amount
Subpart 26	**2024**			
Galesburg		606,000	365,348	365,348
Central Plains WD		9,714,000	3,005,691	530,072
Aneta		1,570,000	1,491,501	1,491,501
Medina		920,000	569,255	569,255
Beulah		1,923,000	1,923,000	1,923,000
Cass RWD		2,604,000	1,107,464	1,107,464
Medina		1,250,000	170,892	42,723
Ashley		3,048,000	1,221,170	305,292
Northeast RWD		1,768,000	548,024	548,024
Underwood		3,500,000	1,340,381	335,095
South Central RWD		2,497,000	1,349,190	1,349,190
New Town		1,437,000	1,247,437	1,247,437
Agassiz		1,530,000	490,765	490,765
Taylor		628,000	519,442	519,442
Rhame		1,199,000	1,056,618	1,056,618
McLean Sheridan RWD		8,159,000	789,278	0
Grand Forks		1,050,000	219,810	54,952
		43,403,000	17,415,266	11,936,178
Total		$ 814,647,476	$ 757,646,514	$ 388,461,241

Industrial Development Bond Program Loans

Part I

Borrower		Funded Loan Amount	Outstanding Loan Amount
Subpart 1	**2006**		
Prairie Gold Real Estate, LLC		$ 1,360,000	$ 519,167
Subpart 2	**2008**		
ND Natural Beef, LLC		2,000,000	0
Subpart 3	**2009**		
Giant Snacks Inc.		1,500,000	0
ND Natural Beef, LLC		65,269	0
		1,565,269	0
Total		$ 4,925,269	$ 519,167

Direct Loans

Part J

Borrower	Original Loan Amount
Subpart 1 1992	
Ft. Clark Irrigation	$ 20,750
Subpart 2 1993	
Solen	9,000
Subpart 3 1995	
Plaza PSD	16,000
Mooreton	30,000
Garrison PSD	110,000
Beulah Airport Authority	35,000
	191,000
Subpart 4 1996	
Christine	27,000
McHenry	24,000
Sims PSD	17,000
	68,000
Subpart 5 1997	
Ward County	80,000
Traill County Rural Water Users	40,000
Christine	17,500
Manvel	28,000
	165,500
Subpart 6 1998	
Berthold	45,000
Page	60,000
Ransom Sargent Water Users	87,000
Upper Souris Water Users Association	75,000
Hannaford	20,000
	287,000
Subpart 7 1999	
Forest River	50,000
Subpart 8 2000	
New Town PSD	500,000
Sanborn	13,500
Havana	120,000
	633,500

Borrower	Original Loan Amount
Subpart 9 2001	
Fort Pembina Airport Authority	$ 117,000
Sims PSD	100,000
	217,000
Subpart 10 2002	
Kulm	21,360
Southeast Water Users	640,000
Solen PSD	200,000
	861,360
Subpart 11 2003	
Solen PSD	200,000
Traill County Rural Water Users	50,000
St. John	85,000
	335,000
Subpart 12 2004	
Solen PSD	200,000
New Town PSD	60,000
	260,000
Subpart 13 2005	
Enderlin	92,000
Columbus	57,000
Solen PSD	200,000
Gackle	75,000
Portal	185,000
Surrey Township	42,500
	651,500
Subpart 14 2006	
Solen PSD	200,000
Subpart 15 2007	
Emerado	186,288
Subpart 16 2008	
Sterling PSD	100,000
Cass Rural Water District	330,000
Watford City	405,000
Casselton	685,000
	1,520,000

Borrower		Original Loan Amount
Subpart 17	**2009**	
Northwood PSD		1,500,000
Hazen		215,000
Solen PSD		390,000
		2,105,000
Subpart 18	**2010**	
Drayton		405,000
Drayton		278,000
		683,000
Subpart 19	**2012**	
Fessenden		44,000
Rolla		265,000
Sheldon		63,413
		372,413

Borrower		Funded Loan Amount	Outstanding Loan Amount
Subpart 20	**2013**		
Noonan		115,290	0
Noonan		400,000	0
Rolla		190,000	0
Benedict		126,500	59,000
McHenry County		1,777,500	0
		2,609,290	59,000
Subpart 21	**2014**		
Traill Rural Water District		200,500	0
Berthold		450,000	0
Leeds		70,000	0
Colfax		40,000	0
		760,500	0
Subpart 22	**2015**		
Grafton		150,000	0
Subpart 23	**2017**		
Rolla		750,000	0
Wing		120,000	0
		870,000	0
Subpart 24	**2018**		
Jamestown Regional Airport Authority		700,000	535,000
Jamestown Regional Airport Authority		126,500	0
		826,500	535,000
Subpart 25	**2019**		
Rolette County Housing Authority		160,000	110,000
Subpart 26	**2020**		
Morton County		500,000	500,000
Subpart 27	**2021**		
Missouri Ridge Township		650,000	512,500
Total Direct Loans		$ 15,342,601	$ 1,716,500

NORTH DAKOTA PUBLIC FINANCE AUTHORITY
BONDS ISSUED 1977 THROUGH 2023

Part A 1997 General Bond Resolution

		Initial Bond Amount
1977 Series A		$ 15,000,000
1979 Series A		16,590,000
1983 Series A		11,600,000
	Subtotal	43,190,000

Part B Local Government Assistance Program

1985 Series A		35,290,000

Part C Insured Water Revenue Bonds

1989 Series A		11,650,000
1989 Series B		1,410,000
	Subtotal	13,060,000

Part D Government Assistance Program

1990 Series A		765,000
1990 Series B		1,241,704
	Subtotal	2,006,704

Part E Taxable Insured Water System Refunding Bonds

1999 Series A		8,875,000
1999 Series B		1,410,000
	Subtotal	10,285,000

Part F Capital Financing Program

1990 Series A	400,000
1990 Series B	185,000
1990 Series C	95,000
1990 Series D	155,000
1990 Series E	680,000
1990 Series F	100,000
1990 Series G	250,000
1990 Series H	220,000
1990 Series I	230,000
1990 Series J	140,000
1990 Series K	85,000
1990 Series L	770,000
1990 Series M	70,000
1990 Series N	35,000
1990 Series O	335,000

Part F Cont.

	Initial Bond Amount
1991 Series A	$ 225,000
1991 Series B	1,300,000
1991 Series C	410,000
1991 Series D	560,000
1991 Series E	265,000
1991 Series F	345,000
1991 Series G	380,000
1991 Series H	280,000
1991 Series I	2,460,000
1992 Series A	565,000
1992 Series B	820,000
1992 Series C	2,650,000
1992 Series D	115,000
1992 Series E	1,870,000
1992 Series F	3,260,000
1992 Series G	290,000
1992 Series H	395,000
1992 Series I	535,000
1992 Series J	2,500,000
1992 Series K	535,000
1993 Series A	150,000
1993 Series B	880,000
1993 Series C	1,975,000
1993 Series D	1,465,000
1993 Series E	505,000
1993 Series F	2,930,000
1994 Series A	5,335,000
1994Series B	525,000
1994 Series C	445,000
1995 Series A	1,700,000
1995 Series B	425,000
1995 Series C	380,000
1996 Series A	500,000
1996 Series B	930,000
1996 Series C	1,585,000
1996 Series D	350,000
1997 Series A	540,000
1997 Series B	3,350,000
1997 Series C	300,000
1997 Series D	1,750,000
1997 Series E	4,705,000
1997 Series F	375,000
1997 Series G	1,050,000
1997 Series H	3,275,000
1998 Series A	945,000
1998 Series B	6,685,000

Part F Cont.		Initial Bond Amount	Outstanding Bond Amount
1998 Series C		565,000	0
1998 Series D		1,050,000	0
1998 Series E		450,000	0
1999 Series A		1,075,000	0
1999 Series B		260,000	0
1999 Series C		100,000	0
1999 Series D		1,100,000	0
1999 Series E		1,710,000	0
1999 Series F		285,000	0
2000 Series A		1,115,000	0
2000 Series B		3,100,000	0
2001 Series A		735,000	0
2002 Series A		1,700,000	0
2003 Series A		1,495,000	0
2004 Series A		880,000	0
2006 Series A		1,385,000	0
2009 Series A		2,125,000	415,000
2011 Series A		3,730,000	0
2012 Series A		9,635,000	3,090,000
2013 Series A		51,375,000	28,075,000
2014 Series A		32,840,000	17,865,000
2014 Series B		9,000,000	5,310,000
2015 Series A		1,945,000	785,000
2015 Series B		25,620,000	16,635,000
2015 Series C		38,280,000	31,065,000
2018 Series A		1,360,000	645,000
2019 Series A		2,515,000	0
2021 Series A		2,130,000	1,810,000
	Subtotal	264,125,000	105,695,000

Part G	Capital Financing Disaster Loan Program		
2011 Series A		9,141,832	0
2012 Series A		2,892,780	0
2013 Series A		1,696,000	0
2014 Series A		675,000	0
	Subtotal	14,405,612	0

		Initial Bond Amount	Outstanding Bond Amount
Part H	**State Revolving Fund Program**		
1990 Series A	[1]	5,520,000	0
1993 Series A	[2, 5]	20,220,000	0
1995 Series A	[3]	6,975,000	0
1996 Series A	[3]	29,845,000	0
1998 Series A	[5, 6]	35,965,000	0
2000 Series A	[4]	16,725,000	0
2001 Series A	[7]	23,725,000	0
2003 Series A	[7, 8]	26,795,000	0
2003 Series B	[9]	20,455,000	0
2004 Series A	[9]	11,790,000	0
2005 Series A	[8]	36,210,000	0
2008 Series A	[10]	46,100,000	0
2011 Series A	[11]	101,210,000	0
2012 Series A		19,705,000	1,950,000
2012 Series B		17,900,000	0
2015 Series A	[12]	119,195,000	0
2016 Series A		16,405,000	7,505,000
2018 Series A		128,625,000	102,165,000
2022 Series A		85,330,000	68,900,000
2024 Series A		200,920,000	200,920,000
	Subtotal	969,615,000	381,440,000

[1] A portion of the proceeds of the 1993 Series A SRF Bonds was used to defease and refund the 1990 Series A SRF Bonds.

[2] A portion of the proceeds of the 2001 Series A SRF Bonds was used to defease and refund the 1993 and 1995 Series A SRF Bonds.

[3] The proceeds of the 2003 Series B SRF Bonds were used to defease and refund the 1996 Series A SRF Bonds.

[4] The proceeds of the 2004 Series A SRF Bonds were used to defease and refund the 2000 Series A SRF Bonds.

[5] A portion of the proceeds of the 2005 Series A SRF Bonds was used to defease and refund the 1993 and 1998 Series A SRF Bonds.

[6] A portion of the proceeds of the 2008 Series A SRF Bonds was used to defease and refund the 1998 Series A SRF Bonds.

[7] A portion of the proceeds of the 2011 Series A SRF Bonds was used to defease and refund the 2001Series A and 2003 Series A SRF Bonds.

[8] A portion of the proceeds of the 2012 Series A SRF Bonds was used to defease and refund the 2003Series A and 2005 Series A SRF Bonds.

[9] A portion of the proceeds of the 2012 Series B SRF Bonds was used to defease and refund the 2003 Series B and 2004 Series A SRF Bonds.

[10] The proceeds of the 2016 Series A SRF Bonds were used to defease and refund the 2008 Series A SRF Bonds.

[11] A portion of the proceeds of the 2022 Series A SRF Bonds was used to defease and refund the 2011 Series A SRF Bonds.

[12] A portion of the proceeds of the 2024 Series A SRF Bonds was used to defease and refund the 2015 Series A SRF Bonds.

		Initial Bond Amount	Outstanding Bond Amount
Part I	**Industrial Development Bond Program**		
2006 Series A		1,360,000	560,000
2008 Series A		2,000,000	0
2009 Series A		1,500,000	0
	Subtotal	4,860,000	560,000
Part J	**Legacy Fund Infrastructure Program Bonds**		
2021 Series A		389,200,000	354,760,000
2022 Series A		320,915,000	297,865,000
	Subtotal	710,115,000	652,625,000
Total All Bonds		$ 2,066,952,316	$ 1,140,320,000

NORTH DAKOTA PUBLIC FINANCE AUTHORITY

Industrial Commission of North Dakota

Kelly Armstrong
Governor
Chairman

Drew H. Wrigley
Attorney General

Doug Goehring
Agriculture Commissioner

Advisory Committee

Keith Lund
Grand Forks

Linda Svihovec
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Senate Appropriations, Education and Environment Division
SB2014 / Industrial Commission
Don Morgan, President & CEO
Bank of North Dakota

Chairman Monson and members of the Committee, I am Don Morgan, President and CEO of the Bank of North Dakota. Thank you for the opportunity to present today on the proposed 2025-2027 biennium budget. I was selected to lead the Bank of North Dakota in August, so I'm a little over 5 months into the job.

Today, I want to start with a focus on the mission of BND, "to deliver financial services to promote agriculture, commerce and industry in North Dakota." This mission has remained the same for 105 years. It's part of why I put in my application to serve as President and CEO. The Bank is integrated into the fabric of the state and serves as a generational leader.

Mission Prioritization and Stacking
Today, I want to take a different approach to "Mission" and outline how the Bank is defining its mission prioritization and stacking. I'm sure you are asking what's that mean so let me give some context. My arrival at the Bank in August coincided with the conclusion of the cash management study. This study brought forth a broad discussion about return on investment of the state's operating cash. What became apparent was a misunderstanding of implementation of the Bank's mission. I want to talk through that with you today and describe how BND stacks its priorities in relation to mission:

1. First and foremost, management of the Bank are risk managers. This risk management occurs in three primary areas: liquidity risk, interest rate risk management and credit risk. There are many risk the Bank manages holistically, but these are the "Big 3".

2. The Bank is a provider of liquidity access for the state through effective management of its investment portfolio. Today, that portfolio is $4 billion dollars.

3. As you know, in the founding documents, BND was charged with coordinating, enhancing and supporting the private sector financial sector in North Dakota. This is executed through the participations BND undertakes with local financial institutions. Today, the commercial and agriculture loan portfolio, for the first time, exceeds $4 Billion dollars. With an average 50% participation rate with our financial institution partners, that is leveraged to nearly $8 billion dollars invested into North Dakota.

4. BND supports the state as a processor of funds for state agencies and the legislature. This includes everything from the day-to-day support of agencies to implementation of legislative directed programs and disaster programs.

5. Finally, at the bottom of the stack, is a return on investment. In its simplest form, BND provides a 3-4% return to the state. On the average, this return is comprised of approximately $200 million paid in interest to state agencies and a $200 million return on assets.

BND Organizational Structure
You are all familiar with BND's organizational structure, so I am just going to highlight a couple of key things. The Bank of North Dakota's board of directors is the Industrial Commission. As we look to the future, it seems prudent to continue strengthening the oversight of the IC and I'll touch more on that a bit later in the presentation.

In line with ensuring strong oversight, BND enhanced the role of the advisory board in the last biennium. After several years of discussion, the board implemented a committee system. The committee structure includes: leadership development and compensation, finance and credit, and audit and risk. Changing to this structure enables the advisory board to spend significant more time in their monthly meetings discussing issues of strategic importance as opposed to reviewing reports.

Key Accomplishments
Over the last biennium, BND established a list of accomplishments in support of its mission. These include:

- A successful transition in leadership from Todd Steinwand to Don Morgan.
- Record loan portfolio of $6.1 billion, 14.5% growth since 2022
    - Commercial portfolio +27.0%
    - Match program +60%
    - Pace programs +50.0%
    - Ag portfolio +11.9%
- Supported the state's cattle ranchers issuing 190 loans for $16.7 million through the Livestock Rebuilders Program.
- Completed a Legislatively directed study on Sustainability. The STAND report provides a roadmap for the state on policy issues and provides a framework for the state to tell its story.
- Played a significant role in the cash management study.
- Implementation of a robust capital policy.
- Legislative directed programs have grown to 26 with over $1.1 billion in total assets.
- BND continues to administer the various revolving loan funds and disburse loans for LIFT in coordination with the Department of Commerce.
- Maintain S&P Rating A+
- No findings in the Bank's 2023 FASB audit.

Strategic Priorities
As a legislative body, it is important that we keep you informed of the strategic priorities of the Bank. In my first few months at the Bank, I've spent a considerable amount of time meeting with our management team, the Industrial Commission and key stakeholders to ensure our priorities are aligned with the key issues impacting North Dakota and our local financial institutions. The strategic priorities are broken into some key areas. these include:

Strong Banking

- Protect the State's "working capital" in a volatile/polarized world
- Strong banking practices, principles and policies at all times
- Evolved, robust enterprise risk management that drives strategy and capital
- Balanced credit risk management and risk mitigation at all times
- Strong banking partnerships throughout the State
- Strong state agency partnerships with robust financial advisership

Public Affairs

- "Tell the story" of the BND mission
- Proactive solutions with partner agencies, Industrial Commission and Legislature
- Financial literacy
- Promote balanced culture that remains true to core values and BND mission in a volatile world
- Education resource for ND banking, industry, and ag

Digital Transformation and Innovation

- Embrace technology evolution (AI, cloud computing, blockchain, digital niche, embedded banking)
- "Carbon Leader" digital niche bank sourcing out-of-state deposit base
- "BND Embedded Banking" sourcing out-of-state deposit base

Talent Management

- Attract, develop, and retain a talented workforce
- Embrace changing workforce dynamics
- Promote talent management culture with dynamic succession planning
- Support workforce housing and childcare needs statewide

Energy & Agriculture

- Support and promote capital flow to all forms of sustainable energy
- Support and promote removal of capital flow bottlenecks for all forms of sustainable energy
- Carbon Exchange to bridge credit infrastructure gap between energy and agriculture
- Support evolution of base-load power needs of the future

I want to highlight how BND undertook telling its story because it fits into our overall philosophy which is strong on partnership. In this instance, BND wanted to highlight its partnership and local entities with the Legislature to provide low interest infrastructure and school construction loans to local political subdivisions. In the videos we are about to show, the goal was to have local partners tell the story of the partnership with the legislature to provide funding that reduced the burden on local property taxpayers.

Proposed 2025-2027 Biennium Budget

I now want to introduce Rob Pfennig, BND's Chief Financial Officer to provide a review of the proposed 2025-2027 biennium budget. Before I do that, I want to extend a word of thanks to the Legislature for the 6 & 4 salary increase and the equity pool passed last session. After several sessions of low or no salary increases, last session's employee package enabled BND to catch up on salary and assisted with our retention and recruitment efforts.

Chairman Sorvaag and members of the committee, I am Rob Pfennig, Chief Financial Officer for the Bank of North Dakota. Thank you for the opportunity to provide an overview of the proposed budget for BND for the upcoming biennium. In the following spreadsheet, I want to highlight for you the proposed change package specifically highlighting the operations change package. We will be covering a separate change package related capital expenditures later on in the presentation.

Line Item	2023-25 Biennium Appropriation		OMB Proposed 2025-27 Budget	Change from prior Biennium	Change	BND Proposed 2025-27 Budget	Change from OMB Proposed	Change	Change Package
BND Operations (1)	$ 73,329,746	*	$ 70,606,179	$ (2,723,567)	-3.7%	$ 73,794,669	$ 3,188,490	4.5%	$ 3,188,490
Capital Assets (2)	1,510,000		1,510,000	-	0.0%	1,510,000	-	0.0%	-
Contingency	3,000,000		3,000,000		0.0%	3,000,000	-	0.0%	-
	$ 77,839,746		$ 75,116,179	$ (2,723,567)	-3.5%	$ 78,304,669	$ 3,188,490	4.2%	$ 3,188,490
(1) BND Operations:									
Salaries and Benefits	$ 45,275,085		$ 45,275,085	$ -	0.0%	$ 48,463,575	$ 3,188,490	7.0%	$ 3,188,490
IT & System Costs	19,628,366		16,904,799	(2,723,567)	-13.9%	16,904,799	-	0.0%	-
Operating Expenses	7,218,845		7,218,845	-	0.0%	7,218,845	-	0.0%	-
Occupancy and Equipment	1,207,450		1,207,450	-	0.0%	1,207,450	-	0.0%	-
Other Operating Expenses	$ 28,054,661		$ 25,331,094	$ (2,723,567)	-9.7%	$ 25,331,094	$ -	0.0%	$ -
BND Operations									
(2) Capital Budget includes:									
Building	$ -		$ -	$ -	n/a	$ 1,010,000	$ 1,010,000	n/a	$ 1,010,000
Office Equipment	250,000		250,000	-	0.0%	250,000	-	0.0%	-
IT Equipment	-		-	-	n/a	-	-	n/a	-
Software	1,260,000		1,260,000	-	0.0%	250,000	(1,010,000)	-80.2%	(1,010,000)
	$ 1,510,000		$ 1,510,000	$ -	0.0%	$ 1,510,000	$ -	0.0%	$ -

At the direction of the Office of Management and Budget, BND reduced its operating expenses for the proposed 2025-27 biennium budget to match the requested 3% cut.

Highlighted in yellow on the far right of the spreadsheet, you will see BND is requesting a change package of $3,188,490 for a true-up of compensation costs which represents less than a 1% increase over our 23-25 biennium operations line. I want to briefly walk through the reasons for the proposed increase of $3,188,490.

- $641,643 is requested as the 4% legislatively approved salary increase was implemented 7.1.24 and not included in OMBs proposed budget.
- $438,905 is a true up for 7 positions in OMBs budget that excluded health insurance costs in the current biennium.
- $2,107,942 accounts for prior years reclassifications to accommodate 26% loan growth and 6 additional legislatively directed programs as well as compensation package decisions approved by IC.

FTE Overview

As requested by the Committee, the next couple of slides will provide an overview of the current FTE count and a review of the vacancy pool savings. As we start this part of the discussion, I want to emphasize that BND is operated as a business. Regardless of the allocated employee authorization by the legislature, we only hire employees when needed and after a review of how efficiency might be gained. With that in mind, let me walk through the numbers.

- The allocated FTE count for employees at BND is for 187.
    - Current employee count is 173.
    - Pending 1 employee starting.
    - Intention to fill 13 in lending and credit administration due to loan growth.

I want to highlight a couple things on the slide.

- First is that the staff of BND continues to show an amazing amount of productivity. If you look back to 2015, BND was a $7.4 Billion bank with 168 employees. Today, BND is a $10.5 billion bank with authorization for 183. This is an incredible amount of growth in productivity.

- As noted earlier, BND's loan portfolio continues to increase and today is over $6 Billion including the student loan and housing portfolios. It was only 2019 when BND was doing about $1 Billion in loans and renewals a year. That number jumped to $2.5 Billion through the Covid-19 pandemic and for 2024 will be just over $2.1 Billion in loans and renewals.

Prior to 2021 BND averaged $41.7M assets per FTE. Since 2021 BND has averaged $61.4M assets per FTE. Adding the requested employees would decrease the assets per FTE to $57.7M, if assets remain the same. If BND would want to get back to our pre-2021 assets per FTE level we would need to request 58 employees. This would increase our FTE count to 245 employees.

Regarding the vacancy FTE pool established by the Legislature last session, I want to highlight a couple of things:

1. As President and CEO, my role is to ensure our staff is productive while managing risk. I want to stress today that the balance of hiring the additional staff is essential to effective management of the Bank. If our local financial institutions continue to grow, BND will need to grow with them and approaching the 2027 legislative session may require additional staffing.

2. BND continues to have a relatively low turnover rate. However, when we look at the tenure of our staff, there are a number of key employees that are eligible or soon to be eligible for retirement. As you know, operating BND is unlike any other bank in America and having the right staff and enabling the knowledge transfer is essential to our institution.

Capital Expenditures

In BND's proposed capital budget for the 2025-2027 biennium, you will note a proposed increase of $2,633,299. There are two reasons for the proposed increase.

Project	23-25 Biennium Budget	23-25 Biennium Projected Spend	25-27 Biennium Budget as submitted	25-27 Biennium Change Package	25-27 Biennium Total
Office Equipment	$ 250,000	$ 205,000	$ 250,000		$ 250,000
Software	1,260,000	100,000	260,000		260,000
Building Refresh (carpet, walls, etc.)		-	848,000	2,468,299	3,316,299
Furniture		82,000	75,000	65,000	140,000
Drive Thru		221,000	-		-
Teller Line reconfiguration		-	50,000		50,000
Lobby Remodel		167,000	27,000		27,000
ECO HVAC Install - 1x State unification fee			-	100,000	100,000
Total	**$ 1,510,000**	**$ 775,000**	**$ 1,510,000**	**$ 2,633,299**	**$ 4,143,299**

First, BND's office space is in need of updating. The building was opened in 2008 there's been very limited interior replacement since that time to flooring, furniture and wall coverings. As with your own home, there just comes a time when updates are needed and putting them off is not prudent or fiscally responsible. You will note BND is proposing $2.5 million for this renovation.

Second, I want to highlight a structural change that BND is undertaking. This was brought up last session and is now moving to the implementation stage. This is the installation of a drive through and remodeling of the lobby to enhance security. There are two slides to review with you on this project.

1. The first is a drive through on the north side of the building. The need for this aspect came to light during Covid-19 and social distancing. However, as we look to the future, it's just a good business practice to provide drive through access which then enables BND to enhance lobby security. This should also help efficiency as the super majority of our customers are state agencies.

2. The second part of the project is to remodel the lobby and better secure the front entrance. As BND is not a retail bank, access to the lobby is something that's gotten considerable attention. It really came to light when the DAPL protestors demonstrated in the lobby and since then, BND has encountered some other security incidents. Keeping our staff safe is the highest priority and as we all know, with the changing political and cultural environment, building safety is essential for our staff and customers.

Capital Policy
At the end of last session, in HB 1014, the Legislature identified the need to better identify a process for the appropriation of BND's dividend to the general fund and for other programming. I want to highlight for you progress on this issue during the biennium.

First, Bank of North Dakota had its biennial examination with the North Dakota Department of Financial Institutions. The exam, by the way, went really well with no findings. However, DFI recommended to the Industrial Commission the development and implementation of a capital policy. This type of policy is required through the regulatory bodies of all public and private banks in America. While BND is not subject to FDIC or OCC oversight, BND implements best practices from these regulatory agencies.

The overall purpose of the Bank's capital policy is to ensure the safety and soundness of the Bank, ensure the Bank can meet its mission and objectives and is aligned with industry best practices. A strong capital policy benefits the Bank by providing a framework for achieving its mission and strategic plan objectives consistent with maintaining regulatory guidance and providing for the safety and soundness of the Bank's depositors and operations.

The development of this capital policy was driven by the following factors:

1. The size and complexity of the Bank's operations has reached a critical juncture where a robust, dynamic, industry best practice capital policy is prudent for continued safe and sound operations.

2. The Department of Financial institutions, as part of its biennial review recommended BND develop a capital policy as a best practice.

3. The legislature as part of the HB 1014 in the 68th legislative session included language in section 28 to "consider developing procedures or adopting legislative rules for introducing bills and amendments related to the use of Bank of North Dakota Profits".

4. To create a dividend policy that provides a level of funding for use by the legislature while maintaining appropriate capital levels at BND to mitigate risk and comply with industry best practices and continued safe and sound operations.

Bank Management, Advisory Board, and the Industrial Commission together, establish policies, procedures, and controls that mitigate material risks such as economic, interest rate volatility, credit, liquidity requirements, competitive environment changes, financial, operational, cybersecurity, and reputational risk. The Bank must be prepared to respond quickly to unforeseen major events such as interest rate shock environments, natural disasters, economic disruptions, and state budget deficits.

The capital policy was adopted by the Industrial Commission last Thursday and as part of today's hearing, we want to share with you the projected capital contributions by BND for the 2025-2027 biennium.

2021-22 Calendar Yr. Earnings

Dividends	$	335,321,000
General Fund	$	14,000,000
BND Buydown Programs	$	60,000,000
Skilled Workforce / Dual Credit	$	8,300,000
SBDC	$	1,500,000
AG PUC	$	3,000,000
Interoperable Radio	$	20,000,000
Infrastructure Revolving Loan	$	52,000,000
Permanent Disaster Program	$	20,000,000
R WISH	$	10,000,000
FHLB Housing Grant	$	1,281,533
Dividend Percentage		**94.3%**

2023-24 Calendar Yr Earnings

Dividends	$	392,739,000
General Fund	$	140,000,000
BND Buydown Programs	$	60,000,000
Skilled Workforce / Dual Credit	$	8,300,000
SBDC	$	15,000,000
AG PUC	$	30,000,000
Dividend Percentage		**54.2%**

Total Return to State

BND 2023-3024 Earnings	$	392,739,000
Interest Paid to State Agencies	$	254,307,784
Total Return to State	**$**	**647,046,784**

First, let me walk you through the earnings, proposed dividend and total return to the state. I'll then show you how the capital policy helped the Industrial Commission to arrive at that number.

- In calendar year 21-22, BND earned $335.3 Million. Of that amount, 94.3% or $316 million was utilized for general fund or other program dividends.

- Based on the capital policy and capital needed to safely operate the bank, the Industrial Commission for the 2025-2027 biennium, via the capital policy is setting a dividend percentage of 54.2% or $212,800,000.

Now, I'll demonstrate how that number was determined. In development of the capital policy, a variety of risk factors were considered to determine the average capital ratio required for safety and soundness of the Bank. Examples of some factors that were included:

- BND's Enterprise Risk Management Factors or Key Risk Indicators

- The restricted deposit base and not having access to additional capital tools.

- Correspondent Risk as BND is not the primary underwriter or servicer of a credit.

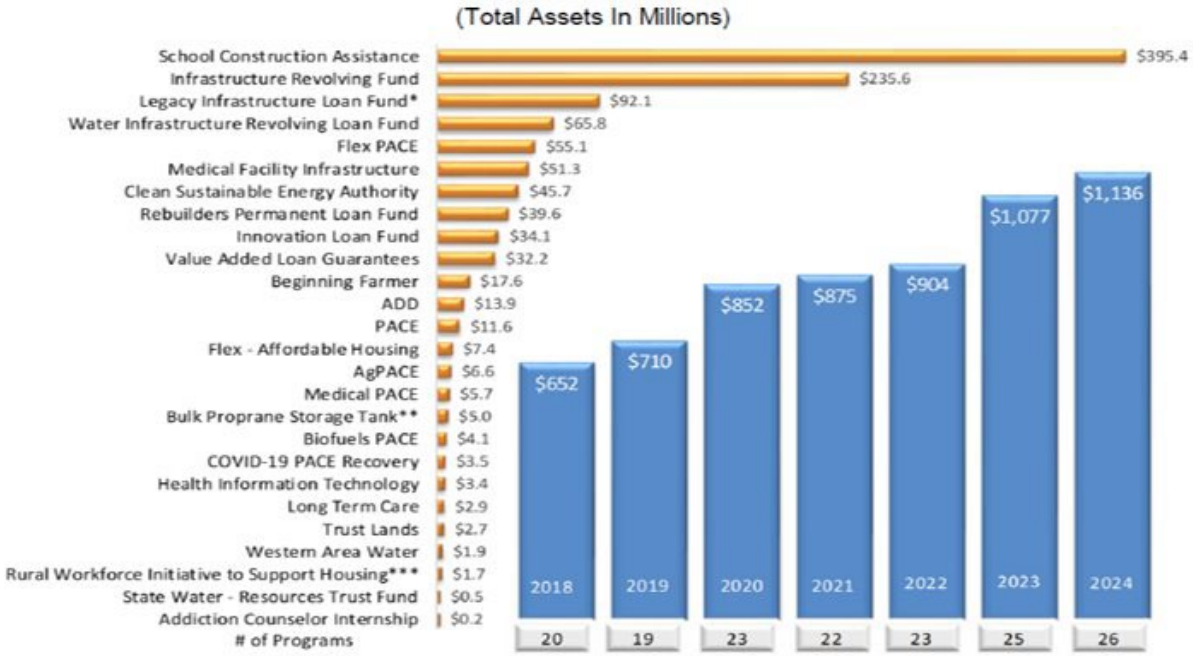
- Anticipating disaster needs for the next biennium and programming that may be required.

- Governmental Risk in case of a downturn and the legislature requiring a special dividend.

As determined by the capital policy, the tier one leverage ratio required is 12.1%. With projected year end 2024 average assets of $10,657,084 Billion, tier one capital required is $1,288,617 Billion.

Legislatively Directed Programs

Currently, BND administers $1.1 Billion in 26 legislatively directed programs. As you know, these programs serve a wide range of purposes to assist local political subdivisions with lower cost infrastructure financing.



As you consider legislatively directed programs this session, a few things to keep in mind.

1. Last session, the Legislature provided access of up to $150 Million in the Legacy Fund for the Legacy Infrastructure Loan Fund. To date, BND has transferred approximately $100 Million in loans to the Legacy Fund. If there is not a cash infusion this session to the fund, BND will transfer the other $50 million in the 25-27 biennium and will most likely have applications in excess of available funding.

2. Last session, the Legislature changed the lending limits for the School Construction Revolving Loan Fund. The increases and refinancing enabled last session quickly drew upon the $75 million appropriated during the biennium. If the legislature retains the higher loan limits, a capital infusion into the fund will be required.

As the session progresses, it is anticipated additional legislatively directed programs will be proposed and we look forward to working with Legislature to effectively structure and implement these programs.

Proposed Amendments
Today, BND is asking the committee to accept the proposed program amendments as approved by the Senate.

The first is related to open records request. BND is requesting that participation loans with local financial institutions be exempted from open records requests. The reason for the request is that BND's role is to support the local financial institutions in serving their customers. Many times, local customers are not aware BND is participating in a loan and may suddenly find their information subject to an open records request. BND is asking for the same confidentiality provided by local financial institutions.

Direct loans or loans that utilize a program such as PACE will still be subject to open records requests. In addition, any loans determined to be uncollectable will also be subject to open records. Normally, these loans are brought before the IC at the December or January meeting.

Section 13 Amendment on Page 8
This chapter does not apply to any of the following:

7. The release by the industrial commission, in its capacity as the managing body of the Bank of North Dakota, of the following:

a. The name of any person who has obtained approval for direct ~~or indirect~~ financing or security, including a loan guarantee or a letter of credit, through the Bank of North Dakota primarily for purposes other than personal, family, or household purposes.

b. The amount of any financing or security referenced in subdivision a.

c. The amount of any net write off or loan forgiveness ~~associated with the financing or security referenced in subdivision a~~ which the industrial commission determines is uncollectible.

d. The program under which any financing or security referenced in subdivision a was made.

Section 14 Amendment on Page 9
The amendment adopted by the Senate enables BND to maintain confidentiality of records related to bond and cyber insurance coverage.

Amendment to 6-09.14-04--PACE Program on Page 10
The Senate adopted an amendment to provide BND with additional latitude in the administration of the PACE program. The added language enables BND to provide up to an additional one million dollars in buydown to a project with a substantial economic impact without requiring additional matching funds from the local community.

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

Finally, we are seeking a change to how PACE programs funds are allocated. In previous biennium's, the legislature dedicated a specific amount to the various programs. BND was then authorized to move funding within the programs to meet the demand. As opposed to specifying an amount per program, BND is asking for $60 million to be transferred and then will determine when and where it's needed. This is really just an administrative change that will create efficiency in our internal transfer and accounting procedures.

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;~~

~~4. $15,000,000 to the beginning farmer revolving loan fund; and~~

1. $60,000,000 to the Partnership in assisting community expansion; agriculture partnership in assisting community expansion; biofuels partnership and beginning farmer revolving loan fund.

2. $1,900,000 to the university of North Dakota for the North Dakota small business development center for the purpose of matching federal grants.



BND
Bank of North Dakota

America's Only Bank: Owned by the State Serving North Dakota for 106 Years

House Government Operations - SB 2014

About BND

BND partners with local financial institutions to “participate” in loans and who serve as the distribution channel for BND programs.

MISSION STATEMENT

To deliver quality, sound financial services that promote agriculture, commerce and industry in North Dakota.

VISION STATEMENT

Bank of North Dakota is an agile partner that creates financial solutions for current and emerging economic needs.



BND
Bank of North Dakota

Mission Prioritization and Stacking

Our “Balanced” Mission Drives the Role of BND Within the State

1. **Risk Managers**
   1. Liquidity Risk
   2. IRRM Risk
   3. Credit Risk

   } The Big “3”
2. **Provider of Liquidity Access**
   ($4B in Securities for Liquidity Management)
3. **Fund “Multipliers” for Economic Development**
   (Multiply $8B State Deposits into $10B in Comm/Ag Loans for Economic Development and Return)
4. **Processors of Funds Flow and Special Programs ($1B)**
5. **Generate Return to State**

Simplest Form: Total Return to State
= ROA+COF adjusted to Assets

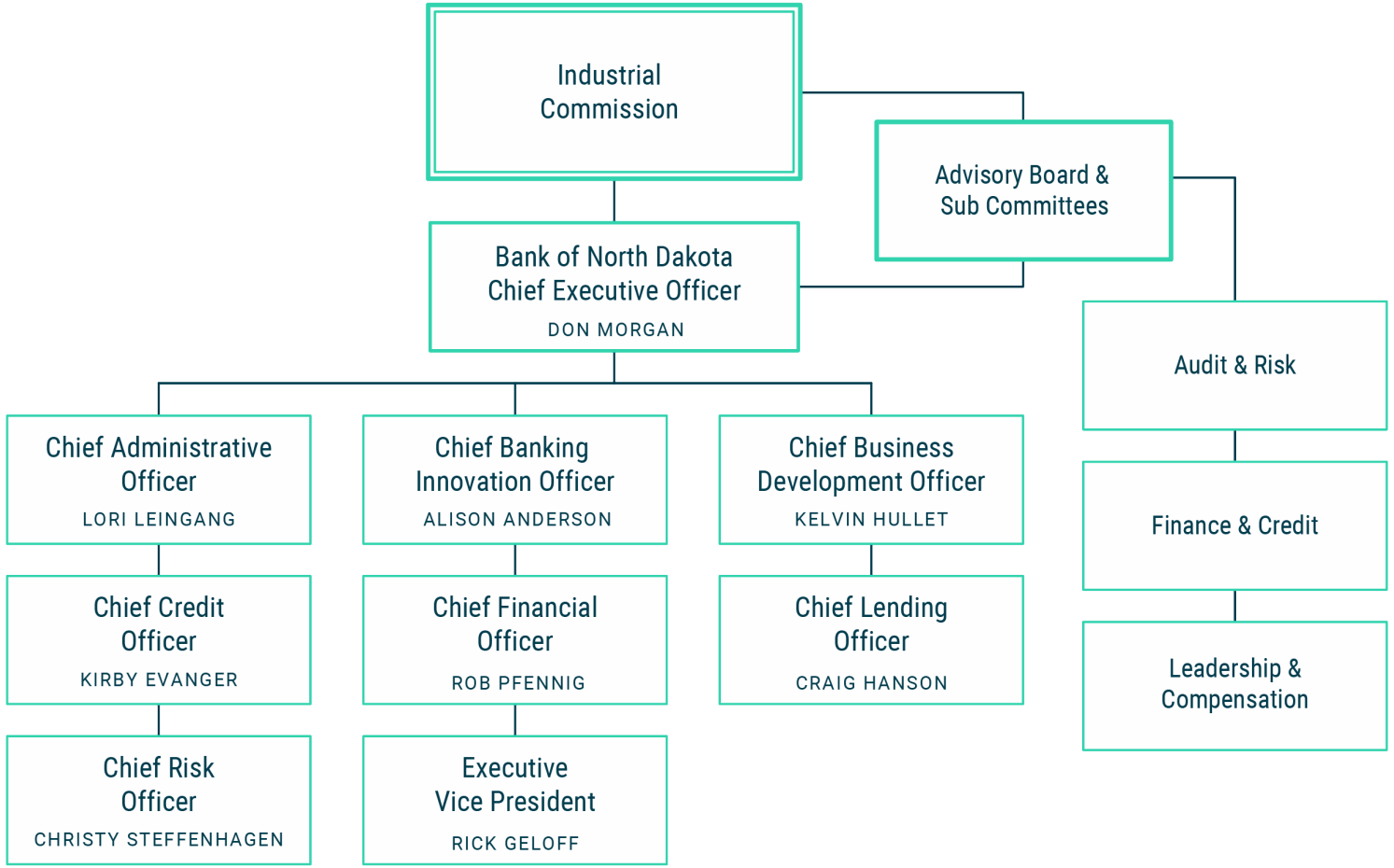
2% ROA + 2% ACOF = 4% Return

‘or’

$400 million per year on $10 billion in assets

BND Organizational Structure

ND Century Code 6-09



BND
Bank of North Dakota

Key Accomplishments

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        - Match program +60%
        - Pace programs +50.0%
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- Completed a Legislatively directed study on Sustainability. The STAND report provides a roadmap for the state on policy issues and provides a framework for the state to tell its story.
- Played a significant role in the cash management study.
- Implementation of a robust capital policy.
- Legislative-Directed programs have grown to 26 with over $1.1 billion in total assets.
- BND continues to administer the various revolving loan funds and disburse loans for LIFT in coordination with the Department of Commerce.
- Maintain S&P Rating A+
- No findings in the Bank’s 2023 FASB audit.

Strategic Priorities

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- Strong banking practices, principles and policies at all times
- Evolved, robust enterprise risk management that drives strategy and capital
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- Strong state agency partnerships with robust financial advisership

Public Affairs

- "Tell the story" of the BND mission
- Proactive solutions with partner agencies, Industrial Commission and Legislature
- Financial literacy

Digital Transformation and Innovation

- Embrace technology evolution (AI, cloud computing, blockchain, digital niche embedded banking)

Cybersecurity & Data Privacy

- Embrace robust & evolving cybersecurity technology

Talent Management

- Attract, develop, and retain
- Embrace changing workforce dynamics
- Support workforce housing and childcare needs statewide

Energy & Ag

- Support and promote capital flow to all forms of sustainable energy
- Support evolution of base-load power needs of the future
- Support and promote evolution of traditional ag practices
- Support and promote emerging ag industries; regenerative, organic, micro-niche


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BND Proposed 2025-2027 Biennium Budget

Bank of North Dakota
Bank Appropriation Request
2025-2027 Biennium

Line Item	2023-25 Biennium Appropriation	Governor's 2025-27 Budget	Change from prior Biennium	Change	Senate Bill 2014	Change from Governor Proposed
Salaries and benefits	45,275,085	52,011,844	6,736,759	14.9%	50,845,871	(1,165,973)
Operating Expenses	28,054,661	24,387,607	(3,667,054)	-13.1%	24,387,607	-
BND Operations (1)	$ 73,329,746	$ 76,399,451	3,069,705	4.2%	$ 75,233,478	(1,165,973)
Capital Assets (2)	1,510,000	1,510,000	-	0.0%	4,143,299	2,633,299
Contingency	3,000,000	3,000,000	-	0.0%	3,000,000	-
	$ 77,839,746	$ 80,909,451	3,069,705	3.9%	$ 82,376,777	2,633,299
(1) BND Operations:						
Salaries and Benefits	$ 45,275,085	$ 52,011,844	6,736,759	14.9%	$ 50,845,871	(1,165,973)
IT & System Costs	19,628,366	15,961,312	(3,667,054)	-18.7%	15,961,312	-
Operating Expenses	7,218,845	7,218,845	-	0.0%	7,218,845	-
Occupancy and Equipment	1,207,450	1,207,450	-	0.0%	1,207,450	-
Other Operating Expenses	**$ 28,054,661**	**$ 24,387,607**	(3,667,054)	-13.1%	**$ 24,387,607**	$ (1,165,973)
BND Operations						
(2) Capital Budget includes:						
Building	$ -	1,010,000	1,010,000	0.0%	$ 3,643,299	2,633,299
Office Equipment	250,000	250,000	-	0.0%	250,000	-
IT Equipment	-	-	-	0.0%	-	-
Software	1,260,000	250,000	(1,010,000)	-80.2%	250,000	-
	$ 1,510,000	**$ 1,510,000**	0	0.0%	**$ 4,143,299**	**$ 2,633,299**

- Salaries and Benefits ($1,165,973)
  - ($909,460) 25-27 new and vacant FTE pool
  - $(600,000) removal of cash mgmt. temp salaries
  - $343,487 salary funding cost to continue
- Capital Expenditures:
  - $2,633,299 building refresh

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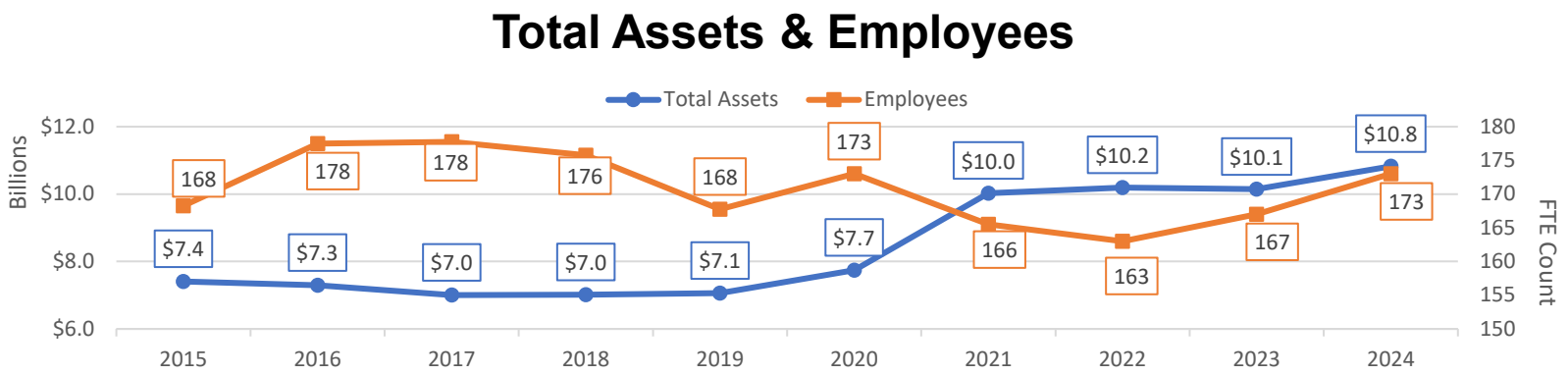
Bank of North Dakota

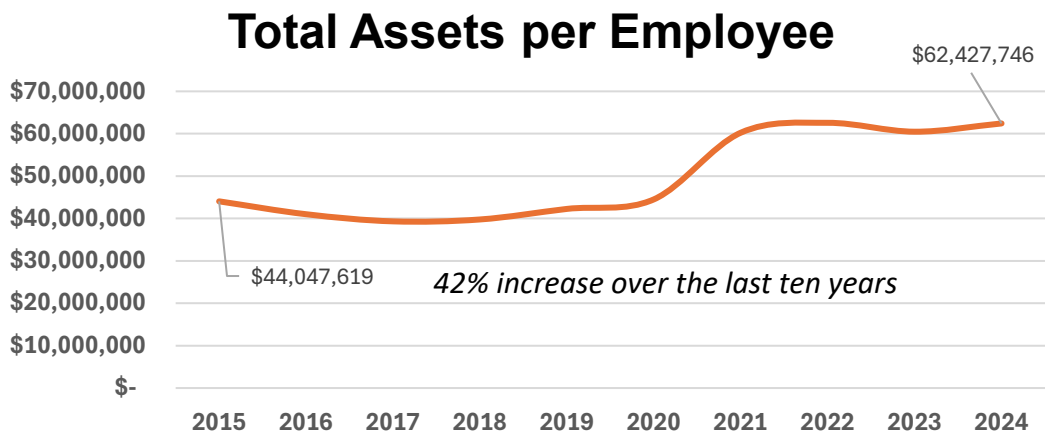
FTE Overview – as of 12/31/24

FTE Overview

21-23 Biennium	23-25 Biennium	25-27 Biennium
173	187	187

- 23-25 biennium
  14 additional FTE's
- 2024 restructured collateral valuation due to lower volume
  - Reallocated three FTE's
- Current FTE's as of 12/31
  - 173
  - Pending start = 1
  - Intention to fill = 13
    - Lending and credit administration due to loan growth





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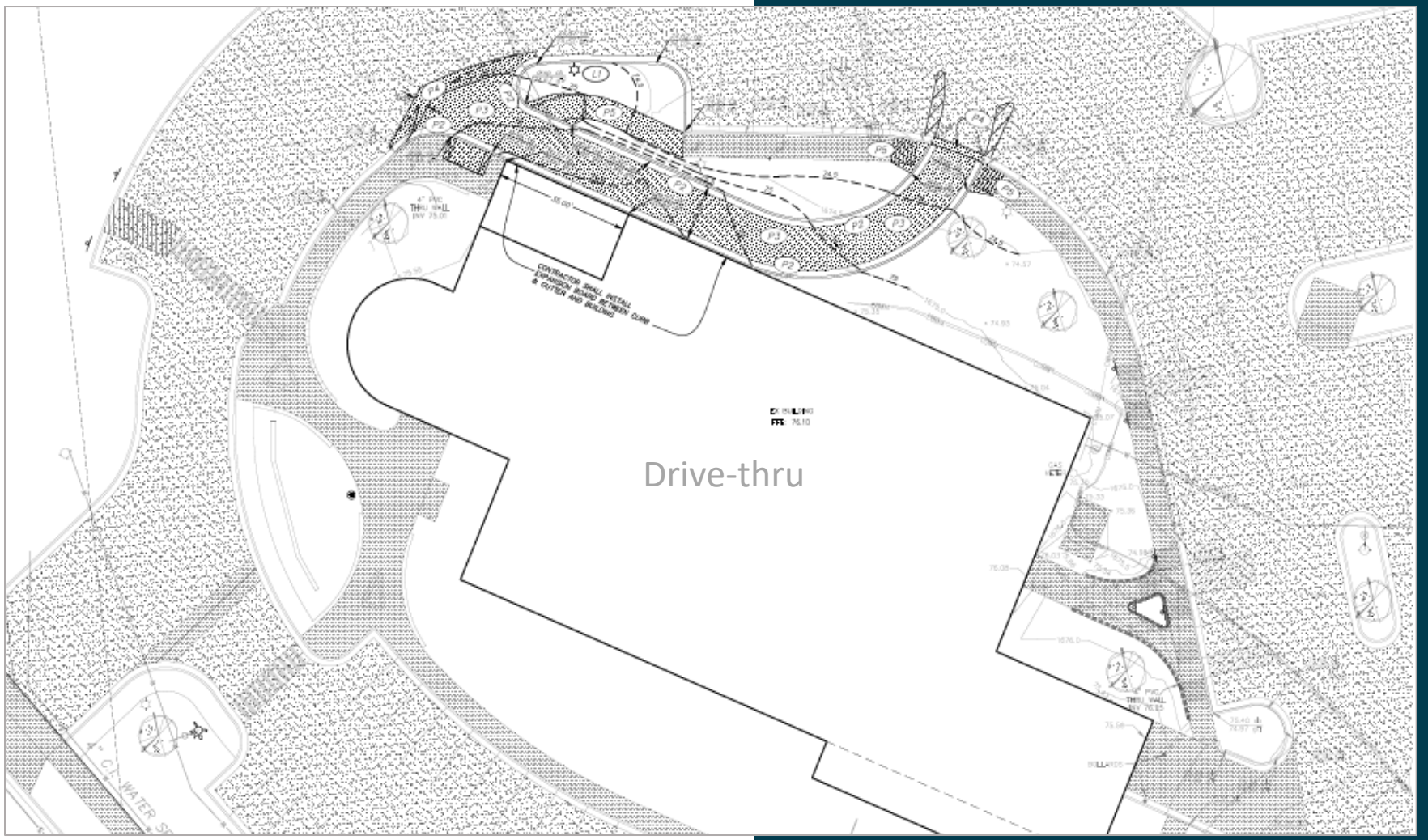
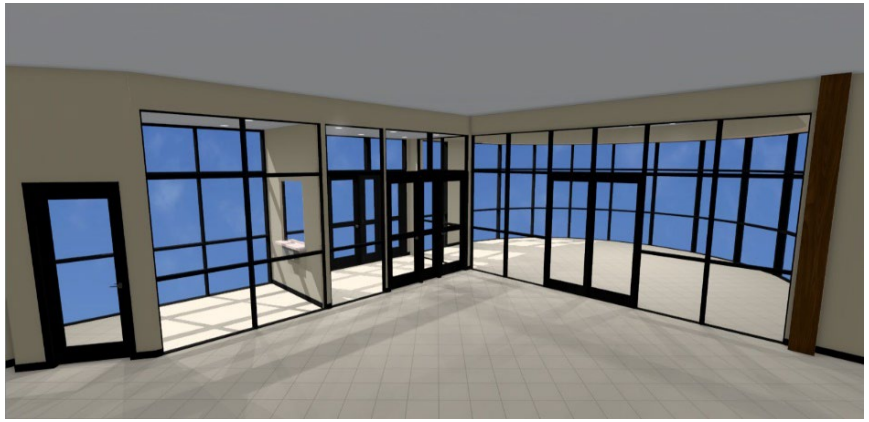
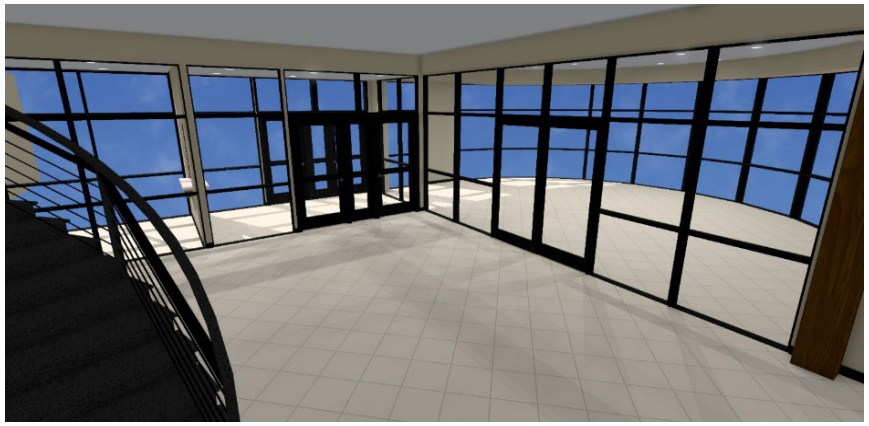
Drive-thru



Lobby Remodel









Capital Policy

Intent of the Capital Policy

The overall purpose of the Bank's capital policy is to ensure the safety and soundness of the Bank, ensure the Bank can meet its mission and objectives and is aligned with industry best practices. A strong capital policy benefits the Bank by providing a framework for achieving its mission and strategic plan objectives consistent with maintaining regulatory guidance and providing for the safety and soundness of the Bank's depositors and operations.

The development of this capital policy was driven by the following factors:

1. The size and complexity of the Bank's operations has reached a critical juncture where a robust, dynamic, industry best practice capital policy is prudent for continued safe and sound operations.

2. The Department of Financial institutions, as part of its biennial review recommended BND develop a capital policy as a best practice.

3. The legislature as part of the HB 1014 in the 68th legislative session included language in section 28 to "consider developing procedures or adopting legislative rules for introducing bills and amendments related to the use of Bank of North Dakota Profits".

4. To create a dividend policy that provides a level of funding for use by the legislature while maintaining appropriate capital levels at BND to mitigate risk and comply with industry best practices and continued safe and sound operations.

Bank Management, Advisory Board, and the Industrial Commission together, establish policies, procedures, and controls that mitigate material risks such as economic, interest rate volatility, credit, liquidity requirements, competitive environment changes, financial, operational, cybersecurity, and reputational risk. The Bank must be prepared to respond quickly to unforeseen major events such as interest rate shock environments, natural disasters, economic disruptions, and state budget deficits.

2023-2025 Biennium – Capital Dividends

23-25 Biennium	
2021 & 2022 Calendar Yr. Earnings	335,321,000
Dividends:	
General Fund	140,000,000
BND Buydown Programs	60,000,000
Skilled Workforce/Dual Credit	8,300,000
UND SBDC	1,500,000
AGPUC	3,000,000
Statewide Interoperable Radio	20,000,000
Infrastructure Revolving Loan Fund*	52,000,000
Creation of Permanent Disaster Program	20,000,000
Rwish	10,000,000
FHLB Housing Grant	1,281,553
Total Dividends	**316,081,553**
Dividend Percentage	***94.3%***

**carry-over from 15-17 session*

2025-2027 Biennium – Capital Dividends

Year End 2024		
Average Assets	$	10,903,675
Tier 1 Capital		1,291,443
Tier 1 Leverage Ratio		11.8%

BND Tier 1 Guideline	12.0%

25-27 Biennium		
2023 & 2024 Earnings	$	393,174,000
Anticipated Dividends		
General Fund		140,000,000
BND Buydown Programs		60,000,000
Skilled Workforce/Dual Credit		8,300,000
UND SBDC		1,900,000
AGPUC		3,000,000
Total Dividends	**$**	**213,200,000**
Dividend Percentage		***54.2%***

Total Return to the State		
BND 2023 & 2024 Earnings	$	393,174,000
Interest Paid on Captive Deposits		200,003,175
Total Return to the State	$	593,177,175

BND
Bank of North Dakota

Legislatively-Directed Loan Programs

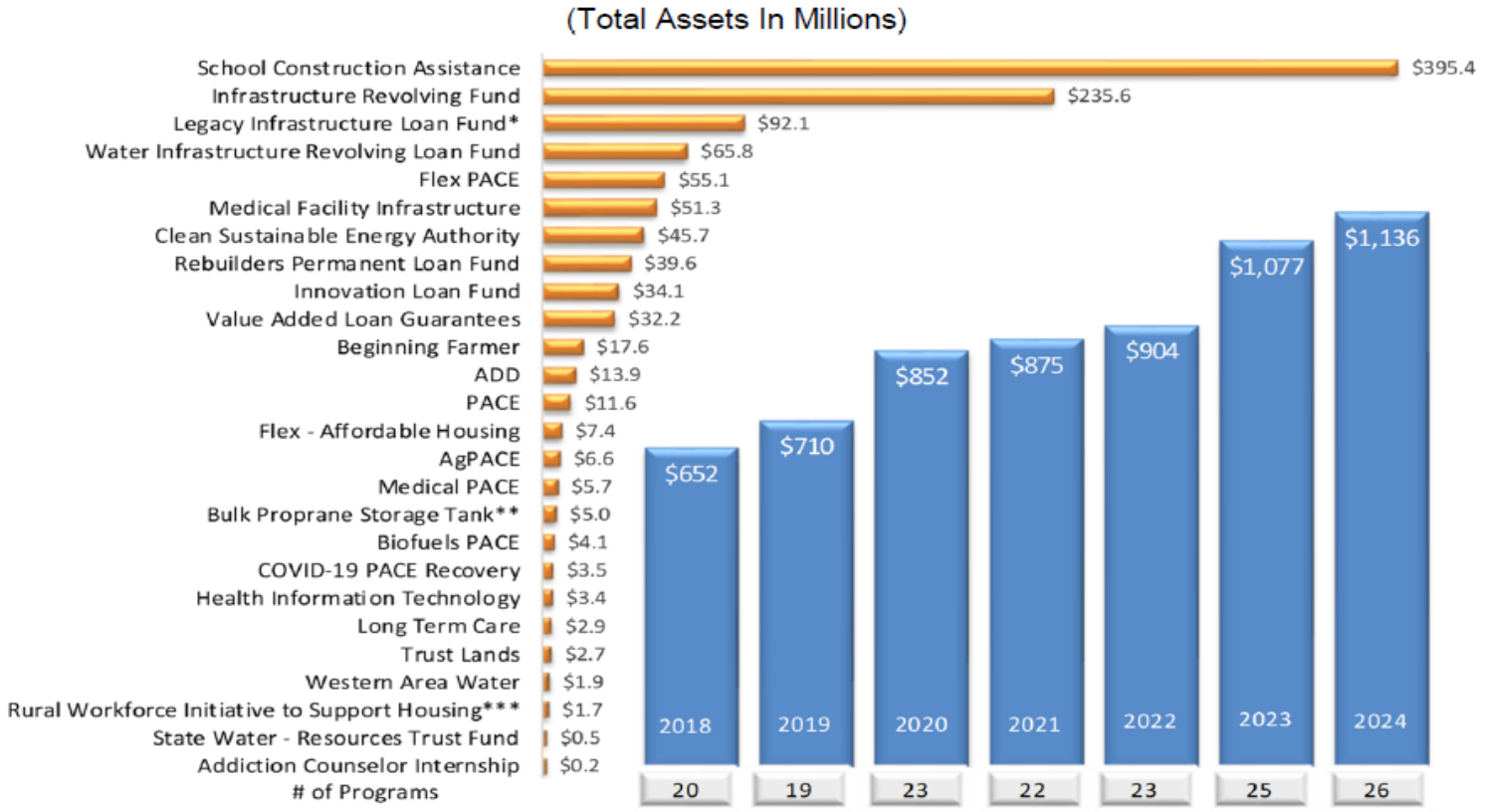
BND Currently administers $1.1 billion in net assets for legislative-directed loan programs. These programs serve a wide range of purposes, including school construction, water projects, general and medical infrastructure, and disaster recovery.

*Legacy Investment Loan Fund created in December 2023. Loans purchased from Infrastructure Revolving Loan Fund.

**SB 2242 created the Bulk Propane Storage Tank Revolving Loan Fund (BPST) during the 68th Legislative Session. This special fund was established by transferring $5 million in cash from the Strategic Investment and Improvements Fund (SILF).

***Rural Workforce Initiative to Support Housing was created in November 2024 to help rural communities with the construction of market-rate housing for the workforce when a company is locating or expanding in a community of 20,000 and under in population. BND has committed $10 million of capital for the program.

BND administers 26 programs and $1.1 billion in assets for the Legislature



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Amendments

Open Records Requests

6-08.1-02. Exemptions.
This chapter does not apply to any of the following:

7. The release by the Industrial Commission, in its capacity as the managing body of the Bank of North Dakota, of the following:

a. The name of any person who has obtained approval for direct ~~or indirect~~ financing or security, including a loan guarantee or a letter of credit, through the Bank of North Dakota primarily for purposes other than personal, family, or household purposes.

b. The amount of any financing or security referenced in subdivision a.

c. The amount of any net write off or loan forgiveness ~~associated with the financing or security referenced in subdivision a~~ which the industrial commission determines is uncollectible.

d. The program under which any financing or security referenced in subdivision a was made.

Amendments

PACE Program Buydown Increase

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

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

    a. Purchase of real property and equipment.
    b. Expansion of facilities.
    c. Working capital.
    d. Inventory.

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

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

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

4. The maximum amount from the fund in the interest rate buydown may not exceed five hundred thousand dollars ~~**per loan**~~ **unless the project is deemed to have a substantial economic impact.**

5. Projects deemed to have a substantial impact and qualified as a primary sector business **may receive an additional $1,000,000 in interest rate buydown with no required community match.**

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

7. The Bank of North Dakota shall adopt rules to implement this chapter.

Amendments

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;~~
~~4. $15,000,000 to the beginning farmer revolving loan fund; and~~
1. $60,000,000 to the Partnership in assisting community expansion; agriculture partnership in assisting community expansion; biofuels partnership and beginning farmer revolving loan fund.
2. $1,900,000 to the university of North Dakota for the North Dakota small business development center for the purpose of matching federal grants.

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Testimony of Laura Lacher

Economic Development Association of North Dakota

In Support of SB 2014

March 12, 2025

Chair Monson and members of the House Appropriations Committee – Government Operations Division:

I am Laura Lacher, executive director for the Economic Development Association of North Dakota (EDND), and I would like to express our support for SB 2014, which includes the appropriation for the Bank of North Dakota (BND) and the North Dakota Housing Finance Agency (NDHFA).

EDND represents more than 80 state economic development organizations on the front line of economic development efforts throughout North Dakota. The organization's primary purpose is to promote the creation of new wealth throughout North Dakota to develop more vibrant and efficient communities and improve quality of life.

Bank of North Dakota

BND programs are important to and widely used by economic developers across the state. Supporting PACE and Flex PACE programs consistently arise as one of our developers' top legislative priorities and the top tools they use in their communities. PACE and Flex PACE provide flexibility for businesses and development agencies to support new and growing businesses in a fiscally safe manner in both rural and urban North Dakota. Speak to any local developer in the state and you will hear a wide variety of stories about the programs' impact.

North Dakota Housing Finance Agency

Affordable housing continues to be a priority for North Dakota's growing businesses and communities. The Housing Incentive Fund is a flexible gap financing tool leveraged to develop affordable multi-family housing for essential service workers, main street employees, fixed-income households, and older adults. A major stumbling block to attracting businesses that diversify the economy, or to attracting workers to fill the thousands of jobs open in the state, is a need for more affordable housing.

EDND understands the difficult decisions you have in determining the state's future, and it appreciates your thoughtfulness in managing this responsibility. Please consider how these programs and resources support communities in the entire state as you make these decisions. I urge the committee's support of these priorities within SB 2014.

Industrial Commission of North Dakota

Kelly Armstrong
Governor

Drew H. Wrigley
Attorney General

Doug Goehring
Agriculture Commissioner

Engrossed Senate Bill 2014

Testimony of Industrial Commission Executive Director Karen Tyler

Before the House Appropriations Government Operations Subcommittee

March 12, 2025

Good morning, Mr. Chairman and members of the committee. I am Karen Tyler, the Executive Director for the North Dakota Industrial Commission. On behalf of the team that you will hear from throughout the course of the day, it is a pleasure for us to appear before you to discuss the appropriation for the Industrial Commission Administrative Office, and the agencies and programs that the Commission oversees.

The Industrial Commission was created by the legislature in 1919 and its general authority is found under Chapter 54-17 of the North Dakota century code. It is made up of the Governor as Chair, the Attorney General and the Agriculture Commissioner.

The Industrial Commission has a broad and diverse portfolio of authority including the oversight of our state-owned businesses, the Bank of North Dakota and the

State Mill and Elevator, the financing of water infrastructure and state buildings through the Public Finance Authority and Building Authority, the regulation of our oil and gas industry through the Department of Mineral Resources, supporting affordable housing programs through the Housing Finance Agency, overseeing highly impactful research and commercialization grant programs, and serving as the state's pipeline authority and transmission authority supporting the transport and transmission of our states abundant energy resources.

Inside the front cover of the testimony binders we have prepared for you is the Industrial Commission organizational chart.

For the IC Admin Office, as a starting point I want to remind the committee that there was a significant change that occurred last session with our budget, as we had previously been combined with the Department of Mineral Resources, and with the support of the legislature last session the Admin Office was separated into its own budget subsection. The goal was to, on paper, improve the clarity of this budget bill, and, in practice, for the agency to bring the execution of fiscal, HR, and technology related responsibilities into the Admin Office. This transition has gone well as a result of the resources provided to our office by the legislature as well as the invaluable support of the team at the DMR. So now in Subdivision 1

of Section 1 of SB 2014 you will find the appropriation for the Admin Office and Public Finance Authority, and DMR is now on its own as Subdivision 4 of Section 1.

The focus of the Admin Office over the last 18 months has been getting staffing in place and building work portfolios that make sense as we brought these new responsibilities into the admin office from DMR. Significant progress has been made on records management, and our most important technology project – a new grant management system is now in the production stage with our contracted vendor with a completion target date of October of 2025. You will find a project roadmap at the back of my written testimony.

All Industrial Commission grant rounds were executed in a timely and effective manner, and perhaps the most significant accomplishment for the Admin Office was managing the search process for hiring two key industrial commission executives – a new President and CEO for the Bank of North Dakota, Mr. Don Morgan, and a new executive director for the Department of Mineral Resources, Mr. Nathan Anderson, and the Commission is so pleased to have them both in their respective positions leading these hugely impactful agencies for the state.

Looking ahead, we have more key executive transitions to come in the 25-27 biennium, the deployment of the finished grant management system across our 5

grant programs to support the award of potentially $84 million in new grants, and the management of 147 active projects and $130 million in committed funding, and continued work on the dispositioning of decades of industrial commission records.

As mentioned, the budget for the Industrial Commission Admin Office is found within the appropriation presented in Section 1, Subdivision 1 beginning on page 1 of engrossed SB 2014. This Subdivision of the bill shows the combined appropriation for the Administrative Office and the Public Finance Authority. The Administrative Office budget is also referenced separately in Section 7 on page 6 – this section addresses the mechanism for funding the admin office budget, which is the transfer of funding from entities under the control of the Industrial Commission.

The 23-25 budget approved by the legislature included funding for 2 new FTEs for the Agency. One of those positions, our grant program administrative assistant, was filled in December of 2023. We anticipate the other position will be filled in the next 6 months. We are not asking for any additional FTEs in the 25-27 budget request.

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Jordan Kannianen, Deputy Director

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Because most of the increases in our current biennium budget were one time funding increases, and many of our requests for the upcoming biennium relate to those one-time funding increases, I will cover the status of the one-time funding, the basis for our new requests, and the action taken by the Senate on each request.

Last session we were appropriated $1,250,000 of special funds ($250,000 from each grant program) to cover the cost of developing a customized grant management system for the Industrial Commissions grant programs which include our 3 research grant programs, (lignite, oil and gas, and renewable) the Outdoor Heritage Fund, and the Clean Sustainable Energy Authority. As previously mentioned, that project will be complete by October 2025. We are asking for $275,000 of ongoing funding to cover the ongoing cost of supporting the new software system which is estimated to be approximately $130,000 per year. The Senate included this funding, and this will be covered by assessments to each grant program the system supports. ($52,000/program/biennium)

New Grant Management System Ongoing Support Costs $275,000

The Industrial Commission is the North Dakota Transmission Authority. The Commission contracts with an Executive Director to carry out the responsibilities

of the Transmission Authority, and we are very pleased and fortunate to have Mr. Claire Vigesaa serving in this role. In early 2023 the Transmission Authority office was moved to the Administrative Office in the capitol and the funding source was changed from using grant program dollars to general fund dollars. One time funding of $300,000 was appropriated last session. It has been exceedingly valuable and productive to have our Executive Director positioned with us and the Transmission Authority continues to see an increase in workload and an increase in demand for the expertise of the office as the resiliency of our electrical grid becomes increasingly challenged, and new developments such as Data Centers focus on locating in North Dakota. Our original request for the Transmission Authority was $600,000 for increased workload and demand for expertise offered by the Transmission Authority and to cover the cost of expected studies. The Senate approved $400,000. Jordan will provide more information on the work of the Transmission Authority, studies conducted and our budget request this afternoon.

On-Going Funding for Transmission Authority **$400,000**

For the first half of this biennium salary cost savings were achieved as I was taking less than half of the executive director's salary. Because the agency did not

receive any equity funding from the equity package approved last session, some of this salary savings was utilized to give equity pay increases to other team members. To restore the executive director's salary and plan for future succession events for both the Industrial Commission Executive Director and the Public Finance Executive Director an on-going increase of $350,000 was included by both Governor's in their executive budgets and was included by the Senate.

IC and PFA Exec Director Salary Restore/Increase **$350,000**

You will be hearing more about the Infrastructure Investment and Jobs Act Grid Resiliency Grant Program from Jordan this afternoon. Our last budget included $8,623,893 related to this program which reflects the federal dollars ($7,499,037) plus required 15% state match ($1,124,856) which came from the general fund. For this upcoming biennium we are asking for the spending authority for the federal component and the 15% state match and this totals $13,668,089. This is $11,885,295 in federal funding and $1,782,794 in state matching funds. The Senate provided the federal funds spending authority and included the state match and used SIIF as a funding source instead of general funds.

IIJA Grid Resiliency Federal and State Components **$13,668,089**

Last session $3,000,00 of general fund dollars was added to the Admin Office budget for the purpose of paying for lignite litigation related expenses. To date over $2.7 million has been spent and we anticipate the remaining balance will be depleted by the end of the biennium. We are asking that the legislature consider appropriating an additional $3,000,000 in one time funding for the same purpose, as we will continue to have costs associated with the ongoing litigation and can reasonably expect new litigation activity in the future. A table showing payments to law firms and the various matters they are handling can be found at the back of my written testimony. The Senate included $3 million and the funding source used is SIIF.

Lignite Litigation Funding **$3,000,000**

We are asking for ongoing funding for inflationary costs related to office rent, IT expenses, software licensing and agency assessments of $100,305. The Senate included $50,000.00

Inflation **$100,305**

We are asking for ongoing funding for professional development that covers costs associated with travel and participation in industry events that support education

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related to industry innovation, regulatory developments, and public policy, and the Senate included this funding request.

Professional Development **$15,200**

Historically this budget has been funded exclusively with special fund sources, however, similar to last biennium we have general fund dollars for the Transmission Authority contract and currently there are SIIF dollars included for litigation funding and the IIJA grid resiliency grant state match.

Requested Correction

I need to request the correction of an error in our budget that I did not catch until the Senate footnotes were completed. We aren't clear on how or why it happened but $581,000 was transferred from our salary line to our operating line. This is a very large number for our small agency. We think a contributing factor to the error may be the fact I was taking less than half of the executive director's salary when starting point numbers were pulled for building this budget. We would request that $500,000 be moved back to our salary line from operating.

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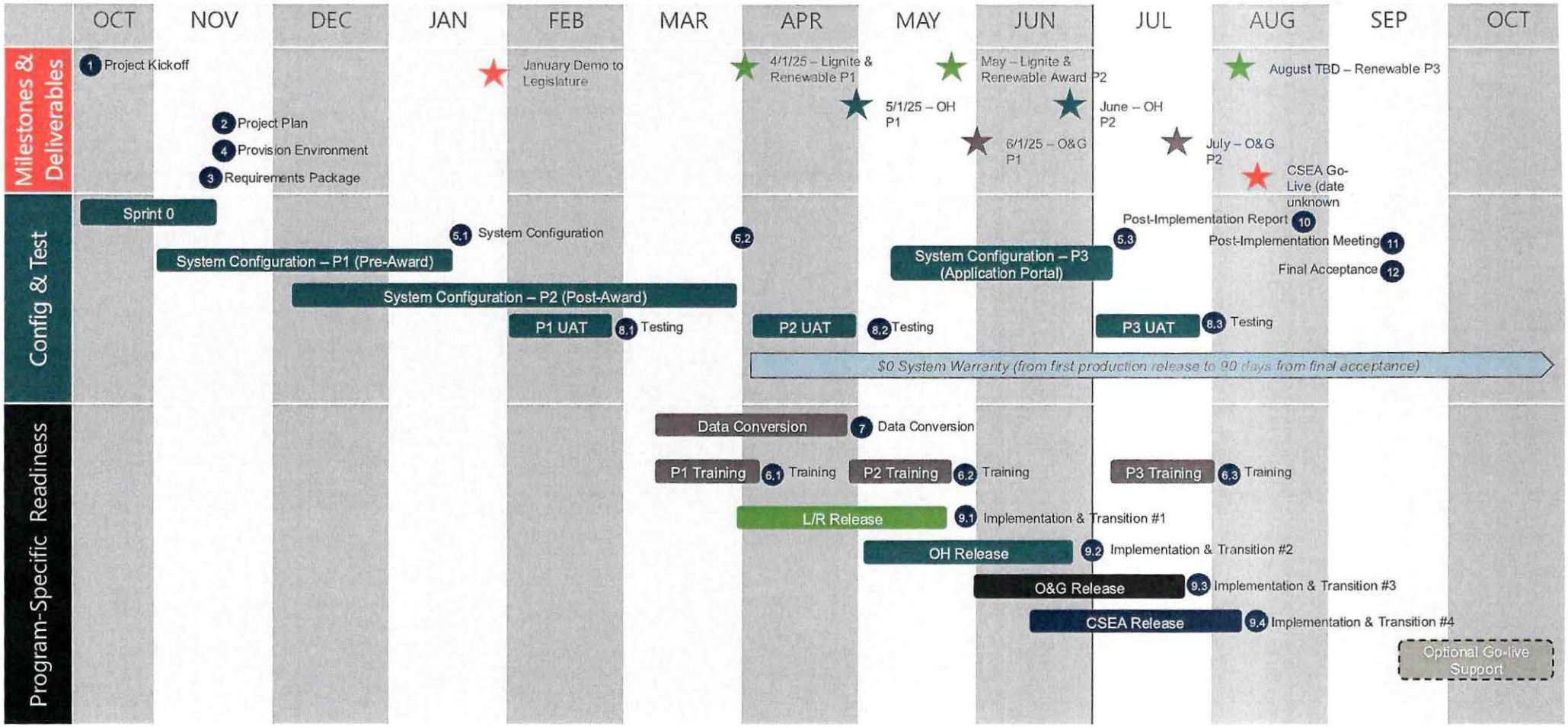
Product Roadmap 1.10.2025

Legend:
- # SOW Deliverable
- ★ Program / NDIC Milestone

North Dakota Industrial Commission



LIGNITE LITIGATION EXPENSES
2023-25 Biennium

Funds: *IC $3M appropriation*

	Bev & Diam & Cons McC **EPA Mercury & Air Toxins**	*Greenberg Traurig* **EPA Regional Haze**	*Beatty & Wozniak* **EPA Coal Combustion**	*Jackson Walker* **EPA Greenhouse Gas (Methane)**	*Winthrop & Weinstine (?)* **MN 100% Carbon Free 2040**	*Always On Energy Resear* **EPA Miso & SPP Carbon Rule**	*Beatty & Wozniak* **EPA State Permitting Lawsuit**	**Monthly Total**
Jul-23								$0.00
Aug-23								$0.00
Sep-23								$0.00
Oct-23								$0.00
Nov-23								$0.00
Dec-23	$74,806.89	$3,270.00						$78,076.89
Jan-24	$24,195.00	$31,367.50						$55,562.50
Feb-24								$0.00
Mar-24								$0.00
Apr-24	$56,865.00				$48,511.00	$65,000.00		$170,376.00
May-24	$56,685.00	$68,259.30						$124,944.30
Jun-24	$305,342.14	$25,888.60	$59,125.05	$338,630.00	$13,338.00	$245,000.00		$987,323.79
Jul-24			$51,288.50	$57,858.00	$11,370.00			$120,516.50
Aug-24			$3,115.50					$3,115.50
Sep-24				$6,088.50				$6,088.50
Oct-24	$213,118.97			$42,696.00				$255,814.97
Nov-24	$543,008.00	$14,325.00	$2,829.00					$560,162.00
Dec-24	$27,733.40	$53,233.30	$43,856.00	$38,651.50	$300.00			$163,774.20
Jan-25	$128,960.00	$2,145.00	$579.42	$22,311.00	$9,708.00		$7,239.50	$170,942.92
Feb-25					$6,262.00			$6,262.00
Mar-25								$0.00
Apr-25								$0.00
May-25								$0.00
Jun-25								$0.00
Jun A/B								$0.00
Total	**$1,430,714.40**	**$198,488.70**	**$160,793.47**	**$506,235.00**	**$89,489.00**	**$310,000.00**	**$7,239.50**	**$2,702,960.07**

Legislative Council

Industrial Commission - Budget No. 405
Agency Worksheet - Senate Bill No. 2014

	Armstrong Executive Budget				Senate Version				Senate Compared to Executive Budget Increase (Decrease)			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2025-27 Biennium Base Level	9.75	$0	$122,237,102	$122,237,102	9.75	$0	$122,237,102	$122,237,102	0.00	$0	$0	$0
2025-27 Ongoing Funding Changes												
Salary increase			$71,132	$71,132			$71,132	$71,132				$0
Health insurance increase			45,039	45,039			45,039	45,039				0
Funding to replace the 2023-25 vacant FTE pool			30,381	30,381			30,381	30,381				0
Funding to replace the 2023-25 new FTE pool			490,562	490,562			490,562	490,562				0
2025-27 new and vacant FTE pool				0			(8,733)	(8,733)			($8,733)	(8,733)
Executive director salary equity increases			350,000	350,000				0			(350,000)	(350,000)
Executive director equity - Industrial Commission				0			245,000	245,000			245,000	245,000
Executive director equity - Public Finance Authority				0			105,000	105,000			105,000	105,000
Transfers $581,791 from salaries to operating				0				0				0
Information technology rate adjustments			369	369			369	369				0
Professional development and travel				0			15,200	15,200			15,200	15,200
Grant management software fees			275,000	275,000			275,000	275,000				0
Transmission Authority director contract		$400,000		400,000		$400,000		400,000				0
Bond payment adjustment			(2,761,713)	(2,761,713)			(2,761,713)	(2,761,713)				0
Total ongoing funding changes	**0.00**	**$400,000**	**($1,499,230)**	**($1,099,230)**	**0.00**	**$400,000**	**($1,492,763)**	**($1,092,763)**	**0.00**	**$0**	**$6,467**	**$6,467**
One-Time Funding Items												
Inflationary increases			$50,000	$50,000			$50,000	$50,000				$0
Electric grid resiliency grant - SIIF and federal			13,668,089	13,668,089			13,668,089	13,668,089				0
Lignite litigation fees - SIIF			3,000,000	3,000,000			3,000,000	3,000,000				0
Total one-time funding changes	**0.00**	**$0**	**$16,718,089**	**$16,718,089**	**0.00**	**$0**	**$16,718,089**	**$16,718,089**	**0.00**	**$0**	**$0**	**$0**
Total Changes to Base Level Funding	**0.00**	**$400,000**	**$15,218,859**	**$15,618,859**	**0.00**	**$400,000**	**$15,225,326**	**$15,625,326**	**0.00**	**$0**	**$6,467**	**$6,467**
2025-27 Total Funding	**9.75**	**$400,000**	**$137,455,961**	**$137,855,961**	**9.75**	**$400,000**	**$137,462,428**	**$137,862,428**	**0.00**	**$0**	**$6,467**	**$6,467**
Federal funds included in other funds			*$11,885,295*				*$11,885,295*				*$0*	
Total ongoing changes - Percentage of base level	*0.0%*	*N/A*	*(1.2%)*	*(0.9%)*	*0.0%*	*N/A*	*(1.2%)*	*(0.9%)*	*N/A*	*N/A*	*N/A*	*N/A*
Total changes - Percentage of base level	*0.0%*	*N/A*	*12.5%*	*12.8%*	*0.0%*	*N/A*	*12.5%*	*12.8%*	*N/A*	*N/A*	*N/A*	*N/A*

Other Sections in Industrial Commission - Budget No. 405

Section Description	Armstrong Executive Budget	Senate Version	
New and vacant FTE pool line item		Section 3 provides for the use of funding in the new and vacant FTE pool line item.	
Bond payments		Section 4 identifies the amounts for bond payments during the 2025-27 biennium.	
Administrative costs		Section 7 would allow the Industrial Commission to transfer up to $2,435,660 from entities and funds under the control of the Industrial Commission for administrative services and would allow unspent prior biennium appropriation authority for administrative costs to be available in the 2025-27 biennium.	

Other Sections in Industrial Commission - Budget No. 405

Section Description	Armstrong Executive Budget	Senate Version	
Enhanced oil recovery grant program		Section 10 transfers $4 million from the state energy research center fund and $21 million from SIIF to the oil and gas research fund for an enhanced oil recovery grant program.	
Strategic investment and improvements fund (SIIF)		Section 11 identifies funding from SIIF for matching federal funds for an electric grid resiliency grant ($1,782,794) and lignite litigation ($3,000,000).	
Salt cavern underground energy storage research project		Section 16 amends 2023 Session Laws decreasing the amount of funding from SIIF for a salt cavern underground energy storage research project from $6 million to $2 million and allows the funding to be used for a business case analysis rather than construction of salt caverns.	
Unspent biennium appropriation exemption		Section 17 provides exemptions allowing unspent prior biennium appropriation authority to continue into the 2025-27 biennium for grant management software, records digitization, and a federal electric grid resiliency grant.	

North Dakota Legislative Council
Prepared for the House Appropriations Committee
March 12, 2025

MAJOR RELATED LEGISLATION AFFECTING THE INDUSTRIAL COMMISSION AS OF CROSSOVER

This memorandum provides information on major related legislation affecting the Industrial Commission as of Crossover:

Senate Bill No. 2143 - This bill increases the allocation of oil and gas tax revenues to the State Energy Research Center fund by $2.5 million per biennium, from $7.5 million to $10 million.

Senate Bill No. 2188 - This bill transfers $55 million from the strategic investment and improvements fund (SIIF) to the clean sustainable energy fund for grants, a line of credit repayment, and loans.

Senate Bill No. 2256 - This bill transfers $15 million from SIIF to a newly created research technology park fund administered by the Industrial Commission to provide funding for research projects.

Senate Bill No. 2323 - This bill limits the oil and gas gross production tax revenue allocations to the North Dakota outdoor heritage fund to $7.5 million per fiscal year compared to a limit of $20 million per fiscal year under current law and increases the oil and gas tax revenue allocations to the oil and gas research fund to $17.5 million per biennium compared to $10 million per biennium under current law.

	Office of the Industrial Commission Request	Armstrong's Recommended	Senate Changes
23-25 Base Level FTE - IC	6	6	6
23-25 Base Level FTE - PFA	3.75	3.75	3.75
25-27 Base Level	**$122,237,102**	**$122,237,102**	**$122,237,102**
Salaries and Benefits			
23-25 Base Level Salaries & Benefits - IC	$1,123,066	$1,123,066	$1,123,066
23-25 Base Level Salaries & Benefits - PFA	$761,852	$761,852	$761,852
Base Payroll Changes:			
Gov. Rec. Salary Increase - IC & PFA	$71,132	$71,132	$71,132
Health Insurance Increase - IC & PFA	$45,039	$45,039	$45,039
FTE Funding Pool - New - IC & PFA	$30,381	$30,381	$30,381
FTE Funding Pool - Vacant - IC & PFA	$490,562	$490,562	$490,562
Optional Requests:			
Executive Director Salary Increase - IC	$182,300	$350,000	$245,000
Executive Director Salary Increase - PFA	$50,000	$0	$105,000
Total Salary and Benefits	**$2,754,332**	**$2,872,032**	**$2,872,032**
Operating - IC			
23-25 Base Level Operating	$274,571	$274,571	$274,571
Base Operating Changes:			
IT Rate Adjustments	$369	$369	$369
Optional Requests:			
Inflation - Leasing Space - IC	$20,305	$20,305	$20,305
Grant Management Ongoing Support - IC	$275,000	$275,000	$275,000
Transmission Authority Director Contract - IC	$600,000	$400,000	$400,000
Lignite Litigation - IC	$3,000,000	$3,000,000	$3,000,000
IIJA Grid Resiliency Grants	$13,668,089	$13,668,089	$13,668,089
Professional Development - IC	$15,200	$0	$15,200
Total Operating	**$17,853,534**	**$17,638,334**	**$17,653,534**
Operating - PFA			
23-25 Base Level Operating - PFA	$197,700	$197,700	$197,700
Optional Requests:			
Inflation - Data Processing, equip, licensing - PFA	$80,000	$29,695	$29,695
Total Operating	**$277,700**	**$227,395**	**$227,395**
Transfers			
23-25 Base Level Bonds - PFA	$119,879,913	$119,879,913	$119,879,913
Base Bond Changes:	-$2,761,713	-$2,761,713	-$2,761,713
Total Bonds	**$117,118,200**	**$117,118,200**	**$117,118,200**
2025-2027 Budget Request	$138,003,766	$137,855,961	$137,871,161

Legislative Council

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

	Armstrong Executive Budget				Senate Version				Senate Compared to Executive Budget Increase (Decrease)			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2025-27 Biennium Base Level	187.00	$0	$71,605,483	$71,605,483	187.00	$0	$71,605,483	$71,605,483	0.00	$0	$0	$0
2025-27 Ongoing Funding Changes												
Salary increase			$1,825,271	$1,825,271			$1,825,271	$1,825,271				$0
Health insurance increase			1,122,988	1,122,988			1,122,988	1,122,988				0
Funding to replace the 2023-25 vacant FTE pool			2,323,303	2,323,303			2,323,303	2,323,303				0
Funding to replace the 2023-25 new FTE pool			3,106,682	3,106,682			3,106,682	3,106,682				0
2025-27 new and vacant FTE pool				0			(909,460)	(909,460)			($909,460)	($909,460)
Salary funding - Cost to continue				0			343,487	343,487			343,487	343,487
Budget reduction from operational savings			(78,168)	(78,168)			(78,168)	(78,168)				0
Information technology rate adjustment			403,892	403,892			403,892	403,892				0
Transfer of $804,278 from operations to capital				0				0				0
Total ongoing funding changes	**0.00**	**$0**	**$8,703,968**	**$8,703,968**	**0.00**	**$0**	**$8,137,995**	**$8,137,995**	**0.00**	**$0**	**($565,973)**	**($565,973)**
One-Time Funding Items												
Cash management temporary salaries			$600,000	$600,000				$0			($600,000)	($600,000)
Capital improvement projects				0			$2,633,299	2,633,299			2,633,299	2,633,299
Total one-time funding changes	**0.00**	**$0**	**$600,000**	**$600,000**	**0.00**	**$0**	**$2,633,299**	**$2,633,299**	**0.00**	**$0**	**$2,033,299**	**$2,033,299**
Total Changes to Base Level Funding	**0.00**	**$0**	**$9,303,968**	**$9,303,968**	**0.00**	**$0**	**$10,771,294**	**$10,771,294**	**0.00**	**$0**	**$1,467,326**	**$1,467,326**
2025-27 Total Funding	**187.00**	**$0**	**$80,909,451**	**$80,909,451**	**187.00**	**$0**	**$82,376,777**	**$82,376,777**	**0.00**	**$0**	**$1,467,326**	**$1,467,326**
Federal funds included in other funds			*$0*				*$0*				*$0*	
Total ongoing changes - Percentage of base level	*0.0%*	*N/A*	*12.2%*	*12.2%*	*0.0%*	*N/A*	*11.4%*	*11.4%*	*N/A*	*N/A*	*N/A*	*N/A*
Total changes - Percentage of base level	*0.0%*	*N/A*	*13.0%*	*13.0%*	*0.0%*	*N/A*	*15.0%*	*15.0%*	*N/A*	*N/A*	*N/A*	*N/A*

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

Section Description	Armstrong Executive Budget	Senate Version	
New and vacant FTE pool line item		Section 3 provides for the use of funding in the new and vacant FTE pool line item.	
Transfers to general fund		Section 8 transfers $140 million from Bank profits to the general fund for the 2025-27 biennium.	
Transfers to economic development programs		Section 9 transfers $61.9 million from Bank profits to economic development programs, including $39 million to the partnership in assisting community expansion (PACE) fund, $5 million to the Ag PACE fund, $1 million to the biofuels PACE fund, $15 million to the beginning farmer revolving loan fund, and $1.9 million to the University of North Dakota small business development center to match federal funds.	
Confidential and exempt Bank records		Sections 13 and 14 amend statutory provisions relating to Bank of North Dakota records to clarify the confidentiality of indirect financing records and to exempt insurance coverage from open records.	

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

Section Description	Armstrong Executive Budget	Senate Version	
PACE fund interest rate buydowns		Section 15 increases the amount of funding that may be used for interest rate buydowns under the PACE fund from $500,000 to $1.5 million for projects with a substantial economic impact and removes the matching requirement for the additional $1 million of interest rate buydown funding.	

North Dakota Legislative Council
Prepared for the House Appropriations Committee
March 12, 2025

MAJOR RELATED LEGISLATION AFFECTING THE BANK OF NORTH DAKOTA AS OF CROSSOVER

This memorandum provides information on major related legislation affecting the Bank of North Dakota as of Crossover:

APPROPRIATIONS

House Bill No. 1540 - This bill creates an education savings account program and appropriates $40 million from the general fund to the Bank for distributions to student accounts.

Senate Bill No. 2003 - This bill transfers $8 million from the strategic investment and improvements fund (SIIF) to the economic diversification research fund and appropriates the funding to the Bank for grants to institutions under the control of the state board of higher education.

LOANS AND LINES OF CREDIT

House Bill No. 1008 - This bill authorizes a loan of up to $900,000 to the Public Service Commission for a rail complaint case.

House Bill No. 1012 - This bill authorizes a line of credit of up to $130 million to the Department of Health and Human Services for construction of a new state hospital.

House Bill No. 1018 - This bill authorizes a line of credit of up to $20 million to the State Historical Society for a military gallery expansion project.

House Bill No. 1020 - This bill authorizes a line of credit of up to $100 million to the Department of Water Resources for a transfer to the water infrastructure revolving loan fund and increases an existing line of credit by $100 million, from $100 million to $200 million to the department for water projects.

House Bill No. 1332 - This bill authorizes a line of credit of up to $30 million to the Agriculture Commissioner for a value-added agriculture production facility incentive grant program.

Senate Bill No. 2265 - This bill authorizes a line of credit of up to $3 million to the Department of Veterans' Affairs for a contingent grant for projects at the veterans' national cemetery.

Senate Bill No. 2342 - This bill authorizes a line of credit of up to $10 million to the Agriculture Commissioner for a value-added milk processing facility incentive grant program.

OTHER

House Bill No. 1213 - This bill transfers $50 million from SIIF to the infrastructure revolving loan fund, which is administered by the Bank, and designates the funding for loans to political subdivisions for correctional facilities.

House Bill No. 1278 - This bill creates a cash management board to review and develop policies for the management of moneys in the state treasury and requires the Bank to provide staff services for the board.

House Bill No. 1619 - This bill creates a long-term care facility infrastructure loan fund to be administered by the Bank and transfers $50 million from SIIF to the new fund for loans to nursing and basic care facilities.

Legislative Council

Housing Finance Agency - Budget No. 473
Agency Worksheet - Senate Bill No. 2014

	Armstrong Executive Budget				Senate Version				Senate Compared to Executive Budget Increase (Decrease)			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2025-27 Biennium Base Level	54.00	$2,500,000	$68,742,347	$71,242,347	54.00	$2,500,000	$68,742,347	$71,242,347	0.00	$0	$0	$0
2025-27 Ongoing Funding Changes												
Salary increase			$488,030	$488,030			$488,030	$488,030				$0
Health insurance increase			336,296	336,296			336,296	336,296				0
Funding to replace the 2023-25 vacant FTE pool			465,165	465,165			465,165	465,165				0
Funding to replace the 2023-25 new FTE pool			986,476	986,476			986,476	986,476				0
2025-27 new and vacant FTE pool - vacant				0			(186,127)	(186,127)			($186,127)	(186,127)
2025-27 new and vacant FTE pool - new				0			(65,609)	(65,609)			(65,609)	(65,609)
FTE loan specialist position	1.00		184,796	184,796	1.00		184,796	184,796				0
FTE accountant position	1.00		257,410	257,410	1.00		257,410	257,410				0
FTE homeless program manager				0	1.00		213,880	213,880	1.00		213,880	213,880
Information technology rate adjustment			44,453	44,453			44,453	44,453				0
Budget reduction from operating and grant savings			(1,678,160)	(1,678,160)			(1,678,160)	(1,678,160)				0
Homeless grants		($2,500,000)		(2,500,000)		($2,500,000)		(2,500,000)				0
Total ongoing funding changes	**2.00**	**($2,500,000)**	**$1,084,466**	**($1,415,534)**	**3.00**	**($2,500,000)**	**$1,046,610**	**($1,453,390)**	**1.00**	**$0**	**($37,856)**	**($37,856)**
One-Time Funding Items												
Transfer to HIF - homelessness programs				$0		$10,000,000		$10,000,000		$10,000,000		$10,000,000
Transfer to HIF - housing programs (SIIF)				0			$25,000,000	25,000,000			$25,000,000	25,000,000
Total one-time funding changes	**0.00**	**$0**	**$0**	**$0**	**0.00**	**$10,000,000**	**$25,000,000**	**$35,000,000**	**0.00**	**$10,000,000**	**$25,000,000**	**$35,000,000**
Total Changes to Base Level Funding	**2.00**	**($2,500,000)**	**$1,084,466**	**($1,415,534)**	**3.00**	**$7,500,000**	**$26,046,610**	**$33,546,610**	**1.00**	**$10,000,000**	**$24,962,144**	**$34,962,144**
2025-27 Total Funding	**56.00**	**$0**	**$69,826,813**	**$69,826,813**	**57.00**	**$10,000,000**	**$94,788,957**	**$104,788,957**	**1.00**	**$10,000,000**	**$24,962,144**	**$34,962,144**
Federal funds included in other funds			*$47,333,539*				*$47,303,609*				*($29,930)*	
Total ongoing changes - Percentage of base level	*3.7%*	*(100.0%)*	*1.6%*	*(2.0%)*	*5.6%*	*(100.0%)*	*1.5%*	*(2.0%)*	*N/A*	*N/A*	*N/A*	*N/A*
Total changes - Percentage of base level	*3.7%*	*(100.0%)*	*1.6%*	*(2.0%)*	*5.6%*	*300.0%*	*37.9%*	*47.1%*	*N/A*	*N/A*	*N/A*	*N/A*

Other Sections in Housing Finance Agency - Budget No. 473

Section Description	Armstrong Executive Budget	Senate Version	
New and vacant FTE pool line item		Section 3 provides for the use of funding in the new and vacant FTE pool line item.	
Additional appropriation authority		Section 5 provides appropriation authority to the Housing Finance Agency for any additional or unanticipated income from federal or other funds which may become available during the 2025-27 biennium.	
Housing incentive fund (HIF)		Section 6 appropriates and transfers $10 million from the general fund to HIF for homelessness programs, transfers $25 million from the strategic investment and improvements fund (SIIF) to HIF for housing programs, and designates $150,000 for a grant to an organization for a Native American homelessness liaison.	

Other Sections in Housing Finance Agency - Budget No. 473

Section Description	Armstrong Executive Budget	Senate Version	
Homelessness legislative management study		Section 18 provides for a legislative management study of homelessness.	

Legislative Council

Mill and Elevator Association - Budget No. 475
Agency Worksheet - Senate Bill No. 2014

	Armstrong Executive Budget				Senate Version				Senate Compared to Executive Budget Increase (Decrease)			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2025-27 Biennium Base Level	170.00	$0	$97,410,920	$97,410,920	170.00	$0	$97,410,920	$97,410,920	0.00	$0	$0	$0
2025-27 Ongoing Funding Changes												
Salary increases subject to union negotiations			$2,545,656	$2,545,656			$2,545,656	$2,545,656				$0
Health insurance increase			1,032,908	1,032,908			1,032,908	1,032,908				0
Funding to replace the 2023-25 vacant FTE pool			1,756,563	1,756,563			1,756,563	1,756,563				0
Funding to replace the 2023-25 new FTE pool			2,367,332	2,367,332			2,367,332	2,367,332				0
2025-27 new and vacant FTE pool - vacant				0			(707,015)	(707,015)			($707,015)	(707,015)
2025-27 new and vacant FTE pool - new				0			(35,981)	(35,981)			(35,981)	(35,981)
FTE railcar inspector positions	2.00		359,808	359,808	2.00		359,808	359,808				0
Salary funding - Overtime or 4th shift				0			1,000,000	1,000,000			1,000,000	1,000,000
Information technology rate adjustment			10,224	10,224			10,224	10,224				0
Operating expenses - Milling capacity increases				0			2,700,000	2,700,000			2,700,000	2,700,000
Total ongoing funding changes	**2.00**	**$0**	**$8,072,491**	**$8,072,491**	**2.00**	**$0**	**$11,029,495**	**$11,029,495**	**0.00**	**$0**	**$2,957,004**	**$2,957,004**
One-Time Funding Items												
No one-time funding items				$0				$0				$0
Total one-time funding changes	**0.00**	**$0**	**$0**	**$0**	**0.00**	**$0**	**$0**	**$0**	**0.00**	**$0**	**$0**	**$0**
Total Changes to Base Level Funding	**2.00**	**$0**	**$8,072,491**	**$8,072,491**	**2.00**	**$0**	**$11,029,495**	**$11,029,495**	**0.00**	**$0**	**$2,957,004**	**$2,957,004**
2025-27 Total Funding	**172.00**	**$0**	**$105,483,411**	**$105,483,411**	**172.00**	**$0**	**$108,440,415**	**$108,440,415**	**0.00**	**$0**	**$2,957,004**	**$2,957,004**
Federal funds included in other funds			*$0*				*$0*				*$0*	
Total ongoing changes - Percentage of base level	*1.2%*	*N/A*	*8.3%*	*8.3%*	*1.2%*	*N/A*	*11.3%*	*11.3%*	*N/A*	*N/A*	*N/A*	*N/A*
Total changes - Percentage of base level	*1.2%*	*N/A*	*8.3%*	*8.3%*	*1.2%*	*N/A*	*11.3%*	*11.3%*	*N/A*	*N/A*	*N/A*	*N/A*

Other Sections in Mill and Elevator Association - Budget No. 475

Section Description	Armstrong Executive Budget	Senate Version	
New and vacant FTE pool line item		Section 3 provides for the use of funding in the new and vacant FTE pool line item.	

2025 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division
Brynhild Haugland Room, State Capitol

SB 2014
3/12/2025

A BILL for an Act to provide an appropriation for defraying the expenses of the industrial commission and the agencies under its control; relating to confidential and exempt records of the Bank of North Dakota and interest rate buydown limits for the partnership in assisting community expansion fund; elating to a salt cavern underground energy storage research project; to provide for a transfer; to provide an exemption; to provide for a legislative management study; to provide for a legislative management report; and to provide for a report.

2:31 p.m. Chairman Monson opened the meeting.

Members Present: Chairman Monson, Vice Chair Brandenburg, Representatives: Bosch, Fisher, Kempenich, Meier, Pyle.

Discussion Topics:

- Mineral and Natural Resources in ND
- Bond Released for the Agency
- Proppant Sand Projects
- Critical Minerals Project
- Paleontology Projects
- Public Fossil Dig Program
- Excavation of a Woolly Mammoth
- Rock and Mineral Analysis
- Bakken Project
- Natural Gas in North Dakota
- CO2 Pipelines

2:32 p.m. Nathan Anderson, Director, Mineral and Natural Resources, testified in favor and submitted testimony #41096.

2:32 p.m. Technical Difficulties

2:37 p.m. Chairman Monson recessed the meeting.

2:38p.m. Chairman Monson reconvened the meeting.

2:38 p.m. Nathan Anderson, Director, Mineral and Natural Resources, continued to testify in favor and with testimony #41096.

3:07 p.m. Ed Murphy, State Geologist, North Dakota Geological Survey, testified in favor and continued with testimony #41096.

3:46 p.m. Robyn Loumer, Finance Manager, North Dakota Minerals and Natural Resources, testified and continued with testimony #41096.

4:01 p.m. Chairman Monson recessed the meeting.

4:08 p.m. Chairman Monson reconvened the meeting.

4:09 p.m. Troy Kuntz, Chairman, Northlands, testified in favor.

4:12 p.m. Justin Kringstad, Director, North Dakota Pipeline Authority, testified in favor and submitted testimony #41125.

4:43 p.m. Jordan Kannianen, Deputy Executive Director, ND Industrial Commission, testified in favor #41132 and #41133.

Additional written testimony:

Tyler Hamman, Assistant Vice President for Strategic Partnerships, Energy and Environmental Research Center, submitted testimony in favor #40786.

Cale Dunwoody, Vice President of Public Policy, FMWF Chamber, submitted testimony in favor #41060.

Adam Mathiak, Fiscal Analyst, Legislative Council, submitted testimony in neutral #41097.

4:49 p.m. Chairman Monson adjourned the meeting.

Madaline Cooper, Committee Clerk

Energy & Environmental Research Center
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www.undeerc.org

Chairman Monson, members of the committee, on behalf of the Energy & Environmental Research Center (EERC) I appreciate this opportunity to offer comments regarding Senate Bill 2014. The North Dakota Industrial Commission (NDIC) has been a key partner in helping the EERC in its mission to lead the world in developing solutions to energy and environmental challenges. As of 2022, North Dakota was 8th in total energy production, producing 4.114 quads of energy – over 4 trillion BTUs. The state has the 3rd highest per capita GDP in the nation, has the 8th lowest retail electric prices, and is a global leader in numerous agricultural products. The success we have in feeding and powering the world can be tied directly back to the programs and funds overseen by the NDIC.

The NDIC oversees the entire technology development pathway, from invention and innovation in partnership with the State Energy Research Center, to research, development, and demonstration under the lignite, oil and gas, and renewable research councils, to commercialization under the Clean Sustainable Energy Authority. Through these programs, the EERC has been able to pursue several initiatives and partnerships to achieve successes for the State of North Dakota and its energy industry.

The EERC has leveraged competitive funding through the research councils to engage in work across many different energy sectors. Examples with the Lignite Research Program (LRP) include the exploration of lignite-derived value-added carbon products, rare earth elements and critical mineral extraction from lignite coal, as well as front-end engineering and design of postcombustion carbon capture for our lignite generation facilities. The Oil and Gas Research Program (OGRP) has been critical to supporting the Bakken Production Optimization Program, which has led to numerous innovations to increase efficiency while improving operations as well as the iPIPE program for pipeline monitoring and leak detection, and various flaring mitigation technologies. This past year, the Renewable Energy Program supported an EERC proposal to develop a Regional Electric Vehicle Infrastructure Resilience Plan (REVIR), which will provide the state and regional stakeholders with an actionable roadmap to address vulnerabilities in the grid as EV infrastructure is considered and developed.

With respect to the OGRP, I'd also like to highlight the significance of the Enhanced Oil Recovery Grant Program. These funds comes at a critical time to leverage support for additional innovation that will establish a pathway to demonstrate enhanced oil recovery (EOR) in Bakken shale. As current production methods are able to extract a small percentage of the estimated oil in place, EOR will be necessary to achieve greater utilization of this energy resource and extend the life of the play. Research has shown the technical feasibility of applying EOR techniques to produce incremental oil from shale. Additional work is needed to demonstrate incremental recovery at-scale in the field and provide certainty for largescale investment to commercialize EOR production. Now is the time to build on North Dakota's decades of leadership in this space and develop long-term opportunity for the Bakken Formation.

In addition to the research councils, the NDIC also oversees legislatively-directed initiatives. Pursuant to section 17 of House Bill 1014, enacted during the last legislative session, the EERC worked with the Lignite Energy Council to conduct a study regarding future lignite electrical

generation facilities. That study identified trends and analyzed load forecasts for our state and region, included rigorous analysis of policies and regulations impacting the lignite industry, identified current and prospective technology options for a new lignite-fired power plant, and explored potential for new market development and value-added products associated with lignite mining and power production. The EERC also worked with the Bank of North Dakota (BND) and North Dakota Tax Commissioner to develop a 20-year enhanced oil recovery forecast as part of the BND's sustainability study.

Finally, I'd add that the NDIC, through both the LRP and the OGRP, has been an important partner in the Plains CO_2 Reduction (PCOR) Partnership. This program, now in its third decade, has seen participation from over 200 companies in the energy industry, including most of those based in or doing business in North Dakota, ten states, and four Canadian provinces to advance regional characterization, validation, and commercial demonstration of carbon capture utilization and storage (CCUS) sites. The collaboration and technical assistance offered by the PCOR Partnership has resulted in 11 enhanced oil recovery projects, 6 dedicated storage projects, and 35 additional CCUS projects that have been announced. We appreciate the NDIC's continued support as this program enters its fourth phase of commercializing CCUS activity and enabling emissions reduction for fossil fuel production and other industrial sources.

In short, the work supported by the NDIC this past biennium and through the history of the research councils has been instrumental to the success of our energy industries, and will continue to play a critical role going forward to advance new opportunities and ensure the wise utilization of our energy resources for future generations of North Dakotans.

THE CHAMBER
FARGO MOORHEAD WEST FARGO

Letter of Support S.B. 2014

Wednesday, March 12, 2025

Chair Monson and members of the House Appropriations Government Operations Committee,

My name is Cale Dunwoody, and I have the distinct pleasure of serving as the Vice President of Public Policy for the Fargo Moorhead West Fargo Chamber of Commerce (FMWF Chamber). On behalf of our over 1,700 members, I respectfully offer testimony in support of S.B. 2014, specifically as it relates to homelessness.

At the FMWF Chamber, our mission is to protect and promote business, inspire individuals, cultivate communities, and influence action. To promote more vibrant, thriving communities and economies, we urge strategic investments into understanding and addressing homelessness across the state. In North Dakota, the annual count of homeless individuals has increased more than 26% over the past four years. Solutions to this can only be found through private and public collaboration to target root causes and build stronger local communities.

This legislation approaches the issue in a pragmatic and strategic way. We support the following aspects of this bill:

1. **Homelessness Grants**: A one-time allocation of $10 million to support communities actively working to address homelessness. This injection of financial support will empower leaders to bring bold initiatives to life.
2. **Housing Incentive Fund**: A one-time allocation of $25 million from the Strategic Investment and Improvements Fund to the Housing Incentive Fund. To effectively combat homelessness, there must be an increase in the availability of affordable housing.
3. **Legislative Homelessness Study**: A homelessness study to review data, funding availability, and gather input from homeless program service providers. The results of this study will be used to guide lawmakers as they craft solutions to address this issue statewide.

The strategic allocations made under this bill support long-term investments to address homelessness across the state. Our communities will be more vibrant, prosperous, and economically sound if we invest in solutions to this challenge. I respectfully urge the committee to give S.B. 2014 a **DO PASS** recommendation.

Thank you for your consideration of this critical matter and your commitment to North Dakota.

Sincerely,



Cale Dunwoody
Vice President of Public Policy
Fargo Moorhead West Fargo Chamber of Commerce

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Nathan D. Anderson, Director
Mark F. Bohrer, Assistant Director Oil & Gas Division
Edward C. Murphy, Director Geological Survey, State Geologist
Michael Ziesch, Staff Officer
Robyn Loumer, Finance Manager

NORTH DAKOTA DEPARTMENT OF MINERAL RESOURCES

The Legislature created the Industrial Commission of North Dakota in 1919 to conduct and manage, on behalf of the State, certain utilities, industries, enterprises, and business projects established by state law. The Industrial Commission has jurisdiction over oil and gas resources, the investigation and publication of geological information and the regulation of coal exploration, geophysical exploration, geothermal energy, paleontology resources, subsurface minerals, and oil, gas, and carbon dioxide underground storage in North Dakota through the Department of Mineral Resources Geological Survey and Oil and Gas Division.

The Industrial Commission appoints the Director of the Department of Mineral Resources, who serves as Director of the Oil and Gas Division. The Director appoints the State Geologist and Assistant Director of the Oil and Gas Division.



DMR ORGANIZATIONAL STRUCTURE



Nathan Anderson
Director (1)



Mark Bohrer
Oil & Gas Division
Assistant Director (1)

- Field Staff (32)
- Pipeline Program (9)
- Reclamation Program (2)
- Permitting (5)
- Geological Analyst | CCUS (5)
- Logs (3)
- Petroleum Engineering (2)
- Production | Measurement (5)
- UIC | Treating Plants (3)
- Bonding (1)
- Seismic (1)



Michael Ziesch
Support
Staff Officer (1)

- IT | Data Management (5)
- Administrative Assistants (2)
- Finance | Accounting (3)
- Legal | Hearing Dockets | Orders (2)
- Public Information Officer (1)
- Safety Officer (1)
- Human Resources (1)
- Warehouse Technician (1)



Ed Murphy
Geological Survey
State Geologist (1)

- Paleontology (4)
- Publications | Maps (4)
- Surface Geology | Core Library (7)
- Subsurface Geology (5)

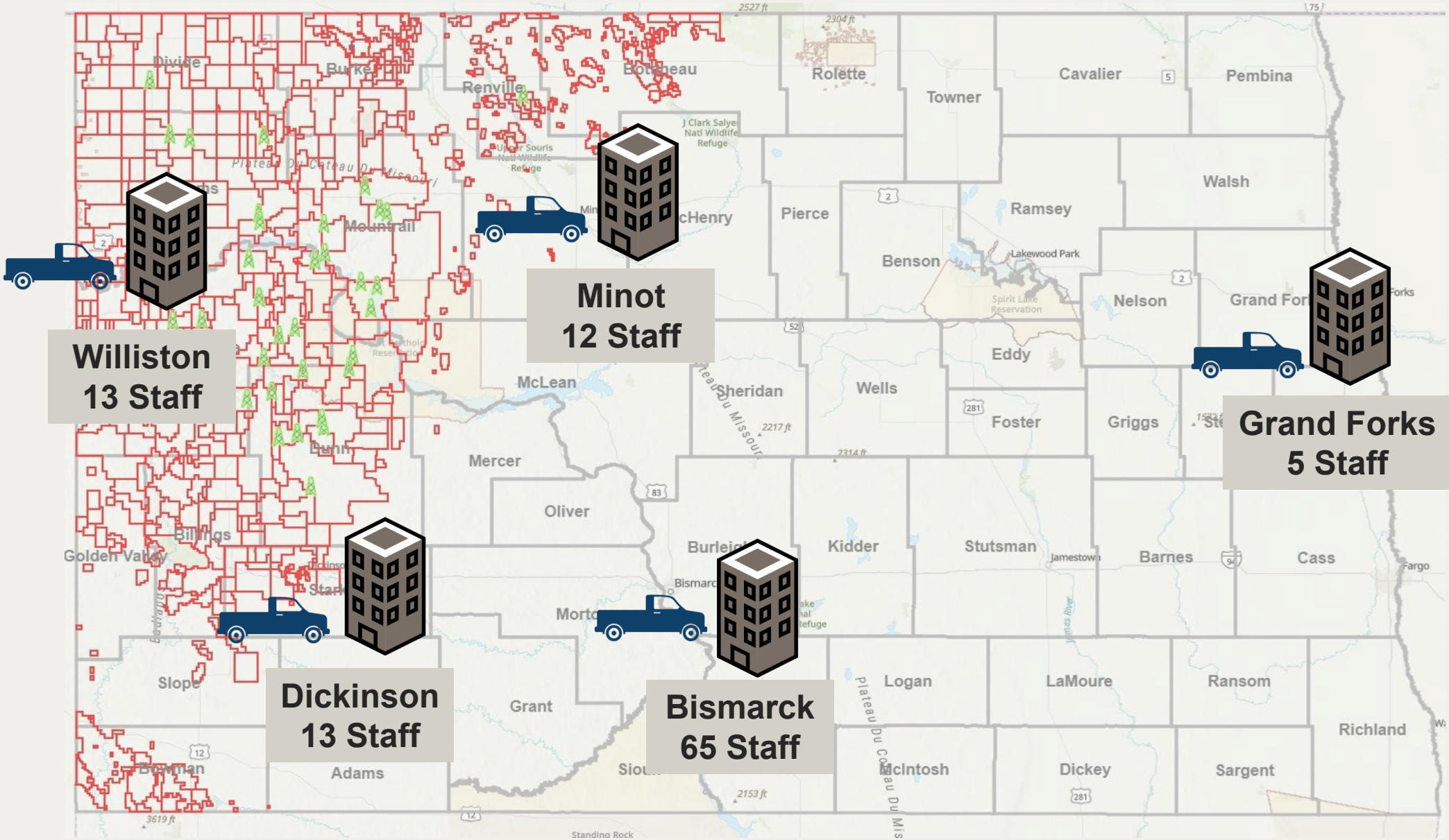
Total Oil and Gas = 70

Total DMR Support = 17

Total Geological Survey = 21

Total DMR FTEs = 108

OFFICE LOCATIONS AND TOTAL STAFF



DMR RETENTION & PROFESSIONAL DEVELOPMENT

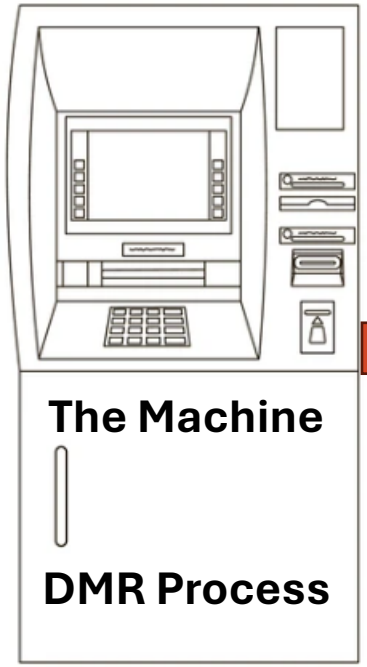
Agency is in a Dynamic Position

- Leadership Transition
- Resiliency
- Succession planning
  - Deep dive – summer 2025
- Key retirements likely
  - 3 – manager level and up
  - 1 – key finance role
- Opportunity to build
- Mentoring takes time
- Training
- Travel & collaboration
- Attract, develop, retain top tier
- Overlap not a gap preferred!

Succession planning is critical to the industry and DMR
We ask for the budget and freedom to make this process work

INPUTS

Employees
-Benefits
-Compensation
-Culture
IT Systems
Brick & Mortar



The Machine

DMR Process

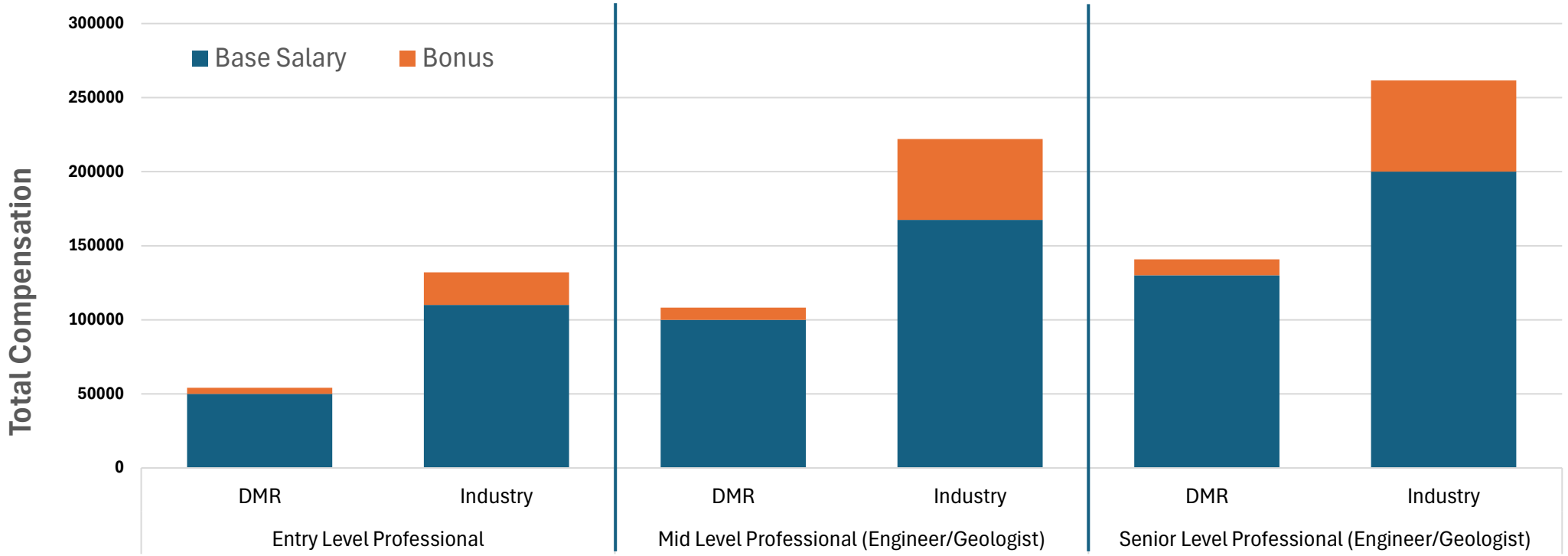
OUTPUTS
=
EXPECTATIONS

Permits
Data
Production Reporting
Field Inspections
UIC Program
Plugging
Reclamation
Orders
Public outreach
Geologic Investigations
Core Library

Current Personnel as of 12/31/2024

Years of Service	0-3	4-6	7-10	11-15	16-20	21-25	26-30	30+
FTE	39	13	19	17	8	5	3	4
%	34%	12%	18%	16%	8%	5%	3%	4%

Compensation Comparable - DMR & Industry Example



- Critical Field Inspector positions continue to be challenged with turnover. Positions are critical to DMR and are hard to fill due to competition with oil & gas industry
- Turnover of 1/5th of field staff in 18 months. Training intensive with staff training new hires. Must have 4-year degree. Specialized employees

Turnover	Total FTE	Total Turnover	Turnover Percent	Classified Turnover	Classified Reason	Unclassified Turnover	Unclassified Reason
2023-25 Biennium	108	14	13%	6	2R, 2PS, 2-O	8	4R, 3PS, 1-O

Key:
R=Retirement
PS=Private Sector
O=Other

To date there have been 13 turnovers this biennium. The total cost of leave payouts was $77,371, Turnover rates do not include inter-agency transfers

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Oil & Gas Agency Overview

NORTH DAKOTA OIL AND GAS DIVISION

The Oil and Gas Division, headed by the Director of DMR, was formed in 1981 to provide the technical expertise needed for enforcement of Industrial Commission jurisdiction over statutes, rules, regulations, and orders pertaining to geophysical exploration, drilling, production of oil and gas, restoration of drilling and production sites, and proper disposal of oil field brine and other oil field wastes in North Dakota.

The Oil and Gas Division facilitates the electronic storage of and provides access to oil and gas production, reservoir, well, and geophysical log data for use by industry, royalty owners, and other governmental agencies and citizens.

In 1997, regulation of geophysical exploration (seismic) was placed under the Oil and Gas Division's jurisdiction. In 2009, regulation of carbon dioxide storage was added to the Oil and Gas Division's responsibilities. In 2013, regulation of underground gathering pipeline infrastructure was added to the Oil and Gas Division's responsibilities. In 2015, this authority was broadened to include bonding requirements on crude oil and produced water underground gathering pipelines. Also, the Oil and Gas Division has obtained primacy from the United States Environmental Protection Agency over Class II (disposal/injection) and Class VI (carbon dioxide storage) wells.

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OIL AND GAS REGULATORY PROGRAMS

Oil and Gas Exploration and Production (NDCC 38-08)

It is hereby declared to be in the public interest to foster, to encourage, and to promote the development, production, and utilization of natural resources of oil and gas in the state in such a manner as will prevent waste; to authorize and to provide for the operation and development of oil and gas properties in such a manner that a greater ultimate recovery of oil and gas be had and that the correlative rights of all owners be fully protected; and to encourage and to authorize cycling, recycling, pressure maintenance, and secondary recovery operations in order that the greatest possible economic recovery of oil and gas be obtained within the state to the end that the landowners, the royalty owners, the producers, and the general public realize and enjoy the greatest possible good from these vital natural resources.

Geophysical Exploration (NDCC 38-08.1)

Notwithstanding any other provision of this chapter, the commission is the primary enforcement agency governing geophysical exploration in this state. Any person in this state engaged in geophysical exploration or engaged as a subcontractor of a person engaged in geophysical exploration shall comply with this chapter; provided, however, that compliance with this chapter by a crew or its employer constitutes compliance herewith by that person who has engaged the service of the crew, or its employer, as an independent contractor.

Pipeline (NDCC 38-08-27)

The application of this section is limited to an underground gathering pipeline that is designed or intended to transfer crude oil or produced water from a production facility for disposal, storage, or sale purposes and which was placed into service after August 1, 2015. Upon request, the operator shall provide the commission the underground gathering pipeline engineering construction design drawings and specifications, list of independent inspectors, and a plan for leak protection and monitoring for the underground gathering pipeline. Within sixty days of an underground gathering pipeline being placed into service, the operator of that pipeline shall file with the commission an independent inspector's certificate of hydrostatic or pneumatic testing of the underground gathering pipeline.

OIL AND GAS REGULATORY PROGRAMS

Carbon Dioxide Geological Storage (NDCC 38-22-01)

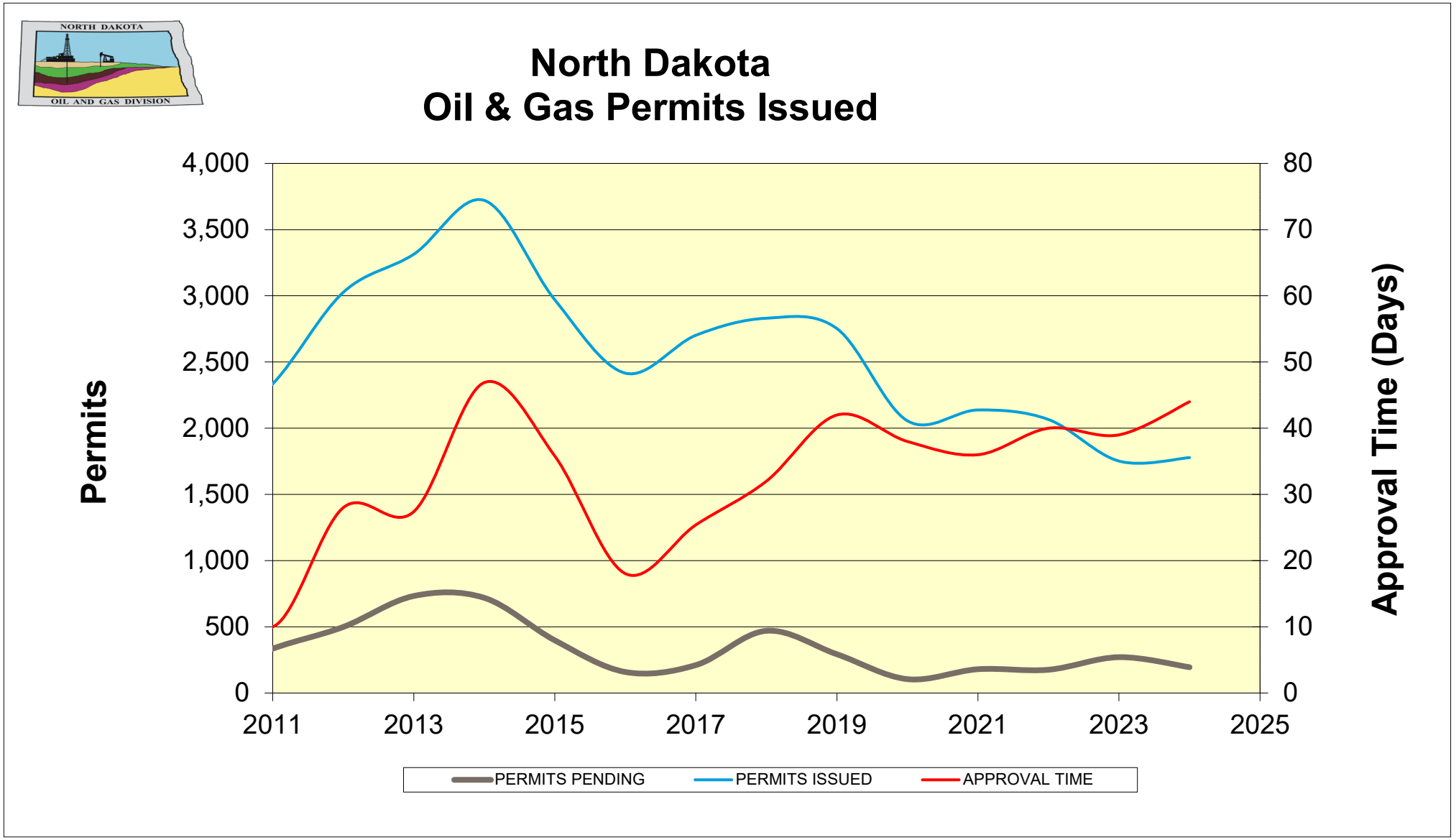
It is in the public interest to promote the geologic storage of carbon dioxide. Doing so will benefit the state and the global environment by reducing greenhouse gas emissions. Doing so will help ensure the viability of the state's coal and power industries, to the economic benefit of North Dakota and its citizens. Further, geologic storage of carbon dioxide, a potentially valuable commodity, may allow for its ready availability if needed for commercial, industrial, or other uses, including enhanced recovery of oil, gas, and other minerals. Geologic storage, however, to be practical and effective requires cooperative use of surface and subsurface property interests and the collaboration of property owners. Obtaining consent from all owners may not be feasible, requiring procedures that promote, in a manner fair to all interests, cooperative management, thereby ensuring the maximum use of natural resources.

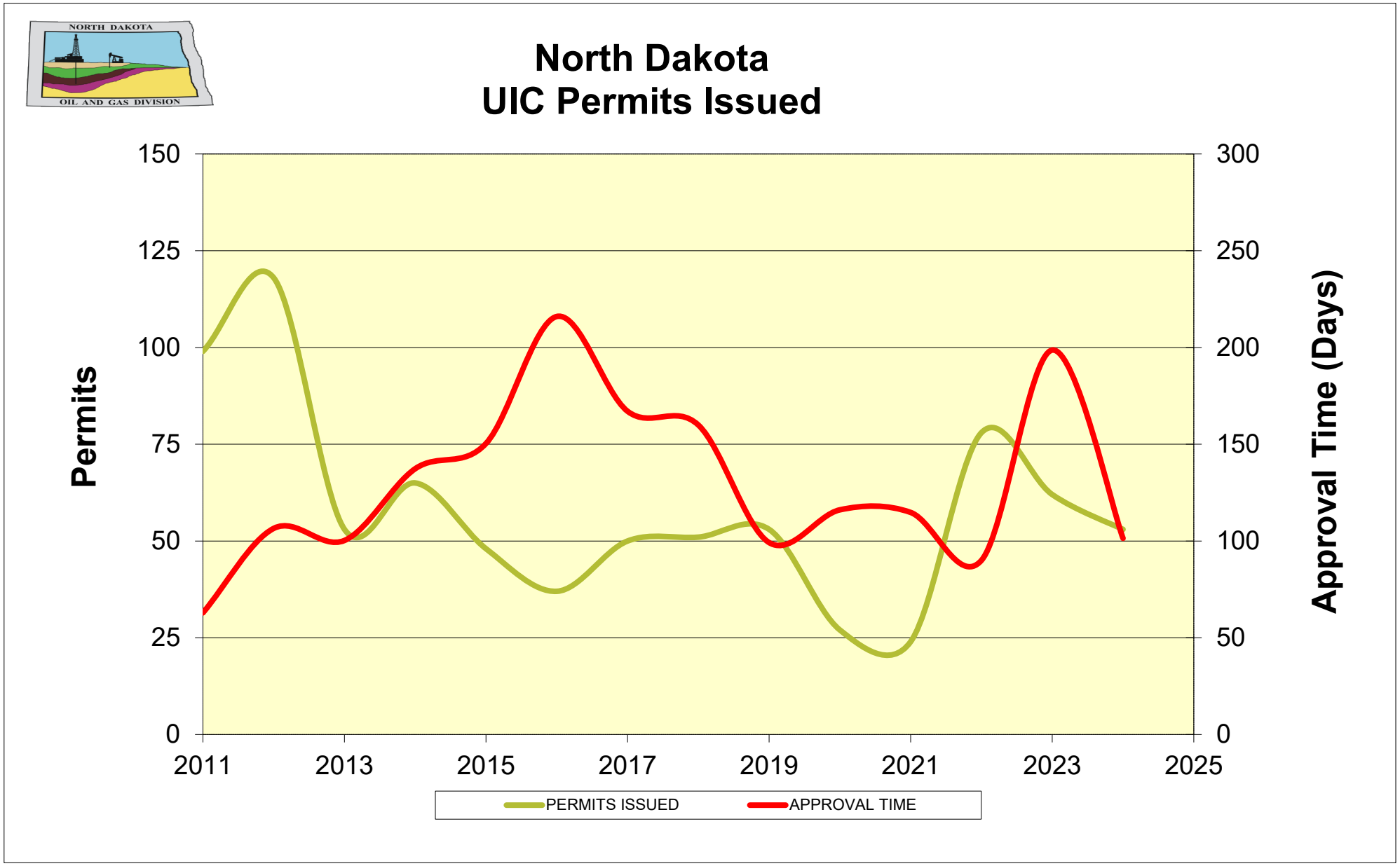
Underground Storage of Oil and Gas (NDCC 38-25-08) *Includes all natural gas, including hydrogen, and all other fluid hydrocarbons not defined as oil.

If a storage operator does not obtain the consent of all persons owning a pore space and of mineral interest owners when required by this chapter, the commission may require the interest owned by the nonconsenting owners be included in an approved storage facility and subject to geologic storage if the minimum percentage of consent is obtained as specified in this chapter. Any pore space owner who does not have responsibility over the construction, management, supervision, or control of the storage facility operations is not liable for money damages for personal or other property damages proximately caused by the operations.

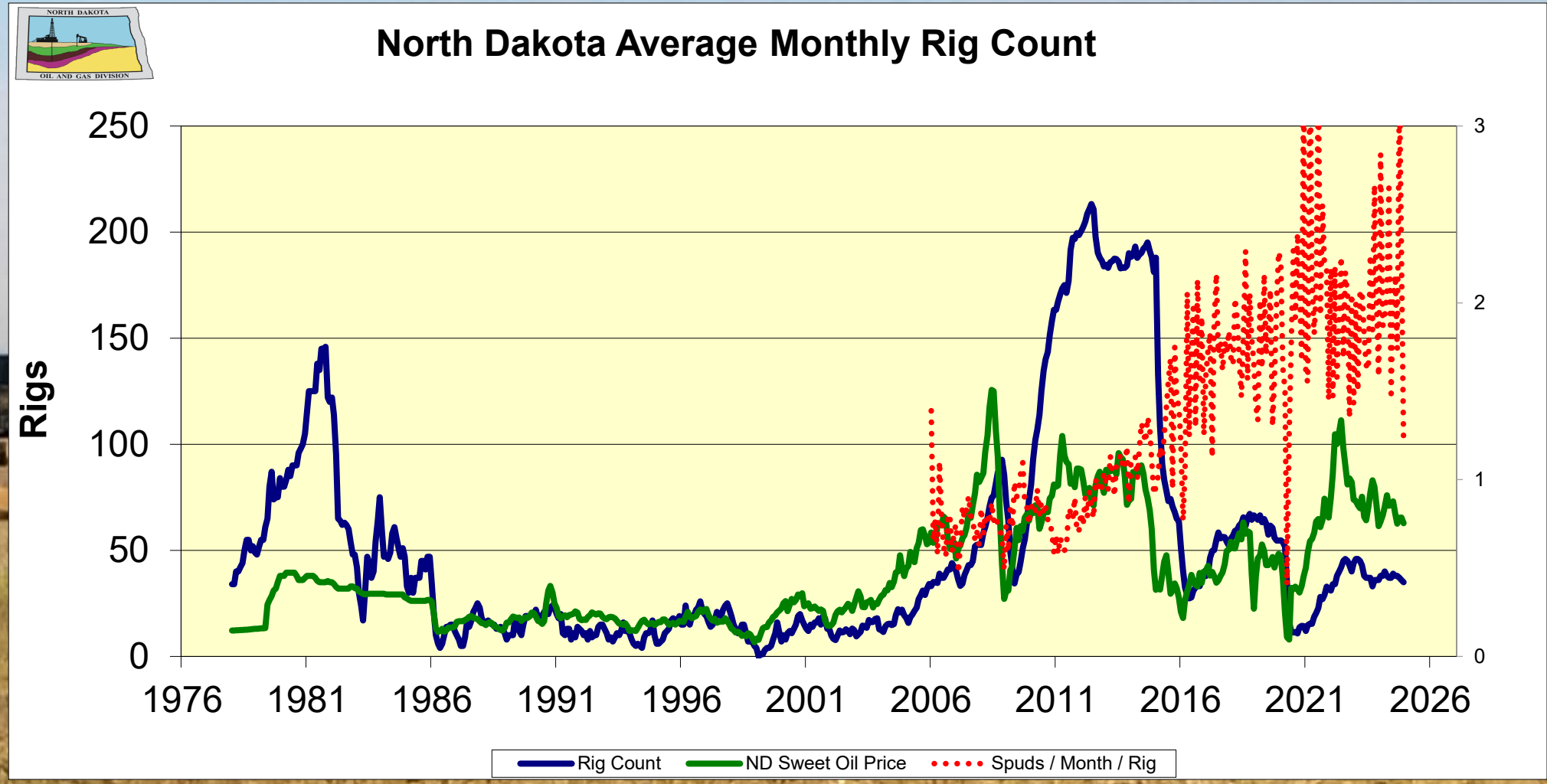
Underground Storage of Oil and Gas (NDCC 38-25-11)

This chapter does not apply to applications filed with the commission which propose to use produced gas for an enhanced oil or gas recovery project. Those applications must be processed under chapter 38-08.


NORTH DAKOTA
OIL AND GAS DIVISION
North Dakota
Oil & Gas Permits Issued
Permits
Approval Time (Days)
4,000
3,500
3,000
2,500
2,000
1,500
1,000
500
0
80
70
60
50
40
30
20
10
0
2011
2013
2015
2017
2019
2021
2023
2025
PERMITS PENDING
PERMITS ISSUED
APPROVAL TIME


NORTH DAKOTA
OIL AND GAS DIVISION
North Dakota
UIC Permits Issued
Permits
Approval Time (Days)
150
125
100
75
50
25
0
300
250
200
150
100
50
0
2011
2013
2015
2017
2019
2021
2023
2025
PERMITS ISSUED
APPROVAL TIME





Statistics	2022	2023	2024 *Jan-Oct 2024
Wells Waiting on Completion	470	415	345*
Inactive Wells	1992	1770	1687*
Wells Completed	768	1089	757*
Producing Wells	17,230	18,753	19,334*

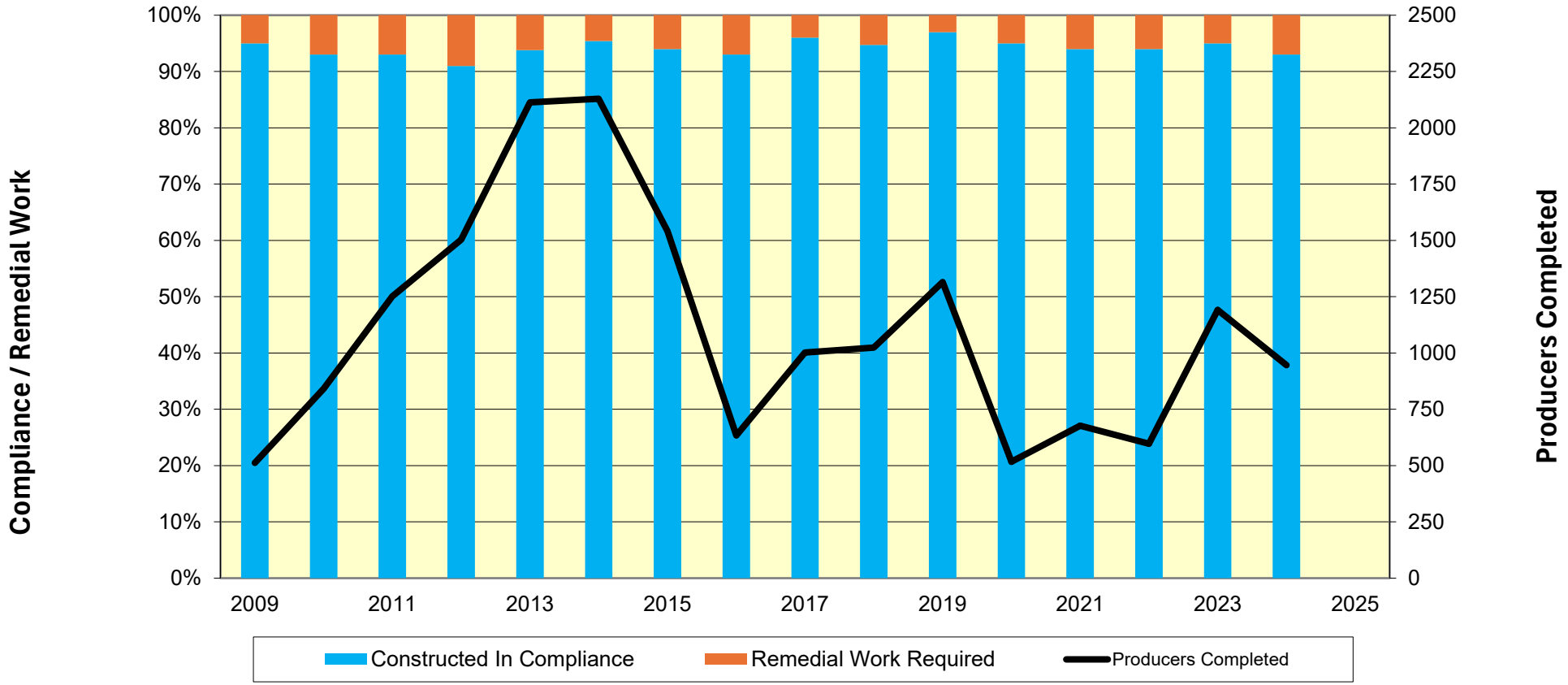
Reclamation

Current Wells/Permits in Reclamation Status	**3544**
Average wells plugged per year since 2020	**380**

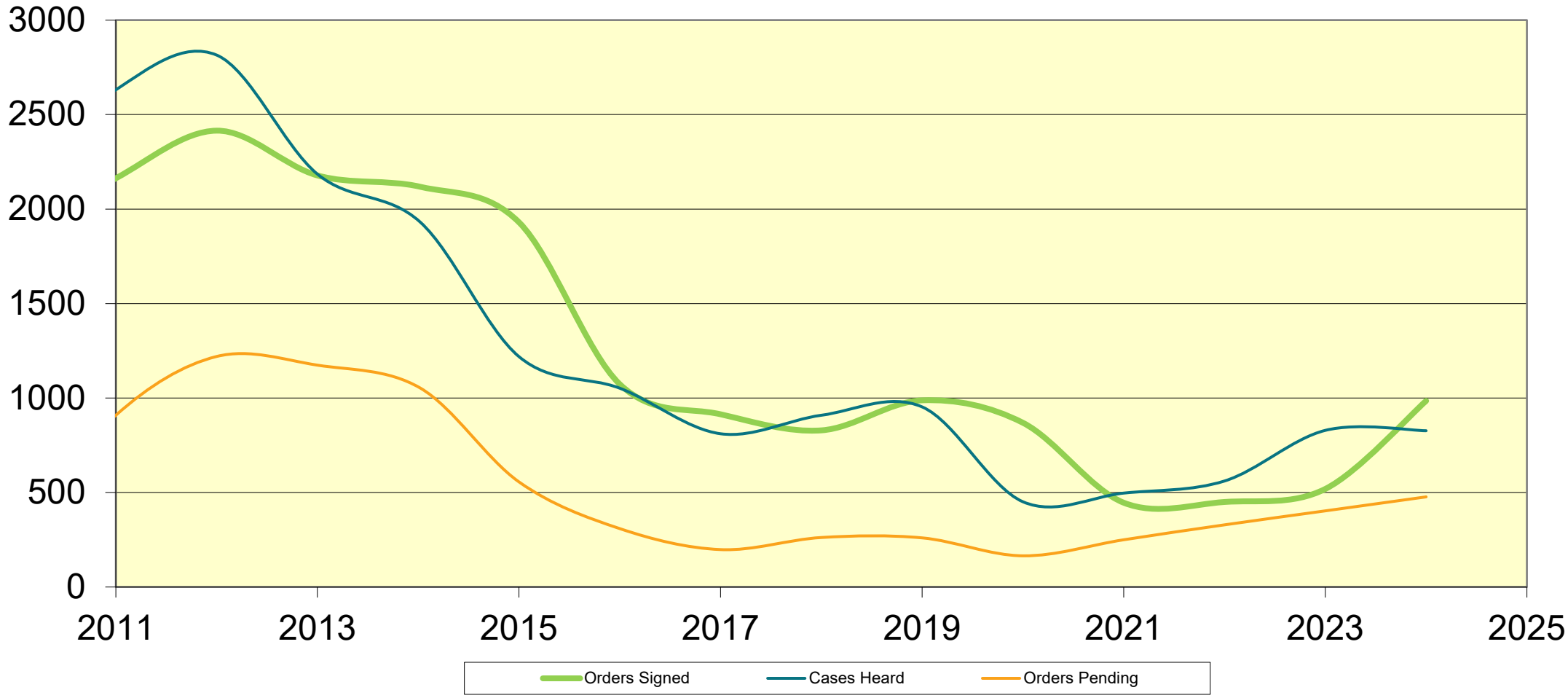
Bond Releases	**2022**	**2023**	**2024**
	545	219	165

Well Construction

Well construction rules protect underground drinking water.
Without this program 5-10% of new wells could be leaking.



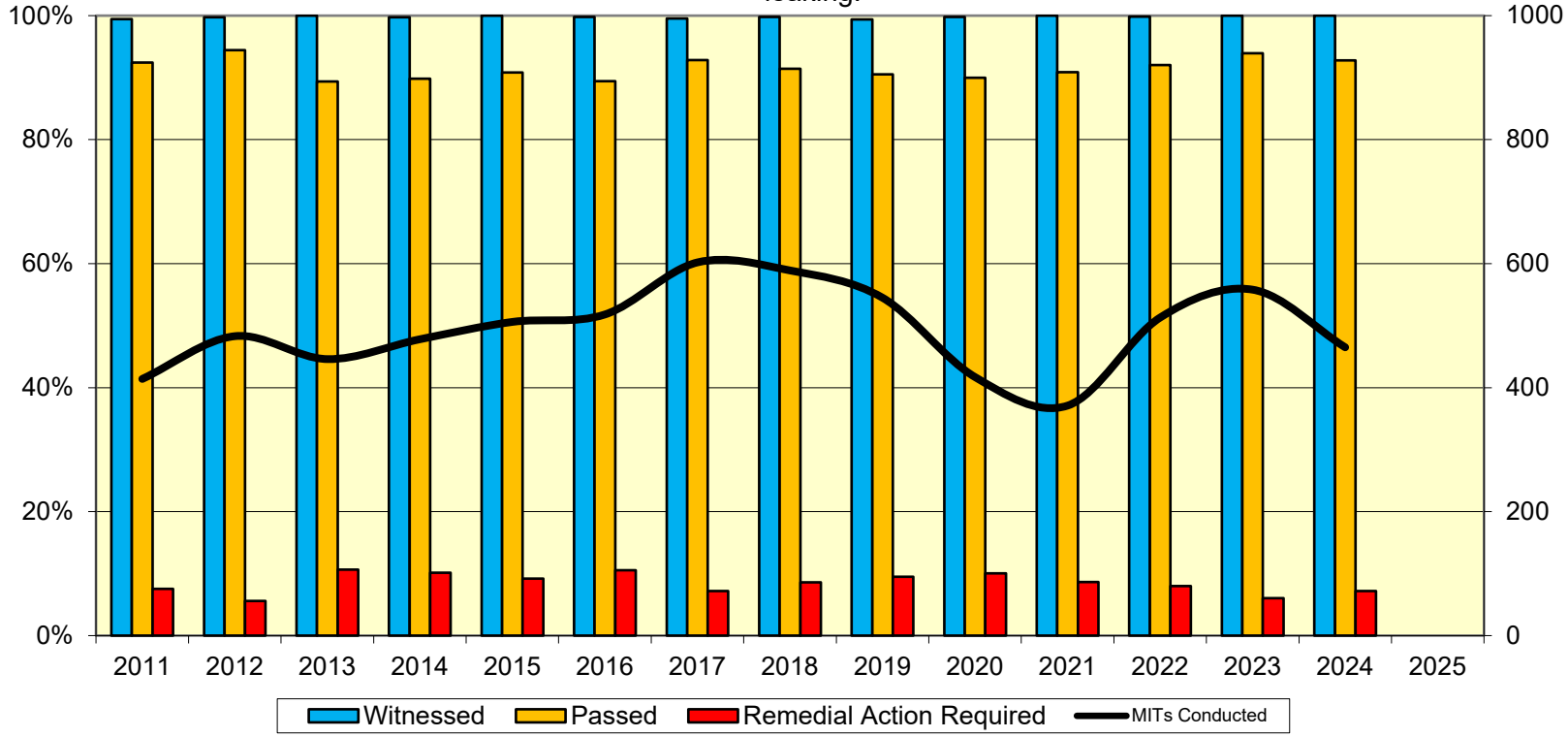
Orders Signed--Cases Heard





Mechanical Integrity Tests

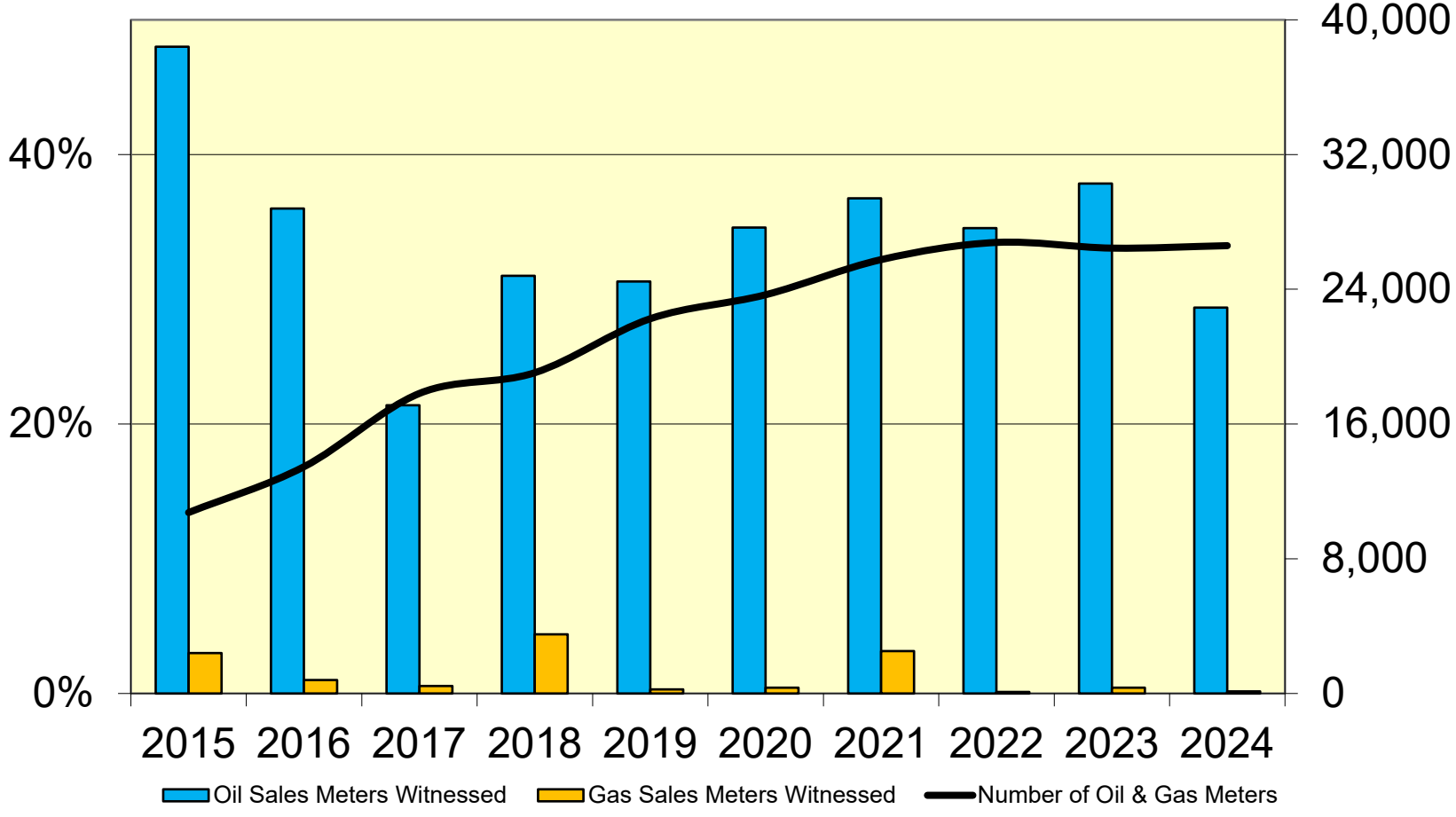
The Oil and Gas Division witnesses nearly all mechanical integrity tests.
Without this program 1-10% of North Dakota injection and temporary abandoned wells could be leaking.





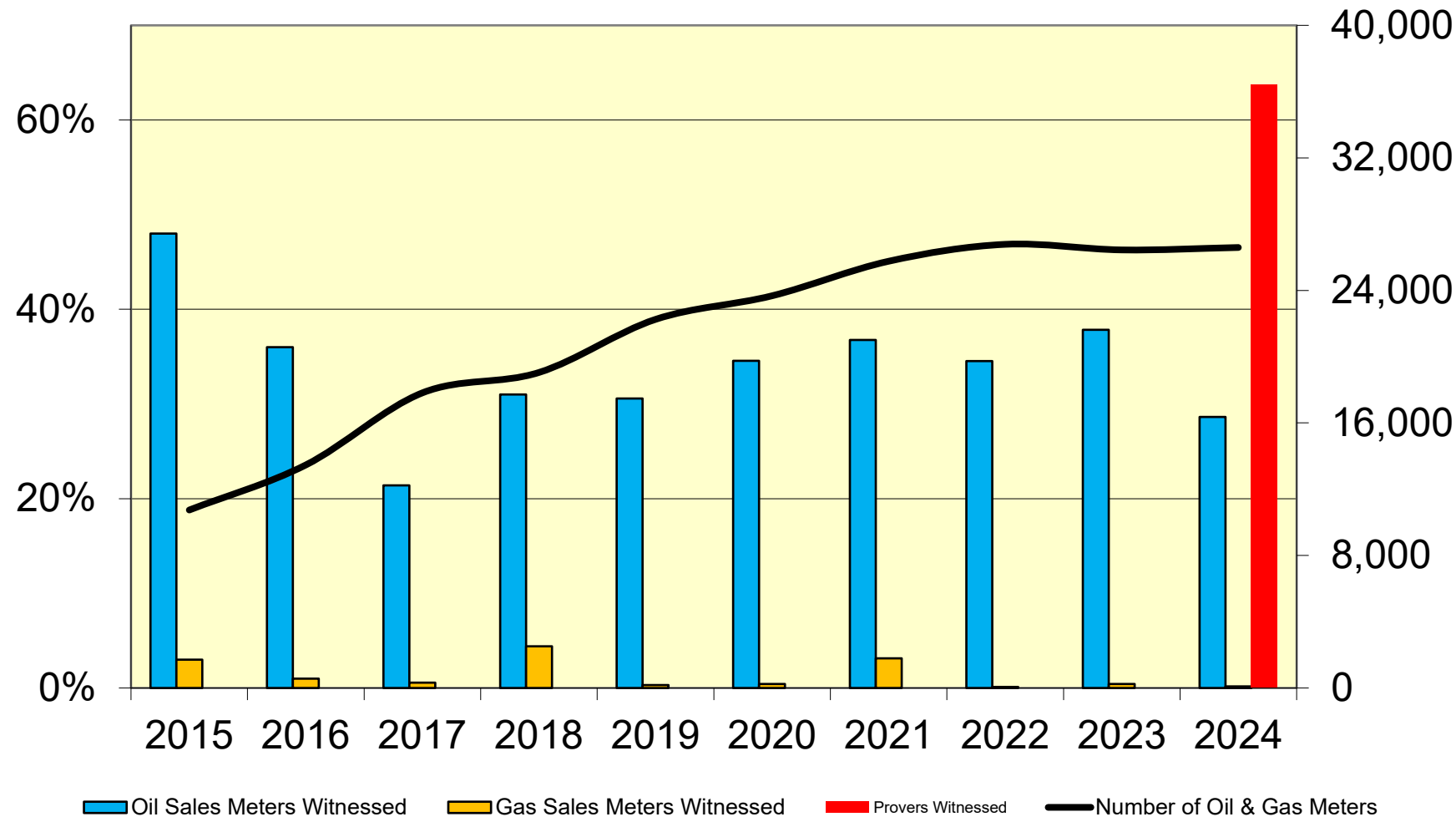
Sales Meter Tests

The Oil and Gas Division regulates oil and gas meter accuracy and royalty owner information. The Oil and Gas Divison has two meter inspectors on staff.

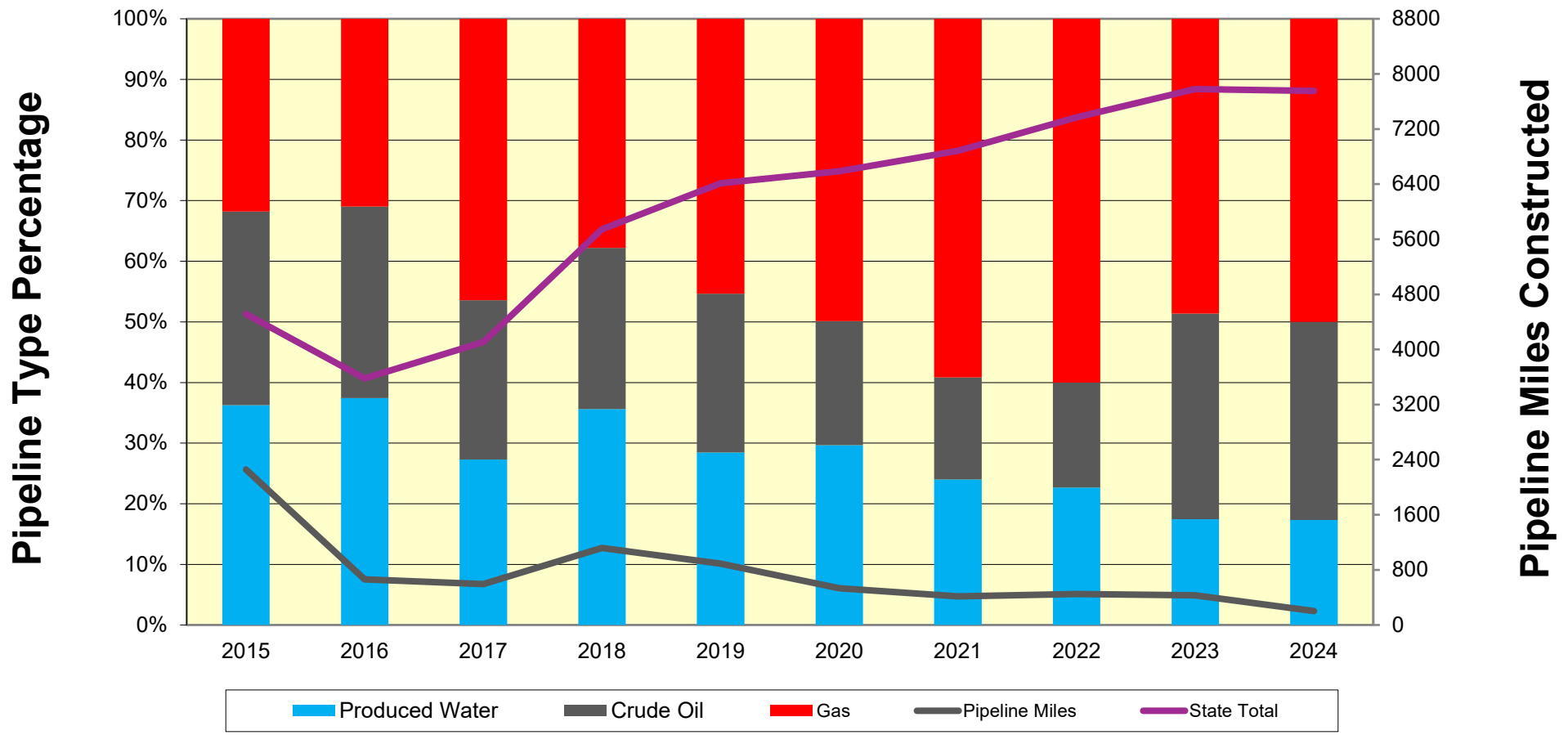


Sales Meter Tests

The Oil and Gas Divison has two meter inspectors on staff. In April 2024, a rule amendment changed the agency focus to witnessing how the meter provers perform provings.



Pipeline Construction



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Geological Survey Overview

GEOLOGICAL SURVEY

The North Dakota Geological Survey was created by an act of the North Dakota Legislature in 1895. After 130 years, the Survey still serves as the primary source of geological information in the state. Its mission over the years has grown and is now three-fold: to investigate the geology of North Dakota, to administer regulatory programs and act in an advisory capacity to other state agencies, and to provide public service to the people of North Dakota.

The Geological Survey publishes maps and reports on the mineralogical, paleontological, and geochemical resources of North Dakota, including oil and gas, coal, uranium, critical minerals (including the rare earth elements), clay, sand and gravel, volcanic ash, potash, and other salts, etc. In addition to the mapping of subsurface resources such as the shallow salts for hydrocarbon storage, the Survey is actively mapping landslides throughout the state. Survey publications support the regulatory programs of the Industrial Commission, as well as other state and federal agencies, and assist mineral companies, geotechnical consulting firms, city and county governments, landowners, and citizens of the state.

The Geological Survey and the Oil and Gas Division are in the Department of Mineral Resources and under the North Dakota Industrial Commission. The main office of the Department of Mineral Resources is located at 1016 East Calgary Avenue in Bismarck. The paleontology program of the Geological Survey is housed in the Clarence Johnsrud Paleontology Laboratory in the North Dakota Heritage Center (state museum) on the State Capitol grounds in Bismarck. The North Dakota State Fossil Collection, as well as the State Rock and Mineral Collection, are also housed in the Heritage Center. The North Dakota Geological Survey's Wilson M. Laird Core and Sample Library is located on the University of North Dakota campus in Grand Forks. The facility currently houses 486,000 feet of core (170,000 core boxes) and 59,000 boxes of drill cuttings obtained from oil and gas wells.

GEOLOGICAL SURVEY REGULATORY PROGRAMS

Regulation, Development, and Production of Subsurface Minerals (NDCC 38-12)

The exploration, development and production of subsurface minerals requires a permit, basic data to be provided to the state geologist. These regulations cover minerals not included in the oil & gas and coal regulatory programs.

Subsurface Mineral Exploration and Development (NDAC 43-02-02)
Underground Injection Control Program (NDAC 43-02-02.1)
In Situ Leach Mineral Mining Rules (NDAC 43-02-02.2)
Surface Mining–(Non-Coal) (NDAC 43-02-02.3)
Solution Mining (NDAC 43-02-02.4)

Coal Exploration (NDCC 38-12.1)

Drilling for coal exploration or evaluation requires a permit and a report of findings must be filed with the state geologist. Collectively, these reports comprise a database useful to private and government coal researchers and provide information necessary for geologic correlations and economic forecasting.

Coal Exploration (NDAC 43-02-01)

Geothermal Resource Development Regulation (NDCC 38-19)

Geothermal (ground source) heating and cooling systems require a permit. The permit review process helps to ensure that geothermal systems are properly designed and constructed, in order to minimize the risk of groundwater contamination or other environmental problems.

Geothermal Energy Production (NDAC 43-02-07)
Geothermal Deep Energy Production (NDAC 43-02-07.1)

GEOLOGICAL SURVEY REGULATORY PROGRAMS

Paleontological Resource Protection (NDCC 54-17.3)

Paleontological resources, on land owned by the State of North Dakota and its political subdivisions, are protected. A permit is required from the state geologist to investigate, excavate, collect, or otherwise record paleontological resources on these lands.

Paleontological Resource Protection (NDAC 43-04-02)

High-Level Radioactive Waste Disposal (NDCC 38-23)

The exploration, testing, placement, storage, or disposal of high-level radioactive waste is prohibited in North Dakota. If this prohibition is struck from the law, a permit is required before any testing, exploring, excavating, drilling, boring or operating of a high-level radioactive waste facility can commence.

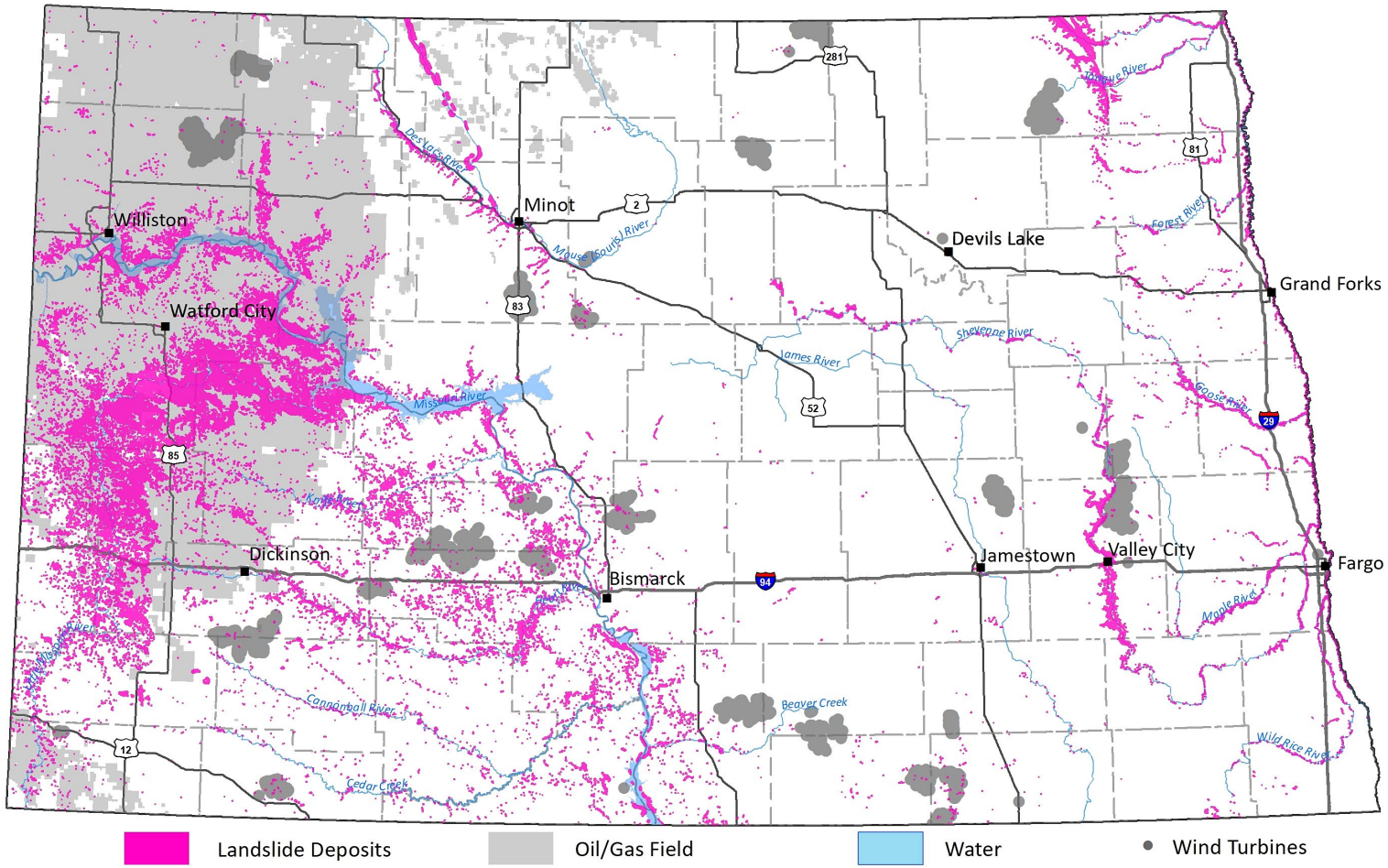
High-Level Radioactive Waste (NDAC 43-02-13)

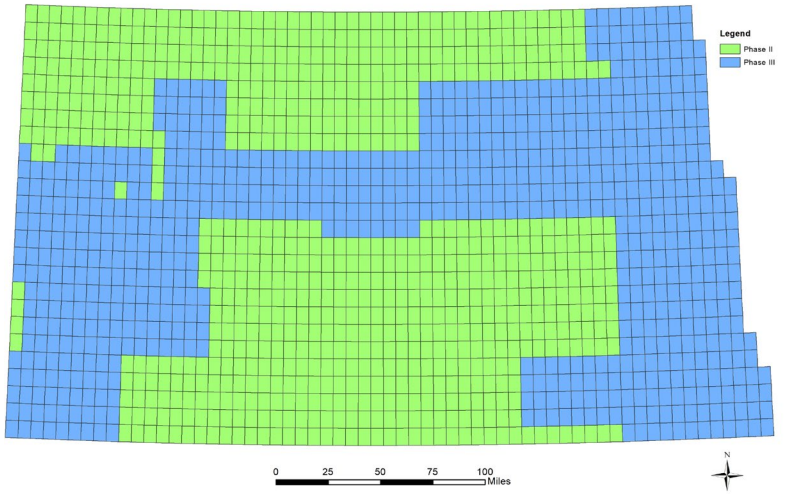
Underground Storage and Retrieval of Nonhydrocarbons (NDCC 38-24)

A permit is required for the testing, storage, or retrieval of nonhydrocarbons and other gases not regulated by title 38.

LANDSLIDE PROGRAM (Phase III)

Two years ago, the Geological Survey completed a Phase II landslide mapping program (1:24,000) in North Dakota, one of the first states in the nation to do so, we are halfway into a Phase III project where we are identifying active landslides by comparing two LiDAR coverages which were flown roughly 10 years apart. We identified 65,000 landslides during the Phase I and II projects and have identified 12,000 active landslides under Phase III. We anticipate completing Phase III mapping in the areas that contain oil and gas fields by October of 2025.





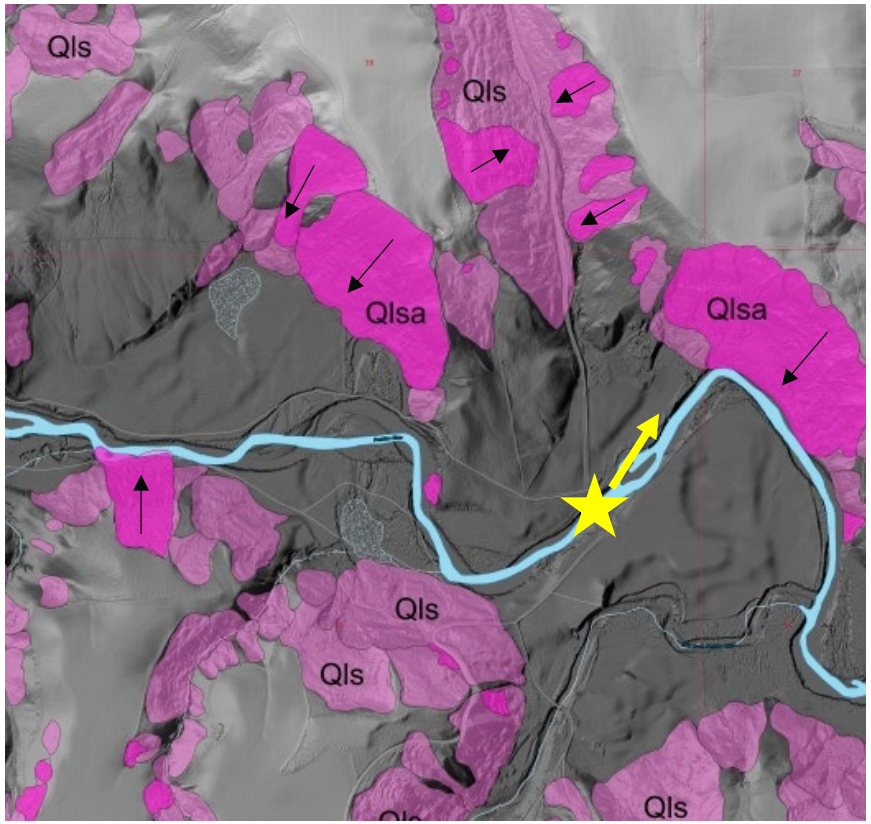
Phase II Landslide Maps: Interpreted from stereopair aerial photographs, LiDAR, and Google Earth imagery.

Phase III Landslide Maps: LiDAR coverages circa 2008 compared and contrasted to those circa 2018 (8 – 10 years apart).

PHASE III LANDSLIDE MAPS

Landslides in Northeastern North Dakota (2008 – 2019)





Left: The view from the Brick Mine Bridge over the Pembina River looking northeast to exposed shales of the Niobrara and Carlisle Formations along the excavations of the old Mayo Brick and Tile Company. Right: A Phase III landslide map of a portion of the Vang Quadrangle in eastern Cavalier County. Light pink areas are landslides, dark pink areas are active landslides with slope movement that occurred between 2008 and 2019. The yellow star is the location of the Brick Mine Bridge, yellow arrow is the direction of the photograph.

PHASE III LANDSLIDE MAPS

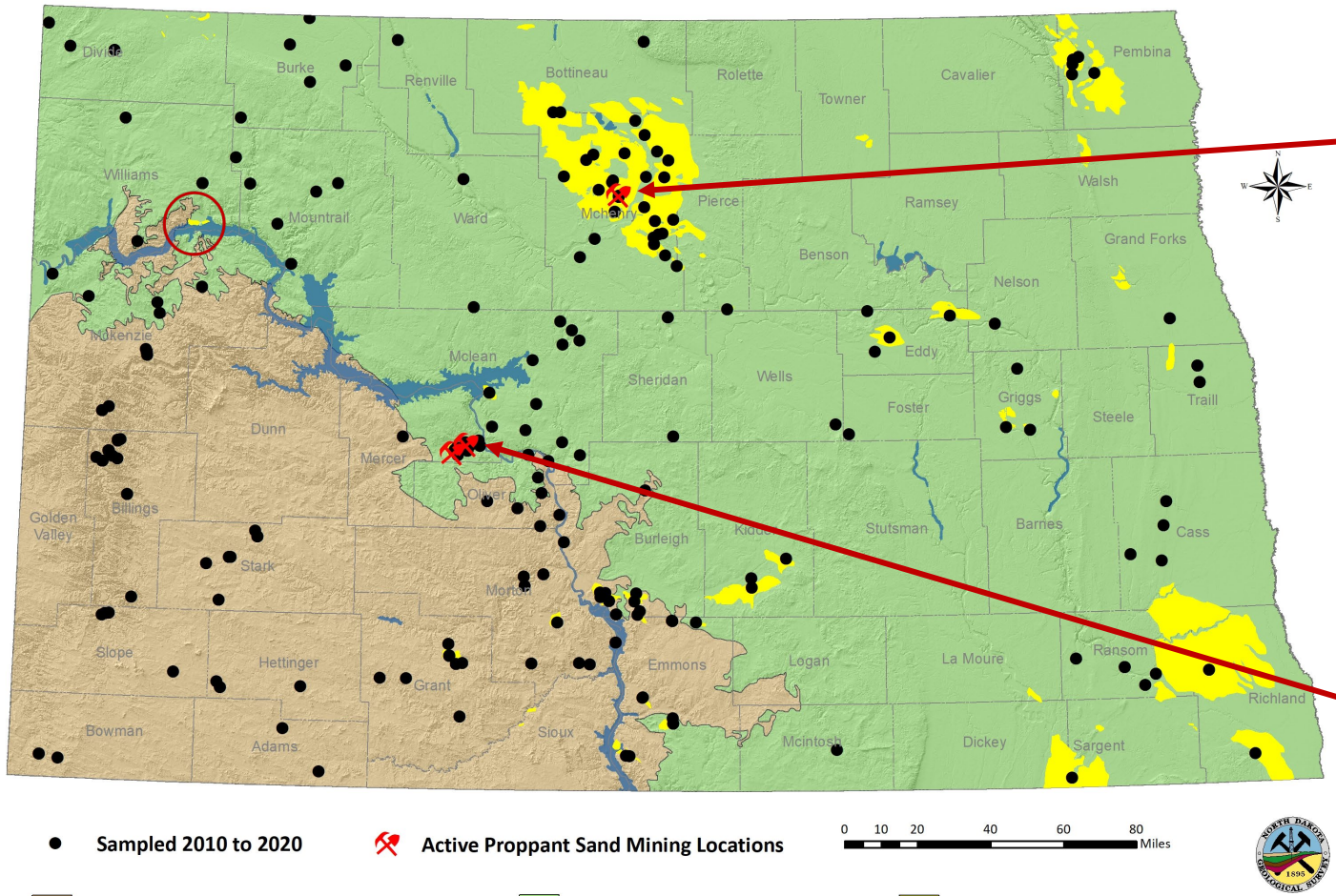
Landslides in South-Central North Dakota



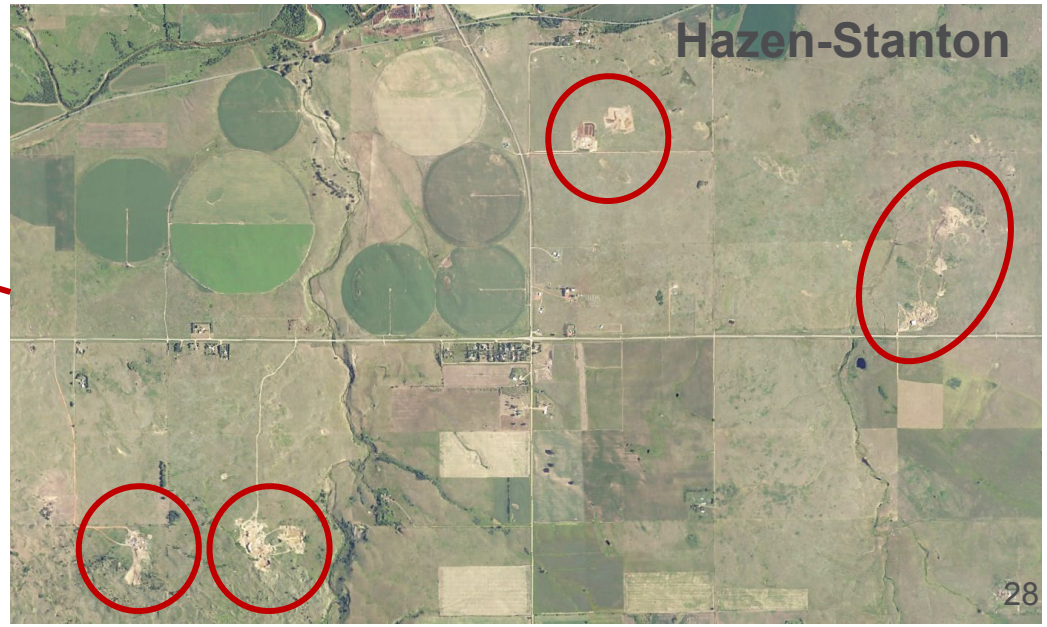


Left: An oblique aerial view of landslides along the slope between Mary College (University of Mary) and Apple Creek in 1988. Right: Mudstones and sandstones of the Cannonball Formation are exposed in the scarp and body of the landslide at Mary College in 1988.

PROPPANT SAND PROJECTS (2009-2011, 2018-2024)



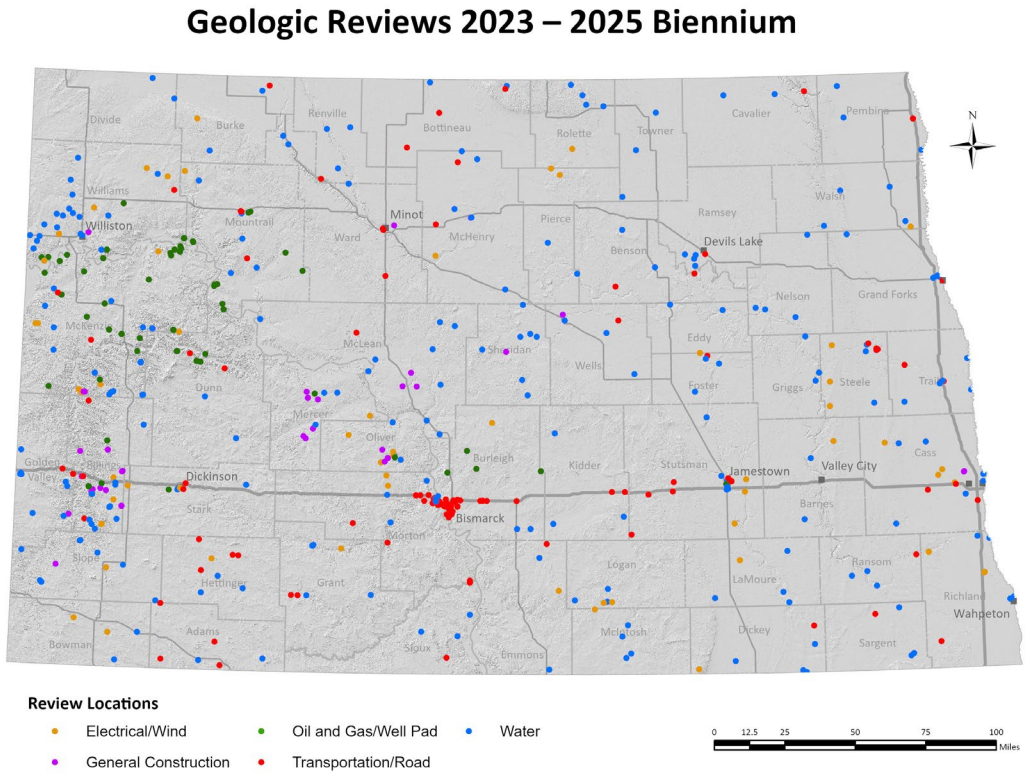


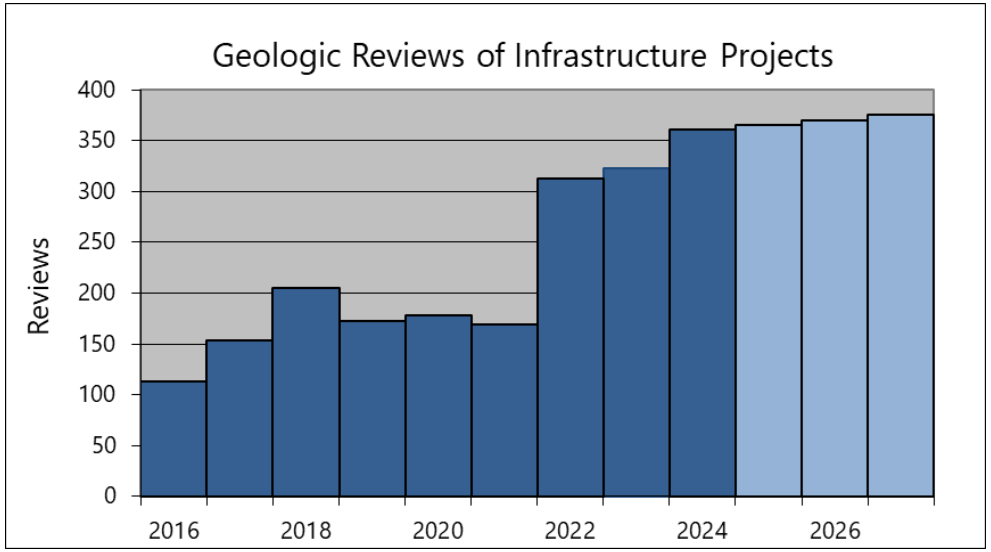


POSITION CONVERSION TO A GEOLOGIST

to Assist with Geologic Reviews of Infrastructure Projects

Since the April 1, 2024, retirement of the Geological Survey's Administrative Services II person, that position has been held open in the hope that we could obtain the additional funding to convert it to a Geologist in the upcoming legislative session. There has been a 3.5-fold increase in the number of requests for geologic reviews of proposed infrastructure projects since 2016, a 2-fold increase since 2021. The revised position would assist with this expanding program as well as the landslide and critical minerals programs. In the meantime, we have been using the salary from that open position to cover a shortfall in funds to support students photographing core in the core library.

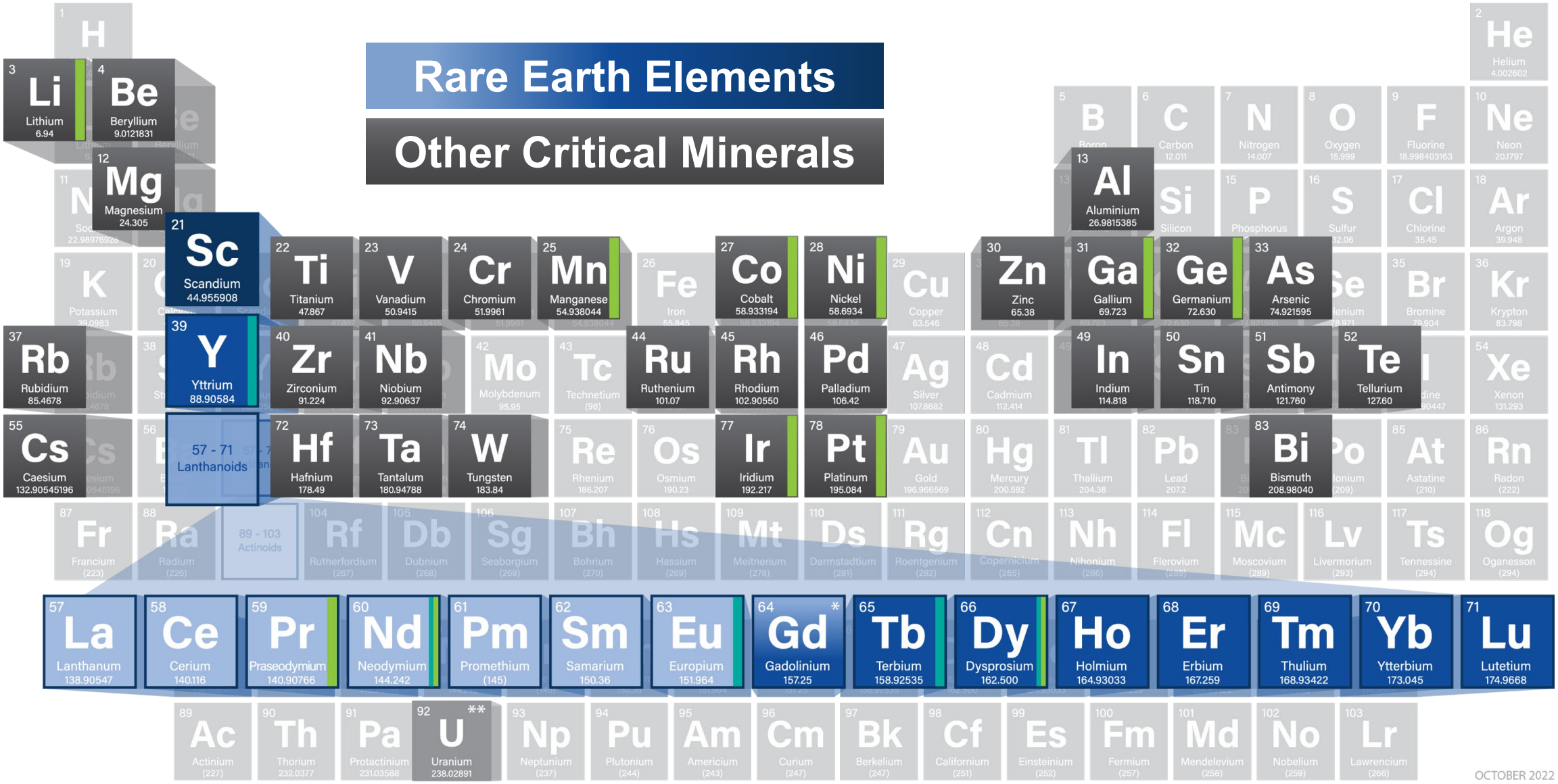




25-27 Biennium

Requested	$182,059 to convert Admin Services II position to a geologist
Burgum Budget	$182,059 in salaries and operating for the conversion
Armstrong Budget	$182,059 in salaries and operating for the conversion
Senate Version	$182,059 in salaries and operating for the conversion

Periodic Table of Elements



Source: Department of Energy - National Energy Technology Laboratory

CRITICAL MINERALS DRILILNG PROJECT

Phase I Drilling Project

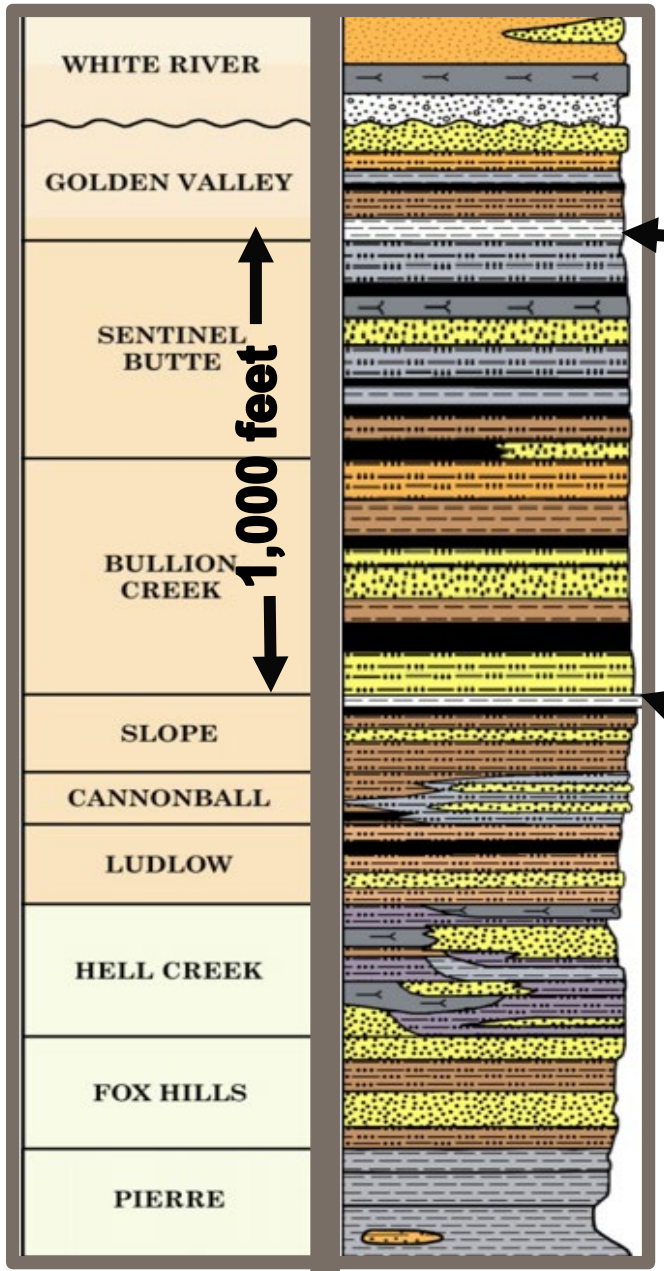


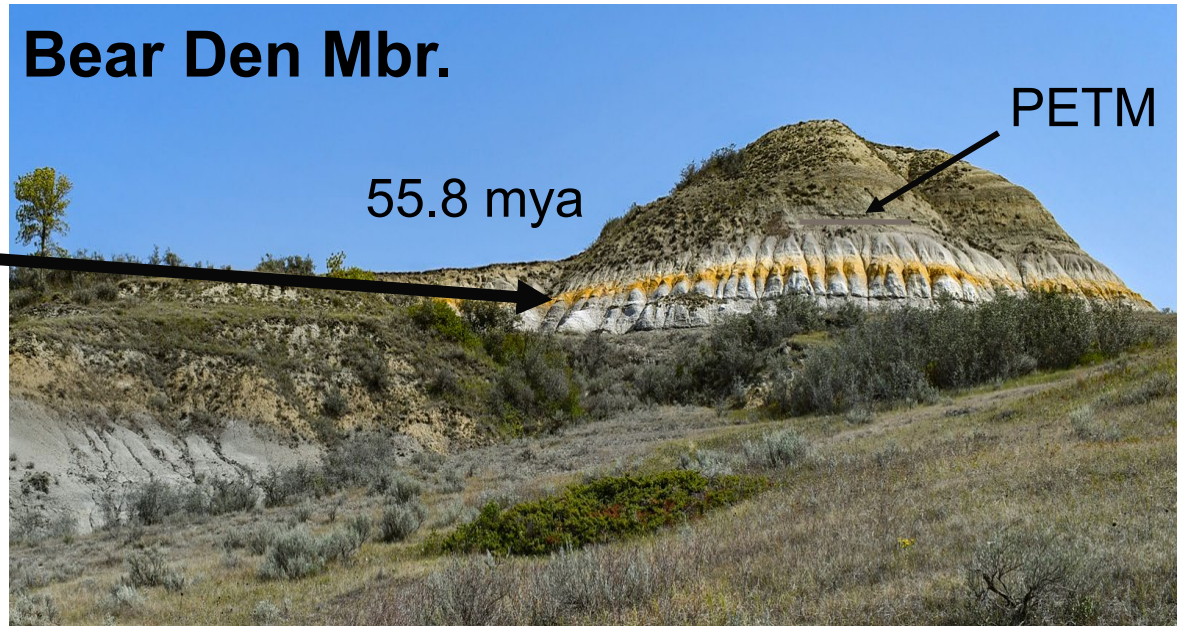






CRITICAL MINERALS PROJECT (2015 to present)

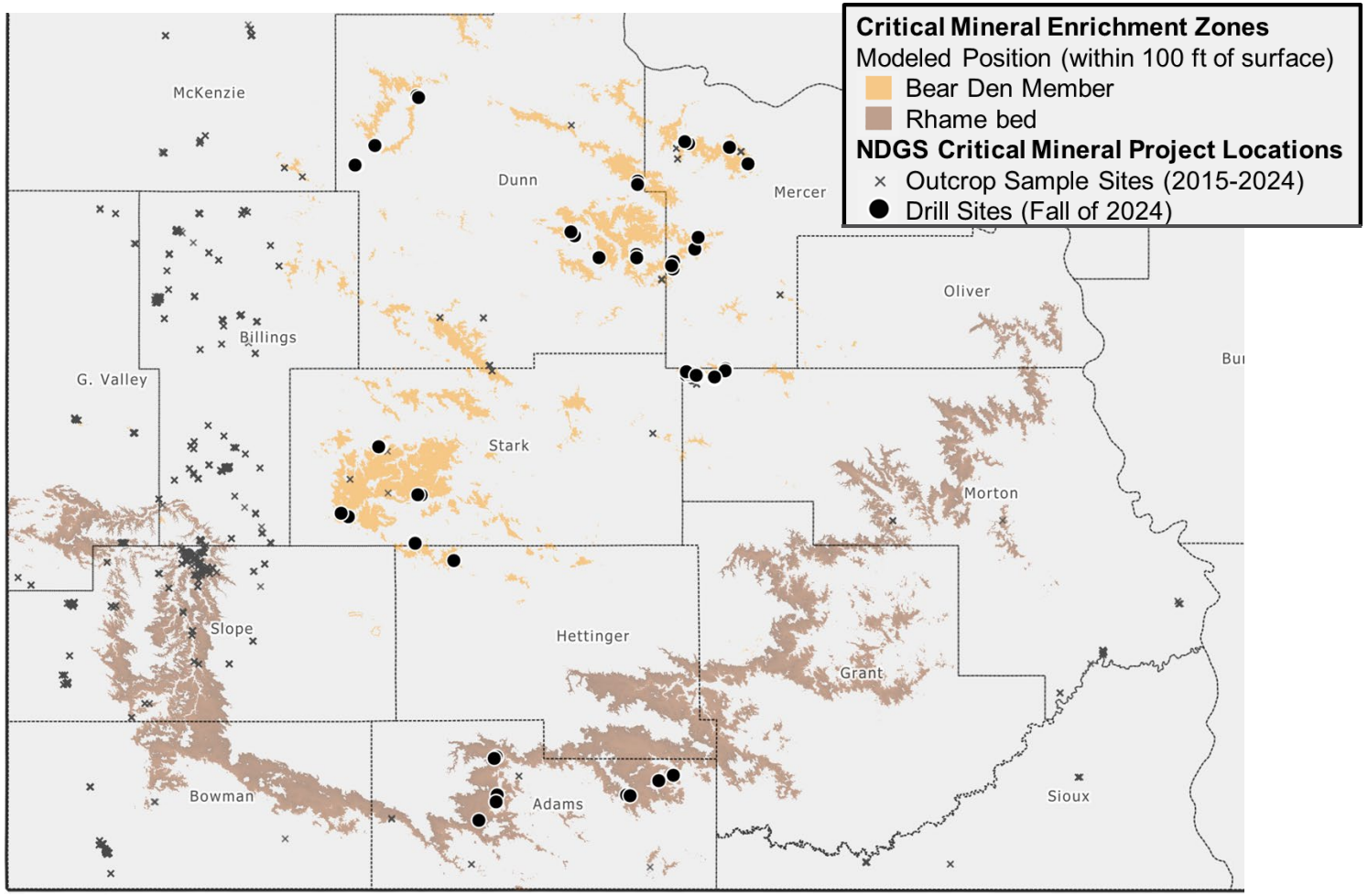


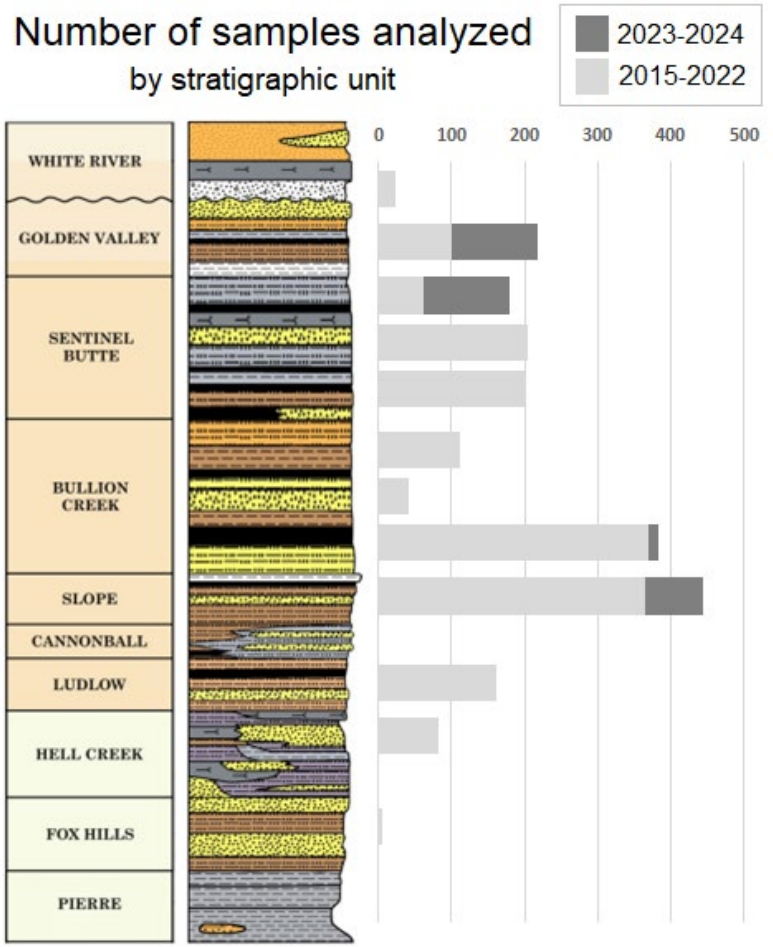




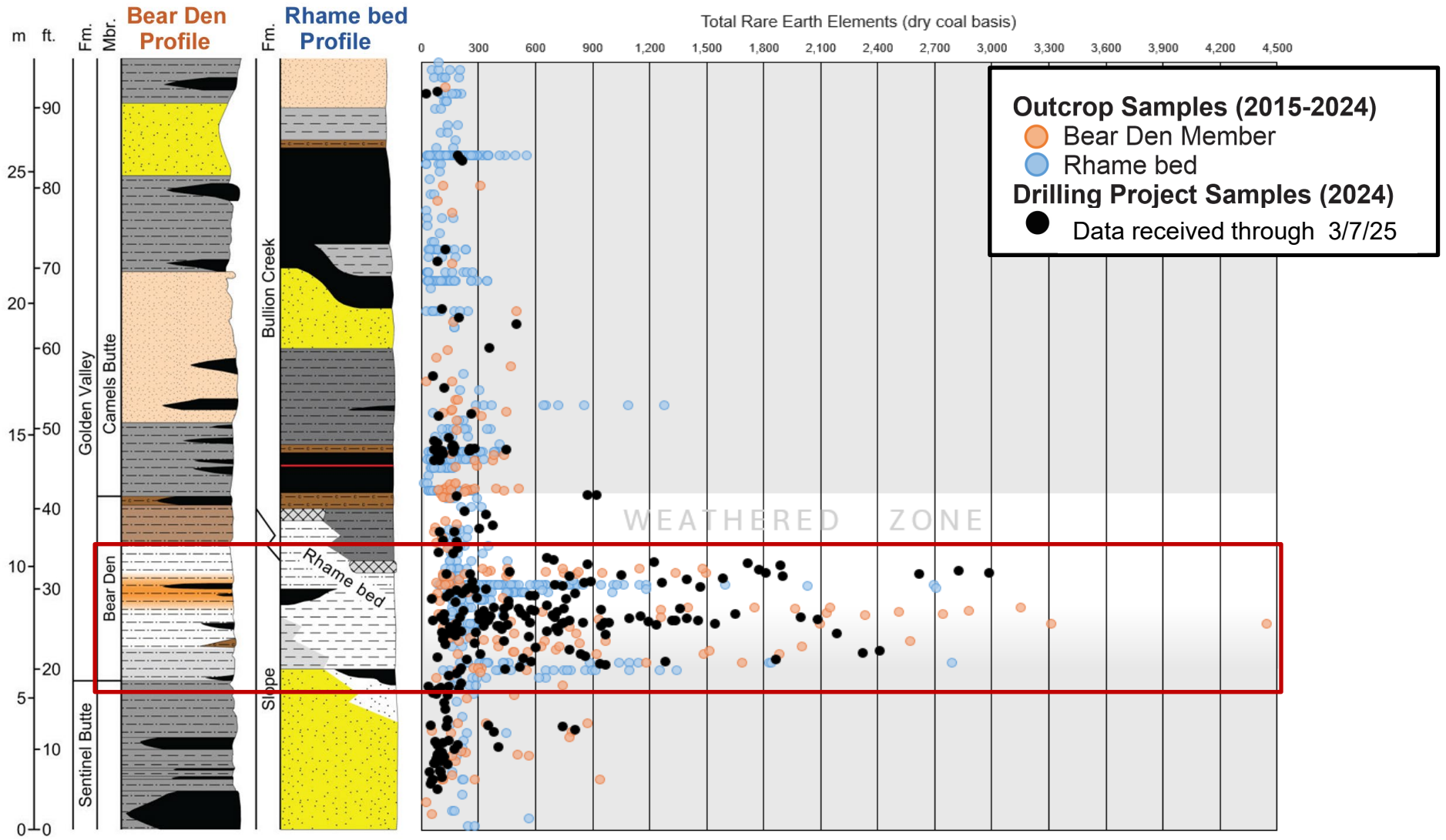
CRITICAL MINERALS PROJECT -- Phase I Drilling Project

53 holes 8,592 feet drilled 941 feet cored 175(+) core samples submitted for analysis





CRITICAL MINERALS PROJECT -- Phase I Drilling Project

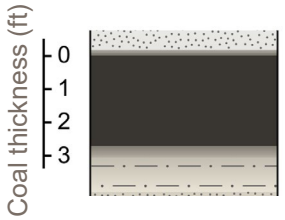


CRITICAL MINERALS PROJECT

Phase I Drilling Project

NDGS Core #2

3.2 feet
of coal averaging
852 ppm REE



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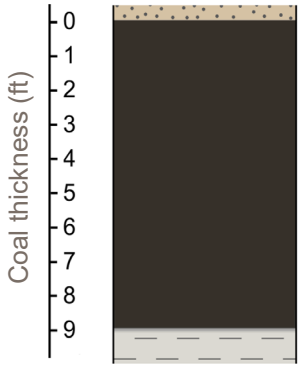
Equivalent
“economic grade” coal

9.0 feet
of coal averaging
300 ppm REE



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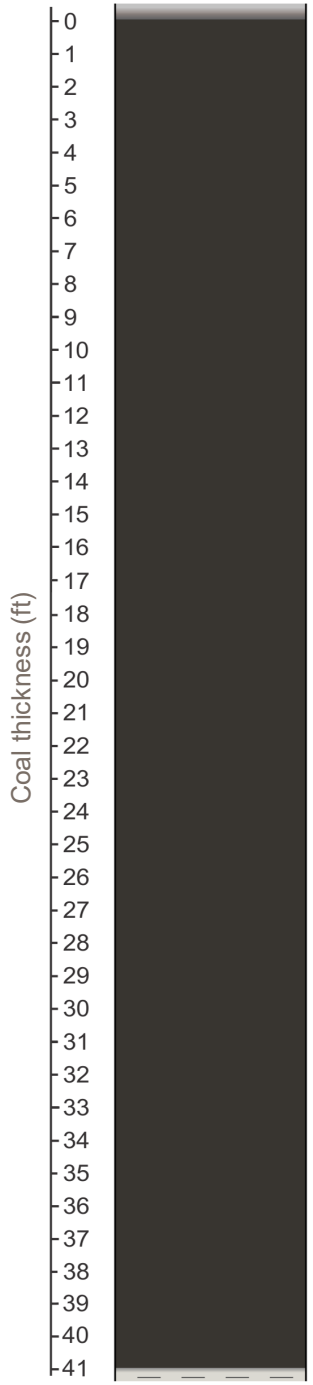
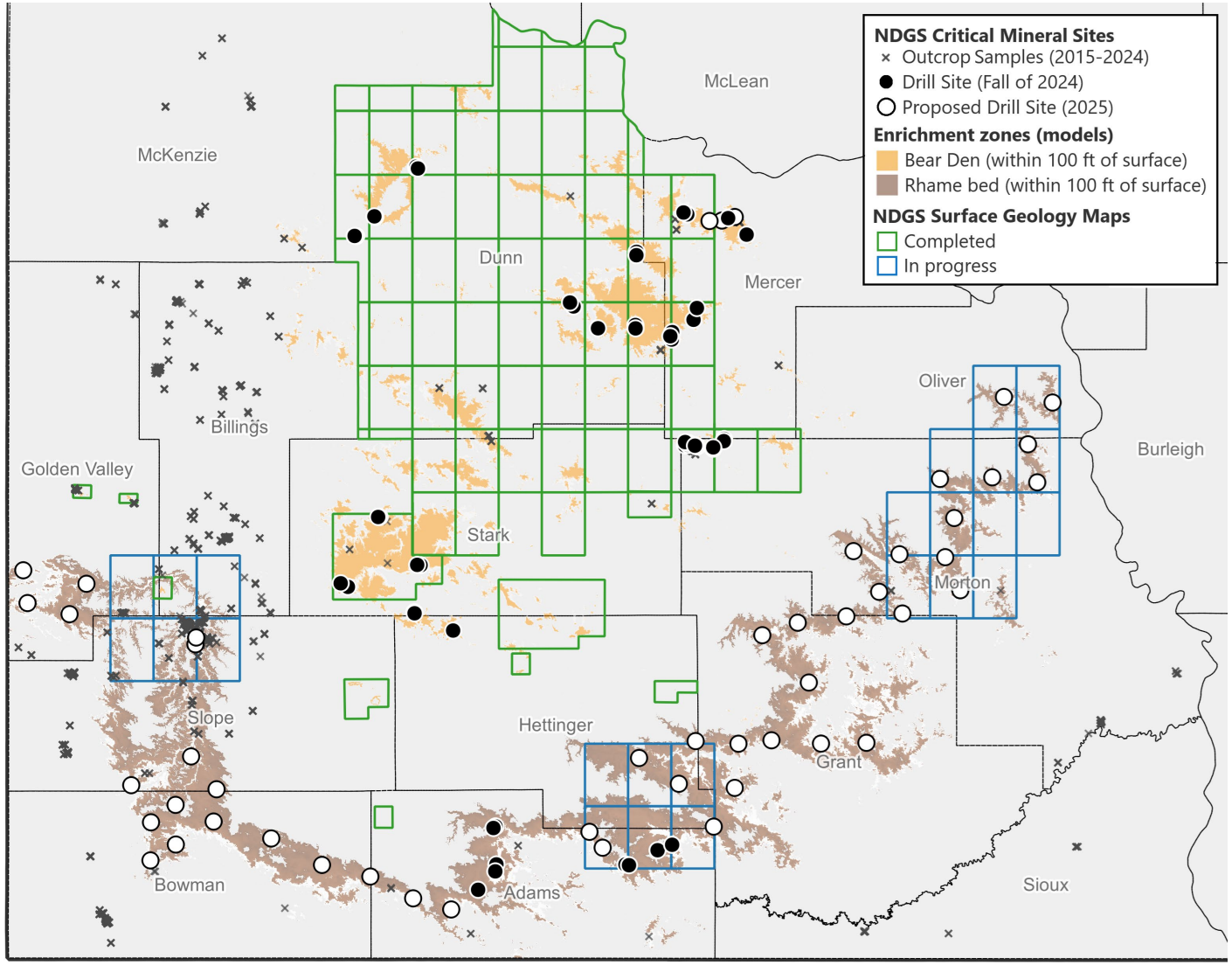
Equivalent
“normal” coal

40.9 feet
of coal averaging
66 ppm REE



CRITICAL MINERALS PROJECT

Phase II -- Proposed 50-hole Drilling Program



23-25 Biennium

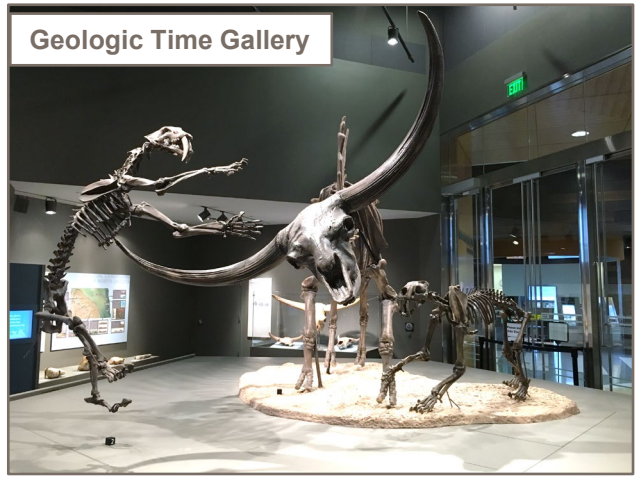
Received	$500,000
Spent	$475,000

25-27 Biennium

Requested	$500,000 (can do it for $400,000)
Burgum Budget	$100,000
Armstrong Budget	$100,000
Senate Version	$400,000

PALEONTOLOGY SECTION (Geological Survey)

The Paleontology Section of the Geological Survey is housed in the ND Heritage Center – State Museum. The Paleontology Area consists of four offices, a library, a dirty lab, a clean lab, and the State Fossil Collection. The Paleontology Section designed the Geologic Time Gallery in the State Museum that opened in 2014 and routinely gives tours of the gallery, our labs, and the State Fossil Collection.









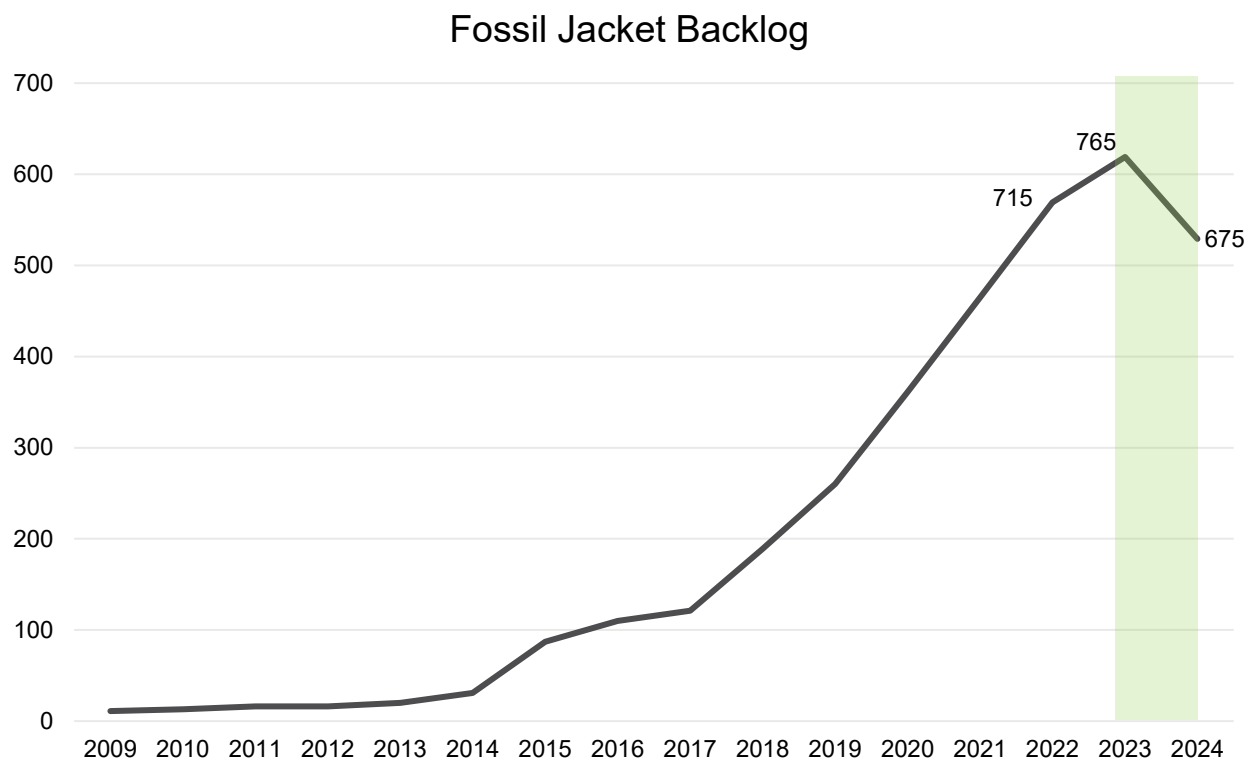




FOSSIL FIELD JACKET BACKLOG

New FTE Added in 2023

The popular Public Fossil Dig Program resulted in an increased number of plaster jackets with fossils being recovered each year, which was more than our staff could keep up with. An FTE for an additional fossil preparator was approved last legislative session, and we are seeing an immediate impact on the backlog of fossils. We are now on pace to eliminate the backlog of fossils awaiting cleaning within 8-10 years.





Paleontologist Cathy Lash cleaning a fossil fish from the Pembina Gorge

STATUS OF FOSSIL RESTORATION AND EXCAVATION FUND

$250,000 Appropriated in 2023-2025 Biennium

	Appropriated	Remaining
Funding for “Dinomummy” Work	$150,000	$114,830
Funding for Offsite Exhibits	$100,000	$94,201
Total:	$250,000	$209,031



Walsh County Historical Museum, Minto



Minot Public Library Exhibit

Progress on Cleaning Dakota the “Dinomummy”



3D Preserved Toes on Hind Foot Exposed



Rib Cage and Shoulder Blade Stabilized

WALHALLA PUBLIC LIBRARY FOSSIL EXHIBIT

Funding Allocated in 2023-2025 Biennium

Current Installation in the Kids Reading Area

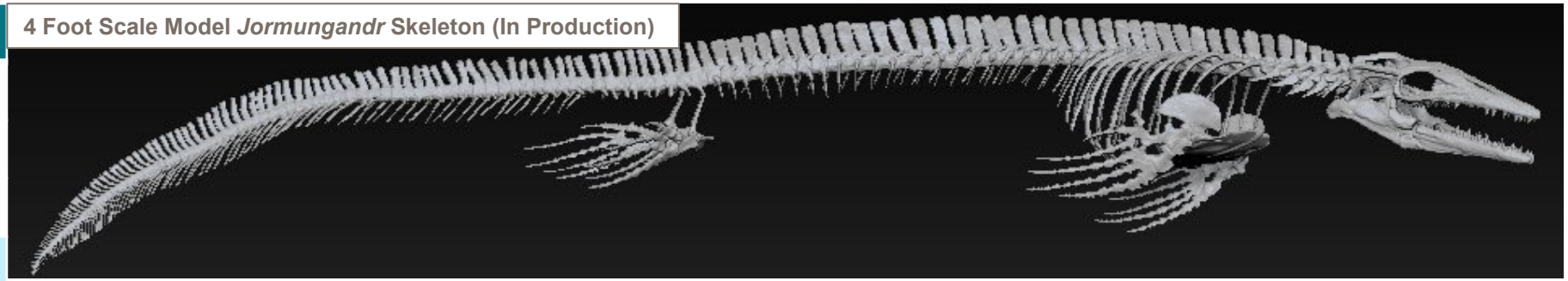


Initial delivery of fossil casts to library in June of 2023. Banner and other items installed in August of 2024, after renovation was complete. At the library's request, we commissioned a scale model of the full mosasaur skeleton that will be hung from the ceiling.



Item	Cost
Fossil Casts	$4,100
Mural	$5,056
Skeleton	$6,400
Total:	$15,556

4 Foot Scale Model *Jormungandr* Skeleton (In Production)



EXPANSION OF PUBLIC FOSSIL DIGS PROGRAM

Requesting an Additional Paleontology Technology Position

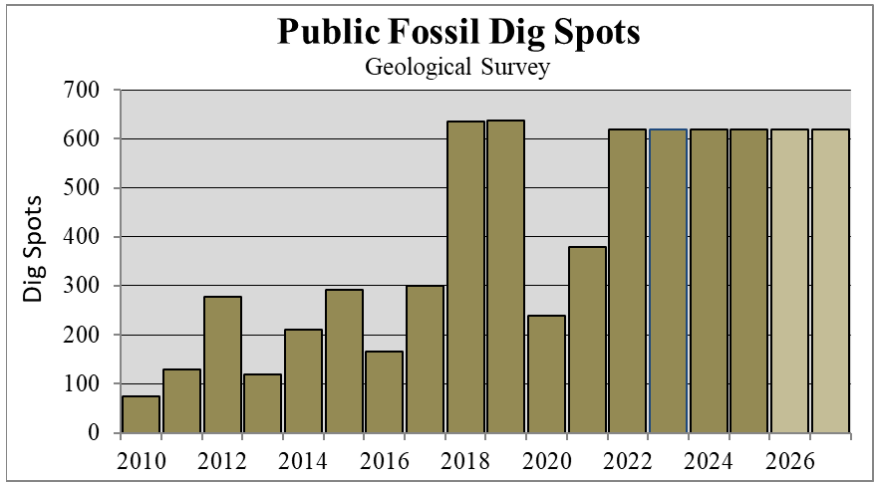
The Geological Survey's Public Fossil Dig Program is extremely popular, all of the available registration slots sell out within minutes. Every year, this results in hundreds of disappointed North Dakotans as well as people throughout the U.S. Last Legislative Session, we were able to add a paleontology technician to help us with the backlog of 750 fossil field jackets that has resulted from the Public Fossil Dig Program. An additional paleontology technician would enable us to expand the fossil dig program by 40% (from 600 available slots to 840).











25-27 Biennium

Requested	$216,472
Burgum Budget	$ 0
Armstrong Budget	$ 0
Senate Version	$ 0

EXCAVATION OF A WOOLLY MAMMOTH IN NORTHWESTERN ND

In 1988, the Geological Survey was asked to investigate woolly mammoth bones that were discovered while excavating for a house and garage addition in southwestern Burke County. By the time we got the message, the slab and apron had been poured and the addition had been completed. We went back in 2024 and excavated and area on the northside of the garage and found numerous mammoth bones and parts of teeth. We are requesting funds to excavate the bones under the garage. This will require removing the slab and part of the apron, possibly hoisting field jackets through the roof, backfilling, pouring a new slab and apron, and compensating the homeowner for the inconvenience.







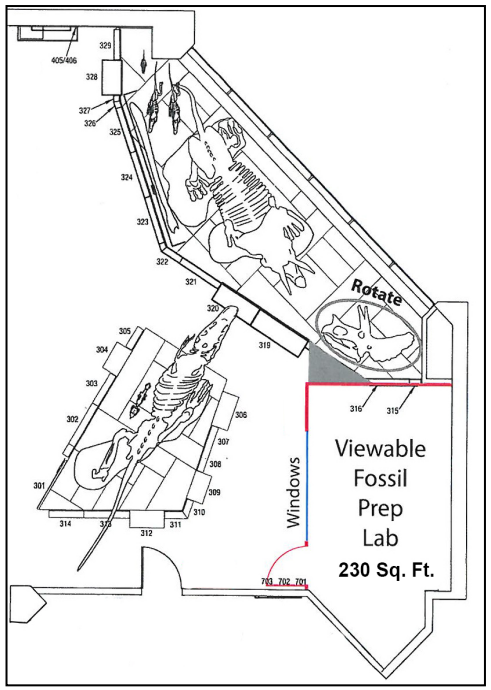


25-27 Biennium

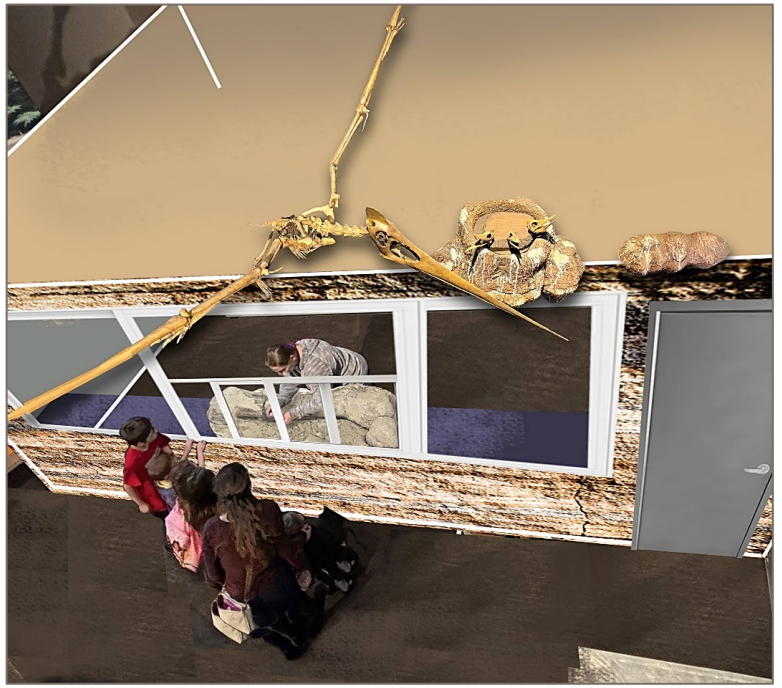
Requested	$300,000
Burgum Budget	$300,000
Armstrong Budget	$300,000
Senate Version	$150,000

PALEONTOLOGY VIEWING LABORATORY (Heritage Center)

Viewing laboratories afford the public the opportunity to see paleontologists preparing fossil specimens to go on display and are very popular in museums around the country. The State Historical Society of North Dakota supports this project. The preliminary estimate total is $319,000 with costs likely closer to $250,000 if it could be rolled in with the military wing due to the economy of scale with the much larger project.







25-27 Biennium

Requested	$250,000 (capital asset)
Burgum Budget	$ 0
Armstrong Budget	$ 0
Senate Version	$ 0

WILSON M. LAIRD CORE & SAMPLE LIBRARY

Situated on the University of North Dakota campus, the Wilson M. Laird Core and Sample Library consists of a warehouse (41,000 ft^2) and five laboratories (5,000 ft^2) for core and sample studies. The original core warehouse was constructed in 1980 and the rest of the building was constructed in 2016. The facility houses 487,000 feet of core (170,000 core boxes) and 59,000 boxes of oil and gas drill cuttings.



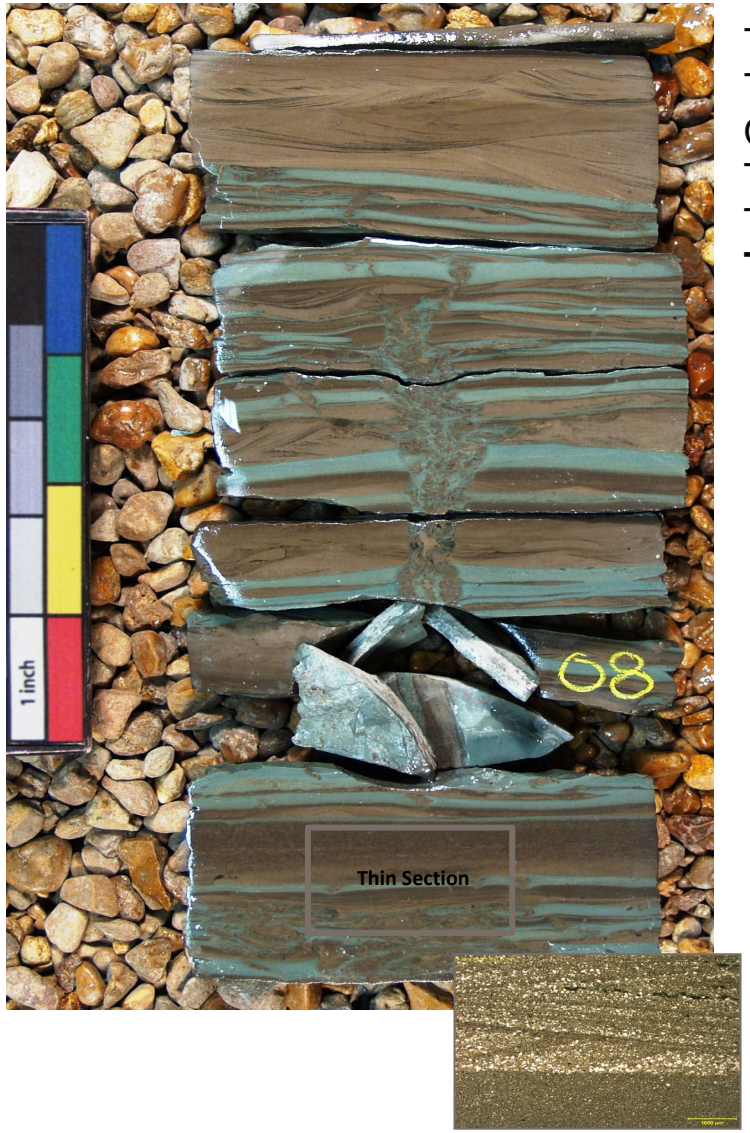




Lower left: This biennium, we have pulled 126,000 feet of core off the shelves, an amount equal to five of these shelving units.

CORE AND THIN SECTION PHOTOGRAPHY PROGRAM

Wilson M. Laird Core and Sample Library Temporary Salaries



Total core (one set) in the core library =	487,000 feet (92 mi.)
Total photographed =	263,000 feet (54%)
Core photographs =	**402,000**
Total thin sections in the core library =	20,000
Thin section photographs =	**151,000**
Total photographs on website =	**553,000**





21-23 Biennium

Reservoir Data	$120,000 temp salaries

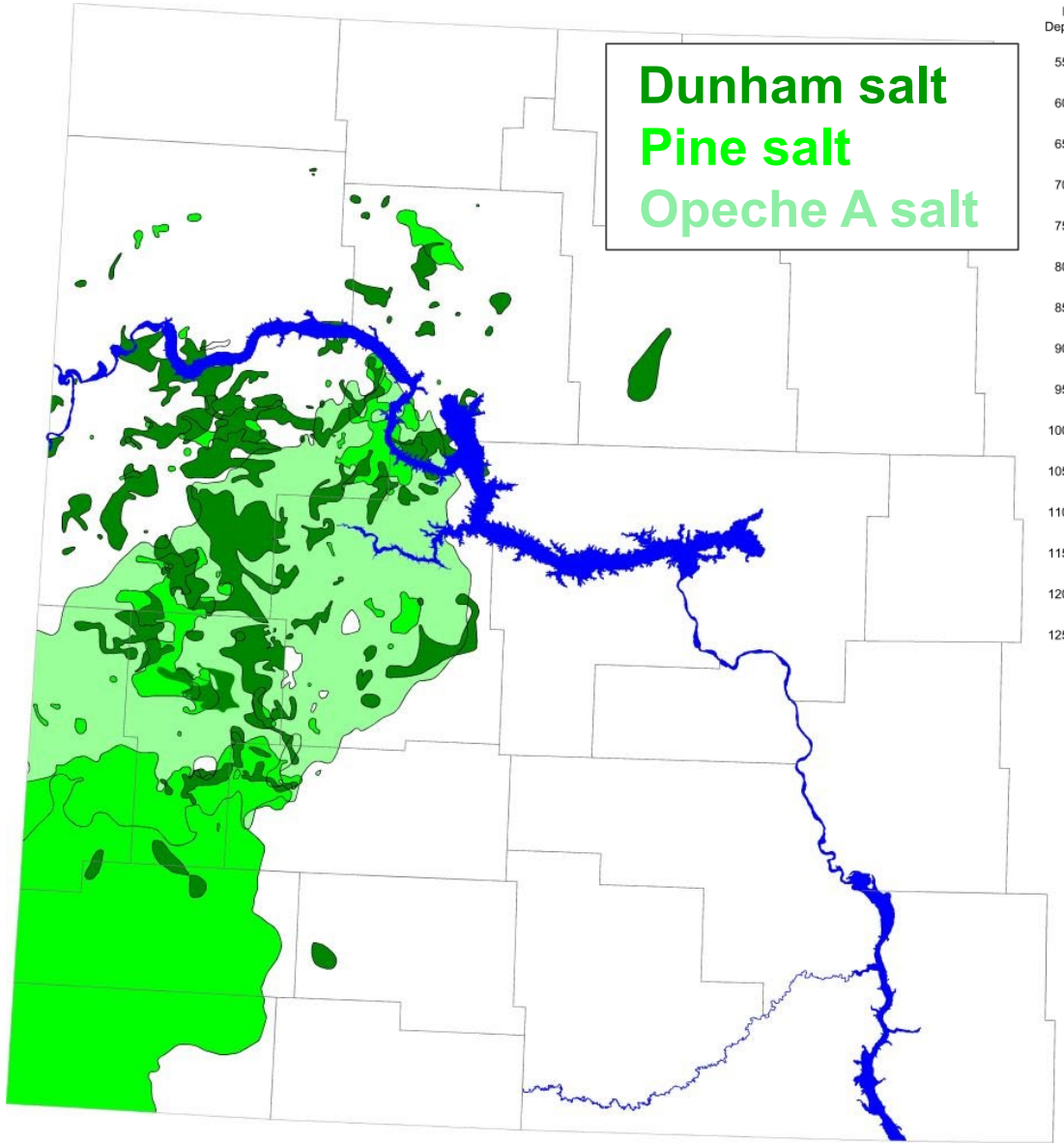
23-25 Biennium

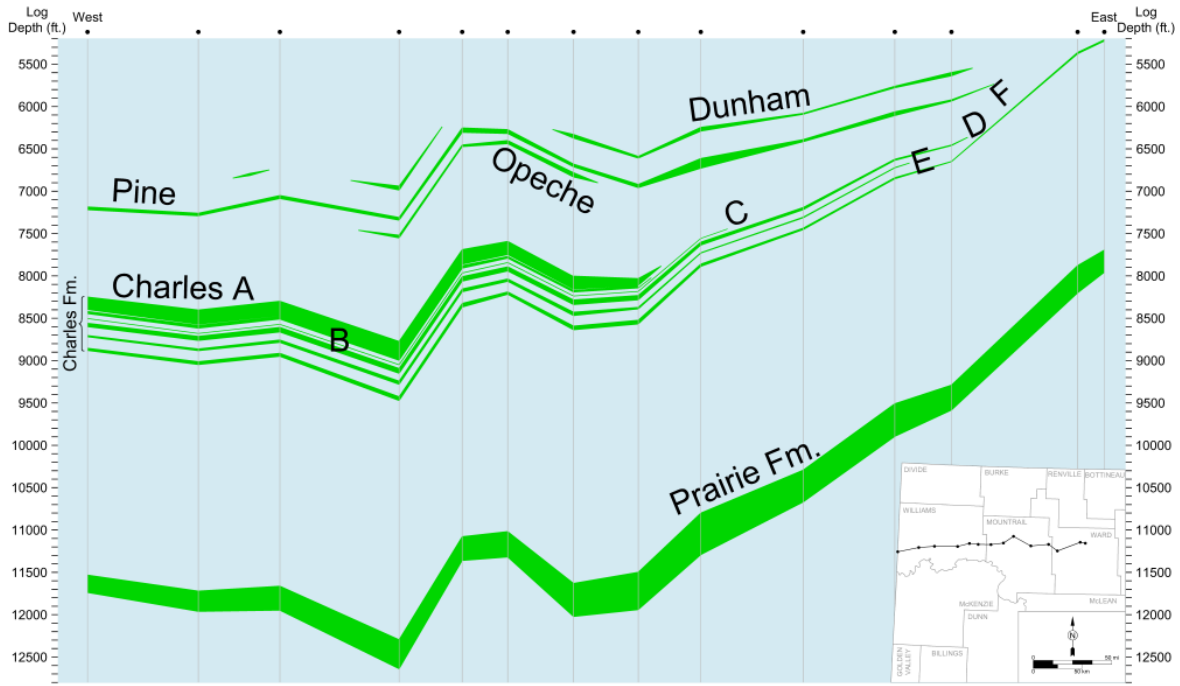
Reservoir Data	$0 temp salaries
HB 1014	$45,000 temp salaries
Admin Services II salary	$96,000 temp salaries

25-27 Biennium

Reservoir Data	$0 temp salaries
Requested additional	$45,000 temp salaries
Burgum Budget	$0 temp salaries
Armstrong Budget	$0 temp salaries
Senate Version	$45,000 temp salaries

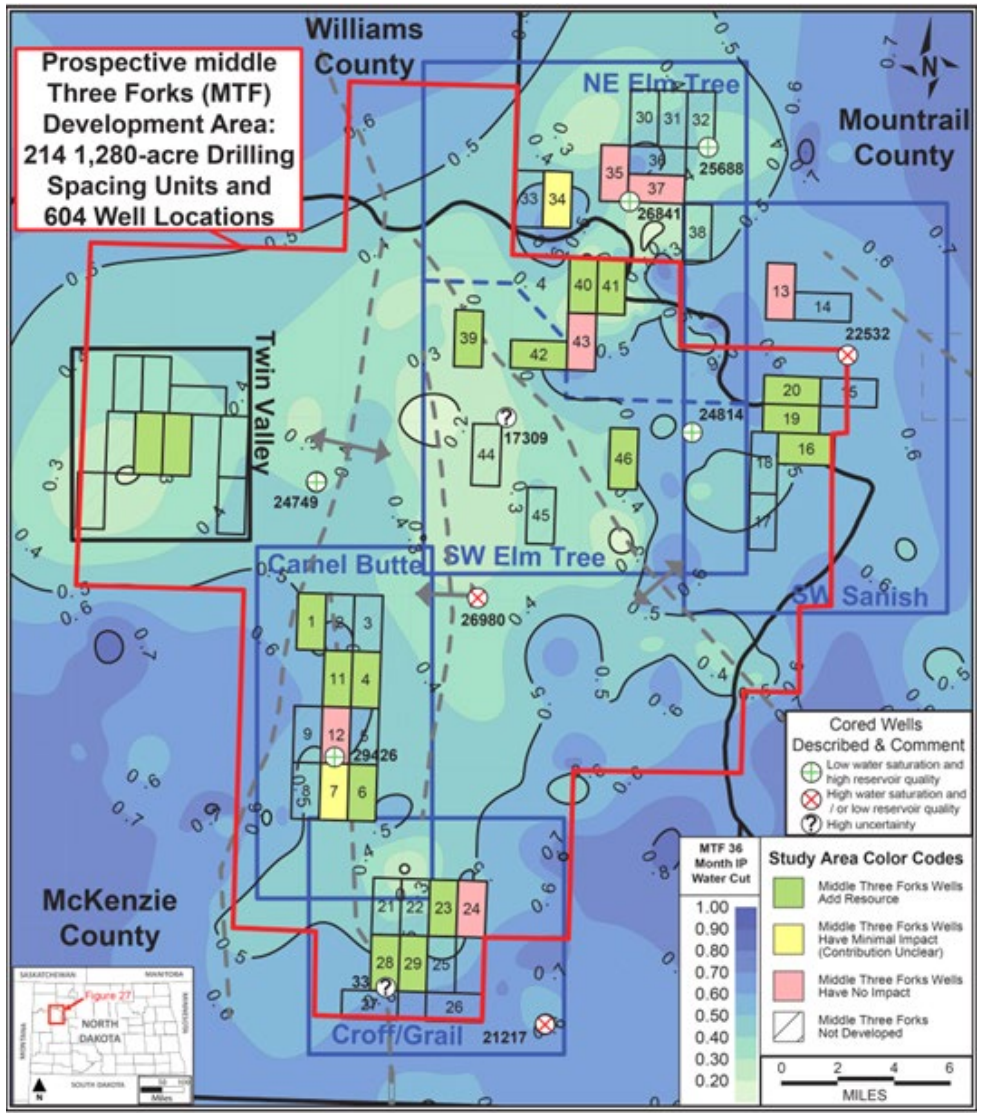
SHALLOW SALTS FOR HYDROCARBON STORAGE – Opeche Salt

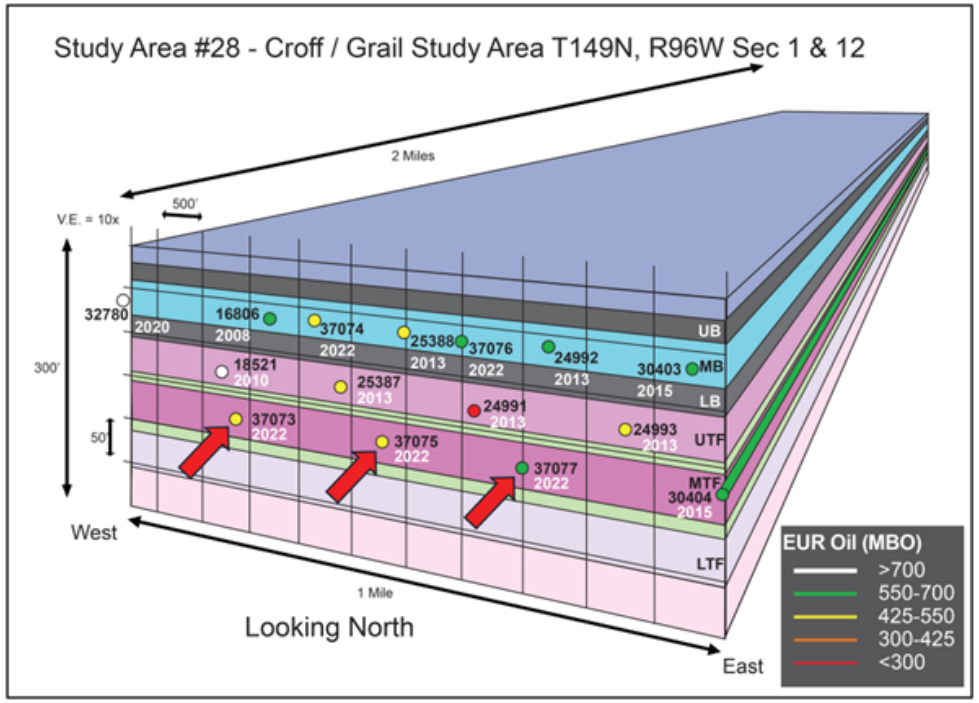






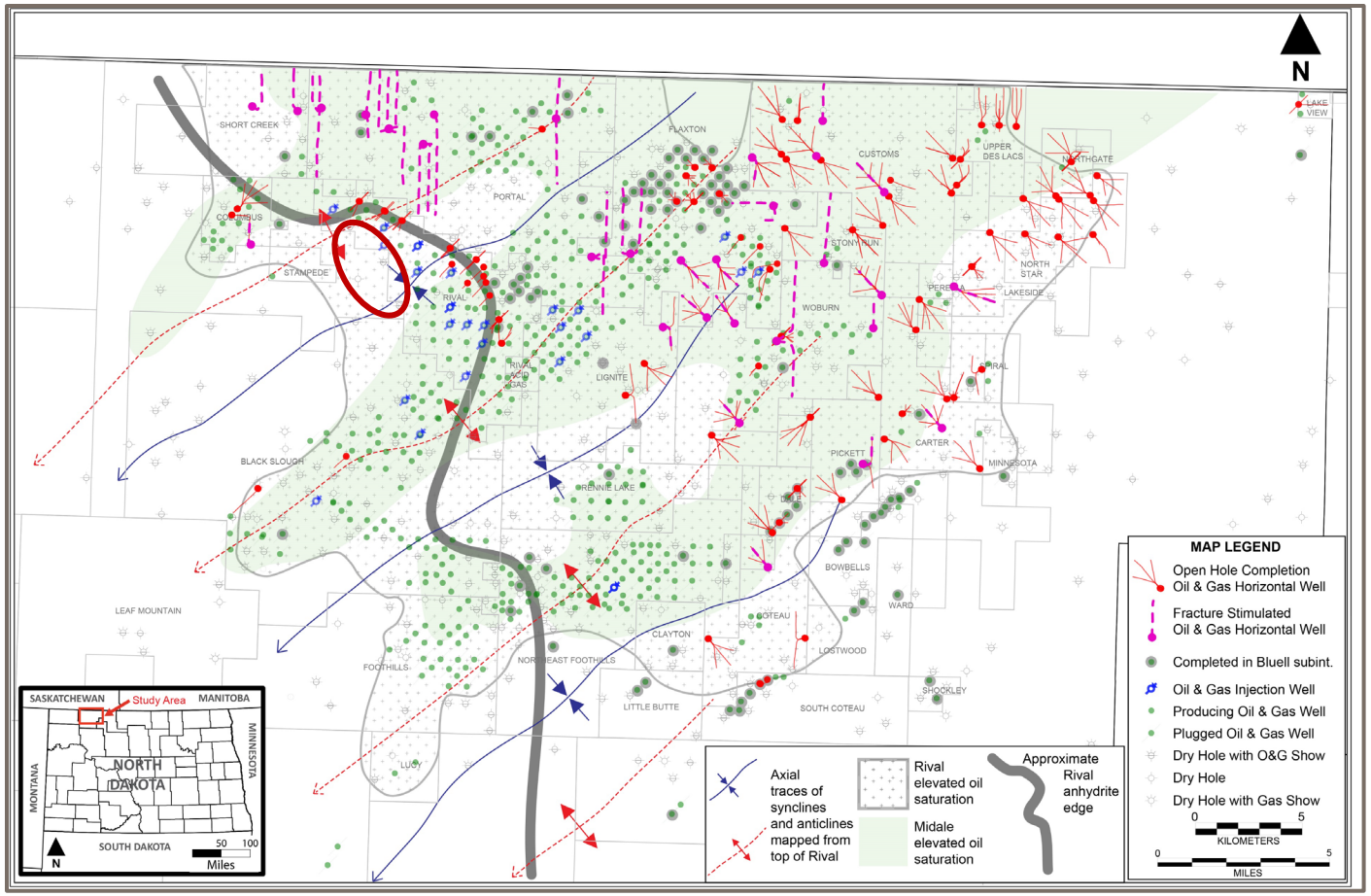
BAKKEN PETROLEUM SYSTEM – Middle Three Forks



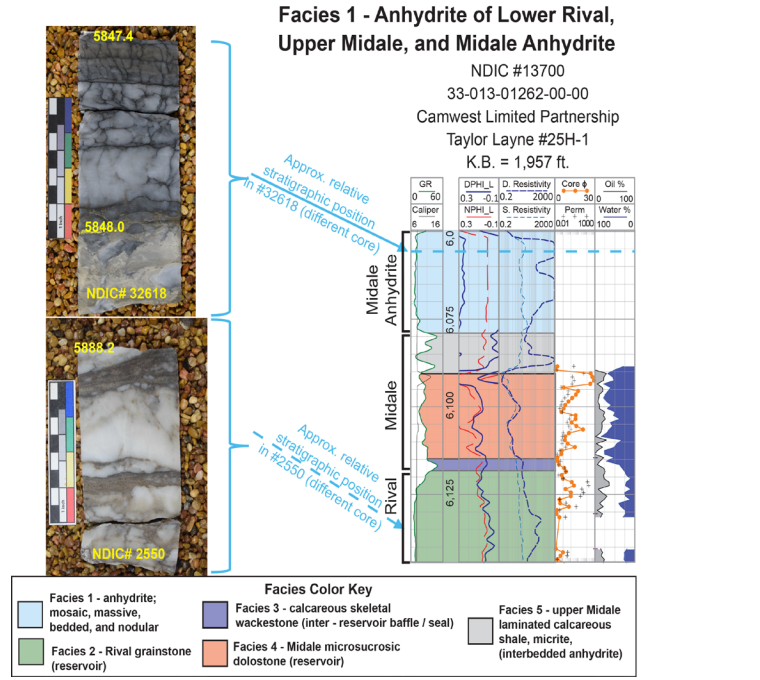


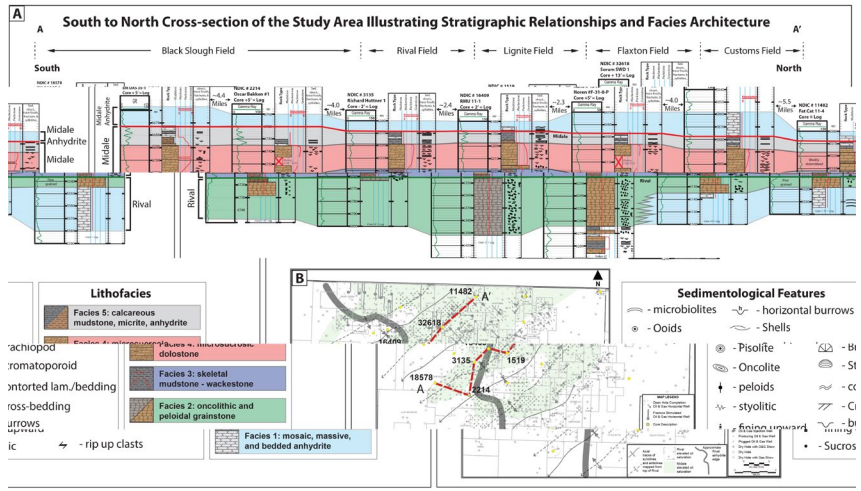
Wells in Data Set	Middle Three Forks Estimated Ultimate Recovery (EUR)		
	10th Percentile	50th Percentile	90th Percentile
70	274,111	430,262	682,608
Potential Remaining Drilling Locations	**Prospective Area* middle Three Forks EUR**		
	10th Percentile	50th Percentile	90th Percentile
600	164,466,600	258,157,200	409,564,800
~165 - 410 Million Barrels of Recoverable Oil			

NONBAKKEN– Madison Group (GI 272)



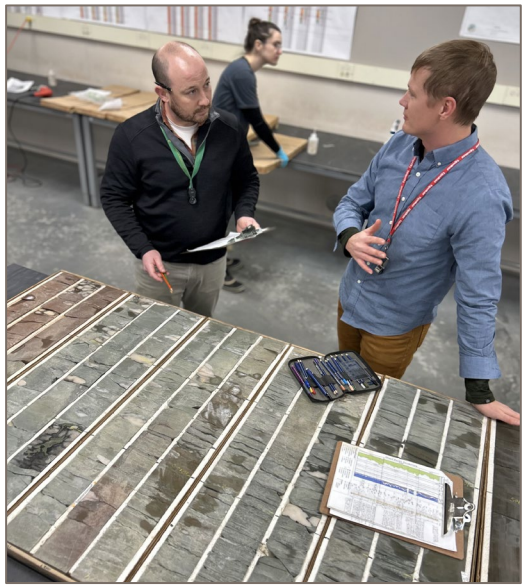
Burke County

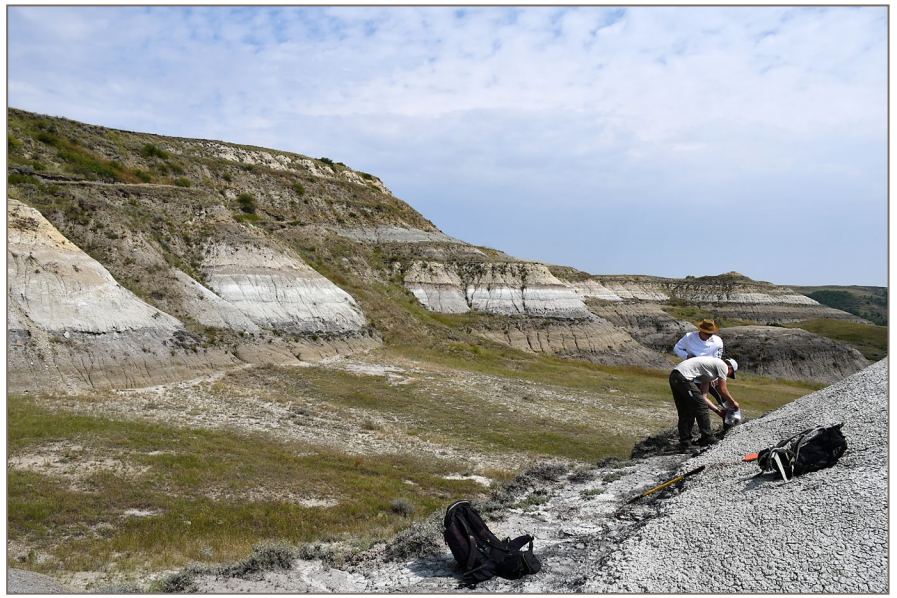


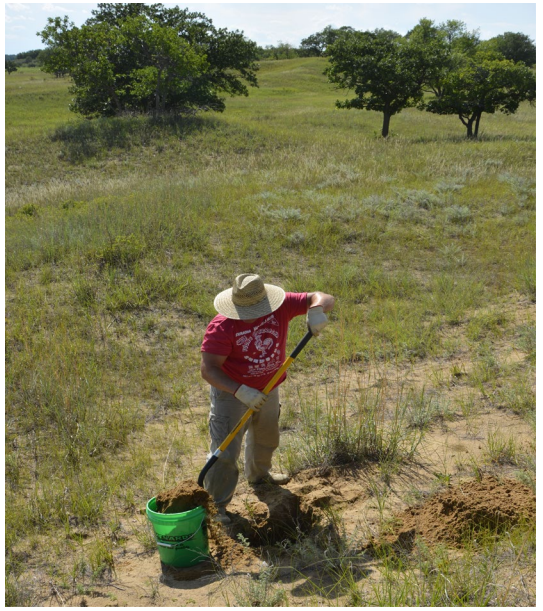


FUNDING FOR ROCK AND MINERAL ANALYSIS

Geological Survey geologists routinely send off samples to laboratories for a variety of analyses. For core samples, these typically include core total organic carbon, volatile organic compounds, RockEval, X-ray diffraction, vitrinite reflectance, etc. For coal samples, these typically include determinations of the rare earth element concentrations along with other critical minerals, and occasionally the major ions.







23-25 Biennium

Requested	$100,000 on-going for rock analyses
Received	$100,000 one-time rock analyses (spent $86,000)

25-27 Biennium

Requested	$100,000 on-going for rock analyses
Burgum Budget	$100,000 one-time rock analyses
Armstrong Budget	$100,000 one-time rock analyses
Senate Version	$100,000 one-time rock analyses

Portable X-Ray Fluorescence (XRF) Machine

The Geological Survey has a portable x-ray fluorescence machine that was purchased with donated funds to be used in the core library. We have found it to be a very beneficial investigative analytical tool in the field with the critical minerals project as well as in the paleontology laboratory evaluating the mineralogy of mummified skin, etc. All of these other uses have put a strain on the machine and have taken it away from the core library. It would be very beneficial to have two portable machines.







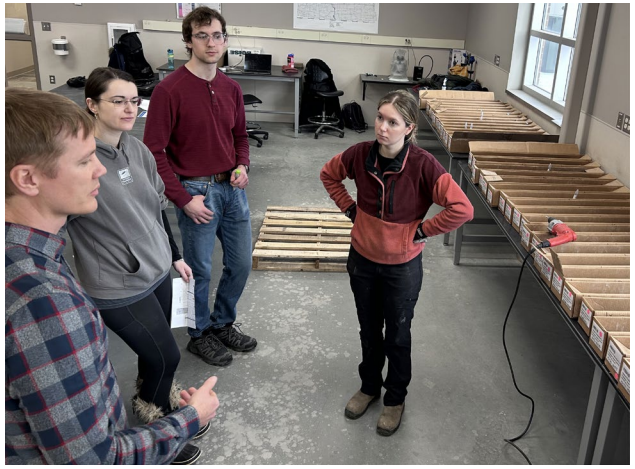
Left to right: a surface geologist using the portable xrf to analyze for yttrium in lignite, a subsurface geologist using the xrf to analyze core for magnesium, and a paleontologist using the xrf to analyze for iron concentrations in the skin of Dakota the dinomummy.

25-27 Biennium

Requested	$45,000 (capital asset)
Burgum Budget	$0
Armstrong Budget	$0
Senate Version	$45,000

OUTREACH

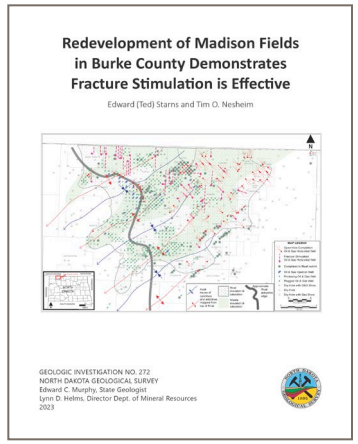


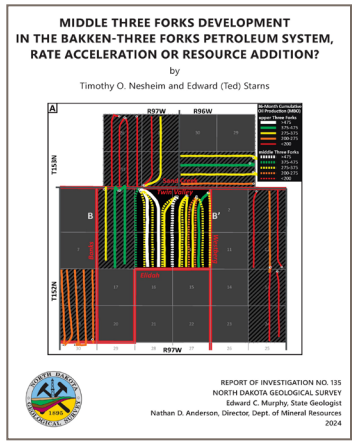


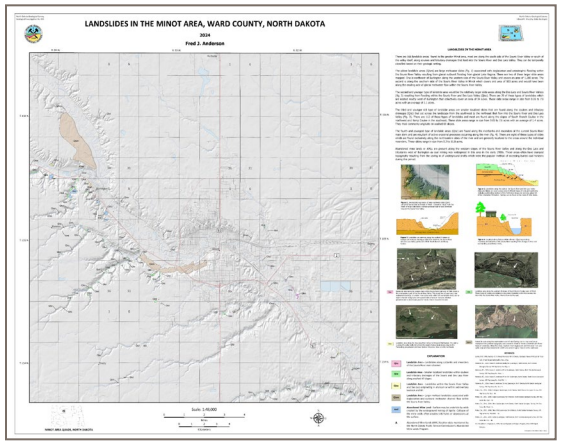


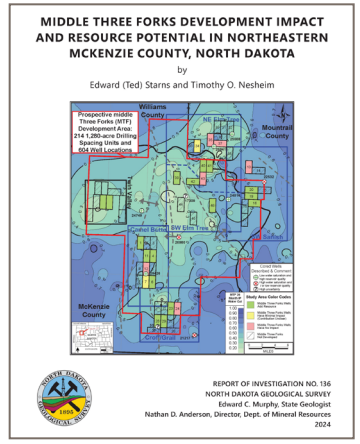


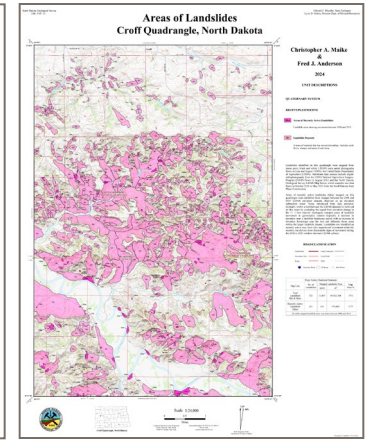


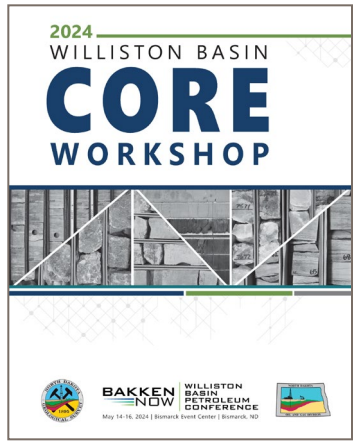


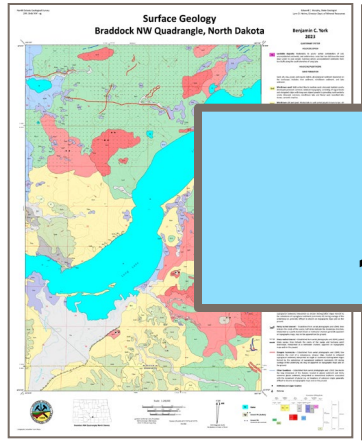


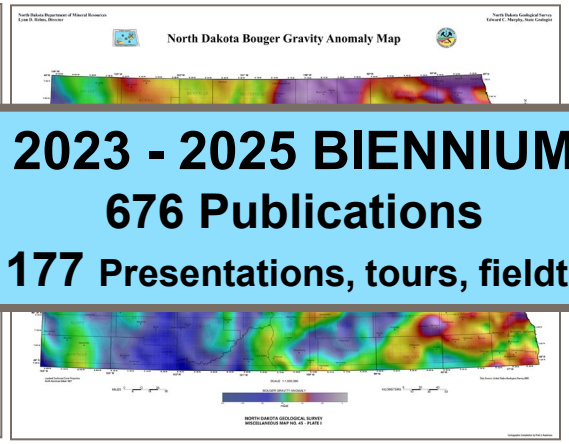


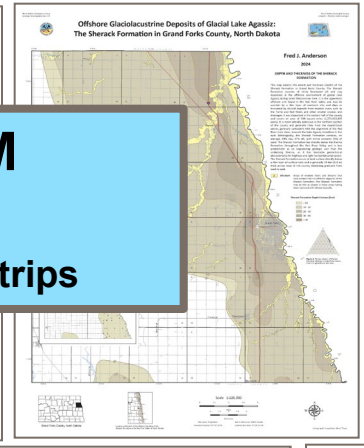










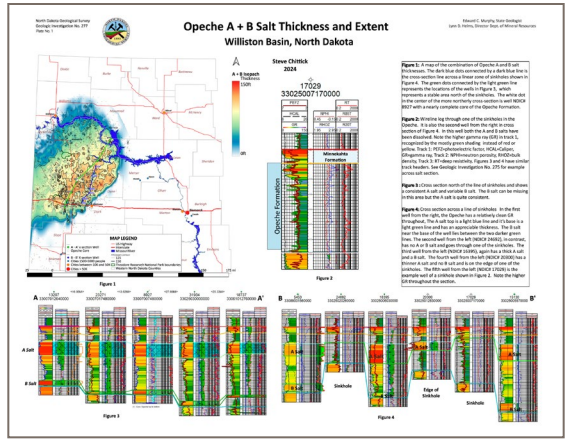


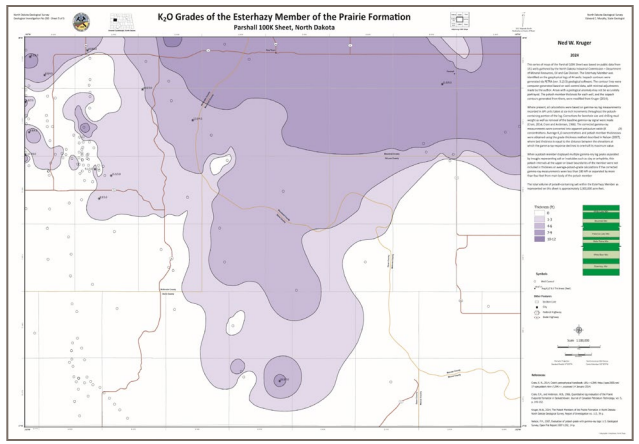


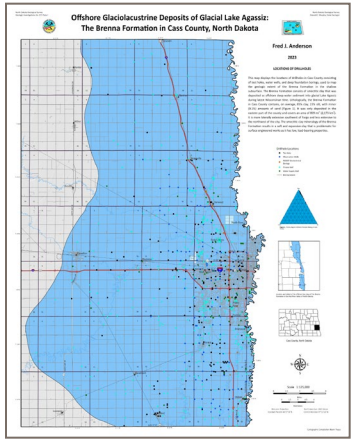
2023 - 2025 BIENNIUM

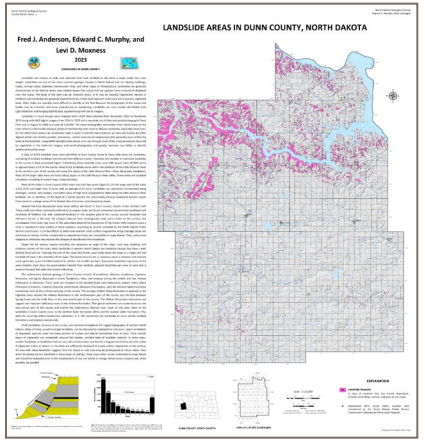
676 Publications

177 Presentations, tours, fieldtrips









NORTH Dakota | Mineral Resources

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Audit | Budget Overview

RECENT AUDIT FINDINGS

A biennial audit of the Industrial Commission was conducted by the State Auditor's Office in accordance with generally accepted government auditing standards for the three-year period ending June 30, 2023.

The audit included the following entities and programs under the direction and control of the Commission:

- Department of Mineral Resources (Geological Survey and Oil and Gas Division)
- Lignite Research, Development, and Marketing Program
- Oil and Gas Research Program
- Outdoor Heritage Fund
- Pipeline Authority
- Renewable Energy Program
- Transmission Authority

The audit did not have any findings.

AGENCY FEES

47400 - Department of Mineral Resources Agency Fees

Fee Description	Fee Amount	Authority Reference (Statute or Administrative Rule)	Date Established	Actual 2021-23 Biennial Revenue	*Estimated 2021-23 Biennial Cost Incurred*	Required by Statute to cover costs?	Is use of fee revenue restricted by statute?	Is fee appropriate and affordable?	Recommendations to change or remove.
Geophysical Permit Application Fee	up to $100	NDCC 38-08.1-04 NDAC 43-02-12-04 NDCC 38-21-01	1981	$1,500.00	$2,500.50	No	Yes	Fee appropriately generates significant revenue for established purpose and seems affordable as negative feedback from stakeholders has not been received.	DMR proposes no changes at this time but will contine to evaluate.
Geothermal Commercial Permit Application Fee	$100	NDCC 38-19-04 NDAC 43-02-07-06 NDCC 38-21-01	1981	$1,900.00	$2,064.16	No	Yes	Fee appropriately generates significant revenue for established purpose and seems affordable as negative feedback from stakeholders has not been received.	DMR proposes no changes at this time but will contine to evaluate.
Geothermal Residential Permit Application Fee	$20	NDCC 38-19-04 NDAC 43-02-07-06 NDCC 38-21-01	1981	$460.00	$1,249.36	No	Yes	Fee appropriately generates significant revenue for established purpose and seems affordable as negative feedback from stakeholders has not been received.	DMR proposes no changes at this time but will contine to evaluate.
Coal Exploration Permit Application Fee	$100	NDCC 38-12.1-05 NDAC 43-02-01-18 NDCC 38-21-01	1975	$500.00	$543.20	No	Yes	Fee appropriately generates significant revenue for established purpose and seems affordable as negative feedback from stakeholders has not been received.	DMR proposes no changes at this time but will contine to evaluate.
Subsurface Mineral Exploration Permit Application Fee	$100	NDCC 38-12-03 NDAC 43-02-02-12 NDCC 38-21-01	1967	$100.00	$108.64	No	Yes	Fee appropriately generates significant revenue for established purpose and seems affordable as negative feedback from stakeholders has not been received.	DMR proposes no changes at this time but will contine to evaluate.
Case Continuance Fee	$25	NDCC 38-08-11 NDCC 38-08-04.5(1)(a) NDAC 43-02-03-90	1990	$5,075.00	$7,720.09	No	Yes	Fee appropriately generates significant revenue for established purpose and seems affordable as negative feedback from stakeholders has not been received.	DMR proposes no changes at this time but will contine to evaluate.
Drilling Permit Application Fee (new)	$100	NDCC 38-08-05 NDAC 43-02-03-16 NDCC 38-08-04.5(1)(a)	1953	$161,600.00	$210,500.16	No	Yes	Fee appropriately generates significant revenue for established purpose and seems affordable as negative feedback from stakeholders has not been received.	DMR proposes no changes at this time but will contine to evaluate.
Renewal Permit Application Fee	$100	NDCC 38-08-05 NDAC 43-02-03-16 NDCC 38-08-04.5(1)(a)	1953	$244,200.00	$318,094.92	No	Yes	Fee appropriately generates significant revenue for established purpose and seems affordable as negative feedback from stakeholders has not been received.	DMR proposes no changes at this time but will contine to evaluate.
Temporary Abandoned Renewal Fee	$100	NDCC 38-08-04 NDAC 43-02-03-55(2) NDCC 38-08-04.5(1)(a)	2007	$37,300.00	$27,242.06	No	Yes	Fee appropriately generates significant revenue for established purpose and seems affordable as negative feedback from stakeholders has not been received.	DMR proposes no changes at this time but will contine to evaluate.

AGENCY FEES (CONT'D)

Fee Description	Fee Amount	Authority Reference (Statute or Administrative Rule)	Date Established	Actual 2021-23 Biennial Revenue	*Estimated 2021-23 Biennial Cost Incurred*	Required by Statute to cover costs?	Is use of fee revenue restricted by statute?	Is fee appropriate and affordable?	Recommendations to change or remove.
Operator Change Fee	$25	NDCC 38-08-04 NDCC 38-08-04.5(1)(a) NDAC 43-02-03-13	1983	$114,175.00	$159,799.33	No	Yes	Fee appropriately generates significant revenue for established purpose and seems affordable as negative feedback from stakeholders has not been received.	DMR proposes no changes at this time but will contine to evaluate.
Well Name Change Fee	$25	NDCC 38-08-04 NDCC 38-08-04.5(1)(a) NDAC 43-02-03-13	1983	$7,800.00	$10,916.88	No	Yes	Fee appropriately generates significant revenue for established purpose and seems affordable as negative feedback from stakeholders has not been received.	DMR proposes no changes at this time but will contine to evaluate.
Recompletion Fee	$50	NDCC 38-08-04 NDCC 38-08-04.5(1)(a) NDAC 43-02-03-16	2000	$500.00	$651.30	No	Yes	Fee appropriately generates significant revenue for established purpose and seems affordable as negative feedback from stakeholders has not been received.	DMR proposes no changes at this time but will contine to evaluate.
Re-entry Fee	$50	NDCC 38-08-04 NDCC 38-08-04.5(1)(a) NDAC 43-02-03-16	2000	$100.00	$173.68	No	Yes	Fee appropriately generates significant revenue for established purpose and seems affordable as negative feedback from stakeholders has not been received.	DMR proposes no changes at this time but will contine to evaluate.
Horizontal Re-entry Fee	$50	NDCC 38-08-04 NDCC 38-08-04.5(1)(a) NDAC 43-02-03-16	2000	$400.00	$694.72	No	Yes	Fee appropriately generates significant revenue for established purpose and seems affordable as negative feedback from stakeholders has not been received.	DMR proposes no changes at this time but will contine to evaluate.
CO2 Storage Admin Application Fee	actual costs	NDCC 38-22-14 NDAC 43-05-01-17(1)	2010	$55,266.77	$55,266.77	Yes	Yes	Fee is actual cost to process application.	DMR proposes no changes at this time but will contine to evaluate.
CO2 Storage Admin Fee	1 cent/ton	NDCC 38-22-14 NDAC 43-05-01-17(1)	2010	$820.16	$117.54	Yes	Yes	It is too soon to tell as only 3 projects are running, and only 1 has been running long enough to pay a fee.	DMR proposes no changes at this time but will contine to evaluate.
CO2 Storage Trust Fee	7 cents/ton	NDCC 38-22-15 NDAC 43-05-01-17(2)	2010	$5,741.09	$117.54	Yes	Yes	It is too soon to tell as only 3 projects are running, and only 1 has been running long enough to pay a fee.	DMR proposes no changes at this time but will contine to evaluate.

This report reflects actual numbers from the 2021-2023 biennium. It provides a brief summary of each fee and comments on the appropriateness of the fee and any recommendations to change or remove the fees. None of these fees are used to support any of the costs for DMR as we are a 100% general fund agency, but the fees do support specific purposes as listed in the authority referenced. We have not received any concerns from stakeholders regarding the dollar value or process surrounding these fees. DMR does not anticipate any changes.

STATE FISCAL RECOVERY FUNDING

Abandoned Oil Well Conversion to Water Supply

Appropriated: $3,199,837.84
Turned Back: $2,453,615.78
Expended: $310,422.06
Obligated: $435,800.00

A large amount was transferred as per SB 2393 due to the original amount of funds requested being based on the costs to plug, reclaim, and convert the abandoned wells to freshwater wells. Since then, agreements were made with operators to do the plugging and reclamation work. With the most expensive portion of the well conversion being paid by the operators, the conversion costs to the state have been drastically reduced.
Funds can be expended through 12/31/2026.

CHANGES TO FEDERAL FUNDING

Federal Funding Program	2023-2025 Anticipated Award	2023-2025 Anticipated Change	2025-2027 Anticipated Award
UIC Oil & Gas (EPA)	$240,000	$16,000	$256,000
PSC Coal (OSM-DOI)	$15,000	$0	$15,000
Statemap (USGS-DOI)	$13,000	$0	$13,000
IIJA Initial Grant (ECRP-DOI)	$2,300,000	$0	$0
IIJA Formula Grant (ECRP-DOI)			$1,444,377

ONE TIME FUNDING 23-25 BIENNIUM

	Amount	Status
Equipment for new FTE positions	$ 68,335	Purchased $58,297 as of 02/28/25
Inflationary Expenses	$ 886,868	Used about $800,000 as of 02/28/25
Drones & Computers	$ 83,648	Purchased/seeking bids
Core & Mineral Analysis	$ 100,000	Used $90,930/obligated
Office Equipment Over $5000	$ 18,000	Used $15,836 as of 02/28/25
Computer Server Transition	$ 80,000	Used $60,047 as of 02/28/25
IIJA abandoned well reclamation	$ 2,300,000	Used $2,050,000 as of 02/28/25
Oil & Gas Litigation	$ 3,000,000	Used $1,869,589 as of 02/28/25
Transfer to Paleo fund	$ 250,000	Transferred

ONE TIME FUNDING 25-27 BIENNIUM

	Requested	Senate Budget
Equipment for new FTE positions	$ 99,460	Allowed $41,600
Drilling Project (phase 2)	$ 400,000	Allowed $400,000
Core & Mineral Analysis	$ 100,000	Allowed $100,000
Woolly Mammoth Excavation	$ 300,000	Allowed $150,000
Paleontology Viewing Lab	$ 250,000	Allowed $0
Portable XRF (capital asset)	$ 45,000	Allowed $45,000
IIJA Formula Grant	$ 1,444,377	Allowed $1,444,377
Oil & Gas Litigation	$ 3,000,000	Allowed $3,000,000
EOR Database Project	$ 15,000	Allowed $15,000

2023-25 NEW POSITIONS APPROPRIATED

FTE	Position Number	Position Title	Date Filled	Amount Transferred from Pool	Funding Appropriated before Pool	Amount Estimated to be Spent for Biennium
1	31511	Carbon Capture	5/9/2023	$253,726.00	$253,726.00	$296,335.00
1	31512	Carbon Capture	5/9/2023	$253,726.00	$253,726.00	$296,335.00
1	31513	Carbon Capture	n/a	$0.00	$207,682.00	$0.00
1	31514	Paleontology Lab Tech	8/30/2023	$160,116.00	$167,102.00	$160,141.00
1	31515	Subsurface Geologist	9/9/2024	$119,695.00	$119,695.00	$119,695.00
1	31516	Critical Minerals	10/16/2023	$192,600.00	$216,028.00	$192,600.00
0.5	28402	Records Management	11/1/2023	$60,005.00	$66,334.00	$61,273.00

DMR VACANCY SAVINGS & POOL ACTIVITY

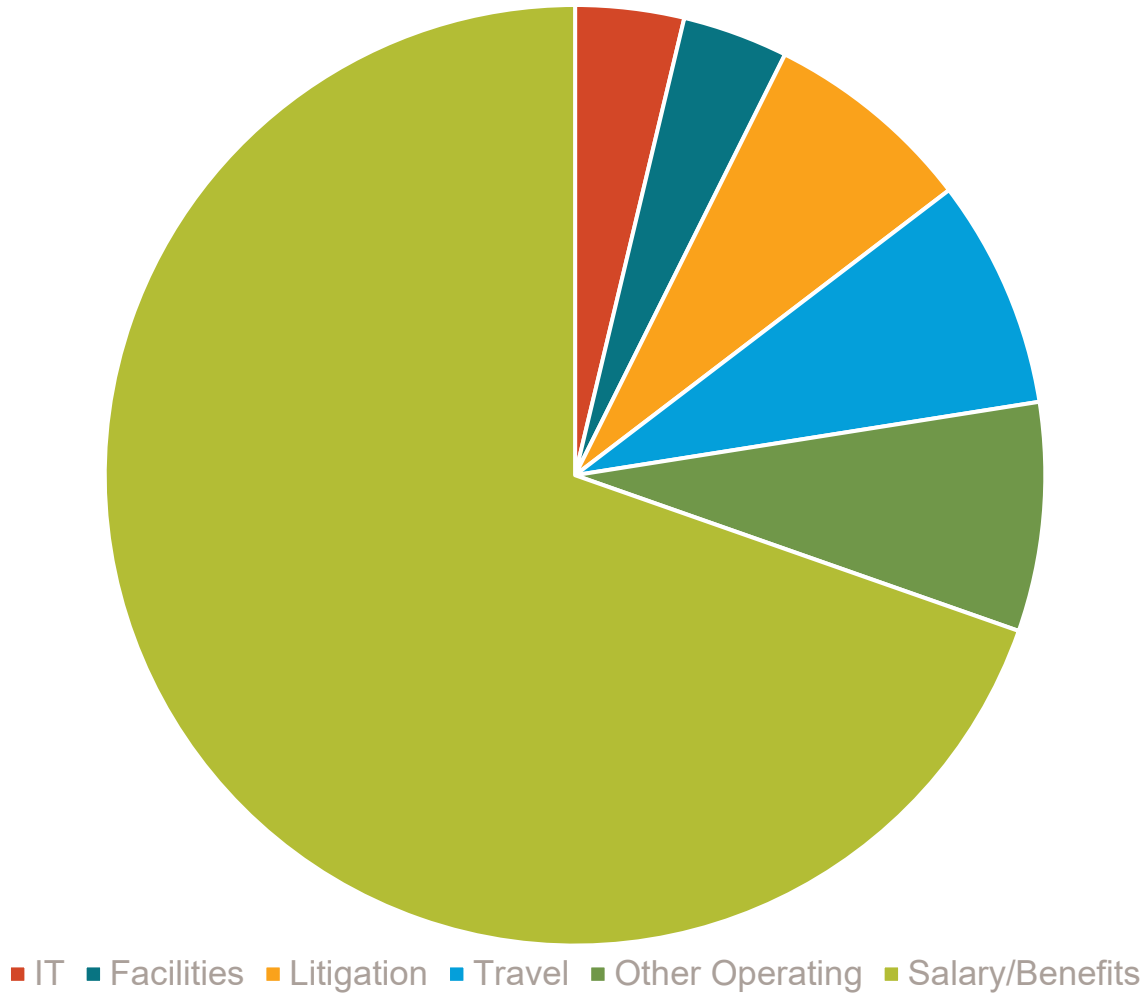
Estimated Vacancy Savings:	
Appropriation deducted for new FTE pool	$1,284,293.00
Appropriation deducted for vacant FTE pool	$1,389,856.00
Total deducted from appropriation	$2,674,149.00
Amount transferred to date for new FTE	($1,039,868.00)
Amount transferred to date for vacant FTE	($1,015,060.00)
Expected tranfers from pool	($29,180.00)
Total unfunded salary appropriation	$590,041.00
Estimated Vacancy Savings as of 2/28/2025	($1,166,372.00)
Use of savings:	
Accrued leave payments	$77,930.00
Extra salary increases	$150,255.00
Bonuses	$39,378.00
Extra temporary salary funding	$8,199.00
Other - temporary employee costs	$49,712.00
Anticipated Vacancy Savings	**($250,857.00)**

OMB Funding Pools Activity:	
Funding available in OMB pool	$2,128,763.00
Amount transferred to date for new FTE	($1,039,868.00)
Amount transferred to date for vacant FTE	($1,015,060.00)
Funding remaining in pool	$73,835.00
Estimated future tranfers from pool	($29,180.00)
Estimated Ending Balance in OMB pool	**$44,655.00**

Agency concerns with the FTE funding pools:

- extra work required when positions are vacant and no funding available to compensate the coworkers who pick up the workload;
- no allowance in the budget for annual leave and sick leave payouts; and
- tracking changes to all positions and requesting draw downs and reporting amounts to OMB is very time-consuming and burdensome.

2025-2027 DMR BUDGET



The Department of Mineral Resources (DMR) budget is **95% general funds, 4.2% federal funds, and 0.8% special funds**.

Federal funds include $1.4 million in IIJA grants.

Budget costs are primarily salary and benefits (69%).

The **Operating Budget** consists of travel (26%), primarily state fleet vehicle mileage for fieldwork. Other operating items of significant costs include Litigation costs (24%); Lease, Rent, Facilities costs (12%) for the Bismarck office, warehouse, and three field offices; and IT costs (12%), two-thirds of which are ITD data processing, Telephone, and Contractual Services.

DMR 2025-27 Budget Comparison

	Burgum Recommended	Armstrong Recommended	Senate Budget	Essential DMR Budget
47410 Salaries & Benefits	$26,839,639	$27,002,755	$26,250,948	$28,049,176
47410 Compensation Increases	$1,851,173	$1,645,369	$1,645,369	$1,645,369
47430 Operating Expense	$11,175,591	$11,182,751	$11,005,751	$12,021,818
47450 Capital Assets	$0	$0	$45,000	$295,000
Total Expenditures	$39,866,403	$39,830,875	$38,947,068	$42,011,363
Less Federal Income	$1,728,377	$1,728,377	$1,728,377	$1,728,377
Less Special Income	$342,000	$3,642,000	$3,550,000	$3,550,000
Total General Fund	$37,796,026	$34,460,498	$33,668,691	$36,732,986
FTE	110	111	111	116

Notes:
Federal Funds include $1,444,377 in IIJA Formula Grant.
Special Funds include $3,000,000 in O&G litigation.

SB 2014 DMR BUDGET COMPARISON

	Burgum's Recommended	Armstrong's Recommended	Senate	DMR Request
23-25 Base Level FTE	**108.00**	**108.00**	**108.00**	**108.00**
Salaries and Benefits				
23-25 Base Level Salaries & Benefits	**$23,261,532**	**$23,261,532**	**$23,261,532**	**$23,261,532**
Base payroll changes:				
Gov. Rec. Salary Increase	$1,190,593	$978,784	$978,784	$978,784
Health Insurance Increase	$660,580	$666,585	$666,585	$666,585
FTE Funding Pool - New	$1,284,293	$1,284,293	$1,234,387	$1,234,387
FTE Funding Pool - Vacant	$1,389,856	$1,389,856	$892,955	$892,955
3% Required Cuts	($284,587)	($284,587)	($284,587)	($284,587)
Optional Requests:				
Position Conversion to Geologist	$101,785	$101,785	$101,785	$101,785
Permitting Technician Position (1 FTE)	$151,146	$151,146	$151,146	$151,146
Executive Administrative Position (1 FTE)		$163,116	$163,116	$163,116
IIJA Formula Grant - Administration	$500,727	$500,727	$500,727	$500,727
Increase Temp Salaries			$45,000	$45,000
Equity Adjustment	$250,000	$250,000	$0	$805,800
Reclamation Techs (3 FTE)	$184,887	$184,887	$184,887	$554,660
Paleo Tech (1 FTE)				$178,090
Class VI Programmer (1 FTE)				$214,236
Professional Land/Legal Position (1 FTE)				$230,329
Total Salary and Benefits	**$28,690,812**	**$28,648,124**	**$27,896,317**	**$29,694,545**

SB 2014 DMR BUDGET COMPARISON

	Burgum's Recommended	Armstrong's Recommended	Senate	DMR Request
Operating				
23-25 Base Level Operating	**$5,120,253**	**$5,120,253**	**$5,120,253**	**$5,120,253**
Base operating changes:				
ITD Data Processing	$108,065	$108,065	$108,065	$108,065
3% Required Cuts	($626,293)	($626,293)	($626,293)	($626,293)
Optional Requests:				
Position Conversion to Geologist	$80,274	$80,274	$80,274	$80,274
Permitting Position (1 FTE)	$10,887	$10,887	$10,887	$10,887
Executive Administrative Position (1 FTE)		$7,160	$7,160	$7,160
Mineral Analysis	$100,000	$100,000	$100,000	$100,000
Woolly Mammoth Excavation	$300,000	$300,000	$150,000	$150,000
NDIC Assessment	$115,000	$115,000	$115,000	$115,000
OHWM - for Witness Fees	$342,000	$342,000	$0	$0
IIJA Formula Grant - Administration	$943,650	$943,650	$943,650	$943,650
Litigation	$3,000,000	$3,000,000	$3,000,000	$3,000,000
Drilling Project Phase II	$100,000	$100,000	$400,000	$400,000
Enhanced Oil Recovery Project			$15,000	$15,000
Inflation & Restoration	$1,500,000	$1,500,000	$1,500,000	$2,235,401
Reclamation Techs (3 FTE)	$81,755	$81,755	$81,755	$245,265
Paleo Tech (1 FTE)				$38,382
Class VI Programmer (1 FTE)				$10,887
Professional Land/Legal Position (1 FTE)				$10,887
Professional Development				$57,000
Total Operating	**$11,175,591**	**$11,182,751**	**$11,005,751**	**$12,021,818**

SB 2014 DMR BUDGET COMPARISON

	Burgum's Recommended	Armstrong's Recommended	Senate	DMR Request
Capital Assets				
23-25 Base Level Capital Assets	**$0**	**$0**	**$0**	**$0**
Portable XRF			$45,000	$45,000
Paleontology Viewing Lab				$250,000
Total Capital Assets	**$0**	**$0**	**$45,000**	**$295,000**
Total Expenditures	**$39,866,403**	**$39,830,875**	**$38,947,068**	**$42,011,363**
Less Estimated Income	$2,070,377	$5,370,377	$5,278,377	$5,278,377
Total General Fund	$37,796,026	$34,460,498	$33,668,691	$36,732,986
Total FTE	**110.00**	**111.00**	**111.00**	**116.00**

PRIORITY OPTIONAL REQUEST #1

Fully restore inflation and 3% cuts – additional amount of $735,000

- DMR was required to make 3% budget cuts on top of budget inflation from both the 2023-25 biennium and the 2025-27 biennium.
- Inflationary increases and 3% reduction resulted in a cut of $2,235,000 to DMR.
- Inflation has not gone away; vehicle costs and mileage rates as well as ITD and lease costs continue to increase.
- Senate restored $1,500,000 to the operating budget.
- Remaining deficit of $735,000 would require a reduction in travel.
- Oil & Gas will have to reduced field inspections by about 35%.
- Well count continues to increase.
- Drilling rig inspections ensure proper construction of wells to protect freshwater zones and proper locations of well bores to protect correlative rights.
- Well inspections ensure compliance with environmental regulations, proper installation of pipelines, timely clean up of spills, proper allocation of oil and gas volumes.
- Geological Survey will have to reduce levels of regulatory inspections and curtail study results.
- There is high demand for rare earth element study results and study into the feasibility of using ND sands as proppant in Bakken and Three Forks completions.
- Identification of landslides protects current and future impacts on infrastructure and pipeline development.
- The public fossil dig program has strong demand from both in state and out of state participants.

Item	Amount	Senate Allowed	Underfunded	Impact
Inflation & Budget Cuts	-$2,235,000	$1,500,000	-$735,000	Reduces inspections and field work by 35%
What does this mean?				
Mileage	2,430,000	1,579,500	-850,500	Reduced DMR miles driven
Drilling Rig Inspections	14,400	9,360	-5,040	Reduced drilling rig inspections
O&G Well Inspections	320,000	208,000	-112,000	Reduced well inspections
Survey Field Workdays	681	443	-238	Reduced Survey field workdays

Fully restoring the 3% cuts and inflation amounts will allow DMR to operate at maximum efficiency and continue to provide necessary service levels to public and industry.

PRIORITY OPTIONAL REQUEST #2

Professional Legal/Land Position (1 FTE) - $241,216

- Position will provide needed expertise in hearings and order writing.
- Normal case load is 500-1,000 per year.
- Position will allow for succession planning.
- Number of cases and orders are more complex.
- Avoids impact of not planning for critical roles.
- Allows for smooth leadership transition.
- Currently 4 positions with over 30 years of service
- Expected retirements coming over the next 1-5 years.
- New Director has learning curve, so expertise retention is vital.
- Allows training so there is overlap and not a gap.

Item	2022	2023	2024
Cases heard	561	829	827
Orders signed	450	519	985
Orders pending	329	403	477

OTHER DMR OPTIONAL REQUESTS

3. Paleontology viewing laboratory - $250,000 (capital asset):
DMR has received numerous requests to place a laboratory in the gallery where visitors could watch paleontologists prepare fossil specimens. These viewing laboratories are present in paleontological museum galleries around the World and are always very popular attractions. The funds would hire an architect to draw up the plans, bids will be let, and a contractor and construction firms will have to be contracted to complete the work. New lab equipment will also be purchased to outfit the lab.

4. Reclamation technicians (2 FTE) - $519,211:
This would bring the total to $799,925 allowing for one reclamation technician in each district. The reclamation program is critical to provide oversight to ensure the successful completion of restoring sites after properly plugging wells and decommissioning facilities. NDCC Ch 38-08; Ch 38-08.1; Ch 38-22. Regulations require land to be reclaimed as close as practicable to its original condition as it existed before the construction of the well site or other disturbance. One reclamation inspector currently inspects all reclaim projects throughout the entire state and there are currently approximately 2,800 sites in various stages of reclamation. Hiring three reclamation inspectors, one in each district, is necessary ensure reclamation projects are conducted successfully and timely.

5. Paleontology technician position (1 FTE) - $216,472:
Since 2016, the popularity of the Public Fossil Dig Program has dramatically increased and continues to sell out within minutes each year. A new FTE (paleontology technician) assigned to the Public Fossil Dig Program would enable us to increase the number of available registration spots from 600 to 840 (a 40% increase) increasing the number of tourists traveling within North Dakota as well as bringing in additional out-of-state tourists.

OTHER DMR OPTIONAL REQUESTS

6. Professional development - $57,000:
This optional request would allow Oil & Gas employees to attend job-related conferences during the 2025-2027 biennium, and would allow tuition reimbursement as allowed by the agency tuition reimbursement policy. The request would enable Survey geologists to attend national or regional scientific meetings presenting on their work. These presentations can encourage other scientists to do an expanded study on a North Dakota topic which will often bring them to North Dakota to do fieldwork or visit our core and sample library.

7. Class VI programming position (1 FTE) - $225,123:
With North Dakota being the first state to receive Class VI primacy and the only state to have active Class VI injection projects, it is imperative to develop a database to monitor and manage Class VI wells and facilities. The United States Environmental Protection Agency has made available to North Dakota a $1,930,000 grant to be used for operation of a Class VI primacy program. The Oil and Gas Division intends to apply for this grant and pool a portion of it with other states through the Ground Water Protection Council to develop a Class VI database.

8. Equity adjustment for field inspectors - $805,800:
This optional request is due to a great need to pay competitive salaries for experienced personnel. There exists a tremendous inequity between the salaries paid by our agency and the salaries paid by the oil and gas industry. The Oil and Gas Division continues to see field inspection turnover and a lack of applicants due to the lower salary amount. This would allow for an estimated $700/month increase for the 40 field inspector positions in an attempt to bring salaries closer to industry rates to reduce turnover and attract candidates to fill vacant positions. It should be noted that these positions are non-classified and therefore were not included in the HRMS prior session equity calculations.

OTHER DMR BUDGET SECTIONS

SB 2014 – Carryover Items:

- The Abandoned Oil Well Conversion to Water Supply program funds can continue to be expended through 12/31/2026. For this reason, a carryover of unexpended funds to the 2025-27 biennium has been authorized in Section 17 of SB 2014. The remaining obligated amount is $479,800.
- The 65th Legislative Session SB 2134 Ordinary High Water Mark litigation is nearing the end, but it is still possible for expert witness testimony yet to be required. For this reason, a carryover of unexpended funds to the 2025-27 biennium has been authorized in Section 17 of SB 2014. The remaining available amount is $342,000.
- **The IIJA Initial Grant funds received an extension and can continue to be expended through 09/30/2025. For this reason, a carryover of unexpended funds to the 2025-27 biennium is being requested. The remaining available grant amount is $225,500.**

• Note: the $2.5 million Formula Grant funds have a project period through 07/31/2029. Because the funds were appropriated via the Budget Section, the funds need to have a full legislative appropriation. For this reason, unexpended funds were included in Section 1, Subdivision 2, and not treated as a carryover in this section.

OTHER LEGISLATIVE BILLS IMPACTING

Not aware of any at this time.

NORTH Dakota | Mineral Resources

Be Legendary.™

Nathan D. Anderson, Director
Mark F. Bohrer, Assistant Director of Oil & Gas
Edward C. Murphy, Director of Geological Survey, State Geologist
Michael Ziesch, Staff Officer
Robyn Loumer, Finance Manager
ND Department of Mineral Resources
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Legislative Council

Department of Mineral Resources - Budget No. 474
Agency Worksheet - Senate Bill No. 2014

	Armstrong Executive Budget				Senate Version				Senate Compared to Executive Budget Increase (Decrease)			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2025-27 Biennium Base Level	108.00	$28,113,785	$268,000	$28,381,785	108.00	$28,113,785	$268,000	$28,381,785	0.00	$0	$0	$0
2025-27 Ongoing Funding Changes												
Salary increase		$978,870		$978,870		$978,870		$978,870				$0
Health insurance increase		666,585		666,585		666,585		666,585				0
Funding to replace the 2023-25 vacant FTE pool		1,389,856		1,389,856		1,389,856		1,389,856				0
Funding to replace the 2023-25 new FTE pool		1,284,293		1,284,293		1,284,293		1,284,293				0
2025-27 new and vacant FTE pool - vacant				0		(496,901)		(496,901)		($496,901)		(496,901)
2025-27 new and vacant FTE pool - new				0		(49,906)		(49,906)		(49,906)		(49,906)
FTE permitting technician position	1.00	154,873		154,873	1.00	154,873		154,873				0
FTE reclamation specialist position	1.00	249,477		249,477	1.00	249,477		249,477				0
FTE administrative assistant position	1.00	163,030		163,030	1.00	163,030		163,030				0
FTE position conversion to geologist		171,944		171,944		171,944		171,944				0
Federal funds adjustment to salaries			$16,000	16,000			$16,000	16,000				0
Temporary salaries				0		45,000		45,000		45,000		45,000
Budget reduction from savings		(561,880)		(561,880)		(811,880)		(811,880)		(250,000)		(250,000)
Information technology rate adjustment		108,065		108,065		108,065		108,065				0
State fleet rate adjustment		1,500,000		1,500,000		1,500,000		1,500,000				0
Total ongoing funding changes	**3.00**	**$6,105,113**	**$16,000**	**$6,121,113**	**3.00**	**$5,353,306**	**$16,000**	**$5,369,306**	**0.00**	**($751,807)**	**$0**	**($751,807)**
One-Time Funding Items												
Federal abandoned well reclamation administration			$1,444,377	$1,444,377			$1,444,377	$1,444,377				$0
FTE position conversion operating expenses		$10,115		10,115		$10,115		10,115				0
New FTE position operating expenses		31,485		31,485		31,485		31,485				0
Mineral analyses		100,000		100,000		100,000		100,000				0
Rare earth elements study - SIIF		100,000		100,000			400,000	400,000		($100,000)	$400,000	300,000
Archeology excavation project - SIIF			300,000	300,000			150,000	150,000			(150,000)	(150,000)
Ordinary high water mark expert fees			342,000	342,000				0			(342,000)	(342,000)
Oil and gas litigation - SIIF			3,000,000	3,000,000			3,000,000	3,000,000				0
Enhanced oil recovery database				0		15,000		15,000		15,000		15,000
Portable mineral detection equipment				0		45,000		45,000		45,000		45,000
Total one-time funding changes	**0.00**	**$241,600**	**$5,086,377**	**$5,327,977**	**0.00**	**$201,600**	**$4,994,377**	**$5,195,977**	**0.00**	**($40,000)**	**($92,000)**	**($132,000)**
Total Changes to Base Level Funding	**3.00**	**$6,346,713**	**$5,102,377**	**$11,449,090**	**3.00**	**$5,554,906**	**$5,010,377**	**$10,565,283**	**0.00**	**($791,807)**	**($92,000)**	**($883,807)**
2025-27 Total Funding	**111.00**	**$34,460,498**	**$5,370,377**	**$39,830,875**	**111.00**	**$33,668,691**	**$5,278,377**	**$38,947,068**	**0.00**	**($791,807)**	**($92,000)**	**($883,807)**
Federal funds included in other funds			*$1,728,377*				*$1,728,377*				*$0*	
Total ongoing changes - Percentage of base level	*2.8%*	*21.7%*	*6.0%*	*21.6%*	*2.8%*	*19.0%*	*6.0%*	*18.9%*	*N/A*	*N/A*	*N/A*	*N/A*
Total changes - Percentage of base level	*2.8%*	*22.6%*	*1903.9%*	*40.3%*	*2.8%*	*19.8%*	*1869.5%*	*37.2%*	*N/A*	*N/A*	*N/A*	*N/A*

Other Sections in Department of Mineral Resources - Budget No. 474

Section Description	Armstrong Executive Budget	Senate Version	
New and vacant FTE pool line item		Section 3 provides for the use of funding in the new and vacant FTE pool line item.	
Strategic investment and improvements fund (SIIF)		Section 11 of this Act identifies $3,550,000 from SIIF for a rare earth elements study ($400,000), an archeology excavation project ($150,000), and oil and gas litigation ($3,000,000).	
Unspent biennium appropriation exemption		Section 17 provides an exemption allowing unspent prior biennium appropriation authority to continue into the 2025-27 biennium for a federal abandoned oil well conversion to water supply grant program and a survey review.	

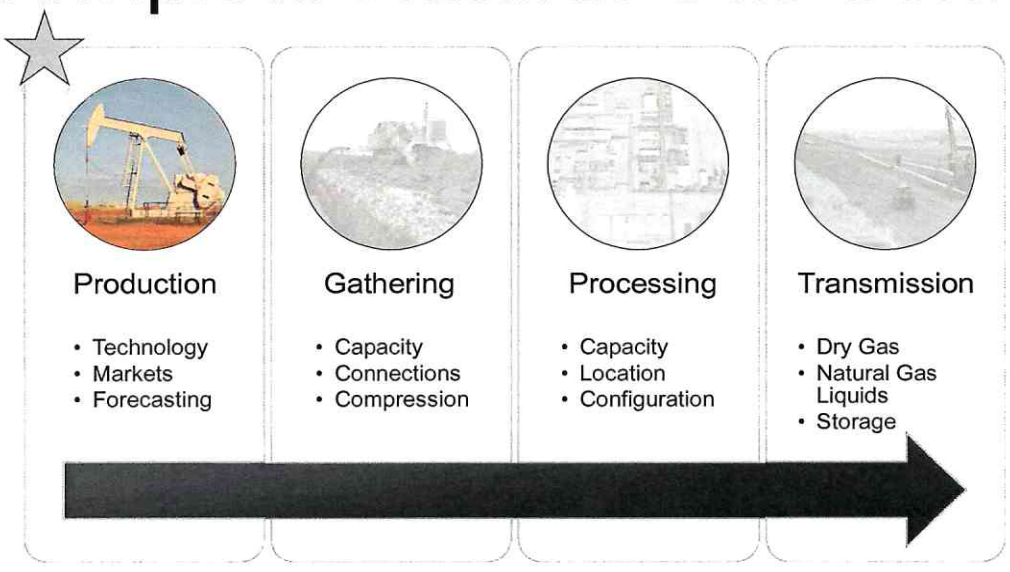
SB 2014

Natural Gas Infrastructure Overview

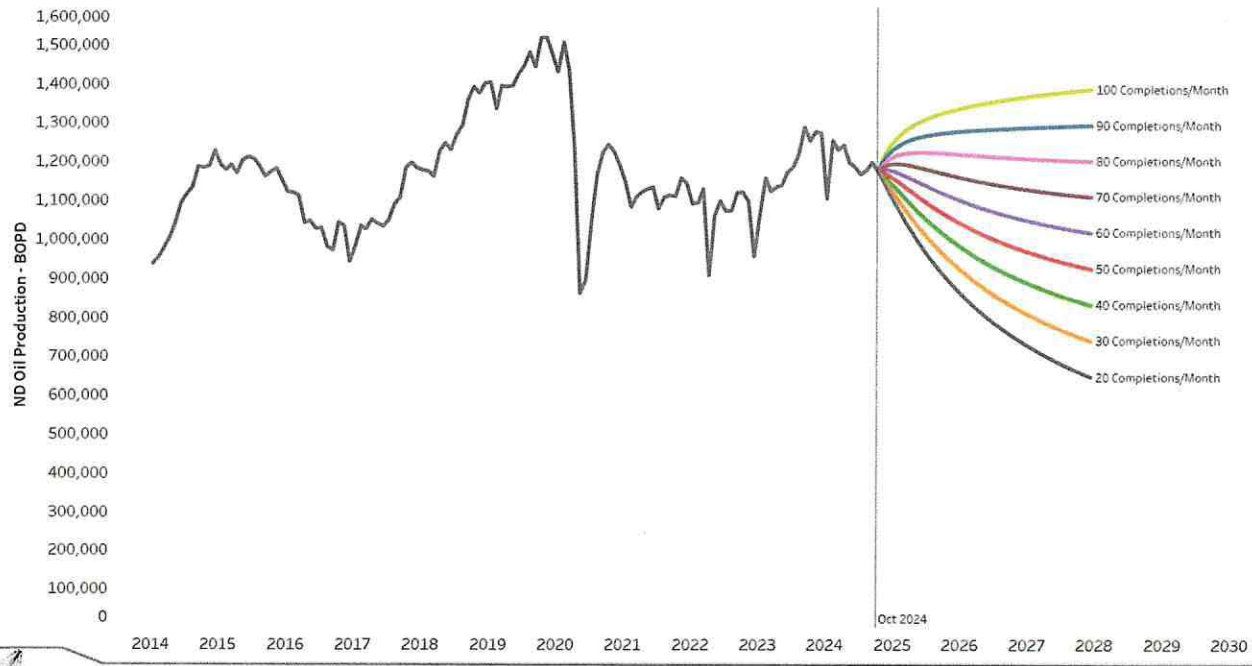
Justin J. Kringstad
Geological Engineer
Director
North Dakota Pipeline Authority

March 12, 2025

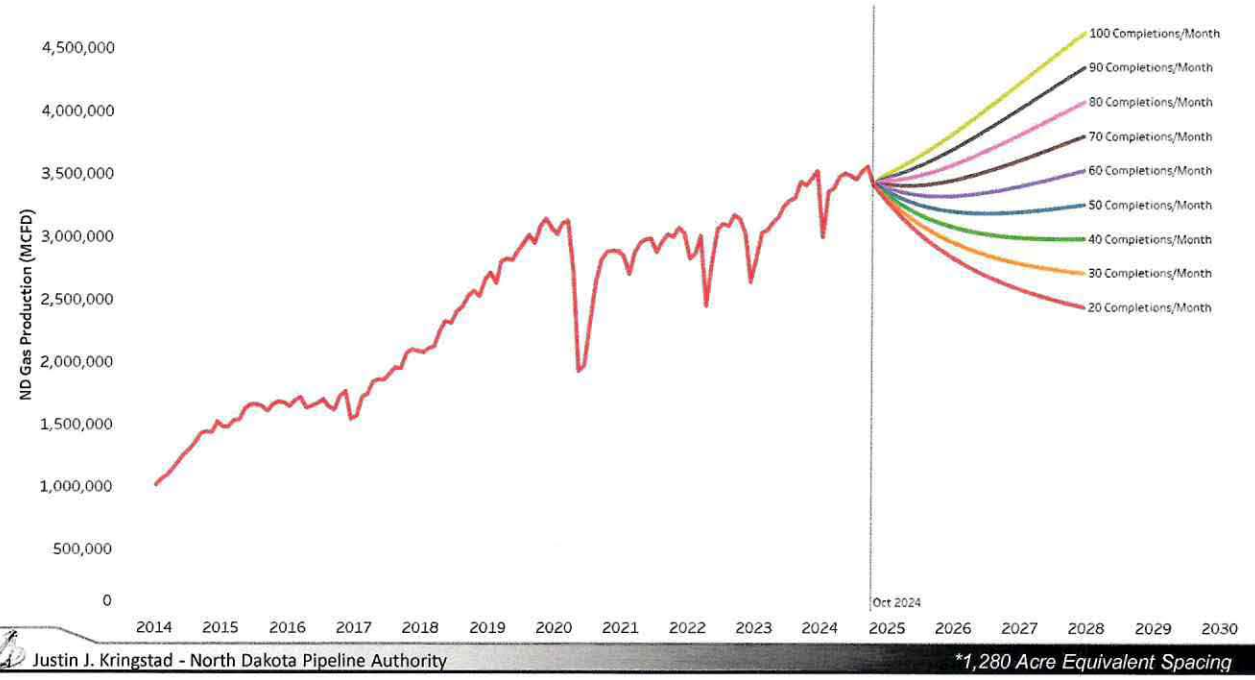
A Complete Natural Gas Solution



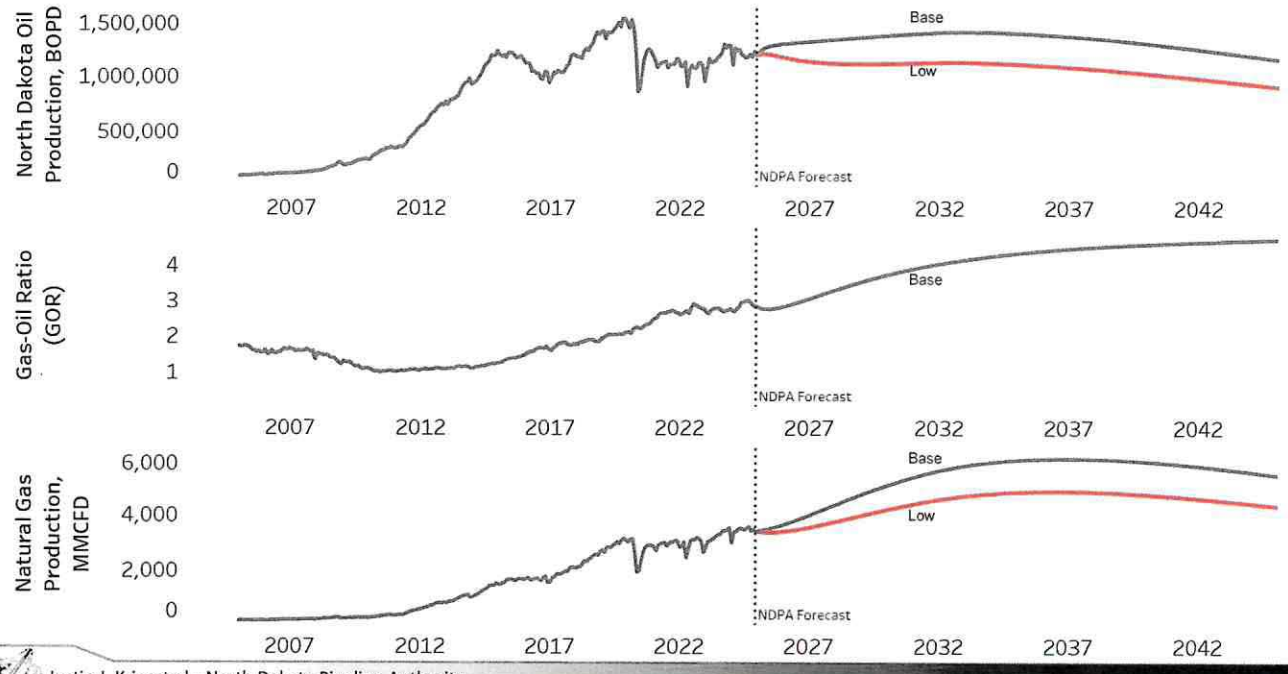
Monthly Completion* Scenarios - Oil



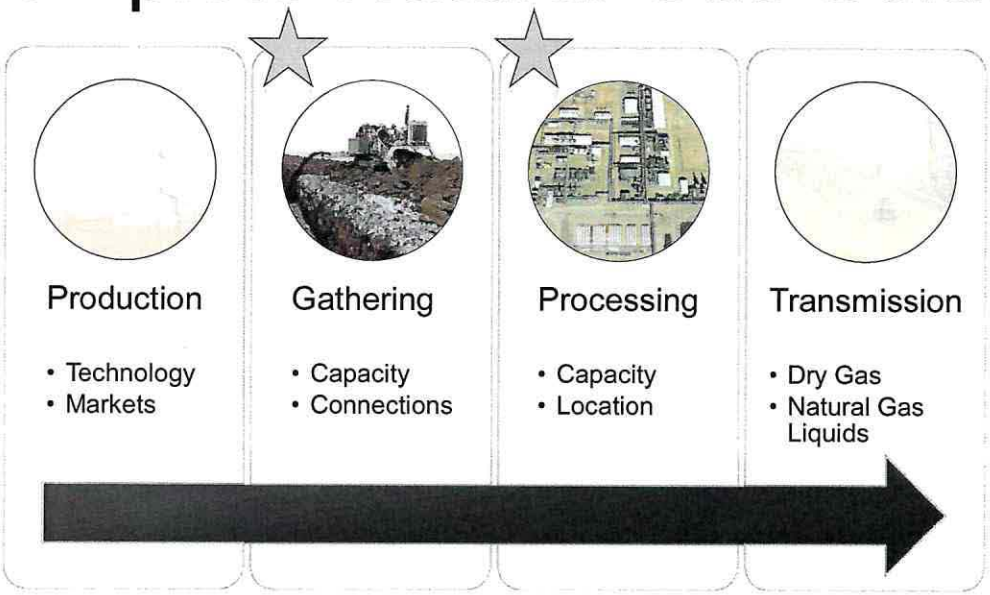
Monthly Completion* Scenarios - Gas



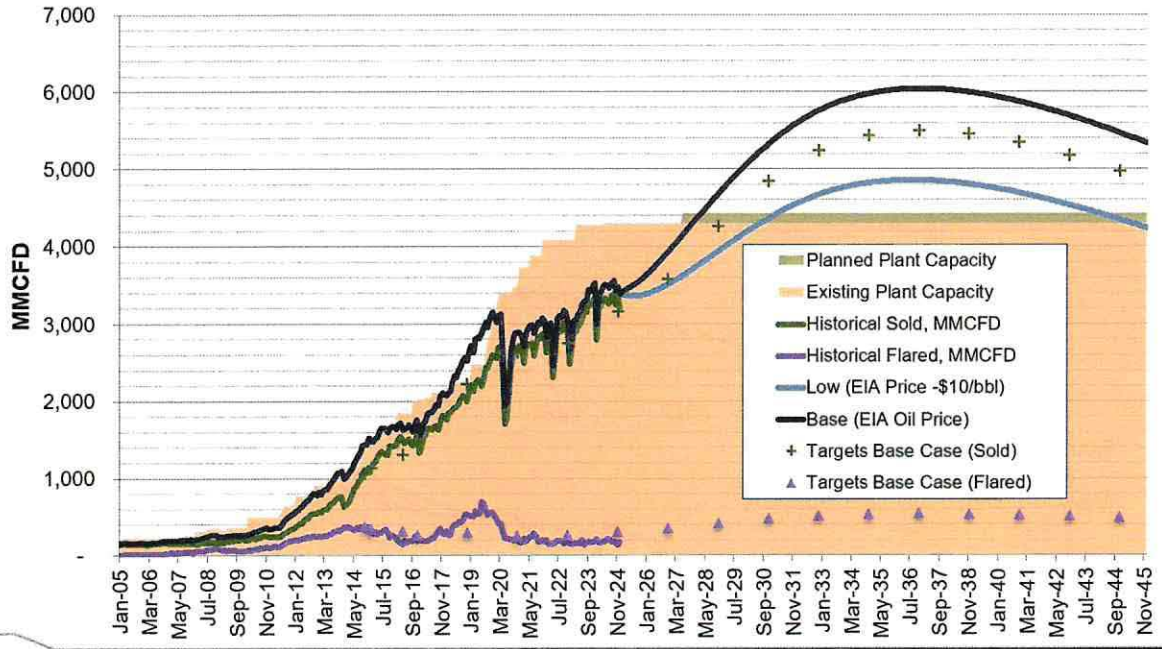
ND Production Forecast: EIA Price Deck



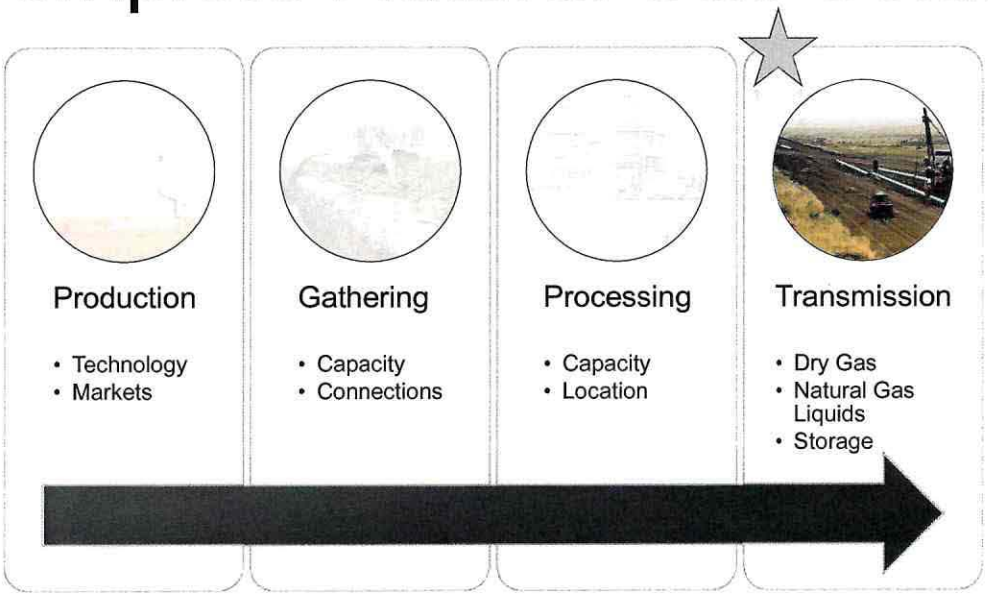
A Complete Natural Gas Solution



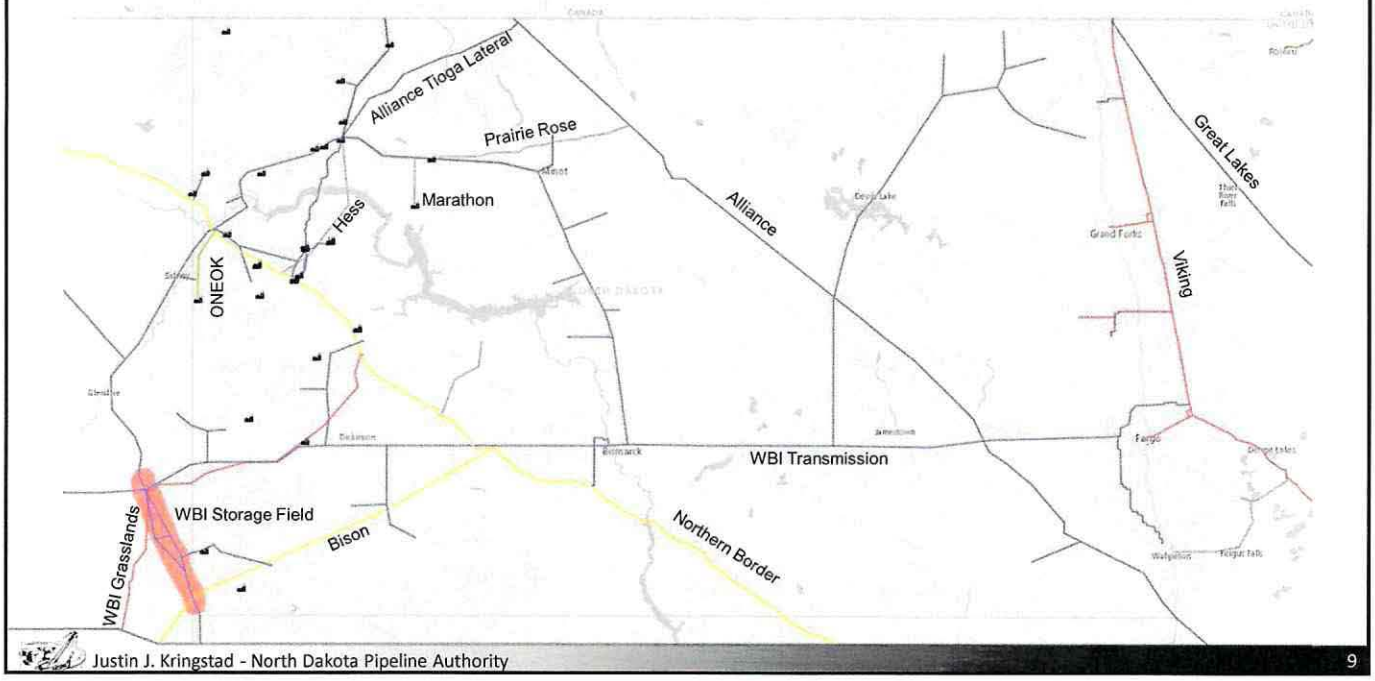
North Dakota Gas Processing Outlook



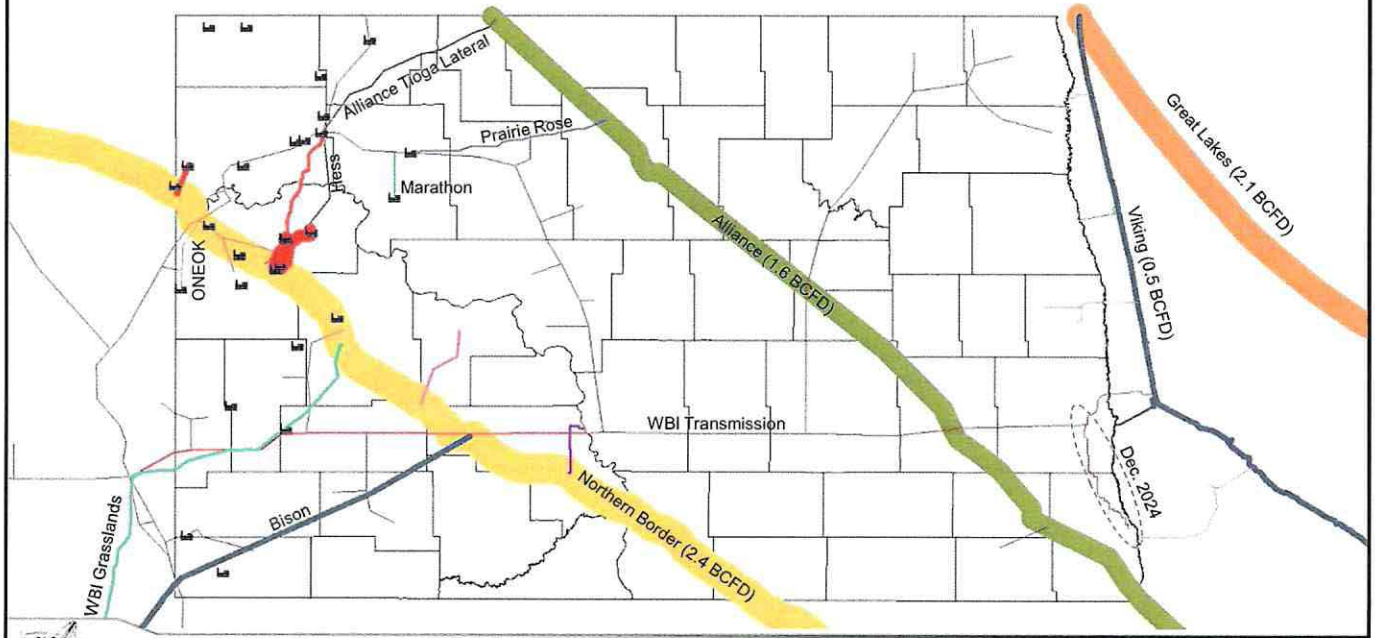
A Complete Natural Gas Solution



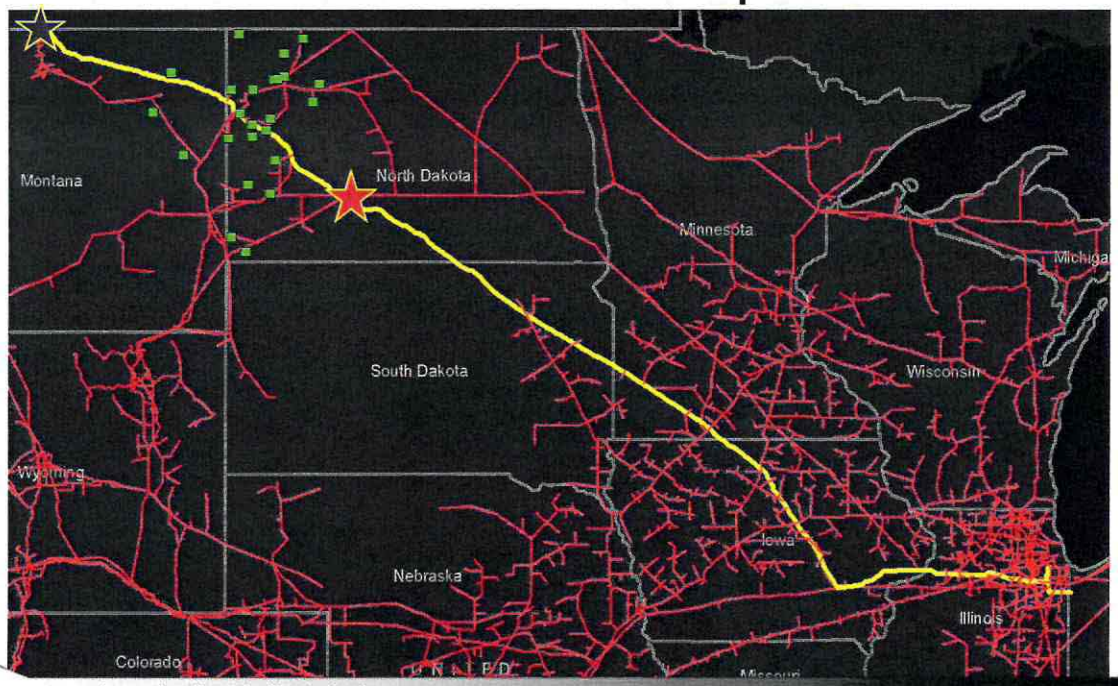
Major Residue Gas Pipeline Infrastructure



Residue Gas Pipeline Capacity Visualization

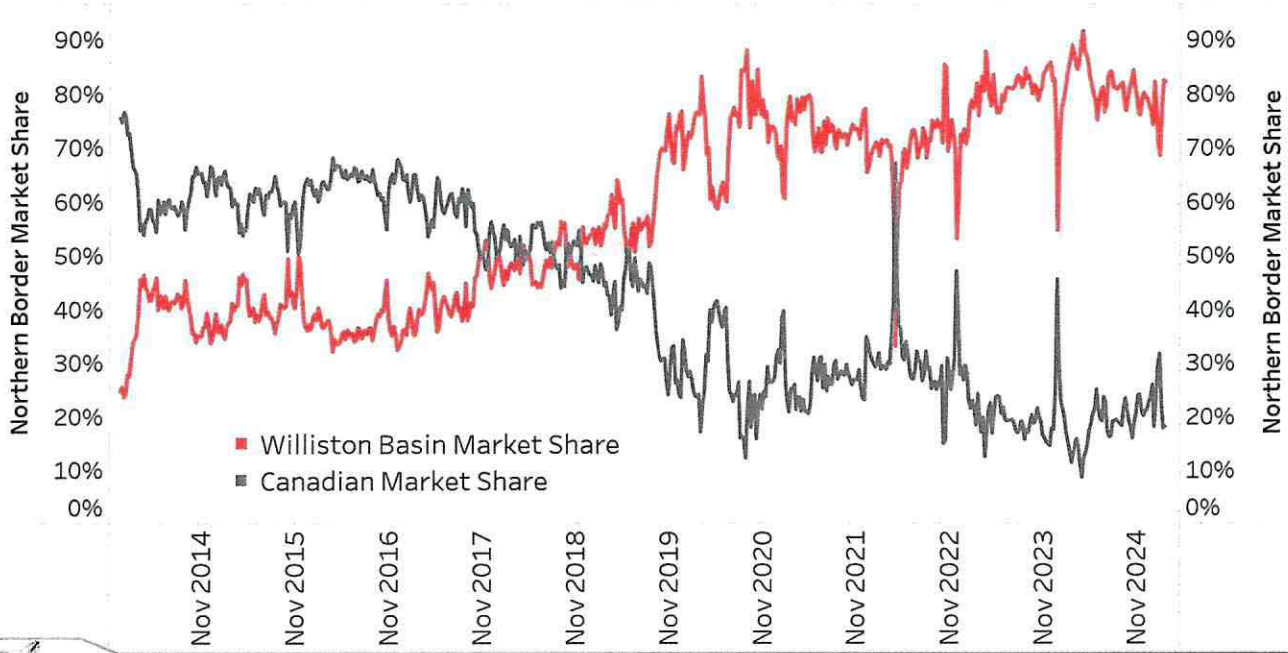


Northern Border Pipeline



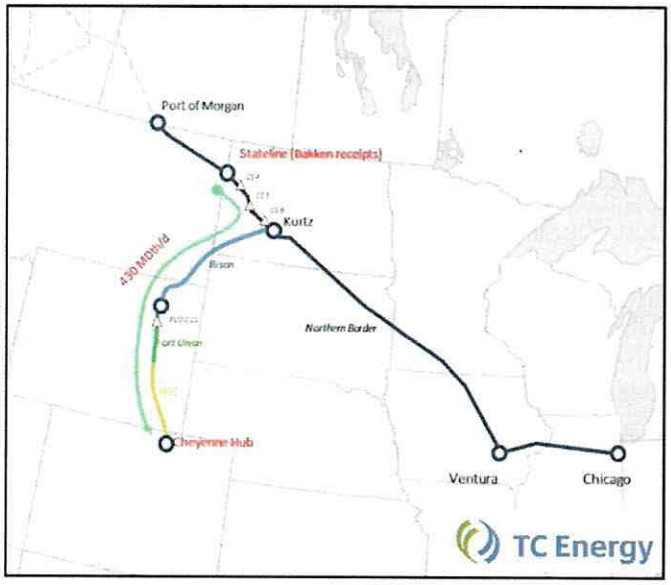
Justin J. Kringstad - North Dakota Pipeline Authority 11

Northern Border Pipeline Market Share



JJ Kringstad - North Dakota Pipeline Authority 12

TC Energy / Kinder Morgan: Bakken xPress Project



Project Highlights

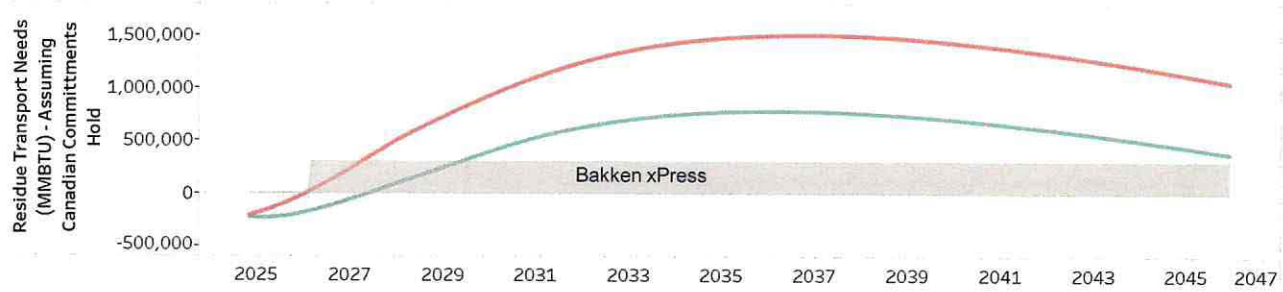
- Non-binding open season April 4 - May 6, 2022
- Binding Open Season: June 1-30, 2023
- Three compressor upgrades in North Dakota
- Reverse the idle Bison Pipeline (30" – 302 Mile)
- Capacity 300,000 Dth/Day (430,000 Offered)
- March 2026 targeted in-service date
- Fort Union Gas Gathering and Wyoming Interstate Company provide further transport to Cheyenne hub.
- Seeking commitments 10yrs or Longer
- $555 million: $347 Replacement/$208 Expansion

Proposed Rates

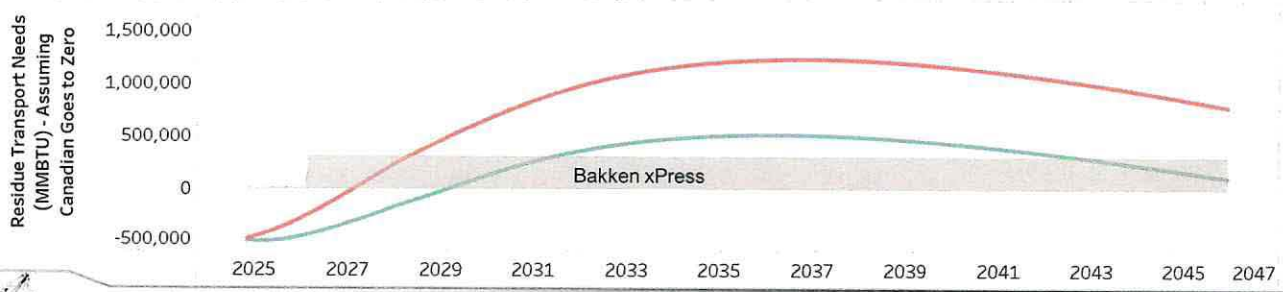
- NBPL/Bison $0.45/Dth + Fuel/Elec to WIC/FUG Interconnect
- WIC/FUG to Cheyenne $0.30/Dth + Fuel/Elec
- Anchor Shipper Minimum: 50,000 Dth/Day

Residue Capacity Needs : **Glen Ullin 1,100 BTU**

Residue Capacity Need: Port of Morgan at Contract Level: Glen Ullin BTU 1,100



Residue Capacity Need: Port of Morgan Goes to Zero: Glen Ullin BTU 1,100



Options Beyond 2027: The 5 "C's"

Construction (Interstate)
- Long-haul Pipe to New or Expanded Markets

Compete
- Price Canadian Volumes to Flow Elsewhere

Compression
- Increase Capacity on Existing Interstate Systems

Consumption
- Intra Region Gas Demand Expansion

Contraction
- Reduce E&P Activity to Meet Limited Gas Options

WBI Energy: Proposed Bakken East Project



Natural Gas Pipeline Project Highlights
- Non-binding open season Dec 16 – Jan 31, 2025
- 375 Miles: 30" & 24" Pipe
- Proposed Capacity 760,000 Dth/Day
- Phase 1 (West) : Nov 2028 targeted in-service
- Phase 2 (East) : Nov 2029 targeted in-service
- Seeking commitments 20yrs or Longer

Estimated Rates
- $0.85 to $0.90/Dth + Fuel/Electric/Commodity
- Anchor Shipper Minimum: 100,000 Dth/Day
- Foundation Shipper Minimum: 250,000 Dth/Day

Intensity Infrastructure Partners Proposed Pipeline



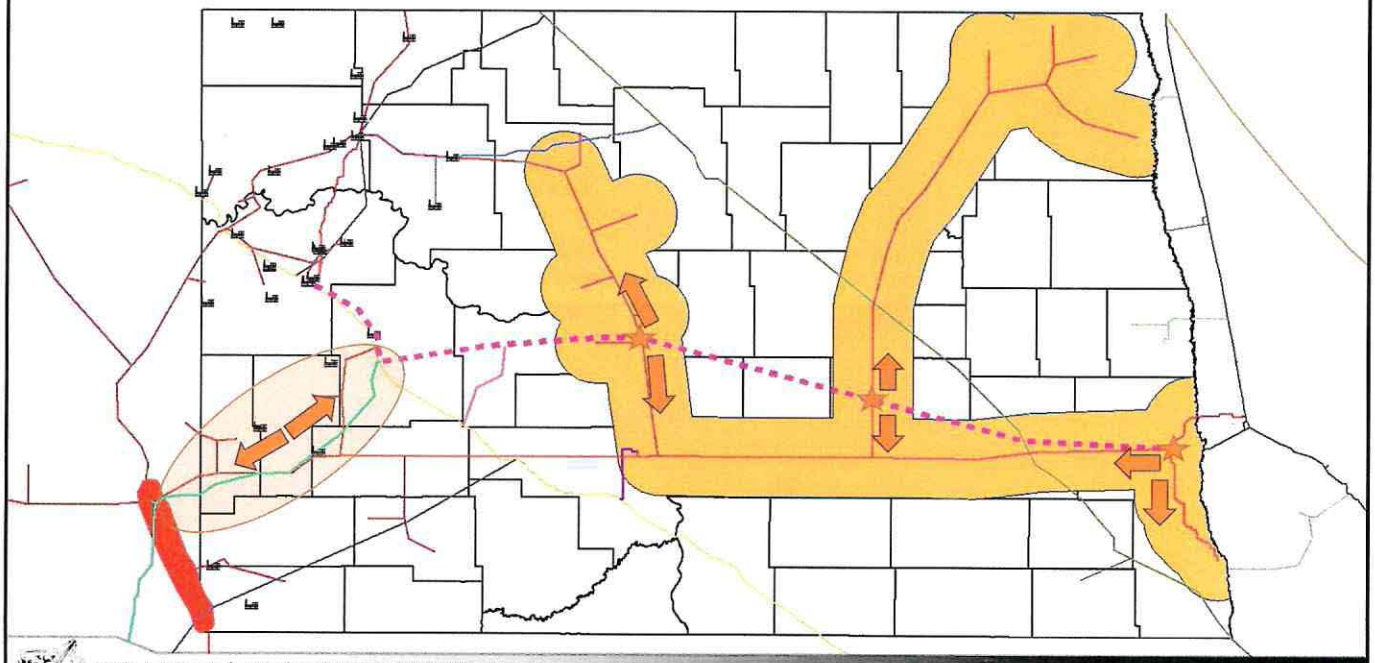
Natural Gas Pipeline Project Highlights

- Non-binding open season Feb 3 – Mar 7, 2025
- 136 Miles: 42" Pipe
- Proposed Capacity 1,500,000 Dth/Day
- January 2028 targeted in-service
- Seeking commitments 20yrs or Longer

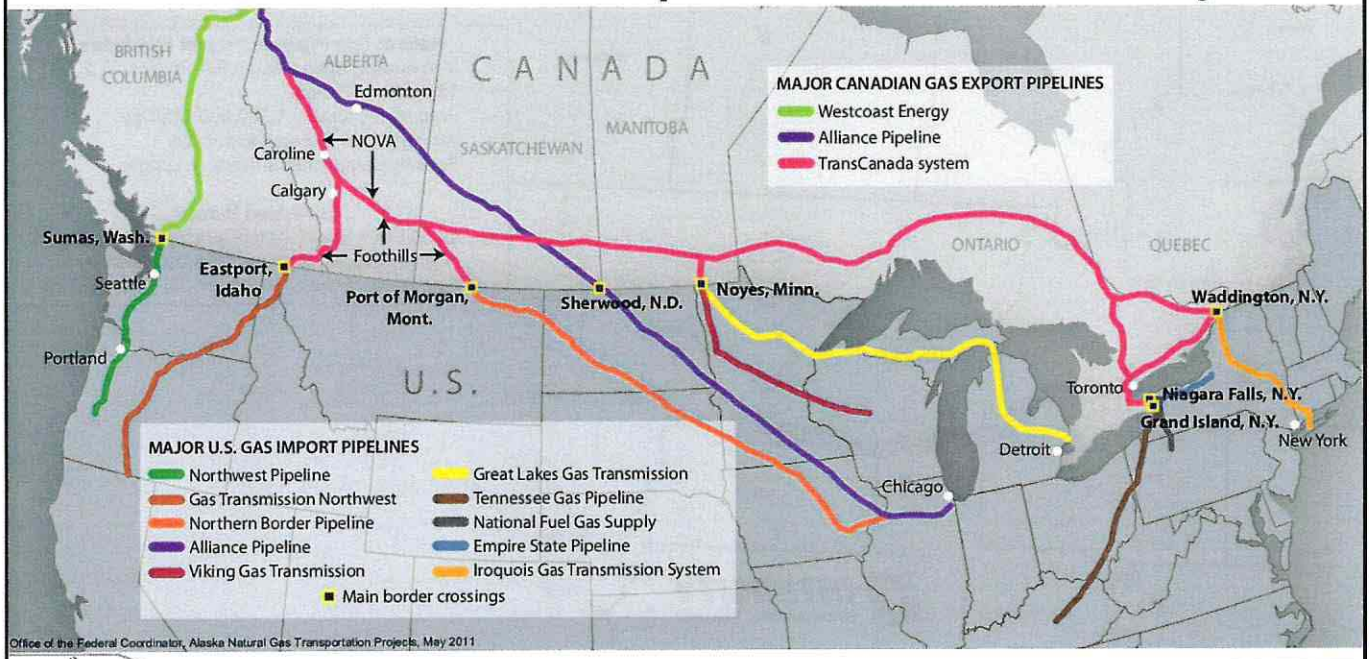
Estimated Rates

- $0.50/Dth + Fuel/Electric/Commodity
- Anchor Shipper Minimum: 100,000 Dth/Day
- Foundation Shipper Minimum: 250,000 Dth/Day

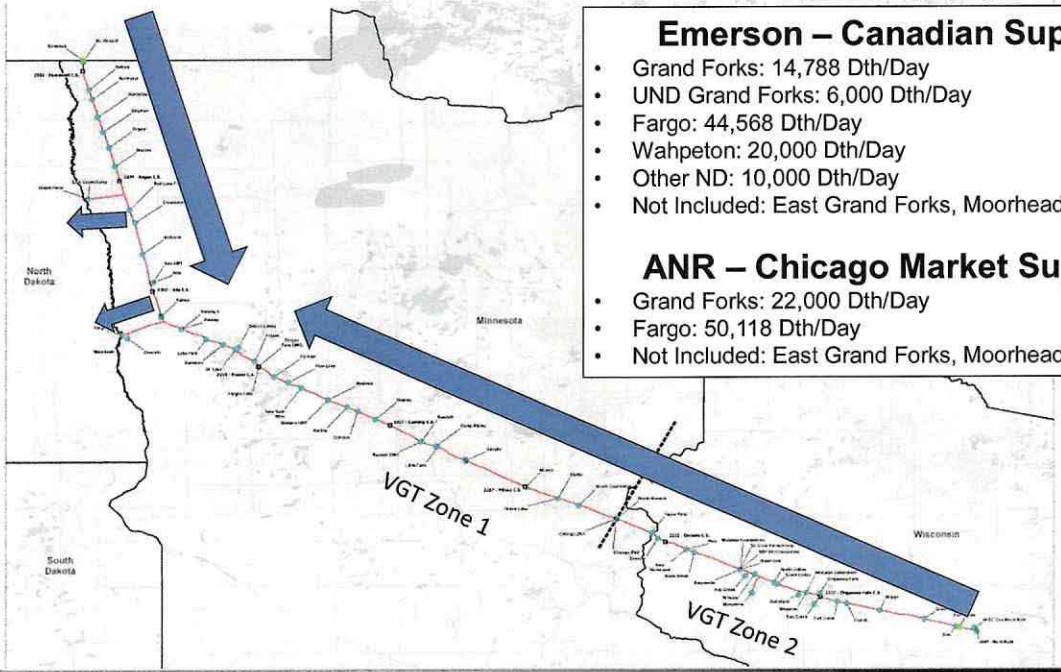
Going East: Benefits Could Extend Beyond Route(s)



Canadian Gas Pipeline Connectivity



Current Eastern North Dakota Gas Supply



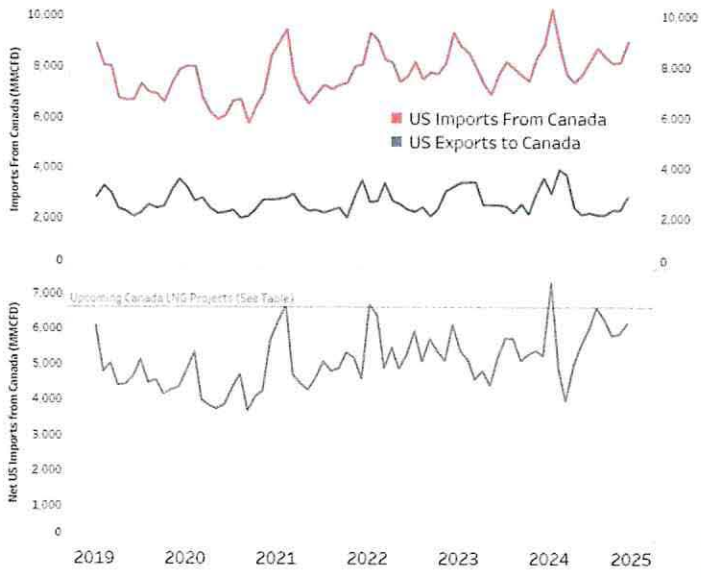
Emerson – Canadian Supply

- Grand Forks: 14,788 Dth/Day
- UND Grand Forks: 6,000 Dth/Day
- Fargo: 44,568 Dth/Day
- Wahpeton: 20,000 Dth/Day
- Other ND: 10,000 Dth/Day
- Not Included: East Grand Forks, Moorhead, Etc.

ANR – Chicago Market Supply

- Grand Forks: 22,000 Dth/Day
- Fargo: 50,118 Dth/Day
- Not Included: East Grand Forks, Moorhead, Etc.

United States Canada Gas Movements & LNG



Projects proposed and under construction

Project	LNG Export Volumes, Million Tonnes per Annum (MTPA)	LNG Export Volumes, Billion Cubic Feet per Day (Bcf/d)
Export Licence – 40 years		
LNG Canada Phase 1 Kitimat, BC	14	1.84
LNG Canada Phase 2 Kitimat, BC	14	1.84
Woodfibre LNG Squamish, BC	2.1	0.28
Ksi Lisims LNG Gingolx, BC	12	1.58
Export Licence – 25 years		
Tilbury LNG Phase 2 Delta, B.C.	2.5	0.33
Cedar LNG Kitimat, BC	3	0.39
Yet to apply for an Export Licence		
Summit Lake PG LNG Prince George, BC	2.7	0.36
Export Licence Not applicable (n/a)		
Tilbury Marine Jetty Delta, BC	n/a	n/a
Total	50.3	6.62

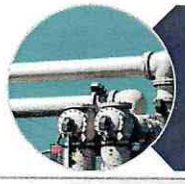
Driving Forces for New Gas Pipelines



Supply Push



Demand Pull



System Reliability/Security

Who Signs Up For Project Capacity?

Shippers



Producers/Midstream



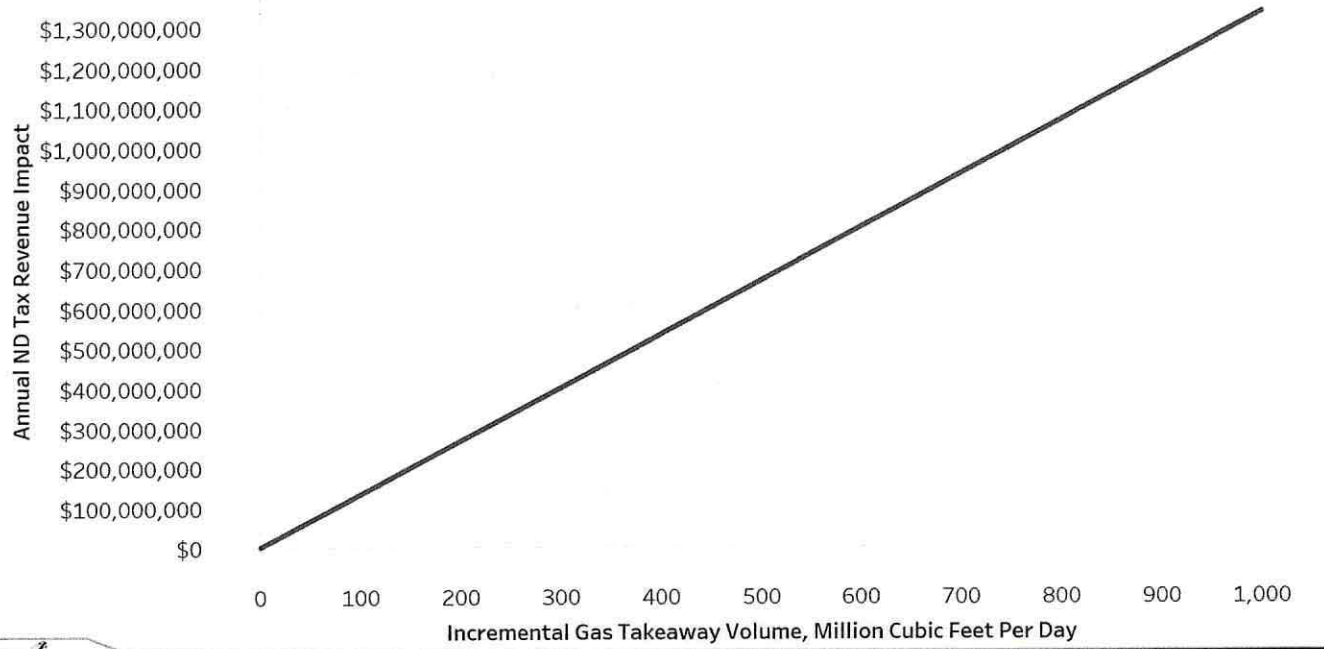
Marketing Firms



Industrial Consumers/LDC

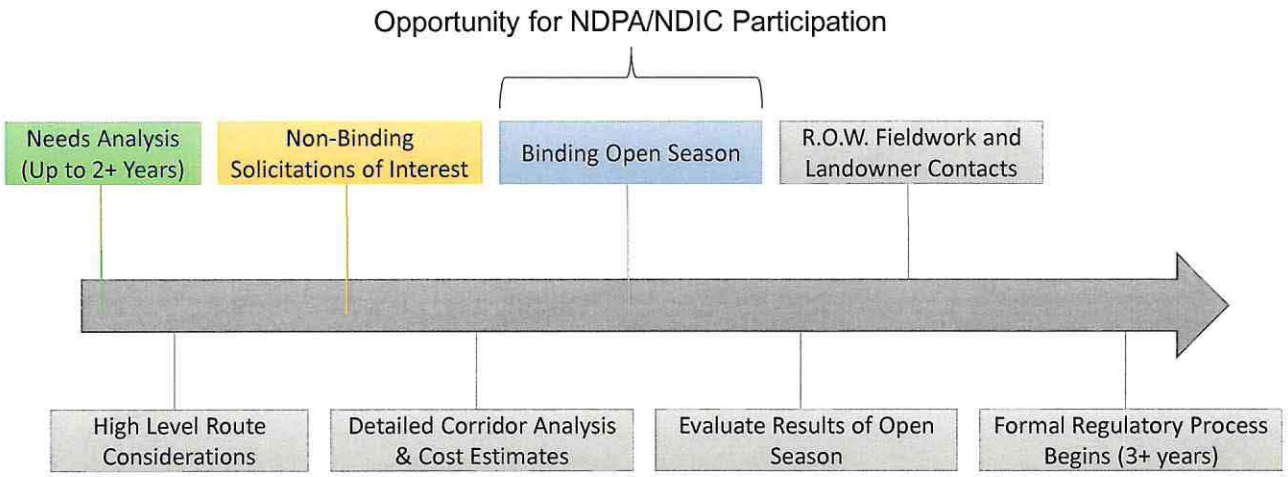
State of North Dakota (PA/IC)

ND Tax Impact of Incremental Gas Capacity



Oil & Nat Gas Taxes Only - Assumes $70/BBL Avg. Wellhead Oil Price

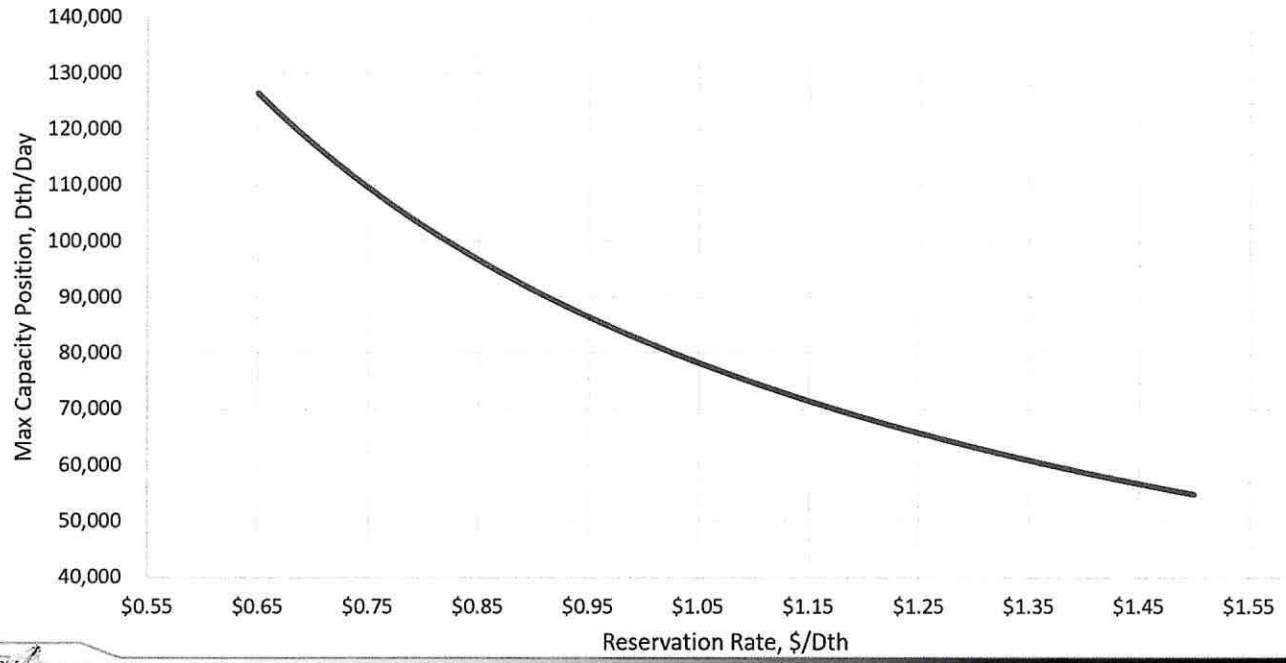
Early Stages of Pipeline Development



Pipeline Authority Century Code– 54-17.7-04.

3. Acquire, purchase, hold, use, lease, license, sell, transfer, and dispose of an undivided or other interest in or the right to capacity in any pipeline system or systems, including interconnection of pipeline systems, within or without the state of North Dakota in order to facilitate the production, transportation, distribution, or delivery of energy-related commodities produced in North Dakota. If the authority acquires, purchases, holds, uses, or leases capacity positions, the authority shall sell, transfer, release, or dispose of the capacity positions at intervals that are no more frequent than monthly and in an amount that is equal to or greater than the market rate, but only if the sale, transfer, release, or disposal of the capacity positions is sufficient to cover the expenses and obligations incurred. The authority's contract obligations for the capacity positions are limited to the capacity rates, charges, and terms.

Capacity and Reservation Rate at $30M/Yr



How Will NDPA Manage Contracted Capacity?

Most Desirable

Least Desirable

- Release capacity to replacement shipper(s) in increments greater than one year at FERC required rate structure
- Release capacity to replacement shipper(s) in increments less than one year at bid rates *(Limited by 54-17.7-04 Subsection 3)*
- Release of capacity to an asset manager for an appropriate term length
- Pay obligated precedent agreement rates until a release or asset management agreement is established

Options Beyond 2026: The 5 "C's"

Construction (Interstate)

- Long-haul Pipe to New or Expanded Markets

Compete

- Price Canadian Volumes to Flow Elsewhere

Compression

- Increase Capacity on Existing Interstate Systems

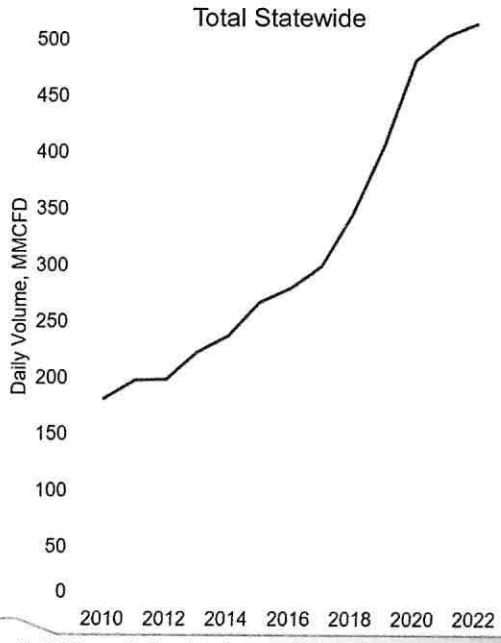
Consumption

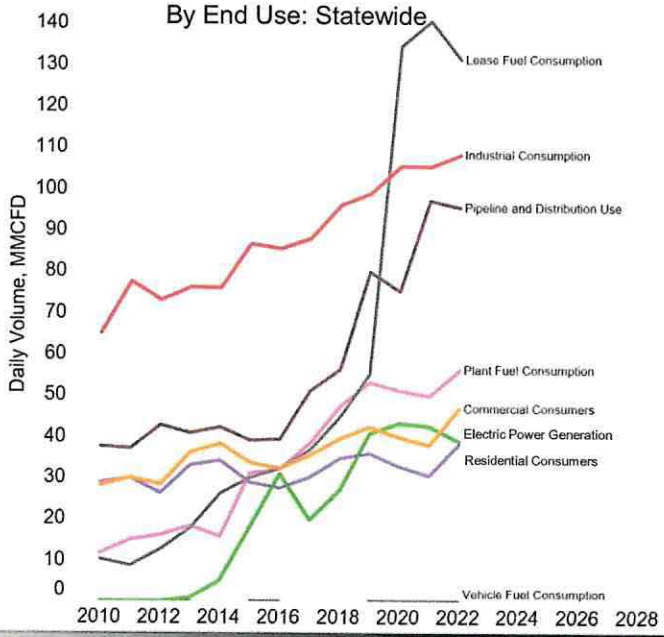
- Intra Region Gas Demand Expansion

Contraction

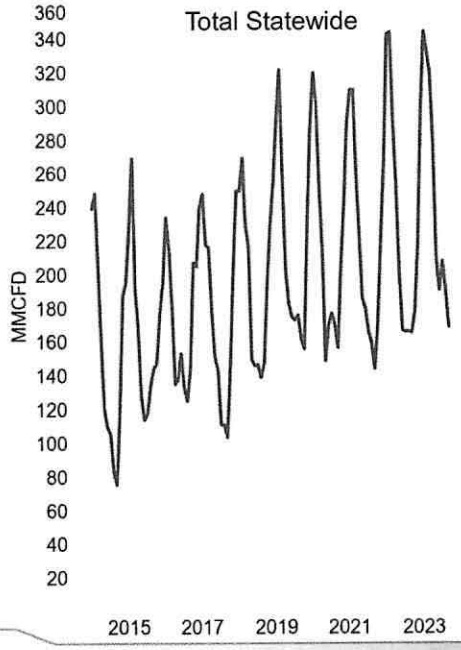
- Reduce E&P Activity to Meet Limited Gas Options

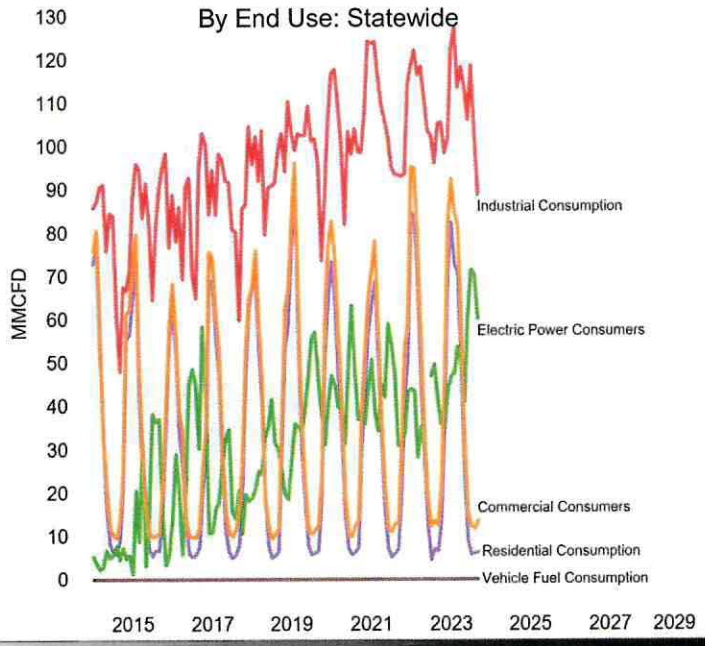
North Dakota Gas Consumption (Annual)



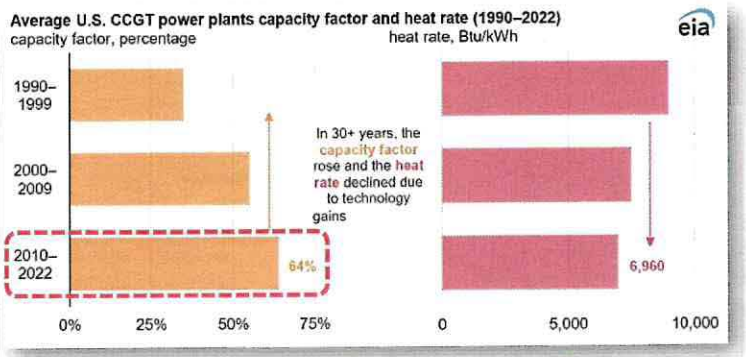


Non-Midstream Consumption (Monthly)

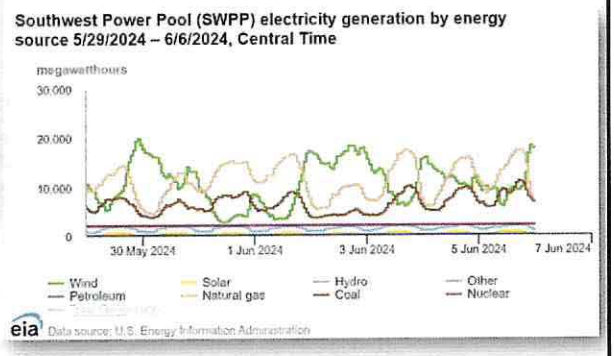


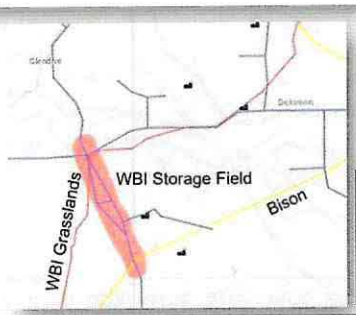


Intermittent Gas-Fired Generation Challenging to Match Oilfield Output



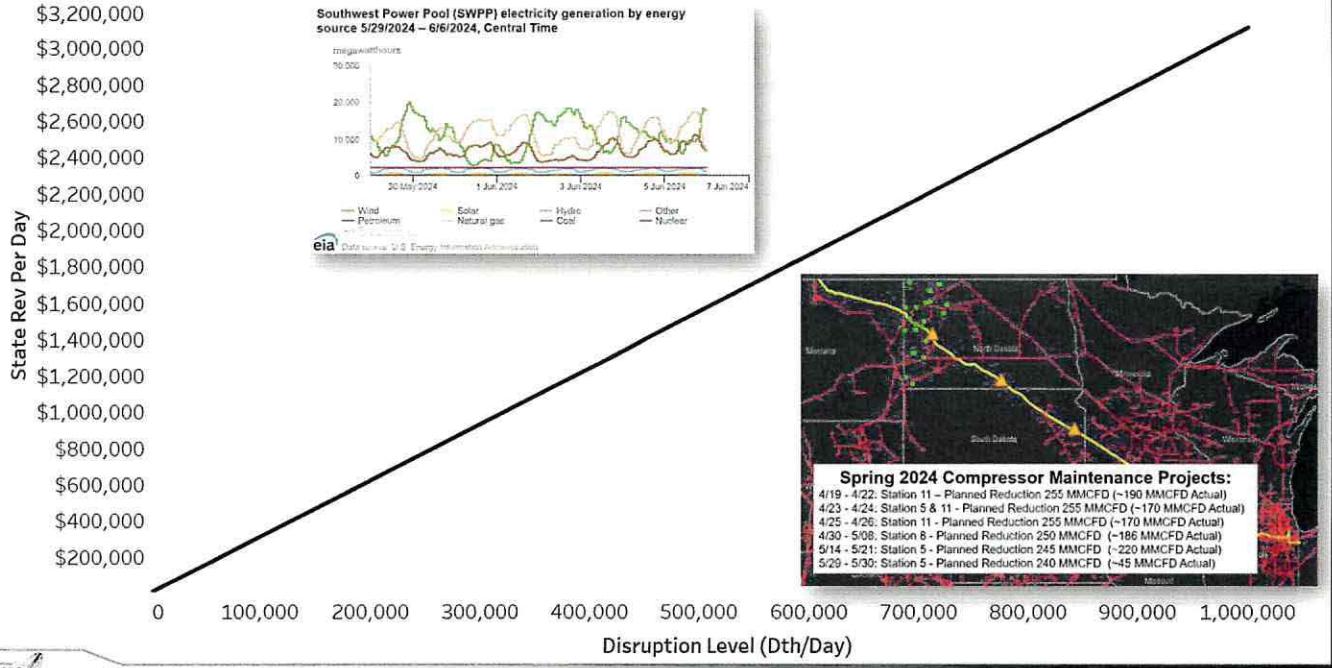
Gas-fired demand can fluctuate hourly, daily, and weekly, depending on system load, weather, etc.





Regional gas storage could provide a balancing solution for intermittent generation, but who pays for the required expansion?

Gas Disruptions Could Be Costly Without Alternatives



Options Beyond 2026: The 5 "C's"

Construction (Interstate)
- Long-haul Pipe to New or Expanded Markets

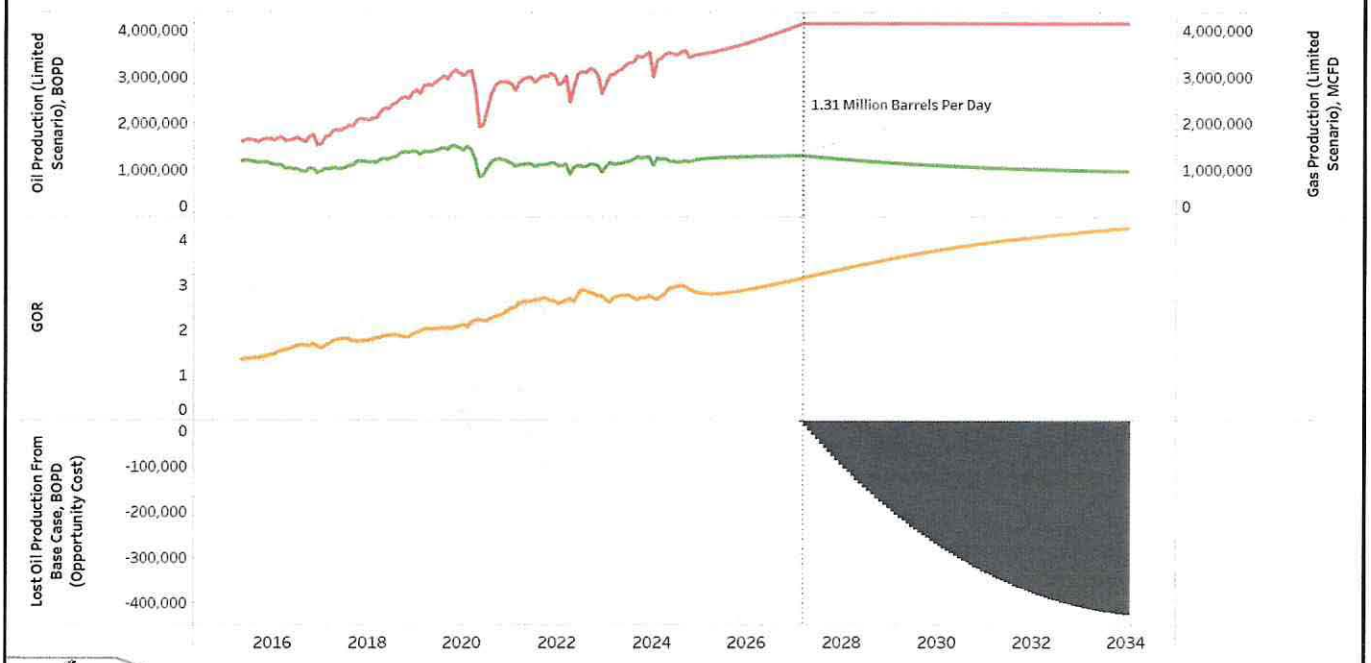
Compete
- Price Canadian Volumes to Flow Elsewhere

Compression
- Increase Capacity on Existing Interstate Systems

Consumption
- Intra Region Gas Demand Expansion

Contraction
- Reduce E&P Activity to Meet Limited Gas Options

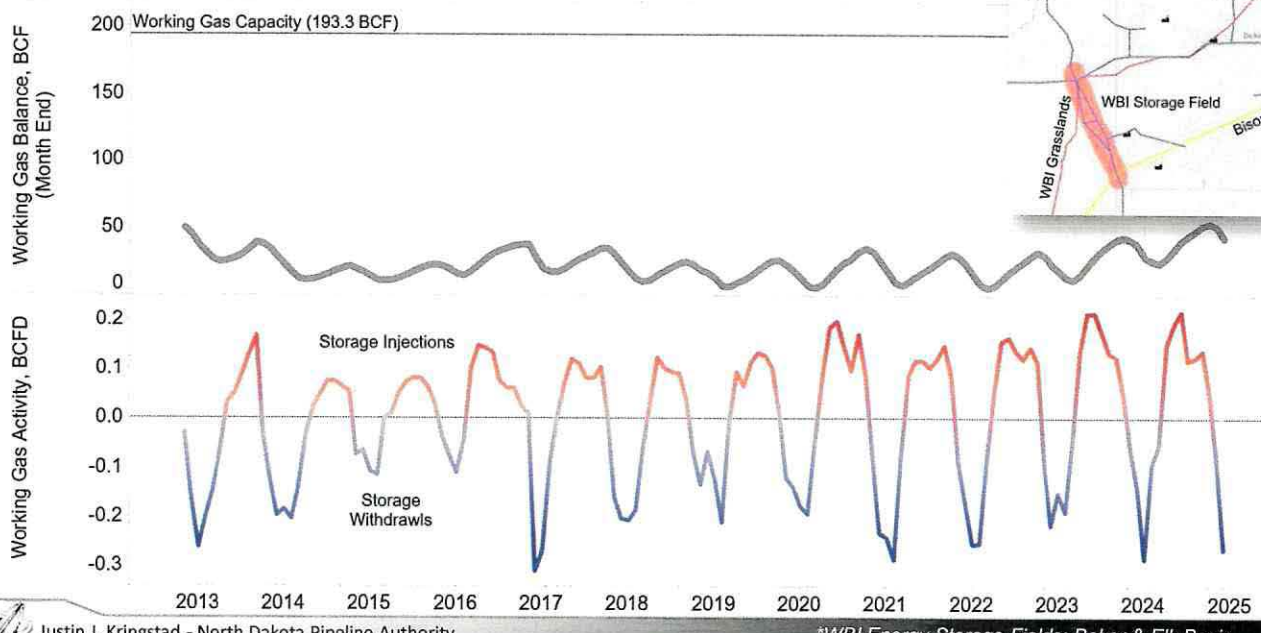
Gas Limitations Could Force Oil Production Down As GOR Rises



⚠ *Assumes NB Canadian Flows at 271,000 MMBTU & 1,100 BTU (Dec-2024)*

Regional Natural Gas Storage

Residue Gas Storage – WBI Energy*



*WBI Energy Storage Fields: Baker & Elk Basin

iPIPE Program Update

EERC | UND UNIVERSITY OF NORTH DAKOTA

iPIPE
INTELLIGENT PIPELINE INTEGRITY PROGRAM



Finding What We Couldn't See, & Finding it First


In-line inspection "small diameter"


Artificial intelligence monitoring


Advanced acoustics


Subsurface polymer absorption monitoring


Intelligent sensors for early detection anywhere


Advanced aerial sensor technology


New generation monitoring from space

North Dakota | SOUTHBOW | ENERGY TRANSFER | ENBRIDGE | HESS | MPLX | TC Energy | ONEOK

Membership Evolution

iPIPE

Founding Industry Partners	iPIPE 1.0	iPIPE 2.0	iPIPE3.0
HESS			HESS / Chevron
Andeavor	acquisition → MPLX		MPLX
equinor		equinor → Exit ND	
dcp Midstream		dcp Midstream → Acquired by Phillips 66	
			SOUTHBOW
GOODNIGHT		ENERGY TRANSFER / GOODNIGHT	ENERGY TRANSFER (Oasis/Crestwood Assets Acquired)
OASIS MIDSTREAM PARTNERS		OASIS → Acquired by Crestwood	
		ENBRIDGE	ENBRIDGE
		TC Energy	TC Energy
ONEOK			ONEOK

EERC | UND UNIVERSITY OF NORTH DAKOTA

Critical Challenges. Practical Solutions.

TECHNOLOGY SCOUTING: 170+ Vetted, 19 projects

iPIPE RFP Statistics						
	2018	2019	2020	2021	2022-2023	2024-2025
Proposals Submitted	7	10	13	24	14	24
Invited to Pitch	7	9	8	10	9	16
Awarded	2	2	2	2	4	7

Physical Sciences Inc. · SwRI · Resolute Labs · SkySkopes · eSmart Systems · FLYSCAN · Orbital Sidekick · DIRECT-C · Rheidiant · INGU Solutions · omnisens · Satelytics · INSITU · Microsoft · KONGSBERG · BRIDGER PHOTONICS

EERC | UND University of North Dakota

Critical Challenges. Practical Solutions.

Current Projects

iPIPE

- **Prevention – ILI** novitech micron ILI technology® · KMAX INSPECTION LLC
- **Technology Advancement** FLOWSTATE · TOKU
- **External** DIRECT-C
- **Methane** BRIDGER PHOTONICS · VANGUARD PIPELINE INSPECTION · FLYSCAN™

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Critical Challenges. Practical Solutions.

Contact Information

Justin J. Kringstad, Director
North Dakota Pipeline Authority

600 E. Boulevard Ave. Dept. 405
Bismarck, ND 58505-0840

Phone: (701)220-6227
E-mail: jjkringstad@ndpipelines.com

811
Know what's **below.**
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Website:
www.northdakotapipelines.com



Testimony on Senate Appropriations
By Claire Vigesaa
Executive Director
North Dakota Transmission Authority

March 12, 2025
House Appropriations Government Operations Division
SB2014

Mr. Chairman and members of the House Appropriations/Government Operations Division Committee, my name is Claire Vigesaa, and I am Executive Director of the North Dakota Transmission Authority.

The North Dakota Transmission Authority was created in Century Code in 2005; NDCC 17-05-02. Its mission is to facilitate the development of transmission infrastructure in North Dakota by supporting build-out or acquisition of needed transmission, participating in regional grid operations- the Southwest Power Pool (SPP), Mid-Continent Independent System Operator (MISO), and the Midwest Reliability Organization (MRO); producing annual reports, conducting grid assessments, and leading grid reliability and generation resource adequacy studies.

Like farmers need roads and gas producers need pipelines, electric generation needs transmission lines to deliver power supply to load and to market. As you know, North Dakota has seen dramatic increases in electric demand over the last decade; electric sales within North Dakota from 2016-2023 rose over 52%. Certainly, we know that the oil/gas development has

and continues to require major power supply and transmission buildout. In addition to that, there has been significant electric demand increases for ag processing expansion, ethanol production, soybean processing, grain storage & handling and national defense systems. More recently, we've seen opportunity for North Dakota to be a safe & economical location to serve the world's data and artificial intelligence facilities and we see exciting opportunities for critical & rare element development. As our state population has increased, we are serving more homes, retail centers and health care facilities, all drivers for more power, more transmission lines, more natural gas lines and highway system expansion.

Further, North Dakota is rich in resources needed to produce electricity. Our abundant coal reserves, growing supply of natural gas and excellent wind energy resources position North Dakota to be a reliable and affordable electricity producer for our neighbors, region, and nation.

Over the past four years, there have been major regulatory reforms proposed that would shutter current and hinder future development of fossil fuel generation. This occurring at the same time as demand for electricity is rising. Over the last few seasons, the Midwest Reliability Organization has put our region in an "elevated" risk area for potential for insufficient operating reserves in above-normal conditions; concerning to say the least.

In response to these EPA attacks, the North Dakota Transmission Authority commissioned two studies in 2024 and provided reports for the North Dakota Attorney General's efforts to fight the regulatory attempts. One of the reports analyzed the impact of the proposed EPA Mercury and Air Toxic Standards and another study identified the effects of grid reliability in North

Dakota from the New Source Performance Standards for Greenhouse Gas Emissions. The proposed Mercury and Air Toxic standard model showed that MISO would be unable to guarantee peak demand by 2029! The Greenhouse rule would render MISO unable to guarantee peak demand by 2028! And SPP would have insufficient generation to meet peak demand beyond 2030. We can't let this happen on our watch!

The new Administration will certainly bring relief to these concerns, but we must remain vigilant in supporting a policy and a regulatory environment that is stable so that developers can confidently invest in long-term assets like pipeline networks, electric transmission, and power generation.

Currently, the ND Transmission Authority is collaborating with the EERC on a study "Assessing North Dakota's Electrical Infrastructure in an Evolving Energy Landscape" slated to be complete the 3rd quarter 2025. This study looks at the impact and opportunities for load growth from oil/gas development, ag processing to data processing as well as general industrial/business growth.

On a positive note, we are pleased to see a significant shift and alignment on the need for dispatchable generation resources. While we can't take credit for all this progress, the ND Transmission Authority has been vigilant in providing information and educational materials to that end. We have seen the North American Electric Reliability Corporation, (NERC), the Federal Energy Regulatory Commission (FERC), the Midwest Reliability Organization (MRO) Midcontinent Independent System Operator (MISO), the Southwest Power Pool (SPP), the ND

Public Service Commission, the ND Industrial Commission, the ND Legislative body and the utilities all forthright in the need for retaining existing baseload-dispatchable generation and focused on the development of more generation using coal, natural gas and nuclear fuel stock.

Because of this alignment, and the North Dakota Transmission Authority's completion of the regulatory impact studies and the present transmission and generation capacity study under way with the EERC (due out 3rd quarter 2025), we don't expect we will need funds for additional studies this coming biennium. The proposed line-item budget for the North Dakota Transmission Authority of $400,000 by Governor Armstrong and the Senate will be helpful to continue efforts to promote & support generation resource adequacy and transmission capacity for North Dakotans.

To that end, we ask for your support of $1,750,000 ($583,000 per FY) of state match for the FY24, FY25 & FY26 IIJA Grid Resilience Formula Grant of 3,885,295/year or $11,655,885 for the three fiscal years. Further, we ask for your support of $400,000 of general fund dollars for the North Dakota Transmission Authority. The budget will ensure that the North Dakota Transmission Authority may continue its efforts to participate in state, regional and national arenas to promote thoughtful and affordable transmission solutions for North Dakota and the nation.

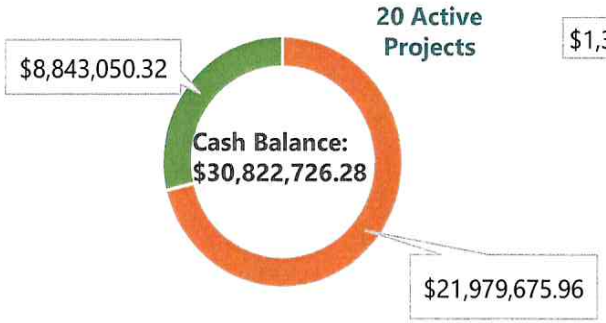
In summary, North Dakota's leadership in the development and production of fossil fuels and agricultural products requires infrastructure to serve growing native load, to expand export capacity and get North Dakota's products to market. Supporting transmission and generation

expansion will have a direct and immediate impact on North Dakota's grid reliability and economic security.

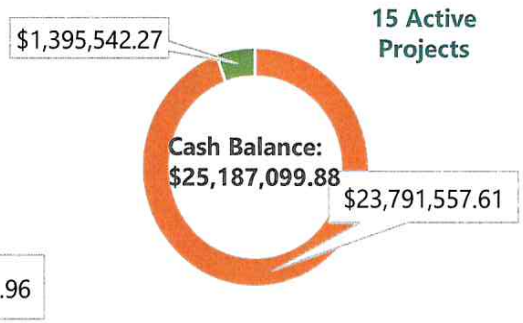
Thank you for the opportunity to appear and to ask, on behalf of the North Dakota Industrial Commission acting as the North Dakota Transmission Authority, for your support of SB2014.

INDUSTRIAL COMMISSION-MANAGED FUNDS

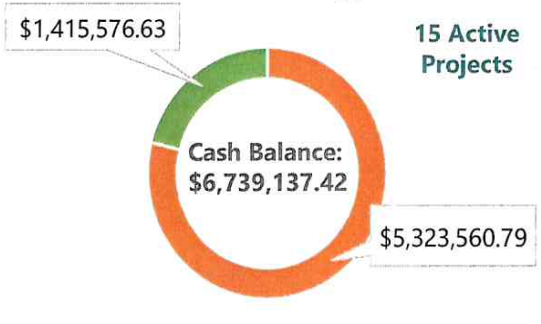
Lignite Research Fund



Oil and Gas Research Fund



Renewable Energy Fund



Outdoor Heritage Fund



CSEA Fund*



Total Active Projects
142

Total Committed Dollars 2023-2025
$67,451,330.01

Updated 3/10/25

BIENNIUM-TO-DATE

Grant Program	Funding Available	Funding Awarded
CSEA	$ 30,000,000.00	$ 32,329,362.00
Lignite Research Program	$ 18,500,000.00	$ 10,515,099.00
Oil & Gas Research Program	$ 17,500,000.00	$ 13,271,586.00
Renewable Energy Program	$ 3,000,000.00	$ 2,371,950.00
Outdoor Heritage Fund	$ 15,000,000.00	$ 8,963,333.01
TOTAL=	**$ 84,000,000.00**	**$ 67,451,330.01**

CLEAN SUSTAINABLE ENERGY AUTHORITY

Project	Amount Awarded
C-04-10 Bushel Farm Traceability Dashboard	$ 5,529,362.00
C-04-11 Wellspring Hydro- Unlocking the full potential of produced water	$ 5,000,000.00
C-05-12 Green Pig Iron Production Facility	$ 7,000,000.00
C-05-13 Marathon Petroleum Dickinson Renewable Fuel Facility Expansion	$ 3,300,000.00
C-05-14 Dakota Lithium- Technology for Lithium-Ion Batteries	$ 2,000,000.00
C-05-15 Cerilon FEL-3	$ 9,500,000.00
TOTAL=	**$ 32,329,362.00**

LIGNITE RESEARCH PROGRAM

Project	Amount Awarded
FY23-103-255 Semplastics- High value products from produced water	$ 100,000.00
FY24-104-256 LEC- Continued funding for Public Affairs program	$ 1,800,000.00
FY24-104-257 Rainbow Energy- Bridge Study for CCS at Coal Creek Station	$ 1,094,416.00
FY24-104-258 Americarbon- Coal Pitch Manufacturing	$ 743,809.00
FY24-105-259 Microbeam- Germanium & Gallium Concentrates	$ 376,000.00
FY24-105-260 EERC- Williston Basin PCOR	$ 1,250,000.00
FY24-105-261 EERC- Coal Creek Carbon Storage	$ 5,150,874.00
TOTAL=	**$ 10,515,099.00**

OIL & GAS RESEARCH PROGRAM

Project	Amount Awarded
G-058-113 One OK Roughrider Carbon Storage Hub	$ 525,000.00
G-058-114 Cobra EOR	$ 2,000,000.00
G-058-115 BPOP 4.0	$ 4,000,000.00
G-060-117-Blue Rock Solutions- Methane Detectors Phase II	$ 450,000.00
G-061-118 EERC Project Polar Bear	$ 2,566,341.00
G-061-119 Cobra EOR Phase II	$ 1,000,000.00
G-061-120 NDPF Outreach & Education Program	$ 930,245.00
G-061-121 EERC CO2 EOR Pilot	$ 1,800,000.00
TOTAL=	**$ 13,271,586.00**

RENEWABLE ENERGY RESEARCH PROGRAM

Project	Amount Awarded	
R-52-070 UND SH0WUP	$	500,000.00
R-52-071 EERC- Prairie Horizon Carbon Management Hub	$	100,000.00
R-53-072 EERC- Regional EV Infrastructure study	$	375,000.00
R-54-073 New Carbon- American Crystal Sugar RNG	$	455,000.00
R-54-074 New Carbon- Van Bedaf Dairy RNG	$	455,000.00
R-54-075 Singularity Energy Technologies- Sandwich Gasifier Commercialization	$	486,950.00
TOTAL=	**$**	**2,371,950.00**

OUTDOOR HERITAGE FUND

Project	Amount Awarded
023-225 Audubon Great Plains Management Toolbox	$ 747,400.00
023-226 Mayville Dam	$ 396,595.48
023-227 Napoleon Recreation Trail	$ 750,000.00
023-228 McLean Co. Lost Lake Fish Passage	$ 66,735.53
023-229 McLean Co. Painted Woods flood protection/recreation project	$ 50,250.00
023-230 ND Natural Resources Trust Wildlife Dams Phase II	$ 267,750.00
023-231 Phesants Forever Habitat	$ 250,000.00
023-232 TMBCI Fishing/Boat Access project	$ 109,800.00
024-233 NDSU-ND Forest Service Windbreak 4.0	$ 900,000.00
024-234 Belfeild Dam Improvements	$ 145,125.00
024-235 NDNRT-Working Lands Program III	$ 1,625,000.00
024-236 NDNRT- Badlands Restoration Project	$ 77,000.00
024-237 ND Prescribed Fire Program	$ 200,000.00
024-238 Sunset Park PreK Playground	$ 10,000.00
024-239 McLean Co. Painted Woods flood protection	$ 1,000,000.00
025-240 Mule Deer Foundation- Big Game Connectivity/Habitat Fragmentation	$ 750,000.00
025-241 NDPF- Planting for the Future	$ 220,177.00
025-242 Audubon Great Plains- ND Grazing Management Toolbox	$ 635,000.00
025-243 NDNRT- Working Grassland Partership 7	$ 762,500.00
TOTAL=	**$ 8,963,333.01**

2025 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division
Brynhild Haugland Room, State Capitol

SB 2014
3/20/2025

A BILL for an Act to provide an appropriation for defraying the expenses of the industrial commission and the agencies under its control; relating to confidential and exempt records of the Bank of North Dakota and interest rate buydown limits for the partnership in assisting community expansion fund; elating to a salt cavern underground energy storage research project; to provide for a transfer; to provide an exemption; to provide for a legislative management study; to provide for a legislative management report; and to provide for a report.

10:56 a.m. Vice Chairman Brandenburg called the meeting to order.

Members Present: Chairman Monson, Vice Chair Brandenburg, Representatives: Bosch, Fisher, Kempenich, Meier, Pyle.

Discussion Topics:

- Community Housing and Grant Managements
- Multi-Family Development and Rehabilitation Programs
- North Dakota Homeless Grant
- Housing Incentive Fund (HIF)
- Rural Housing in North Dakota
- United Way Services

10:57 a.m. Jennifer Henderson, Director, North Dakota Finance Agency, testified in favor and submitted testimony #43269.

11:18 a.m. Dawn Mandt, Executive Director, Red River Regional Council, testified in favor and submitted testimony #43144.

11:34 a.m. Lisa Rotvold, Member, Red River Community Housing Development Organization, testified in favor and reviewed testimony #43143.

11:50 a.m. Amie Vasichek, City Auditor, City of Lakota, testified in favor and submitted testimony #43097.

11:53 a.m. Donald Sternhan, President, CR Builders LCC, testified in favor and submitted testimony #42861.

12:00 p.m. Dan Madler, CEO, Beyond Shelter Inc., testified in favor and submitted testimony #43179.

12:09 p.m. Emily Contreras, Executive Director, Grand Forks Community Land Trust and Minot Area Community Land Trust, testified in favor and submitted testimony #43227.

12:19 p.m. Stacy Pederson, Former Minot Resident, Recipient of United Way Services, testified in favor.

12:22 p.m. Matthew Dockter, Former Underwood Resident, Recipient of United Way Services, testified in favor.

12:24 p.m. Brian Kerzman, Recipient of United Way Services, testified in favor.

12:27 p.m. Dion Schilling, Former Dickinson Resident, Recipient of United Way Services, testified in favor.

12:33 p.m. Jena Gullo, Executive Director, Missouri Slope Area United Way, testified in favor and submitted testimony #43189.

12:41 p.m. David Flohr, Executive Director, Housing Finance Agency, testified in favor.

Additional written testimony:

David Klein, Executive Director, Great Plains Housing Authority, submitted testimony in favor #41557 and #43223.

Tom Alexander, Provider of Affordable Housing, Minot Housing Authority, submitted testimony in favor #42902.

Erin Prochnow, CEO, YWCA Cass Clay, submitted testimony in favor #42906.

Janelle Moos, Associate State Director, AARP, submitted testimony in favor #43085.

Andrea Pfenning, Vice President Government Affairs, GNDC, submitted testimony in favor #43180.

Cale Dunwoody, FMWF Chamber of Commerce, submitted testimony in favor #43218.

Christy Miller, Executive Director, Souris Valley United Way, submitted testimony in favor #43224.

Bruce Murry, Lobbyist, Fraser Ltd, submitted testimony in favor #43228.

Heather Ingman, Assistant Director, DVRCC, submitted testimony in favor #43234.

Keith Kempenich, Representative, ND Legislation, submitted testimony in neutral #43246.

12:42 p.m. Chairman Monson closed the meeting.

Madaline Cooper, Committee Clerk

Great Plains Housing Authority

Serving Dickey, Eddy, Foster, Logan, Sargent, Stutsman, and Wells Counties

To: ND House Appropriations Committee
From: David Klein, Executive Director
Date: March 14, 2025
Re: SB2014

Great Plains Housing Authority supports SB2014 and the allocations to assist with $10 million for homelessness and continue the Housing Incentive Fund with $25 million.

Mailing address: 300 2nd Ave NE – Suite 200, Jamestown, ND 58401
Toll free: 800-340-4537
Phone: 701-252-1098
Fax: 701-252-7735
Web: www.greatplainsha.com
Email: office@greatplainsha.com
Locations: Carrington, Ellendale, Jamestown, New Rockford

To: House Appropriations Committee – Government Operations Division

From: Don Sterhan, President
CR Builders, LLC
2101 Overland Avenue
Billings, Montana 59102

Date: March 20, 2025

Ref: **Testimony in Support of SB 2014; funding for the Housing Incentive Fund (HIF)**

My name is Don Sterhan and I am the President of CR Builders, LLC. Our company is based in Billings, Montana, and for the past 22 years, we have dedicated ourselves to the finance and development of affordable housing projects, primarily in the states of North Dakota, Montana and Wyoming.

In North Dakota alone, acting as both a tax credit syndicator and affordable housing developer, I'm proud to say that we've successfully completed 16 projects, investing nearly $110 million and delivering 583 affordable housing units to urban and rural communities throughout North Dakota.

If we drill down a little further into those numbers, we have utilized the HIF program in six of our affordable housing projects, a total of $6.8 million in funding that has produced 279 homes for essential service workers and for seniors.

So with that background, I would like to first start by complimenting the North Dakota legislature and the North Dakota Housing Finance Agency (NDHFA) for the work they have done to make the Housing Incentive Fund (HIF) a reality. I believe it is paramount that the legislature of North Dakota continues to support the HIF program.

Because of the HIF program, projects that would not have been possible in the State are now a reality. The Fund has already made great strides to create housing options for vital members of our communities such as teachers, nurses and medical staff, as well as city, county and state employees. I'm grateful for the unique financing tool the HIF program has created and, again, I commend the work that is being done with this program to advance affordable housing.

Why is this program important?

- The Housing Incentive Fund (HIF) is a proven public-private partnership that works! This is a unique and innovative program – it's an idea that works and it's an idea that has proven itself to be successful. I see the HIF program as a critical strategy to provide much-needed gap financing, a layer of funding that is critical to get projects across the finish line.

- To offer more context, consider how things have changed over the past 3-4 years in our construction environment. Today our landscape is completely different. Development costs have nearly doubled, interest rates are way up, we have serious supply chain issues, and the lack of skilled manpower is evident in nearly every community. With these factors at play, the economics are tough and it's hard to get the math to work. Many affordable housing projects just don't pencil any longer.

- Against this backdrop, the type of financing available is critically important. The traditional sources and layers of financing (a combination of debt and equity) are no longer sufficient if '*affordability*' is truly the goal and objective.

- In today's cost structure, there is indeed a "gap" in terms of the funding needed versus what is readily available. Additional layers of financing are needed to round-out the capital stack and complete the financing plan. It is this "gap funding" that is being addressed by the HIF program ... and that's why it's so important.

- With such a resource to fill the funding gap, any number of housing projects will now have the wherewithal to advance to completion. The net result is a new inventory of safe, quality housing – at an affordable price.

Economic and Community Benefits

- **Leverage**: The HIF Program allows us to further leverage federal sources and programs. The availability of federal funding is a big step forward in providing financing for affordable housing ... but it is only part of the solution. By augmenting these federal dollars with gap funding from local sources, we actually close the gap and complete the capital stack. Without the ability to do so, housing projects then stay on the shelf and we forego the opportunity to effectively utilize the federal dollars.

- **First-hand Experience with the impact and benefit of HIF**: Our company has applied for funding from the HIF program on several occasions as we've worked to produce affordable housing in North Dakota. As outlined in the attached exhibit, out of the sixteen projects we've helped to finance and develop in North Dakota overall, we've utilized HIF dollars in six of these projects over the past 10 years, totaling $6.8 million and accounting for 279 new rental units for workforce housing and seniors aged 55+.

- This HIF contribution of $6.8 million is only a portion of the overall capital stack of six projects, amounting to only 11.2% of the Total Development Costs. That's pretty effective leverage ... producing 279 homes that would otherwise be missing from our local communicates.

Exhibit A

	North Dakota - Affordable Housing	Placed in Service Date	City	Construction Type	Project Type	Units	Total Development Cost (TDC)	HIF Amount	% of TDC
1	Serenity Apartments Limited Partnership	Sep 2005	West Fargo	New	Senior	18	$1,577,950		
2	Heritage Village Limited Partnership	May 2004	Milnor	New	Family	6	$503,312		
3	Homestead Commons Limited Partnership	Sep 2004	Gwinner	New	Family	6	$626,739		
4	Garden Hills, L.P.	Jun 2007	Jamestown	New	Senior	37	$3,686,649		
5	MDI Limited Partnership #92 (Park Century Apartments)	May 2008	Bismarck	Rehab	Family	60	$3,870,208		
6	MDI Limited Partnership #100 (Library Square II)	May 2008	Mandan	New	Senior	45	$5,457,399		
7	Northwood Village Limited Partnership	Oct 2008	Northwood	New	Family	16	$2,181,459		
8	Independence Pointe, LP	Nov 2014	Bismarck	New	Disabled	24	$3,998,480	$425,000	10.63%
9	ParkRidge Townhomes	Sep 2015	Williston	New	Family	36	$7,226,526	$2,048,224	28.34%
10	Sierra Court, LLC	Oct 2016	Bismarck	New	Senior	40	$7,464,871	$600,000	8.04%
11	Northern Place, LLLP	Dec 2016	Dickinson	New	Family	36	$7,956,602		
12	Dacotah Ridge LLLP	Oct 2019	Dickinson	Rehab	Disabled	24	$4,168,069	$315,000	7.56%
13	Century Cottages, LLLP	Sep 2020	Bismarck	New	Senior	35	$8,712,960	$408,047	4.68%
14	Jackson Flats Community, LLLP	Feb 2023	Grand Forks	New	Senior	40	$10,766,970		
15	Prairie Ridge 4% LLLP	Jul 2024	Fargo	New	Senior	120	$28,782,679	$3,000,000	10.42%
16	Century View Apartments	Sep 2024	Bismarck	New	Family	40	$12,424,600		
						583	**$109,405,473**	**$6,796,271**	

Exhibit B

CR Builders, LLC -- Affordable Housing Projects that include funding from the HIF program

	North Dakota - Affordable Housing	Placed in Service Date	City	Construction Type	Project Type	Units	Total Development Cost (TDC)	HIF Amount	% of TDC
1	Independence Pointe	Nov 2014	Bismarck	New Const	Disabled	24	$3,998,480	$425,000	10.63%
2	ParkRidge Townhomes	Sep 2015	Williston	New Const	Family	36	$7,226,526	$2,048,224	28.34%
3	Sierra Court	Oct 2016	Bismarck	New Const	Senior	40	$7,464,871	$600,000	8.04%
4	Dacotah Ridge	Oct 2019	Dickinson	Rehab	Family	24	$4,168,069	$315,000	7.56%
5	Century Cottages	Sep 2020	Bismarck	New Const	Senior	35	$8,712,960	$408,047	4.68%
6	Prairie Ridge Apartments	Jul 2024	Fargo	New Const	Senior	120	$28,782,679	$3,000,000	10.42%
						279	**$60,353,585**	**$6,796,271**	**11.26%**

Recap and Fact Summary

The 2024 North Dakota Statewide Housing Needs Assessment

The following points highlight the key findings and projections regarding housing needs and trends in North Dakota:

Population Characteristics

- **Growth Trends**: North Dakota's population grew by 16% from 2010 to 2020, driven by the oil and gas industry. Growth has slowed to 0.6% annually since 2015.
- **Aging Population**: The number of residents aged 65 and older is projected to increase by 22% by 2027.
- **Diversity**: The racial and ethnic diversity of the state has nearly doubled since 2010.

Housing Characteristics

- **Homeownership**: Homeownership rates have declined across all income levels, with the greatest declines among lower and moderate-income households.
- **Rental Costs**: Median gross rent increased by 50% from 2012 to 2022, significantly outpacing inflation.
- **Housing Sales**: Average home sale prices increased in all major cities, with the highest increase in West Fargo (89%).

Housing Affordability

- **Cost Burden**: 39% of renters and 15% of homeowners are cost-burdened, spending more than 30% of their income on housing.
- **Income Disparities**: Lower-income households face significant challenges in finding affordable housing, with only 34% of owner-occupied homes affordable for families earning up to $58,081.

Future Housing Needs

- **Projected Growth**: The state needs an additional 20,382 housing units by 2027 to meet future demand.
- **Elderly Housing**: The most significant increase in housing needs will be for the elderly population, projected to grow by 22%.

Affordable Housing Programs

- **Subsidized Units**: There are 11,216 subsidized multifamily housing units in the state, with 35% receiving rental assistance.
- **Program Challenges**: Many affordable housing units are aging and may need repair and rehabilitation.

House Appropriations – Government Operations Division Public Hearing
65th LEGISLATIVE ASSEMBLY
January 21, 2025
SB 2014

Chairman Monson, and members of the Committee my name is Tom Alexander, and I am the Executive Director of the Minot Housing Authority (MHA). I am writing in support of SB 2014 Section 6, #2 to transfer the sum of $25,000,000 from the strategic investment and improvement fund to the housing incentive fund.

In Minot we have over 500 households on a waiting list for housing assistance and the list continues to grow daily. At the same time that the demand for affordable housing still exist. For example, our average Housing Assistance Payments per landlord is currently $586 per month compared to $290 in 2008.

MHA was approached by Beyond Shelter, a nonprofit affordable housing developer in Fargo in 2012/13 to partner on a variety of projects to create affordable housing in Minot area. To date, this partnership has completed a two phase 64 unit affordable town home project called Washington Town Homes (SE Minot), a 42 unit called Fieldcrest (NE Minot), a 55 and older apartment setting with 40 units called Cooks Court (SE – just north of Kmart), a 40 unit town home style called The Burlington Willows (Burlington, ND), a 35 unit apartment called Sunset Ridge (NW Minot) and Souris Heights (NW Minot), a 55 and older property.

Since 2012/13 BSI and MHA have created 275 affordable units for essential workers, seniors and low income. It is my hope that this partnership continues to grow to ensure that future and maintain affordable housing

units for the community of Minot. Having said that, the Housing Incentive Fund has been very instrumental in putting the funding together to ensure that the rents remain affordable for the above mentioned projects.

In my opinion, the Housing Incentive Fund has been the most successful program developed that has created affordable housing units all over the state of North Dakota.

Thank you and I would be happy to answer any questions you may have. My contact information is,

Tom Alexander – Minot Housing Authority

tom.alexander@minothousing.com

701-852-0485 ext. 103

701-240-8179 (cell)

eliminating racism
empowering women
ywca
cass clay

Testimony from Erin Prochnow, CEO, YWCA Cass Clay
North Dakota House Government Operations Subcommittee on Appropriations
March 20, 2025
SB 2014

Good afternoon, Mr. Chairman and members of the committee, my name is Erin Prochnow, CEO at YWCA Cass Clay. Our agency offers the largest Emergency Shelter for women and their children escaping domestic violence and homelessness in North Dakota and northwestern Minnesota. Founded in 1906, YWCA has provided emergency shelter for more than 45 years. We also operate a sizeable Supportive Housing Program serving 97 households in Fargo and West Fargo.

YWCA Cass Clay supports the appropriation to $10 million to the North Dakota Homeless Grant (NDHG) and $25 million to the Housing Incentive Fund (HIF). YWCA has utilized both programs to offer emergency shelter and supportive affordable housing services in our work to provide safety to 350 women and children every day who face homelessness a result of violence.

North Dakota Homeless Grant (NDHG)

Previous NDHG awards to YWCA primarily support basic services such as electricity costs to maintain the emergency shelter. The annual operating budget of our shelter program is approximately $1.8 million. Safety and security for about 1,250 women and children facing violence and homelessness are served at YWCA Emergency Shelter annually.

The Fargo Moorhead shelter community participates in a triage system providing those with the greatest need to access shelter first. YWCA and other service providers participate in this shelter prioritization collaboration and still receive direct phone calls, referrals and walk ins. In the last three months of 2024, at YWCA Emergency Shelter, there were 707 direct calls for service where 383 diversion screenings took place, and 99 households were able to be sheltered. YWCA had the capacity to shelter approximately 35% of those seeking shelter.

YWCA is an agency who applied only for what we knew was available in funding from NDHG previously. The numbers requested in aggregate applications at NDHFA, in my judgement, are understated.

YWCA has focused on building a robust supportive housing program to help meet this demand. YWCA has strategically focused on the expansion of our supportive housing programming for a decade.

North Dakota Housing Incentive Fund (HIF)

Affordable housing is a critical component of our infrastructure in North Dakota. Approval of SB 2014, inclusive of the provisions of the HIF program at the recommended $25 million, will greatly impact organizations like YWCA who utilize funding to provide affordable supportive housing. In the case of YWCA, affordable and supportive housing provides a pathway for women and children out of harm's way from dangerous abuse and homelessness.

A study by NDHFA earlier this year indicated that in all, 11,401 new housing units are needed in Cass County alone by 2027. According to the National Women's Law Center two in three low-wage workers are women. Specific statistical pages regarding housing facts and forecasts and how gender and poverty intersect can be found at the back of this testimony.

In 2015, YWCA saw a need for increased supportive housing because too often our caring advocates were witnessing survivors of violence returning to abusive partners because they had no other independent alternative. Often, an abuser's power and control traps domestic violence survivors economically - 99% of domestic violence survivors are victims of economic abuse. YWCA set a bold goal a decade ago to significantly grow our supportive housing program. At that time, the agency supported 18 units of housing. That number is 97 today.

HIF has been utilized by YWCA on two occasions times over the past six years to achieve this goal, in the subsequent pages you can see the initiatives supported including Grace Garden a new build in 2019 on vacant church property in West Fargo, and Lantern Light, a renovation of former convent, in Fargo. Both initiatives were born out of partnership and collaboration with faith-based organizations including Lutheran Church of the Cross and an order of catholic nuns: the Sisters of the Presentation of the Blessed Virgin Mary. These efforts assure that tonight, more than 250 people will sleep in safe YWCA supported housing, children will be off to school, and survivors of violence will be able to hold steady jobs because of the stability and care provided through supportive housing.

As others have eloquently stated, we simply do not have enough affordable homes to meet community need. YWCA has offered supportive housing for nearly four decades and remains focused on building capacity in supportive housing because first, we know it works and is the solution to homelessness and second, it is far more cost-effective and a path to safety and financial security for women, at the same time lessening use of emergency, health care, and other resources.

Our numbers at YWCA substantiate this fact: at YWCA, the cost of emergency shelter is three times that of a night of supportive housing, $75 per night of shelter versus $25 per night of supportive housing.

Many ask the direct result on families impacted. On average, a woman stays in YWCA's Supportive Housing Program just 14 months. It's a short time in which families break the cycles

of poverty and violence. A woman who participates in the YWCA Supportive Housing Program earns more money, is healthier, and better equipped to live independently and create an environment for her children to thrive.

Statistics regarding each program can be found on the detail pages. Highlights include:

- 84% of participants reduced their use of emergency services
- 88% of Cove Lane participants obtained stable housing upon exiting the program
- 53% of participants increased their education or income level

YWCA Cass Clay encourages a do-pass of NDHG and HIF provisions within SB 2014 to support those most vulnerable in our state from facing the devastating impact of homelessness, not only through emergency services of the NDHG program for temporary short-term solutions, but for longstanding supports of affordable and supportive housing through the HIF program. These resources will provide safety, stability, and most importantly hope for the future.

SHELTER, HOUSING, & SUPPORTIVE SERVICES AT YWCA CASS CLAY

eliminating racism
empowering women
ywca
cass clay

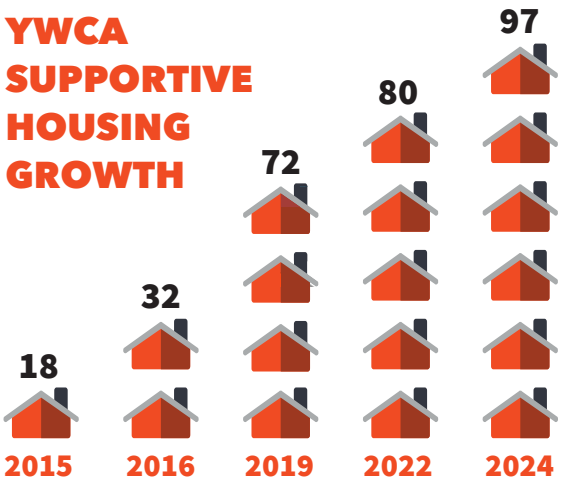
YWCA Cass Clay offers the largest Emergency Shelter for women and their children escaping domestic violence and homelessness in North Dakota and northwestern Minnesota. We have done so for over 45 years - sheltering 1,200+ individuals in 2024 for an average stay of 45 nights.

We also operate a sizable Supportive Housing Program serving 97 households in Fargo and West Fargo, that, after emergency shelter, is the long-term solution for healing, stability, and independence - diminishing the likelihood women will return to abusive partners or homelessness.

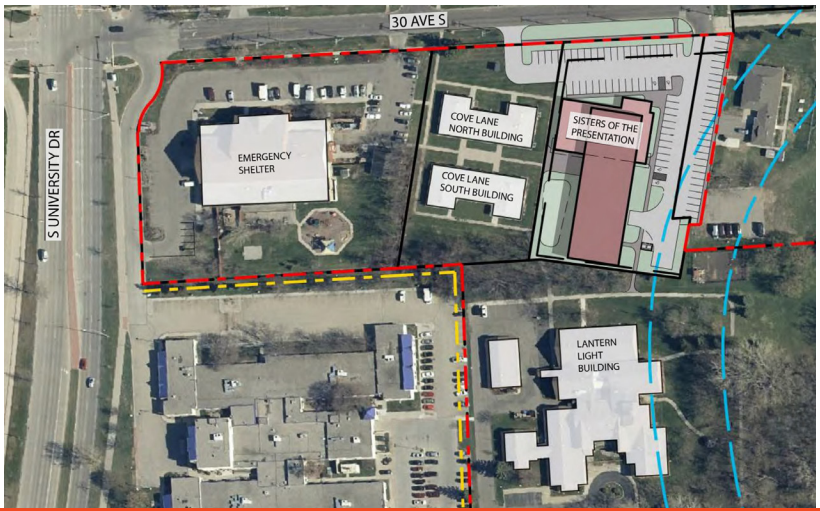
Collectively, YWCA provides safe shelter and housing to 350 women and children every day. 90% of the time women seek services because of violence. All have faced homelessness.

In 2015, YWCA saw a need for increased supportive housing because too often our caring advocates were witnessing survivors of violence returning to abusive partners because they had no other independent alternative. Often, an abuser's power and control traps domestic violence survivors economically - 99% of domestic violence survivors are victims of economic abuse.

Expansion of services was a planned response to an unmet need, and YWCA set a bold goal in 2015 to significantly grow our supportive housing program. At that time, the agency supported 18 units of housing. That number is 97 today.



Across our shelter and housing programs, **YWCA Advocates are difference-makers** who help women gain jobs and education, overcome obstacles related to childcare, car breakdowns, health setbacks and more. They skillfully use an empowerment approach that helps women summon their own courage and grow in problem-solving and resolve.



With the addition of Lantern Light: A YWCA Supported Residence in 2023 and the completed renovation of Cove Lane in 2024, YWCA Cass Clay has created a campus-like environment for easier access to supportive services for participants across shelter and housing programs.







YWCA EMERGENCY SHELTER

is a safe, temporary home for women and children escaping domestic violence or homelessness. Here, 24 hours a day, we first provide food, clothing, hygiene supplies, and safety.

Domestic violence casts a shadow of physical health challenges, depression, low self-esteem, fear, substance abuse, and post-traumatic stress disorder. Other common barriers survivors face in moving ahead are poor or no credit history and lack of transportation, childcare, or access to healthcare.

Women need not walk alone in addressing these barriers when paired with an Advocate at YWCA. Our team understands the effects of trauma and takes a compassionate empowerment approach in everything we do. We listen without judging or giving advice on how to "fix" her life. Only she can decide her future. Empowerment honors her choices so she may walk her path freely. Discovering and using her own strengths cultivates hope. Advocates help survivors move forward through YWCA programs and connect them to resources in the community that will be helpful on their journeys.

As the largest emergency shelter serving women and children in North Dakota and northwestern Minnesota, YWCA Cass Clay brings safety for women to begin new lives. Through a caring team and programs shaped over 40+ years, women find transformation, healing, and empowerment.

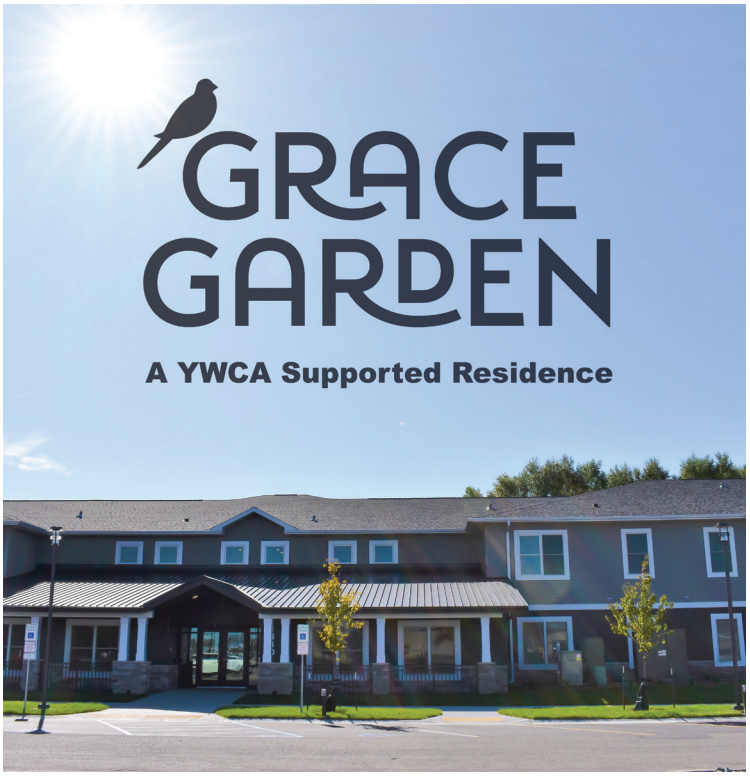
AT YWCA EMERGENCY SHELTER IN 2024:

24,076
nights of shelter were provided

1,238
women and children were safely sheltered

84%
of individuals were from Cass and Clay counties

90%
of individuals sheltered were survivors of domestic violence







GRACE GARDEN

is a YWCA residence that opened in 2019 and serves individuals and families with its 30 one- to four-bedroom units. On-site housing advocates readily support residents in their goals.

YWCA was approached by Lutheran Church of the Cross Pastor Joel Baranko in 2017 about vacant unused church property. He solicited the opinion of our agency in the how the land could best serve the community. Our answer was additional affordable supportive housing for those facing homelessness as a result of domestic violence.

YWCA applied for and received support from a variety of public and private partners to bring that 30-unit affordable housing initiative to reality.

Since Grace Garden opened in the fall of 2019 over 86,000 nights of safe housing have been provided to 381 individuals.

This $7.1 million initiative was aided through the support of $500,000 award through HIF to leverage over $6.5 million in federal and state sources in 2017.

Grace Garden has been instrumental in solving a need of domestic violence victims, challenged in the past by lower prioritization for supportive housing because they weren't chronically homeless—instead homeless for the first time after leaving an abuser. Lutheran Church of the Cross and Gate City Bank were instrumental in making Grace Garden possible and generously continue their support.

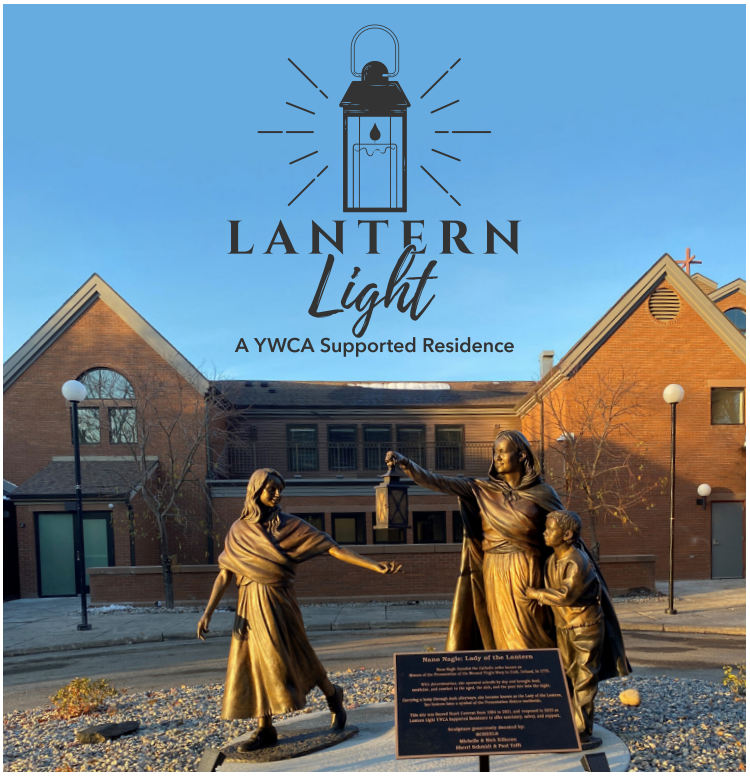
AT GRACE GARDEN IN 2024:

25,740
nights of housing were provided

94
adults and children were housed

62%
increased their income level

90%
reported a reduction in use of emergency services







YWCA CEO Erin Prochnow and Sister Mary Margaret Mooney

LANTERN LIGHT

is YWCA's newest residence that opened in 2023 and serves individuals and families with its 23 one- to four-bedroom units.

YWCA Cass Clay's relationship with Sisters of the Presentation of the Blessed Virgin Mary was born out of proximity and grew through a united mission - serving women and children in need.

YWCA's partnership with the Sisters began with leasing apartments dating back to 2006 in three locations. In June 2022, YWCA purchased from the Sisters of the Presentation their former Sacred Heart Convent adjacent to the Emergency Shelter.

Lantern Light's $8.3 million building renovation and acquisition was awarded $1.1 million in HIF to leverage more than $7 million in federal and state awards.

Funding for renovation was secured through HOME, North Dakota Housing Incentive Fund, National Housing Trust Fund, and the Affordable Housing Program.

YWCA's Supportive Housing Program is a proven solution. Through Lantern Light: A YWCA Supported Residence, the legacy of Sisters of the Presentation and their foundress, Nano Nagle, lives on and honors them with a lasting tribute.

AT LANTERN LIGHT IN 2024:

20,308
nights of housing were provided

96
adults and children were housed

78%
reported a reduction in use of emergency services

Scan the QR code to watch a short video about Lantern Light







COVE LANE

serves individuals and families in 12 one- to three-bedroom apartments in close proximity to YWCA Emergency Shelter in Fargo.

Here transitional housing participants have convenient access to the supportive services provided on site at YWCA Emergency Shelter including childcare, education & employment programming, health services and more.

This location was leased to YWCA Cass Clay by the Sisters of the Presentation from 2006-2023. YWCA purchased the two buildings from the Sisters in 2023 and began renovations.

The residences have been named Cove Lane in honor of YWCA's longstanding partnership with the Sisters.

Cove Lane is where Sisters of the Presentation foundress Nano Nagle ministered to children, widows, and the poor in Cork, Ireland in the 1700s. The legacy of Nano Nagle and the Sisters will continue as Cove Lane provides safe refuge and new beginnings to families who have experienced violence and homelessness.

In 2023, YWCA was awarded $3 million by the North Dakota Finance Agency to update and renovate the buildings and preserve affordable housing.

AT COVE LANE IN 2024:

7,533
nights of housing were provided

42
adults and children were housed

50%
increased their income level

78%
reported a reduction in use of emergency services

March 19, 2025
IN SUPPORT - HB 2014- Industrial Commission Budget
ND Housing Finance Agency, HIF
House Appropriations- Government Operations Division
Janelle Moos, AARP North Dakota

Chair Monson and Members of the Committee,

I am Janelle Moos, Associate State Director of Advocacy at AARP North Dakota. AARP is a non-profit, non-partisan membership organization with more than 83,000 members in North Dakota. I'm here to offer support for the Housing Incentive Fund or HIF in the Industrial Commission budget for the ND Housing Finance Agency.

Programs like the Housing Incentive Fund help older North Dakotans, especially those with low or fixed incomes, live in safe, comfortable housing at an affordable price. Providing incentives to developers to include low-income set-aside units in their developments is a creative and effective way to promote affordable housing. AARP policy supports the tenants of the Housing Incentive Fund. Specifically, there are two AARP policy principles that call for a program like HIF:

> ***"Promote affordable housing options.*** *Ensure that land use and other policies support the private and public sectors in providing a variety of housing sizes and types. Promote funding and policy for programs that lead to an adequate supply of affordable rental and ownership options integrated with the community to meet the needs of people of all ages, family compositions, and incomes."*
>
> ***"Increase capacity for public-private partnerships.*** *Reauthorize or create programs and policies at the federal, state, and local levels to ensure that the private sector has the capacity and tools to effectively partner with governmental agencies to increase the range of housing choices available to older people."*

At AARP North Dakota, we believe people should be given every opportunity to choose where they live as they age. Making affordable housing options available can help keep people in the communities where they live and out of institutional care longer, saving the state money in the long run.

Data from the recent 2020-2025 Statewide Housing Needs Assessment facilitated by the North Dakota State University's Center for Social Research shows the continued need for HIF. The research specifically notes that the most significant change in population that is expected to occur by 2025 will be the aging forward of the baby boomer cohort into the 'age 65 and older'

category. Statewide, population in the 'age 65 and older' category is projected to increase from 118,853 in 2020 to 147,528 in 2025, nearly 24%. This increase will translate into a heightened demand for housing that is suited to meet their needs.

Housing costs determine whether individuals and families can live in a neighborhood without sacrificing other necessities, such as food and health care. Yet almost 20 million households with adults age 50 and over living in them are housing cost burdened. That is, they spend more than 30 percent of their income on housing. Approximately 9.8 million households headed by someone age 50 or older are considered severely cost-burdened. They spend more than 50 percent of their income on housing. Housing-cost burden affects both homeowners and renters, but renters are more likely to experience it.

Given the data from the housing needs assessment, we believe the priority of HIF should be on low-income North Dakotans who desperately need affordable housing. The funding in your current budget draft is not enough and we urge you to restore funding for HIF to $25 million as requested.

The Housing Incentive Fund is an excellent private and public partnership designed to build homes – and help keep North Dakotans safe and secure in the communities where they choose to live.

Again, we support the North Dakota Housing Finance Agency's commitment to the Housing Incentive Fund. We urge you to support the funding for HIF at $25 million in SB 2014.

Thank you.

CITY OF LAKOTA EST. 1883

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Mayor Bill Solberg
Auditor Amie Vasichek
City Attorney Jayme Tenneson
City Superintendent Josh Ulland

Council Members
Dennis Fahey, President
Dan Ferguson, Vice President
Jim Vasichek, Cole Haugland,
David Matejcek & Josh Nelson

March 20th, 2025

Chairman Monson and Members of the House Appropriations Committee,

Re: SB 2014

My name is Amie Vasichek, and I have had the privilege of serving as the City Auditor of Lakota for over 16 years and as the Chair of the Nelson County JDA. Additionally, I have been a proud board member of the Red River CHDO for the past two years. Today, I am here to express my strong support for Senate Bill 2014.

As you know, housing is the cornerstone of prosperous communities. However, in rural areas like Lakota, the lack of available housing remains one of the greatest obstacles to growth and sustainability.

Lakota, a community of roughly 700 residents, has long struggled to find successful ways to expand our population and business base. When Lisa Rotvold introduced the idea of utilizing Housing Incentive Funds (HIF) to construct single-family homes in select towns, I knew this was an opportunity Lakota needed to pursue. I promptly presented the idea to our city council, requesting permission to donate city-owned lots and position Lakota as a potential Spark Build community.

Our city council has been receptive to new ideas, and this project was no exception. I was tasked with identifying vacant city-owned lots that could be offered for development. These lots had either remained empty for years or had been deeded back to the city. Although there had been previous interest in these lots, the significant cost of building and the challenge of securing contractors had consistently deterred potential buyers.

Once Lakota was selected as a Spark Build community, we actively promoted the opportunity to potential homeowners. While the city had no role in selecting floor

plans, finishes, or buyers, we eagerly spread the word through social media, newsletters, flyers, and conversations with residents. Initially, there was some confusion about the program—some believed the homes were intended for low-income housing or assumed they were unaffordable. It took time, outreach, and one-on-one discussions to clarify the project's true intent and highlight the opportunity it presented.

Lakota is proud to have been the first community to build "Spark Homes" using HIF. The result was two beautiful homes sold at $325,000 each on land that had previously sat vacant for years, increasing our city's property valuation. This project also triggered a positive ripple effect:

- One Spark Home buyer sold their existing home to a young couple who had recently returned to Lakota and were living in an apartment unit.
- Freed up apartment unit for a new resident joining our community.

This chain reaction underscores the meaningful impact that HIF can have on small-town growth and revitalization.

I am frequently asked by residents, "Are we building more homes this year?" I truly hope we are. There is still demand for additional housing in Lakota and across North Dakota.

This project would not have been possible without the dedication of the Red River CHDO and the leadership of Lisa Rotvold, who played a vital role in bringing these homes to fruition.

I am so very proud to speak on the success of this project and over the course of 16 years working for the city of Lakota, it has been one of my favorite projects to be part of. Thank you for the opportunity to share Lakota's experience and demonstrate how HIF has positively impacted our community. I respectfully ask for your support of SB 2014.

Sincerely,
Amie Vasichek
City Auditor, Lakota, ND
Chair, Nelson County JDA

Testimony from Lisa Rotvold

IN SUPPORT OF SB 2014

SB 2014 – A BILL for an Act to provide an appropriation for defraying the expenses of the industrial commission and the agencies under its control; to provide for a transfer; to provide for an exemption, and to provide for a report.

REGARDING: North Dakota Housing Finance Agency Budget – Housing Incentive Fund

House Appropriations – Government Operations Committee

March 20, 2025

Chairman and Committee Members, My name is Lisa Rotvold. I live in Hillsboro and serve on the Advisory Board for the North Dakota Housing Finance Agency. I have 30 years of housing and community development experience in communities, large and small. I currently serve as the Executive Director of the non-profit Red River Community Housing Development Organization (CHDO), based in Grafton. I work in the counties of Grand Forks, Nelson, Pembina and Walsh, in the northeast corner of the state, known as Region 4.

In my testimony, I will focus on how the Housing Incentive Fund is supporting the development of single family for sale homes in rural communities, a new use authorized by the 68th Legislative Assembly in 2023.

Why do we need to build new homes in small towns?

I get asked this question a lot. Good news, small town North Dakota is alive and well, and poised for growth. Every community I visit, mentions the need for additional housing as a top priority. There are any number of dynamics affecting the availability of housing in rural communities including:

- Aging housing stock - leaving some homes uninhabitable.

- Baby Boomers retiring and staying in their communities – Fantastic! They are retiring from good jobs, and those jobs need to be filled, so we need to make room for newcomers
- "Boomerangers" coming back to small towns - permanently or seasonally, after retirement, or working remotely
- A growing number of households own more than one home
- Household size is getting smaller so we need more homes to house the same number of people
- An influx of H2A visa workers in the region – Visa workers deliver the farm labor that helps drive the agricultural economy, and they all need a place to live. The number of visa workers has been growing. In 2024 farmers brought in nearly 1,000 H2A visa workers into Region 4.
- Regional employers are expanding – we need more workers to fill those jobs and in order to attract them we need more homes

In 2024 we commissioned a region wide housing study focused on the rural communities in Region 4. We wanted a forward-looking study that captured the opportunity that communities in the region have, and to quantify the housing needed to capitalize on it. Based on current and projected job postings, the study projected a need for 4,800 additional housing units by 2030. As part of the study, we also conducted a survey of more than 500 business owners and individuals. The survey found that:

- 77% of business owners believe a lack of housing in their community is affecting their business.
- 70% of business owners believe that their success depends on the development of additional suitable housing in their community.
- 52% of business owners surveyed, plan to hire additional staff in the next 12 months.
- 50% of individuals know people who would like to move to the region, but are unable to, due to a lack of suitable housing.
- 43% of individual respondents would sell their home if suitable housing was available in their community. Demonstrating a need for "move-up" and move-over" housing – people want to stay.

Why aren't new single-family homes being built in rural communities?

The current state of rural housing markets is a result of long-term stagnation of new home construction. **A look at average (mean) annual building permits during the 20-year period from 2003 to 2023 shows:**

Nelson County	2.3	City of Grand Forks	139
Pembina County	1.5	Grand Forks County	24
Walsh County	4.5		

Nelson, Pembina, and Walsh Counties clearly have not had enough activity to support a healthy housing market. Now many of the resilient communities in the region have stabilized and have new

opportunities in front of them. But their housing markets are broken, and we need to find ways to jump-start them.

When a new home is built, and there are few or no other new homes to use as comparable sales, we end up with appraisal gaps. The cycle goes like this:

- Appraised value of a home is based on comparable sales.
- Banks size mortgage loans based on a percentage of appraised value.
- Buyers are unable to get adequate financing to purchase a newly constructed home when the appraisal comes in below the cost to build - unless they have savings to cover it.
- Builders don't build new homes if buyers can't buy them.
- So, there are no comparable new home sales

In response to these challenges Red River CHDO created what we call the **Spark Build Initiative.** Spark Build is our strategy to help manage risk, attract builders, and lift home values to reduce and hopefully eliminate appraisal gaps.

How is the Housing Incentive Fund helping?

With our Spark Building initiative, Red River CHDO is the risk taker. We are taking on the developer role in communities where the private sector isn't. In 2024, we used HIF funds to build two speculative homes in Lakota and two in Larimore. The HIF program provided a "forgivable" construction loan, which we used to leverage additional construction financing from local banks. Both Lakota homes are complete and sold, both Larimore homes will be complete the end of April and are under contract.

The Housing Incentive Fund helped us manage risk. The forgivable nature of the HIF loan means it can cover appraisal gaps, and pay us a developer fee – which is our primary source of operating funding.

We attracted a builder by bundling four homes under one contract, and reduced his risk by limiting his role to just building the homes. HIF funds helped local lenders manage risk by reducing the loan-to-value ratio, and spending HIF dollars before any bank funds. Municipalities donate lots and give buyers a two-year tax exemption and promote the availability of the homes to help us find a buyer.

All four homes have sold to locals looking for single-level living. The ripple effect has been the resale of their existing homes at more affordable prices, creating opportunities for others seeking to purchase a home in the community.

Spark Building is working, and HIF is why. Based on current demand, we have potential to develop 24 additional homes in 2025 in communities like Park River, Grafton, Minto, Hoople, Michigan, McVille, and Pembina. Both Lakota and Larimore would also like us to build additional homes. The rest of the state has similar needs. HIF can make a positive widespread impact in rural North Dakota if adequate funding is made available.

Until recently, the housing needs of our rural communities have not been on the radar. The pressing need for housing can't be ignored anymore, it is impacting business growth and the regional economy. I have been working in this sector for a very long time. I know how much public money gets invested into housing in our population centers. Their needs are real, but they are not the only needs, and they are not more important than the housing needs in rural communities. One home houses one family, regardless of where it is located.

When considering funding levels for HIF this biennium please consider this. If each of the 8 planning regions around the state saw 5 homes built per year, with the support of HIF (a very modest goal), we would use nearly $10 million – some of which will revolve back to NDHFA to be reinvested in more housing. If each region also pursued one small but much-needed rental development in a rural community (also a modest goal), that would use roughly $16 million of HIF funding. **So, given these very modest goals, it is quite realistic that the rural communities of our state could put $26,000,000 of HIF funding to work in this next biennium.**

A look back at where HIF funds were invested from 2011 to 2021. Just 6 % of funds were invested in communities under 5,000 people outside the oil patch, making up just 5% of the rental units produced. I don't mention this to diminish the needs in the population centers, but to elevate the housing needs of rural people to be on level playing ground with them. Rural areas have lacked the capacity to take on housing development and we need to work on that as well. The regional planning councils are leading the way on this.

So, thank you, and kudos to all of you who created and have continued to support the Housing Incentive Fund. It is a uniquely North Dakota solution to helping meet diverse housing needs. NDHFA is a great steward of the Housing Incentive Fund. Their programs, systems, and staff are responsive to evolving housing needs across the state.

As you consider funding levels for the next biennium, I want you to know that rural North Dakota is ready to put HIF dollars to work, improving housing availability and quality, and making room for newcomers.

My Board of Directors and I strongly support the Housing Incentive Fund, and support an appropriation of at least $50,000,000 in this next biennium, as part of SB 2014.

Contact Information:
Lisa Rotvold, Executive Director; Red River CHDO; lisa@redriverrc.com

Red River Community Housing Development Organization (CHDO)
Board of Directors

Marcy Douglas, President
Arvilla

Mike Helt, Vice President
Park River

Shelley Popiel, Secretary/Treasurer
Grafton

Amie Vasichek
Lakota

Paul Houdek
Grafton

Dawn Mandt, Ex-officio
Red River Regional Council, Grafton

Attachments:

1. Red River CHDO – About Us flyer
2. Red River CHDO's Spark Build Initiative flyer
3. Case Study for the Lakota "Spark Build" homes - showcases the important role that HIF played in getting these new homes built.

chdo
RED RIVER
growing opportunity in the valley

Red River Community Housing Development Organization (CHDO)



Lakota, ND, population 686

The Red River Community Housing Development Organization (CHDO) is a Grafton based non-profit with a mission to grow opportunities for low-income and moderate-income people, and underserved rural communities, by developing decent and attainable housing and supporting community development, to help them thrive. This case study outlines the organization's efforts to increase single family housing production in rural communities in north east North Dakota. Lakota was our first community.

Primary Objectives

- Create opportunities for growth in rural communities
- Jumpstart new construction of single-family homes in rural communities,
- Lift values to reduce and/or eliminate appraisal gap in small towns

"Spark Build" Initiative

After identifying barriers RRCHDO identified strategies to overcome them resulting in the Spark Build Initiative

- Red River CHDO acts as developer to be the risk taker in places where others aren't willing or able to do so.
- Acquires lots, finds builder, contracts with builder, secures all construction financing, pays builder monthly for work completed, collects lien waivers, markets homes, sells homes, repays construction financing

Process

- Sent RFP to 12 contractors in region, no responses received
- Shifted strategy to recruit a builder
- Collaborated with builder on home design and budget to reach project goals
- Outreach to communities - in inquiries from 9 communities, 6 proposals, and 29 lots
- Selected communities, lots, and funding partners
- Secured conditional commitment of HIF forgivable construction loan
- Secured construction loan from local lender(s)
- Signed contract with builder
- Transferred ownership of lots to RR CHDO (updated abstract, title search, cleared lien, purchase liability and builders risk insurance, applied for building permit)
- Broke ground in May
- Sales contracts on both homes signed by end of June.
- Both homes complete and sold by end of year.
- Two additional homes currently under construction in Larimore.

516 Cooper Avenue | Grafton | ND | 58237 | 701-430-1597

Challenges

- Finding a builder – busy, not interested, skeptical, not general contractors
- Attracting bank financing for construction – risk averse
- Accessing HIF dollars – not able to use for single family for sale housing until after law change in 2023 legislature
- Timing – getting on a builder's schedule - typically book jobs out a year (or more) in advance, require signed contract and down payment
- Single family construction payment structure – pay ahead vs. after work complete
- Appraised value vs. cost to build

Partners

- Red River Community Housing Development Organization (CHDO)
- City of Lakota
- State Bank of Lakota & First United Bank
- North Dakota Housing Finance Agency
- ·Gemmill Custom Cabinets and Homes

Outcomes

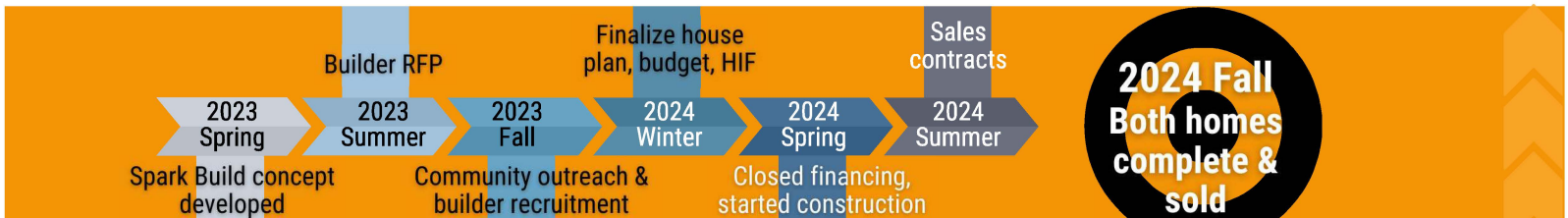
- Expanded housing stock and created movement in local housing market.
- Two new single-family homes started, finished, and sold in 2024
- Lakota retained two "empty nester" households in need of single level living
- Opened up two well-kept single-family homes in Lakota for sale at + or - $200,000.One new first time home buyer
- Opened up one rental apartment – already re-leased

Lessons Learned

- Developer, risk taker, is missing link
- Construction financing - another missing link
- Challenges encountered at every level in rural area – builders, financing, lots, marketing, home values/appraisals, risk management.
- Stick to a single house plan for multiple homes - saved time, saved money, fewer decision points
- Bundling multiple homes under one contract - good for builder, good for CHDO, saved time and money
- Build a relatively basic home – appraisal gap not as bad as expected – "extras" and upgrades may increase value gap
- Every partner needs to manage their risk - developers, builders, lenders, and cities
- Housing Incentive Fund (HIF) was the key to risk management and pulling this all together







THE SPARK BUILDING INITIATIVE

SPARKING NEW HOUSING CONSTRUCTION IN REGION 4

The non-profit Red River Community Housing Development Organization (CHDO) is rolling out its Spark Building Initiative in 2024. Spark Building is focused on sparking new construction of single family for sale homes in small towns that have struggled with inactivity. Red River CHDO is taking the speculative nature of new home construction out of the way for contractors to encourage them to take a risk on small town new construction.



BARRIERS TO NEW CONSTRUCTION

- **Risk.** Builders can view speculative new home construction in small towns to be risky.
- **Profits.** Builders can earn larger profits on a custom homes than on workforce or entry level homes many communities need.
- **Appraisal Gaps.** New construction in slow markets can often appraise for less than the cost to build. This gap can make it difficult for home buyers to secure adequate financing to purchase new construction home.

SPARK BUILDING SOLUTIONS

- **Reducing Risk.** Red River CHDO will reduce the risk to builders by being the developer, managing development details, construction financing, and home sales so builders don't have to.
- **Improving Profit.** By bundling construction of two or more homes under one contract, Red River CHDO can offer builders an opportunity to earn profits on par with a larger custom home.
- **Managing Appraisal Gaps.** As a non-profit organization Red River CHDO is applying for funding to buy down appraisal gaps. Further, by continuing to build a small number of homes each year, we create comparable sales for the next new home, with a goal of ultimately eliminating the appraisal gap problem.

Red River CHDO | 516 Cooper Avenue | Suite 101 | Grafton, ND 58237



WHY SPARK BUILDING?

Communities in Region 4 are poised for growth with a healthy economy, and growing job opportunities. A low unemployment rate means we need to attract newcomers to the region.

Quantity, quality, and affordability all affect rural housing markets. By making new construction both available and affordable, communities can make room for newcomers, helping employers attract the workers they need.

Due to a long term lack of new construction, appraisal gaps are hindering builders, buyers, and communities.

As a non-profit developer, Red River CHDO can take a risk on small towns in the region to jump start new construction activity.

SPARK BULID 2024

Red River CHDO is proud to be partnering with the Cities of Lakota and Larimore for this inaugural year of the **Spark Building Initiative** (a.k.a. "Spark Build 2024"). Both communities are poised for growth with business expansion driving housing demand. Red River CHDO will build two homes in each community. Each City has donated the lots for the homes, and will offer buyers a two year real estate tax exemption.

Homes will be sold at appraised value. Resources such as down payment assistance, reduced interest rates, or loan guarantees may be available to qualified buyers from USDA Rural Development, North Dakota Housing Finance Agency, Federal Home Loan Bank, FHA and VA . Each home will feature three bedrooms and two bathrooms, with an attached two stall garage.

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Red River Community Housing Development Organization (CHDO) is a 501(c) 3 non-profit organization who's purpose includes housing and community development for low and moderate income people, and underserved communities in Grand Forks, Nelson, Pembina, and Walsh Counites.

Red River CHDO | 516 Cooper Avenue | Suite 101 | Grafton, ND 58237

February 2025

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Mission

Red River CHDO's mission is to grow opportunities for low income people and the communities they call home by developing quality affordable housing and supporting community development.

Who we are

- Red River Community Housing Development Organization (CHDO)
- 501(c)3 non-profit organization
- Service Area (Region 4): Grand Forks, Nelson, Pembina, and Walsh counties
- Organized in 1996 by Red River Regional Council
- Volunteer board of directors representing low income, public, and private sector
- Primarily self funded operations

What we do

- Develop single family and multi-family housing
- Partner with communities, service providers, and other developers and builders
- Package multiple financing sources
- Access gap funding
- Study housing needs in the region
- Participate in project that address unique community needs, including childcare and entrepreneurship
- Share the stories of rural communities with policy makers

Experience

- Staff with 30 years of housing development experience
- 1,200+ homes in ND, SD, and MN
- Initiated Spark Build 2024 program to increase new home construction in rural communities
- Regional Housing Study and Action Plan - published in August 2024

Operations

- Located in Grafton, serving Grand Forks, Nelson, Pembina, and Walsh counties
- Sister organization to Red River Regional Council
- Seeks ways to aggregate needs and solutions to bring more funding and development to the region
- Developer fees are the primary source of operational funding

Red River CHDO | 516 Cooper Ave. Suite 101 | Grafton, ND 58237

Red River CHDO 2024 Activity

Regional Housing Study and Action Plan

A four county regional housing study and action plan coordinated by Red River CHDO and Red River Regional Council was completed in August of 2024. The plan identified a need for 4,800 additional housing units in the region (outside of the city of Grand Forks) by 2030. It also outlines five strategies that communities can use to support an increase in production of new housing. The study was funded by Nelson, Pembina, and Walsh County JDAs, Grand Forks Housing Authority, Regional Development Corp. and Growth Fund, North Dakota Housing Finance Agency and Minnesota Housing Partnership. The study can be found on the Regional Council's website. https://redriverrc.com/housing-chdo/

Spark Building Initiative

In 2024 Red River CHDO implemented its Spark Building Initiative pilot. The initiative sought to reduce barriers to new construction in rural communities. Serving as the developer, Red River CHDO broke ground and sold two homes in Lakota, and broke ground on two more in Larimore. Those homes will be complete in May 2025. Additional Spark Build homes are being planned for the 2025 construction season.

Walsh County Childcare Center

In early 2024 Red River CHDO partnered with the Walsh County JDA to raise funds for the new childcare center on Hill Avenue in Grafton. Three local banks donated a total of $92,000 with participation of the Member Impact Fund through the Federal Home Loan Bank of Des Moines. We continue to facilitate additional fund raising efforts to complete the project. The project opened its doors in February 2025. Later in 2025 Red River CHDO will take ownership of the building and assume the lease to the childcare provider.

532 Hill Business Incubator

Red River CHDO also partnered with Red River Regional Council to finance and develop the 532 Hill small business incubator project in Grafton. The project includes a full commercial kitchen where start-up and emerging food entrepreneurs can produce product. Additionally these and other small business start-ups will be able to tap into the Red River Regional Council's experienced staff and resources to build their businesses. In 2024 Red River CHDO received a grant of $250,000 from the US Bank Foundation to support program development for the incubator. These funds have made it possible to hire a project coordinator to move this complex project forward.

Board of Directors

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Shelley Popiel
Secretary
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Amie Vasichek
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redriver REGIONAL COUNCIL
MOVING IDEAS TO ACTIONS

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Testimony of Dawn Mandt in support of SB 2014 – with amendments

To the House Appropriations – Government Operations Division

Thursday, March 20, 2025

Rep. Monson and members of the Committee, my name is Dawn Mandt and I am a Grafton resident and executive director of the Red River Regional Council. The regional council is an economic and community development organization serving the four counties of Region 4 in northeast North Dakota for the past fifty years.

Today, we have an opportunity. An opportunity for transformational change in small towns.

Workforce Needs Fueling Housing Needs

Just a few years ago, we conducted 130 business interviews and revealed a great need for more people in our region. **At that time, we estimated the need for 1,500 new employees in our region, excluding the City of Grand Forks.**

We have a strong manufacturing sector with more than 25 manufacturing companies in Walsh and Pembina Counties alone with more than 1,200 employees and 90% of them have growth plans and need to replace retiring staff.

Our farmers are now also making great use of the H2A visa program and **in 2024, we had nearly 1,000 temporary farm workers in our region.** These numbers are not captured in the Census data.

Using a Nonprofit Development Organization to Revitalize Rural Markets

Two years ago, we resurrected the nonprofit Red River Community Housing Development Organization we first established in 1996 which had been dormant for approximately 15 years. We are working to address the complex issues related to rural housing to enable our people attraction efforts.

Our 2024 regional housing study forecasted the need for 4,800 housing units in our rural region based on job forecasts.

Our regional, rural population is 35,000 people – the size of West Fargo. This population is spread throughout 42 communities. Our people live, work and play within approximately an hour radius as many of our people have a connection to the land. They will remain disbursed. **We are also building a regional mindset and building collaborative relationships between communities – and building housing.**

HIF is the Tool Small Towns Need – With More Funding

HIF was established in 2011 to assist with rapid growth demanding new housing in the oil patch. The program was expanded statewide and there has been significant development supported in the state's largest communities.

Between 2011 and 2021, HIF:

- **assisted in building 3,143 housing units statewide – 94 or 3% of these units are in small towns outside the oil patch.**
- **of the $105 million invested, $6.3 million or 6%, was in smalls town outside the oil patch.**

In 2022, I convened the ND Rural Housing Task Force to study why there was so little new housing construction in small towns despite strong demand. The Housing Finance Agency, Bank of North Dakota, Department of Commerce, Beyond Shelter, Community Works of ND, and the Red River Regional Council.

We developed case studies and developed recommendations that would assist in addressing the stagnant small-town markets. We recommended HIF could be the tool to address the challenges – with some adjustments.

- In 2023, the legislature approved the use of HIF for single family development in small towns.
- Enable flexibility to address unique rural challenges.
- **Significantly increase HIF funding to $50 million for five consecutive biennia to provide stable, predictable funding with annual funding cycles.** Past funding rounds were quickly exhausted before small towns could be prepared.
- HIF could replace federal funding tools such as Low-Income Housing Tax Credits which can only feasibly be used in 30+ unit developments. LIHTC equity funds 70 to 80% of total development costs in large communities.

The Housing Finance Agency has been an innovative, flexible and sincere partner as we have continued to develop workable, possible models to address rural housing needs. We are so grateful for the Legislative approval to assist with sparking single family development as well as recognizing one-size-does-not-fit-all when it comes to program design.

Given the strong needs we have in Region 4 alone, as well as willing partners in the regional council network to implement our models statewide, **I urge your consideration of a $50 million appropriation.** And, we will actively put the money to use in new rooftops statewide.

Dawn Mandt, Executive Director *dawn@redriverrc.com* *701-520-0487*

Why Small Towns Need the Housing Incentive Fund

Since 2011 North Dakota's Housing Incentive Fund (HIF) has invested $105 million to meet important workforce housing needs, producing 3,143 units across the state.
Only 3% of those units are in small towns outside the oil patch.

Adequate, Predictable Funding

a higher funding level is needed to include small town needs, and offer annual funding cycles

Greater Flexibility than Federal Funds

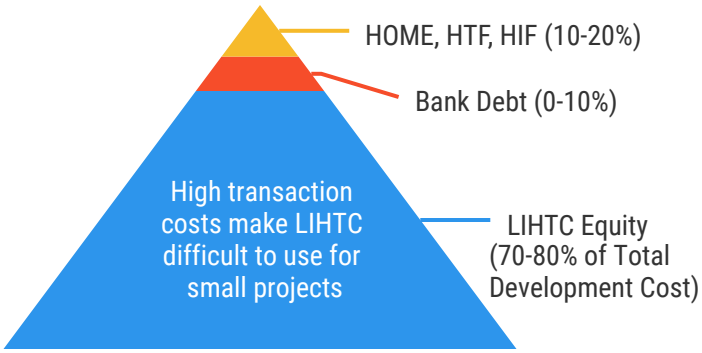
stagnant real estate markets have depressed home values in small towns, HIF can be used to spark new development

Increase in HIF funding to $50,000,000 as a part of HB1014
(Industrial Commission Budget Bill)

Allow HIF to be used for single family development in small towns.

Small Towns Need HIF

Typical Funding Stack in Large Scale Development (30+ units)



Small affordable housing projects in small towns start with an 80% financing gap compared to larger projects using LIHTC.

Low Income Housing Tax Credits are the primary source of financing for new affordable housing development. high transaction costs for LIHTC developments make small projects extremely difficult to do.

HIF can replace LIHTC equity and enable small projects in small towns to be financially viable.

Without adequate housing in small towns, attracting new residents is difficult. Without new residents, new jobs and business expansion opportunities are going elsewhere.

QR code for full ND Rural Housing Development Task Force Report, December 2022

For more information contact
(Task Force Chair) Dawn Mandt dawn@redriverrc.com

February 21, 2023

Testimony in Support of SB 2014
House Appropriations – Government Operations Division
Chairman: Representative David Monson
March 20, 2025

Submitted by: Dan Madler, Chief Executive Officer - Beyond Shelter, Inc.
701-730-2734, dmadler@beyondshelterinc.com, Lobbyist #30

Chairman Monson and members of the Committee, my name is Dan Madler, and I am the CEO of Beyond Shelter, Inc., a mission driven North Dakota nonprofit developer of affordable housing that in the past 25 years has developed over 1,350 quality affordable housing units across North Dakota. I would like to express my support for Senate Bill 2014, and I would like to also take this opportunity to urge this committee to increase the current Senate appropriated **$25M** for the Housing Incentive Fund (HIF) to a **$50M** appropriation. A **$50M** appropriation would be a strategic investment as it would provide funding at scale and actually move the needle as it relates to increasing the supply of affordable housing in North Dakota. To support this request, I offer the following:

- Housing is the backbone of North Dakota Communities
- Housing is the critical infrastructure for the growth and health of all North Dakota Communities
- Housing is both economic and community development
- The data that Jennifer Henderson with the North Dakota Housing Finance Agency provided earlier clearly demonstrates that there is a statewide demand and need for affordable housing

  Two (2) boots on the ground Beyond Shelter examples to demonstrate this demand and need are:

  Demand Example 1: In August of 2024, Beyond Shelter opened an affordable senior housing development in Fargo called The Plaza Apartments. The Plaza Apartments has 39 apartment homes with a mix of 1 & 2 bedrooms. We not only leased up The Plaza Apartments quickly, but during the peak of taking applications, we had 172 senior households on a wait list to rent one of the 39 affordable apartment homes. Now for me personally, I have been working in affordable housing for 31 years, and I have never seen such a high demand, such a high need for one of our affordable apartment homes.

  Demand Example 2: Beyond Shelter currently has 569 affordable senior housing homes serving Minot, Dickinson, and Fargo and as of 12.31.2024, the average vacancy rate was 1.9% or only 11 vacancies.

- The data that Jennifer Henderson provided earlier also clearly demonstrated that the North Dakota Housing Finance Agency is always oversubscribed by millions of dollars when it comes to actual funding requests for planned affordable housing developments across North Dakota. A $50M investment

in HIF would play a key role in moving these planned affordable housing developments forward.

Some specific comments about the Housing Incentive Fund are:

- The Housing Incentive Fund has been proven to work and work well; thus I would urge this committee to invest at scale in things that work

- The Housing Incentive Fund is very nimble and works well with leveraging all affordable housing federal funds that ND currently receives

- The Housing Incentive Fund is a strategic investment with a proven Return On Investment. A real time example of this Return On Investment is as follows:

  Beyond Shelter, in partnership with the Burleigh County Housing Authority (BCHA) is currently working on two affordable housing developments here in Bismarck. The first development is Washington Court, which is the redevelopment of 96 affordable multi-family apartment homes. For every $1 of HIF invested in Washington Court, Beyond Shelter and the BCHA has been able to develop and preserve $9 in long-term affordable housing assets. The second development is the new construction of 14 townhome style apartment rental homes and 20 affordable senior rental homes called Dakota II. For every $1 of HIF invested in Dakota II, Beyond Shelter and the BCHA has been able to develop $35 in long-term affordable housing assets.

In closing, I would say that the biggest IMPACT that this legislative body can do at this time is to increase the supply of affordable housing in North Dakota and this can be accomplished by funding the Housing Incentive Fund at scale and thus I am again urging this committee to seriously consider increasing the current Senate appropriated **$25M** for the Housing Incentive Fund (HIF) to a **$50M** appropriation.

If you would have 5 minutes later on today, I would also like to encourage you to scan the following QR Code, which will link you to a video that will clearly demonstrate what a **$50M** investment in the Housing Incentive Fund would provide from a human perspective.

Thank you for your time and consideration and I stand for any questions that you may have.

GREATER NORTH DAKOTA CHAMBER
SB 2014
Appropriations Committee
Government Operations Division
Chair David Monson
March 19, 2025

Mr. Chairman and members of the Committee, my name is Andrea Pfennig, and I am the Vice President of Government Affairs for the Greater North Dakota Chamber. GNDC is North Dakota's largest statewide business advocacy organization, with membership represented by small and large businesses, local chambers, and trade and industry associations across the state. We stand in **support** of Senate Bill 2014.

In our 2024 ND Economics and Employer Survey of our membership, 70% of respondents indicated they were having trouble hiring employees. Labor availability has been identified as the top business concern facing companies in North Dakota. When we asked specifically about housing in our survey, 43% indicated that it was a barrier.



We know from conversations with our members that when housing is a barrier, it can be very significant. Businesses that are poised for growth question whether they can grow in their existing community or if they will have to expand out of state. Because of this, we support innovative solutions to help solve the housing shortage in the state.

We'd like to express our support for the Housing Incentive Fund within HFA. This program is a proven solution, with a great track record of both demand and results. We urge your continued support for the program. Thank you for your consideration.

United Way
Missouri Slope Areawide United Way

March 20, 2025

Good afternoon, Chairman Monson and Members of the House Appropriations Government Operations Division,

My name is Jena Gullo. I am the Executive Director of the Missouri Slope Areawide United Way based in Bismarck. I come to you begging on behalf of the poor in support of Senate Bill 2014. Your decision may mean the future of quality services provided at our Center for Opportunity, but more importantly, the future of hundreds of people experiencing homelessness in our state. During severe weather like we have experienced this winter, with a windchill of -65, and most every winter, having proper funding to keep our doors open is a matter of life or death.

Our United Way volunteered to start an emergency homeless shelter in Bismarck at the start of the winter of 2017 when a major homeless provider in our area, the Ruth Meiers Hospitality House, abruptly shut their doors.

In 2019, United Way purchased property in Bismarck with Community Works of North Dakota. We continued to provide shelter, raise funds, and then built and opened a permanent 24/7 shelter for men, women, and families in 2023. Located at 1140 S 12th Street in Bismarck, we call our shelter the "Center for Opportunity," as we strive to give people hope and resources to get OUT of homelessness. We have 42 beds and will be adding an additional 18 beds for families. We offer laundry facilities and detergent, showers and hygiene supplies, computers with Wi-Fi, a private space for families with children, and private offices for local agencies and healthcare professionals.

We serve between 80-100 people each day and night, which is double the number from two years ago. The highest number of people per night was 144 individuals during a major snowstorm.

United Way provided 14,310 nights of shelter to 338 different clients during half of this past year, from July 2024 through December 2024. More than 80% are from North Dakota, with many coming to Bismarck from the surrounding rural communities and the western part of the state.

We are a substance-free shelter and help many people who are in recovery, many with mental health diagnoses and traumatic brain injuries, many who come to us straight from the state penitentiary, and many families with small children. We often bend our substance-free rules during extreme weather conditions, as there is literally nowhere else for the homeless to go.

We have coordinated 35+ agencies to regularly provide onsite services at our Center for Opportunity to remove barriers many of the homeless face, such as transportation, access to financial supports, vital documents needed to gain housing and employment, resume building, job coaching, parenting classes, and sober housing and case management. Addiction and mental health counselors from West Central Human Services come onsite. Public Health offers nutrition classes and diabetes management. The YMCA offers onsite child watch to allow parents time for job interviews.

Volunteers from local banks offer financial literacy classes. When school is out, children have had somewhere safe and warm to be. That was until March 3rd of this year, when we closed our doors during the daytime hours and now only provide overnight shelter due to lack of funds.

United Way receives $138,000 from the North Dakota Homeless Grant. That helps to cover under 2.5 months of operations. COVID-19 funds and private fundraising helped to keep our doors open 24/7 thus far. We don't have sufficient operational funds to continue along this path.

What does this mean for our state?

- Our lack of funding for proper staffing levels affects our data collection ability and data collection quality for the state, which can, in turn, affect the state's federal funding from HUD.
- Being open during the daytime is critical for people experiencing homelessness to access the vital services needed to get out of homelessness.
- While it can be difficult to prove the cost-savings of incidents our shelter prevents, we know that major life-threatening incidents took place with law enforcement as soon as four days after we closed during the daytime.
- **With proper funding, 80% of the homeless we served did not return to homelessness.**
- Most importantly, our lack of funding affects our ability to stay open during the daytime, which can be life-saving.

It is vital that our capital city has a warm and safe place for the most vulnerable in our community to seek refuge during the winter months. With adequate funding, we are capable of creating pathways out of poverty that help people OUT of homelessness and help them to STAY out of homelessness.

Thank you for your time, support, and stewardship. Please do not hesitate to reach out should you have any questions or would like a tour.

My very best,
Jena M. Gullo
jgullo@MSAUnitedWay.org

THE CHAMBER
FARGO MOORHEAD WEST FARGO

Letter of Support SB 2014

Thursday, March 20, 2025

Chair Monson and members of the House Appropriations Government Operations Committee,

My name is Cale Dunwoody, and I have the distinct pleasure of serving as the Vice President of Public Policy for the Fargo Moorhead West Fargo Chamber of Commerce (FMWF Chamber). On behalf of our over 1,700 members, I respectfully offer testimony in support of S.B. 2014, specifically as it relates to funding for homelessness.

At the FMWF Chamber, our mission is to protect and promote business, inspire individuals, cultivate communities, and influence action. To promote more vibrant, thriving communities and economies, we urge strategic investments into addressing and understanding homelessness across the state. In North Dakota, the number of homeless individuals has increased more than 26% over the past four years. Solutions to this can only be found through private and public collaboration to target root causes and build stronger local communities.

This legislation approaches the issue in a pragmatic and strategic way. We support the following aspects of this bill:

1. **Homelessness Grants**: This appropriation of $10 million will support communities actively working to address homelessness and empower local leaders and providers to bring bold initiatives to life.
2. **Housing Incentive Fund**: This appropriation of $25 million will begin to address the root causes of homelessness by increasing the availability of affordable housing across the state.
3. **Legislative Homelessness Study**: A homelessness study to review data, funding availability, and gather input from homeless program service providers. The results of this study will be used to guide lawmakers as they craft solutions to address this issue statewide.

The strategic allocations made under this bill support long-term investments to address homelessness across the state. With these investments, communities across North Dakota will become more vibrant and prosperous – effectively addressing the unique housing and homelessness challenges. I respectfully urge the committee to give Senate Bill 2014 a **DO PASS** recommendation and support these critical aspects of the bill.

Thank you for your consideration of this critical matter and your commitment to North Dakota.

Sincerely,

Cale Dunwoody
Vice President of Public Policy
Fargo Moorhead West Fargo Chamber of Commerce

Great Plains Housing Authority

Serving Dickey, Eddy, Foster, Logan, Sargent, Stutsman, and Wells Counties

To: House Appropriations - Government Operations Division
From: David Klein, GPHA Executive Director
Date: March 20, 2025
Re: SB 2014

Great Plains Housing Authority supports SB 2014 and the efforts to fund the Housing Incentive Fund at $50 million and fund the ND Homeless Grants at $10 million.

The lack of affordable housing is a chronic issue that has complex ripples throughout our communities and state. Employers are having a tough time recruiting employees because of the high housing costs. Many employers have trimmed back critical health care services. Those critical health services impact the homeless.

Homeless and behavioral health support services are desperately needed to improve the homeless situation and help get individuals into a stable situation.

In Region 6, Homeless grants could help create temporary or extended housing that help a homeless person graduate into a stable situation. The Housing Incentive Fund could help Region 6 expand housing for low-income and moderate-income households. This includes attracting young people who seek jobs in rural areas in health care, government, technology, manufacturing, schools, and other industries.

Please pass SB2014 with $10 million in homeless grants and $50 million in the Housing Incentive Fund to help Region 6 and all of North Dakota.

Mailing address: 300 2nd Ave NE – Suite 200, Jamestown, ND 58401
Toll free: 800-340-4537
Phone: 701-252-1098
Fax: 701-252-7735
Web: www.greatplainsha.com
Email: office@greatplainsha.com
Locations: Carrington, Ellendale, Jamestown, New Rockford

Mr. Chairman and members of the committee:

My name is Christy Miller, and I serve as the Executive Director of Souris Valley United Way in Minot. I want to express my strong support for Senate Bill 2014, particularly the inclusion of both the North Dakota Homeless Grant and the Housing Incentive Fund within the North Dakota Housing Finance Agency.

Through my work with Souris Valley United Way and as a member of the North Dakota Coalition for Homeless People, I witness firsthand the critical and growing need for these funds. The lack of adequate funding for housing and homeless initiatives has contributed to an increasingly dire situation for many individuals and families across our state. This reality is further underscored by the North Dakota Housing Finance Agency's updated housing study, which highlights the urgent challenges we face.

Minot is in a particularly vulnerable position. Our community lacks a low-barrier shelter capable of serving all those in need, leaving many without a safe place to turn. Compounding this issue, the upcoming Sentinel project at Minot Air Force Base will bring an influx of workers to our region, further straining an already limited housing supply. Without immediate investment, we risk exacerbating homelessness and housing instability in our community and beyond.

To effectively address these challenges, we need $10 million allocated to the North Dakota Homeless Grant and at least $50 million for the Housing Incentive Fund. These resources would enable agencies across the state to implement a coordinated, strategic response tailored to each household's unique needs.

The solution to homelessness is straightforward: housing and support services. Without these crucial funds, agencies cannot continue the essential work of providing stability and hope to those who need it most. We must act now to ensure that every North Dakotan has access to safe and secure housing.

The time for action is now. Thank you for your time and consideration.

Sincerely, Christy Miller
Executive Director, Souris Valley United Way
Member, North Dakota Coalition for Homeless People

SB 2014 Testimony Provided By:
Emily Contreras
Executive Director
Grand Forks Community Land Trust & Minot Area Community Land Trust

March 20, 2025: Testimony in support of SB 2014, appropriating funds to the Housing Incentive Fund

Good Morning, Mr. Chairman and Members of the Committee:

I am Emily Contreras, Executive Director of Grand Forks Community Land Trust as well as Minot Area Community Land Trust. I'm here to testify in favor of the requested appropriation for the Housing Incentive Fund, specifically for single-family homeownership opportunities through community land trusts (CLTs). First, a thank you to those who were involved in making single-family homeownership an eligible use during the last Legislative session. In the 10 or so months since the single-family program launched, HIF has already been a gamechanger for our organizations. I'll touch on that in a moment, but first, a little context:

Homeownership has grown increasingly unaffordable in our state and incomes simply haven't kept pace. Looking at the market this week, there were only 2 single family homes on the market for under $300,000 in Grand Forks, and just 7 in Minot (only 1 of which would not require substantial rehab upon acquisition). A $300,000 mortgage requires annual household income of approximately $115,000, leading to a monthly payment of about $2,200. I'm sure we all know hard working households with full-time jobs that don't add up to an annual income of $115,000. Over the years, my CLTs have sold homes to: a retail manager, an electrician and social worker, a Congressional aide, a University associate professor, a County worker, a City Sanitation worker, a medical coder, a direct service provider serving those with disabilities, a nurse and construction worker, restaurant workers... I think we can all agree that these jobs are essential to our communities and our economy, yet their buying power has been priced out of our current homeownership markets.

Supporting single-family homeownership through HIF allows us to not only make homes affordable for one of these families, but to make a home in our portfolio affordable from one owner to the next, perpetually. We all know the benefits: Homeowners are more likely to stay in our communities long-term, to support our schools, businesses, and nonprofits. Their children are our future workforce. Unfortunately, today, they're also people who are occupying rental units though they would prefer to put their own money to work owning and maintaining their own home. In addition to the obvious benefits to each CLT homeowner, investing in a CLT will also help relieve our highly competitive rental markets, taking pressure off the full spectrum of housing.

Community land trusts in North Dakota and nationwide have proven themselves as one of (if not THE most) responsible, effective and efficient ways to make homeownership affordable long-term in our communities, subsidizing each of our homes rather than individual homeowners.

I can't thank you enough for opening up this pivotal resource for our programs. Though Federal subsidy has been available to CLTs, their regulatory requirements made the funding essentially unusable in our current market. Leveraging HIF allowed us to utilize Federal funding again. Unfortunately, HUD funding is limited to just $500,000 statewide for CLTs, and annual allocations are unpredictable going forward. Over the last 10 months that we've been working with HIF, we've implemented the program successfully and we continue to work out the procedural details that come with creating a new program. As someone who regularly connects with dozens of CLT leaders throughout the US, I can tell you that our use of HIF for CLTs is already being admired by CLTs in other states. Thanks to the expertise and common sense involved in creating this program, I genuinely believe we have created something that CLTs will want to imitate throughout the nation.

This legislative session, we hope you'll increase the funding available to CLTs so we can prove the full potential of our organizations. To reach our ideal portfolio sizes, both Grand Forks and Minot's CLTs would add 8-12 homes to their portfolios annually for the next 8 years. We estimate this would take a total subsidy injection of $1-$1.5 million per CLT each year. Assuming national CLT averages hold true, each of these homes will serve at least 5 households before requiring additional subsidy, leading to a long-term per household subsidy average of under $25,000. Whether your priority is affordable housing, economic development, or simply to improve the quality of life for working families, CLTs can be the answer. I thank you for your support last session, and look forward to working together with our phenomenal partners at NDHFA to help these programs reach their full potential going forward.

In addition to my testimony, I've provided a basic overview of community land trusts and our long-term impact. I'd be happy to run through this overview with you now, or simply leave this as a resource.

Thank you for the opportunity to be with you today.

Sincerely,

Emily J. Contreras

Emily Contreras
Executive Director
Grand Forks Community Land Trust &
Minot Area Community Land Trust

Emily Contreras, Executive Director, econtreras@gfclt.org or emily@minotclt.org
(218) 791-4668

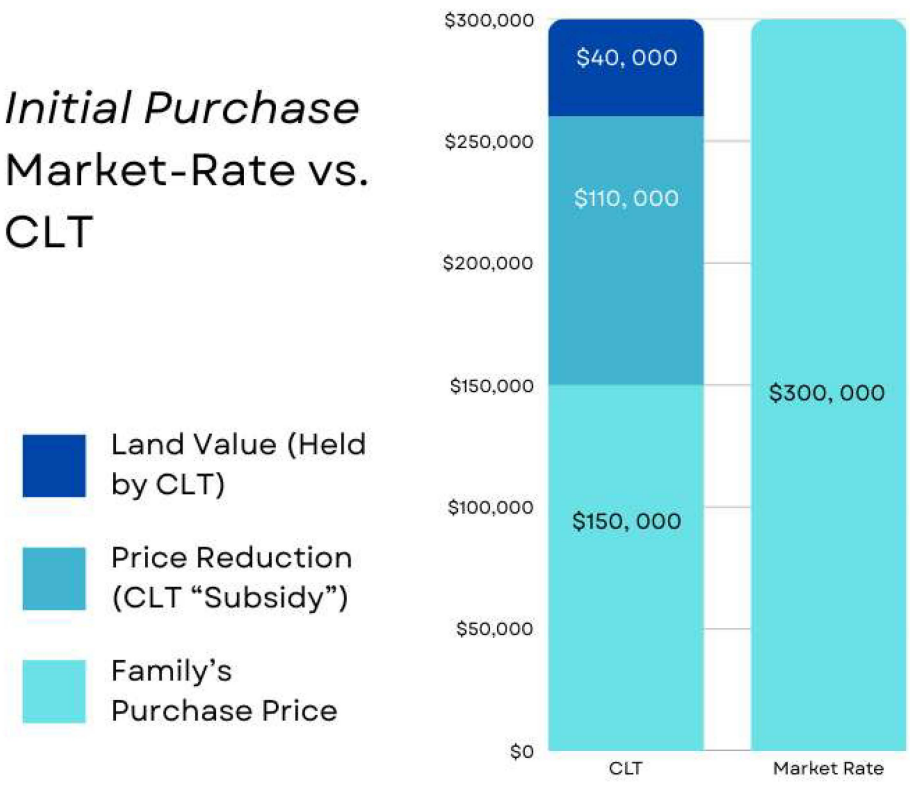
GRAND FORKS & MINOT AREA COMMUNITY LAND TRUSTS: AN OVERVIEW

Community Land Trusts make homeownership affordable to those who have been priced out of our markets, while ensuring homes remain affordable from one owner to the next. We accomplish this through two steps:

1. **First Mortgage Principal Reduction Subsidy:** Similar to other downpayment assistance programs, this subsidy reduces the buyer's mortgage payment. *This step makes the home affordable for the first buyer.*

2. **Land Retention & the Shared-Equity Resale Formula:** The CLT retains ownership of the land while buyers purchase the structure and improvements. A CLT Ground Lease is signed at closing, which includes a shared-equity resale formula. This allows CLTs to provide significantly more subsidy, keeping the subsidy within the home at each resale rather than allowing the homeowner to profit off of the subsidy. *This step makes the home affordable from one buyer to the next, for generations to come.*

GFCLT & MACLT serve households earning up to 120% area median income, ¾ of which must earn under 80% AMI. Today, we receive funding from the Housing Incentive Fund (HIF) and the HUD HOME program. HOME funds are limited to households earning under 80% AMI, (approximately $58k for an individual, $83k for a family of 4). CLT sales prices are set based on homebuyers paying 20-30% of their gross monthly income toward their monthly mortgage payment. Buyer's need to meet typical credit and debt-to-income ratio requirements. CLT homeowners in North Dakota have financed through Alerus Financial, Benchmark Mortgage, Bremer Bank, First International Bank & Trust, Gate City, and US Bank, and the NDHFA has been an essential secondary market partner for both CLTs.



Once a CLT home is subsidized to provide affordability, **it will not need additional subsidy until the home's structure itself requires substantial repair,** or if the CLT makes the home affordable to a lower income group.

As a result, each significant injection of subsidy is likely to serve 5-8 households over the course of 35-50 years before additional subsidy is needed.

While resale formulas vary slightly, CLT homeowner's receive approximately 20-30% of the home's total appreciation at resale, exhibited in the next graphic.

Emily Contreras, Executive Director, econtreras@gfclt.org or emily@minotclt.org
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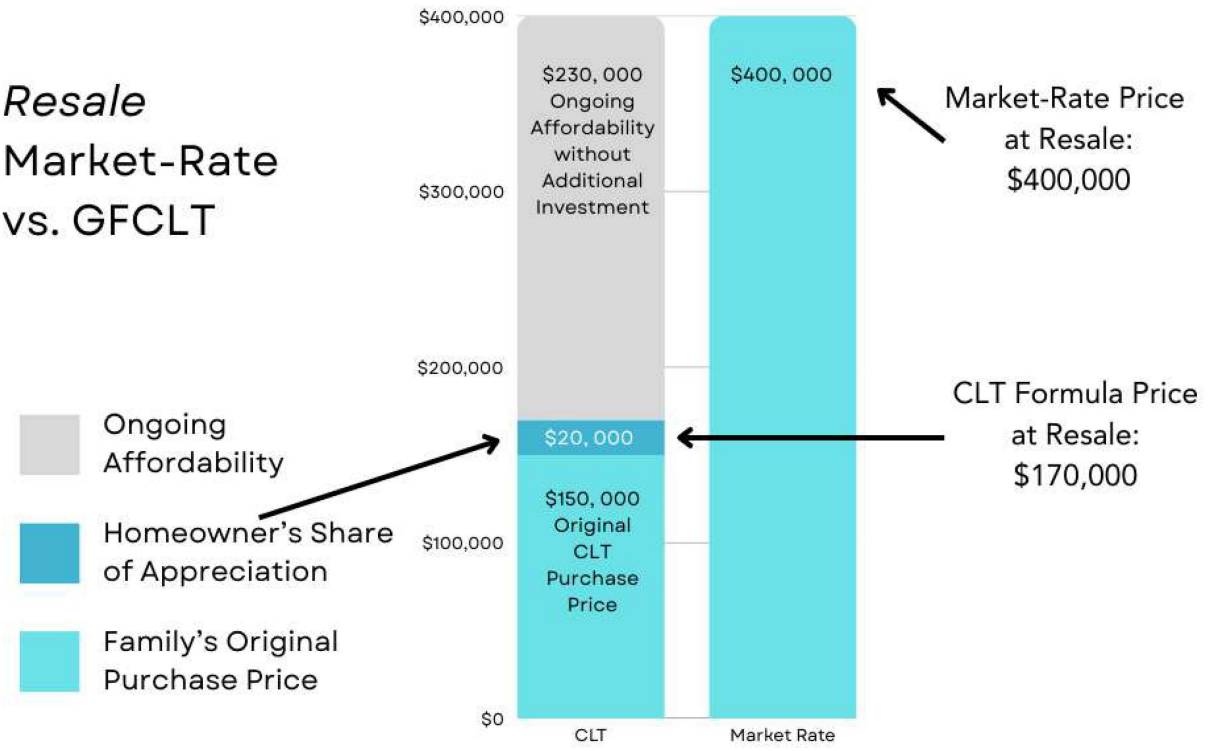
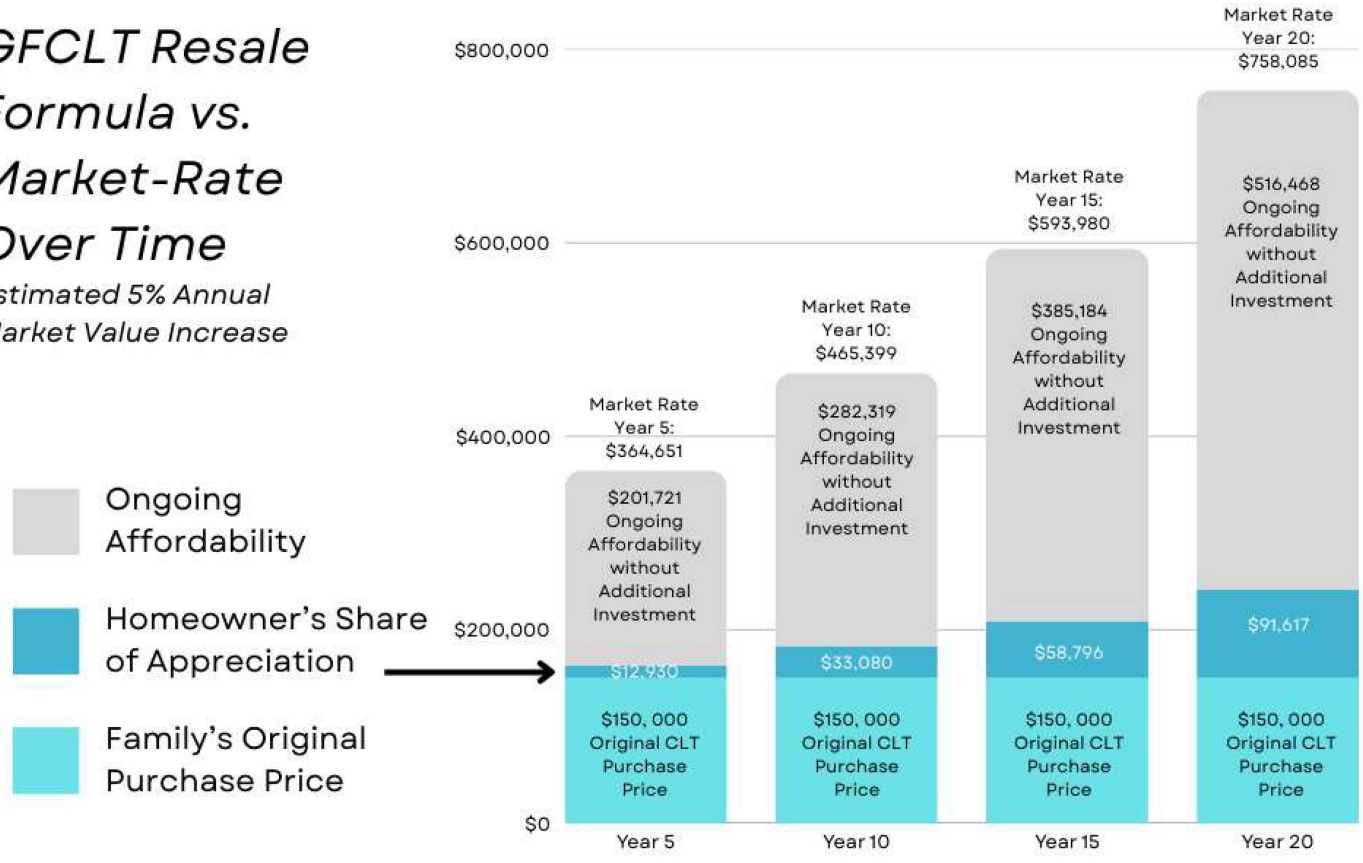
Resale Market-Rate vs. GFCLT



GFCLT Resale Formula vs. Market-Rate Over Time

Estimated 5% Annual Market Value Increase



Above Graphics Based On:

- Market Value at Initial Purchase: $300,000
- Combined Subsidy at Initial Purchase Totaling $150,000
- CLT Buyer Initial Purchase Price: $150,000

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SB 2014 (2025 LEGISLATIVE ASSEMBLY)
GOVERNMENT OPERATIONS DIVISION
HOUSE APPROPRIATIONS COMMITTEE
HONORABLE DAVID MONSON, CHAIRMAN
MARCH 20, 2025
TESTIMONY OF BRUCE MURRY FOR FRASER, LTD

Good Morning, Chairman Monson and members of the Government Operations Division of the House Appropriations Committee. I am Bruce Murry, a registered lobbyist for Fraser, Ltd. (Fraser) of Fargo, North Dakota. Fraser supports children, youth, and adults on their journeys toward independence through four main programs: independent living, transitional youth services, mental health, and childcare.

The appropriations of at least ten million dollars to the North Dakota Homeless Grant, administered by the North Dakota Housing Finance Agency, are key to these services. Rather than describe the mechanics of the program, we wanted to report the outcomes we see in real people's lives. These outcomes are all supported in part by your funding of NDHG.

Story 1: After losing his mother in a car accident, a young man's life unraveled. He got a girl pregnant, was evicted, and had nowhere to turn. Fraser's TYS gave him a place to stay, keeping him off the streets and offering stability. Grateful for this lifeline, he's now pursuing a part-time job to stand on his own. More than that, he wants to be a steady presence for his child, providing the care and support he missed growing up. Fraser has been his foundation to rebuild and move forward as a father.

Story 2: A mother of three faced dire circumstances when she arrived at Fraser's Transitional Youth Services (TYS), pregnant and living in a costly hotel. Struggling to support her two kids with a third on the way, she hit a low point when their father was deported just before the birth. Alone and homeless, she arrived at TYS in tears, saying, "I had nowhere to go and no way to support my children." With Fraser's help—financial aid, resume support, job placement, and care for her kids—she's found hope. Now, she's eager to build a stable life for her family and reestablish contact with her children's father.

Story 3: Hoping for another chance after incarceration, a man found himself homeless and shunned. Each day was a fight to survive, with staying warm the hardest part. Fraser

offered him comfort and a fresh start. Welcomed by staff who listen and provide one-on-one support, he's working to stand on his own again. His hope? A place to call home. Fraser's help has been a lifeline in his battle to reclaim his future.

Story 4: Moving to North Dakota to pursue opportunities was tougher than he expected. Unable to find work and running out of money, he turned to Fraser. In just one month, he's learned the city, landed a job, and secured an apartment—thanks to Fraser's support. Grateful for a partner at his lowest, he aims to be independent by year's end, dreaming of owning a house, car, and a solid job. Fraser turned his struggle into a stepping stone.

Fraser also believes that appropriations to the Housing Incentive Fund of at least fifty million dollars are crucial to supporting that competitive funding process. With this assistance, the investment is multiplied to yield almost a five-fold value in total housing projects. Over time, this greatly improves the availability of safe, decent housing in our state.

Fraser also recommends NDHFA renew education to developers on the concept of "visitability". Visitability involves considering simple features at the time of construction, such as: no or few steps to enter the main level (for future ramps); wider doorways to accommodate a wheelchair, and a bathroom on the main floor. These features are inexpensive at the time of construction but avoid expensive remodeling if a resident with disabilities needs the space in the future.

Thank you for the opportunity to address you this morning. Fraser appreciates the work of this committee to ensure more North Dakotans have access to housing.

Testimony from Heather Ingman, Domestic Violence and Rape Crisis Center
North Dakota House Government Operations Subcommittee on Appropriations March 20, 2025
SB 2014

Good morning, Mr. Chairman and members of the committee, my name is Heather Ingman, Assistant Director at Domestic Violence and Rape Crisis Center (DVRCC), Dickinson. DVRCC serves all of south western North Dakota and provides the only emergency shelter both for victims of violence and homeless families within a 100 mile radius.

I have been a part of this agency for almost 15 years as well as hold a seat on both the North Dakota Coalition for Homeless People and the Continuum of Care boards. I have invested a large part of my professional career to assisting those who have found themselves in less than fortunate circumstances. Professionally, I can state that during my career working with families and individuals experiencing homelessness, I have never seen such a lack of funding, services and affordable housing than what we are currently seeing.

I am not only writing for support, but for an ask that at least $10 million be allocated for the North Dakota Homeless Grant, and at least $50 million be allocated for the Housing Incentive Fund. I, by no means am an expert when it comes to serving our state's homeless population, however I have many years experience working with minimal resources and shallow pockets of funding, all the while working with my partners across the state trying to end our communities homeless population.

I understand that for the average person who does not work in this line of work could determine that the solution to ending the state's homeless problems would be housing. A simple concept becomes extremely complex when you take into consideration funding, employment, services, household size, barriers and the cost of living. I could go on for days trying to explain the ins and outs of homelessness, however I would be left with the same conclusionhousing alone does not eliminate a family or individual from no longer becoming homeless.

The fact is that unless we provide wrap-around supportive services along with housing, people will more than likely remain homeless. If maintaining housing alone was a simple solution, everybody would be housed.

If we as a state would like to end homelessness, we need to take a whole system approach in doing so. We need to provide funding for the North Dakota Homeless Grant and the Housing Incentive Fund. We need to take an approach from the top all the way down to the bottom. We need to provide support (funding) for the agencies who are already doing wrap around case management, and providing a coordinated, strategic response to each households unique needs.

The bottom line is that every person, every family that we serve comes to us with a unique set of circumstances. As a state, we have a responsibility to take care of each other, support one another and remember that every person who finds themselves in a state of homelessness is somebodys mother, daughter, father, son, uncle, brother or sister.

I not only support SB 2014 but I recomend the funding of at least $10 millino for the the North Dakota Homeless Grants and at least $50 million for the Housing Incentive Fund.

Thank you,

Heather Ingman
Assistant Director, Domestic Violence and Rape Crisis Center.

Homeownership and Rental Affordability

Low r-Income Households in Nort kota h ve Limited Options for Housing

Affordable housing is a function of both the supply of low-cost ousing nd the income levels of r sid nts. Th Department of Housing and Urban Development (HUD) sets income limits that d termin eligibility for assisted ousing programs serving lower income households, housing for the elderly, and housing for persons with dis bilities. HUD develops income limits based on median family income estim t s for st tes nd counties in t e U.S.

Homeownership Affordability. Table 3 provides the income limits s t by HU based on the 2022 median family income (MFI) for North Dakota of $96,800 (U.S. Department of Housing and Urb n Development, 2023). Seven categories of income are provided for housing program purposes and are b sed on a perc ntage b low or bove the state's MFI. In Table 3, the affordable purchase prices provided for homeown rs were based on a formula t at is typical of those used by lenders and includes the following assumptions: a 30-year loan fixed at 6.0% interest; 5% down p yment; property taxes at 1% of the loan; property insurance at 1% of the loan; a front- nd debt-to-income ratio of no more than 28%; and the back-end ratio including all monthly debts at no higher than 36%.

Table 3. Housing Ownership Affordability by Household Income Level in North Dakota, 2022

Household Income Category	Income Limits based on the 2022 MFI of $96,800 in North Dakota defined by HUD	Total Households that Meet the HUD Income Limit Thresholds		Ownership Affordability		
				Maximum Affordable Purchase Price (at 6.0% interest)	Owner-Occupied Homes meeting Affordability Limits based on Home Values (N=202,213)	
		Estimate	Percent of Total Households		Number	Percent
Extremely Low	Less than $29,041	61,024	19%	$81,101	32,203	16%
Very Low	$29,041 - $48,400	45,624	14%	$135,168	56,387	28%
Low	$48,401 - $77,440	55,097	17%	$216,269	112,040	55%
Lower Moderate	$77,441 - $111,320	44,389	14%	$310,887	168,017	83%
Moderate	$111,321 - $135,520	34,919	11%	$378,471	168,017	83%
Upper*	$135,521 or more	78,985	25%	$454,165	184,881	91%
Lower (0-60% MFI)	Less than $58,081	131,168	41%	$162,202	69,199	34%

Note: *The maximum affordable purchase price for Upper Income Households was determined by c pping the "upp r" income limit to 20% higher than the lower limit. Sources: U.S. Department of Housing and Urban Development (2023) and U.S. C nsus Bureau (2023a)

Based on these assumptions, households with moderate- and upper-lev l incom s in North D kota are able to afford most of the state's housing inventory (using self-reported hom values). However, the afford ble purchase price of a home for a North Dakota family with lower income (i.e., earning at most $58,081) in 2022 w s $162,202. Based on home values of housing in 2022, 34% of the owner-occupied housing units in t e state were afford ble for families with lower household income, with rates varying considerably based on g ography (from 17% in Burleig County to 72% in Pembina County, based on county-specific affordable purchase prices).

Placed in context, 41% of North Dakota households cannot afford to purchase a om for more than $162,202. It is important to understand that the above assumptions are bas d on 30-year fixed mortgage rate of 6.0%. In early May 2024, mortgage rates rose to 7.22%, the highest level since October 2023 according to Freddi M c's Primary Mortgage Market Survey (Freddie Mac, 2024). However, as inflation continued to slow, the Federal Res rve cut the federal fund rate in September, which lowered mortgage rates further. If mortgage r tes wer to drop to 5.0%, the estimated, affordable purchase price for lower income families in North D kot could rise to $175,698 (Table 4).

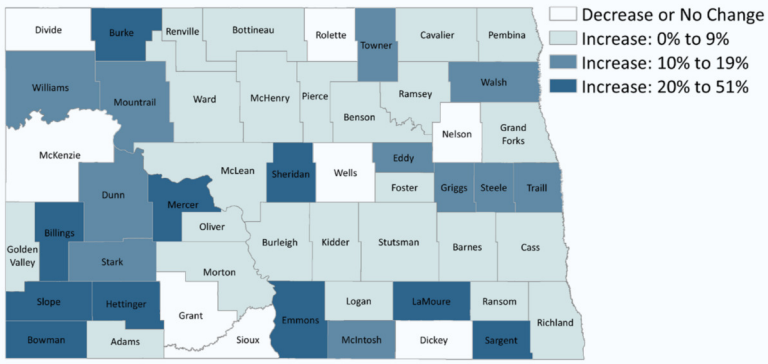
Table 4. Housing Ownership Affordability for Lower Income Households in North Dakota, 2022
Assumptions: 30-year loan fixed, property taxes at 1% of the loan, property insurance at 1% of the loan, front-end debt-to-income ratio at no more than 28%, back-end ratio including all monthly debts at no higher than 36%
Note: Lower-income households are defined as those households earning less than $58,081 in 2022 (i.e., up to 60% MFI).

Variable Assumptions		Ownership Affordability for Lower Income Households		
			Owner-Occupied Homes meeting Affordability Limits based on Home Values (N=202,213)	
Interest Rate	Monthly Debt as % of Income (non-housing)	Maximum Statewide Affordable Purchase Price	Number	Percent
5.0%	10% ($484)	$175,698	80,721	40%
6.0%	10% ($484)	$162,202	69,199	34%
6.0%	15% ($726)	$131,009	56,387	28%
7.0%	15% ($726)	$121,247	47,396	23%

Sources: U.S. Department of Housing and Urban Development (2023) and U.S. Census Bureau (2023a)

Another assumption included in the formula to estimate affordability is that monthly household debt payments excluding a mortgage are no more than 10% of household income. While it is difficult to find information that defines exactly how many households exceed this limit, there are data suggesting that consumer debt overall is rising in North Dakota. For example, data from the Federal Reserve Bank of New York indicate that the average household consumer debt in North Dakota was $51,190 in 4th quarter 2023, which is up 41% from $36,320 in 4th quarter 2013 (or an increase of 4% per year on average). While mortgage debt is contributing to this rise (4% growth per year on average), non-housing debt is also a significant factor. Auto loan debt in North Dakota grew 5% per year on average, credit card debt grew 4%, and student loan debt grew an average of 2% annually since 2013 (Federal Reserve Bank of New York, 2024).

Figure 42. Average Annual Change in the 4th Quarter Debt-to-Income Ratios in North Dakota by County, 2013 to 2023*



Note: *Annual average change is based on 4th quarter data for 2013 through 2022 and 3rd quarter data for 2023. Source: Federal Reserve (2024)

Figure 42 shows the variation by county of the change in household debt relative to household income over the past 10 years. In 2013, the ratio of median household debt to income in North Dakota was 0.80, meaning that household income exceeded the debt level for households, on average. However, by 2023, the ratio flipped and rose to 1.1 (meaning debt levels exceed household income) (Federal Reserve, 2024). In addition, the ratio rose in most counties across the state. For 10 North Dakota counties, the ratio rose by at least 20% annually, on average, from 2013 to 2023 (Figure 42).

Depending on how monthly payments are determined for the various types of debt a household may hold, it may become quite challenging for many lower-income households in North Dakota to afford a mortgage. For example, assume that a lower-income household (earning less than $58,081) had monthly car and credit card payments totaling $726 per month. This non-housing debt accounts for about 15% of their monthly household income. This level of non-housing debt, combined with an interest rate of 6.0% would bring the affordable purchase price for this family down to $131,009. At this price, only 28% of existing owner-occupied homes in the state are affordable and valued below this level – and percentages vary considerably by county (Table 4).

Rental Affordability. For renter households, monthly affordable housing costs were estimated at 30% of the corresponding income category – a level which, if exceeded can result in substantial budget constraints. In 2022, there were 61,024 extremely low-income households in North Dakota, which comprised one in five households statewide. These extremely low-income households were able to pay no more than $726 for rent each month without spending more than 30% of their income on housing (U.S. Census Bureau, 2023a). Based on the housing inventory at that time, about 28% of all rented units were affordable to extremely low-income households (Table 5). However, household income and rental rates vary widely throughout the state. In 2022, the percentage of renter-occupied housing units that

were affordable to households with extremely low-income ranged from 11% in McKenzie County to 65% in Adams County (based on county-specific affordable monthly rent).

The inventory of affordable homes was much greater for North Dakota households in the lower moderate-income bracket (household income of $77,441 to $111,320); 83% of the owner-occupied homes and 94% of renter-occupied homes were affordable for lower moderate-income households (Tables 3 and 5).

Table 5. Rental Housing Affordability by Household Income Level in North Dakota, 2022

Household Income Category	Income Limits based on the 2022 MFI of $96,800 in North Dakota defined by HUD	Total Households that Meet the HUD Income Limit Thresholds		Rental Affordability		
				Affordable Monthly Housing Costs – Rent a family can pay without spending more than 30% of income on housing	Renter-Occupied Homes Paying Cash Rent that meet Affordability Limits* (N=111,447)	
		Estimate	Percent of Total Households		Number	Percent of Renter-Occupied Homes
Extremely Low	Less than $29,041	61,024	19%	$726	33,357	28%
Very Low	$29,041 - $48,400	45,624	14%	$1,210	87,206	74%
Low	$48,401 - $77,440	55,097	17%	$1,936	107,245	91%
Lower Moderate	$77,441 - $111,320	44,389	14%	$2,783	110,401	94%
Moderate	$111,321 - $135,520	34,919	11%	$3,388	110,731	94%
Upper*	$135,521 or more	78,985	25%	$4,066	111,447	95%
Lower (0-60% MFI)	Less than $58,081	131,168	41%	$1,452	98,007	83%

Note: *The maximum affordable housing costs for Upper Income Households was determined by capping the "upper" income limit to 20% higher than the lower limit. Sources: U.S. Department of Housing and Urban Development (2023) and U.S. Census Bureau (2023a)

2025 Legislature

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HOUSE APPROPRIATIONS – SB 2014

GOVERNMENT OPERATIONS DIVISION

NORTH DAKOTA housing FINANCE AGENCY

1

1

Community Housing and Grants Management

- Multifamily Development and Rehabilitation
- Multifamily Compliance
- HUD Project Based Rental Assistance Contracts
- Single-Family Development
- Homeowner Rehabilitation and Accessibility
- Homeless Response

24

Community Housing and Grants Management Process







Develop allocation plans that address the state's housing priorities.

Execute award contracts with top scoring applications.

Reimburse contracts for eligible expenses, construction monitoring and project completion.

Ongoing monitoring for program compliance.

25

Multifamily Development and Rehabilitation Programs

Low Income Housing Tax Credit	HOME	Housing Trust Fund	Housing Incentive Fund
• Federal • $3 million	• Federal • $3 million	• Federal • $3 million	• State • Varies

- Annually receive 8-20 applications representing (500-1000 units)
- Projects are selected competitively based on ability to best address housing priorities and financial feasibility.
- Annually 4-6 projects are selected for approval. (250-500 units)
- 23 projects under various phases of construction (1046 units)

26

Multifamily Pipeline Demand

Program	# of apps	Request	Available	Unfunded
Low Income Housing Tax Credit (federal)	22	$20,727,710	$7,358,172	$13,369,538
HOME (federal)	17	$17,027,069	$4,690,866	$12,336,203
National Housing Trust Fund (federal)	12	$18,432,666	$5,925,166	$12,507,488
Housing Incentive Fund (state funded)	18	$20,567,605	$12,097,994	$8,469,611

2023-2025 Unfunded Applications =14 Projects/ 522 Units $46,682,840

27



Prairie Ridge Residences, Fargo ND 120-unit Senior property

23-25 Multifamily Awards

$11 Million supporting $84 Million Total Development Costs

- Every $1 of HIF = $7.30 private investment.

323 Total Units

- 281 Rehab/42 New Construction

28



Lakota Spark Build Project

Single-Family Development

Two objectives: Fund single-family development in rural community or expand local community land trust portfolio.

Single Family Rural Development

- $3.22 ROI
- $1.8 million will support construction of 21 new homes = $5.9 million development costs
- Lakota (2), Larimore (2), Hillsboro (5), Hatton (1), Devils Lake (5), Park River (2), Mayville (2), Minto (2)

Community Land Trust (Grand Forks, Fargo, Minot)

- Revolving line to acquire homes to make available for sale to lower income household.
- $1.15 million

29

Multifamily Compliance

11,000 Affordable Housing Units

- 1,044 Projects (9,500 Units) Multifamily Development Programs
- 83 Projects (2,400 Units) Project-Based Rental Assistance Contracts

Conduct Onsite Physical Inspections

Review Tenant Eligibility

Ensure Owners/Managers are meeting program obligations and commitments made.

Tenant/Landlord Rights

30

Homeowner Rehabilitation/Accessibility

Homeowner Rehabilitation Programs

- Funding to support Community Action Agency programs.
- Provide assistance to low-income homeowners.
- Roof replacement, building system replacement.
- Assist on average 100 households per year.

Rehab Accessibility Program

- Provides grant assistance to homeowners or renters for accessibility upgrades to home.
- 50% of funding goes towards bathroom accessibility.
- Average 25 households served per year.
- FY 2025 increased funding level to serve more households.

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ND Continuum of Care (ND CoC)

ND CoC public/private organizations that plan and provide a homeless response system dedicated to preventing and ending homelessness in ND.

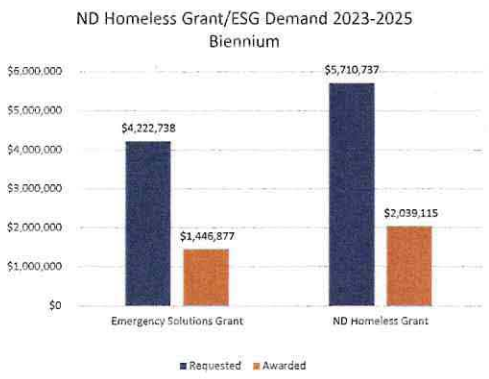


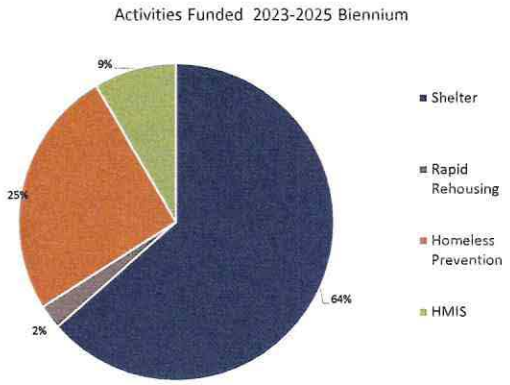
CoC organizations utilize state, federal, local and charitable funds to support operations including, emergency shelter, street outreach, transitional housing, supportive housing, short term rental assistance, housing supports and case management services.

32

ESG/NDHG Funding

Emergency Solutions Grant (ESG) and North Dakota Homeless Grant (NDHG) provide funding to local non-profit organizations to support individuals and families experiencing homelessness and those who are at-risk of homelessness by funding emergency shelter operations, housing stabilization and case management services, including short term rental assistance.

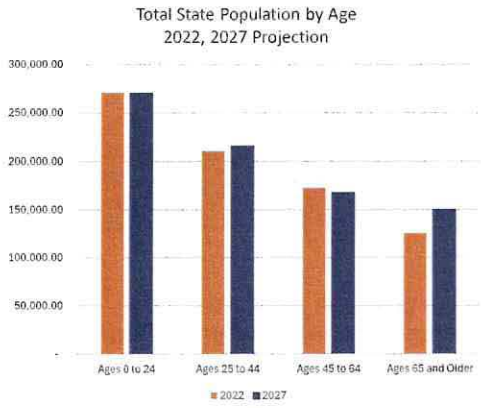


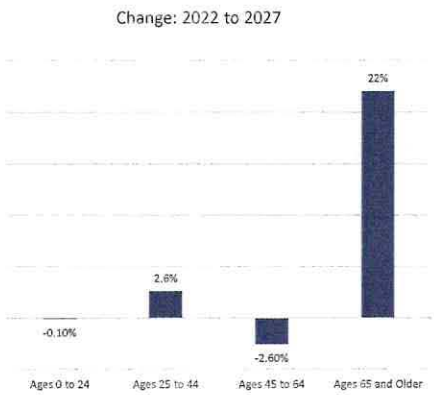


33

Total State Population by Age

2022, 2027 projection – and Percent Change from 2022-2027

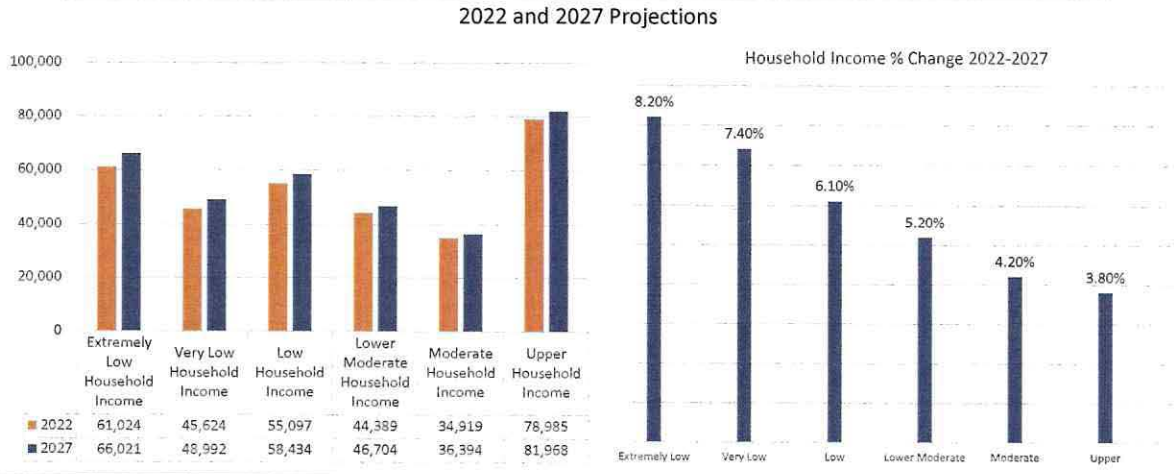




Source: U.S. Census Bureau (2023a) and the NDSU Center for Social Research (2024)

34

Household Income Levels in ND



Source: U.S. Census Bureau (2023a) and the NDSU Center for Social Research (2024)

35

Affordability by Household Income, 2022

Household Income Category	Income Limits based on the 2022 MFI of $96,800 in North Dakota defined by HUD	Total Households that Meet the HUD Income Limit Thresholds	Affordable Housing Costs Monthly Payment/Mortgage
Extremely Low	Less than $29,041	61,024	$726/ $81,101
Very Low	$29,041-$48,400	45,624	$726-$1,210/ $135,168
Low	$48,401-$77,440	55,097	$1,210-$1,936 / $216,269
Lower Moderate	$77,441-$111,320	44,389	$1,936-$2,783 / $310,887
Moderate	$111,321-$135,520	34,919	$3,388/ $378,471
Upper	$135,521 or more	78,985	$4,066 / $454,165

Source U.S. Census Bureau (2023a) and Center for Social Research 2024

36

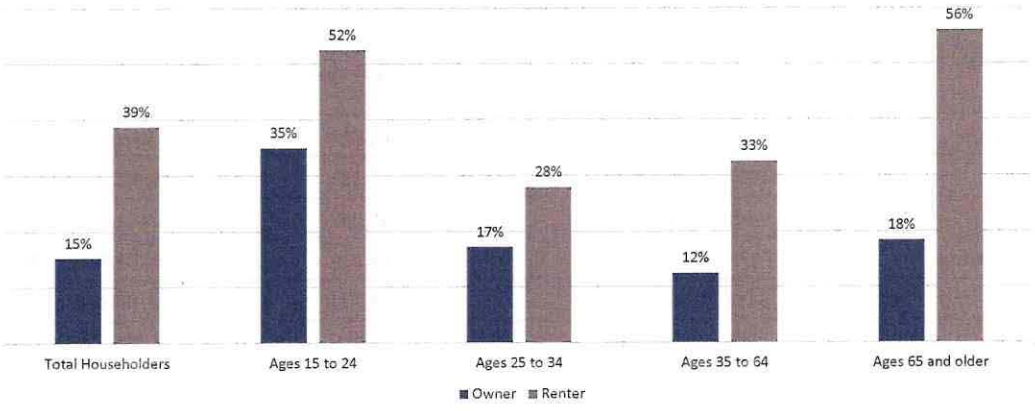
Current Job Market

JOB OPENINGS BY ESTIMATED HIRING WAGE			
Wage	**% of Jobs**	**AMI**	**Housing Costs**
$30.00+ per hour	16%	120%+	$1,660
$25.00-$29.99 per hour	9%	80%	$1,299-$1,599
$20.00-$24.99 per hour	23%	80%	$1,040-$1,599
$15.00-$19.99 per hour	35%	50%	$780-$1,040
$10.00-$14.99 per hour	17%	30%	$520-$780

Source: Job Service Online Job Openings Statistics, Feb. 2025

37

Cost-Burdened Households by Age of Household, 2022



Source: U.S. Census Bureau (2023a)

38

Community Housing and Grants Management Division Requests

- HIF appropriation $40 million
- North Dakota Homeless Grant $10 million
- Transfer of Homeless Grant to HIF
- 1 FTE- Homeless Programs

39

39

Contact Information

Dave Flohr

Executive Director

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www.ndhfa.org

NORTH DAKOTA housing FINANCE AGENCY

49

Housing Incentive Fund (HIF)



Real housing solutions require legislative action, community investments and private industry commitment.



Economic development can occur when housing is affordable to the workforce.



Rehabilitation of existing housing reduces costs and provides tenants with ready access to established services.



Low-income and 65+ households are the largest growing populations across the state.



Housing stability affects bottom line of multiple state agencies.



Background: State Gap Financing

HIF is a state-funded gap financing program used with federal and private dollars to create affordable multifamily housing in urban and rural communities. North Dakota Housing Finance Agency administers the program on behalf of the state. Leveraged as an upfront, one-time investment, HIF ensures rental homes will be affordable for a minimum of 15 years. On average, HIF covers 20% of the gap financing needed to move a project forward.

The North Dakota Legislative Assembly created HIF in 2011. Legislators approved $13.75 million in funding during the 68th legislative session and single-family activities became eligible under HIF. The state's $105 million investment in HIF has resulted in 88 unique projects, 3,034 affordable rental homes and 5 single-family homes.

People: Everyone Deserves a Safe and Affordable Place to Call Home

A home is considered to be affordable when 30% or less of earned income is spent on housing expenses. Households paying more than 30% are considered housing cost burdened. For some North Dakotans, a strong work ethic is not enough to be able to secure safe and affordable housing.

49%
gross rent increase during the past decade—twice the rate of inflation

39%
of all renter households are burdened by housing costs

56%
of renters age 65 and older are burdened by housing costs

33%
of all rental units are affordable to extremely low-income households

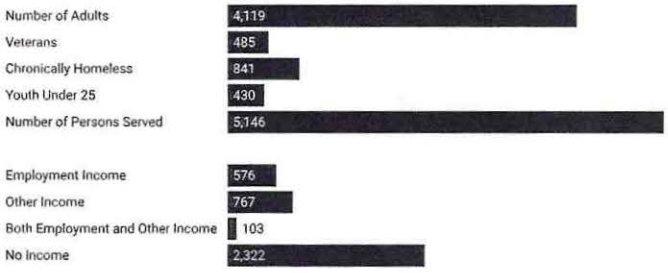
2022-2032 Top 5 Industry Employment Projections

Industry ranked by total employees	2032 Projected Employment	2023 Avg. Hourly Wage	Affordable Monthly Housing (30% of Income)	Can they afford an efficiency apt? $719*	Can they afford a 1 bedroom apt? $814*	Can they afford a 2 bedroom apt? $928*	Can they afford a 3 bedroom apt? $1,319*
Health Care and Social Assistance	69,844	$30.90	$1606.98	x	x	x	x
Retail Trade	46,244	$18.52	$963.48	x	x	x	No
Educational [illegible]vices	40,725	$24.97	$1298.33	x	x	x	No
[illegible]rnment	38,990	$27.52	$1431.90	x	x	x	x
Accomodation and Food Service	35,678	$11.22	$584.30	No	No	No	No

Source: Job Service North Dakota • Created with Datawrapper

*2023 North Dakota Fair Market Rent

Number of Homeless Served and Income Sources



Individuals have the right to refuse to provide income information.

North Dakota Social Security Beneficiaries 2023

	Number of Recipients	Average Monthly Payment	Affordable Monthly Housing (30% of Income)	Can they afford an efficiency apt? $719*	Can they afford a 1 bedroom apt? $814*	Can they afford a 2 bedroom apt? $928*
Male 65+	55,383	$2,110.00	$633	No	No	No
Female 65+	64,744	$1,614.56	$484	No	No	No
Disabled	13,393	$1,440.41	$432	No	No	No

Source: OASDI Beneficiaries by State and County, 2023 · Created with Datawrapper

Need for Rehabilitation: Risk of Losing Affordable Housing

Currently, there are only 951 income- and rent-restricted housing units affordable to extremely low-income households. Many of the properties in these housing programs have been in service for decades and are in need of repair and/or rehabilitation. HIF provides a means of rehabilitating and preserving older, affordable housing units to ensure affordable rents for an additional 15 years.

Total Households by Income and Tenure Compared with Total Rent and Income Restricted Multifamily Housing Units in North Dakota

Household Income Category	Total Householders, 2022	Approximation of Householders that Rent, 2022	Lower-Income Housing Units Available in ND, 2024
Extremely Low	61,024	38,118 (63%)	877
Very Low	45,624	23,655 (52%)	2,697
Low	55,097	23,447 (43%)	
Lower Moderate	44,389	13,862 (31%)	7,642
Moderate	34,919	6,810 (20%)	

Source: 2024 Statewide Housing Needs Assessment · Created with Datawrapper

Of the units listed above, 44% were placed in service prior to 2000. The oldest units that have not been rehabbed were built in the 1960s. HIF is a critical gap financing tool to ensure the preservation of this type of housing in urban and rural communities.

We Need All Forms of Housing: Types of Housing

North Dakota communities have uniqu housing needs that vary based on economic growth, job openings and unemployment rates, demographic trends, and availability of existing housing. Housing at different price points creates a healthy community environment.

Lowest level of subsidy



Naturally Occurring Housing: Housing that is priced by market forces at levels that are affordable to low-income residents.



***Subsidized Housing:** Rental and ownership housing developed and/or operated by non-profit and for-profit developers using public subsidies.



***Public Housing:** Housing managed by public housing agencies with operating and capital funds provided by Housing and Urban Development.



***Permanent Supportive Housing:** A model that combines housing, health care, and supportive services to help individuals and families lead more stable lives.

Highest level of subsidy

*HIF can be used to support the development or preservation.

NORTH DAKOTA housing FINANCE AGENCY

For more information contact:
Dave Flohr, NDHFA executive director
701/328-8080 • dflohr@nd.gov
www.ndhfa.org/index.php/ndhif

2025 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division
Brynhild Haugland Room, State Capitol

SB 2014
3/20/2025

A BILL for an Act to provide an appropriation for defraying the expenses of the industrial commission and the agencies under its control; relating to confidential and exempt records of the Bank of North Dakota and interest rate buydown limits for the partnership in assisting community expansion fund; elating to a salt cavern underground energy storage research project; to provide for a transfer; to provide an exemption; to provide for a legislative management study; to provide for a legislative management report; and to provide for a report.

2:24 p.m. Chairman Monson opened the meeting.

Members Present: Chairman Monson, Vice Chair Brandenburg, Representatives: Bosch, Fisher, Kempenich, Meier, Pyle.

Discussion Topics:

- Youthworks impacts
- House Incentive Funding (HIF)
- NATIVE
- Affordable Housing in North Dakota
- Oil Wells in Caviler County
- Kimberlite Pipes
- Paleontology Program
- Department of Mineral Resources (DMR)
- Carbon Caption Underground Storge (CCUS)

2:25 p.m. Mark Heinert, Assistant Executive Director, Youthworks, testified in favor and submitted testimony #43105.

2:32 p.m. Regan Slind, CoC Coordinator, Pathfinder Services of North Dakota, testified in favor.

2:37 p.m. Brent Eckstrom, Executive Director, Lewis and Clark Development Group, testified in favor and submitted testimony #43151.

2:49 p.m. Lorraine Davis, Founder and CEO, NATIVE, INC., testified in favor and submitted testimony #43061.

2:52 p.m. Angela Buckley-Tochek, Member, Standing Rock Sioux Tribe, testified in favor and submitted testimony #43306

2:57 p.m. Katie Jo Armbrust, Lobbyist, ND Coalition for Homelessness, testified in favor and submitted testimony #43233.

3:03 p.m. Jennifer Henderson, Director Community Development and Grants Management, ND Housing Finance Agency, answered questions for the committee.

3:04 p.m. Dave Flohr, Executive Director, North Dakota Housing, answered questions for the committee.

3:08 p.m. Senator Josh Boschee, District 44, testified in favor.

3:12 p.m. Chairman Monson recessed the meeting.

3:16 p.m. Chairman Monson reconvened the meeting.

3:17 p.m. Ed Murphy, State Geologist, Department of Mineral Resources, testified in favor and submitted testimony #43310.

3:24 p.m. Clint Boyd, Manager, Paleontology Program of ND Geological Survey, testified in favor and continued with testimony #43310.

3:31 p.m. Representative Bosch referenced the previous long sheet #41097.

3:32 p.m. Nathan Anderson, Director, Department of Mineral Resources, testified in favor and continued with testimony #43310.

3:35 p.m. Robyn Loumer, Finance Manager, North Dakota Minerals and Natural Resources, answered questions for the committee and continued with testimony #43310 and presented testimony #43322.

4:07 p.m. Chairman Monson recessed the meeting.

4:14 p.m. Chairman Monson reconvened the meeting

4:14 p.m. Tony Grindberg, Principal Manager, Xcel Energy, testified in favor.

4:15 p.m. Ryan Long, President, Xcel Energy of North and South Dakota, testified in favor.

4:17 p.m. Justin Holstein, Manager, Xcel Energy, testified in favor.

4:30 p.m. Claire Vigesaa, Executive Director, North Dakota Transmission Authority, testified in favor.

Additional written testimony:

Laura Lacher, Executive Director, Economic Development Association of North Dakota, submitted testimony in favor #43104.

4:39 p.m. Chairman Monson adjourned the meeting.

Madaline Cooper, Committee Clerk

NATIVE INC.
Community Development Corporation

Native Community Development, Inc. dba NATIVE, Inc. serving urban Indians and other disproportionate populations in North Dakota.

Bismarck Office
2403 East Thayer Avenue
Bismarck ND 58501
Tel: (701) 595-5181
Website: www.ndnadc.org

Fargo Office
115 University Dr. North, Ste. 102
Fargo, ND 58102
Tel: (701) 412-2735
Website: www.ndnadc.org

March 20, 2025

SB 2014
House Appropriations – Government Operations Division

Mr. Chairman Monson and Members of the Committee,

My name is Lorraine Davis, Founder and CEO of NATIVE, Inc. serving the urban Indian populations and other underserved populations in North Dakota. NATIVE, Inc. is a homeless grant recipient of the ND Housing Finance Agency to provide rapid rehousing and homeless prevention services funded by the ND Homeless Grant. NATIVE, Inc. has been obtaining these funds and providing these services in Bismarck since 2016.

I support SB 2014 including Section 6 that includes a budget line item in the amount of $150,000 for an (FTE) Native American Homeless Liaison position.

I have one amendment request to section 6, line 25-27, as follows:

for a passthrough grant of $150,000 from the housing incentive fund to a Native American homeless service provider with a presence in multiple communities. Eligible organization to apply must be have been a member of the North Dakota Continuum of Care for a minimum of five years demonstrating experience necessary to administer HUD's homeless grant funding. This position will be held at a site of the homeless service provider. The service provider must work in conjunction with the five Tribes of ND and the state's ND Continuum of Care to decrease homeless service gaps in North Dakota and involve ND Tribes in addressing homelessness "or" NATIVE, Inc. for a Native American Homeless Liaison.

This request would fall in line with the proposed language amendment submitted by the NDHFA.

Our state's homeless governing body called the ND Continuum of Care has been trying to engage and involve the ND Tribes since I first got involved in homeless work in 2010. The rates of homelessness amongst Native Americans are disproportionate. According to the NDHFA's 2025 Fair Housing Report, there are currently, over 30% of Native Americans are dealing with homeless and housing problems in ND and through a national lens, Native American families in poverty had 29%, the second highest proceeding Native Hawaiians and they have the highest mortgage denial rates at 38%.

Thank you for your time and consideration.

ND Housing Finance Agency – Native American Homeless Liaison

SB 2014 CURRENT:

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

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

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

SB 2014 PROPOSED:

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

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2. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $150,000, which the office of management and budget shall transfer to the housing incentive fund, notwithstanding any other requirements under section 54-17-40 and pursuant to the continuing appropriation under 54-17-40, for a

passthrough grant of $150,000 from the housing incentive fund to an Native American focused organization with a presence in multiple communities "or" Native Inc. for a Native American homelessness liaison during the biennium beginning July 1, 2025, and ending June 30,2027. The appropriation under this subsection is considered a one-time funding item.

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

SB 2014 CHRISTMAS TREE VERSION:

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

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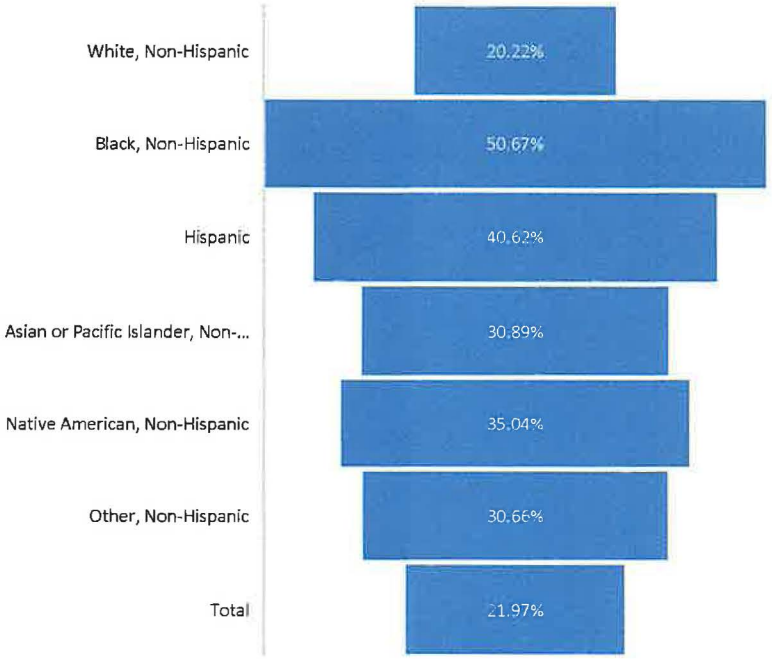
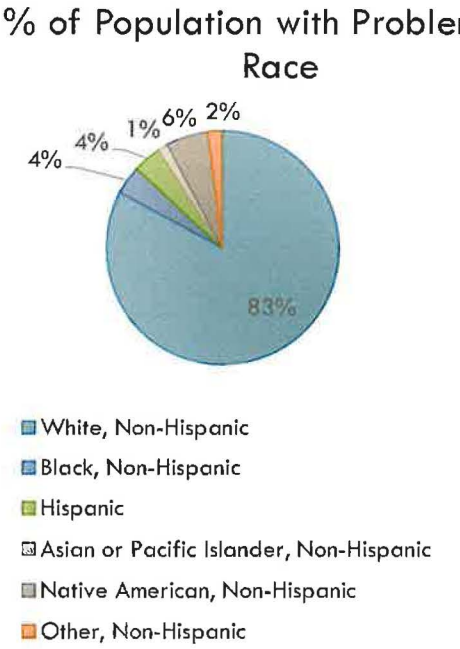
2. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $150,000, which the office of management and budget shall transfer to the housing incentive fund, notwithstanding any other requirements under section 54-17-40 and pursuant to the continuing appropriation under 54-17-40, for a passthrough grant of $150,000 from the housing incentive fund to an Native American focused organization with a presence in multiple communities "or" Native Inc. for a Native American homelessness liaison during the biennium beginning July 1, 2025, and ending June 30,2027. The appropriation under this subsection is considered a one-time funding item.

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

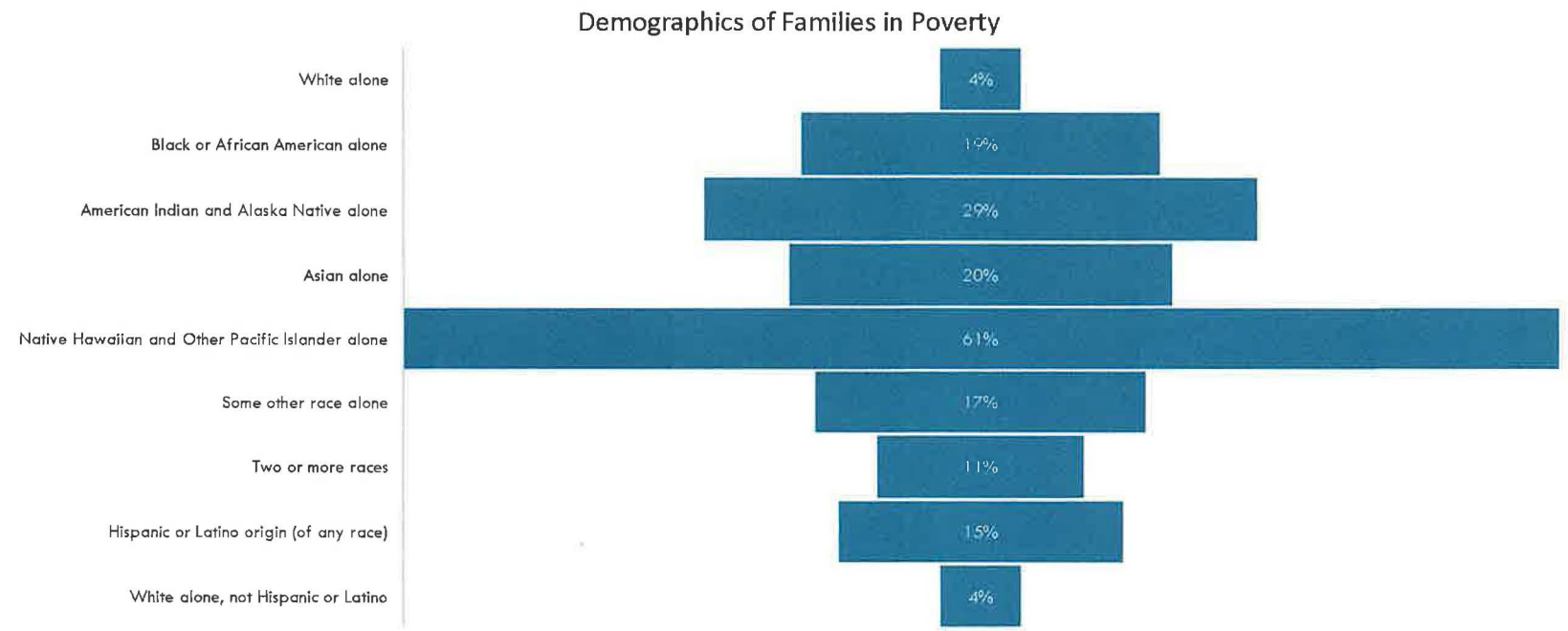
DEMOGRAPHICS OF HOUSEHOLDS WITH HOUSING PROBLEMS,





Data Sources: CHAS, AFFH Table 9

DEMOGRAPHICS OF FAMILIES IN POVERTY



Source: U.S. Census Bureau (2023ACS 5-Year)

HMDA MORTGAGE DENIAL RATES AND NUMBERS, BY RACE

Mortgage Denial Rates				
Year	2023	2022	2021	2020
2 or more minority races	50%	29%	26%	13%
American Indian or Alaska Native	38%	37%	23%	24%
Asian	14%	22%	16%	18%
Black or African American	24%	17%	20%	21%
Joint	14%	14%	10%	13%
Native Hawaiian or Other Pacific Islander	17%	20%	20%	21%
Race Not Available	16%	16%	13%	14%
White	13%	12%	10%	9%

Number of Denials By Race				
	2023	2022	2021	2020
2 or more minority races	7	4	6	2
American Indian or Alaska Native	76	90	80	72
Asian	23	47	52	46
Black or African American	58	41	67	51
Joint	31	41	50	63
Native Hawaiian or Other Pacific Islander	3	3	6	7
Race Not Available	324	465	555	551
White	1,430	1,771	2,486	2,586

Source: FFIEC Home Mortgage Disclosure Act (HMDA) Dataset

PO Box 1091 • Bismarck, ND 58502
701-355-4458 • www.ednd.org

Testimony of Laura Lacher

Economic Development Association of North Dakota

In Support of SB 2014

March 20, 2025

Chairman Monson and members of the House Appropriations – Government Operations Division:

I am Laura Lacher, executive director for the Economic Development Association of North Dakota (EDND), and I would like to express our support for SB 2014, which includes the appropriation for the Bank of North Dakota (BND) and the North Dakota Housing Finance Agency (NDHFA).

EDND represents economic development organizations on the front line of economic development efforts throughout North Dakota. The organization's primary purpose is to promote the creation of new wealth throughout North Dakota to develop more vibrant and efficient communities and improve quality of life.

Bank of North Dakota

BND programs are important to and widely used by economic developers across the state. Supporting PACE and Flex PACE programs consistently arise as one of our developers' top legislative priorities and the top tools they use in their communities. PACE and Flex PACE provide flexibility for businesses and development agencies to support new and growing businesses in a fiscally safe manner in both rural and urban North Dakota. Speak to any local developer in the state and you will hear a wide variety of stories about the programs' impact.

North Dakota Housing Finance Agency

Affordable housing continues to be a priority for North Dakota's growing businesses and communities. The Housing Incentive Fund is a flexible gap financing tool leveraged to develop affordable multi-family housing for essential service workers, main street employees, fixed-income households, and older adults. A major stumbling block to attracting businesses that diversify the economy, or to attracting workers to fill the thousands of jobs open in the state, is a need for more affordable housing.

EDND understands the difficult decisions you have in determining the state's future, and it appreciates your thoughtfulness in managing this responsibility. Please consider how these programs and resources support communities in the entire state as you make these decisions. I urge the committee's support of these priorities within SB 2014.

Mark Heinert, LBSW
Assistant Executive Director
Youthworks
Testimony in support of SB 2014
House Appropriations - Government Operations Division Appropriations Committee
March 20, 2025

Chairman Monson and Members of the Committee:

My name is Mark Heinert, and I am here today to deliver testimony in support of SB 2014. I have been a licensed social worker in North Dakota for 34 years, serving homeless youth for the last 28. I am the Assistant Executive Director and Homeless Programs Manager at Youthworks, a private, non-profit, youth-serving agency in North Dakota. I am also a member of the North Dakota Coalition for Homeless People, and the Missouri Valley Coalition for Homeless People, currently serving on the board of directors for both organizations.

Youthworks supports the appropriation of $10 million for the North Dakota Homeless Grant (NDHG). We also support funding the Housing Incentive Fund (HIF) and would advocate increasing the amount from its current $25 million appropriation to $50 million. Requests for HIF funding in the last biennium were $47 Million. This, along with the rising construction costs, account for the justification for the increase. Both programs are administered through the North Dakota Housing Finance Agency.

Youthworks believes that all youth deserve to have a safe place to belong and be heard. One way of fulfilling this mission is to provide housing and support services to homeless young adults (ages 18 – 24) and their children. We provide transitional housing and support services in Bismarck, Minot, and Fargo. Youth from all parts of

the state come to these locations for transitional housing. Many youth come from outlying areas to receive housing and other support.

Youthworks has a history of successfully raising federal funds, which require local matches. Without the support of the NDHG (or other local funds), Youthworks is in jeopardy of losing over $1.1 million in federal grant funds annually, which are dedicated to serving homeless youth. Last year, Youthworks was able to receive $50,000 of NDHG funds to support this work. Although helpful, there is a need for over five times this amount ($266,690) to match the federal dollars that are now committed to Youthworks.

As homeless providers coordinate housing and services for the homeless, the most vulnerable in our population are served first, which includes victims of domestic violence, people with disabilities, trafficking victims, and former foster youth. One out of every three homeless young adults served by Youthworks are former foster youth.

Each day in North Dakota, we have 865 unique individuals identified as homeless. Investing in emergency shelters and supportive housing can help people transition into longer-term stability and achieve their hopes and dreams for a better future. I ask each of you to consider investing in our homeless youth who have the same dreams and aspirations that youth who have stable homes to live in have. We often hear that poor mental health and addiction contribute to the problems of homelessness. We know that people who feel “less than” and that they don’t matter

to anyone are at extreme risk for suicide, depression, and addiction. Please pass SB 2014 and send a strong message to the youth in North Dakota that they matter.

Passing SB 2014 is a good step towards dealing with the “big picture” of homelessness in North Dakota. Investing in shelter and supportive housing can help people transition into longer-term stability and achieve their hopes and dreams for a better future. I urge this committee to recommend a “do pass” on SB 2014.

Testimony in Support of SB2014

Good Morning,

I am Brent Ekstrom, the Executive Director of Lewis & Clark Development Group in Mandan.

Our group is deeply involved in addressing North Dakota's housing affordability challenge. My work has also given me the opportunity to serve on the Federal Home Loan Bank of Des Moines' Affordable Housing Advisory Council, the Rural Housing Advisory Committee and, most recently, on the Statewide Housing Initiative Advisory Committee.

At Lewis & Clark Development Group, our mission is to foster economic and community development across North Dakota through our four subsidiaries:

- Lewis & Clark Regional Development Council
- Lewis & Clark Certified Development Company
- CommunityWorks North Dakota
- Lewis & Clark Property Management

Today, I am speaking specifically as the executive director of CommunityWorks which has extensively utilized the State Housing Incentive Fund (HIF) to create and maintain affordable housing statewide.

I know some of you are familiar with CommunityWorks North Dakota, but for those who aren't, let me offer some brief background information.

CommunityWorks North Dakota was established in 1995 to provide affordable housing and development opportunities across the state. We are North Dakota's sole chartered member of the congressionally chartered NeighborWorks America network.

We have a mission of providing safe affordable housing to the residents of North Dakota and thanks to the Housing Incentive Fund, we have been able to deliver on this promise.

Over the past 30 years, we've financed **46** projects in partnership with local lenders and funding partners, creating and maintaining **1559** affordable multi-family housing units across North Dakota.

To put it bluntly… We could not have done it without HIF. **17(37%)** of these projects making up **789 (50%)** units would not have happened without HIF.

North Dakota needs HIF now more than ever.

THE NEED

As you know, North Dakota is facing a significant shortage of affordable housing, particularly for lower- and middle-income households.

The handout I provide each of you illustrates this point and for the benefit of those in attendance, I want to highlight the key numbers, which come from the recent statewide housing assessment

- By the time the 2027 legislature meets, our state will need to add 20,382 housing units to meet most of its housing needs across all economic sectors. This is a 6% increase from 2022.

- Not surprisingly, the strongest projected demand is expected in the Fargo and Bismarck regions.

But I want to zero in on the needs of extremely low-income households because their needs are especially acute.

- Currently, 29,415 renter households in North Dakota are extremely low income — that's 24% of the total renter population who are earning at or below 30% of the Area Median Income (AMI).

- There is a current shortage of 11,224 affordable rental units for extremely low-income renters.

- In other words, currently, there are only **62** affordable rental homes available for every **100** extremely low-income households, and this problem will only get worse.

HIF'S ASSISTANCE, USE, AND IMPACT

Over the years, HIF has helped address North Dakota's housing shortage. But its work is even more critical to meeting our current and future needs.

Without HIF, many of the affordable housing projects we have undertaken at CommunityWorks North Dakota would not have been possible. Specifically…

- HIF-funded projects have helped us produce over **789** affordable housing units statewide. These units provide safe, affordable homes, contributing to the stability and vibrancy of communities.

- Recently, HIF support allowed us to create **120** new housing units through our recent **Prairie Ridge Apartments in Fargo, ND**, directly benefiting seniors who now have a place to call home.

NEED FOR INCREASED FUNDING

Despite the progress we've made, the demand for affordable housing continues to outpace the resources available.

CWND has previously accessed **$23.4 million** in HIF (**14%** of total project costs) resulting in the creation or retention of **789 units**.

We know that, for every **$30,000** of HIF funding, we can create **1** affordable housing units.

- Based on CWND's historic performance, to fill the current gap for just extremely low income individuals **$333 million** in HIF is needed

- At the current level of **$25 million** we could create **833** units per biennium. At this rate it will take **26 years** to fill the gap, assuming no increased housing demand

- If HIF had **$50 million** in funding, We could produce approximately **1,684 new housing units** over the biennium, helping to close the housing gap. At this funding level it will reduce the time needed to approximately 13 years to catch up, assuming no new growth.

These increases would help meet the rising demand for affordable housing in both urban areas and the often-overlooked rural regions.

I want to emphasize that HIF funding doesn't just benefit the extremely low-income. It also has a ripple effect throughout a community and region.

Affordable housing provides stability for families—especially children—and peace of mind, particularly for our income-challenged elderly.

I know you have to balance many competing needs as legislators. But the housing affordability challenge is one of the most vexing facing our state. Housing touches on every aspect of our lives as individuals and as communities.

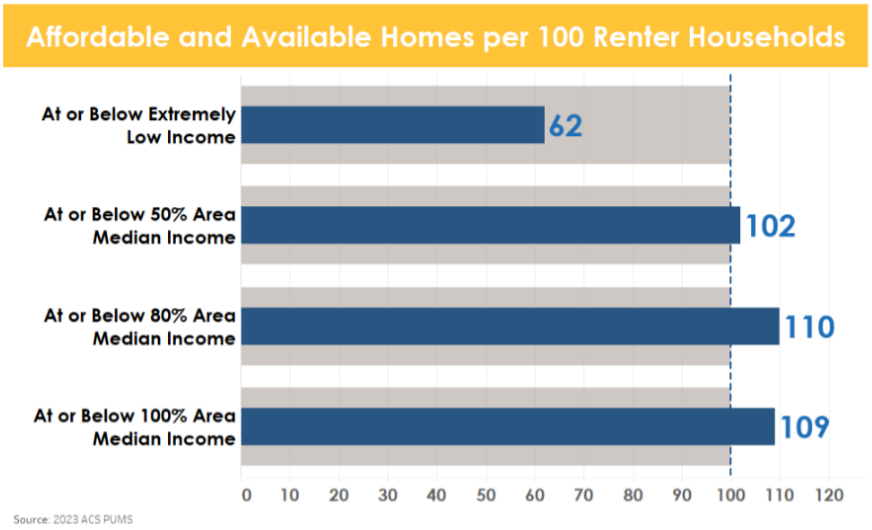
Based on its past performance—and considering the scope of the challenge before us—increasing funding for HIF is not only essential to ensuring housing security; it is also one of the soundest investments this legislature can make.

Thank you for your time and consideration.

Brent Ekstrom
Executive Director
Lewis & Clark Development Group

By the Numbers:
North Dakota's Housing Challenge

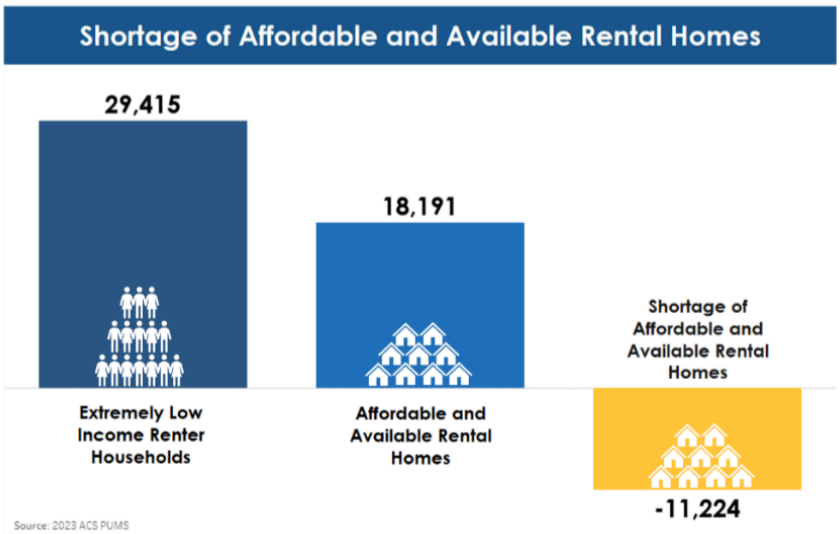
CommunityWorks NORTH DAKOTA



North Dakota's Extremely Low-Income Renters: **29,415** of renter households in North Dakota **are extremely low income** - that's **24% of the total renter population** who are at or below the poverty line or earning ≤30% of AMI.

Significant Shortage:

- Only **62 affordable rental homes are available for every 100** extremely low-income households.
- In total, there is a shortage of 11,224 affordable rental units for extremely low-income renters.



What Must Be Done: **North Dakota needs to make more than 11,000 homes more affordable** for extremely low-income households by expanding accessing rental assistance and building very affordable rental homes

About CommunityWorks North Dakota

CommunityWorks North Dakota is part of the Lewis & Clark Development Group.

Founded in 1995, CommunityWorks North Dakota is a non-profit organization dedicated to providing affordable housing and development opportunities. It is part of the national NeighborWorks America (NWA) network and is the only NWA chartered organization in North Dakota.

CWND benefits communities throughout North Dakota in many ways by:

1. Providing affordable first and second mortgages for individuals.
2. Financing for predevelopment, acquisition, and construction of multi-family low-income housing.
3. Providing professional property management to affordable housing.
4. Developing affordable multi-family properties.

NeighborWorks® AMERICA

Lewis & Clark Development Group
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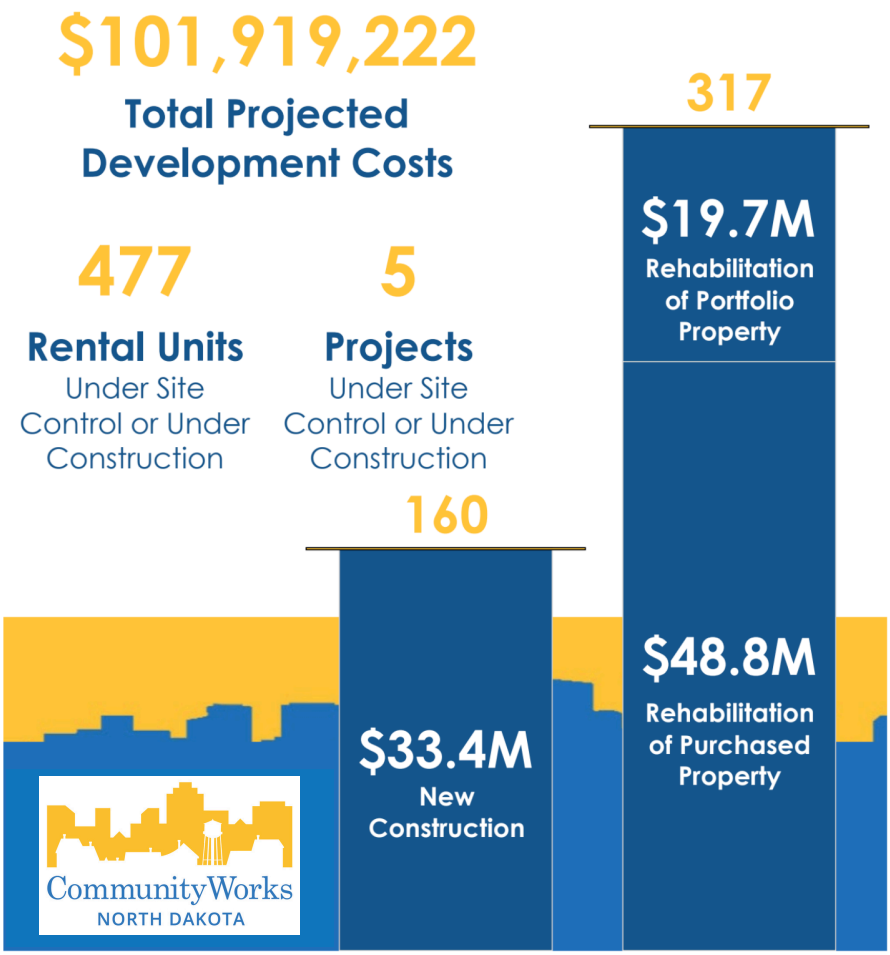
Mandan, ND 58554
www.lcdgroup.org | 701.667.7600

CWND's Project Pipeline & North Dakota's Needs



Current Development Efforts

- Five (5) projects are currently in development across North Dakota, totaling **477 units**

These projects include:

- **160 new construction units**
- **317 rehab units** - either through purchase and rehab or renovation of existing properties
- The total projected development cost for these projects is **$102 million**

North Dakota's Projected Housing Need by 2027

- North Dakota will **need to add 20,382** housing units by 2027 to meet the potential demand, a **6% increase** from 2022
- The **strongest projected demand** for housing is expected in the **Fargo and Bismarck regions**

Housing Incentive Fund: An Essential Tool that Meets Many Needs

Increasing funding for the Housing Incentive Fund (HIF) is essential to address North Dakota's worsening housing shortage.

- **Historical Success:** Previous investments of $23.4 million in HIF have financed 789 units, contributing to 14% of the total projects' costs.
- **But There's a Shortage:** An estimated **$333 million in HIF is needed** to fully meet the demand.
- **Immediate Impact:** **With $50 million in funding**, **around 1,684 new housing units could be produced in the next two years**, addressing the housing gap in 13 years.
- **Provide Greater Stability:** Increasing Housing Investment Fund (HIF) allocations would help more residents access stable, affordable homes despite ongoing challenges for extremely low-income households.
- **Economic Effects**: Increased funding would support the construction of more units and provide many new, well-paid jobs for North Dakota's construction industry.

Given North Dakota's growing housing needs, additional state funds are essential to ensure they are met.

Based on its proven success, **financing HIF is one of the soundest investments the state can make**.



Testimony in Favor of Senate Bill 2014
House Appropriations – Government Operations Subdivision
March 20th, 2025

Chairman Monson and members of the committee,

My name is Katie Jo Armbrust and it is my privilege to testify in support of SB 2014 on behalf of the North Dakota Coalition for Homeless People, a nonprofit organization with a majority of its members directly providing housing and homeless related services across the state. The North Dakota Coalition for Homeless People (NDCHP) has been providing advocacy, education, and coordination efforts since 1989. From its inception, NDCHP has focused its work on the concerns of rural and urban homelessness that impacts communities across North Dakota. NDCHP's broad-based membership of diverse agencies include regional Human Service Centers, community action agencies, domestic violence agencies, homeless service agencies and emergency shelters, mental health and substance abuse agencies, disability service organizations, public housing authorities, housing development organizations, funding providers, faith-based and other community-based organizations, state and local government agencies, and other non-profit service providers.

North Dakota Homeless Grants

It is with the utmost respect to these agencies, their dedication to improving the lives of our neighbors, and with the deep understanding of how much more needs to be done, that I stand before you and ask for your continued support of the $10 million currently included for North Dakota Homeless Grants. This amount was supported by the Interim Government Services Committee Bill (Senate Bill 2030), and both Governor Burgum's Executive Budget as well as Governor Armstrong's Executive Budget. Justification for this is easily demonstrated between NDHG and the Federal Emergency Solutions Grant (ESG) where there were $9,933,475 in requests in 2023 and 2024, reflecting the demand for $10 million is already here between these two grants alone.

The North Dakota Homeless Grant demands during the 2023 and 2024 competitions.

In the 2023 NDHG application round there were 23 applications for a total of:

$2,825,388 requested
$1,130,000 available
$1,695,388 over-subscription

In the 2024 NDHG application round there were 25 applications for a total of:

$2,885,349 requested
$909,115 available
$1,976,234 over-subscription

2023/2024 combined = $5,710,737 in requests, $3,671,622 more than available.

The Emergency Solutions Grant (ESG) is a federal grant for the same activities as NDHG.

In the 2023 ESG application round there were 23 applications for a total of:

$2,032,335 requested
$565,007 available
$1,467,328 over-subscription

In the 2024 ESG application round there were 21 applications for a total of:

$2,190,403 requested
$881,870 available
$1,308,533 over-subscription

2023/2024 combined = $4,222,738 in requests, $2,775,861 more than available.

In addition, the Continuum of Care (CoC) is another federal grant for people exiting homelessness with medium-to-long term support (e.g. transitional housing, rapid rehousing, permanent supportive housing), which is also administered by NDHFA. In 2024 alone there were $5,719,695.00 in requests, **$1,770,115 more** than the $3,949,579 available. **Of note - this list of grants is not exhaustive and not all agencies in need of funding apply for these resources because they know there is not sufficient funding.

Housing Incentive Fund

It is with that same, deep understanding of how much more needs to be done that I tell you $25 million for the Housing Incentive Fund (HIF) is simply not enough. When we look at the North Dakota Housing Finance Agency's most recent housing study which indicates just shy of 16,000 units of affordable housing needed in North Dakota, we can do the math to reflect the incredible demand for more funding in HIF:

16,000 units of affordable housing x $300,000/unit (avg cost 2024) = $4,800,000,000

Multiplied by 20% (HIF historically covered an avg 20% of cost) = **$960,000,000**

Requesting almost $1 billion for the Housing Incentive Fund, now *that* is an unrealistic ask. Not only at the price point, but at the feasibility of producing that many units in a short timeframe. Instead, through the Interim Government Services Committee's work on HCR 3030 which included dozens of testimonies from various entities across the state, reviewed data on different definitions of homelessness and the varying Federal, State, local and private funding sources to address housing instability, the committee

recommended $200 million for the Housing Incentive Fund be provided over two biennium to make a long-term investment that strategically addressed the need to support the creation of affordable housing and allow for flexibility to meet local needs. The bill that came out of that interim committee, Senate Bill 2030, was killed earlier this session, but the Senate included $25 million in HIF in SB 2014. While $25 million is almost double in comparison to what was allocated in the last legislative session, I assure you it is not a generous amount in comparison to what the realities of today's demand are. The North Dakota Housing Finance Agency received more than $50 million in development project requests alone in their 2024 application period this past September. Of the 17 applications for development funds, which had a handful of programs including HIF, only one was outside of the 'big' cities. If we want to legitimately address housing and workforce needs in North Dakota, for urban and rural, housing needs to be an appropriations priority.

Respectfully, the North Dakota Coalition for Homeless People requests this committee increase the amount for Housing Incentive Fund to $100 million, because someone needs to stand before you and boldly request what is needed, not just what we hope we can get. With that, we also recognize the legislative body's responsibility to appropriately balance budgets and encourage the committee to utilize options, such as including a trigger should revenues be realized at higher levels than currently forecasted, to provide a commitment to the long-term investment and success for all North Dakotans.

Respectfully submitted,



Katie Jo Armbrust
Lobbyist #1692
North Dakota Coalition for Homeless People

NATIVE, Inc. Homeless Testimony in Support of SB 2014 | 03/20/2025
House Appropriations-Government Ops Committee

Introduction

Angela Buckley-Tochek

I am an enrolled member of the Standing Rock Sioux Tribe. I grew up in Cannon Ball and moved to this area in my twenties, I lived here for twenty years. I currently reside at the United Way Shelter. I have been there for one year and a half, off and on.

Reason for Homelessness

I wasn't always homeless. I took care of my mom in the Sanford Hospital and then she went into hospice until she passed away from cancer about a year and a half ago. I was sober during this time. After she passed away, I went to stay at a shelter. I began using alcohol and drugs after losing my mother. I stayed at a shelter and met others who were abusing alcohol and drugs when they were out on the street during the day because we were not allowed to stay in a warm place during the daytime hours.

Homeless Experience

Being homeless was one of the hardest parts of my life, second to losing my mom. The experience of being cold and never knowing when the next time I was going to eat. "My thoughts daily were either to eat to live another day or starve to die faster." The little bit the homeless people have, our stuff gets stolen, and we get mistreatment from other residents and sometimes employees. For many this experience may make their hearts harder but for me, it taught me to love people and to be kinder. I have to huddle with other people I don't know including people that I am afraid of or with people who are bullying or harassing me. I had to always watch my back. Some of the men on the streets make unsolicited sexual approaches towards the homeless women. Men pull up and demand sex from women who are homeless. Some of these men say sexual and derogatory remarks to the homeless women and no one says anything to them. It is primarily older men in their 50s and 60s who hit on us homeless women. We must carry some sort of weapon for self-protection from being raped and/or beaten. One time I was beaten up at a shelter during an overnight stay. I have learned to forgive these people. I had no choice but to forgive people who had hurt me. I have used Narcan on four people to save their lives. The homeless must stash their blankets and sleeping bags because everyone is trying to survive outdoors when we aren't able to stay at a shelter. Another experience I've witnessed is one of the homeless men getting hit by a car.

What has happened from this experience?

This has created PTSD; I would get night terrors. Today, I am getting medication and counseling for it to help me manage it.

What has helped me?

What has helped me is when God gave me a family, NATIVE, Inc. NATIVE, Inc. saved my life by using Narcan on me twice while I was at their place. They also saved my life by helping me get into treatment and remain sober by providing me with hope, support, and a safe place to practice my cultural ways every day. And by providing skills that were reawakened through sewing and beading that were taught to me by my grandmother when I was younger. NATIVE, Inc. has also helped me by accepting me, being forgiving and kind and loving to me like family, providing me with a safe place in the community, keeping me busy, and reconnecting me to our people and the cultural and spiritual traditional ways.

They also taught me how to hold myself accountable for my actions and for my future and how to hold my sobriety in high regard without forcing me and they always expect the best from me no matter what. Even in my imperfections they never turned their back on me. They always told me that I was a work in progress and to keep going even when I wanted to give up. In other places, I had been used to being looked down upon or ignored as if I were dead. Not at NATIVE, Inc., they spoke life into me. I am never alone, they always listen, they celebrate with me, cry with me, and smudge with me. I've gained perspective through this experience; I've learned that we don't know what is missing or what we need until we get the love acceptance and support from NATIVE, Inc.'s caring workers. If you need prayer at that moment, NATIVE, Inc. will give you prayer right then and there. This encourages me daily to stay sober. They also offer various sewing and beading classes, sweat lodge services, smudge and prayer circles, buffalo hunts, and community teachings showing us how to skin a buffalo; all these things have strengthened my spirit and helped me to find my purpose. I am treated like a human being; and like a Dakota woman, it is genuine, no one is doing it just to be kind. They see me, they see us.

Who I am and who I come from.

I have an associate degree in elementary education and a minor in special ed from the United Tribes Technical College. I am a mother of one son, but I have also raised many nieces and nephews because that is how Tribal people are raised, we don't just take care of our children. As Dakota people, we are taught to look out for each other, this includes our extended families. I was married up until six years ago until I lost my mother, then I was diagnosed with a rare disease then fell into a spiral of addiction and homelessness so I let my husband and son go so he could have a better life until I got better.

"I never thought I would die sober but now I know that I will".

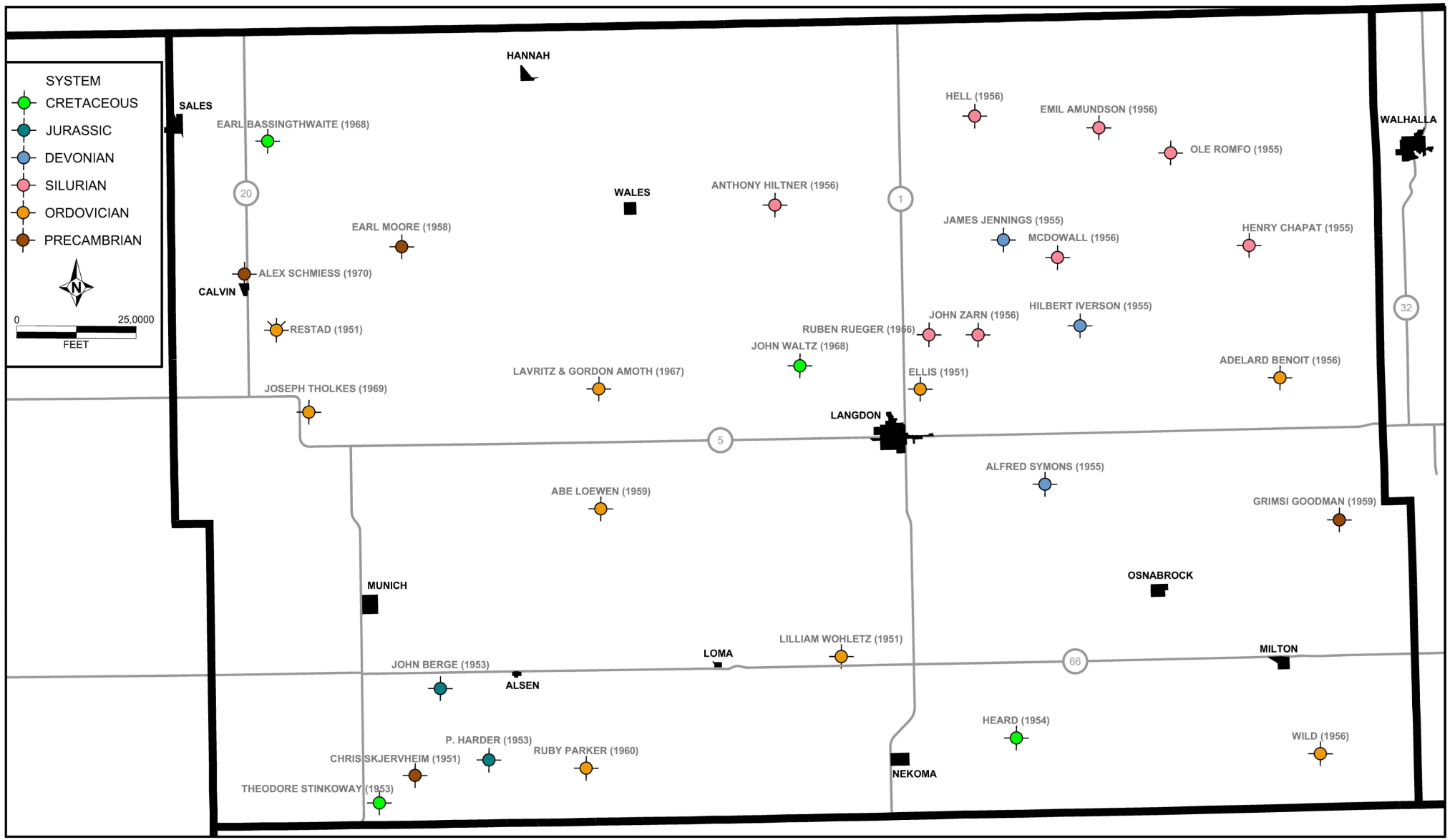
DMR Additional Information

NORTH Dakota | Mineral Resources
Be Legendary.™



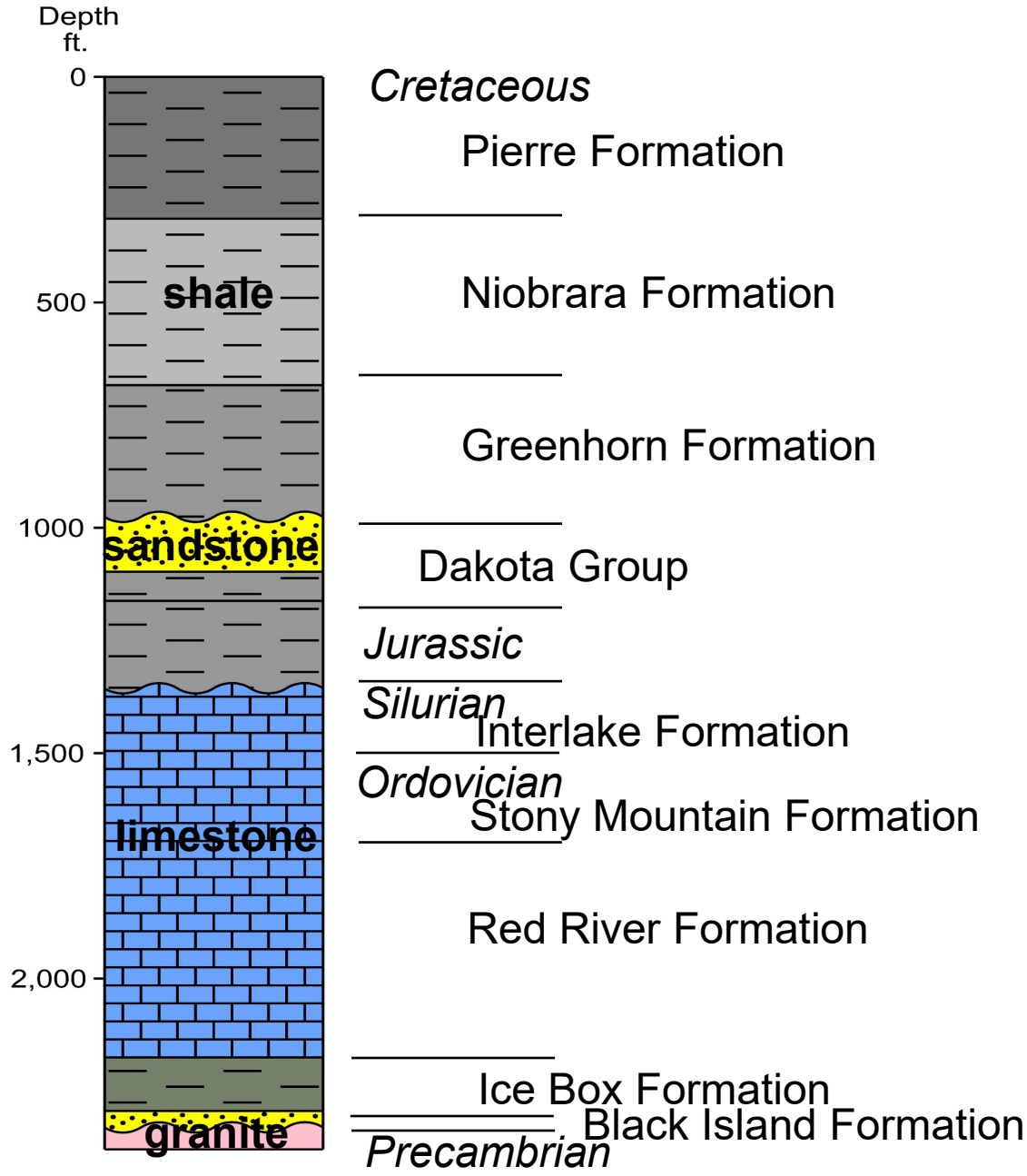
March 20, 2025

Cavalier County Oil Wells

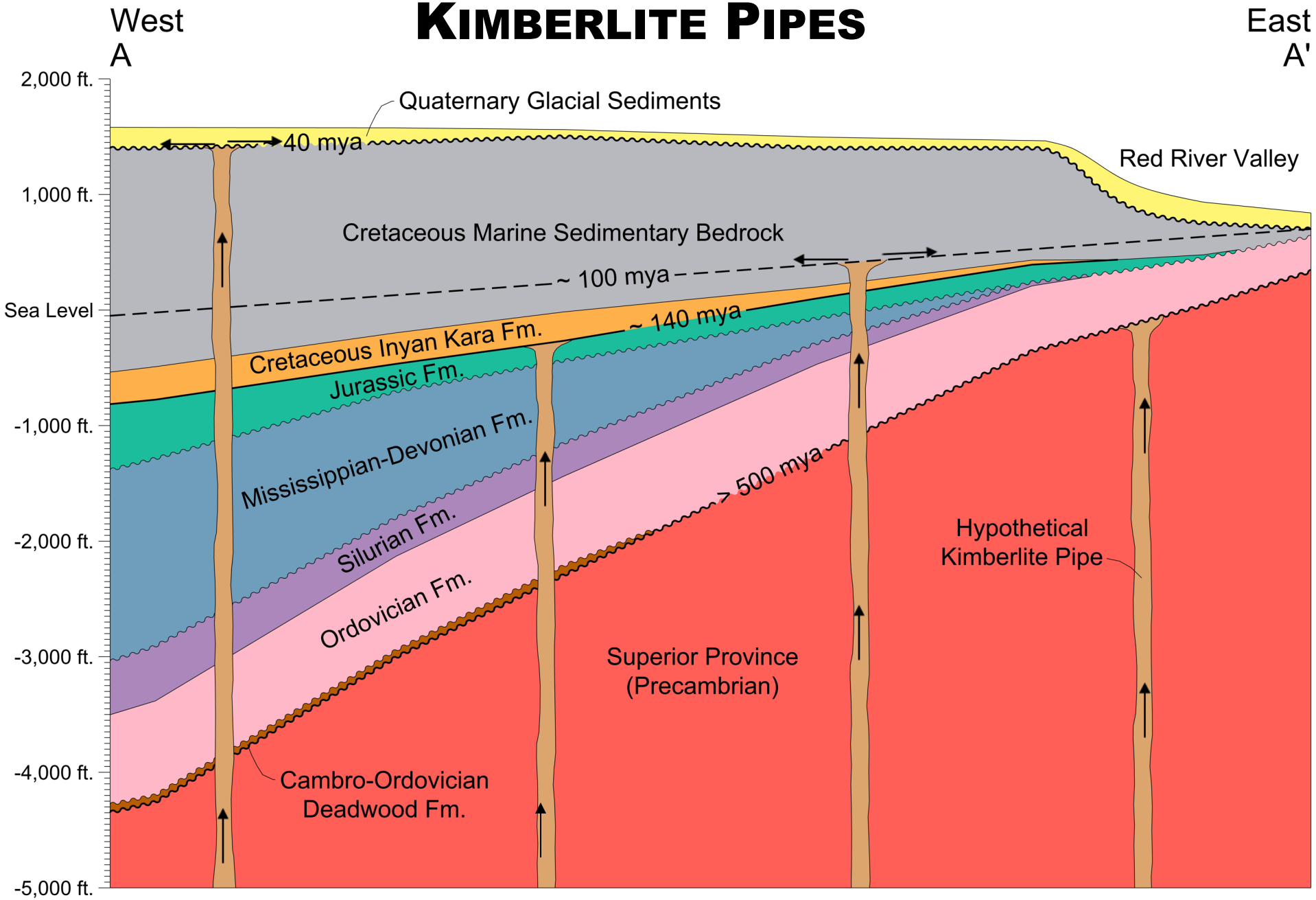


Grimsi Goodman #1

T160N, R57W, sec. 3

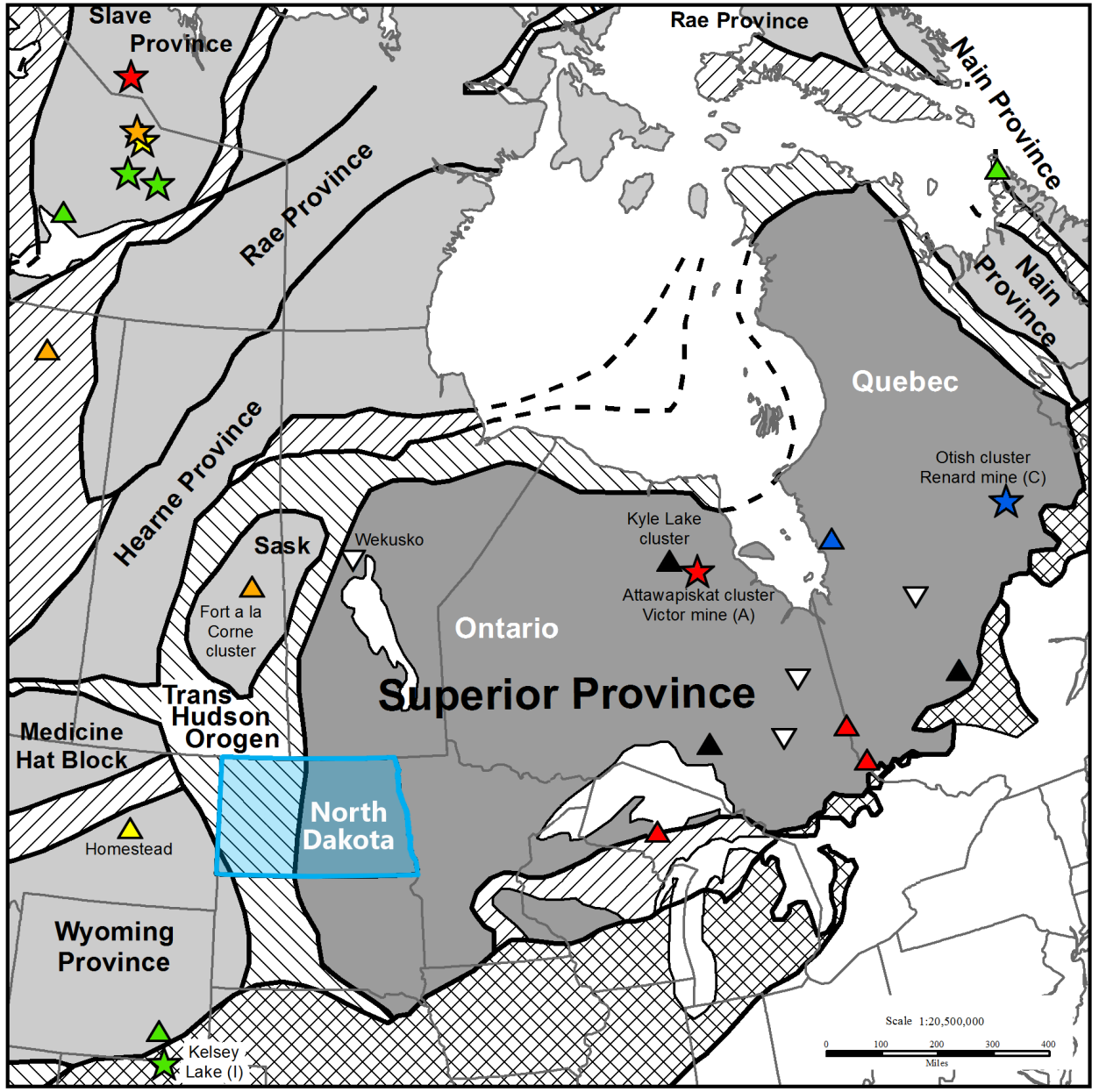


Kimberlite Pipes



Nesheim, 2016

KIMBERLITES



PRECAMBRIAN

- 1.76-1.65 Ga juvenile crust
- 1.9-1.8 Ga reworked Archean crust
- 2.0-1.8 Ga juvenile arcs & orogens
- > 2.5 Ga Archean crust

Kimberlite Symbols

- Kimberlite/s
- Diamondiferous kimberlite/s
- Kimberlite/s with diamond mine/s
  (A = active, I = Inactive, C = under construction)

Kimberlite Emplacement Age

- Tertiary (3-65 Ma)
- Cretaceous (65-100 Ma)
- Jurassic (100-202 Ma)
- Paleozoic/Eocambrian (240-541 Ma)
- Neoproterozoic (541-1,000 Ma)
- Mesoproterozoic (1,000-1,600 Ma)
- Age undifferentiated

Nesheim, 2016

Public Fossil Digs Program Overview

This program started in 2000 in the Pembina Gorge. The program currently provides 600 spots for the public to join paleontologists on a fossil dig each summer. These spots sell out within minutes each year. Our email notification list has over 2,500 subscribers.

Program Finances

Expenses	Current	Income	Current
Travel Costs	$24,632		
Supplies/Equipment	$14,150	Registration Fees	$42,400
Summer Intern	$26,423	Donations	$32,000
Total:	$65,205	**Total:**	$74,400

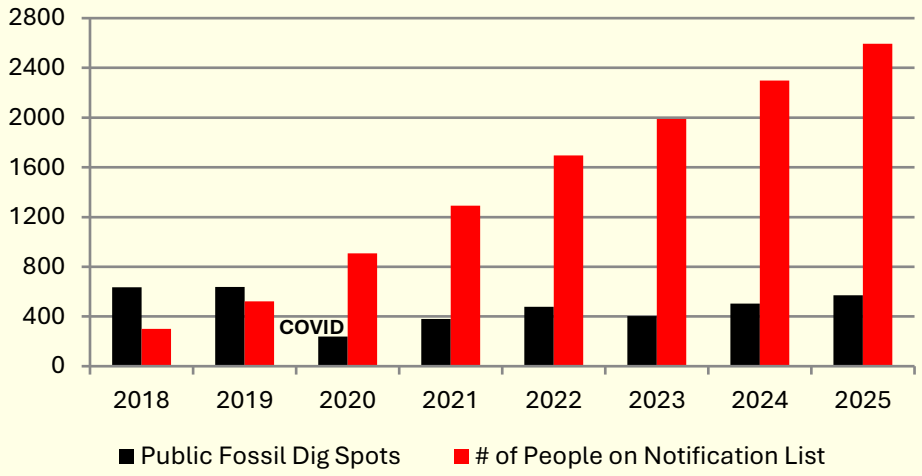


Economic Impact

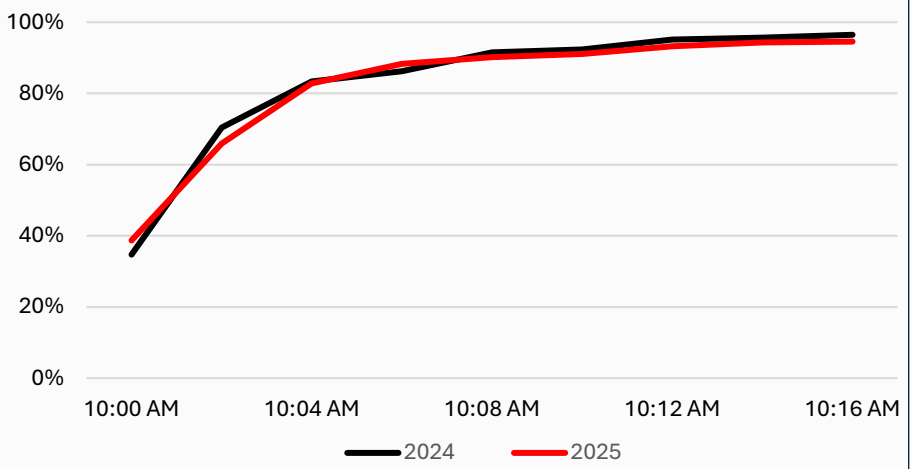
	Current
Staff Salary	$96,796
Dig Program Costs	$0
Economic Impact[1]	$777,600
Total:	$680,804

[1] $448 per attendee ($224/day: budgetyourtrip.com)

Public Fossil Digs: Increasing Interest



Rate of Ticket Purchases on First Day

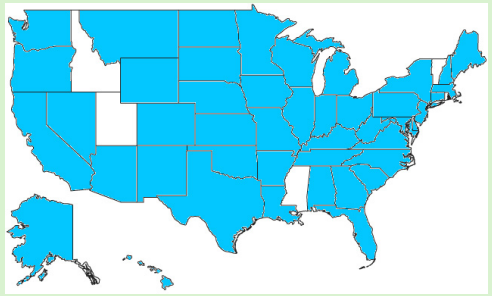


Quick Facts

-Participants from 45 States[2]

-2,000 Individuals Since 2008

-1,250 Field Jackets Collected



[2] Missing Idaho, Mississippi, Rhode Island, Utah, and Vermont

Expansion of the Public Fossil Digs Program

An additional paleontology technician would enable us to expand the program by 40% in 2026.

Program Finances

Expenses	Current	Expanded	Income	Current	Expanded
Travel Costs	$24,632	$31,820	Dig Partnership[3]	$0	$40,000
Supplies/Equipment	$14,150	$18,650	Registration Fees	$42,400	$74,000
Summer Intern	$26,423	$52,444	Donations	$32,000	$49,200
Total:	$65,205	$102,914	**Total:**	$74,400	$163,200*

[3] Partnership with the Sternberg Science Camps Program * Excess funds will be placed in the Fossil Excavation and Restoration Fund



Medora Fossil Dig

Economic Impact

	Current	Expanded
Staff Salary	$96,796	$284,699
Dig Program Costs	$0	$0
Economic Impact[1]	$777,600	$1,088,640
Net Impact:	$680,804	$803,941

[1] $448 per attendee ($224/day: budgetyourtrip.com)

Can the Expanded Fossil Digs Fund a New FTE?

Ticket Price Increases Needed to Fund Salary of New Position

% of Salary Covered by Dig Fees	Full Day Ticket	Half Day Ticket	State Ongoing Funding Required	State One Time Funding Required
100%	$180	$120	$0	$9,210
50%	$100	$60	$103,631	$9,210
33%	$70	$45	$138,866	$9,210
0%	$60	$40	$207,262	$9,210

Impacts of Program Expansion

	Current	Expanded
Number of Days	47	70
Number of Spots	600	840

-Ability to work at more sites across ND.

-Expand our outreach capacity in the Fall/Spring.



Pembina Fossil Dig

Priority Request #1 – Budget Restoration

Fully restore inflation and 3% cuts – additional amount of $735,000

- DMR was required to make 3% budget cuts on top of budget inflation from both the 2023-25 biennium and the 2025-27 biennium.
- Inflationary increases and 3% reduction resulted in a cut of $2,235,000 to DMR.
- Inflation has not gone away; vehicle costs and mileage rates as well as ITD and lease costs continue to increase.
- Senate restored $1,500,000 to the operating budget.
- Remaining deficit of $735,000 would require a reduction in travel.
- Oil & Gas will have to reduce field inspections by about 35%.
- Well count continues to increase.
- Drilling rig inspections ensure proper construction of wells to protect freshwater zones and proper locations of well bores to protect correlative rights.
- Well inspections ensure compliance with environmental regulations, proper installation of pipelines, timely clean up of spills, proper allocation of oil and gas volumes.
- Geological Survey will have to reduce levels of regulatory inspections and curtail study results.
- There is high demand for rare earth element study results and study into the feasibility of using ND sands as proppant in Bakken and Three Forks completions.
- Identification of landslides protects current and future impacts on infrastructure and pipeline development.
- The public fossil dig program has strong demand from both in state and out of state participants.

Item	Amount	Senate Allowed	Underfunded	Impact
Inflation & Budget Cuts	-$2,235,000	$1,500,000	-$735,000	Reduces inspections and field work by 35%
What does this mean?				
Mileage	2,430,000	1,579,500	-850,500	Reduced DMR miles driven
Drilling Rig Inspections	14,400	9,360	-5,040	Reduced drilling rig inspections
O&G Well Inspections	320,000	208,000	-112,000	Reduced well inspections
Survey Field Workdays	681	443	-238	Reduced Survey field workdays

Fully restoring the 3% cuts and inflation amounts will allow DMR to operate at maximum efficiency and continue to provide necessary service levels to public and industry.

Priority Request #2 - Preparing for Success

Current Challenge:
188 years of knowledge and expertise set to depart DMR by 2028.

Including the recent retirement of former Director Lynn Helms

Key Role Succession Planning:

Role #1 – 6-12 months remaining
Role #2 – 1.5 years remaining
Role #3 – 1.5 to 3 years remaining
Role #4 – 6-12 months remaining

DMR Ask:
Convert open CCUS to Land/Legal
One Additional FTE position:
Deputy Director

Total additional value of ~$370,000/biennium

- **COLLABORATE**: Significant discussion with DMR Leadership team, industry leaders, ND Industrial Commission leadership and the Governor's office. These roles are critical for continued success and organizational alignment.
- **STRATEGY**: Swap the current open CCUS FTE position for the previously requested Land/Legal role.
- **PLAN**: Hire the Land/Legal role ASAP, complete session, conduct deep dive of agency organization & resiliency, complete succession planning, search and hire a Deputy Director.

Purpose Ⓟ and Qualifications Ⓠ for Requested Roles:

Deputy Director

Ⓟ Enhance agency visibility
Ⓟ Strong pulse on public sentiment
Ⓟ Deep connection with agencies
Ⓟ Presentations & outreach
Ⓟ Stand-in for Director as needed for legal collaboration, NDIC & more
Ⓟ Assist with legislation

Ⓠ Technical background not required
Ⓠ External or Internal
Ⓠ Industry experience preferred
Ⓠ Government expertise a plus

Land/Legal

Ⓟ Dedicated position for order processing
Ⓟ Expedite order processing time
Ⓟ Aligns with succession planning
Ⓟ Allows existing staff to focus on their area(s) of expertise

Ⓠ Highly technical with engineering, land & geo-science knowledge
Ⓠ Internal hire preferred
Ⓠ Significant agency & regulatory experience
Ⓠ Experience in orders, hearings & cases
Ⓠ Deep understanding of spacing units

Other DMR Optional Requests

3. Paleontology viewing laboratory - $250,000 (capital asset):
DMR has received numerous requests to place a laboratory in the gallery where visitors could watch paleontologists prepare fossil specimens. These viewing laboratories are present in paleontological museum galleries around the World and are always very popular attractions. The funds would hire an architect to draw up the plans, bids will be let, and a contractor and construction firms will have to be contracted to complete the work. New lab equipment will also be purchased to outfit the lab.

4. Reclamation technicians (2 FTE) - $519,211:
This would bring the total to $799,925 allowing for one reclamation technician in each district. The reclamation program is critical to provide oversight to ensure the successful completion of restoring sites after properly plugging wells and decommissioning facilities. NDCC Ch 38-08; Ch 38-08.1; Ch 38-22. Regulations require land to be reclaimed as close as practicable to its original condition as it existed before the construction of the well site or other disturbance. One reclamation inspector currently inspects all reclaim projects throughout the entire state and there are currently approximately 2,800 sites in various stages of reclamation. Hiring three reclamation inspectors, one in each district, is necessary ensure reclamation projects are conducted successfully and timely.

5. Paleontology technician position (1 FTE) - $216,472:
Since 2016, the popularity of the Public Fossil Dig Program has dramatically increased and continues to sell out within minutes each year. A new FTE (paleontology technician) assigned to the Public Fossil Dig Program would enable us to increase the number of available registration spots from 600 to 840 (a 40% increase) increasing the number of tourists traveling within North Dakota as well as bringing in additional out-of-state tourists.

Other DMR Optional Requests

6. Professional development - $57,000:
This optional request would allow Oil & Gas employees to attend job-related conferences during the 2025-2027 biennium, and would allow tuition reimbursement as allowed by the agency tuition reimbursement policy. The request would enable Survey geologists to attend national or regional scientific meetings presenting on their work. These presentations can encourage other scientists to do an expanded study on a North Dakota topic which will often bring them to North Dakota to do fieldwork or visit our core and sample library.

7. Class VI programming position (1 FTE) - $225,123:
With North Dakota being the first state to receive Class VI primacy and the only state to have active Class VI injection projects, it is imperative to develop a database to monitor and manage Class VI wells and facilities. The United States Environmental Protection Agency has made available to North Dakota a $1,930,000 grant to be used for operation of a Class VI primacy program. The Oil and Gas Division intends to apply for this grant and pool a portion of it with other states through the Ground Water Protection Council to develop a Class VI database.

8. Equity adjustment for field inspectors - $805,800:
This optional request is due to a great need to pay competitive salaries for experienced personnel. There exists a tremendous inequity between the salaries paid by our agency and the salaries paid by the oil and gas industry. The Oil and Gas Division continues to see field inspection turnover and a lack of applicants due to the lower salary amount. This would allow for an estimated $700/month increase for the 40 field inspector positions in an attempt to bring salaries closer to industry rates to reduce turnover and attract candidates to fill vacant positions. It should be noted that these positions are non-classified and therefore were not included in the HRMS prior session equity calculations.

Carryover Requests

Requesting Authorization:

- The IIJA Initial Grant funds received an extension and can continue to be expended through 09/30/2025. For this reason, a carryover of unexpended funds to the 2025-27 biennium is being requested. The remaining available grant amount is $225,500.

Authorized by Senate:

- The Abandoned Oil Well Conversion to Water Supply program funds can continue to be expended through 12/31/2026. For this reason, a carryover of unexpended funds to the 2025-27 biennium has been authorized in Section 17 of SB 2014. The remaining obligated amount is $479,800.
- The 65th Legislative Session SB 2134 Ordinary High Water Mark litigation is nearing the end, but it is still possible for expert witness testimony yet to be required. For this reason, a carryover of unexpended funds to the 2025-27 biennium has been authorized in Section 17 of SB 2014. The remaining available amount is $342,000.

SB 2014 Industrial Commission - DMR Budget

	Burgum's Recommended	Armstrong's Recommended	Senate	DMR Request
23-25 Base Level FTE	**108.00**	**108.00**	**108.00**	**108.00**
Salaries and Benefits				
23-25 Base Level Salaries & Benefits	**$23,261,532**	**$23,261,532**	**$23,261,532**	**$23,261,532**
Base payroll changes:				
Gov. Rec. Salary Increase	$1,190,593	$978,784	$978,784	$978,784
Health Insurance Increase	$660,580	$666,585	$666,585	$666,585
FTE Funding Pool - New	$1,284,293	$1,284,293	$1,234,387	$1,234,387
FTE Funding Pool - Vacant	$1,389,856	$1,389,856	$892,955	$892,955
3% Required Cuts	($284,587)	($284,587)	($284,587)	($284,587)
Optional Requests:				
Position Conversion: Admin to Geologist	$101,785	$101,785	$101,785	$101,785
Permitting Technician Position (1 FTE)	$151,146	$151,146	$151,146	$151,146
Executive Administrative Position (1 FTE)		$163,116	$163,116	$163,116
IIJA Formula Grant - Administration	$500,727	$500,727	$500,727	$500,727
Increase Temp Salaries			$45,000	$45,000
Deputy Director (1 FTE)				$351,400
Position Conversion: CCUS to Land/Legal				$0
Equity Adjustment	$250,000	$250,000	$0	$805,800
Reclamation Techs (3 FTE)	$184,887	$184,887	$184,887	$554,660
Paleo Tech (1 FTE)				$178,090
Class VI Programmer (1 FTE)				$214,236
Total Salary and Benefits	**$28,690,812**	**$28,648,124**	**$27,896,317**	**$29,815,616**
Operating				
23-25 Base Level Operating	**$5,120,253**	**$5,120,253**	**$5,120,253**	**$5,120,253**
Base operating changes:				
ITD Data Processing	$108,065	$108,065	$108,065	$108,065
3% Required Cuts	($626,293)	($626,293)	($626,293)	($626,293)
Optional Requests:				
Position Conversion: Admin to Geologist	$80,274	$80,274	$80,274	$80,274
Permitting Position (1 FTE)	$10,887	$10,887	$10,887	$10,887
Executive Administrative Position (1 FTE)		$7,160	$7,160	$7,160
Mineral Analysis	$100,000	$100,000	$100,000	$100,000
Woolly Mammoth Excavation	$300,000	$300,000	$150,000	$150,000
NDIC Assessment	$115,000	$115,000	$115,000	$115,000
OHWM - for Witness Fees	$342,000	$342,000	$0	$0
IIJA Formula Grant - Administration	$943,650	$943,650	$943,650	$943,650
Litigation	$3,000,000	$3,000,000	$3,000,000	$3,000,000
Drilling Project Phase II	$100,000	$100,000	$400,000	$400,000
Enhanced Oil Recovery Project			$15,000	$15,000
Inflation & Restoration	$1,500,000	$1,500,000	$1,500,000	$2,235,401
Deputy Director (1 FTE)				$19,387
Reclamation Techs (3 FTE)	$81,755	$81,755	$81,755	$245,265
Paleo Tech (1 FTE)				$38,382
Class VI Programmer (1 FTE)				$10,887
Professional Development				$57,000
Total Operating	**$11,175,591**	**$11,182,751**	**$11,005,751**	**$12,030,318**
Capital Assets				
23-25 Base Level Capital Assets	**$0**	**$0**	**$0**	**$0**
Portable XRF			$45,000	$45,000
Paleontology Viewing Lab				$250,000
Total Capital Assets	**$0**	**$0**	**$45,000**	**$295,000**
Total Expenditures	**$39,866,403**	**$39,830,875**	**$38,947,068**	**$42,140,934**
Less Estimated Income	$2,070,377	$5,370,377	$5,278,377	$5,278,377
Total General Fund	$37,796,026	$34,460,498	$33,668,691	$36,862,557
Total FTE	**110.00**	**111.00**	**111.00**	**116.00**

2025 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division
Brynhild Haugland Room, State Capitol

SB 2014
3/27/2025

A BILL for an Act to provide an appropriation for defraying the expenses of the industrial commission and the agencies under its control; relating to confidential and exempt records of the Bank of North Dakota and interest rate buydown limits for the partnership in assisting community expansion fund; elating to a salt cavern underground energy storage research project; to provide for a transfer; to provide an exemption; to provide for a legislative management study; to provide for a legislative management report; and to provide for a report.

2:30 p.m. Chairman Monson called the meeting to order.

Members Present: Chairman Monson, Vice Chair Brandenburg, Representatives: Bosch, Fisher, Kempenich, Meier, Pyle.

Discussion Topics:

- Bank of North Dakota
- Risk Profile for Bank of North Dakota
- Federal shutdown Paycheck Program
- Ag Disaster Relief Program
- Cryptocurrency
- Student Loan Programs
- Short Line Railroads in North Dakota
- Legislatively Directed Loan Programs
- PACE Program Buydown Increase

2:31 p.m. Don Morgan, President, Bank of North Dakota, testified in favor and submitted testimony #44343.

2:52 p.m. Rob Pfennig, CFO, Bank of North Dakota, testified in favor.

3:02 p.m. Kelvin Hullet, Chief Business Development Officer, Bank of Nort Dakota, testified in favor and submitted testimony #44337 and #44342,

3:30 p.m. Mike Gerhart, Deputy Director, North Dakota Department Of Transportation, testified in favor.

3:32 p.m. Chad Orn, Deputy Director of Planning, North Dakota Department of Transportation, testified in favor.

4:10 p.m. Jordan Kannianen, Deputy Director, North Dakota Industrial Commission, testified in favor.

4:10 p.m. Ron Ness, President, North Dakota Petroleum Council, submitted testimony in favor #44265.

4:23 p.m. Zach Weis, Appointed Member, Oil and Gas research council, testified in favor.

4:32 p.m. Chairman Monson adjourned the meeting.

Madaline Cooper, Committee Clerk



Senate Bill 2014

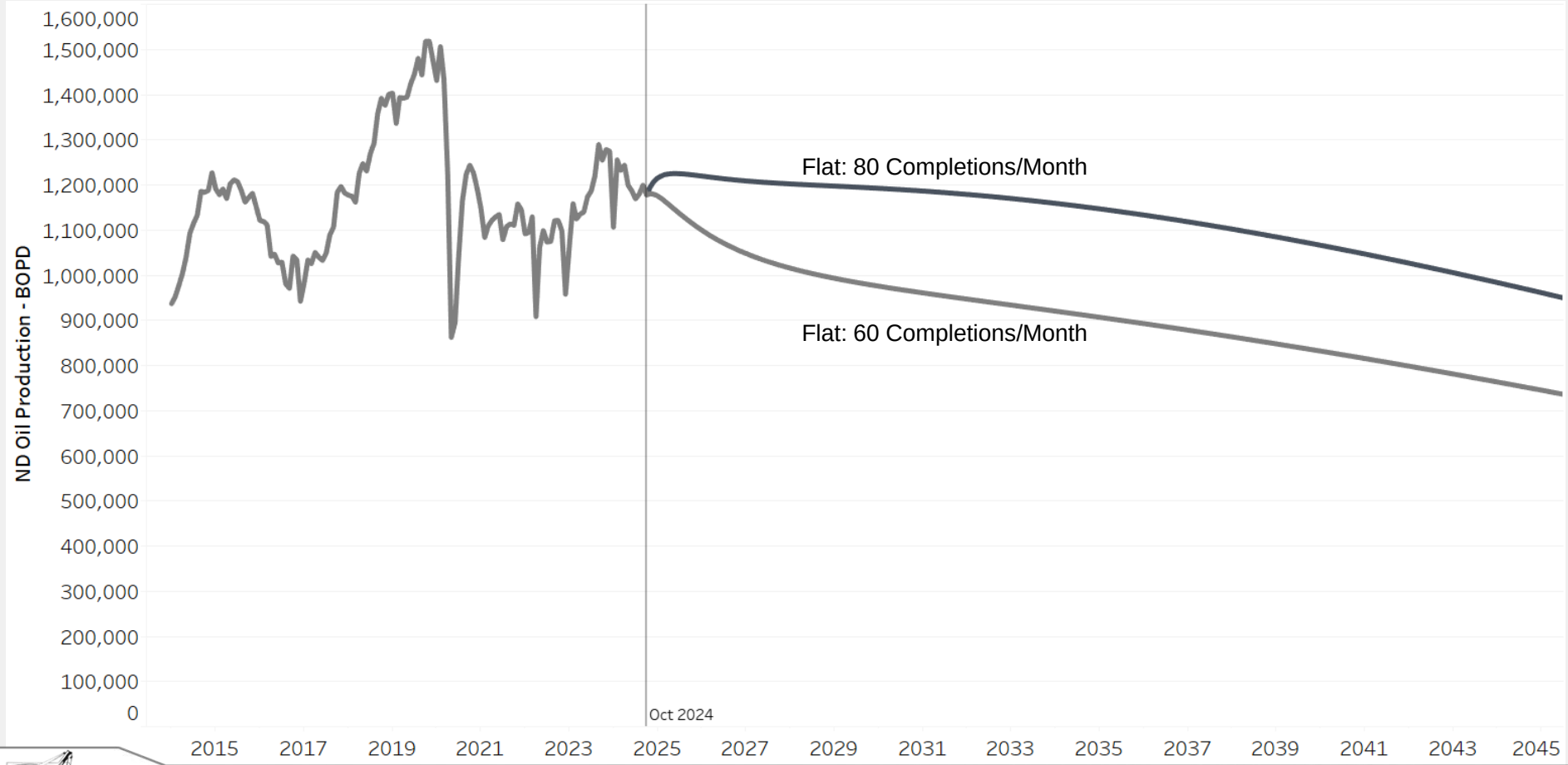
Ron Ness
President, North Dakota Petroleum Council

March 27, 2025

NORTH DAKOTA PETROLEUM COUNCIL

www.NDOil.org

60 & 80 Well Completions Per Month - Oil



Monthly Completion* Scenarios - Oil



WHAT'S THE PRIZE For North Dakota?

- 3-7 Billion Barrels &
- 2/3 Decades of Tax Revenues







QUESTIONS?

NORTH DAKOTA PETROLEUM COUNCIL

www.NDOil.org

SECTION 1. A new section to chapter 6-09 of the North Dakota Century Code is created and enacted as follows:

Rail revolving loan fund - Continuing appropriation.

1. The rail revolving loan fund is a special fund in the state treasury from which the Bank shall provide loans to cities, counties, railroads, and other potential users of freight railroad service to upgrade and enhance rail infrastructure that improves service. Class I railroads are not eligible applicants.

2. The Bank may adopt policies and establish guidelines to administer the rail revolving loan fund in accordance with this section. The Bank shall consider the applicant's ability to repay the loan when processing the application.

3. The department of transportation shall:
   a. Develop policies for reviewing, approving and prioritizing projects;
   b. Establish guidelines for issuance of loans from the fund; and
   c. Review and approve the project before the Bank may issue a loan.

4. A loan provided under this section shall meet the guidelines established by the department of transportation.

5. The Bank shall deposit in the rail revolving loan fund all payments of principal and interest paid on loans made from the rail revolving loan fund. The Bank may use a portion of the interest paid on the outstanding loans as a servicing fee to pay for administrative costs, which may not exceed one-half of one percent of the amount of the outstanding loans.

6. All moneys transferred to the fund, interest upon moneys in the fund, and payments to the fund of principal and interest are appropriated to the Bank on a continuing basis for administrative costs and for loan disbursements according to this section. The fund must be audited annually pursuant to section 6-09-29, and the cost of the audit must be paid from the fund.

SECTION 2. TRANSFER – RAIL LOAN FUNDS. The department of transportation shall transfer all outstanding loans and moneys in the rail loan fund within the department of transportation to the rail revolving loan fund during the biennium beginning July 1, 2025, and ending June 30, 2027.

SECTION 3. AMENDMENT. Section 49-17.1-02.1 of the North Dakota Century Code is amended and reenacted as follows:

49-17.1-02.1. Department may authorize local rail projects. For the purpose of promoting the public interest and local economic development, the department ~~may utilize revenue generated under this chapter~~ shall coordinate with the Bank of North Dakota for the construction or improvement of ~~railway freight transportation~~ projects under the rail revolving loan fund under 6-09 (the new section 6-09 that will be created under Section 1 of this act) ~~not otherwise eligible for assistance under the Railroad Revitalization and Regulatory Reform Act of 1976 [Pub. L. 94-210; 90 Stat. 149; 49 U.S.C. 1651 et seq.] and~~ , which meet standards and specifications developed by the department.

6-09-46.2. Rebuilders loan program - Rebuilders permanent loan fund – Continuing appropriation.

Revised.

1. The Bank of North Dakota shall develop a rebuilders loan program to make or participate in loans to North Dakota residents as a result of:
   a) A presidential or governor declared disaster or emergency; or
   b) Economic hardship or a weather related incident, as determined by the governor.

2. Under the rebuilders loan program, the Bank shall develop and implement specific loan programs and may fund the loans from any available funding in the rebuilders permanent loan fund and may accept private sector donations and funds from the federal government.

6-09-46.2. Rebuilders loan program - Rebuilders permanent loan fund - Continuing appropriation.

~~1. The Bank of North Dakota shall develop a rebuilders loan program to make or participate in loans to North Dakota residents affected by extraordinary losses as a result of a presidentially declared disaster or governor-declared disaster or emergency in the state. Under the rebuilders loan program the Bank shall develop and implement specific loan programs to respond to the specific needs resulting from a disaster or emergency. The Bank may fund the loan from any available funding in the rebuilders permanent loan fund and may accept private sector donations and funds from the federal government.~~

~~2~~.3 Upon request of the Bank of North Dakota, the governor shall furnish the Bank with information relating to the nature and amount of state and local resources that have been or will be committed to alleviating the results of the disaster or emergency, an estimate of the amount and severity of the damage and the impact on the private and public sectors, and an estimate of the type and amount of assistance needed.

~~3~~. 4 To apply for a loan under the program, a person shall apply to the originating financial institution. Upon Bank of North Dakota approval of an application, the Bank shall make a loan in accordance with the loan program established under this section. The Bank shall establish a loan application period, which may not exceed a period of eighteen months from the date of the declaration of the disaster or emergency.

5. Excluding the rebuilders and rebuilders home loans transferred to the fund, the Bank of North Dakota shall deposit in the fund all principal and interest paid on the loans made from the fund. The Bank may deduct from interest payments received on a loan under the program a service fee for administering the fund for the Bank and the originating financial institution. The fund must be audited annually pursuant to section 6-09-29, and the cost of the audit and any other actual costs incurred by the Bank on behalf of the fund, must be paid by the fund.

~~5~~ 6. There is created in the state treasury the rebuilders permanent loan fund administered by the Bank of North Dakota. The fund consists of all moneys transferred to the fund by the legislative assembly, interest on moneys in the fund, and payments to the fund of principal and interest on loans made from the fund. All moneys in the fund are appropriated to the Bank on a continuing basis for the rebuilders loan program.



BND
Bank of North Dakota

America's Only Bank: Owned by the State Serving North Dakota for 106 Years

House Government Operations - SB 2014

About BND

BND partners with local financial institutions to “participate” in loans and who serve as the distribution channel for BND programs.

MISSION STATEMENT

To deliver quality, sound financial services that promote agriculture, commerce and industry in North Dakota.

VISION STATEMENT

Bank of North Dakota is an agile partner that creates financial solutions for current and emerging economic needs.



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Mission Prioritization and Stacking

Our “Balanced” Mission Drives the Role of BND Within the State

1. **Risk Managers**
   1. Liquidity Risk
   2. IRRM Risk
   3. Credit Risk

   } The Big “3”
2. **Provider of Liquidity Access**
   ($4B in Securities for Liquidity Management)
3. **Fund “Multipliers” for Economic Development**
   (Multiply $8B State Deposits into $10B in Comm/Ag Loans for Economic Development and Return)
4. **Processors of Funds Flow and Special Programs ($1B)**
5. **Generate Return to State**

Simplest Form: Total Return to State
= ROA+COF adjusted to Assets

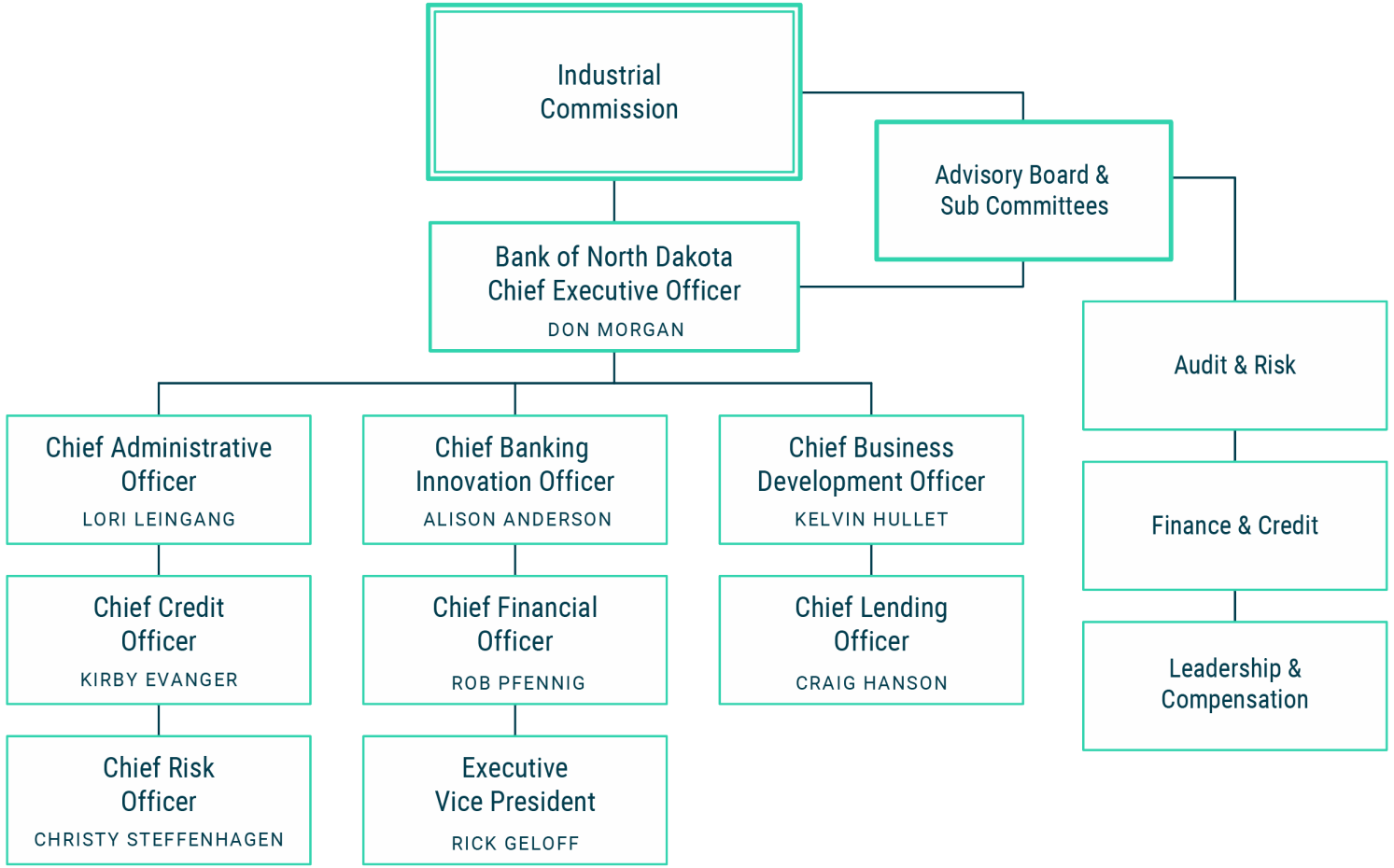
2% ROA + 2% ACOF = 4% Return

‘or’

$400 million per year on $10 billion in assets

BND Organizational Structure

ND Century Code 6-09



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Key Accomplishments

- Successful transition in leadership from Todd Steinwand to Don Morgan.
- Record loan portfolio of $6.1 billion, 14.5% growth since 2022
    - Commercial portfolio +27.0%
        - Match program +60%
        - Pace programs +50.0%
    - Ag portfolio +11.9%
- Supported the state's cattle ranchers issuing 190 loans for $16.7 million through the Livestock Rebuilders Program.
- Completed a Legislatively directed study on Sustainability. The STAND report provides a roadmap for the state on policy issues and provides a framework for the state to tell its story.
- Played a significant role in the cash management study.
- Implementation of a robust capital policy.
- Legislative-Directed programs have grown to 26 with over $1.1 billion in total assets.
- BND continues to administer the various revolving loan funds and disburse loans for LIFT in coordination with the Department of Commerce.
- Maintain S&P Rating A+
- No findings in the Bank’s 2023 FASB audit.

Strategic Priorities

Strong Banking

- Protect the State's "working capital" in a volatile/polarized world
- Strong banking practices, principles and policies at all times
- Evolved, robust enterprise risk management that drives strategy and capital
- Strong banking partnerships throughout the State
- Strong state agency partnerships with robust financial advisership

Public Affairs

- "Tell the story" of the BND mission
- Proactive solutions with partner agencies, Industrial Commission and Legislature
- Financial literacy

Digital Transformation and Innovation

- Embrace technology evolution (AI, cloud computing, blockchain, digital niche embedded banking)

Cybersecurity & Data Privacy

- Embrace robust & evolving cybersecurity technology

Talent Management

- Attract, develop, and retain
- Embrace changing workforce dynamics
- Support workforce housing and childcare needs statewide

Energy & Ag

- Support and promote capital flow to all forms of sustainable energy
- Support evolution of base-load power needs of the future
- Support and promote evolution of traditional ag practices
- Support and promote emerging ag industries; regenerative, organic, micro-niche

BND Proposed 2025-2027 Biennium Budget

Bank of North Dakota
Bank Appropriation Request
2025-2027 Biennium

Line Item	2023-25 Biennium Appropriation	Governor's 2025-27 Budget	Change from prior Biennium	Change	Senate Bill 2014	Change from Governor Proposed
Salaries and benefits	45,275,085	52,011,844	6,736,759	14.9%	50,845,871	(1,165,973)
Operating Expenses	28,054,661	24,387,607	(3,667,054)	-13.1%	24,387,607	-
BND Operations (1)	$ 73,329,746	$ 76,399,451	3,069,705	4.2%	$ 75,233,478	(1,165,973)
Capital Assets (2)	1,510,000	1,510,000	-	0.0%	4,143,299	2,633,299
Contingency	3,000,000	3,000,000	-	0.0%	3,000,000	-
	$ 77,839,746	$ 80,909,451	3,069,705	3.9%	$ 82,376,777	2,633,299
(1) BND Operations:						
Salaries and Benefits	$ 45,275,085	$ 52,011,844	6,736,759	14.9%	$ 50,845,871	(1,165,973)
IT & System Costs	19,628,366	15,961,312	(3,667,054)	-18.7%	15,961,312	-
Operating Expenses	7,218,845	7,218,845	-	0.0%	7,218,845	-
Occupancy and Equipment	1,207,450	1,207,450	-	0.0%	1,207,450	-
Other Operating Expenses	**$ 28,054,661**	**$ 24,387,607**	(3,667,054)	-13.1%	**$ 24,387,607**	$ (1,165,973)
BND Operations						
(2) Capital Budget includes:						
Building	$ -	1,010,000	1,010,000	0.0%	$ 3,643,299	2,633,299
Office Equipment	250,000	250,000	-	0.0%	250,000	-
IT Equipment	-	-	-	0.0%	-	-
Software	1,260,000	250,000	(1,010,000)	-80.2%	250,000	-
	$ 1,510,000	**$ 1,510,000**	0	0.0%	**$ 4,143,299**	**$ 2,633,299**

- Salaries and Benefits ($1,165,973)
  - ($909,460) 25-27 new and vacant FTE pool
  - $(600,000) removal of cash mgmt. temp salaries
  - $343,487 salary funding cost to continue
- Capital Expenditures:
  - $2,633,299 building refresh

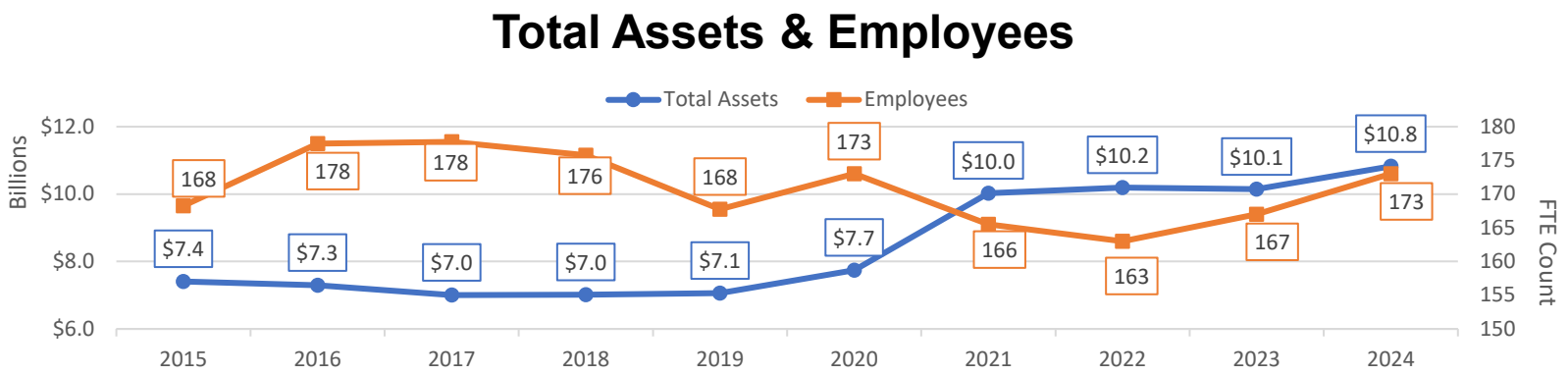
BND
Bank of North Dakota

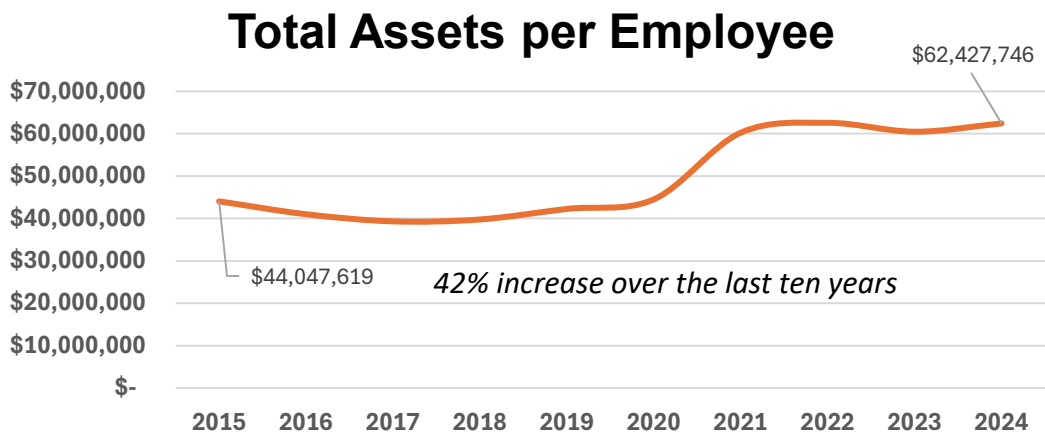
FTE Overview – as of 12/31/24

FTE Overview

21-23 Biennium	23-25 Biennium	25-27 Biennium
173	187	187

- 23-25 biennium
  14 additional FTE's
- 2024 restructured collateral valuation due to lower volume
  - Reallocated three FTE's
- Current FTE's as of 12/31
  - 173
  - Pending start = 1
  - Intention to fill = 13
    - Lending and credit administration due to loan growth





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Utilization of FTEs from 23-25 Biennium

Utilization of 14 Additional FTE's from 23-25 Biennium				
# of FTE's	**FTE requested**	**FTE filled as**	**Strategy supported**	**Additional comments**
1	Loan Servicing Associate III	Public Information Specialist I	Public Affairs	Financial literacy (Smart WithMyMoney.nd.gov)
1	Collateral Valuation Analyst IV	Facility Manager	Succession planning	
1	Commercial Valuation Supervisor	FI Market Manager	Strong Banking	BND projected the need for additional FTE's in September 2022. Our loan portfolio grew by 14.5% or +$780 million from 2022 to 2024 which shifted strategic needs
1	Agricultural Valuation Supervisor	Business Banker I	Strong Banking	
1	Collateral Valuation Analyst IV	Business Banker I	Strong Banking	
1	Credit Underwriter IV	Business Banker I	Strong Banking	
1	Loan Operations Supervisor	Business Banker I	Strong Banking	
1	Credit Underwriter III	Credit Underwriter III	Strong Banking	
1	Collateral Valuation Analyst III	Compliance Officer III	Strong Banking	
1	Loan Servicing Supervisor	Loan Quality Control Specialist	Strong Banking	
1	Loan Servicing Associate II	Loan Quality Control Specialist	Strong Banking	
1	Staff Accountant III	Bank Ops Processing Supervisor	Strong Banking	
1	Business Banking Associate I	Business Banking Associate III	Strong Banking	
1	Business Banking Associate II	Loan Servicing Associate II	Strong Banking	
14				

Change in FTEs over the last six biennium's				
Biennium	**FTEs**	**% Change**	**Change since 2013**	**% Change**
2023-2025	187	8.1%	7.5	4.2%
2021-2023	173	-4.7%		
2019-2021	181.5	0.0%		
2017-2019	181.5	0.0%		
2015-2017	181.5	1.1%		
2013-2015	179.5			
21-23 Net change of +8.5, -16 FTE's transferred to NDIT, +7.5 FTE's mainly added for collateral valuation start up				
Loan portfolio has grown by $2.7 billion or 77% since 2013				

Notes:
-Originally requested 5 FTE's related to collateral valuation to expand services, volumes didn't materialize as expected so FTE's were reallocated due to loan portfolio growth (Business Banker I, Compliance Officer and FI Market Manager)

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FTE Plan as of March 17

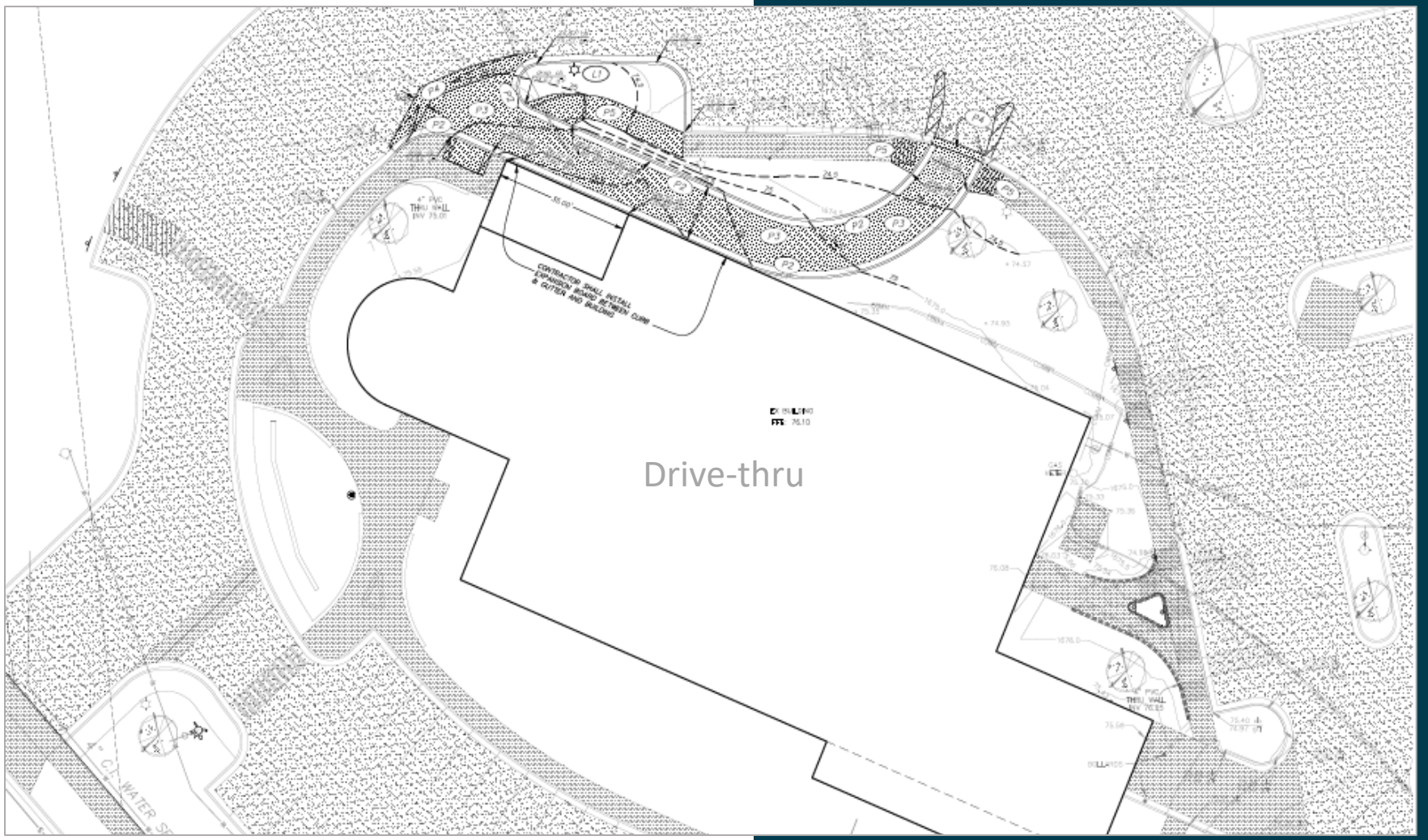
Utilization of 14 Additional FTE's from 23-25 Biennium as of March 17, 2025						
# of FTE's	**FTE approved as**	**Job title filled as**	**Position #**	**Hire date**	**Anticipated hire date**	**Current status**
1	Commercial Valuation Supervisor	FI Market Manager - NC9426	00031910	5/1/2024		
1	Credit Underwriter IV	Business Banker I - NC9422	00031911	7/1/2024		
1	Loan Servicing Supervisor	Loan Quality Control Specialist - NC9558	00031906	7/8/2024		
1	Collateral Valuation Analyst III	Compliance Officer III - NC9456	00031908	9/3/2024		
1	Loan Servicing Associate III	Public Information Specialist I	00032011	10/28/2024		
1	Credit Underwriter III	Credit Underwriter III	00032009	2/3/2025		
1	Loan Servicing Associate II	Loan Quality Control Specialist - NC9558	00031907	2/19/2025		
1	Staff Accountant III	Bank Ops Processing Supervisor	00032013	3/1/2025		training successor - retirement date 7/1
1	Business Banking Associate I	Business Banking Associate III	00032010	3/24/2025		
1	Collateral Valuation Analyst IV	Facility Manager	00032008		4/1/2025	In recruitment - training successor retirement 7/30
1	Collateral Valuation Analyst IV	Business Banker I - NC9422	00031912		4/15/2025	In recruitment
1	Loan Operations Supervisor	Business Banker I - NC9422	00031913		4/15/2025	In recruitment
1	Agricultural Valuation Supervisor	Business Banker I - NC9422	00031914		11/1/2025	Planned to hire
1	Business Banking Associate II	Loan Servicing Associate II	00032012		Open	
14				**9**	**5**	

Projected Open FTE's end 2025 ***3***

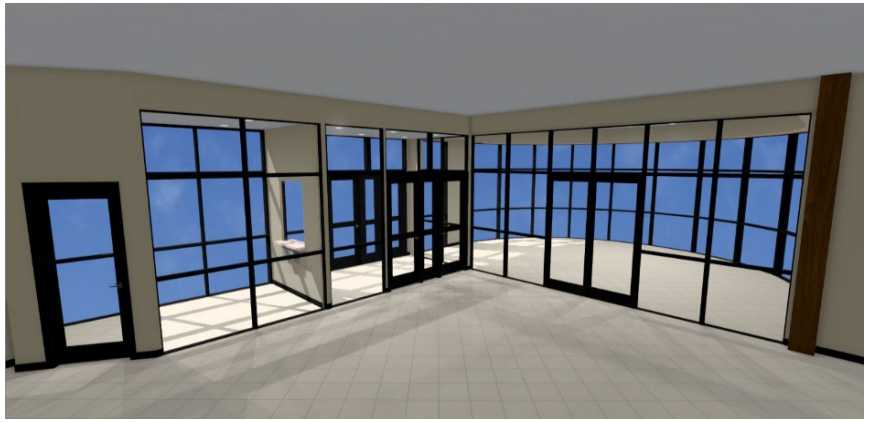
Current Session asks of BND

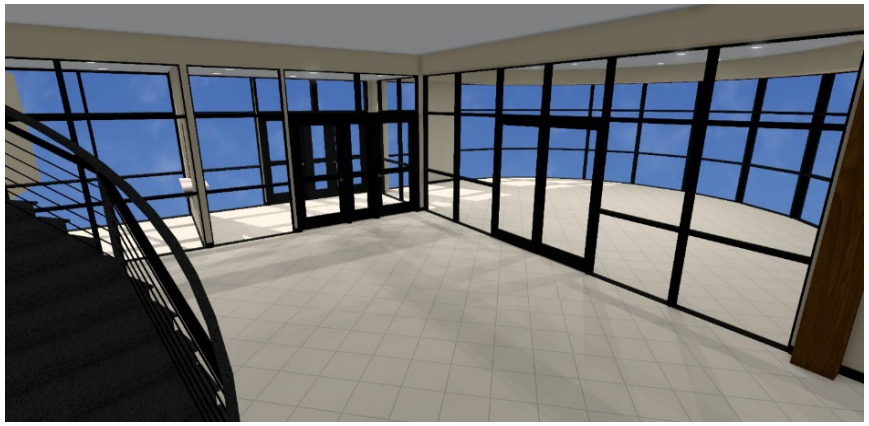
- NDDF – underwriting and potential servicing of loans
- Additional revolving loan funds
- Potential West to East gas pipeline involvement
- RINC and Home program administration
- Cash management board
- Administration of ESA program
- Federal shutdown paycheck program
- Ag disaster relief program
- Crypto and commodities

Drive-thru



Lobby Remodel









Capital Policy

Intent of the Capital Policy

The overall purpose of the Bank's capital policy is to ensure the safety and soundness of the Bank, ensure the Bank can meet its mission and objectives and is aligned with industry best practices. A strong capital policy benefits the Bank by providing a framework for achieving its mission and strategic plan objectives consistent with maintaining regulatory guidance and providing for the safety and soundness of the Bank's depositors and operations.

The development of this capital policy was driven by the following factors:

1. The size and complexity of the Bank's operations has reached a critical juncture where a robust, dynamic, industry best practice capital policy is prudent for continued safe and sound operations.

2. The Department of Financial institutions, as part of its biennial review recommended BND develop a capital policy as a best practice.

3. The legislature as part of the HB 1014 in the 68th legislative session included language in section 28 to "consider developing procedures or adopting legislative rules for introducing bills and amendments related to the use of Bank of North Dakota Profits".

4. To create a dividend policy that provides a level of funding for use by the legislature while maintaining appropriate capital levels at BND to mitigate risk and comply with industry best practices and continued safe and sound operations.

Bank Management, Advisory Board, and the Industrial Commission together, establish policies, procedures, and controls that mitigate material risks such as economic, interest rate volatility, credit, liquidity requirements, competitive environment changes, financial, operational, cybersecurity, and reputational risk. The Bank must be prepared to respond quickly to unforeseen major events such as interest rate shock environments, natural disasters, economic disruptions, and state budget deficits.

2023-2025 Biennium – Capital Dividends

23-25 Biennium	
2021 & 2022 Calendar Yr. Earnings	335,321,000
Dividends:	
General Fund	140,000,000
BND Buydown Programs	60,000,000
Skilled Workforce/Dual Credit	8,300,000
UND SBDC	1,500,000
AGPUC	3,000,000
Statewide Interoperable Radio	20,000,000
Infrastructure Revolving Loan Fund*	52,000,000
Creation of Permanent Disaster Program	20,000,000
Rwish	10,000,000
FHLB Housing Grant	1,281,553
Total Dividends	**316,081,553**
Dividend Percentage	***94.3%***

**carry-over from 15-17 session*

2025-2027 Biennium – Capital Dividends

Year End 2024		
Average Assets	$	10,903,675
Tier 1 Capital		1,291,443
Tier 1 Leverage Ratio		11.8%

BND Tier 1 Guideline	12.0%

25-27 Biennium		
2023 & 2024 Earnings	$	393,174,000
Anticipated Dividends		
General Fund		140,000,000
BND Buydown Programs		60,000,000
Skilled Workforce/Dual Credit		8,300,000
UND SBDC		1,900,000
AGPUC		3,000,000
Total Dividends	**$**	**213,200,000**
Dividend Percentage		***54.2%***

Total Return to the State		
BND 2023 & 2024 Earnings	$	393,174,000
Interest Paid on Captive Deposits		200,003,175
Total Return to the State	$	593,177,175

BND
Bank of North Dakota


BND
Bank of North Dakota
thebndstory.nd.gov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Legislatively-Directed Loan Programs

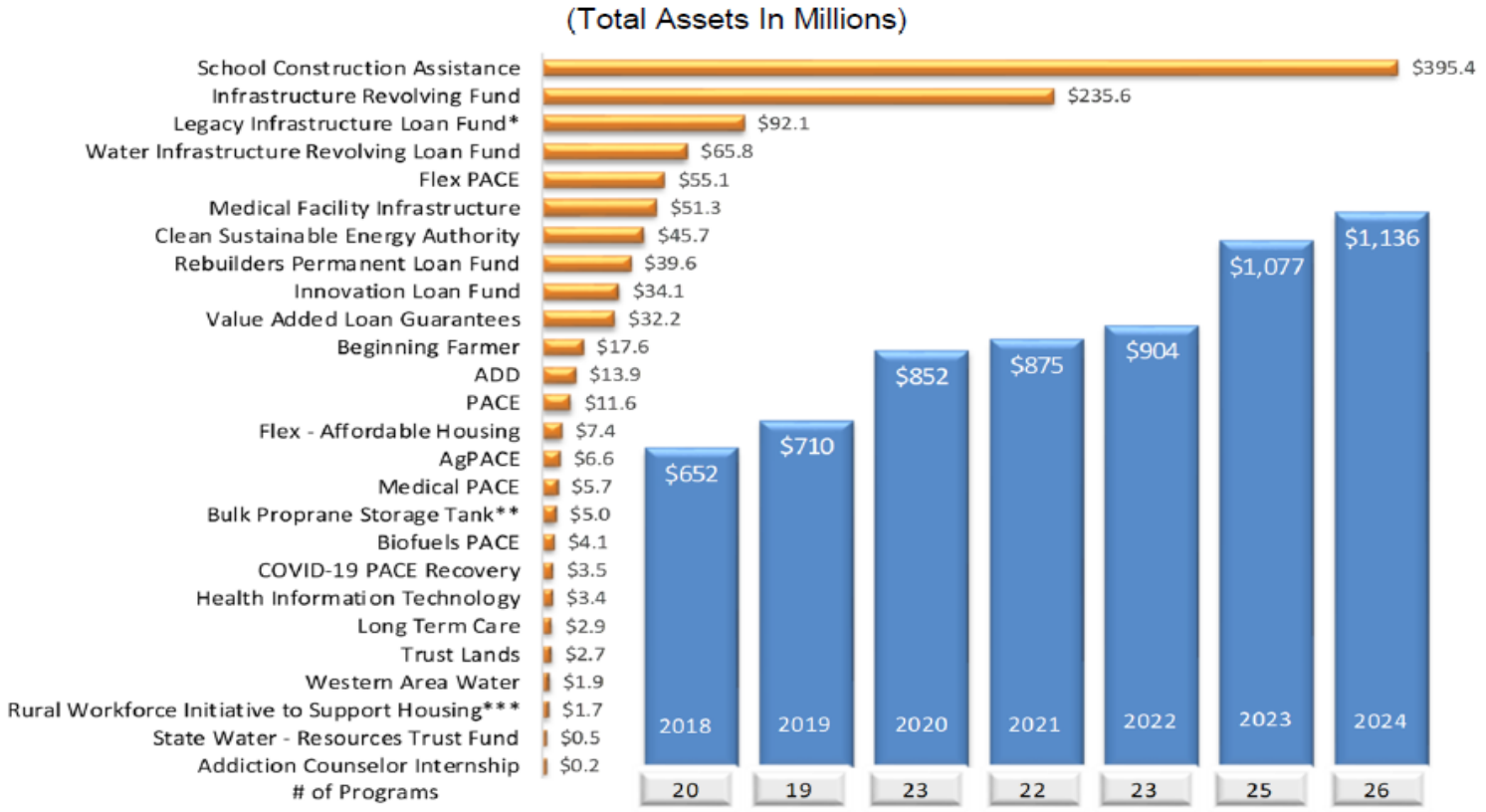
BND Currently administers $1.1 billion in net assets for legislative-directed loan programs. These programs serve a wide range of purposes, including school construction, water projects, general and medical infrastructure, and disaster recovery.

*Legacy Investment Loan Fund created in December 2023. Loans purchased from Infrastructure Revolving Loan Fund.

**SB 2242 created the Bulk Propane Storage Tank Revolving Loan Fund (BPST) during the 68th Legislative Session. This special fund was established by transferring $5 million in cash from the Strategic Investment and Improvements Fund (SILF).

***Rural Workforce Initiative to Support Housing was created in November 2024 to help rural communities with the construction of market-rate housing for the workforce when a company is locating or expanding in a community of 20,000 and under in population. BND has committed $10 million of capital for the program.

BND administers 26 programs and $1.1 billion in assets for the Legislature



BND
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Amendments

Open Records Requests

6-08.1-02. Exemptions.
This chapter does not apply to any of the following:

7. The release by the Industrial Commission, in its capacity as the managing body of the Bank of North Dakota, of the following:

a. The name of any person who has obtained approval for direct ~~or indirect~~ financing or security, including a loan guarantee or a letter of credit, through the Bank of North Dakota primarily for purposes other than personal, family, or household purposes.

b. The amount of any financing or security referenced in subdivision a.

c. The amount of any net write off or loan forgiveness ~~associated with the financing or security referenced in subdivision a~~ which the industrial commission determines is uncollectible.

d. The program under which any financing or security referenced in subdivision a was made.

Amendments

PACE Program Buydown Increase

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

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

    a. Purchase of real property and equipment.
    b. Expansion of facilities.
    c. Working capital.
    d. Inventory.

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

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

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

4. The maximum amount from the fund in the interest rate buydown may not exceed five hundred thousand dollars ~~**per loan**~~ **unless the project is deemed to have a substantial economic impact.**

5. Projects deemed to have a substantial impact and qualified as a primary sector business **may receive an additional $1,000,000 in interest rate buydown with no required community match.**

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

7. The Bank of North Dakota shall adopt rules to implement this chapter.

Amendments

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;~~
~~4. $15,000,000 to the beginning farmer revolving loan fund; and~~
1. $60,000,000 to the Partnership in assisting community expansion; agriculture partnership in assisting community expansion; biofuels partnership and beginning farmer revolving loan fund.
2. $1,900,000 to the university of North Dakota for the North Dakota small business development center for the purpose of matching federal grants.

2025 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division
Brynhild Haugland Room, State Capitol

SB 2014
3/28/2025

A BILL for an Act to provide an appropriation for defraying the expenses of the industrial commission and the agencies under its control; relating to confidential and exempt records of the Bank of North Dakota and interest rate buydown limits for the partnership in assisting community expansion fund; elating to a salt cavern underground energy storage research project; to provide for a transfer; to provide an exemption; to provide for a legislative management study; to provide for a legislative management report; and to provide for a report.

10:01 a.m. Chairman Monson opened the meeting.

Members Present: Chairman Monson, Vice Chair Brandenburg, Representatives: Bosch, Fisher, Kempenich, Meier, Pyle.

Discussion Topics:

- Grant Management System
- Transmission Authority Director Contract
- Executive Directors Salary Equity Increases
- Lignite Litigation Fees

10:01 a.m. Karen Tyler, Executive Director, ND Industrial Commission testified In Favor and continued previous testimony #40937 and #40928 from 3/12/2025.

10:11 a.m. Claire Vigesaa, Executive Director, ND Transmission Authority testified In Favor and answered questions.

Additional written testimony:

Jordan Kannianen, Deputy Executive Director, ND Industrial Commission submitted in favor testimony #44373 and #44374.

11:25 a.m. Chairman Monson adjourned the meeting.

Krystal Eberle for Madaline Cooper, Committee Clerk

LIGNITE RESEARCH PROGRAM

- Funding Source
- 5% Oil Production Tax
- 5% Oil Extraction Tax
- 37.5¢/ton Coal Severance Tax
- Coal Conversion Tax
- 2¢/ton Research Tax

- Biennial Funding Amount
- $10,000,000 from Oil Taxes
- $ 8,500,000 from Coal Taxes

OIL & GAS RESEARCH PROGRAM

- Funding Source
- 5% Oil Production Tax
- 5% Oil Extraction Tax

- Biennial Funding Amount
- $17,500,000
  - +$3,000,000 from SIIF (one-time funding for iPIPE)

* SB 2323 proposes $17.5 Million per biennium from oil & gas tax revenue

RENEWABLE ENERGY PROGRAM

- Funding Source
- 5% Oil & Gas Extraction Tax

- Biennial Funding Amount
- $3,000,000

CLEAN SUSTAINABLE ENERGY AUTHORITY

- Funding Source
- $30M General Fund

- Biennial Funding Amount
- $30,000,000

* SB 2188 proposes $55 Million from the strategic investment and improvements fund (SIIF) to the Clean Sustainable Energy fund for grants, a line of credit repayment, and loans

OUTDOOR HERITAGE FUND

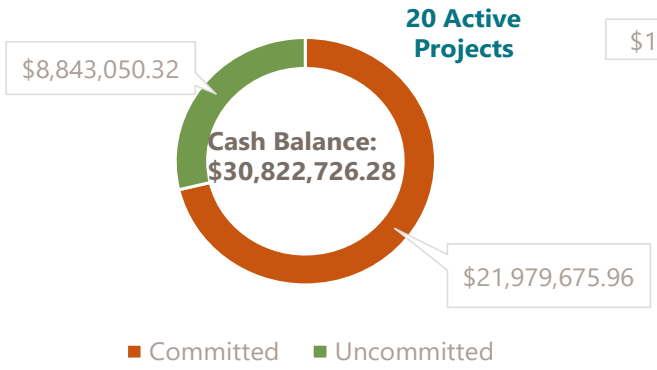
- Funding Source
- 5% Oil & Gas Gross Production Tax

- Biennial Funding Amount
- $15,000,000

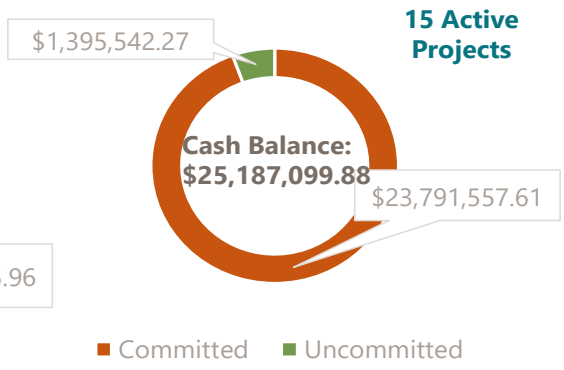
* SB 2323 proposes $7.5 Million per fiscal year from oil & gas gross production tax

INDUSTRIAL COMMISSION-MANAGED FUNDS

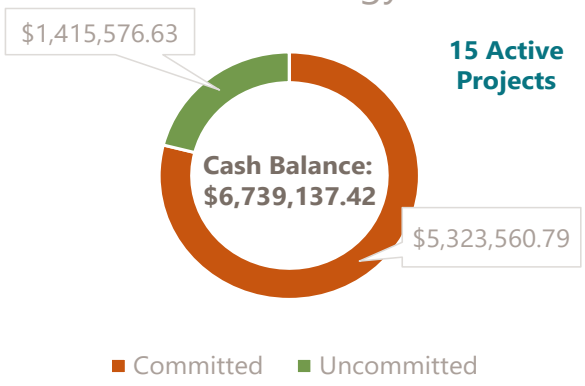
Lignite Research Fund



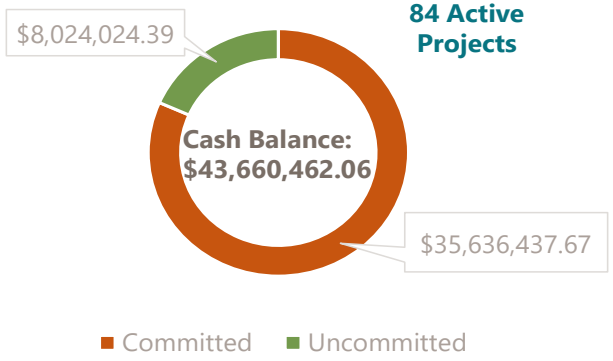
Oil and Gas Research Fund



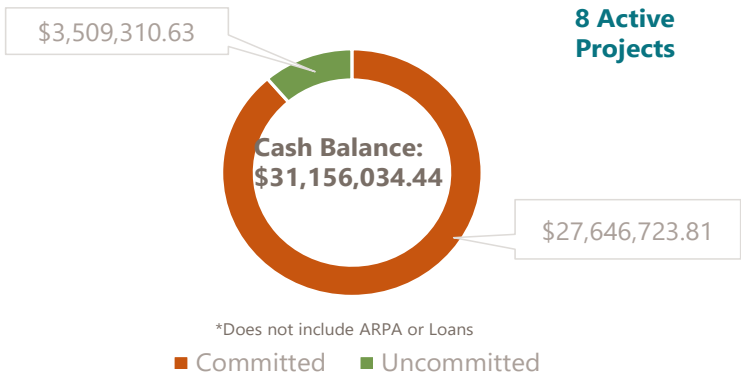
Renewable Energy Fund



Outdoor Heritage Fund



CSEA Fund*



Total Active Projects 142

Total Dollars committed 2023-2025 $67,451,330.01

2025 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division
Brynhild Haugland Room, State Capitol

SB 2014
4/2/2025

A BILL for an Act to provide an appropriation for defraying the expenses of the industrial commission and the agencies under its control; relating to confidential and exempt records of the Bank of North Dakota and interest rate buydown limits for the partnership in assisting community expansion fund; elating to a salt cavern underground energy storage research project; to provide for a transfer; to provide an exemption; to provide for a legislative management study; to provide for a legislative management report; and to provide for a report.

10:30 a.m. Chairman Monson called the meeting to order.

Members Present: Chairman Monson, Vice Chair Brandenburg, Representatives: Bosch, Fisher, Meier, Pyle.

Members Absent: Representative Kempenich

Discussion Topics:

- Mill and Elevator funds
- APUC funding
- Proposed Amendments

10:31a.m. Chairman Monson recessed the meeting.

10:55 a.m. Chairman Monson reconvened the meeting.

10:55 a.m. Representative Fisher presented amendment LC# 25.0181.02003, #44567 and submitted testimony #44568.

11:26 a.m. Chairman Monson closed the meeting.

Madaline Cooper, Committee Clerk

25.0181.02003
Title.

Prepared by the Legislative Council staff for Representative Fisher
April 1, 2025

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO FIRST ENGROSSMENT

ENGROSSED SENATE BILL NO. 2014

Introduced by

Appropriations Committee

A BILL for an Act to provide an appropriation for defraying the expenses of the industrial commission and the agencies under its control; to amend and reenact subsection 7 of section 6-08.1-02 and sections 6-09-35 ~~and~~, 6-09.14-04, and 54-18-21 of the North Dakota Century Code, relating to confidential and exempt records of the Bank of North Dakota ~~and~~, interest rate buydown limits for the partnership in assisting community expansion fund, and a transfer of mill profits to the main experiment station fund and the branch research centers; to amend and reenact section 15 of chapter 14 of the 2023 Session Laws, relating to a salt cavern underground energy storage research project; to provide for a transfer; to provide an exemption; to provide for a legislative management study; to provide for a legislative management report; and to provide for a report.

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 other funds derived from special funds and federal funds, to the industrial commission and agencies under its control for the purpose of defraying the expenses of the industrial commission and the agencies under its control, for the biennium beginning July 1, 2025, and ending June 30, 2027, as follows:

Subdivision 1.

INDUSTRIAL COMMISSION

	Base Level	Adjustments or Enhancements	Appropriation
Salaries and wages	$1,884,918	$376,583	$2,261,501
New and vacant FTE pool	0	20,376	20,376
Operating expenses	472,271	4,321,991	4,794,262
Grants	0	13,668,089	13,668,089
Grants - bond payments	119,879,913	(2,761,713)	117,118,200
Total all funds	$122,237,102	$15,625,326	$137,862,428
Less other funds	122,237,102	15,225,326	137,462,428
Total general fund	$0	$400,000	$400,000
Full-time equivalent positions	9.75	0.00	9.75

Subdivision 2.

BANK OF NORTH DAKOTA

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

Subdivision 3.

HOUSING FINANCE AGENCY

	Base Level	Adjustments or Enhancements	Appropriation
Salaries and wages	$11,413,354	$1,655,543	$13,068,897
New and vacant FTE pool	0	1,024,774	1,024,774
Operating expenses	10,903,883	(1,433,707)	9,470,176
Capital assets	20,000	0	20,000
Grants	48,805,110	(2,700,000)	46,105,110
Housing finance agency contingencies	100,000	0	100,000
Total all funds	$71,242,347	($1,453,390)	$69,788,957

Less other funds	68,742,347	1,046,610	69,788,957
Total general fund	$2,500,000	($2,500,000)	$0
Full-time equivalent positions	54.00	3.00	57.00

Subdivision 4.

DEPARTMENT OF MINERAL RESOURCES

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

Subdivision 5.

MILL AND ELEVATOR ASSOCIATION

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

Subdivision 6.

TOTAL SECTION 1

	Base Level	Adjustments or Enhancements	Appropriation
Grand total all funds	$390,877,637	$46,538,008	$437,415,645

Less grand total other funds	360,263,852	43,083,102	403,346,954
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 base budget for the 2027-29 biennium and which the entity shall report to the appropriations committees of the seventieth legislative assembly regarding the use of this funding:

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

SECTION 3. NEW AND VACANT FTE POOL - LIMITATION - TRANSFER REQUEST. The the industrial commission and agencies under its control may not spend funds appropriated in the new and vacant FTE pool line items in section 1 of this Act, but may request the office of management and budget to transfer funds, within each respective subdivision, from the new

and vacant FTE pool line item to the salaries and wages line items or Bank of North Dakota operations line item in accordance with the guidelines and reporting provisions included in House Bill No. 1015, as approved by the sixty-ninth legislative assembly.

SECTION 4. 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	412,207
Total	$117,118,200

SECTION 5. 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 special 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 6. APPROPRIATION - TRANSFER GENERAL FUND TO HOUSING INCENTIVE FUND - TRANSFER STRATEGIC INVESTMENT AND IMPROVEMENTS FUND TO HOUSING INCENTIVE FUND - HOMELESS PROGRAMS - HOUSING PROGRAMS - EXEMPTION - ONE-TIME FUNDING.

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

2. The office of management and budget shall transfer the sum of $25,000,000 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 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;
4. $15,000,000 to the beginning farmer revolving loan fund; and
5. $1,900,000 to the university of North Dakota for the North Dakota small business development center for the purpose of matching federal grants.

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

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

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

1. Pursuant to the continuing appropriation under section 57-61-01.6, up to $4,500,000 from the lignite research fund 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 designated under this section also may be used for the purpose of contracting for nonmatching studies and activities in support of advanced energy technology and other technology development programs; 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 needed for the purposes stated in this section are available to the industrial commission for funding projects, processes, or activities under the lignite research, development, and marketing program.

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

SECTION 12. OTHER FUNDS - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - GRANT, LITIGATION, STUDY, AND PROJECT FUNDING. The grand total other funds line item in section 1 of this Act includes the sum of $8,332,794 from the strategic investment and improvements fund as follows:

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

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

7. The release by the industrial commission, in its capacity as the managing body of the Bank of North Dakota, of the following:

a. The name of any person who has obtained approval for direct ~~or indirect~~ financing or security, including a loan guarantee or a letter of credit, through the Bank of North Dakota primarily for purposes other than personal, family, or household purposes.

b. The amount of any financing or security referenced in subdivision a.

c. The amount of any net writeoff or loan forgiveness ~~associated with the financing or security referenced in subdivision a~~ which the industrial commission determines is uncollectible.

d. The program under which any financing or security referenced in subdivision a was made.

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

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

1. The following records of the Bank of North Dakota are confidential:

~~1.~~ a. Commercial or financial information of a customer, whether obtained directly or indirectly, except for routine credit inquiries or unless required by due legal process. As used in this subsection, "customer" means any person who has transacted or is transacting business with, or has used or is using the services of, the Bank of North Dakota, or for whom the Bank of North Dakota has acted as a fiduciary with respect to trust property.

~~2.~~ b. Internal or interagency memorandums or letters which would not be available by law to a party other than in litigation with the Bank.

~~3.~~ c. Information contained in or related to examination, operating, or condition reports prepared by, on behalf of, or for the use of a state or federal agency responsible for the regulation or supervision of any Bank activity.

~~4.~~ d. Information obtained from the state department of financial institutions which would not be available from that agency under section 6-01-07.1.

~~5.~~ e. The report by a Bank officer or member of the Bank's advisory board of directors concerning personal financial statements.

2. The following records of the Bank of North Dakota are exempt:

a. Bond insurance coverage, including excess bond insurance coverage.

b. Cyber liability coverage, including excess cyber liability coverage.

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

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

1. The fund moneys may be used to participate in an interest rate buydown on a loan to a new or expanding business for the following eligible uses:
   a. Purchase of real property and equipment.
   b. Expansion of facilities.
   c. Working capital.
   d. Inventory.
2. The loan funds cannot be used to refinance any existing debt or for the relocation of the business within North Dakota.
~~2.~~3. The community shall determine the amount of the interest rate buydown and apply to the Bank of North Dakota for participation from the partnership in assisting community expansion fund. The funds for the community's portion of the buydown may come from a local development corporation, contributions, community funds, future dedicated tax programs, or any other community source.
~~3.~~4. The fund participation portion in the buydown must be determined by the Bank of North Dakota based on economic conditions in the city or county in which the business is located.
~~4.~~5. a. The maximum amount from the fund in the interest rate buydown may not exceed five hundred thousand dollars per loan.
   b. If the Bank determines the project has a substantial economic impact and qualifies as a primary sector business, the maximum amount from the fund in the interest rate buydown may be increased by up to one million dollars, in addition to the amount under subdivision a, without a required community match.
6. The fund participation must be limited to the amount required to buy down the interest to five hundred basis points below the national prime interest rate.
~~5.~~7. The Bank of North Dakota shall adopt rules to implement this chapter.

SECTION 16. AMENDMENT. Section 54-18-21 of the North Dakota Century Code is amended and reenacted as follows:

54-18-21. Annual transfer - Agricultural products utilization fund - Main experiment station fund - Branch research centers.

Within thirty days after the conclusion of each fiscal year, the industrial commission shall transfer ~~five~~:

1. Five percent of the net income earned by the state mill and elevator association during that fiscal year to the agricultural products utilization fund.
2. Three percent of the net income earned by the state mill and elevator association during that fiscal year to the main experiment station fund for the wheat breeding program.
3. Three percent of the net income earned by the state mill and elevator association during that fiscal year to the branch research centers for the wheat breeding program with equal amounts allocated to the special fund of each branch research center with a wheat breeding program.

SECTION 17. AMENDMENT. Section 15 of chapter 14 of the 2023 Session Laws is amended and reenacted as follows:

SECTION 15. TRANSFER - STRATEGIC INVESTMENT AND IMPROVEMENTS 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 18. 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 19. 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.

Agricultural Products Utilization Commission

In Senate Bill Nos. 2009 and 2328 and House Bill No. 1018, the 2019 Legislative Assembly approved the transfer of the APUC program from the Department of Commerce to the Agriculture Commissioner beginning in the 2019-21 biennium. The following is a summary of recent funding for APUC in the Department of Commerce (2013-15 through 2017-19 bienniums) and Agriculture Commissioner (2019-21 through 2023-25 bienniums):

Biennium	General Fund	APUC Fund[1]	Bank of North Dakota Profits	Federal Funds	Total[2]
2013-15	$1,202,210	1,738,284	0	300,000	$3,240,494
2015-17 (adjusted)[3,4]	$1,022,983	2,095,628	0	0	$3,118,611
2017-19[5,6]	$0	3,152,915	0	0	$3,152,915
2019-21[7]	$0	1,760,417	2,000,000	0	$3,760,417
2021-23	$0	$1,760,417	$2,700,000	$0	$4,460,417
2023-25	$0	2,110,417	3,000,000	0	$5,110,417
Increase (decrease) from 2021-23 biennium	$0	$350,000	$300,000	$0	$650,000

[1]The 2013 Legislative Assembly renamed the agricultural fuel tax fund the agricultural products utilization fund. Section 19 of Senate Bill No. 2018 (2013) removed the requirement that two cents per gallon of the motor vehicle fuel tax refund for agricultural purposes be deposited in the agricultural products utilization fund, resulting in the remaining ongoing funding sources for the agricultural products utilization fund be an annual transfer of 5 percent of the Mill and Elevator Association profits and one-half cent per gallon of the motor vehicle fuel tax refund for industrial purposes. In Section 2 of House Bill No. 1099 (2023), the Legislative Assembly amended Section 57-43.1-03 to remove the requirement to deposit one-half cent per gallon of the motor vehicle fuel tax refund in the agricultural products utilization fund, resulting in the annual transfer of 5 percent of the Mill and Elevator Association profits being the only ongoing funding source for the agricultural products utilization fund.

[2]These amounts do not include carryover authority.

[3]The 2015-17 general fund appropriation for APUC reflects a $200,000 reduction made during the August 2016 special legislative session reductions.

[4]The 2015 Legislative Assembly provided an exemption for APUC in Section 17 of House Bill No. 1018 allowing unexpended funds from the 2013-15 biennium to continue during the 2015-17 biennium.

[5]Of the amount appropriated to the Department of Commerce through the agricultural products utilization fund for the 2017-19 biennium, approximately $1.3 million was from the Mill and Elevator Association profits and approximately $1,000 was from motor vehicle fuel tax refunds. The remaining amount was additional special fund spending authority from the agricultural products utilization fund if additional Mill and Elevator Association profits become available.

[6]The 2017 Legislative Assembly provided an exemption for APUC in Section 4 of Senate Bill No. 2018 allowing unexpended funds from the 2015-17 biennium to continue during the 2017-19 biennium.

[7]In addition to the funding provided to the Agriculture Commissioner in the APUC line item, funding for 1 FTE position is included from the general fund in the salaries and wages line item for the APUC program.

2025 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division
Brynhild Haugland Room, State Capitol

SB 2014
4/4/2025

A BILL for an Act to provide an appropriation for defraying the expenses of the industrial commission and the agencies under its control; relating to confidential and exempt records of the Bank of North Dakota and interest rate buydown limits for the partnership in assisting community expansion fund; elating to a salt cavern underground energy storage research project; to provide for a transfer; to provide an exemption; to provide for a legislative management study; to provide for a legislative management report; and to provide for a report.

8:33 a.m. Chairman Monson called the meeting to order.

Members Present: Chairman Monson, Vice Chairman Brandenburg, Representatives: Bosch, Fisher, Kempenich, Meier, Pyle.

Discussion Topics:

- Budget Overview of Industrial Commission
- Salt Cavern Study
- Energy and Environment Research Center (EERC)
- Hydrogen Fueling and Power
- Paleontologist Digs
- Abandon Well Reclamation Fund
- Reclamation Specialist and Program
- North Dakota Housing Finance Agency (NDHFA)
- Mill and Elevator

8:36 a.m. Karen Tyler, Executive Director, Industrial Commission, testified in favor and submitted testimony #44659.

8:56 a.m. Charles Gorecki, CEO, Energy and Environment Research Center, testified in favor.

9:26 a.m. Nathan Anderson, Director, Department of Mineral Resources, testified in favor and submitted testimony #44658 and #44660.

9:49 a.m. Ed Murphy, State Geologist, Department of Mineral Resources, testified in favor.

10:18 a.m. Chairman Monson recessed the meeting.

10:33 a.m. Chairman Monson reconvened the meeting.

10:34 a.m. Dave Flohr, Director, North Dakota Housing Finance Agency, testified in favor

and submitted testimony #44680.

10:49 a.m. Representative Pyle presented testimony #44682.

11:05 a.m. Conner Swanson, Senior Advisor, Governor's Officer, testified in favor.

11:13 a.m. Representative Meier presented testimony #44686.

11:21 a.m. Chairman Monson recessed the meeting.

11:27 a.m. Chairman Monson reconvened the meeting.

11:29 a.m. Cathy Dub, CFO, North Dakota Mill and Elevator, testified in favor and continued with testimony #44659.

11:38 a.m. Taylor Vance, President and CEO, North Dakota Mill and Elevator, testified in favor.

Additional written testimony:

Adam Mathiak, Fiscal Analyst, Legislative Council, submitted neutral testimony #44665 and #44672.

11:51 a.m. Chairman Monson adjourned the meeting.

Madaline Cooper, Committee Clerk

SB 2014 DMR Budget Optional Requests

1. Inflation & Restoration of 3% Cuts $2,235,000:

- The Senate budget allowed partial restoration in the amount of $1,500,000.
- 3% budget cuts were required on top of budget inflation from both the 2023-25 biennium and the 2025-27 biennium resulting in a cut of $2,235,401 to the DMR operating budget.
- The remaining deficit of $735,000 will require DMR to reduce travel.
- To offset the necessary travel reductions, Oil & Gas will have to reduce the number of field inspections by 35%. Drilling rig inspections ensure proper construction of wells to protect freshwater zones and proper locations of well bores to protect correlative rights. Well inspections ensure compliance with environmental regulations, proper installation of pipelines, timely clean-up of spills, and proper allocation of oil and gas volumes.
- To offset the necessary travel reductions, Geological Survey will have to reduce levels of regulatory inspections and curtail study results when there is high demand for rare earth element study results and study into the feasibility of using ND sands as proppant in Bakken and Three Forks completions, identification of landslides protects current and future impacts on infrastructure and pipeline development, and the public fossil dig program has strong demand from both in state and out of state participants.
- Fully restoring the 3% cuts and inflation amounts will allow DMR to operate at maximum efficiency and continue to provide necessary service levels to the public and industry.

2. Executive Administrative Position (1 FTE) $170,276:

- The Senate budget allowed this position and funding.
- This position is needed to assist the DMR director and the leadership team on all administrative duties, allowing all team leaders to spend less time on scheduling and more time focusing on leadership needs.

3. Position Conversion of Admin to Geologist (0 FTE) $182,059:

- The Senate budget allowed an increase in funding for this conversion.
- The number of infrastructure reviews that the Geological Survey performs has nearly doubled in recent years.
- Geological Survey can generate an additional FTE to assist with this rapidly growing program by converting an existing administrative assistant position to a surface geologist.
- Not only do these reviews safeguard the health and welfare of the general public, but they potentially save companies and taxpayers millions of dollars in disrupted infrastructure repairs.

4. Deputy Director Position (1 FTE) $370,787:

- Not presented to the Senate, so not included in the Senate budget.
- Position will enhance agency visibility and provide a strong pulse on public sentiment.

- Position will do presentations/outreach and assist with legislation.
- Position will stand in for the DMR Director as needed for legal collaboration, NDIC meetings, and more.

5. Reclamation Technicians (3 FTE) $799,925:

- The Senate budget allowed for 1 reclamation FTE in the amount of $266,642.
- DMR originally requested 3 reclamation technicians (one reclamation tech in each district) allowing the Oil and Gas Division to manage programs and personnel more effectively and efficiently.
- The reclamation program is critical in providing oversight to ensure successful completion of restoring sites after properly plugging wells and decommissioning facilities.
- Reclamation inspectors must inspect all reclaim projects throughout the entire state and there are approximately 2,800 sites in various stages of reclamation.
- There has also been an increased demand for reclamation oversight due to recent funding from the newly acquired Infrastructure Investment and Jobs Act Phase 1 Formula Grant which will allow for restoration of legacy brine ponds.
- Hiring three reclamation inspectors, one in each district, will ensure reclamation projects are conducted successfully and timely.

6. Drilling Project Phase II $400,000:

- The Senate budget allowed this funding through SIIF.
- For the past nine years, Geological Survey has been collecting coal and rocks associated with coal-bearing formations to determine the critical mineral concentrations.
- An abundance of outcrops in the Little Missouri River Badlands, prompted a drilling program that was comprised of 75 Trust Land tracts across 10 counties in western ND.
- The 68th ND Legislative Session allotted $500,000 to drill and core 50 test holes to obtain rock cores that could be analyzed for critical mineral concentrations.
- Additional funding will enable Geological Survey to complete a Phase II drilling program by utilizing the tracts that were not drilled on during the Phase I drilling program.

7. Woolly Mammoth Excavation $150,000:

- The Senate budget allowed this funding through SIIF.
- In 1988, the Geological Survey was called to investigate the report of woolly mammoth bones being encountered while digging the foundation for a garage on a farmstead in Burke County. Unfortunately, the slab had already been poured, and the garage was completed.
- Last winter, the current homeowner granted permission for the Geological Survey and the State Historical Society of North Dakota to perform ground penetrating radar and resistivity across the site as well as to make a small excavation. The May 2024 surveys confirmed the presence of three intact bones as well as the chips of mammoth bones and tusks in the foundation backfill.

- Funds will allow Geological Survey to hire a construction company to remove a portion of the garage slab (collecting the concrete dust), backfill and compact the area that is disturbed beneath the slab, put down new rebar and tie it into the existing slab, and compensate the homeowner for the major inconvenience.
- After the fossils are collected, stabilizing chemicals will need to be purchased to soak the fossils and prevent them from crumbling from exposure to the air.

8. Permitting Technician Position (1 FTE) $162,031:

- The Senate budget allowed this position and funding.
- Due to the increased efficiency of drilling rigs, issuing an adequate number of permits to allow for the inventory necessary to keep them operating without interruption requires timely review, analysis, and processing of the data submitted to ensure compliance with regulations.

9. Increase in Temp Salaries $45,000:

- The Senate budget allowed this funding.
- Since 2004, Geological Survey has been hiring students at UND to photograph core and thin sections for the Oil and Gas Subscription site.
- Without additional funding for temporary employees in the core library, it will take approximately 20 years to complete photographing all the core in the core library rather than 10 years.
- An additional $45,000 in temporary salaries will help get us closer to being fully funded for the core and thin section photography project.

10. Field inspector retention - $805,800:

- Both Governor budgets allowed $250,000 but the Senate budget did not allow any funding.
- DMR has a great need to bring salaries closer to industry rates to reduce turnover and attract candidates to fill vacant positions.
- It costs over $30,000 to hire, supply, and train a new field inspector.
- Funding would allow for an estimated $700/month increase for the 40 field inspector positions.
- The average wage in 2022 (the most recent calendar year available) for support actives NAICS Code 213 was $114,625. The average wage for an Oil and Gas Division field inspector position is $69,168, meaning they are earning approximately 60% of what they could make in the private sector for equivalent work.
- It should be noted that these positions are non-classified and therefore were NOT included in the HRMS prior session equity calculations.

11. Class VI programmer position (1 FTE) - $225,123:

- The Senate budget did not allow this position.

- A Class VI database programmer would develop a database to monitor and manage Class VI wells and facilities.
- With North Dakota being the first state to receive Class VI primacy and the only state to have active Class VI injection projects, it is imperative to develop a database to monitor and manage Class VI wells and facilities.

12. Paleontology Viewing Laboratory - $250,000:

- The Senate budget did not allow this funding.
- Since the Geologic Time Gallery in the Heritage Center opened in 2014, Geological Survey has received numerous requests to place a laboratory in the gallery where visitors could watch paleontologists prepare fossil specimens.
- These viewing laboratories are present in paleontological museum galleries around the World and are always very popular attractions.
- Funding would allow the hiring of an architect to draw up plans and allow a construction firm to be contracted to complete the work.
- New lab equipment will also be purchased to outfit the lab.

13. Paleo Technician Position (1 FTE) - $216,472:

- The Senate budget did not allow this position.
- Since 2016, the popularity of the Public Fossil Dig Program has dramatically increased and continues to sell out within minutes each year. In response, Geological Survey has tripled the number of registration spots offered. However, the interest of both in-state and out-of-state participants continues to grow.
- A new paleontology technician would enable us to increase the number of available registration spots from 600 to 840 (a 40% increase) increasing the number of tourists traveling within North Dakota as well as bringing in additional out-of-state tourists.
- Both in-state and out-of-state participants routinely spend 3-7 days vacationing in the surrounding area in North Dakota. The tourism industry in North Dakota stands to benefit from the resulting increase in tourists.
- The expansion of the fossil dig program would require us to add one new FTE to help oversee the larger groups that we would be adding at each of the four public dig sites.

14. Mineral Analysis $100,000:

- The Senate budget allowed this funding.
- The Geological Survey routinely sends out both surface and near-surface rocks as well as rock cores to laboratories for analysis. The resulting analysis are then incorporated into our maps and reports.
- This is one of the areas where we are routinely short of funding and have to scale back analysis or go without.
- The Geological Survey's critical minerals project requires laboratory rock analyses and there are 50 critical minerals.

- The Geological Survey has a number of current and future core studies planned on the rocks from the Mission Canyon Formation, Lodgepole, Bakken, Three Forks, and Birdbear Formations, as well as shallow salts, that require a variety of core analyses.

15. Professional development - $57,000:

- The Senate budget did not allow this funding.
- Funding would allow employees to attend job-related conferences in which participation is critical to ND.
- DMR employees are considered national experts and serve in leadership roles at these conferences.
- DMR routinely present results of their work at regional and national meetings.
- Attendance allows increased knowledge of industry and provides cross-training.
- Funding also allows for tuition reimbursement as allowed in DMR's agency policy manual for regular employees who attend training or education courses.

16. Portable XRF Equipment $45,000:

- The Senate budget allowed this funding.
- A portable X-ray fluorescence machine (XRF) is used by Survey personnel and industry scientists to analyze elements in rock core in the Wilson M. Laird Core and Sample Library.
- It has been demonstrated that the analyzer is also very useful in work on critical minerals and dinosaur skin evaluation.
- This piece of equipment would be used to supplement the analytical work.

17. Enhanced Oil Recovery Project $15,000:

- The Senate budget allowed this funding.
- Funding would promote the feasibility of enhanced oil recovery using well data evaluation, database modification, presentations, conference attendance, ongoing software costs, and publications.
- ND has many conventional reservoirs suitable for enhanced oil recovery but the operators that would be candidates to implement such projects are often small and may not have the resources to perform evaluations.
- Total estimated costs for implementation includes software licenses at $3,000 and other operating costs at $12,000.

18. NDIC Assessment $115,000:

- The Senate budget allowed this funding.
- Entities within the control of the Industrial Commission are directed to make transfer payments to the Industrial Commission fund for administrative services rendered by the Commission.

- Before July 1, 2023, DMR and the Industrial Commission were considered one agency, and because DMR provided all the IT and fiscal services to the Industrial Commission, DMR was not directed to make transfer payments.
- Since the split of the two agencies, DMR no longer provides the services and will now be expected to make transfer payments. Transfers must be made during the biennium beginning July 1, 2025, and ending June 30, 2027, upon order of the Commission.

19. IIJA Formula Grant $1,444,377 (Federal Funds):

- The Senate budget allowed appropriation for these federal funds.
- Section 40601 of the Bipartisan Infrastructure Law, subsection (c)(4) provides Formula Grants for states, the funding of which is to be used to plug, remediate, and reclaim orphaned wells located on State-owned or privately-owned land, provide information on the use of funds to the public, and administer the program of work identified in the grant agreement.
- The Formula Grant funds in the amount of $25,000,000 will cover administrative costs and plugging and reclamation contract costs over 5 years. It is estimated that $1,444,377 of administrative costs will be used during the 2025-27 biennium.
- Tactically applying these grant funds will meet the goals of reducing the environmental and financial impact of abandoned oil and gas assets on North Dakota taxpayers.

20. Litigation $3,000,000 (SIIF):

- The Senate budget allowed this funding through SIIF.
- The Department of Mineral Resources is currently involved in several litigation and rule comment efforts, as well as challenges from within the state. Many additional litigation concerns are being considered.
- It is estimated that $2.5 million of the $3 million appropriated for the 2023-25 biennium will be used.
- North Dakota must remain prepared to lead efforts in the courts to protect its jurisdiction to regulate the oil and gas industry and litigate when necessary to prevent the negative impact onerous federal rules would have on the industry.

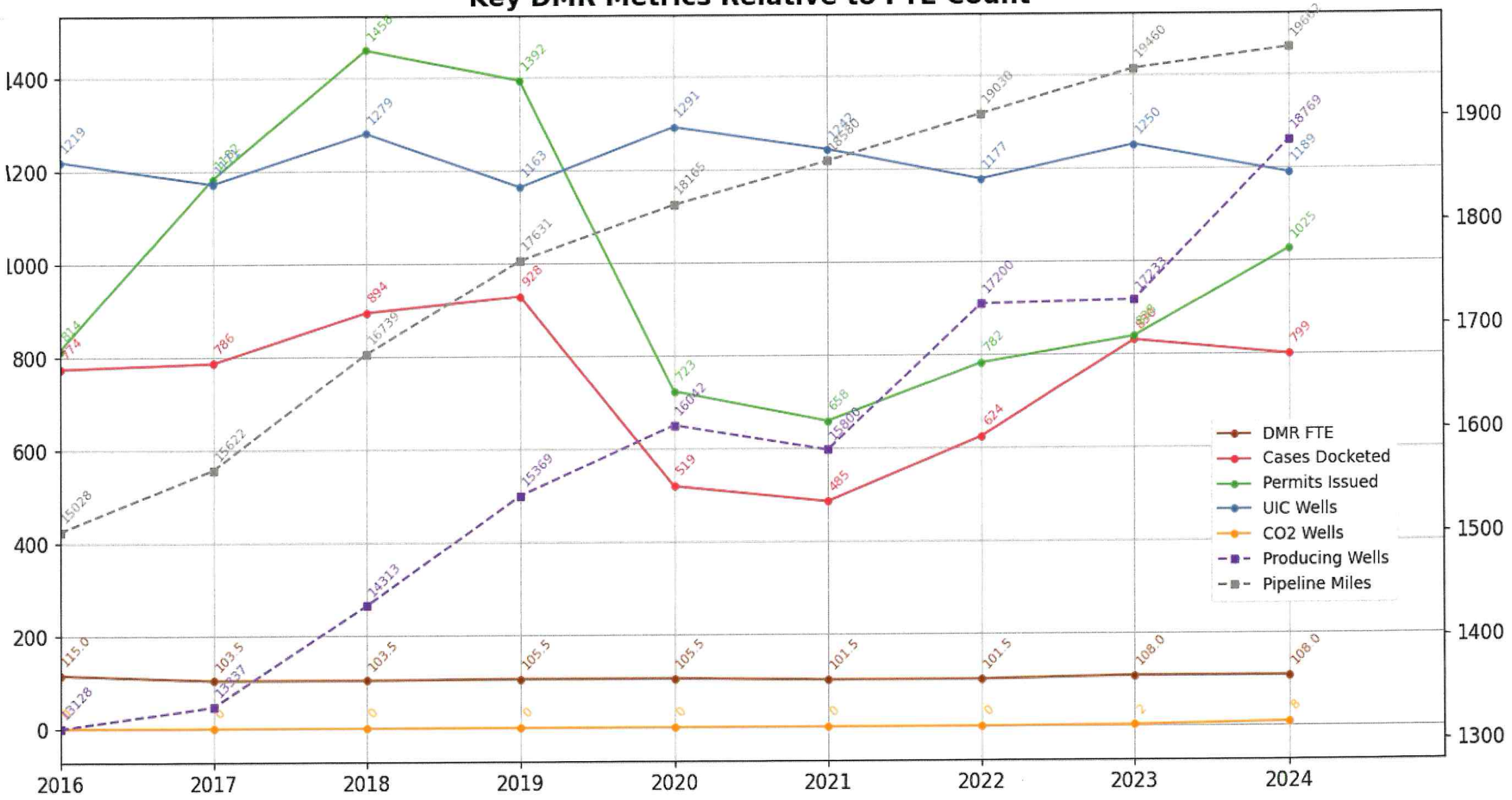
FY '24 Actual Transfers		
Net Income	20,795,118.00	100.00%
APUF (5%)	1,039,758.41	5.00%
Net Income after APUF	19,755,359.59	95.00%
General Fund (50%)	9,877,679.80	47.50%
Total Transfers	10,917,438.21	52.50%

FY '24 Transfers with Amendment		
Net Income	20,795,118.00	100.00%
APUF (5%)	1,039,758.41	5.00%
Wheat Breeding (6%)	1,247,707.08	6.00%
Net Income after Transfers	18,507,652.51	89.00%
General Fund (50%)	9,253,826.26	44.50%
Total Transfers	11,541,291.75	55.50%

54-18-19. Transfer of North Dakota mill and elevator profits to general fund.
The industrial commission shall transfer to the state general fund fifty percent of the annual earnings and undivided profits of the North Dakota mill and elevator association after any transfers to other state agricultural-related programs. The moneys must be transferred on an annual basis in the amounts and at the times requested by the director of the office of management and budget.

54-18-21. Annual transfer.
Within thirty days after the conclusion of each fiscal year, the industrial commission shall transfer five percent of the net income earned by the state mill and elevator association during that fiscal year to the agricultural products utilization fund.

Key DMR Metrics Relative to FTE Count



New FTE Request Priority

		Burgum Budget	Armstrong Budget	Senate Budget	DMR Request
	2023-25 Bien FTE Count	108	108	108	108
1	Executive Administrative Position		1	1	1
3	Deputy Director Position				1
4	Reclamation Technician Position	1	1	1	1
5	Permitting Technician Position	1	1	1	1
6	Reclamation Technician Position				1
7	Reclamation Technician Position				1
8	Class VI Programmer				1
9	Paleo Technician				1
	2025-27 Bien FTE Count	**110**	**111**	**111**	**116**

Legislative Council

Industrial Commission - Budget No. 405
Agency Worksheet - Senate Bill No. 2014

	Senate Version				House Version				House Compared to Senate Version Increase (Decrease)			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2025-27 Biennium Base Level	9.75	$0	$122,237,102	$122,237,102	9.75	$0	$122,237,102	$122,237,102	0.00	$0	$0	$0
2025-27 Ongoing Funding Changes												
Salary increase			$71,132	$71,132			$71,132	$71,132				$0
Health insurance increase			45,039	45,039			45,039	45,039				0
Funding to replace the 2023-25 vacant FTE pool			30,381	30,381			30,381	30,381				0
Funding to replace the 2023-25 new FTE pool			490,562	490,562			490,562	490,562				0
2025-27 new and vacant FTE pool			(8,733)	(8,733)			(8,733)	(8,733)				0
Executive director salary equity increases				0				0				0
Executive director equity - Industrial Commission			245,000	245,000			0	0			($245,000)	(245,000)
Executive director equity - Public Finance Authority			105,000	105,000			0	0			(105,000)	(105,000)
Transfers $581,791 from salaries to operating				0				0				0
Information technology rate adjustments			369	369			369	369				0
Professional development and travel			15,200	15,200			15,200	15,200				0
Grant management software fees			275,000	275,000			275,000	275,000				0
Transmission Authority director contract		$400,000		400,000		$400,000		400,000				0
Bond payment adjustment			(2,761,713)	(2,761,713)			(2,761,713)	(2,761,713)				0
Inflationary increases - operating expenses				0			50,000	50,000			50,000	50,000
Total ongoing funding changes	**0.00**	**$400,000**	**($1,492,763)**	**($1,092,763)**	**0.00**	**$400,000**	**($1,792,763)**	**($1,392,763)**	**0.00**	**$0**	**($300,000)**	**($300,000)**
One-Time Funding Items												
Inflationary increases			$50,000	$50,000			$0	$0			($50,000)	($50,000)
Electric grid resiliency grant - SIIF and federal			13,668,089	13,668,089			13,668,089	13,668,089				0
Lignite litigation fees - SIIF			3,000,000	3,000,000			3,000,000	3,000,000				0
Total one-time funding changes	**0.00**	**$0**	**$16,718,089**	**$16,718,089**	**0.00**	**$0**	**$16,668,089**	**$16,668,089**	**0.00**	**$0**	**($50,000)**	**($50,000)**
Total Changes to Base Level Funding	**0.00**	**$400,000**	**$15,225,326**	**$15,625,326**	**0.00**	**$400,000**	**$14,875,326**	**$15,275,326**	**0.00**	**$0**	**($350,000)**	**($350,000)**
2025-27 Total Funding	**9.75**	**$400,000**	**$137,462,428**	**$137,862,428**	**9.75**	**$400,000**	**$137,112,428**	**$137,512,428**	**0.00**	**$0**	**($350,000)**	**($350,000)**
Federal funds included in other funds			*$11,885,295*				*$11,885,295*				*$0*	
Total ongoing changes - Percentage of base level	*0.0%*	*N/A*	*(1.2%)*	*(0.9%)*	*0.0%*	*N/A*	*(1.5%)*	*(1.1%)*	*N/A*	*N/A*	*N/A*	*N/A*
Total changes - Percentage of base level	*0.0%*	*N/A*	*12.5%*	*12.8%*	*0.0%*	*N/A*	*12.2%*	*12.5%*	*N/A*	*N/A*	*N/A*	*N/A*

Other Sections in Industrial Commission - Budget No. 405

Section Description	Senate Version	House Version	
New and vacant FTE pool line item	Section 3 provides for the use of funding in the new and vacant FTE pool line item.	Section 3 provides for the use of funding in the new and vacant FTE pool line item.	
Bond payments	Section 4 identifies the amounts for bond payments during the 2025-27 biennium.	Section 4 identifies the amounts for bond payments during the 2025-27 biennium.	
Administrative costs	Section 7 would allow the Industrial Commission to transfer up to $2,435,660 from entities and funds under the control of the Industrial Commission for administrative services and would allow unspent prior biennium appropriation authority for administrative costs to be available in the 2025-27 biennium.	Section 7 would allow the Industrial Commission to transfer up to $2,435,660 from entities and funds under the control of the Industrial Commission for administrative services and would allow unspent prior biennium appropriation authority for administrative costs to be available in the 2025-27 biennium.	

Other Sections in Industrial Commission - Budget No. 405

Section Description	Senate Version	House Version	
Enhanced oil recovery grant program	Section 10 transfers $4 million from the state energy research center fund and $21 million from SIIF to the oil and gas research fund for an enhanced oil recovery grant program.	Section 10 transfers $4 million from the state energy research center fund and $21 million from SIIF to the oil and gas research fund for an enhanced oil recovery grant program.	
Strategic investment and improvements fund (SIIF)	Section 11 identifies funding from SIIF for matching federal funds for an electric grid resiliency grant ($1,782,794) and lignite litigation ($3,000,000).	Section 11 identifies funding from SIIF for matching federal funds for an electric grid resiliency grant ($1,782,794) and lignite litigation ($3,000,000).	
Salt cavern underground energy storage research project	Section 16 amends 2023 Session Laws decreasing the amount of funding from SIIF for a salt cavern underground energy storage research project from $6 million to $2 million and allows the funding to be used for a business case analysis rather than construction of salt caverns.	Section 16 amends 2023 Session Laws decreasing the amount of funding from SIIF for a salt cavern underground energy storage research project from $6 million to $2 million and allows the funding to be used for a business case analysis rather than construction of salt caverns.	
Unspent biennium appropriation exemption	Section 17 provides exemptions allowing unspent prior biennium appropriation authority to continue into the 2025-27 biennium for grant management software, records digitization, and a federal electric grid resiliency grant.	Section 17 provides exemptions allowing unspent prior biennium appropriation authority to continue into the 2025-27 biennium for grant management software, records digitization, and a federal electric grid resiliency grant.	

Legislative Council

Department of Mineral Resources - Budget No. 474
Agency Worksheet - Senate Bill No. 2014

	Senate Version				House Version				House Compared to Senate Version			
									Increase (Decrease)			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2025-27 Biennium Base Level	108.00	$28,113,785	$268,000	$28,381,785	108.00	$28,113,785	$268,000	$28,381,785	0.00	$0	$0	$0
2025-27 Ongoing Funding Changes												
Salary increase		$978,870		$978,870		$978,870		$978,870				$0
Health insurance increase		666,585		666,585		666,585		666,585				0
Funding to replace the 2023-25 vacant FTE pool		1,389,856		1,389,856		1,389,856		1,389,856				0
Funding to replace the 2023-25 new FTE pool		1,284,293		1,284,293		1,284,293		1,284,293				0
2025-27 new and vacant FTE pool - vacant		(496,901)		(496,901)		(496,901)		(496,901)				0
2025-27 new and vacant FTE pool - new		(49,906)		(49,906)		(74,028)		(74,028)		($24,122)		(24,122)
FTE permitting technician position	1.00	154,873		154,873	1.00	154,873		154,873				0
FTE reclamation specialist position	1.00	249,477		249,477	1.00	249,477		249,477				0
FTE administrative assistant position	1.00	163,030		163,030	1.00	163,030		163,030				0
FTE legal and land specialist position				0	1.00	241,216		241,216	1.00	241,216		241,216
FTE position conversion to geologist		171,944		171,944		171,944		171,944				0
Federal funds adjustment to salaries			$16,000	16,000			$16,000	16,000				0
Temporary salaries		45,000		45,000		45,000		45,000				0
Budget reduction from savings		(811,880)		(811,880)		(811,880)		(811,880)				0
Information technology rate adjustment		108,065		108,065		108,065		108,065				0
State fleet rate adjustment		1,500,000		1,500,000		2,235,000		2,235,000		735,000		735,000
Total ongoing funding changes	**3.00**	**$5,353,306**	**$16,000**	**$5,369,306**	**4.00**	**$6,305,400**	**$16,000**	**$6,321,400**	**1.00**	**$952,094**	**$0**	**$952,094**
One-Time Funding Items												
Federal abandoned well reclamation administration			$1,444,377	$1,444,377			$1,444,377	$1,444,377				$0
FTE position conversion operating expenses		$10,115		10,115		$10,115		10,115				0
New FTE position operating expenses		31,485		31,485		31,485		31,485				0
Mineral analyses		100,000		100,000		100,000		100,000				0
Rare earth elements study - SIIF			400,000	400,000			400,000	400,000				0
Paleontology excavation project - SIIF			150,000	150,000			150,000	150,000				0
Ordinary high water mark expert fees				0				0				0
Oil and gas litigation - SIIF			3,000,000	3,000,000			3,000,000	3,000,000				0
Enhanced oil recovery database		15,000		15,000		15,000		15,000				0
Portable mineral detection equipment		45,000		45,000		45,000		45,000				0
Total one-time funding changes	**0.00**	**$201,600**	**$4,994,377**	**$5,195,977**	**0.00**	**$201,600**	**$4,994,377**	**$5,195,977**	**0.00**	**$0**	**$0**	**$0**
Total Changes to Base Level Funding	**3.00**	**$5,554,906**	**$5,010,377**	**$10,565,283**	**4.00**	**$6,507,000**	**$5,010,377**	**$11,517,377**	**1.00**	**$952,094**	**$0**	**$952,094**
2025-27 Total Funding	**111.00**	**$33,668,691**	**$5,278,377**	**$38,947,068**	**112.00**	**$34,620,785**	**$5,278,377**	**$39,899,162**	**1.00**	**$952,094**	**$0**	**$952,094**
Federal funds included in other funds			*$1,728,377*				*$1,728,377*				*$0*	
Total ongoing changes - Percentage of base level	*2.8%*	*19.0%*	*6.0%*	*18.9%*	*3.7%*	*22.4%*	*6.0%*	*22.3%*	*N/A*	*N/A*	*N/A*	*N/A*
Total changes - Percentage of base level	*2.8%*	*19.8%*	*1869.5%*	*37.2%*	*3.7%*	*23.1%*	*1869.5%*	*40.6%*	*N/A*	*N/A*	*N/A*	*N/A*

Other Sections in Department of Mineral Resources - Budget No. 474

Section Description	Senate Version	House Version	
New and vacant FTE pool line item	Section 3 provides for the use of funding in the new and vacant FTE pool line item.	Section 3 provides for the use of funding in the new and vacant FTE pool line item.	
Strategic investment and improvements fund (SIIF)	Section 11 of this Act identifies $3,550,000 from SIIF for a rare earth elements study ($400,000), an archeology excavation project ($150,000), and oil and gas litigation ($3,000,000).	Section 11 of this Act identifies $3,550,000 from SIIF for a rare earth elements study ($400,000), an archeology excavation project ($150,000), and oil and gas litigation ($3,000,000).	
Unspent biennium appropriation exemption	Section 17 provides an exemption allowing unspent prior biennium appropriation authority to continue into the 2025-27 biennium for a federal abandoned oil well conversion to water supply grant program and a survey review.	Section 17 provides exemptions allowing unspent prior biennium appropriation authority to continue into the 2025-27 biennium for a federal abandoned oil well conversion to water supply grant program, a survey review, and a federal abandoned well	

North Dakota Housing Finance Agency

Homeownership Specialist

- **Request of 2 FTEs**
  - Accounts for NDHFA's efficiency
  - Future mortgage market changes

The Obstacle

- 1 FTE per 835 loans *Source: Mortgage Bankers Association*
- NDHFA currently: 1 FTE per 1,035 loans. Short 3 FTEs.
  - Lose ability to service government-backed loans.
  - Annual production cap on new loans, up to 1,200 a year.
  - Lower bond rating.
  - Higher default rates.

The Solution

- Add 2 FTEs to prevent an increase in errors, allow the agency to provide great customer service, prevent processing delays, compliance risks and staff burnout.

Homeless Program Manager

- **Request of 1 FTE**
- Currently, one FTE is dedicated to managing $2.5 million of ND Homeless Grant funds and $960,000 of federal Emergency Solutions Grant funding in the current biennium.

The Obstacle

- If the ND Homeless Grant receives more funding, program monitoring and accounting will increase.
- Homeless service providers have a high turnover rate. NDHFA-provided technical assistance and training will increase.
- Funding is provided on a reimbursement basis. Requests are reviewed to ensure individuals are eligible for assistance and expenses are reasonable and allowable according to our annual allocation plans and administrative policies.

The Solution

- Adding 1 FTE will allow us to provide reimbursements in a timely manner to cash-strapped organizations.
- Lower compliance risks.
- Provide technical assistance and training to our homeless providers.

Business Analyst

- **Request of 1 FTE**
- Legacy mortgage accounting system which requires updates and maintenance to ensure the agency's loan portfolio meets fiscal obligations.

The Obstacle

- Contract-based approach is cost prohibitive, $240,000 - $300,000 annually. More than double agency budget.
- Higher turnaround time for critical projects.
- Contract-limited hours. Many processes are time sensitive.

The Solution

- Add 1 FTE to retain valuable knowledge to handle the complexities of agency compliance and regulations.
- Dedicated personnel to adapt to evolving needs.
- Streamline our processes and improve customer service.

Bond Accountant

- **Request of 1 FTE**
- Complex bond accounting and cash flows with some transactions occurring once a year.
  - Prepare official statements for bond issues
  - Perform arbitrage rebate calculations for IRS compliance
  - Bond calls and cash allocations
  - MBFRF filing for compliance
  - Disclosure filings for bonds
  - Accounting for debt service reserve investments
  - Quarterly compliance with swap and liquidity counterparties
  - Prepare for financial audits
  - Oversee agency accounting

The Obstacle

- Outsourcing is cost prohibitive – for example - complex cash flows would cost at minimum $150,000 annually. Cash flow work annually equals 12.5% of one full-time FTEs work.
- Outsourcing these complex accounting tasks would exceed an FTE cost several times over.

The Solution

- Add 1 FTE to allow for succession planning. NDHFA's current bond accountant has been with the agency for over 20 years. On-the-job training for this complex bond accounting and cash flows is essential.

For more information contact:
NDHFA Executive Director Dave Flohr
701/328-8080 or hfainfo@nd.gov

2. The office of management and budget shall transfer the sum of ~~$25,000,000~~$38,500,000 from the strategic investment and improvements fund to the housing incentive fund during the biennium beginning July 1, 2025, and ending June 30, 2027. Of the $38,500,000, the housing finance agency shall use $10,000,000 for a housing assistance program to support individuals who are at risk due to financial instability, $3,500,000 for a housing assistance program to prevent evictions, and any remaining amounts for other housing projects and programs.

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.

passthrough grant of $150,000 from the housing incentive fund to an Native American focused organization with a presence in multiple communities "or" Native Inc. for a Native American homelessness liaison during the biennium beginning July 1, 2025, and ending June 30,2027. The appropriation under this subsection is considered a one-time funding item.

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

SB 2014 CHRISTMAS TREE VERSION:

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

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

2. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $150,000, which the office of management and budget shall transfer to the housing incentive fund, notwithstanding any other requirements under section 54-17-40 and pursuant to the continuing appropriation under 54-17-40, for a passthrough grant of $150,000 from the housing incentive fund to an Native American focused organization with a presence in multiple communities "or" Native Inc. for a Native American homelessness liaison during the biennium beginning July 1, 2025, and ending June 30,2027. The appropriation under this subsection is considered a one-time funding item.

~~3~~2. The office of management and budget shall transfer the sum of $25,000,000 from the strategic investment and improvements fund to the housing incentive fund during the biennium beginning July 1, 2025, and ending June 30, 2027.

2025 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division
Brynhild Haugland Room, State Capitol

SB 2014
4/11/2025

A BILL for an Act to provide an appropriation for defraying the expenses of the industrial commission and the agencies under its control; relating to confidential and exempt records of the Bank of North Dakota and interest rate buydown limits for the partnership in assisting community expansion fund; elating to a salt cavern underground energy storage research project; to provide for a transfer; to provide an exemption; to provide for a legislative management study; to provide for a legislative management report; and to provide for a report.

10:34 a.m. Chairman Monson called the meeting to order.

Members Present: Chairman Monson, Vice Chair Brandenburg, Representatives: Fisher, Kempenich, Meier, Pyle.

Members Absent: Representative Bosch

Discussion Topics:

- Housing Finance Agency (HFA)
- Rent Stabilization Programs
- Housing Initiative Fund (HIF)
- Health and Human Services (HHS)
- The American Rescue Plan Act (ARPA)
- Litigation across agencies

10:39 a.m. David Flohr, Executive Director, Housing Finance Agency, testified in favor and submitted testimony #44948 and #44949.

11:00 a.m. Adam Mathiak, Fiscal Analyst, Legislative Council, reviewed the long sheet #44944.

11:14 a.m. Conner Swanson, Senior Advisor, Governor Armstrong's Office, testified in favor.

11:43 a.m. Chairman Monson adjourned the meeting.

Madaline Cooper, Committee Clerk

Legislative Council

Housing Finance Agency - Budget No. 473
Agency Worksheet - Senate Bill No. 2014

	Senate Version				House Version				House Compared to Senate Version			
									Increase (Decrease)			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2025-27 Biennium Base Level	54.00	$2,500,000	$68,742,347	$71,242,347	54.00	$2,500,000	$68,742,347	$71,242,347	0.00	$0	$0	$0
2025-27 Ongoing Funding Changes												
Salary increase			$488,030	$488,030			$488,030	$488,030				$0
Health insurance increase			336,296	336,296			336,296	336,296				0
Funding to replace the 2023-25 vacant FTE pool			465,165	465,165			465,165	465,165				0
Funding to replace the 2023-25 new FTE pool			986,476	986,476			986,476	986,476				0
2025-27 new and vacant FTE pool - vacant			(186,127)	(186,127)			(186,127)	(186,127)				0
2025-27 new and vacant FTE pool - new			(65,609)	(65,609)			(210,558)	(210,558)			($144,949)	(144,949)
FTE homeownership and loan specialist position	1.00		184,796	184,796	2.00		369,592	369,592	1.00		184,796	184,796
FTE accountant position	1.00		257,410	257,410	1.00		257,410	257,410				0
FTE homeless program manager	1.00		213,880	213,880	1.00		213,880	213,880				0
FTE business analyst position				0	1.00		257,410	257,410	1.00		257,410	257,410
Rent stabilization program				0	4.00		1,265,929	1,265,929	4.00		1,265,929	1,265,929
Information technology rate adjustment			44,453	44,453			44,453	44,453				0
Budget reduction from operating and grant savings			(1,678,160)	(1,678,160)			(1,678,160)	(1,678,160)				0
Homeless grants		($2,500,000)		(2,500,000)		($2,500,000)		(2,500,000)				0
Total ongoing funding changes	**3.00**	**($2,500,000)**	**$1,046,610**	**($1,453,390)**	**9.00**	**($2,500,000)**	**$2,609,796**	**$109,796**	**6.00**	**$0**	**$1,563,186**	**$1,563,186**
One-Time Funding Items												
Transfer to HIF - homelessness programs		$10,000,000		$10,000,000		$10,000,000		$10,000,000				$0
Transfer to HIF - housing programs (SIIF)			$25,000,000	25,000,000			$25,000,000	25,000,000				0
Transfer to HIF - Native American liaison (SIIF)				0			150,000	150,000			$150,000	150,000
Transfer to HIF - rent stabilization program				0			13,500,000	13,500,000			13,500,000	13,500,000
Total one-time funding changes	**0.00**	**$10,000,000**	**$25,000,000**	**$35,000,000**	**0.00**	**$10,000,000**	**$38,650,000**	**$48,650,000**	**0.00**	**$0**	**$13,650,000**	**$13,650,000**
Total Changes to Base Level Funding	**3.00**	**$7,500,000**	**$26,046,610**	**$33,546,610**	**9.00**	**$7,500,000**	**$41,259,796**	**$48,759,796**	**6.00**	**$0**	**$15,213,186**	**$15,213,186**
2025-27 Total Funding	**57.00**	**$10,000,000**	**$94,788,957**	**$104,788,957**	**63.00**	**$10,000,000**	**$110,002,143**	**$120,002,143**	**6.00**	**$0**	**$15,213,186**	**$15,213,186**
Federal funds included in other funds			*$47,303,609*				*$47,303,609*				*$0*	
Total ongoing changes - Percentage of base level	*5.6%*	*(100.0%)*	*1.5%*	*(2.0%)*	*16.7%*	*(100.0%)*	*3.8%*	*0.2%*	*N/A*	*N/A*	*N/A*	*N/A*
Total changes - Percentage of base level	*5.6%*	*300.0%*	*37.9%*	*47.1%*	*16.7%*	*300.0%*	*60.0%*	*68.4%*	*N/A*	*N/A*	*N/A*	*N/A*

Other Sections in Housing Finance Agency - Budget No. 473

Section Description	Senate Version	House Version	
New and vacant FTE pool line item	Section 3 provides for the use of funding in the new and vacant FTE pool line item.	Section 3 provides for the use of funding in the new and vacant FTE pool line item.	
Additional appropriation authority	Section 5 provides appropriation authority to the Housing Finance Agency for any additional or unanticipated income from federal or other funds which may become available during the 2025-27 biennium.	Section 5 provides appropriation authority to the Housing Finance Agency for any additional or unanticipated income from federal or other funds which may become available during the 2025-27 biennium.	

Other Sections in Housing Finance Agency - Budget No. 473

Section Description	Senate Version	House Version	
Housing incentive fund (HIF)	Section 6 appropriates and transfers $10 million from the general fund to HIF for homelessness programs, transfers $25 million from the strategic investment and improvements fund (SIIF) to HIF for housing programs, and designates $150,000 for a grant to an organization for a Native American homelessness liaison.	Section 6 appropriates and transfers $10 million from the general fund to HIF for homelessness programs and transfers $38.65 million from the strategic investment and improvements fund (SIIF) to HIF for housing programs ($25 million), a grant to an organization for a Native American homelessness liaison ($150,000), and $13.5 million) for a rent stabilization program. Section _ identifies $1,478,160 from the housing incentive fund for homelessness program and rent stabilization program positions. Section _ amends the housing incentive fund to allow moneys in the fund to be used for administrative expenses subject to legislative appropriation.	
Homelessness legislative management study	Section 18 provides for a legislative management study of homelessness.	Section 18 provides for a legislative management study of homelessness.	

Housing Program Crosswalk

HIF

$25 million – estimated 500+ units

Zero Interest Forgivable Financing.

Single Family and Multifamily Development.

Construction or rehabilitation of housing units.

For profit or non-profit developers.

ND Homeless Grant

$10 Million

Emergency Response-Emergency Shelter and Shelter Services

Currently,64% of the program funds shelter operations, but funding 2-5% of a shelter budget.

Shelters are understaffed and underfunded. United Way estimated a need of $650, 000-750,000 to operate a 24-7 shelter well in Bismarck alone.

Rent Stabilization

$13.5 million

Homeless Prevention and Stabilization Funds

Housing Assistance- rental assistance, security deposit, rental arrears, utility assistance.

Stabilization assistance- budgeting, developing a plan to become stable, referrals and assistance applying for economic assistance programs, path to self-sufficiency.

Housing Program Crosswalk

State HOME Infrastructure

$50 million for housing infrastructure (roads, water, sewer, lot development) and blight removal.

Prepares lots for housing production by developers (private or non-profit.)

HIF

$25 million

Zero Interest Forgivable Financing.

Single Family and Multifamily Development.

Construction/rehabilitation of housing units.

For profit or non-profit developers.

NDHFA Program Delivery Housing Stabilization

NDHFA Staffing

Program - 2	**Accounting - 2**
Grant Coordinator Grant Compliance	Grant Accountant
Reviews reimbursement requests, monitors for compliance with program requirements	Reviews and authorizes payments to service providers

Homeless Service Provider

Deliver Housing Assistance

Develop relationships with local housing providers/landlords

Disburse payment of deposits, rent assistance, eviction prevention

Homeless Service Provider

Provides Services

Personalized support to address instability

Financial literacy education

Budget goal setting

Resource referrals and access(SNAP, TANF, Child Care Assistance)

Goal is to help participants on a path to self-sufficiency.

Service Providers



Meier, Lisa M.

From: Flohr, David A. <dflohr@nd.gov>
Sent: Monday, April 7, 2025 11:07 AM
To: Meier, Lisa M.; Pyle, Brandy L.
Subject: SB 2014

Hi Representatives Meier and Pyle,

We have follow-up thoughts from our meeting on Friday regarding the Rent Stabilization program (RS).

I had thrown out the option of keeping it at HHS and Representative Meier stated she was not sure if it should be transferred to our agency and should stay with HHS. HHS does provide other economic assistance programs – LIHEAP, TANF, SNAP – and RS seems like it fits with HHS. In the past the programs that moved over to us from BND and Commerce fit more with our mission – financing housing production, mortgage operations, monitoring housing programs.

The reasons this is being asked to be transferred to us is the frustration homeless service providers and some of your fellow legislators have with HHS on how RS was delivered. Landlords were alienated from cooperating with the program due to long delays getting rent payments, non-responsiveness from DHS to concerns, and unwillingness to seriously consider suggestions. Landlords not cooperating hampered the efforts of the service providers and their clients in being able to find homes to rent. HHS has 40 employees on their "housing team" – one full time director and 39 temporary employees. That is a function of how they are currently running the program as I discussed during the meeting and because of that the number is not surprising. There are reasons they are set up this way and they are best discussed with HHS.

The providers would like to see the funds be allocated to them and let them deal with the local landlords and their clients (we concur with this). For areas of the state not as well covered by homeless service providers the statewide Community Action network could be utilized. We have already talked with them about this and they are on board (I can provide more detail on this if you like).

Section 18 of SB 2014 states legislative management shall consider a study of homelessness in the 2025-26 interim. Could RS be placed back into the HHS budget and then have this legislative management study incorporate determining the proper home for RS (if funded in the future), the method the funds should be disbursed, etc.? The current home of the ND Homeless Grant and the federal Emergency Solutions Grant that we currently administer should also be part of the study. Can you dictate to legislative management that the study is undertaken?

We just want RS to work, make sense where it is located, and be successful.

Dave

David Flohr
Executive Director
PO Box 1535 | 2624 Vermont Ave | Bismarck, ND 58502-1535

2025 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division
Brynhild Haugland Room, State Capitol

SB 2014
4/14/2025

A BILL for an Act to provide an appropriation for defraying the expenses of the industrial commission and the agencies under its control; relating to confidential and exempt records of the Bank of North Dakota and interest rate buydown limits for the partnership in assisting community expansion fund; elating to a salt cavern underground energy storage research project; to provide for a transfer; to provide an exemption; to provide for a legislative management study; to provide for a legislative management report; and to provide for a report.

10:39 a.m. Chairman Monson called the meeting to order.

Members Present: Chairman Monson, Vice Chair Brandenburg, Representatives: Fisher, Kempenich, Meier, Pyle.

Members Absent: Bosch

Discussion Topics:

- Lignite Funding and Grants
- Litigation Funding Breakdown
- Oil and Gas research funds
- Outdoor Heritage Fund
- Grant Management Software

10:40 a.m. Karen Tyler, Executive Director, North Dakota Industrial Commission, testified in favor.

10:52 a.m. Jonathan Fortner, Interim President and CEO, Lignite Energy Council, testified in favor.

11:16 a.m. Jordan Kannianen, Deputy Executive Director, North Dakota Industrial Commission, testified in favor and submitted testimony #44966.

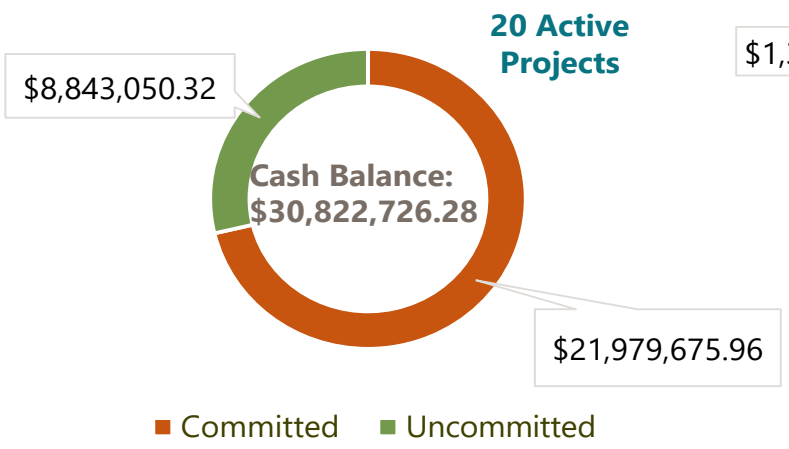
11:26 a.m. Brenna Jessen, Grants Officer and Fiscal Manager, North Dakota Industrial Commission, testified in favor and submitted testimony #44972.

11:36 a.m. Chairman Monson adjourned the meeting.

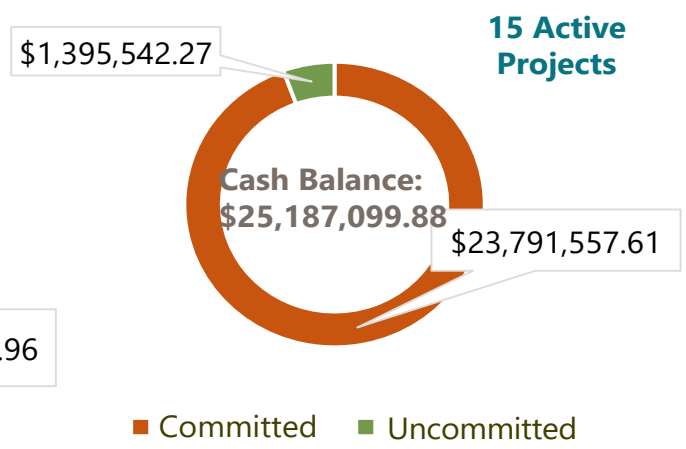
Madaline Cooper, Committee Clerk

INDUSTRIAL COMMISSION-MANAGED FUNDS

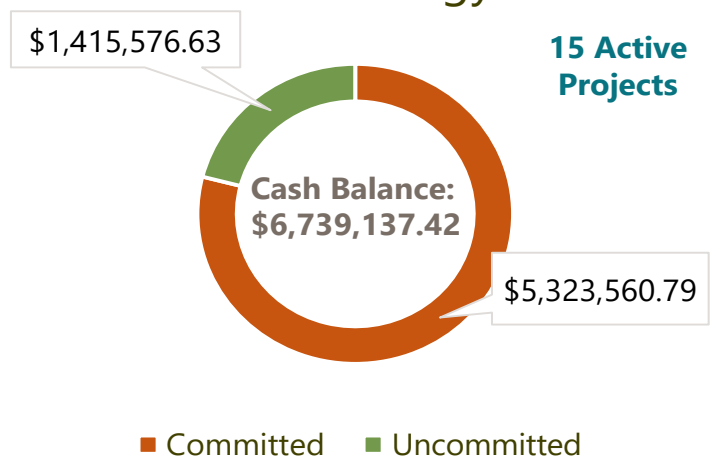
Lignite Research Fund



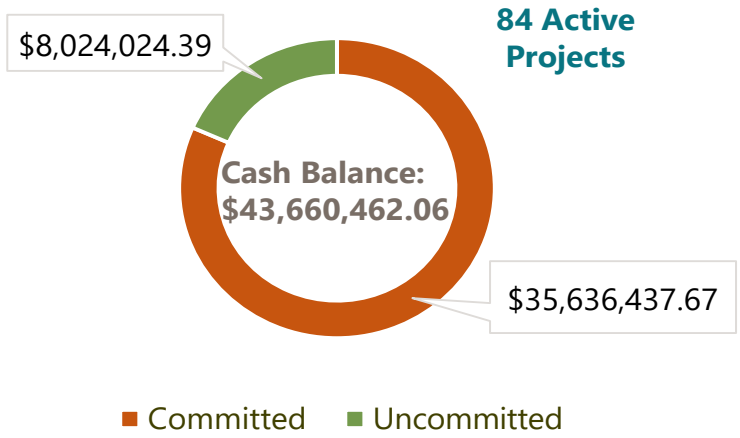
Oil and Gas Research Fund



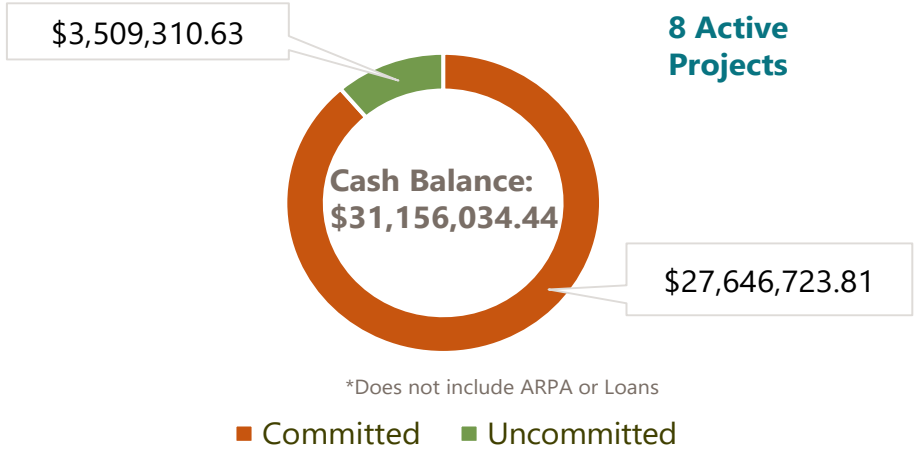
Renewable Energy Fund



Outdoor Heritage Fund



CSEA Fund*



*Does not include ARPA or Loans

Total Active Projects 142

Total Committed Dollars 2023-2025 $67,451,330.01

Updated 3/10/25

BIENNIUM-TO-DATE

Grant Program	Funding Available	Funding Awarded
CSEA	$ 30,000,000.00	$ 30,300,000.00
Lignite Research Program	$ 18,500,000.00	$ 10,515,099.00
Oil & Gas Research Program	$ 17,500,000.00	$ 13,271,586.00
Renewable Energy Program	$ 3,000,000.00	$ 2,371,950.00
Outdoor Heritage Fund	$ 15,000,000.00	$ 8,963,333.01
TOTAL=	**$ 84,000,000.00**	**$ 65,421,968.01**

CLEAN SUSTAINABLE ENERGY AUTHORITY

Project	Amount Awarded
C-04-10 Bushel Farm Traceability Dashboard	$ 3,500,000.00
C-04-11 Wellspring Hydro- Unlocking the full potential of produced water	$ 5,000,000.00
C-05-12 Green Pig Iron Production Facility	$ 7,000,000.00
C-05-13 Marathon Petroleum Dickinson Renewable Fuel Facility Expansion	$ 3,300,000.00
C-05-14 Dakota Lithium- Technology for Lithium-Ion Batteries	$ 2,000,000.00
C-05-15 Cerilon FEL-3	$ 9,500,000.00
TOTAL=	**$ 30,300,000.00**

LIGNITE RESEARCH PROGRAM

Project	Amount Awarded
FY23-103-255 Semplastics- High value products from produced water	$ 100,000.00
FY24-104-256 LEC- Continued funding for Public Affairs program	$ 1,800,000.00
FY24-104-257 Rainbow Energy- Bridge Study for CCS at Coal Creek Station	$ 1,094,416.00
FY24-104-258 Americarbon- Coal Pitch Manufacturing	$ 743,809.00
FY24-105-259 Microbeam- Germanium & Gallium Concentrates	$ 376,000.00
FY24-105-260 EERC- Williston Basin PCOR	$ 1,250,000.00
FY24-105-261 EERC- Coal Creek Carbon Storage	$ 5,150,874.00
TOTAL=	**$ 10,515,099.00**

OIL & GAS RESEARCH PROGRAM

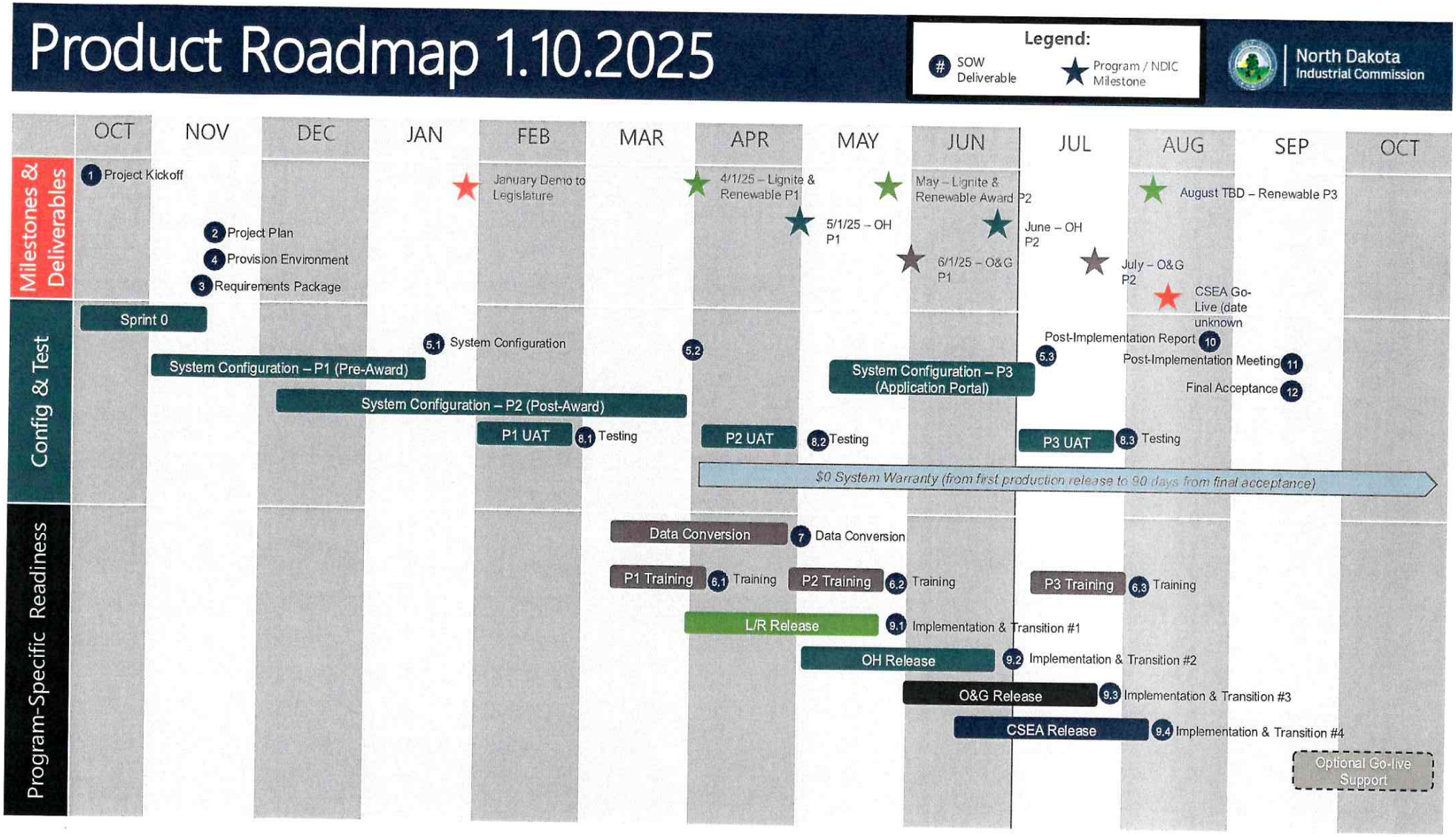
Project	Amount Awarded
G-058-113 One OK Roughrider Carbon Storage Hub	$ 525,000.00
G-058-114 Cobra EOR	$ 2,000,000.00
G-058-115 BPOP 4.0	$ 4,000,000.00
G-060-117-Blue Rock Solutions- Methane Detectors Phase II	$ 450,000.00
G-061-118 EERC Project Polar Bear	$ 2,566,341.00
G-061-119 Cobra EOR Phase II	$ 1,000,000.00
G-061-120 NDPF Outreach & Education Program	$ 930,245.00
G-061-121 EERC CO2 EOR Pilot	$ 1,800,000.00
TOTAL=	**$ 13,271,586.00**

RENEWABLE ENERGY RESEARCH PROGRAM

Project	Amount Awarded
R-52-070 UND SH0WUP	$ 500,000.00
R-52-071 EERC- Prairie Horizon Carbon Management Hub	$ 100,000.00
R-53-072 EERC- Regional EV Infrastructure study	$ 375,000.00
R-54-073 New Carbon- American Crystal Sugar RNG	$ 455,000.00
R-54-074 New Carbon- Van Bedaf Dairy RNG	$ 455,000.00
R-54-075 Singularity Energy Technologies- Sandwich Gasifier Commercialization	$ 486,950.00
TOTAL=	**$ 2,371,950.00**

OUTDOOR HERITAGE FUND

Project	Amount Awarded
023-225 Audubon Great Plains Management Toolbox	$ 747,400.00
023-226 Mayville Dam	$ 396,595.48
023-227 Napoleon Recreation Trail	$ 750,000.00
023-228 McLean Co. Lost Lake Fish Passage	$ 66,735.53
023-229 McLean Co. Painted Woods flood protection/recreation project	$ 50,250.00
023-230 ND Natural Resources Trust Wildlife Dams Phase II	$ 267,750.00
023-231 Phesants Forever Habitat	$ 250,000.00
023-232 TMBCI Fishing/Boat Access project	$ 109,800.00
024-233 NDSU-ND Forest Service Windbreak 4.0	$ 900,000.00
024-234 Belfeild Dam Improvements	$ 145,125.00
024-235 NDNRT-Working Lands Program III	$ 1,625,000.00
024-236 NDNRT- Badlands Restoration Project	$ 77,000.00
024-237 ND Prescribed Fire Program	$ 200,000.00
024-238 Sunset Park PreK Playground	$ 10,000.00
024-239 McLean Co. Painted Woods flood protection	$ 1,000,000.00
025-240 Mule Deer Foundation- Big Game Connectivity/Habitat Fragmentation	$ 750,000.00
025-241 NDPF- Planting for the Future	$ 220,177.00
025-242 Audubon Great Plains- ND Grazing Management Toolbox	$ 635,000.00
025-243 NDNRT- Working Grassland Partership 7	$ 762,500.00
TOTAL=	**$ 8,963,333.01**


Product Roadmap 1.10.2025
Legend:
SOW Deliverable
Program / NDIC Milestone
North Dakota Industrial Commission
OCT
NOV
DEC
JAN
FEB
MAR
APR
MAY
JUN
JUL
AUG
SEP
OCT
Milestones & Deliverables
Config & Test
Program-Specific Readiness
1 Project Kickoff
2 Project Plan
4 Provision Environment
3 Requirements Package
January Demo to Legislature
4/1/25 – Lignite & Renewable P1
5/1/25 – OH P1
6/1/25 – O&G P1
May – Lignite & Renewable Award P2
June – OH P2
July – O&G P2
August TBD – Renewable P3
CSEA Go-Live (date unknown)
Sprint 0
5.1 System Configuration
System Configuration – P1 (Pre-Award)
System Configuration – P2 (Post-Award)
5.2
System Configuration – P3 (Application Portal)
5.3
Post-Implementation Report 10
Post-Implementation Meeting 11
Final Acceptance 12
P1 UAT
8.1 Testing
P2 UAT
8.2 Testing
P3 UAT
8.3 Testing
$0 System Warranty (from first production release to 90 days from final acceptance)
Data Conversion
7 Data Conversion
P1 Training
6.1 Training
P2 Training
6.2 Training
P3 Training
6.3 Training
L/R Release
9.1 Implementation & Transition #1
OH Release
9.2 Implementation & Transition #2
O&G Release
9.3 Implementation & Transition #3
CSEA Release
9.4 Implementation & Transition #4
Optional Go-live Support

2025 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division
Brynhild Haugland Room, State Capitol

SB 2014
4/16/2025

A BILL for an Act to provide an appropriation for defraying the expenses of the industrial commission and the agencies under its control; relating to confidential and exempt records of the Bank of North Dakota and interest rate buydown limits for the partnership in assisting community expansion fund; elating to a salt cavern underground energy storage research project; to provide for a transfer; to provide an exemption; to provide for a legislative management study; to provide for a legislative management report; and to provide for a report.

3:33 p.m. Chairman Monson opened the meeting.

Members Present: Chairman Monson, Vice Chair Brandenburg, Representatives: Bosch, Fisher, Kempenich, Meier, Pyle.

Discussion Topics:

- CO2 pipelines
- Pipeline Authority in ND
- Proposed Amendments
- Housing Funding

3:35 p.m. Representative Bosch introduced a proposed amendment, testimony #45035.

3:45 p.m. Representative Bosch moved to Amend to increase the capacity authority for the ND pipeline change 60 million to 120 million, testimony #45035.

3:45 p.m. Representative Kempenich seconded the motion.

Representatives	Vote
Representative David Monson	Y
Representative Mike Brandenburg	Y
Representative Glenn Bosch	Y
Representative Jay Fisher	Y
Representative Keith Kempenich	Y
Representative Lisa Meier	Y
Representative Brandy L. Pyle	Y

Motion carried 7-0-0.

3:46 p.m. Representative Kempenich moved to further amend to remove the Mill and Elevator from the New and Vacant FTE pool.

3:47 p.m. Representative Brandenburg seconded the motion.

3:47 p.m. General Discussion on the motion.

Representatives	Vote
Representative David Monson	N
Representative Mike Brandenburg	N
Representative Glenn Bosch	N
Representative Jay Fisher	N
Representative Keith Kempenich	Y
Representative Lisa Meier	N
Representative Brandy L. Pyle	N

Motion failed 1-6-0.

Additional written testimony:

Representative Kempenich submitted testimony in neutral #45040 and #45041.

3:58 p.m. Chairman Monson closed the meeting.

Madaline Cooper, Committee Clerk

PIPELINE AUTHORITY PROPOSED AMENDMENT TO SB 2014

pipeline Auth.

SECTION XX. AMENDMENT. Subsection 4 of section 54-17.7-04 of the North Dakota Century Code is amended and reenacted as follows:

4. Borrow money and issue evidences of indebtedness as provided in this chapter, including borrowing from the Bank of North Dakota.

   a. The authority may borrow up to ~~sixty~~ one ~~hundred~~ million dollars through a line of credit from the Bank. The interest rate on the line of credit must be the prevailing interest rate charged to North Dakota governmental entities.

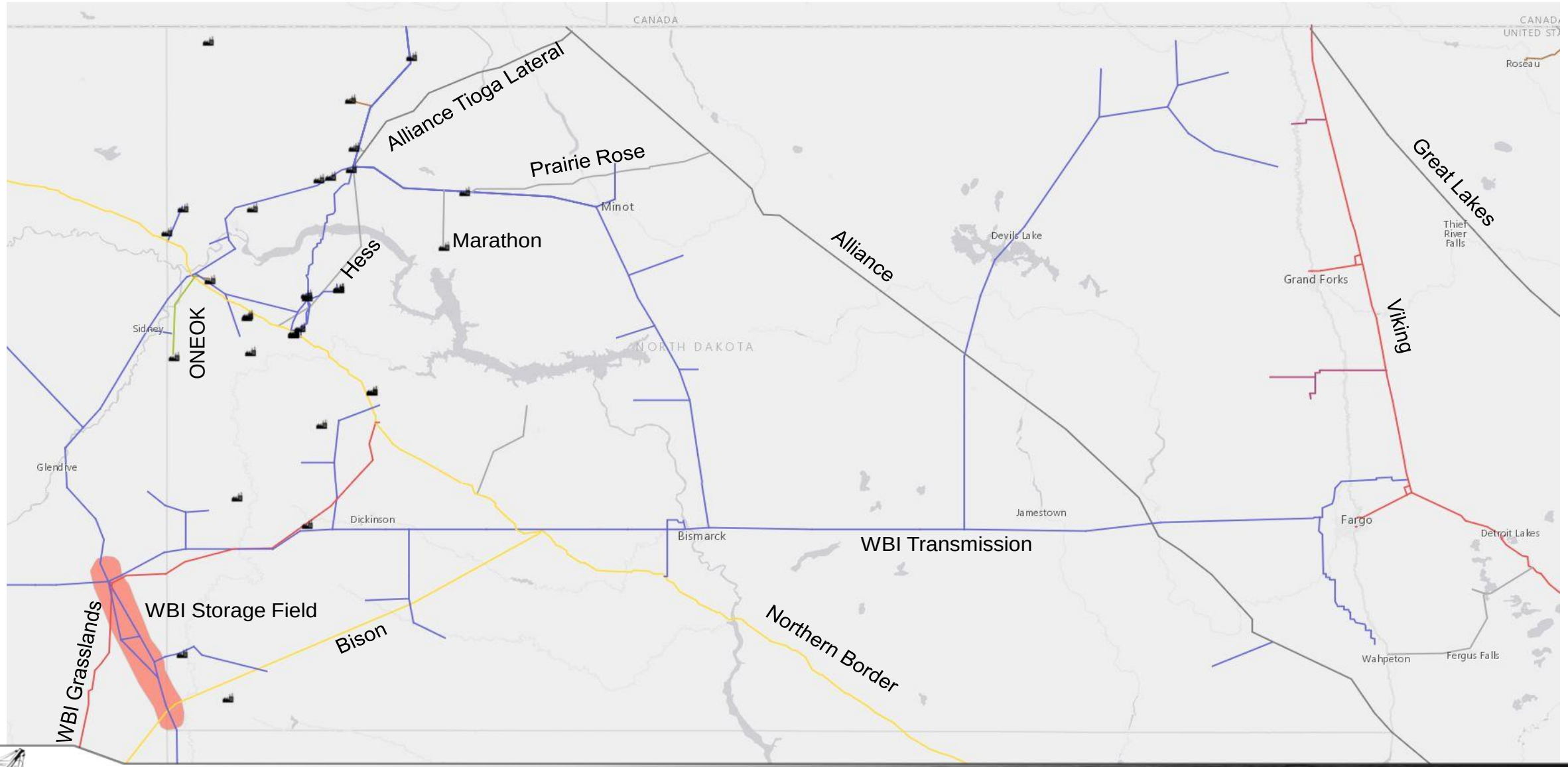
one twenty

BND Portion:

6-09.7-05. Establishment and maintenance of adequate guarantee funds - Use of strategic investment and improvements fund. (Effective through June 30, 2025)

The Bank of North Dakota shall establish and at all times maintain an adequate guarantee reserve fund in a special account in the Bank. The Bank may request the director of the office of management and budget to transfer funds from the strategic investment and improvements fund created by section 15-08.1-08 to maintain one hundred percent of the guarantee reserve fund balance. Transfers from the strategic investment and improvements fund may not exceed a total of ~~eighty million~~ one-hundred eighty million dollars. Moneys in the guarantee reserve fund are available to reimburse lenders for guaranteed loans in default. The securities in which the moneys in the reserve fund may be invested must meet the same requirements as those authorized for investment under the state investment board. The income from such investments must be made available for the costs of administering the state guarantee loan program and income in excess of that required to pay the cost of administering the program must be deposited in the reserve fund. The amount of reserves for all guaranteed loans must be determined by a formula that will assure, As determined by the Bank, an adequate amount of reserve.

Major Residue Gas Pipeline Infrastructure



Intensity Infrastructure Partners Proposed Pipeline



Natural Gas Pipeline Project Highlights

- Non-binding open season Feb 3 – Mar 7, 2025
- 136 Miles: 42” Pipe
- Proposed Capacity 1,500,000 Dth/Day
- January 2028 targeted in-service
- Seeking commitments 20yrs or Longer

Estimated Rates

- $0.50/Dth + Fuel/Electric/Commodity
- Anchor Shipper Minimum: 100,000 Dth/Day
- Foundation Shipper Minimum: 250,000 Dth/Day

WBI Energy: Proposed Bakken East Project



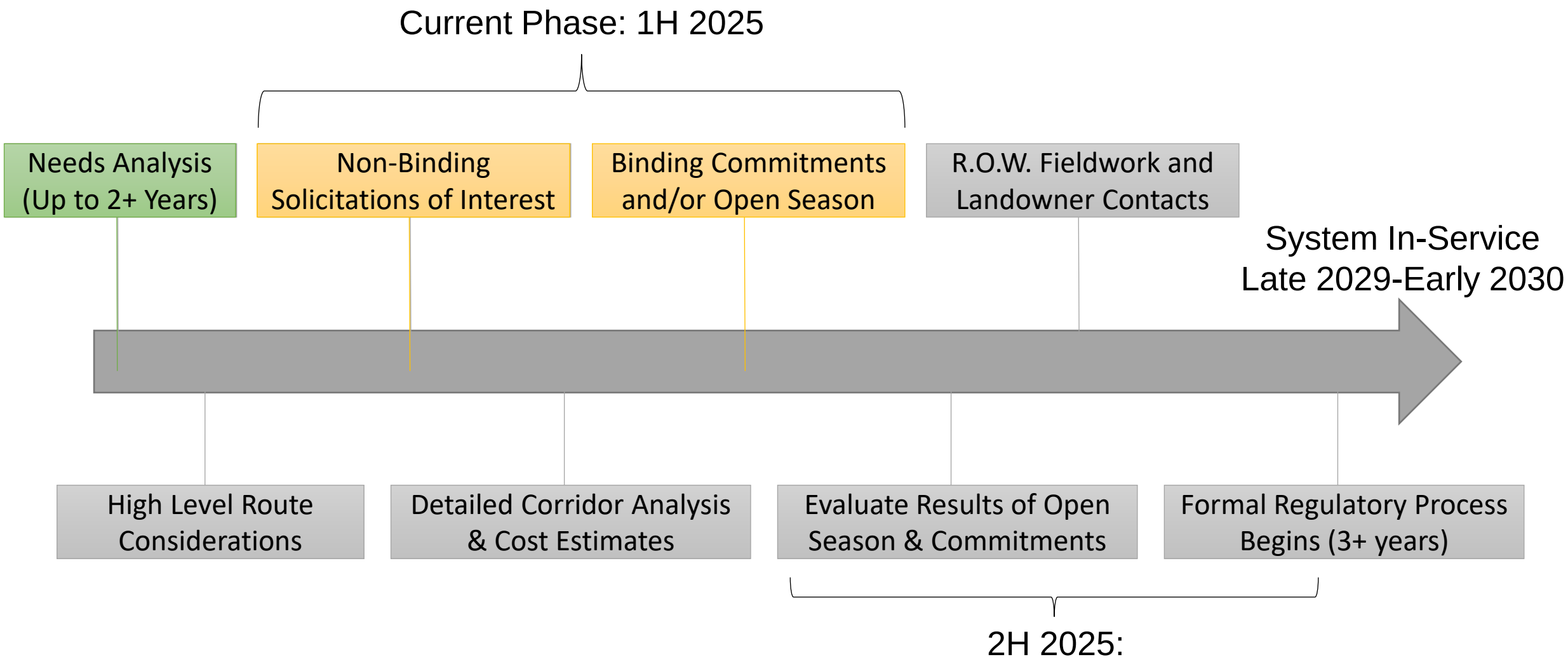
Natural Gas Pipeline Project Highlights

- Non-binding open season Dec 16 – Jan 31, 2025
- 375 Miles: 30” & 24” Pipe
- Proposed Capacity 760,000 Dth/Day
- Phase 1 (West) : Nov 2028 targeted in-service
- Phase 2 (East) : Nov 2029 targeted in-service
- Seeking commitments 20yrs or Longer

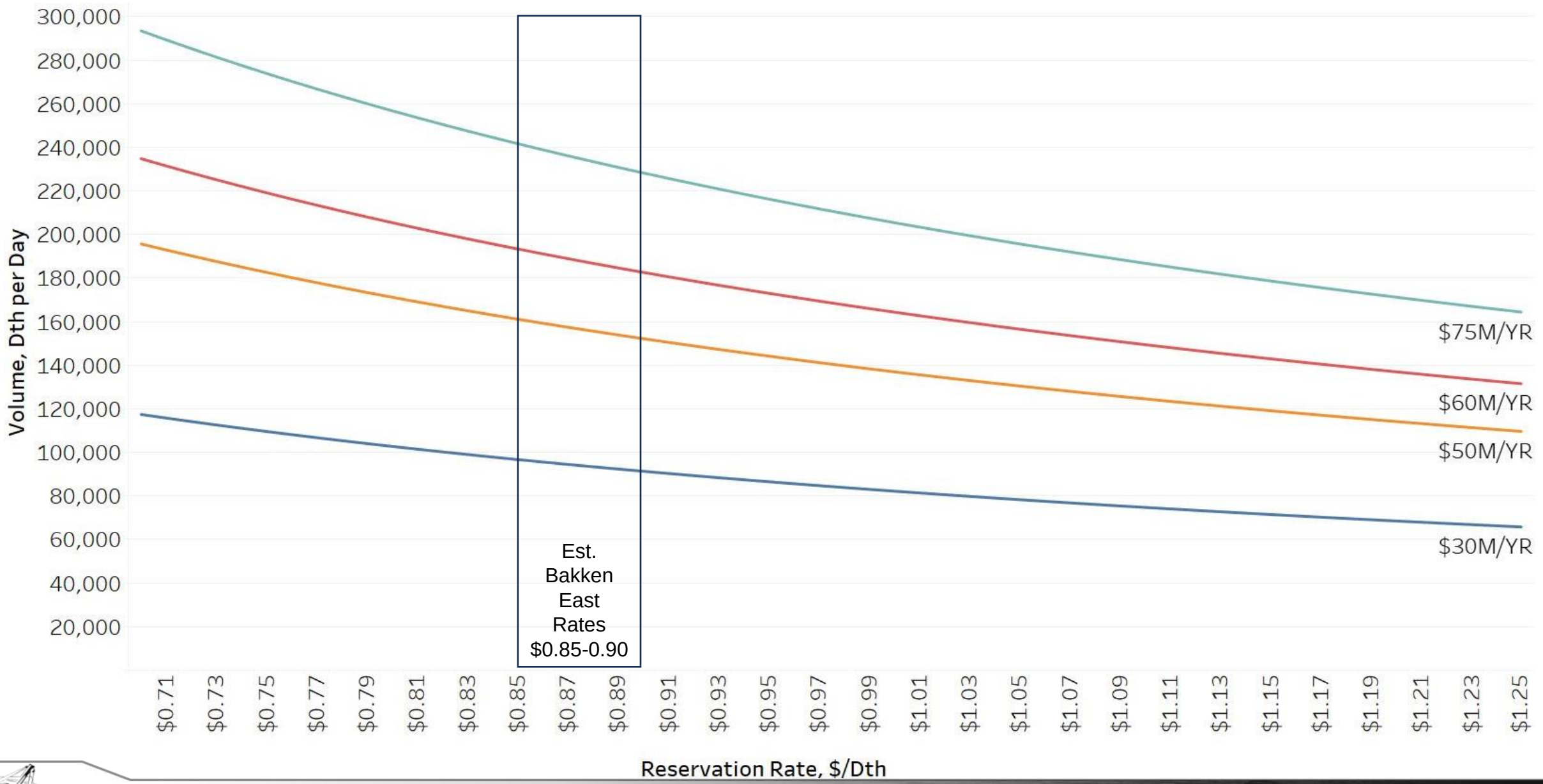
Estimated Rates

- $0.85 to $0.90/Dth + Fuel/Electric/Commodity
- Anchor Shipper Minimum: 100,000 Dth/Day
- Foundation Shipper Minimum: 250,000 Dth/Day

Stages of Gas Pipeline Development



Capacity and Reservation Rate



Pipeline Authority Century Code– 54-17.7-04.

3. Acquire, purchase, hold, use, lease, license, sell, transfer, and dispose of an undivided or other interest in or the right to capacity in any pipeline system or systems, including interconnection of pipeline systems, within or without the state of North Dakota in order to facilitate the production, transportation, distribution, or delivery of energy-related commodities produced in North Dakota. If the authority acquires, purchases, holds, uses, or leases capacity positions, the authority shall sell, transfer, release, or dispose of the capacity positions at intervals that are no more frequent than monthly and in an amount that is equal to or greater than the market rate, but only if the sale, transfer, release, or disposal of the capacity positions is sufficient to cover the expenses and obligations incurred. The authority's contract obligations for the capacity positions are limited to the capacity rates, charges, and terms.

Capacity Release Term Considerations

31 Days or Less

FERC permitted with certain criteria

Forbidden under NDCC *54-17.7-04 Subsection 3*

32 Days to 1 Year

Any rate (*NDCC Restrictions*)

Bidding required

AMA allowed without bidding

Rollovers allowed

Greater than 1 year

Max tariff rate only

No bidding required

AMA allowed without bidding

Rollovers allowed at max rate only

How Will NDPA Manage Contracted Capacity?



Most Desirable

Least Desirable

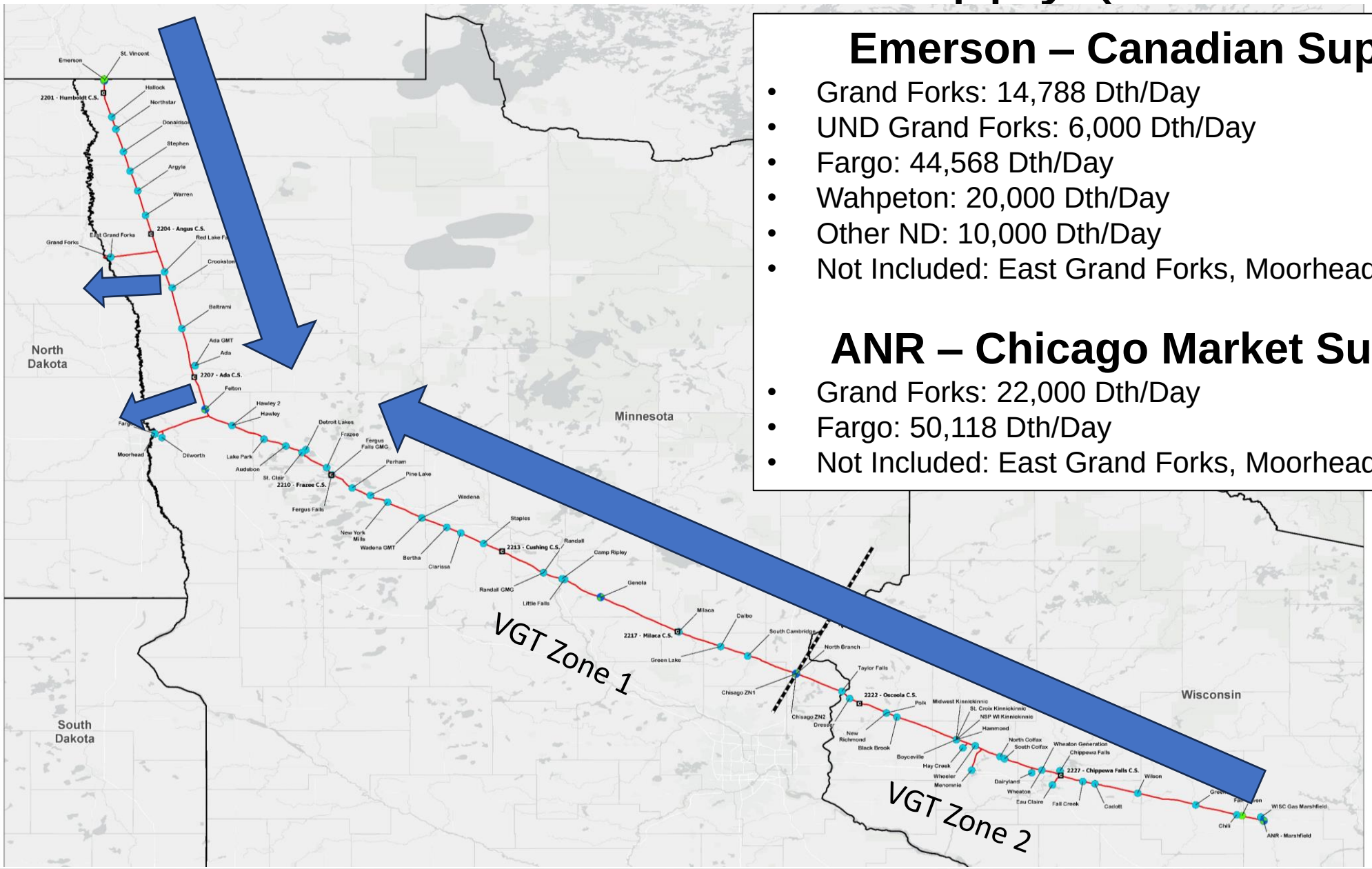
Release capacity to replacement shipper(s) in increments greater than one year at max rate

Release capacity to replacement shipper(s) in increments less than one year at bid rates *(Limited by 54-17.7-04 Subsection 3)*

Release of capacity to an asset manager for an appropriate term length

Pay obligated precedent agreement rates until a release or asset management agreement is established

Current Eastern North Dakota Gas Supply ($0.47-$0.60+)



Emerson – Canadian Supply

- Grand Forks: 14,788 Dth/Day
- UND Grand Forks: 6,000 Dth/Day
- Fargo: 44,568 Dth/Day
- Wahpeton: 20,000 Dth/Day
- Other ND: 10,000 Dth/Day
- Not Included: East Grand Forks, Moorhead, Etc.

ANR – Chicago Market Supply

- Grand Forks: 22,000 Dth/Day
- Fargo: 50,118 Dth/Day
- Not Included: East Grand Forks, Moorhead, Etc.

Generic Pipeline Capacities/Costs (Not project specific)

Diameter, Inches	Generic Starting Capacity, Dth/Day	Generic Expanded Capacity Dth/Day	Transport Rate $/Dth	Annual Capacity $$ For Increase		Miles (Underwood to Fargo)	Estimated Cost
12	120,000	220,000	$ 0.85	$ 37,230,000.00		210	$ 327,600,000.00
16	250,000	450,000	$ 0.85	$ 40,332,500.00		210	$ 436,800,000.00
20	400,000	700,000	$ 0.85	$ 46,537,500.00		210	$ 546,000,000.00
24	650,000	1,100,000	$ 0.85	$ 77,562,500.00		210	$ 655,200,000.00
30	1,000,000	1,600,000	$ 0.85	$ 108,587,500.00		210	$ 819,000,000.00
36	1,400,000	2,200,000	$ 0.85	$ 124,100,000.00		210	$ 982,800,000.00
42	2,000,000	3,000,000	$ 0.85	$ 186,150,000.00		210	$ 1,146,600,000.00

2025 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Government Operations Division
Brynhild Haugland Room, State Capitol

SB 2014
4/17/2025

A BILL for an Act to provide an appropriation for defraying the expenses of the industrial commission and the agencies under its control; relating to confidential and exempt records of the Bank of North Dakota and interest rate buydown limits for the partnership in assisting community expansion fund; relating to a salt cavern underground energy storage research project; to provide for a transfer; to provide an exemption; to provide for a legislative management study; to provide for a legislative management report; and to provide for a report.

3:11 p.m. Chairman Monson opened the meeting.

Members Present: Chairman Monson, Vice Chair Brandenburg, Representatives: Bosch, Fisher, Kempenich, Meier, Pyle.

Discussion Topics:

- Bank of North Dakota
- Committee Action

3:12p.m. Adam Mathiak, Fiscal Analyst, Legislative Council, explained proposed amendment LC #25.0181.02007, testimony #45069.

3:15 p.m. Karen Tyler, Executive Director, North Dakota Industrial Commission, answered questions for the committee.

3:33 p.m. Kelvin Hullet, Chief Business Development Officer, Bank of North Dakota, answered questions for the committee.

3:50 p.m. Representative Kempenich moved to adopt amendment LC #25.0181.02007, testimony #45069.

3:51 p.m. Representative Bosch seconded the motion.

Representatives	Vote
Representative David Monson	Y
Representative Mike Brandenburg	Y
Representative Glenn Bosch	Y
Representative Jay Fisher	Y
Representative Keith Kempenich	Y
Representative Lisa Meier	Y
Representative Brandy L. Pyle	Y

Motion carried 7-0-0.

3:54 p.m. Representative Kempenich moved a Do Pass as Amended

3:54 p.m. Representative Brandenburg seconded the motion.

Representatives	Vote
Representative David Monson	Y
Representative Mike Brandenburg	Y
Representative Glenn Bosch	Y
Representative Jay Fisher	Y
Representative Keith Kempenich	Y
Representative Lisa Meier	Y
Representative Brandy L. Pyle	Y

Motion carried 7-0-0.

Representative Kempenich will carry the bill.

3:57 p.m. Chairman Monson adjourned the meeting.

Madaline Cooper, Committee Clerk

25.0181.02007
Title.
Fiscal No. 2

Prepared by the Legislative Council staff for House Appropriations - Government Operations Division Committee
April 16, 2025

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO FIRST ENGROSSMENT

ENGROSSED SENATE BILL NO. 2014

Introduced by

Appropriations Committee

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 section to chapter 6-09 and a new subdivision to subsection 2 of section 38-08-04.5 of the North Dakota Century Code, relating to a rail revolving loan fund and uses of the abandoned oil and gas well plugging and site reclamation fund; to amend and reenact subsection 7 of section 6-08.1-02 and sections 6-09-35 ~~and~~, 6-09-46.2, 6-09.7-05, 6-09.14-04, and 49-17.1-02.1, subsection 1 of section 54-17-40, and subdivision a of subsection 4 of section 54-17.7-04 of the North Dakota Century Code, relating to confidential and exempt records of the Bank of North Dakota ~~and~~, the rebuilders loan program, loan guarantees through the strategic investment and improvements fund, interest rate buydown limits for the partnership in assisting community expansion fund, department of transportation review and approval of rail projects, uses of the housing incentive fund, and North Dakota pipeline borrowing authority; to amend and reenact section 15 of chapter 14 of the 2023 Session Laws, relating to a salt cavern underground energy storage research project; to provide for a transfer; to provide an exemption; to provide for a legislative management study; to provide for a legislative management report; and to provide for a report.

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 other funds derived from special funds and

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

Subdivision 1.

INDUSTRIAL COMMISSION

	Base Level	Adjustments or Enhancements	Appropriation
~~Salaries and wages~~	~~$1,884,918~~	~~$376,583~~	~~$2,261,501~~
~~New and vacant FTE pool~~	~~0~~	~~20,376~~	~~20,376~~
~~Operating expenses~~	~~472,271~~	~~4,321,991~~	~~4,794,262~~
~~Grants~~	~~0~~	~~13,668,089~~	~~13,668,089~~
~~Grants - bond payments~~	~~119,879,913~~	~~(2,761,713)~~	~~117,118,200~~
~~Total all funds~~	~~$122,237,102~~	~~$15,625,326~~	~~$137,862,428~~
~~Less other funds~~	~~122,237,102~~	~~15,225,326~~	~~137,462,428~~
Salaries and wages	$1,884,918	$701,583	$2,586,501
New and vacant FTE pool	0	20,376	20,376
Operating expenses	472,271	3,821,991	4,294,262
Grants	0	13,668,089	13,668,089
Grants - bond payments	119,879,913	(2,761,713)	117,118,200
Total all funds	$122,237,102	$15,450,326	$137,687,428
Less other funds	122,237,102	15,050,326	137,287,428
Total general fund	$0	$400,000	$400,000
Full-time equivalent positions	9.75	0.00	9.75

Subdivision 2.

BANK OF NORTH DAKOTA

	Base Level	Adjustments or Enhancements	Appropriation
Bank of North Dakota operations	$70,899,761	$5,211,643	$76,111,404
New and vacant FTE pool	0	2,122,074	2,122,074
Capital assets	705,722	3,437,577	4,143,299

Total other funds	$71,605,483	$10,771,294	$82,376,777
Full-time equivalent positions	187.00	0.00	187.00

Subdivision 3.

HOUSING FINANCE AGENCY

	Base Level	Adjustments or Enhancements	Appropriation
~~Salaries and wages~~	~~$11,413,354~~	~~$1,655,543~~	~~$13,068,897~~
~~New and vacant FTE pool~~	~~0~~	~~1,024,774~~	~~1,024,774~~
~~Operating expenses~~	~~10,903,883~~	~~(1,433,707)~~	~~9,470,176~~
~~Capital assets~~	~~20,000~~	~~0~~	~~20,000~~
~~Grants~~	~~48,805,110~~	~~(2,700,000)~~	~~46,105,110~~
~~Housing finance agency contingencies~~	~~100,000~~	~~0~~	~~100,000~~
~~Total all funds~~	~~$71,242,347~~	~~($1,453,390)~~	~~$69,788,957~~
~~Less other funds~~	~~68,742,347~~	~~1,046,610~~	~~69,788,957~~
~~Total general fund~~	~~$2,500,000~~	~~($2,500,000)~~	~~$0~~
~~Full-time equivalent positions~~	~~54.00~~	~~3.00~~	~~57.00~~
Salaries and wages	$11,413,354	$1,655,543	$13,068,897
New and vacant FTE pool	0	2,134,321	2,134,321
Operating expenses	10,903,883	(1,237,227)	9,666,656
Capital assets	20,000	0	20,000
Grants	48,805,110	(2,700,000)	46,105,110
Housing finance agency contingencies	100,000	0	100,000
Total all funds	$71,242,347	($147,363)	$71,094,984
Less other funds	68,742,347	2,352,637	71,094,984
Total general fund	$2,500,000	($2,500,000)	$0
Full-time equivalent positions	54.00	8.00	62.00

Subdivision 4.

DEPARTMENT OF MINERAL RESOURCES

	Base Level	Adjustments or Enhancements	Appropriation
~~Salaries and wages~~	~~$23,261,532~~	~~$3,026,192~~	~~$26,287,724~~

~~New and vacant FTE pool~~	~~0~~	~~1,608,593~~	~~1,608,593~~
~~Operating expenses~~	~~5,120,253~~	~~5,885,498~~	~~11,005,751~~
~~Capital assets~~	~~0~~	~~45,000~~	~~45,000~~
~~Total all funds~~	~~$28,381,785~~	~~$10,565,283~~	~~$38,947,068~~
~~Less other funds~~	~~268,000~~	~~5,010,377~~	~~5,278,377~~
~~Total general fund~~	~~$28,113,785~~	~~$5,554,906~~	~~$33,668,691~~
~~Full-time equivalent positions~~	~~108.00~~	~~3.00~~	~~111.00~~
Salaries and wages	$23,261,532	$3,026,192	$26,287,724
New and vacant FTE pool	0	2,121,618	2,121,618
Operating expenses	5,120,253	6,778,008	11,898,261
Capital assets	0	45,000	45,000
Total all funds	$28,381,785	$11,970,818	$40,352,603
Less other funds	268,000	5,754,837	6,022,837
Total general fund	$28,113,785	$6,215,981	$34,329,766
Full-time equivalent positions	108.00	5.00	113.00

Subdivision 5.

MILL AND ELEVATOR ASSOCIATION

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

Subdivision 6.

TOTAL SECTION 1

	Base Level	Adjustments or Enhancements	Appropriation
~~Grand total all funds~~	~~$390,877,637~~	~~$46,538,008~~	~~$437,415,645~~

~~Less grand total other funds~~	~~360,263,852~~	~~43,083,102~~	~~403,346,954~~
~~Grand total general fund~~	~~$30,613,785~~	~~$3,454,906~~	~~$34,068,691~~
Grand total all funds	$390,877,637	$49,074,570	$439,952,207
Less grand total other funds	360,263,852	44,958,589	405,222,441
Grand total general fund	$30,613,785	$4,115,981	$34,729,766

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

One-Time Funding Description	General Fund	Other Funds	Total
Industrial commission			
~~Inflationary increases~~	~~$0~~	~~$50,000~~	~~$50,000~~
~~Electricity grid resiliency federal grant~~	~~0~~	~~13,668,089~~	~~13,668,089~~
~~Lignite litigation~~	~~0~~	~~3,000,000~~	~~3,000,000~~
~~Subtotal industrial commission~~	~~$0~~	~~$16,718,089~~	~~$16,718,089~~
Electricity grid resiliency federal grant	$0	$13,668,089	$13,668,089
Lignite litigation	0	3,000,000	3,000,000
Subtotal industrial commission	$0	$16,668,089	$16,668,089
Bank of North Dakota			
Capital improvement projects	$0	$2,633,299	$2,633,299
Subtotal Bank of North Dakota	$0	$2,633,299	$2,633,299
Department of mineral resources			
Federal abandoned well program	$0	$1,444,377	$1,444,377
~~FTE position operating expenses~~	~~41,600~~	~~0~~	~~41,600~~
FTE position operating expenses	24,435	51,495	75,930
Mineral analyses	100,000	0	100,000
Rare earth elements study	0	400,000	400,000
~~Archeology excavation project~~	~~0~~	~~150,000~~	~~150,000~~
Paleontology excavation project	0	150,000	150,000
Oil and gas litigation	0	3,000,000	3,000,000

~~Enhanced oil recovery database~~	~~15,000~~	~~0~~	~~15,000~~
Portable mineral detection equipment	45,000	0	45,000
~~Subtotal department of mineral resources~~	~~$201,600~~	~~$4,994,377~~	~~$5,195,977~~
~~Grand total~~	~~$201,600~~	~~$24,345,765~~	~~$24,547,365~~
Subtotal department of mineral resources	$169,435	$5,045,872	$5,215,307
Grand total	$169,435	$24,347,260	$24,516,695

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

SECTION 4. 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	412,207
Total	$117,118,200

SECTION 5. 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 special 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 6. APPROPRIATION - TRANSFER GENERAL FUND TO HOUSING INCENTIVE FUND - TRANSFER STRATEGIC INVESTMENT AND IMPROVEMENTS FUND TO HOUSING INCENTIVE FUND - HOMELESS PROGRAMS - HOUSING PROGRAMS - EXEMPTION - ONE-TIME FUNDING.

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

2. The office of management and budget shall transfer the sum of ~~$25,000,000~~$33,650,000 from the strategic investment and improvements fund to the housing incentive fund during the biennium beginning July 1, 2025, and ending June 30, 2027, for the following:

   a. $150,000 for a passthrough grant. Notwithstanding any other requirements under section 54-17-40 and pursuant to the continuing appropriation under section 54-17-40, the housing finance agency shall distribute a passthrough grant of $150,000 from the housing incentive fund to a Native American focused organization with a presence in multiple communities for a Native American homelessness liaison.

   b. Up to $13,500,000 for a rent stabilization fund program, including assistance to support individuals who are at risk due to financial instability and to prevent evictions.

   c. $20,000,000 and any remaining amounts for other housing projects and programs pursuant to section 54-17-40.

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~~$2,260,660, 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 - SMALL BUSINESS DEVELOPMENT CENTER. 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;~~
4. ~~$15,000,000 to the beginning farmer revolving loan fund~~$60,000,000 to economic development programs administered by the Bank, including 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

~~5.~~2. $1,900,000 to the university of North Dakota for the North Dakota small business development center for the purpose of matching federal grants.

SECTION 10. TRANSFER - RAIL FUND TO RAIL REVOLVING LOAN FUND. The department of transportation shall transfer any outstanding loans and remaining balance from the rail fund to the rail revolving loan fund on July 1, 2025.

SECTION 11. TRANSFER STATE ENERGY RESEARCH CENTER FUND TO OIL AND GAS RESEARCH FUND - TRANSFER STRATEGIC INVESTMENT AND IMPROVEMENTS FUND TO OIL AND GAS RESEARCH FUND - ENHANCED OIL RECOVERY GRANT PROGRAM.

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

SECTION 12. LIGNITE RESEARCH, DEVELOPMENT, AND MARKETING PROGRAM - LIGNITE MARKETING FEASIBILITY STUDY - REPORT TO THE SEVENTIETH LEGISLATIVE ASSEMBLY.

1. Pursuant to the continuing appropriation under section 57-61-01.6, up to $4,500,000 from the lignite research fund 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 designated under this section also may be used for the purpose of contracting for nonmatching studies and activities in support of advanced energy technology and other technology development programs; 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 needed for the purposes stated in this section are available to the industrial commission for funding projects, processes, or activities under the lignite research, development, and marketing program.

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

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

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

SECTION 14. OTHER FUNDS - ABANDONED OIL AND GAS WELL PLUGGING AND SITE RECLAMATION FUND - ADMINISTRATIVE EXPENSES. The other funds line item in subdivision 4 of section 1 of this Act includes the sum of $799,926 from the abandoned oil and gas well plugging and site reclamation fund for administrative expenses, including funding for reclamation specialist positions and related operating expenses.

SECTION 15. OTHER FUNDS - HOUSING INCENTIVE FUND - ADMINISTRATIVE EXPENSES. The other funds line item in subdivision 3 of section 1 of this Act includes the sum of $1,200,983, transferred from the housing incentive fund to the agency's operating fund for administrative expenses, including funding for homelessness program and rent stabilization program positions and related operating expenses.

SECTION 16. AMENDMENT. Subsection 7 of section 6-08.1-02 of the North Dakota Century Code is amended and reenacted as follows:

7. The release by the industrial commission, in its capacity as the managing body of the Bank of North Dakota, of the following:
   a. The name of any person who has obtained approval for direct ~~or indirect~~ financing or security, including a loan guarantee or a letter of credit, through the Bank of North Dakota primarily for purposes other than personal, family, or household purposes.
   b. The amount of any financing or security referenced in subdivision a.
   c. The amount of any net writeoff or loan forgiveness ~~associated with the financing or security referenced in subdivision a~~ which the industrial commission determines is uncollectible.
   d. The program under which any financing or security referenced in subdivision a was made.

SECTION 17. AMENDMENT. Section 6-09-35 of the North Dakota Century Code is amended and reenacted as follows:

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

1. The following records of the Bank of North Dakota are confidential:
   ~~1.~~ a. Commercial or financial information of a customer, whether obtained directly or indirectly, except for routine credit inquiries or unless required by due legal process. As used in this subsection, "customer" means any person who has transacted or is transacting business with, or has used or is using the services of, the Bank of North Dakota, or for whom the Bank of North Dakota has acted as a fiduciary with respect to trust property.
   ~~2.~~ b. Internal or interagency memorandums or letters which would not be available by law to a party other than in litigation with the Bank.

~~3.~~ c. Information contained in or related to examination, operating, or condition reports prepared by, on behalf of, or for the use of a state or federal agency responsible for the regulation or supervision of any Bank activity.

~~4.~~ d. Information obtained from the state department of financial institutions which would not be available from that agency under section 6-01-07.1.

~~5.~~ e. The report by a Bank officer or member of the Bank's advisory board of directors concerning personal financial statements.

2. The following records of the Bank of North Dakota are exempt:

a. Bond insurance coverage, including excess bond insurance coverage.

b. Cyber liability coverage, including excess cyber liability coverage.

SECTION 18. AMENDMENT. Section 6-09-46.2 of the North Dakota Century Code is amended and reenacted as follows:

6-09-46.2. Rebuilders loan program - Rebuilders permanent loan fund - Continuing appropriation.

1. The Bank of North Dakota shall develop a rebuilders loan program to make or participate in loans to North Dakota residents ~~affected by extraordinary losses~~ as a result of ~~a~~:

a. A presidentially declared disaster ~~or~~in the state;

b. A governor-declared disaster ~~or~~in the state;

c. An emergency in the state;

d. A weather-related incident in the state as determined by the governor; or

e. An economic hardship as determined by the governor.

2. Under the rebuilders loan program, the Bank shall develop and implement specific loan programs to respond to the specific needs resulting from a disaster ~~or~~, emergency, incident, or hardship. The Bank may fund the loan from any available funding in the rebuilders permanent loan fund and may accept private sector donations and funds from the federal government.

~~2.~~3. Upon request of the Bank of North Dakota, the governor shall furnish the Bank with information relating to the nature and amount of state and local resources that have been or will be committed to alleviating the results of the disaster or emergency, an

estimate of the amount and severity of the damage and the impact on the private and public sectors, and an estimate of the type and amount of assistance needed.

~~3.~~4. To apply for a loan under the program, a person shall apply to the originating financial institution. Upon Bank of North Dakota approval of an application, the Bank shall make a loan in accordance with the loan program established under this section. The Bank shall establish a loan application period, which may not exceed a period of eighteen months from the date of the declaration of the disaster or emergency.

~~4.~~5. Excluding the rebuilders and rebuilders home loans transferred to the fund, the Bank of North Dakota shall deposit in the fund all principal and interest paid on the loans made from the fund. The Bank may deduct from interest payments received on a loan under the program a service fee for administering the fund for the Bank and the originating financial institution. The fund must be audited annually pursuant to section 6-09-29, and the cost of the audit and any other actual costs incurred by the Bank on behalf of the fund, must be paid by the fund.

~~5.~~6. There is created in the state treasury the rebuilders permanent loan fund administered by the Bank of North Dakota. The fund consists of all moneys transferred to the fund by the legislative assembly, interest on moneys in the fund, and payments to the fund of principal and interest on loans made from the fund. All moneys in the fund are appropriated to the Bank on a continuing basis for the rebuilders loan program.

~~6.~~7. If approved by the industrial commission, the fund may borrow from the Bank of North Dakota to provide funding for loans under this section. A loan made to the fund by the Bank must be repaid with principal and interest payment received by the rebuilders permanent loan fund or with moneys appropriated by the legislative assembly.

~~7.~~8. The Bank of North Dakota shall adopt policies to implement this section.

SECTION 19. A new section to chapter 6-09 of the North Dakota Century Code is created and enacted as follows:

Rail revolving loan fund - Continuing appropriation.

1. The rail revolving loan fund is a special fund in the state treasury from which the Bank of North Dakota shall provide loans to counties, cities, railroads, and other freight railroad users to construct or upgrade rail infrastructure to improve rail service.

2. The Bank shall administer the fund in accordance with the provisions of this section and may adopt policies and establish guidelines for the loans, including policies for eligibility and allowing participation by local financial institutions. Class I railroads are not eligible.
3. The Bank shall consider the applicant's ability to repay the loan when processing the application and shall issue loans only to applicants that provide reasonable assurance of sufficient future income to repay the loan.
4. The department of transportation shall review and approve the project before the Bank may issue a loan based on policies developed by the department.
5. The Bank shall deposit in the fund all payments of principal and interest paid on loans made from the fund. The Bank may use a portion of the interest paid on the outstanding loans as a servicing fee to pay administrative costs which may not exceed one-half of one percent of the amount of the outstanding loans.
6. All moneys transferred to the fund, interest upon moneys in the fund, and payments to the fund of principal and interest are appropriated to the Bank on a continuing basis for administrative costs and for loan disbursements according to this section.
7. The fund must be audited annually pursuant to section 6-09-29, and the cost of the audit must be paid from the fund.

SECTION 20. AMENDMENT. Section 6-09.7-05 of the North Dakota Century Code is amended and reenacted as follows:

6-09.7-05. ~~Establishment and maintenance of adequate guarantee funds - Use of strategic investment and improvements fund. (Effective through June 30, 2025)~~

~~The Bank of North Dakota shall establish and at all times maintain an adequate guarantee reserve fund in a special account in the Bank. The Bank may request the director of the office of management and budget to transfer funds from the strategic investment and improvements fund created by section 15-08.1-08 to maintain one hundred percent of the guarantee reserve fund balance. Transfers from the strategic investment and improvements fund may not exceed a total of eighty million dollars. Moneys in the guarantee reserve fund are available to reimburse lenders for guaranteed loans in default. The securities in which the moneys in the reserve fund may be invested must meet the same requirements as those authorized for investment under the state investment board. The income from such investments must be made available for the~~

~~costs of administering the state guarantee loan program and income in excess of that required to pay the cost of administering the program must be deposited in the reserve fund. The amount of reserves for all guaranteed loans must be determined by a formula that will assure, as determined by the Bank, an adequate amount of reserve.~~

Establishment and maintenance of adequate guarantee funds - Use of strategic investment and improvements fund. ~~**(Effective after June 30, 2025)**~~ The Bank of North Dakota shall establish and at all times maintain an adequate guarantee reserve fund in a special account in the Bank. The Bank may request the director of the office of management and budget to transfer funds from the strategic investment and improvements fund created by section 15-08.1-08 to maintain one hundred percent of the guarantee reserve fund balance. Transfers from the strategic investment and improvements fund may not exceed a total of ~~one hundred forty million~~one hundred eighty million dollars. Moneys in the guarantee reserve fund are available to reimburse lenders, including the Bank, for guaranteed loans in default. The securities in which the moneys in the reserve fund may be invested must meet the same requirements as those authorized for investment under the state investment board. The income from such investments must be made available for the costs of administering the state guarantee loan program and income in excess of that required to pay the cost of administering the program must be deposited in the reserve fund. The amount of reserves for all guaranteed loans must be determined by a formula that will assure, as determined by the Bank, an adequate amount of reserve.

SECTION 21. AMENDMENT. Section 6-09.14-04 of the North Dakota Century Code is amended and reenacted as follows:

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

1. The fund moneys may be used to participate in an interest rate buydown on a loan to a new or expanding business for the following eligible uses:
   a. Purchase of real property and equipment.
   b. Expansion of facilities.
   c. Working capital.
   d. Inventory.
2. The loan funds cannot be used to refinance any existing debt or for the relocation of the business within North Dakota.

~~2.~~3. The community shall determine the amount of the interest rate buydown and apply to the Bank of North Dakota for participation from the partnership in assisting community expansion fund. The funds for the community's portion of the buydown may come from a local development corporation, contributions, community funds, future dedicated tax programs, or any other community source.

~~3.~~4. The fund participation portion in the buydown must be determined by the Bank of North Dakota based on economic conditions in the city or county in which the business is located.

~~4.~~5. a. The maximum amount from the fund in the interest rate buydown may not exceed five hundred thousand dollars per loan.

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

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

~~5.~~7. The Bank of North Dakota shall adopt rules to implement this chapter.

SECTION 22. A new subdivision to subsection 2 of section 38-08-04.5 of the North Dakota Century Code is created and enacted as follows:

Administrative expenses, including salaries and wages and operating expenses, subject to legislative appropriation.

SECTION 23. AMENDMENT. Section 49-17.1-02.1 of the North Dakota Century Code is amended and reenacted as follows:

49-17.1-02.1. ~~Department may authorize local~~Review and approval of rail projects.

~~For the purpose of promoting the public interest and local economic development, the department may utilize revenue generated under this chapter for the construction or improvement of railway freight transportation projects not otherwise eligible for assistance under the Railroad Revitalization and Regulatory Reform Act of 1976 [Pub. L. 94-210; 90 Stat. 149; 49 U.S.C. 1651 et seq.] and which meet standards and specifications developed by the department~~The department shall coordinate with the Bank of North Dakota to approve and review rail projects financed under the rail revolving loan fund under section 19 of this Act.

SECTION 24. AMENDMENT. Subsection 1 of section 54-17-40 of the North Dakota Century Code is amended and reenacted as follows:

1. The housing incentive fund is ~~created as a special revolving fund at the Bank of North Dakota. The housing finance agency may direct disbursements from the fund and a continuing appropriation from the fund is provided for that purpose~~a special fund in the state treasury administered by the housing finance agency. Moneys in the fund are appropriated to the housing finance agency on a continuing basis for assistance under subsection 3. Moneys in the fund may be transferred to the housing finance agency's operating fund for administrative expenses, which are subject to legislative appropriation.

SECTION 25. AMENDMENT. Subdivision a of subsection 4 of section 54-17.7-04 of the North Dakota Century Code is amended and reenacted as follows:

a. The authority may borrow up to ~~sixty million~~one hundred twenty million dollars through a line of credit from the Bank. The interest rate on the line of credit must be the prevailing interest rate charged to North Dakota governmental entities.

SECTION 26. AMENDMENT. Section 15 of chapter 14 of the 2023 Session Laws is amended and reenacted as follows:

SECTION 15. TRANSFER - STRATEGIC INVESTMENT AND IMPROVEMENTS 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 27. 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~~subdivision 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~~subdivision 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~~subdivision 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~~subdivision 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.

6. Up to $225,500 of the $2,300,000 appropriated from federal funds to the department of mineral resources for administrative expenses related to an abandoned well reclamation program in subdivision 2 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.

SECTION 28. 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.

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2014 - Summary of House Action

	Base Budget	Senate Version	House Changes	House Version
Industrial Commission				
Total all funds	$122,237,102	$137,862,428	($175,000)	$137,687,428
Less estimated income	122,237,102	137,462,428	(175,000)	137,287,428
General fund	$0	$400,000	$0	$400,000
FTE	9.75	9.75	0.00	9.75
Bank of North Dakota				
Total all funds	$71,605,483	$82,376,777	$0	$82,376,777
Less estimated income	71,605,483	82,376,777	0	82,376,777
General fund	$0	$0	$0	$0
FTE	187.00	187.00	0.00	187.00
Housing Finance Agency				
Total all funds	$71,242,347	$79,788,957	$1,306,027	$81,094,984
Less estimated income	68,742,347	69,788,957	1,306,027	71,094,984
General fund	$2,500,000	$10,000,000	$0	$10,000,000
FTE	54.00	57.00	5.00	62.00
Department of Mineral Resources				
Total all funds	$28,381,785	$38,947,068	$1,405,535	$40,352,603
Less estimated income	268,000	5,278,377	744,460	6,022,837
General fund	$28,113,785	$33,668,691	$661,075	$34,329,766
FTE	108.00	111.00	2.00	113.00
Mill and Elevator				
Total all funds	$97,410,920	$108,440,415	$0	$108,440,415
Less estimated income	97,410,920	108,440,415	0	108,440,415
General fund	$0	$0	$0	$0
FTE	170.00	172.00	0.00	172.00
Bill total				
Total all funds	$390,877,637	$447,415,645	$2,536,562	$449,952,207
Less estimated income	360,263,852	403,346,954	1,875,487	405,222,441
General fund	$30,613,785	$44,068,691	$661,075	$44,729,766
FTE	528.75	536.75	7.00	543.75

Senate Bill No. 2014 - Industrial Commission - House Action

	Base Budget	Senate Version	House Changes	House Version
Salaries and wages	$1,884,918	$2,261,501	$325,000	$2,586,501
New and vacant FTE pool		20,376		20,376
Operating expenses	472,271	4,794,262	(500,000)	4,294,262
Grants		13,668,089		13,668,089
Grants - Bond payments	119,879,913	117,118,200		117,118,200
Total all funds	$122,237,102	$137,862,428	($175,000)	$137,687,428
Less estimated income	122,237,102	137,462,428	(175,000)	137,287,428
General fund	$0	$400,000	$0	$400,000
FTE	9.75	9.75	0.00	9.75

Department 405 - Industrial Commission - Detail of House Changes

	Decreases Salary Equity Funding[1]	Transfers Funding Between Line Items[2]	Total House Changes
Salaries and wages	($175,000)	$500,000	$325,000
New and vacant FTE pool			
Operating expenses		(500,000)	(500,000)
Grants			
Grants - Bond payments			
Total all funds	($175,000)	$0	($175,000)
Less estimated income	(175,000)	0	(175,000)
General fund	$0	$0	$0
FTE	0.00	0.00	0.00

[1] Funding for salary equity increases is decreased by $175,000, from $350,000 to $175,000. The $175,000 reflects $125,000 for the Industrial Commission executive director and $50,000 for the Public Finance Agency executive director. The Senate version provided $350,000, including $245,000 for the Industrial Commission executive director and $105,000 for the Public Finance Agency executive director.

[2] Funding of $500,000 is transferred from the operating expenses line item to the salaries and wages line item. The Senate version transferred $581,422 from the salaries and wages line item to the operating expenses line item. The net effect of these line item transfers is a decrease of $81,422 to the salaries and wages line item and an increase of $81,422 to the operating expenses line item.

This amendment also:

- Changes $50,000 of one-time funding from state special funds to ongoing funding related to operating expense inflationary increases.
- Decreases the administrative transfer by $175,000, from $2,435,660 to $2,260,660, to reflect the budget changes to the administrative office approved by the House. The Senate provided $2,435,660.

Senate Bill No. 2014 - Bank of North Dakota - House Action

	Base Budget	Senate Version	House Changes	House Version
New and vacant FTE pool		$2,122,074		$2,122,074
Capital assets	$705,722	4,143,299		4,143,299
Bank of North Dakota operations	70,899,761	76,111,404		76,111,404
Total all funds	$71,605,483	$82,376,777	$0	$82,376,777
Less estimated income	71,605,483	82,376,777	0	82,376,777
General fund	$0	$0	$0	$0
FTE	187.00	187.00	0.00	187.00

This amendment also:

- Consolidates the transfer of Bank of North Dakota profits to economic development programs rather than separately identifying the amount for each program.
- Amends the rebuilders loan program to allow loans for weather-related incidents or economic hardships as determined by the Governor.
- Increases the amount the North Dakota pipeline authority may borrow for pipeline capacity positions by $60 million, from $60 million to $120 million, and increases loan guarantees from the strategic investment and improvements fund by $40 million, from $140 million to $180 million, reflecting an increase of $60 million for North Dakota Pipeline Authority borrowing and a decrease of $20 million for other loan guarantees.
- Creates a new rail revolving loan fund to provide loans for rail infrastructure improvements with the requirement for the Department of Transportation to coordinate with the Bank to review and approve the rail projects and transferred any outstanding loans and moneys in the rail fund to the newly created rail revolving loan fund.

Senate Bill No. 2014 - Housing Finance Agency - House Action

	Base Budget	Senate Version	House Changes	House Version
Salaries and wages	$11,413,354	$13,068,897		$13,068,897
New and vacant FTE pool		1,024,774	$1,109,547	2,134,321
Operating expenses	10,903,883	9,470,176	196,480	9,666,656
Capital assets	20,000	20,000		20,000
Grants	48,805,110	46,105,110		46,105,110
HFA contingencies	100,000	100,000		100,000
Housing incentive fund		10,000,000		10,000,000
Total all funds	$71,242,347	$79,788,957	$1,306,027	$81,094,984
Less estimated income	68,742,347	69,788,957	1,306,027	71,094,984
General fund	$2,500,000	$10,000,000	$0	$10,000,000
FTE	54.00	57.00	5.00	62.00

Department 473 - Housing Finance Agency - Detail of House Changes

	Adds Funding for FTE positions[1]	Total House Changes
Salaries and wages		
New and vacant FTE pool	$1,109,547	$1,109,547
Operating expenses	196,480	196,480
Capital assets		
Grants		
HFA contingencies		
Housing incentive fund		
Total all funds	$1,306,027	$1,306,027
Less estimated income	1,306,027	1,306,027
General fund	$0	$0
FTE	5.00	5.00

[1] Funding related to salaries and wages for FTE positions is added as follows:

	FTE Positions	General Fund	Other Funds	Total
Homeownership and loan specialist position	1.00	$0	$184,796	$184,796
Business analyst position	1.00	0	257,410	257,410
Rent stabilization program positions	3.00	0	790,623	790,623
Total	5.00	$0	$1,232,829	$1,232,829

Funding for salaries and wages is decreased by $1,232,829 and funding of $1,109,547 is added to the new and vacant FTE pool for the positions resulting in net savings of $123,282. Funding of $196,480 is added for ongoing operating expenses related to the FTE positions.

This amendment also:

- Increases the amount transferred from the strategic investment and improvements fund (SIIF) to the housing incentive fund by $8.65 million, from $25 million to $33.65 million. The $8.65 million increase reflects an increase of $150,000 for a Native American homelessness liaison, an increase of $13.5 million for a rent stabilization fund, and a decrease of $5 million for other housing projects. The Senate designated $150,000 for a Native American homelessness liaison from the $10 million transferred from the general fund to the housing incentive fund and provided for a transfer of $25 million from SIIF to the housing incentive fund for housing programs.
- Adds a section identifying $1,200,983 from the housing incentive fund for administrative expenses, including funding for homelessness program and rent stabilization program positions and related operating expenses.
- Amends the housing incentive fund clarifying moneys in the fund to be transferred to the agency's operating fund for administrative expenses.

Senate Bill No. 2014 - Department of Mineral Resources - House Action

	Base Budget	Senate Version	House Changes	House Version
Salaries and wages	$23,261,532	$26,287,724		$26,287,724
New and vacant FTE pool		1,608,593	$513,025	2,121,618
Operating expenses	5,120,253	11,005,751	892,510	11,898,261
Capital assets		45,000		45,000
Total all funds	$28,381,785	$38,947,068	$1,405,535	$40,352,603
Less estimated income	268,000	5,278,377	744,460	6,022,837
General fund	$28,113,785	$33,668,691	$661,075	$34,329,766
FTE	108.00	111.00	2.00	113.00

Department 474 - Department of Mineral Resources - Detail of House Changes

	Adjusts FTE Positions and Operating Expenses[1]	Adjusts Funding for Operating Expenses[2]	Total House Changes
Salaries and wages			
New and vacant FTE pool	$513,025		$513,025
Operating expenses	138,180	$754,330	892,510
Capital assets			
Total all funds	$651,205	$754,330	$1,405,535
Less estimated income	692,965	51,495	744,460
General fund	($41,760)	$702,835	$661,075
FTE	2.00	0.00	2.00

[1] Funding related to salaries and wages for FTE positions is adjusted as follows:

	FTE Positions	General Fund	Other Funds	Total
Permitting technician position	(1.00)	($151,146)	$0	($151,146)
Reclamation specialist positions	2.00	(184,887)	554,661	369,774
Deputy director position	1.00	351,400	0	351,400
Total	2.00	$15,367	$554,661	$570,028

Funding for salaries and wages is decreased by $570,028 and funding of $513,025 is added to the new and vacant FTE pool for the positions resulting in net savings of $57,003. Funding of $138,180 is added for ongoing operating expenses related to the FTE positions.

The Senate version included $151,146 from the general fund for 1 FTE permitting technician and $184,887 from the general fund for 1 FTE reclamation specialist position. The House removed 1 FTE permitting technician, changed the funding source for 1 FTE reclamation specialist fund from the general fund to the abandoned oil and gas well plugging and site reclamation fund, and added 2 FTE reclamation specialist FTE positions.

[2] Funding for operating expenses is adjusted as follows:

- $735,000 of ongoing funding from the general fund is increased for state fleet rate adjustments to provide $2,235,000. The Senate version provided $1,500,000 from the general fund.
- $17,165 of one-time funding from the general fund is removed and $51,495 of one-time funding from the abandoned oil and gas well plugging and site reclamation fund is added for new FTE position operating expenses.
- $15,000 of one-time funding from the general fund for an enhanced oil recovery database is removed.

This amendment also:

- Adds a section identifying $799,926 from the abandoned oil and gas well plugging and site reclamation fund for administrative expenses, which includes funding for reclamation specialist positions and related operating expenses.
- Amends the abandoned oil and gas well plugging and site reclamation fund to allow moneys in the fund to be used for administrative expenses subject to legislative appropriation.
- Adds an exemption for up to $225,500 of the $2,300,000 appropriated from federal funds for an abandoned well

reclamation program during the 2023-25 biennium to continue into the 2025-27 biennium.

Senate Bill No. 2014 - Mill and Elevator - House Action

	Base Budget	Senate Version	House Changes	House Version
Salaries and wages	$54,019,267	$60,365,008		$60,365,008
New and vacant FTE pool		1,973,530		1,973,530
Operating expenses	42,391,653	45,101,877		45,101,877
Contingencies	500,000	500,000		500,000
Agriculture promotion	500,000	500,000		500,000
Total all funds	$97,410,920	$108,440,415	$0	$108,440,415
Less estimated income	97,410,920	108,440,415	0	108,440,415
General fund	$0	$0	$0	$0
FTE	170.00	172.00	0.00	172.00

The House did not make any changes related to the Mill and Elevator Association.

2025 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee
Roughrider Room, State Capitol

SB 2014
4/21/2025

A BILL for an Act to provide an appropriation for defraying the expenses of the industrial commission and the agencies under its control; relating to confidential and exempt records of the Bank of North Dakota and interest rate buydown limits for the partnership in assisting community expansion fund; relating to a salt cavern underground energy storage research project; to provide for a transfer; to provide an exemption; to provide for a legislative management study; to provide for a legislative management report; and to provide for a report.

5:00 p.m. Chairman Vigesaa called the meeting to order.

Members present: Chairman Vigesaa, Vice Chairman Kempenich, Representatives Anderson, Berg, Bosch, Brandenburg, Fisher, Hanson, Louser, Martinson, Meier, Mitskog, Monson, Murphy, Nathe, Nelson, O'Brien, Pyle, Richter, Sanford, Stemen, Swiontek, Wagner

Discussion Topics:

- Committee Action

5:01 p.m. Representative Kempenich explained Amendment LC #25.0181.02007, #45116.

5:58 p.m. Representative Kempenich moved to adopt amendment LC #25.0181.02007.

5:59 p.m. Representative O'Brien seconded the motion.

5:59 p.m. Roll Call Vote

Representatives	Vote
Representative Don Vigesaa	Y
Representative Keith Kempenich	Y
Representative Bert Anderson	Y
Representative Mike Berg	Y
Representative Glenn Bosch	Y
Representative Mike Brandenburg	Y
Representative Jay Fisher	Y
Representative Karla Rose Hanson	Y
Representative Scott Louser	AB
Representative Bob Martinson	Y
Representative Lisa Meier	Y
Representative Alisa Mitskog	Y
Representative David Monson	Y
Representative Eric J. Murphy	Y
Representative Mike Nathe	Y
Representative Jon O. Nelson	N

Representative Emily O'Brien	Y
Representative Brandy L. Pyle	Y
Representative David Richter	Y
Representative Mark Sanford	Y
Representative Gregory Stemen	Y
Representative Steve Swiontek	Y
Representative Scott Wagner	Y

5:59 p.m. Motion passed 21-1-1.

6:00 p.m. Representative Kempenich moved Do Pass as Amended.

6:00 p.m. Representative Swiontek seconded the motion.

6:00 p.m. Roll Call Vote

Representatives	Vote
Representative Don Vigesaa	Y
Representative Keith Kempenich	Y
Representative Bert Anderson	Y
Representative Mike Berg	Y
Representative Glenn Bosch	Y
Representative Mike Brandenburg	Y
Representative Jay Fisher	Y
Representative Karla Rose Hanson	Y
Representative Scott Louser	AB
Representative Bob Martinson	Y
Representative Lisa Meier	Y
Representative Alisa Mitskog	Y
Representative David Monson	Y
Representative Eric J. Murphy	Y
Representative Mike Nathe	Y
Representative Jon O. Nelson	N
Representative Emily O'Brien	Y
Representative Brandy L. Pyle	Y
Representative David Richter	Y
Representative Mark Sanford	Y
Representative Gregory Stemen	Y
Representative Steve Swiontek	Y
Representative Scott Wagner	Y

6:00 p.m. Motion passed 21-1-1.

6:00 p.m. Representative Kempenich will carry the bill.

6:02 p.m. Chairman Vigesaa adjourned the meeting.

Krystal Eberle, Committee Clerk

25.0181.02007
Title.03000
Fiscal No. 2

Prepared by the Legislative Council staff for House Appropriations - Government Operations Division Committee
April 16, 2025

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO FIRST ENGROSSMENT

CO 4/22/25 1 of 24

ENGROSSED SENATE BILL NO. 2014

Introduced by

Appropriations Committee

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 section to chapter 6-09 and a new subdivision to subsection 2 of section 38-08-04.5 of the North Dakota Century Code, relating to a rail revolving loan fund and uses of the abandoned oil and gas well plugging and site reclamation fund; to amend and reenact subsection 7 of section 6-08.1-02 and sections 6-09-35 ~~and~~, 6-09-46.2, 6-09.7-05, 6-09.14-04, and 49-17.1-02.1, subsection 1 of section 54-17-40, and subdivision a of subsection 4 of section 54-17.7-04 of the North Dakota Century Code, relating to confidential and exempt records of the Bank of North Dakota ~~and~~, the rebuilders loan program, loan guarantees through the strategic investment and improvements fund, interest rate buydown limits for the partnership in assisting community expansion fund, department of transportation review and approval of rail projects, uses of the housing incentive fund, and North Dakota pipeline borrowing authority; to amend and reenact section 15 of chapter 14 of the 2023 Session Laws, relating to a salt cavern underground energy storage research project; to provide for a transfer; to provide an exemption; to provide for a legislative management study; to provide for a legislative management report; and to provide for a report.

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 other funds derived from special funds and

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

Subdivision 1.

INDUSTRIAL COMMISSION

	Base Level	Adjustments or Enhancements	Appropriation
~~Salaries and wages~~	~~$1,884,918~~	~~$376,583~~	~~$2,261,501~~
~~New and vacant FTE pool~~	~~0~~	~~20,376~~	~~20,376~~
~~Operating expenses~~	~~472,271~~	~~4,321,991~~	~~4,794,262~~
~~Grants~~	~~0~~	~~13,668,089~~	~~13,668,089~~
~~Grants - bond payments~~	~~119,879,913~~	~~(2,761,713)~~	~~117,118,200~~
~~Total all funds~~	~~$122,237,102~~	~~$15,625,326~~	~~$137,862,428~~
~~Less other funds~~	~~122,237,102~~	~~15,225,326~~	~~137,462,428~~
Salaries and wages	$1,884,918	$701,583	$2,586,501
New and vacant FTE pool	0	20,376	20,376
Operating expenses	472,271	3,821,991	4,294,262
Grants	0	13,668,089	13,668,089
Grants - bond payments	119,879,913	(2,761,713)	117,118,200
Total all funds	$122,237,102	$15,450,326	$137,687,428
Less other funds	122,237,102	15,050,326	137,287,428
Total general fund	$0	$400,000	$400,000
Full-time equivalent positions	9.75	0.00	9.75

Subdivision 2.

BANK OF NORTH DAKOTA

	Base Level	Adjustments or Enhancements	Appropriation
Bank of North Dakota operations	$70,899,761	$5,211,643	$76,111,404
New and vacant FTE pool	0	2,122,074	2,122,074
Capital assets	705,722	3,437,577	4,143,299

Total other funds	$71,605,483	$10,771,294	$82,376,777
Full-time equivalent positions	187.00	0.00	187.00

Subdivision 3.

HOUSING FINANCE AGENCY

	Base Level	Adjustments or Enhancements	Appropriation
~~Salaries and wages~~	~~$11,413,354~~	~~$1,655,543~~	~~$13,068,897~~
~~New and vacant FTE pool~~	~~0~~	~~1,024,774~~	~~1,024,774~~
~~Operating expenses~~	~~10,903,883~~	~~(1,433,707)~~	~~9,470,176~~
~~Capital assets~~	~~20,000~~	~~0~~	~~20,000~~
~~Grants~~	~~48,805,110~~	~~(2,700,000)~~	~~46,105,110~~
~~Housing finance agency contingencies~~	~~100,000~~	~~0~~	~~100,000~~
~~Total all funds~~	~~$71,242,347~~	~~($1,453,390)~~	~~$69,788,957~~
~~Less other funds~~	~~68,742,347~~	~~1,046,610~~	~~69,788,957~~
~~Total general fund~~	~~$2,500,000~~	~~($2,500,000)~~	~~$0~~
~~Full-time equivalent positions~~	~~54.00~~	~~3.00~~	~~57.00~~
Salaries and wages	$11,413,354	$1,655,543	$13,068,897
New and vacant FTE pool	0	2,134,321	2,134,321
Operating expenses	10,903,883	(1,237,227)	9,666,656
Capital assets	20,000	0	20,000
Grants	48,805,110	(2,700,000)	46,105,110
Housing finance agency contingencies	100,000	0	100,000
Total all funds	$71,242,347	($147,363)	$71,094,984
Less other funds	68,742,347	2,352,637	71,094,984
Total general fund	$2,500,000	($2,500,000)	$0
Full-time equivalent positions	54.00	8.00	62.00

Subdivision 4.

DEPARTMENT OF MINERAL RESOURCES

	Base Level	Adjustments or Enhancements	Appropriation
~~Salaries and wages~~	~~$23,261,532~~	~~$3,026,192~~	~~$26,287,724~~

~~New and vacant FTE pool~~	~~0~~	~~1,608,593~~	~~1,608,593~~
~~Operating expenses~~	~~5,120,253~~	~~5,885,498~~	~~11,005,751~~
~~Capital assets~~	~~0~~	~~45,000~~	~~45,000~~
~~Total all funds~~	~~$28,381,785~~	~~$10,565,283~~	~~$38,947,068~~
~~Less other funds~~	~~268,000~~	~~5,010,377~~	~~5,278,377~~
~~Total general fund~~	~~$28,113,785~~	~~$5,554,906~~	~~$33,668,691~~
~~Full-time equivalent positions~~	~~108.00~~	~~3.00~~	~~111.00~~
Salaries and wages	$23,261,532	$3,026,192	$26,287,724
New and vacant FTE pool	0	2,121,618	2,121,618
Operating expenses	5,120,253	6,778,008	11,898,261
Capital assets	0	45,000	45,000
Total all funds	$28,381,785	$11,970,818	$40,352,603
Less other funds	268,000	5,754,837	6,022,837
Total general fund	$28,113,785	$6,215,981	$34,329,766
Full-time equivalent positions	108.00	5.00	113.00

Subdivision 5.

MILL AND ELEVATOR ASSOCIATION

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

Subdivision 6.

TOTAL SECTION 1

	Base Level	Adjustments or Enhancements	Appropriation
~~Grand total all funds~~	~~$390,877,637~~	~~$46,538,008~~	~~$437,415,645~~

~~Less grand total other funds~~	~~360,263,852~~	~~43,083,102~~	~~403,346,954~~
~~Grand total general fund~~	~~$30,613,785~~	~~$3,454,906~~	~~$34,068,691~~
Grand total all funds	$390,877,637	$49,074,570	$439,952,207
Less grand total other funds	360,263,852	44,958,589	405,222,441
Grand total general fund	$30,613,785	$4,115,981	$34,729,766

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

One-Time Funding Description	General Fund	Other Funds	Total
Industrial commission			
~~Inflationary increases~~	~~$0~~	~~$50,000~~	~~$50,000~~
~~Electricity grid resiliency federal grant~~	~~0~~	~~13,668,089~~	~~13,668,089~~
~~Lignite litigation~~	~~0~~	~~3,000,000~~	~~3,000,000~~
~~Subtotal industrial commission~~	~~$0~~	~~$16,718,089~~	~~$16,718,089~~
Electricity grid resiliency federal grant	$0	$13,668,089	$13,668,089
Lignite litigation	0	3,000,000	3,000,000
Subtotal industrial commission	$0	$16,668,089	$16,668,089
Bank of North Dakota			
Capital improvement projects	$0	$2,633,299	$2,633,299
Subtotal Bank of North Dakota	$0	$2,633,299	$2,633,299
Department of mineral resources			
Federal abandoned well program	$0	$1,444,377	$1,444,377
~~FTE position operating expenses~~	~~41,600~~	~~0~~	~~41,600~~
FTE position operating expenses	24,435	51,495	75,930
Mineral analyses	100,000	0	100,000
Rare earth elements study	0	400,000	400,000
~~Archeology excavation project~~	~~0~~	~~150,000~~	~~150,000~~
Paleontology excavation project	0	150,000	150,000
Oil and gas litigation	0	3,000,000	3,000,000

~~Enhanced oil recovery database~~	~~15,000~~	~~0~~	~~15,000~~
Portable mineral detection equipment	45,000	0	45,000
~~Subtotal department of mineral resources~~	~~$201,600~~	~~$4,994,377~~	~~$5,195,977~~
~~Grand total~~	~~$201,600~~	~~$24,345,765~~	~~$24,547,365~~
Subtotal department of mineral resources	$169,435	$5,045,872	$5,215,307
Grand total	$169,435	$24,347,260	$24,516,695

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

SECTION 4. 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	412,207
Total	$117,118,200

SECTION 5. 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 special 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 6. APPROPRIATION - TRANSFER GENERAL FUND TO HOUSING INCENTIVE FUND - TRANSFER STRATEGIC INVESTMENT AND IMPROVEMENTS FUND TO HOUSING INCENTIVE FUND - HOMELESS PROGRAMS - HOUSING PROGRAMS - EXEMPTION - ONE-TIME FUNDING.

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

2. The office of management and budget shall transfer the sum of ~~$25,000,000~~$33,650,000 from the strategic investment and improvements fund to the housing incentive fund during the biennium beginning July 1, 2025, and ending June 30, 2027, for the following:

   a. $150,000 for a passthrough grant. Notwithstanding any other requirements under section 54-17-40 and pursuant to the continuing appropriation under section 54-17-40, the housing finance agency shall distribute a passthrough grant of $150,000 from the housing incentive fund to a Native American focused organization with a presence in multiple communities for a Native American homelessness liaison.

   b. Up to $13,500,000 for a rent stabilization fund program, including assistance to support individuals who are at risk due to financial instability and to prevent evictions.

   c. $20,000,000 and any remaining amounts for other housing projects and programs pursuant to section 54-17-40.

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~~$2,260,660, 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 - SMALL BUSINESS DEVELOPMENT CENTER. 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;~~
4. ~~$15,000,000 to the beginning farmer revolving loan fund~~$60,000,000 to economic development programs administered by the Bank, including 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

~~5.~~2. $1,900,000 to the university of North Dakota for the North Dakota small business development center for the purpose of matching federal grants.

SECTION 10. TRANSFER - RAIL FUND TO RAIL REVOLVING LOAN FUND. The department of transportation shall transfer any outstanding loans and remaining balance from the rail fund to the rail revolving loan fund on July 1, 2025.

SECTION 11. TRANSFER STATE ENERGY RESEARCH CENTER FUND TO OIL AND GAS RESEARCH FUND - TRANSFER STRATEGIC INVESTMENT AND IMPROVEMENTS FUND TO OIL AND GAS RESEARCH FUND - ENHANCED OIL RECOVERY GRANT PROGRAM.

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

SECTION 12. LIGNITE RESEARCH, DEVELOPMENT, AND MARKETING PROGRAM - LIGNITE MARKETING FEASIBILITY STUDY - REPORT TO THE SEVENTIETH LEGISLATIVE ASSEMBLY.

1. Pursuant to the continuing appropriation under section 57-61-01.6, up to $4,500,000 from the lignite research fund 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 designated under this section also may be used for the purpose of contracting for nonmatching studies and activities in support of advanced energy technology and other technology development programs; 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 needed for the purposes stated in this section are available to the industrial commission for funding projects, processes, or activities under the lignite research, development, and marketing program.

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

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

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

SECTION 14. OTHER FUNDS - ABANDONED OIL AND GAS WELL PLUGGING AND SITE RECLAMATION FUND - ADMINISTRATIVE EXPENSES. The other funds line item in subdivision 4 of section 1 of this Act includes the sum of $799,926 from the abandoned oil and gas well plugging and site reclamation fund for administrative expenses, including funding for reclamation specialist positions and related operating expenses.

SECTION 15. OTHER FUNDS - HOUSING INCENTIVE FUND - ADMINISTRATIVE EXPENSES. The other funds line item in subdivision 3 of section 1 of this Act includes the sum of $1,200,983, transferred from the housing incentive fund to the agency's operating fund for administrative expenses, including funding for homelessness program and rent stabilization program positions and related operating expenses.

SECTION 16. AMENDMENT. Subsection 7 of section 6-08.1-02 of the North Dakota Century Code is amended and reenacted as follows:

7. The release by the industrial commission, in its capacity as the managing body of the Bank of North Dakota, of the following:
   a. The name of any person who has obtained approval for direct ~~or indirect~~ financing or security, including a loan guarantee or a letter of credit, through the Bank of North Dakota primarily for purposes other than personal, family, or household purposes.
   b. The amount of any financing or security referenced in subdivision a.
   c. The amount of any net writeoff or loan forgiveness ~~associated with the financing or security referenced in subdivision a which~~that the industrial commission determines is uncollectible.
   d. The program under which any financing or security referenced in subdivision a was made.

SECTION 17. AMENDMENT. Section 6-09-35 of the North Dakota Century Code is amended and reenacted as follows:

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

1. The following records of the Bank of North Dakota are confidential:
   ~~1.~~ a. Commercial or financial information of a customer, whether obtained directly or indirectly, except for routine credit inquiries or unless required by due legal process. As used in this subsection, "customer" means any person who has transacted or is transacting business with, or has used or is using the services of, the Bank of North Dakota, or for whom the Bank of North Dakota has acted as a fiduciary with respect to trust property.
   ~~2.~~ b. Internal or interagency memorandums or letters which would not be available by law to a party other than in litigation with the Bank.

~~3.~~ c. Information contained in or related to examination, operating, or condition reports prepared by, on behalf of, or for the use of a state or federal agency responsible for the regulation or supervision of any Bank activity.

~~4.~~ d. Information obtained from the state department of financial institutions which would not be available from that agency under section 6-01-07.1.

~~5.~~ e. The report by a Bank officer or member of the Bank's advisory board of directors concerning personal financial statements.

2. The following records of the Bank of North Dakota are exempt:

a. Bond insurance coverage, including excess bond insurance coverage.

b. Cyber liability coverage, including excess cyber liability coverage.

SECTION 18. AMENDMENT. Section 6-09-46.2 of the North Dakota Century Code is amended and reenacted as follows:

6-09-46.2. Rebuilders loan program - Rebuilders permanent loan fund - Continuing appropriation.

1. The Bank of North Dakota shall develop a rebuilders loan program to make or participate in loans to North Dakota residents ~~affected by extraordinary losses~~ as a result of ~~a~~:

a. A presidentially declared disaster ~~or~~in the state;

b. A governor-declared disaster ~~or~~in the state;

c. An emergency in the state;

d. A weather-related incident in the state as determined by the governor; or

e. An economic hardship as determined by the governor.

2. Under the rebuilders loan program, the Bank shall develop and implement specific loan programs to respond to the specific needs resulting from a disaster ~~or~~, emergency, incident, or hardship. The Bank may fund the loan from any available funding in the rebuilders permanent loan fund and may accept private sector donations and funds from the federal government.

~~2.~~3. Upon request of the Bank of North Dakota, the governor shall furnish the Bank with information relating to the nature and amount of state and local resources that have been or will be committed to alleviating the results of the disaster or emergency, an

estimate of the amount and severity of the damage and the impact on the private and public sectors, and an estimate of the type and amount of assistance needed.

~~3.~~4. To apply for a loan under the program, a person shall apply to the originating financial institution. Upon Bank of North Dakota approval of an application, the Bank shall make a loan in accordance with the loan program established under this section. The Bank shall establish a loan application period, which may not exceed a period of eighteen months from the date of the declaration of the disaster or emergency.

~~4.~~5. Excluding the rebuilders and rebuilders home loans transferred to the fund, the Bank of North Dakota shall deposit in the fund all principal and interest paid on the loans made from the fund. The Bank may deduct from interest payments received on a loan under the program a service fee for administering the fund for the Bank and the originating financial institution. The fund must be audited annually pursuant to section 6-09-29, and the cost of the audit and any other actual costs incurred by the Bank on behalf of the fund, must be paid by the fund.

~~5.~~6. There is created in the state treasury the rebuilders permanent loan fund administered by the Bank of North Dakota. The fund consists of all moneys transferred to the fund by the legislative assembly, interest on moneys in the fund, and payments to the fund of principal and interest on loans made from the fund. All moneys in the fund are appropriated to the Bank on a continuing basis for the rebuilders loan program.

~~6.~~7. If approved by the industrial commission, the fund may borrow from the Bank of North Dakota to provide funding for loans under this section. A loan made to the fund by the Bank must be repaid with principal and interest payment received by the rebuilders permanent loan fund or with moneys appropriated by the legislative assembly.

~~7.~~8. The Bank of North Dakota shall adopt policies to implement this section.

SECTION 19. A new section to chapter 6-09 of the North Dakota Century Code is created and enacted as follows:

Rail revolving loan fund - Continuing appropriation.

1. The rail revolving loan fund is a special fund in the state treasury from which the Bank of North Dakota shall provide loans to counties, cities, railroads, and other freight railroad users to construct or upgrade rail infrastructure to improve rail service.

2. The Bank shall administer the fund in accordance with the provisions of this section and may adopt policies and establish guidelines for the loans, including policies for eligibility and allowing participation by local financial institutions. Class I railroads are not eligible.

3. The Bank shall consider the applicant's ability to repay the loan when processing the application and shall issue loans only to applicants that provide reasonable assurance of sufficient future income to repay the loan.

4. The department of transportation shall review and approve the project before the Bank may issue a loan based on policies developed by the department.

5. The Bank shall deposit in the fund all payments of principal and interest paid on loans made from the fund. The Bank may use a portion of the interest paid on the outstanding loans as a servicing fee to pay administrative costs which may not exceed one-half of one percent of the amount of the outstanding loans.

6. All moneys transferred to the fund, interest upon moneys in the fund, and payments to the fund of principal and interest are appropriated to the Bank on a continuing basis for administrative costs and for loan disbursements according to this section.

7. The fund must be audited annually pursuant to section 6-09-29, and the cost of the audit must be paid from the fund.

SECTION 20. AMENDMENT. Section 6-09.7-05 of the North Dakota Century Code is amended and reenacted as follows:

6-09.7-05. ~~Establishment and maintenance of adequate guarantee funds - Use of strategic investment and improvements fund. (Effective through June 30, 2025)~~

~~The Bank of North Dakota shall establish and at all times maintain an adequate guarantee reserve fund in a special account in the Bank. The Bank may request the director of the office of management and budget to transfer funds from the strategic investment and improvements fund created by section 15-08.1-08 to maintain one hundred percent of the guarantee reserve fund balance. Transfers from the strategic investment and improvements fund may not exceed a total of eighty million dollars. Moneys in the guarantee reserve fund are available to reimburse lenders for guaranteed loans in default. The securities in which the moneys in the reserve fund may be invested must meet the same requirements as those authorized for investment under the state investment board. The income from such investments must be made available for the~~

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~~costs of administering the state guarantee loan program and income in excess of that required to pay the cost of administering the program must be deposited in the reserve fund. The amount of reserves for all guaranteed loans must be determined by a formula that will assure, as determined by the Bank, an adequate amount of reserve.~~

Establishment and maintenance of adequate guarantee funds - Use of strategic investment and improvements fund. ~~**(Effective after June 30, 2025)**~~ The Bank of North Dakota shall establish and at all times maintain an adequate guarantee reserve fund in a special account in the Bank. The Bank may request the director of the office of management and budget to transfer funds from the strategic investment and improvements fund created by section 15-08.1-08 to maintain one hundred percent of the guarantee reserve fund balance. Transfers from the strategic investment and improvements fund may not exceed a total of ~~one hundred forty million~~one hundred eighty million dollars. Moneys in the guarantee reserve fund are available to reimburse lenders, including the Bank, for guaranteed loans in default. The securities in which the moneys in the reserve fund may be invested must meet the same requirements as those authorized for investment under the state investment board. The income from such investments must be made available for the costs of administering the state guarantee loan program and income in excess of that required to pay the cost of administering the program must be deposited in the reserve fund. The amount of reserves for all guaranteed loans must be determined by a formula that will assure, as determined by the Bank, an adequate amount of reserve.

SECTION 21. AMENDMENT. Section 6-09.14-04 of the North Dakota Century Code is amended and reenacted as follows:

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

1. The fund moneys may be used to participate in an interest rate buydown on a loan to a new or expanding business for the following eligible uses:
   a. Purchase of real property and equipment.
   b. Expansion of facilities.
   c. Working capital.
   d. Inventory.
2. The loan funds cannot be used to refinance any existing debt or for the relocation of the business within North Dakota.

~~2.~~3. The community shall determine the amount of the interest rate buydown and apply to the Bank of North Dakota for participation from the partnership in assisting community expansion fund. The funds for the community's portion of the buydown may come from a local development corporation, contributions, community funds, future dedicated tax programs, or any other community source.

~~3.~~4. The fund participation portion in the buydown must be determined by the Bank of North Dakota based on economic conditions in the city or county in which the business is located.

~~4.~~5. a. The maximum amount from the fund in the interest rate buydown may not exceed five hundred thousand dollars per loan.

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

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

~~5.~~7. The Bank of North Dakota shall adopt rules to implement this chapter.

SECTION 22. A new subdivision to subsection 2 of section 38-08-04.5 of the North Dakota Century Code is created and enacted as follows:

Administrative expenses, including salaries and wages and operating expenses, subject to legislative appropriation.

SECTION 23. AMENDMENT. Section 49-17.1-02.1 of the North Dakota Century Code is amended and reenacted as follows:

49-17.1-02.1. ~~Department may authorize local~~Review and approval of rail projects.

~~For the purpose of promoting the public interest and local economic development, the department may utilize revenue generated under this chapter for the construction or improvement of railway freight transportation projects not otherwise eligible for assistance under the Railroad Revitalization and Regulatory Reform Act of 1976 [Pub. L. 94-210; 90 Stat. 149; 49 U.S.C. 1651 et seq.] and which meet standards and specifications developed by the department~~The department shall coordinate with the Bank of North Dakota to approve and review rail projects financed under the rail revolving loan fund under section 19 of this Act.

SECTION 24. AMENDMENT. Subsection 1 of section 54-17-40 of the North Dakota Century Code is amended and reenacted as follows:

1. The housing incentive fund is ~~created as a special revolving fund at the Bank of North Dakota. The housing finance agency may direct disbursements from the fund and a continuing appropriation from the fund is provided for that purpose~~a special fund in the state treasury administered by the housing finance agency. Moneys in the fund are appropriated to the housing finance agency on a continuing basis for assistance under subsection 3. Moneys in the fund may be transferred to the housing finance agency's operating fund for administrative expenses, which are subject to legislative appropriation.

SECTION 25. AMENDMENT. Subdivision a of subsection 4 of section 54-17.7-04 of the North Dakota Century Code is amended and reenacted as follows:

a. The authority may borrow up to ~~sixty million~~one hundred twenty million dollars through a line of credit from the Bank. The interest rate on the line of credit must be the prevailing interest rate charged to North Dakota governmental entities.

SECTION 26. AMENDMENT. Section 15 of chapter 14 of the 2023 Session Laws is amended and reenacted as follows:

SECTION 15. TRANSFER - STRATEGIC INVESTMENT AND IMPROVEMENTS 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 27. 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~~subdivision 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~~subdivision 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~~subdivision 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~~subdivision 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.

6. Up to $225,500 of the $2,300,000 appropriated from federal funds to the department of mineral resources for administrative expenses related to an abandoned well reclamation program in subdivision 2 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.

SECTION 28. 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.

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2014 - Summary of House Action

	Base Budget	Senate Version	House Changes	House Version
Industrial Commission				
Total all funds	$122,237,102	$137,862,428	($175,000)	$137,687,428
Less estimated income	122,237,102	137,462,428	(175,000)	137,287,428
General fund	$0	$400,000	$0	$400,000
FTE	9.75	9.75	0.00	9.75
Bank of North Dakota				
Total all funds	$71,605,483	$82,376,777	$0	$82,376,777
Less estimated income	71,605,483	82,376,777	0	82,376,777
General fund	$0	$0	$0	$0
FTE	187.00	187.00	0.00	187.00
Housing Finance Agency				
Total all funds	$71,242,347	$79,788,957	$1,306,027	$81,094,984
Less estimated income	68,742,347	69,788,957	1,306,027	71,094,984
General fund	$2,500,000	$10,000,000	$0	$10,000,000
FTE	54.00	57.00	5.00	62.00
Department of Mineral Resources				
Total all funds	$28,381,785	$38,947,068	$1,405,535	$40,352,603
Less estimated income	268,000	5,278,377	744,460	6,022,837
General fund	$28,113,785	$33,668,691	$661,075	$34,329,766
FTE	108.00	111.00	2.00	113.00
Mill and Elevator				
Total all funds	$97,410,920	$108,440,415	$0	$108,440,415
Less estimated income	97,410,920	108,440,415	0	108,440,415
General fund	$0	$0	$0	$0
FTE	170.00	172.00	0.00	172.00
Bill total				
Total all funds	$390,877,637	$447,415,645	$2,536,562	$449,952,207
Less estimated income	360,263,852	403,346,954	1,875,487	405,222,441
General fund	$30,613,785	$44,068,691	$661,075	$44,729,766
FTE	528.75	536.75	7.00	543.75

Senate Bill No. 2014 - Industrial Commission - House Action

	Base Budget	Senate Version	House Changes	House Version
Salaries and wages	$1,884,918	$2,261,501	$325,000	$2,586,501
New and vacant FTE pool		20,376		20,376
Operating expenses	472,271	4,794,262	(500,000)	4,294,262
Grants		13,668,089		13,668,089
Grants - Bond payments	119,879,913	117,118,200		117,118,200
Total all funds	$122,237,102	$137,862,428	($175,000)	$137,687,428
Less estimated income	122,237,102	137,462,428	(175,000)	137,287,428
General fund	$0	$400,000	$0	$400,000
FTE	9.75	9.75	0.00	9.75

2/04/24

Department 405 - Industrial Commission - Detail of House Changes

	Decreases Salary Equity Funding[1]	Transfers Funding Between Line Items[2]	Total House Changes
Salaries and wages	($175,000)	$500,000	$325,000
New and vacant FTE pool			
Operating expenses		(500,000)	(500,000)
Grants			
Grants - Bond payments			
Total all funds	($175,000)	$0	($175,000)
Less estimated income	(175,000)	0	(175,000)
General fund	$0	$0	$0
FTE	0.00	0.00	0.00

[1] Funding for salary equity increases is decreased by $175,000, from $350,000 to $175,000. The $175,000 reflects $125,000 for the Industrial Commission executive director and $50,000 for the Public Finance Agency executive director. The Senate version provided $350,000, including $245,000 for the Industrial Commission executive director and $105,000 for the Public Finance Agency executive director.

[2] Funding of $500,000 is transferred from the operating expenses line item to the salaries and wages line item. The Senate version transferred $581,422 from the salaries and wages line item to the operating expenses line item. The net effect of these line item transfers is a decrease of $81,422 to the salaries and wages line item and an increase of $81,422 to the operating expenses line item.

This amendment also:

- Changes $50,000 of one-time funding from state special funds to ongoing funding related to operating expense inflationary increases.
- Decreases the administrative transfer by $175,000, from $2,435,660 to $2,260,660, to reflect the budget changes to the administrative office approved by the House. The Senate provided $2,435,660.

Senate Bill No. 2014 - Bank of North Dakota - House Action

	Base Budget	Senate Version	House Changes	House Version
New and vacant FTE pool		$2,122,074		$2,122,074
Capital assets	$705,722	4,143,299		4,143,299
Bank of North Dakota operations	70,899,761	76,111,404		76,111,404
Total all funds	$71,605,483	$82,376,777	$0	$82,376,777
Less estimated income	71,605,483	82,376,777	0	82,376,777
General fund	$0	$0	$0	$0
FTE	187.00	187.00	0.00	187.00

This amendment also:

- Consolidates the transfer of Bank of North Dakota profits to economic development programs rather than separately identifying the amount for each program.
- Amends the rebuilders loan program to allow loans for weather-related incidents or economic hardships as determined by the Governor.
- Increases the amount the North Dakota pipeline authority may borrow for pipeline capacity positions by $60 million, from $60 million to $120 million, and increases loan guarantees from the strategic investment and improvements fund by $40 million, from $140 million to $180 million, reflecting an increase of $60 million for North Dakota Pipeline Authority borrowing and a decrease of $20 million for other loan guarantees.
- Creates a new rail revolving loan fund to provide loans for rail infrastructure improvements with the requirement for the Department of Transportation to coordinate with the Bank to review and approve the rail projects and transferred any outstanding loans and moneys in the rail fund to the newly created rail revolving loan fund.

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Senate Bill No. 2014 - Housing Finance Agency - House Action

	Base Budget	Senate Version	House Changes	House Version
Salaries and wages	$11,413,354	$13,068,897		$13,068,897
New and vacant FTE pool		1,024,774	$1,109,547	2,134,321
Operating expenses	10,903,883	9,470,176	196,480	9,666,656
Capital assets	20,000	20,000		20,000
Grants	48,805,110	46,105,110		46,105,110
HFA contingencies	100,000	100,000		100,000
Housing incentive fund		10,000,000		10,000,000
Total all funds	$71,242,347	$79,788,957	$1,306,027	$81,094,984
Less estimated income	68,742,347	69,788,957	1,306,027	71,094,984
General fund	$2,500,000	$10,000,000	$0	$10,000,000
FTE	54.00	57.00	5.00	62.00

Department 473 - Housing Finance Agency - Detail of House Changes

	Adds Funding for FTE positions[1]	Total House Changes
Salaries and wages		
New and vacant FTE pool	$1,109,547	$1,109,547
Operating expenses	196,480	196,480
Capital assets		
Grants		
HFA contingencies		
Housing incentive fund		
Total all funds	$1,306,027	$1,306,027
Less estimated income	1,306,027	1,306,027
General fund	$0	$0
FTE	5.00	5.00

[1] Funding related to salaries and wages for FTE positions is added as follows:

	FTE Positions	General Fund	Other Funds	Total
Homeownership and loan specialist position	1.00	$0	$184,796	$184,796
Business analyst position	1.00	0	257,410	257,410
Rent stabilization program positions	3.00	0	790,623	790,623
Total	5.00	$0	$1,232,829	$1,232,829

Funding for salaries and wages is decreased by $1,232,829 and funding of $1,109,547 is added to the new and vacant FTE pool for the positions resulting in net savings of $123,282. Funding of $196,480 is added for ongoing operating expenses related to the FTE positions.

This amendment also:

- Increases the amount transferred from the strategic investment and improvements fund (SIIF) to the housing incentive fund by $8.65 million, from $25 million to $33.65 million. The $8.65 million increase reflects an increase of $150,000 for a Native American homelessness liaison, an increase of $13.5 million for a rent stabilization fund, and a decrease of $5 million for other housing projects. The Senate designated $150,000 for a Native American homelessness liaison from the $10 million transferred from the general fund to the housing incentive fund and provided for a transfer of $25 million from SIIF to the housing incentive fund for housing programs.
- Adds a section identifying $1,200,983 from the housing incentive fund for administrative expenses, including funding for homelessness program and rent stabilization program positions and related operating expenses.
- Amends the housing incentive fund clarifying moneys in the fund to be transferred to the agency's operating fund for administrative expenses.

Senate Bill No. 2014 - Department of Mineral Resources - House Action

	Base Budget	Senate Version	House Changes	House Version
Salaries and wages	$23,261,532	$26,287,724		$26,287,724
New and vacant FTE pool		1,608,593	$513,025	2,121,618
Operating expenses	5,120,253	11,005,751	892,510	11,898,261
Capital assets		45,000		45,000
Total all funds	$28,381,785	$38,947,068	$1,405,535	$40,352,603
Less estimated income	268,000	5,278,377	744,460	6,022,837
General fund	$28,113,785	$33,668,691	$661,075	$34,329,766
FTE	108.00	111.00	2.00	113.00

Department 474 - Department of Mineral Resources - Detail of House Changes

	Adjusts FTE Positions and Operating Expenses[1]	Adjusts Funding for Operating Expenses[2]	Total House Changes
Salaries and wages			
New and vacant FTE pool	$513,025		$513,025
Operating expenses	138,180	$754,330	892,510
Capital assets			
Total all funds	$651,205	$754,330	$1,405,535
Less estimated income	692,965	51,495	744,460
General fund	($41,760)	$702,835	$661,075
FTE	2.00	0.00	2.00

[1] Funding related to salaries and wages for FTE positions is adjusted as follows:

	FTE Positions	General Fund	Other Funds	Total
Permitting technician position	(1.00)	($151,146)	$0	($151,146)
Reclamation specialist positions	2.00	(184,887)	554,661	369,774
Deputy director position	1.00	351,400	0	351,400
Total	2.00	$15,367	$554,661	$570,028

Funding for salaries and wages is decreased by $570,028 and funding of $513,025 is added to the new and vacant FTE pool for the positions resulting in net savings of $57,003. Funding of $138,180 is added for ongoing operating expenses related to the FTE positions.

The Senate version included $151,146 from the general fund for 1 FTE permitting technician and $184,887 from the general fund for 1 FTE reclamation specialist position. The House removed 1 FTE permitting technician, changed the funding source for 1 FTE reclamation specialist fund from the general fund to the abandoned oil and gas well plugging and site reclamation fund, and added 2 FTE reclamation specialist FTE positions.

[2] Funding for operating expenses is adjusted as follows:

- $735,000 of ongoing funding from the general fund is increased for state fleet rate adjustments to provide $2,235,000. The Senate version provided $1,500,000 from the general fund.
- $17,165 of one-time funding from the general fund is removed and $51,495 of one-time funding from the abandoned oil and gas well plugging and site reclamation fund is added for new FTE position operating expenses.
- $15,000 of one-time funding from the general fund for an enhanced oil recovery database is removed.

This amendment also:

- Adds a section identifying $799,926 from the abandoned oil and gas well plugging and site reclamation fund for administrative expenses, which includes funding for reclamation specialist positions and related operating expenses.
- Amends the abandoned oil and gas well plugging and site reclamation fund to allow moneys in the fund to be used for administrative expenses subject to legislative appropriation.
- Adds an exemption for up to $225,500 of the $2,300,000 appropriated from federal funds for an abandoned well

reclamation program during the 2023-25 biennium to continue into the 2025-27 biennium.

Senate Bill No. 2014 - Mill and Elevator - House Action

	Base Budget	Senate Version	House Changes	House Version
Salaries and wages	$54,019,267	$60,365,008		$60,365,008
New and vacant FTE pool		1,973,530		1,973,530
Operating expenses	42,391,653	45,101,877		45,101,877
Contingencies	500,000	500,000		500,000
Agriculture promotion	500,000	500,000		500,000
Total all funds	$97,410,920	$108,440,415	$0	$108,440,415
Less estimated income	97,410,920	108,440,415	0	108,440,415
General fund	$0	$0	$0	$0
FTE	170.00	172.00	0.00	172.00

The House did not make any changes related to the Mill and Elevator Association.

REPORT OF STANDING COMMITTEE
ENGROSSED SB 2014

Appropriations Committee (Rep. Vigesaa, Chairman) recommends **AMENDMENTS (25.0181.02007)** and when so amended, recommends **DO PASS** (21 YEAS, 1 NAY, 1 ABSENT OR EXCUSED AND NOT VOTING). Engrossed SB 2014 was placed on the Sixth order on the calendar.

25.0181.02007
Title.
Fiscal No. 2

Prepared by the Legislative Council staff for House Appropriations - Government Operations Division Committee
April 16, 2025

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO FIRST ENGROSSMENT

ENGROSSED SENATE BILL NO. 2014

Introduced by

Appropriations Committee

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 section to chapter 6-09 and a new subdivision to subsection 2 of section 38-08-04.5 of the North Dakota Century Code, relating to a rail revolving loan fund and uses of the abandoned oil and gas well plugging and site reclamation fund; to amend and reenact subsection 7 of section 6-08.1-02 and sections 6-09-35 ~~and~~, 6-09-46.2, 6-09.7-05, 6-09.14-04, and 49-17.1-02.1, subsection 1 of section 54-17-40, and subdivision a of subsection 4 of section 54-17.7-04 of the North Dakota Century Code, relating to confidential and exempt records of the Bank of North Dakota ~~and~~, the rebuilders loan program, loan guarantees through the strategic investment and improvements fund, interest rate buydown limits for the partnership in assisting community expansion fund, department of transportation review and approval of rail projects, uses of the housing incentive fund, and North Dakota pipeline borrowing authority; to amend and reenact section 15 of chapter 14 of the 2023 Session Laws, relating to a salt cavern underground energy storage research project; to provide for a transfer; to provide an exemption; to provide for a legislative management study; to provide for a legislative management report; and to provide for a report.

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 other funds derived from special funds and

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

Subdivision 1.

INDUSTRIAL COMMISSION

	Base Level	Adjustments or Enhancements	Appropriation
~~Salaries and wages~~	~~$1,884,918~~	~~$376,583~~	~~$2,261,501~~
~~New and vacant FTE pool~~	~~0~~	~~20,376~~	~~20,376~~
~~Operating expenses~~	~~472,271~~	~~4,321,991~~	~~4,794,262~~
~~Grants~~	~~0~~	~~13,668,089~~	~~13,668,089~~
~~Grants - bond payments~~	~~119,879,913~~	~~(2,761,713)~~	~~117,118,200~~
~~Total all funds~~	~~$122,237,102~~	~~$15,625,326~~	~~$137,862,428~~
~~Less other funds~~	~~122,237,102~~	~~15,225,326~~	~~137,462,428~~
Salaries and wages	$1,884,918	$701,583	$2,586,501
New and vacant FTE pool	0	20,376	20,376
Operating expenses	472,271	3,821,991	4,294,262
Grants	0	13,668,089	13,668,089
Grants - bond payments	119,879,913	(2,761,713)	117,118,200
Total all funds	$122,237,102	$15,450,326	$137,687,428
Less other funds	122,237,102	15,050,326	137,287,428
Total general fund	$0	$400,000	$400,000
Full-time equivalent positions	9.75	0.00	9.75

Subdivision 2.

BANK OF NORTH DAKOTA

	Base Level	Adjustments or Enhancements	Appropriation
Bank of North Dakota operations	$70,899,761	$5,211,643	$76,111,404
New and vacant FTE pool	0	2,122,074	2,122,074
Capital assets	705,722	3,437,577	4,143,299

Total other funds	$71,605,483	$10,771,294	$82,376,777
Full-time equivalent positions	187.00	0.00	187.00

Subdivision 3.

HOUSING FINANCE AGENCY

	Base Level	Adjustments or Enhancements	Appropriation
~~Salaries and wages~~	~~$11,413,354~~	~~$1,655,543~~	~~$13,068,897~~
~~New and vacant FTE pool~~	~~0~~	~~1,024,774~~	~~1,024,774~~
~~Operating expenses~~	~~10,903,883~~	~~(1,433,707)~~	~~9,470,176~~
~~Capital assets~~	~~20,000~~	~~0~~	~~20,000~~
~~Grants~~	~~48,805,110~~	~~(2,700,000)~~	~~46,105,110~~
~~Housing finance agency contingencies~~	~~100,000~~	~~0~~	~~100,000~~
~~Total all funds~~	~~$71,242,347~~	~~($1,453,390)~~	~~$69,788,957~~
~~Less other funds~~	~~68,742,347~~	~~1,046,610~~	~~69,788,957~~
~~Total general fund~~	~~$2,500,000~~	~~($2,500,000)~~	~~$0~~
~~Full-time equivalent positions~~	~~54.00~~	~~3.00~~	~~57.00~~
Salaries and wages	$11,413,354	$1,655,543	$13,068,897
New and vacant FTE pool	0	2,134,321	2,134,321
Operating expenses	10,903,883	(1,237,227)	9,666,656
Capital assets	20,000	0	20,000
Grants	48,805,110	(2,700,000)	46,105,110
Housing finance agency contingencies	100,000	0	100,000
Total all funds	$71,242,347	($147,363)	$71,094,984
Less other funds	68,742,347	2,352,637	71,094,984
Total general fund	$2,500,000	($2,500,000)	$0
Full-time equivalent positions	54.00	8.00	62.00

Subdivision 4.

DEPARTMENT OF MINERAL RESOURCES

	Base Level	Adjustments or Enhancements	Appropriation
~~Salaries and wages~~	~~$23,261,532~~	~~$3,026,192~~	~~$26,287,724~~

~~New and vacant FTE pool~~	~~0~~	~~1,608,593~~	~~1,608,593~~
~~Operating expenses~~	~~5,120,253~~	~~5,885,498~~	~~11,005,751~~
~~Capital assets~~	~~0~~	~~45,000~~	~~45,000~~
~~Total all funds~~	~~$28,381,785~~	~~$10,565,283~~	~~$38,947,068~~
~~Less other funds~~	~~268,000~~	~~5,010,377~~	~~5,278,377~~
~~Total general fund~~	~~$28,113,785~~	~~$5,554,906~~	~~$33,668,691~~
~~Full-time equivalent positions~~	~~108.00~~	~~3.00~~	~~111.00~~
Salaries and wages	$23,261,532	$3,026,192	$26,287,724
New and vacant FTE pool	0	2,121,618	2,121,618
Operating expenses	5,120,253	6,778,008	11,898,261
Capital assets	0	45,000	45,000
Total all funds	$28,381,785	$11,970,818	$40,352,603
Less other funds	268,000	5,754,837	6,022,837
Total general fund	$28,113,785	$6,215,981	$34,329,766
Full-time equivalent positions	108.00	5.00	113.00

Subdivision 5.

MILL AND ELEVATOR ASSOCIATION

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

Subdivision 6.

TOTAL SECTION 1

	Base Level	Adjustments or Enhancements	Appropriation
~~Grand total all funds~~	~~$390,877,637~~	~~$46,538,008~~	~~$437,415,645~~

~~Less grand total other funds~~	~~360,263,852~~	~~43,083,102~~	~~403,346,954~~
~~Grand total general fund~~	~~$30,613,785~~	~~$3,454,906~~	~~$34,068,691~~
Grand total all funds	$390,877,637	$49,074,570	$439,952,207
Less grand total other funds	360,263,852	44,958,589	405,222,441
Grand total general fund	$30,613,785	$4,115,981	$34,729,766

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

One-Time Funding Description	General Fund	Other Funds	Total
Industrial commission			
~~Inflationary increases~~	~~$0~~	~~$50,000~~	~~$50,000~~
~~Electricity grid resiliency federal grant~~	~~0~~	~~13,668,089~~	~~13,668,089~~
~~Lignite litigation~~	~~0~~	~~3,000,000~~	~~3,000,000~~
~~Subtotal industrial commission~~	~~$0~~	~~$16,718,089~~	~~$16,718,089~~
Electricity grid resiliency federal grant	$0	$13,668,089	$13,668,089
Lignite litigation	0	3,000,000	3,000,000
Subtotal industrial commission	$0	$16,668,089	$16,668,089
Bank of North Dakota			
Capital improvement projects	$0	$2,633,299	$2,633,299
Subtotal Bank of North Dakota	$0	$2,633,299	$2,633,299
Department of mineral resources			
Federal abandoned well program	$0	$1,444,377	$1,444,377
~~FTE position operating expenses~~	~~41,600~~	~~0~~	~~41,600~~
FTE position operating expenses	24,435	51,495	75,930
Mineral analyses	100,000	0	100,000
Rare earth elements study	0	400,000	400,000
~~Archeology excavation project~~	~~0~~	~~150,000~~	~~150,000~~
Paleontology excavation project	0	150,000	150,000
Oil and gas litigation	0	3,000,000	3,000,000

~~Enhanced oil recovery database~~	~~15,000~~	~~0~~	~~15,000~~
Portable mineral detection equipment	45,000	0	45,000
~~Subtotal department of mineral resources~~	~~$201,600~~	~~$4,994,377~~	~~$5,195,977~~
~~Grand total~~	~~$201,600~~	~~$24,345,765~~	~~$24,547,365~~
Subtotal department of mineral resources	$169,435	$5,045,872	$5,215,307
Grand total	$169,435	$24,347,260	$24,516,695

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

SECTION 4. 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	412,207
Total	$117,118,200

SECTION 5. 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 special 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 6. APPROPRIATION - TRANSFER GENERAL FUND TO HOUSING INCENTIVE FUND - TRANSFER STRATEGIC INVESTMENT AND IMPROVEMENTS FUND TO HOUSING INCENTIVE FUND - HOMELESS PROGRAMS - HOUSING PROGRAMS - EXEMPTION - ONE-TIME FUNDING.

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

2. The office of management and budget shall transfer the sum of ~~$25,000,000~~$33,650,000 from the strategic investment and improvements fund to the housing incentive fund during the biennium beginning July 1, 2025, and ending June 30, 2027, for the following:

   a. $150,000 for a passthrough grant. Notwithstanding any other requirements under section 54-17-40 and pursuant to the continuing appropriation under section 54-17-40, the housing finance agency shall distribute a passthrough grant of $150,000 from the housing incentive fund to a Native American focused organization with a presence in multiple communities for a Native American homelessness liaison.

   b. Up to $13,500,000 for a rent stabilization fund program, including assistance to support individuals who are at risk due to financial instability and to prevent evictions.

   c. $20,000,000 and any remaining amounts for other housing projects and programs pursuant to section 54-17-40.

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~~$2,260,660, 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 - SMALL BUSINESS DEVELOPMENT CENTER. 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;~~
4. ~~$15,000,000 to the beginning farmer revolving loan fund~~$60,000,000 to economic development programs administered by the Bank, including 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

~~5.~~2. $1,900,000 to the university of North Dakota for the North Dakota small business development center for the purpose of matching federal grants.

SECTION 10. TRANSFER - RAIL FUND TO RAIL REVOLVING LOAN FUND. The department of transportation shall transfer any outstanding loans and remaining balance from the rail fund to the rail revolving loan fund on July 1, 2025.

SECTION 11. TRANSFER STATE ENERGY RESEARCH CENTER FUND TO OIL AND GAS RESEARCH FUND - TRANSFER STRATEGIC INVESTMENT AND IMPROVEMENTS FUND TO OIL AND GAS RESEARCH FUND - ENHANCED OIL RECOVERY GRANT PROGRAM.

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

SECTION 12. LIGNITE RESEARCH, DEVELOPMENT, AND MARKETING PROGRAM - LIGNITE MARKETING FEASIBILITY STUDY - REPORT TO THE SEVENTIETH LEGISLATIVE ASSEMBLY.

1. Pursuant to the continuing appropriation under section 57-61-01.6, up to $4,500,000 from the lignite research fund 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 designated under this section also may be used for the purpose of contracting for nonmatching studies and activities in support of advanced energy technology and other technology development programs; 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 needed for the purposes stated in this section are available to the industrial commission for funding projects, processes, or activities under the lignite research, development, and marketing program.

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

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

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

SECTION 14. OTHER FUNDS - ABANDONED OIL AND GAS WELL PLUGGING AND SITE RECLAMATION FUND - ADMINISTRATIVE EXPENSES. The other funds line item in subdivision 4 of section 1 of this Act includes the sum of $799,926 from the abandoned oil and gas well plugging and site reclamation fund for administrative expenses, including funding for reclamation specialist positions and related operating expenses.

SECTION 15. OTHER FUNDS - HOUSING INCENTIVE FUND - ADMINISTRATIVE EXPENSES. The other funds line item in subdivision 3 of section 1 of this Act includes the sum of $1,200,983, transferred from the housing incentive fund to the agency's operating fund for administrative expenses, including funding for homelessness program and rent stabilization program positions and related operating expenses.

SECTION 16. AMENDMENT. Subsection 7 of section 6-08.1-02 of the North Dakota Century Code is amended and reenacted as follows:

7. The release by the industrial commission, in its capacity as the managing body of the Bank of North Dakota, of the following:
   a. The name of any person who has obtained approval for direct ~~or indirect~~ financing or security, including a loan guarantee or a letter of credit, through the Bank of North Dakota primarily for purposes other than personal, family, or household purposes.
   b. The amount of any financing or security referenced in subdivision a.
   c. The amount of any net writeoff or loan forgiveness ~~associated with the financing or security referenced in subdivision a~~ which the industrial commission determines is uncollectible.
   d. The program under which any financing or security referenced in subdivision a was made.

SECTION 17. AMENDMENT. Section 6-09-35 of the North Dakota Century Code is amended and reenacted as follows:

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

1. The following records of the Bank of North Dakota are confidential:
   ~~1.~~ a. Commercial or financial information of a customer, whether obtained directly or indirectly, except for routine credit inquiries or unless required by due legal process. As used in this subsection, "customer" means any person who has transacted or is transacting business with, or has used or is using the services of, the Bank of North Dakota, or for whom the Bank of North Dakota has acted as a fiduciary with respect to trust property.
   ~~2.~~ b. Internal or interagency memorandums or letters which would not be available by law to a party other than in litigation with the Bank.

~~3.~~ c. Information contained in or related to examination, operating, or condition reports prepared by, on behalf of, or for the use of a state or federal agency responsible for the regulation or supervision of any Bank activity.

~~4.~~ d. Information obtained from the state department of financial institutions which would not be available from that agency under section 6-01-07.1.

~~5.~~ e. The report by a Bank officer or member of the Bank's advisory board of directors concerning personal financial statements.

2. The following records of the Bank of North Dakota are exempt:

a. Bond insurance coverage, including excess bond insurance coverage.

b. Cyber liability coverage, including excess cyber liability coverage.

SECTION 18. AMENDMENT. Section 6-09-46.2 of the North Dakota Century Code is amended and reenacted as follows:

6-09-46.2. Rebuilders loan program - Rebuilders permanent loan fund - Continuing appropriation.

1. The Bank of North Dakota shall develop a rebuilders loan program to make or participate in loans to North Dakota residents ~~affected by extraordinary losses~~ as a result of ~~a~~:

a. A presidentially declared disaster ~~or~~in the state;

b. A governor-declared disaster ~~or~~in the state;

c. An emergency in the state;

d. A weather-related incident in the state as determined by the governor; or

e. An economic hardship as determined by the governor.

2. Under the rebuilders loan program, the Bank shall develop and implement specific loan programs to respond to the specific needs resulting from a disaster ~~or~~, emergency, incident, or hardship. The Bank may fund the loan from any available funding in the rebuilders permanent loan fund and may accept private sector donations and funds from the federal government.

~~2.~~3. Upon request of the Bank of North Dakota, the governor shall furnish the Bank with information relating to the nature and amount of state and local resources that have been or will be committed to alleviating the results of the disaster or emergency, an

estimate of the amount and severity of the damage and the impact on the private and public sectors, and an estimate of the type and amount of assistance needed.

~~3.~~4. To apply for a loan under the program, a person shall apply to the originating financial institution. Upon Bank of North Dakota approval of an application, the Bank shall make a loan in accordance with the loan program established under this section. The Bank shall establish a loan application period, which may not exceed a period of eighteen months from the date of the declaration of the disaster or emergency.

~~4.~~5. Excluding the rebuilders and rebuilders home loans transferred to the fund, the Bank of North Dakota shall deposit in the fund all principal and interest paid on the loans made from the fund. The Bank may deduct from interest payments received on a loan under the program a service fee for administering the fund for the Bank and the originating financial institution. The fund must be audited annually pursuant to section 6-09-29, and the cost of the audit and any other actual costs incurred by the Bank on behalf of the fund, must be paid by the fund.

~~5.~~6. There is created in the state treasury the rebuilders permanent loan fund administered by the Bank of North Dakota. The fund consists of all moneys transferred to the fund by the legislative assembly, interest on moneys in the fund, and payments to the fund of principal and interest on loans made from the fund. All moneys in the fund are appropriated to the Bank on a continuing basis for the rebuilders loan program.

~~6.~~7. If approved by the industrial commission, the fund may borrow from the Bank of North Dakota to provide funding for loans under this section. A loan made to the fund by the Bank must be repaid with principal and interest payment received by the rebuilders permanent loan fund or with moneys appropriated by the legislative assembly.

~~7.~~8. The Bank of North Dakota shall adopt policies to implement this section.

SECTION 19. A new section to chapter 6-09 of the North Dakota Century Code is created and enacted as follows:

Rail revolving loan fund - Continuing appropriation.

1. The rail revolving loan fund is a special fund in the state treasury from which the Bank of North Dakota shall provide loans to counties, cities, railroads, and other freight railroad users to construct or upgrade rail infrastructure to improve rail service.

2. The Bank shall administer the fund in accordance with the provisions of this section and may adopt policies and establish guidelines for the loans, including policies for eligibility and allowing participation by local financial institutions. Class I railroads are not eligible.
3. The Bank shall consider the applicant's ability to repay the loan when processing the application and shall issue loans only to applicants that provide reasonable assurance of sufficient future income to repay the loan.
4. The department of transportation shall review and approve the project before the Bank may issue a loan based on policies developed by the department.
5. The Bank shall deposit in the fund all payments of principal and interest paid on loans made from the fund. The Bank may use a portion of the interest paid on the outstanding loans as a servicing fee to pay administrative costs which may not exceed one-half of one percent of the amount of the outstanding loans.
6. All moneys transferred to the fund, interest upon moneys in the fund, and payments to the fund of principal and interest are appropriated to the Bank on a continuing basis for administrative costs and for loan disbursements according to this section.
7. The fund must be audited annually pursuant to section 6-09-29, and the cost of the audit must be paid from the fund.

SECTION 20. AMENDMENT. Section 6-09.7-05 of the North Dakota Century Code is amended and reenacted as follows:

6-09.7-05. ~~Establishment and maintenance of adequate guarantee funds - Use of strategic investment and improvements fund. (Effective through June 30, 2025)~~

~~The Bank of North Dakota shall establish and at all times maintain an adequate guarantee reserve fund in a special account in the Bank. The Bank may request the director of the office of management and budget to transfer funds from the strategic investment and improvements fund created by section 15-08.1-08 to maintain one hundred percent of the guarantee reserve fund balance. Transfers from the strategic investment and improvements fund may not exceed a total of eighty million dollars. Moneys in the guarantee reserve fund are available to reimburse lenders for guaranteed loans in default. The securities in which the moneys in the reserve fund may be invested must meet the same requirements as those authorized for investment under the state investment board. The income from such investments must be made available for the~~

~~costs of administering the state guarantee loan program and income in excess of that required to pay the cost of administering the program must be deposited in the reserve fund. The amount of reserves for all guaranteed loans must be determined by a formula that will assure, as determined by the Bank, an adequate amount of reserve.~~

Establishment and maintenance of adequate guarantee funds - Use of strategic investment and improvements fund. ~~**(Effective after June 30, 2025)**~~ The Bank of North Dakota shall establish and at all times maintain an adequate guarantee reserve fund in a special account in the Bank. The Bank may request the director of the office of management and budget to transfer funds from the strategic investment and improvements fund created by section 15-08.1-08 to maintain one hundred percent of the guarantee reserve fund balance. Transfers from the strategic investment and improvements fund may not exceed a total of ~~one hundred forty million~~one hundred eighty million dollars. Moneys in the guarantee reserve fund are available to reimburse lenders, including the Bank, for guaranteed loans in default. The securities in which the moneys in the reserve fund may be invested must meet the same requirements as those authorized for investment under the state investment board. The income from such investments must be made available for the costs of administering the state guarantee loan program and income in excess of that required to pay the cost of administering the program must be deposited in the reserve fund. The amount of reserves for all guaranteed loans must be determined by a formula that will assure, as determined by the Bank, an adequate amount of reserve.

SECTION 21. AMENDMENT. Section 6-09.14-04 of the North Dakota Century Code is amended and reenacted as follows:

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

1. The fund moneys may be used to participate in an interest rate buydown on a loan to a new or expanding business for the following eligible uses:
   a. Purchase of real property and equipment.
   b. Expansion of facilities.
   c. Working capital.
   d. Inventory.
2. The loan funds cannot be used to refinance any existing debt or for the relocation of the business within North Dakota.

~~2.~~3. The community shall determine the amount of the interest rate buydown and apply to the Bank of North Dakota for participation from the partnership in assisting community expansion fund. The funds for the community's portion of the buydown may come from a local development corporation, contributions, community funds, future dedicated tax programs, or any other community source.

~~3.~~4. The fund participation portion in the buydown must be determined by the Bank of North Dakota based on economic conditions in the city or county in which the business is located.

~~4.~~5. a. The maximum amount from the fund in the interest rate buydown may not exceed five hundred thousand dollars per loan.

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

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

~~5.~~7. The Bank of North Dakota shall adopt rules to implement this chapter.

SECTION 22. A new subdivision to subsection 2 of section 38-08-04.5 of the North Dakota Century Code is created and enacted as follows:

Administrative expenses, including salaries and wages and operating expenses, subject to legislative appropriation.

SECTION 23. AMENDMENT. Section 49-17.1-02.1 of the North Dakota Century Code is amended and reenacted as follows:

49-17.1-02.1. ~~Department may authorize local~~Review and approval of rail projects.

~~For the purpose of promoting the public interest and local economic development, the department may utilize revenue generated under this chapter for the construction or improvement of railway freight transportation projects not otherwise eligible for assistance under the Railroad Revitalization and Regulatory Reform Act of 1976 [Pub. L. 94-210; 90 Stat. 149; 49 U.S.C. 1651 et seq.] and which meet standards and specifications developed by the department~~The department shall coordinate with the Bank of North Dakota to approve and review rail projects financed under the rail revolving loan fund under section 19 of this Act.

SECTION 24. AMENDMENT. Subsection 1 of section 54-17-40 of the North Dakota Century Code is amended and reenacted as follows:

1. The housing incentive fund is ~~created as a special revolving fund at the Bank of North Dakota. The housing finance agency may direct disbursements from the fund and a continuing appropriation from the fund is provided for that purpose~~a special fund in the state treasury administered by the housing finance agency. Moneys in the fund are appropriated to the housing finance agency on a continuing basis for assistance under subsection 3. Moneys in the fund may be transferred to the housing finance agency's operating fund for administrative expenses, which are subject to legislative appropriation.

SECTION 25. AMENDMENT. Subdivision a of subsection 4 of section 54-17.7-04 of the North Dakota Century Code is amended and reenacted as follows:

a. The authority may borrow up to ~~sixty million~~one hundred twenty million dollars through a line of credit from the Bank. The interest rate on the line of credit must be the prevailing interest rate charged to North Dakota governmental entities.

SECTION 26. AMENDMENT. Section 15 of chapter 14 of the 2023 Session Laws is amended and reenacted as follows:

SECTION 15. TRANSFER - STRATEGIC INVESTMENT AND IMPROVEMENTS 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 27. 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~~subdivision 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~~subdivision 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~~subdivision 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~~subdivision 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.

6. Up to $225,500 of the $2,300,000 appropriated from federal funds to the department of mineral resources for administrative expenses related to an abandoned well reclamation program in subdivision 2 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.

SECTION 28. 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.

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2014 - Summary of House Action

	Base Budget	Senate Version	House Changes	House Version
Industrial Commission				
Total all funds	$122,237,102	$137,862,428	($175,000)	$137,687,428
Less estimated income	122,237,102	137,462,428	(175,000)	137,287,428
General fund	$0	$400,000	$0	$400,000
FTE	9.75	9.75	0.00	9.75
Bank of North Dakota				
Total all funds	$71,605,483	$82,376,777	$0	$82,376,777
Less estimated income	71,605,483	82,376,777	0	82,376,777
General fund	$0	$0	$0	$0
FTE	187.00	187.00	0.00	187.00
Housing Finance Agency				
Total all funds	$71,242,347	$79,788,957	$1,306,027	$81,094,984
Less estimated income	68,742,347	69,788,957	1,306,027	71,094,984
General fund	$2,500,000	$10,000,000	$0	$10,000,000
FTE	54.00	57.00	5.00	62.00
Department of Mineral Resources				
Total all funds	$28,381,785	$38,947,068	$1,405,535	$40,352,603
Less estimated income	268,000	5,278,377	744,460	6,022,837
General fund	$28,113,785	$33,668,691	$661,075	$34,329,766
FTE	108.00	111.00	2.00	113.00
Mill and Elevator				
Total all funds	$97,410,920	$108,440,415	$0	$108,440,415
Less estimated income	97,410,920	108,440,415	0	108,440,415
General fund	$0	$0	$0	$0
FTE	170.00	172.00	0.00	172.00
Bill total				
Total all funds	$390,877,637	$447,415,645	$2,536,562	$449,952,207
Less estimated income	360,263,852	403,346,954	1,875,487	405,222,441
General fund	$30,613,785	$44,068,691	$661,075	$44,729,766
FTE	528.75	536.75	7.00	543.75

Senate Bill No. 2014 - Industrial Commission - House Action

	Base Budget	Senate Version	House Changes	House Version
Salaries and wages	$1,884,918	$2,261,501	$325,000	$2,586,501
New and vacant FTE pool		20,376		20,376
Operating expenses	472,271	4,794,262	(500,000)	4,294,262
Grants		13,668,089		13,668,089
Grants - Bond payments	119,879,913	117,118,200		117,118,200
Total all funds	$122,237,102	$137,862,428	($175,000)	$137,687,428
Less estimated income	122,237,102	137,462,428	(175,000)	137,287,428
General fund	$0	$400,000	$0	$400,000
FTE	9.75	9.75	0.00	9.75

Department 405 - Industrial Commission - Detail of House Changes

	Decreases Salary Equity Funding[1]	Transfers Funding Between Line Items[2]	Total House Changes
Salaries and wages	($175,000)	$500,000	$325,000
New and vacant FTE pool			
Operating expenses		(500,000)	(500,000)
Grants			
Grants - Bond payments			
Total all funds	($175,000)	$0	($175,000)
Less estimated income	(175,000)	0	(175,000)
General fund	$0	$0	$0
FTE	0.00	0.00	0.00

[1] Funding for salary equity increases is decreased by $175,000, from $350,000 to $175,000. The $175,000 reflects $125,000 for the Industrial Commission executive director and $50,000 for the Public Finance Agency executive director. The Senate version provided $350,000, including $245,000 for the Industrial Commission executive director and $105,000 for the Public Finance Agency executive director.

[2] Funding of $500,000 is transferred from the operating expenses line item to the salaries and wages line item. The Senate version transferred $581,422 from the salaries and wages line item to the operating expenses line item. The net effect of these line item transfers is a decrease of $81,422 to the salaries and wages line item and an increase of $81,422 to the operating expenses line item.

This amendment also:

- Changes $50,000 of one-time funding from state special funds to ongoing funding related to operating expense inflationary increases.
- Decreases the administrative transfer by $175,000, from $2,435,660 to $2,260,660, to reflect the budget changes to the administrative office approved by the House. The Senate provided $2,435,660.

Senate Bill No. 2014 - Bank of North Dakota - House Action

	Base Budget	Senate Version	House Changes	House Version
New and vacant FTE pool		$2,122,074		$2,122,074
Capital assets	$705,722	4,143,299		4,143,299
Bank of North Dakota operations	70,899,761	76,111,404		76,111,404
Total all funds	$71,605,483	$82,376,777	$0	$82,376,777
Less estimated income	71,605,483	82,376,777	0	82,376,777
General fund	$0	$0	$0	$0
FTE	187.00	187.00	0.00	187.00

This amendment also:

- Consolidates the transfer of Bank of North Dakota profits to economic development programs rather than separately identifying the amount for each program.
- Amends the rebuilders loan program to allow loans for weather-related incidents or economic hardships as determined by the Governor.
- Increases the amount the North Dakota pipeline authority may borrow for pipeline capacity positions by $60 million, from $60 million to $120 million, and increases loan guarantees from the strategic investment and improvements fund by $40 million, from $140 million to $180 million, reflecting an increase of $60 million for North Dakota Pipeline Authority borrowing and a decrease of $20 million for other loan guarantees.
- Creates a new rail revolving loan fund to provide loans for rail infrastructure improvements with the requirement for the Department of Transportation to coordinate with the Bank to review and approve the rail projects and transferred any outstanding loans and moneys in the rail fund to the newly created rail revolving loan fund.

Senate Bill No. 2014 - Housing Finance Agency - House Action

	Base Budget	Senate Version	House Changes	House Version
Salaries and wages	$11,413,354	$13,068,897		$13,068,897
New and vacant FTE pool		1,024,774	$1,109,547	2,134,321
Operating expenses	10,903,883	9,470,176	196,480	9,666,656
Capital assets	20,000	20,000		20,000
Grants	48,805,110	46,105,110		46,105,110
HFA contingencies	100,000	100,000		100,000
Housing incentive fund		10,000,000		10,000,000
Total all funds	$71,242,347	$79,788,957	$1,306,027	$81,094,984
Less estimated income	68,742,347	69,788,957	1,306,027	71,094,984
General fund	$2,500,000	$10,000,000	$0	$10,000,000
FTE	54.00	57.00	5.00	62.00

Department 473 - Housing Finance Agency - Detail of House Changes

	Adds Funding for FTE positions[1]	Total House Changes
Salaries and wages		
New and vacant FTE pool	$1,109,547	$1,109,547
Operating expenses	196,480	196,480
Capital assets		
Grants		
HFA contingencies		
Housing incentive fund		
Total all funds	$1,306,027	$1,306,027
Less estimated income	1,306,027	1,306,027
General fund	$0	$0
FTE	5.00	5.00

[1] Funding related to salaries and wages for FTE positions is added as follows:

	FTE Positions	General Fund	Other Funds	Total
Homeownership and loan specialist position	1.00	$0	$184,796	$184,796
Business analyst position	1.00	0	257,410	257,410
Rent stabilization program positions	3.00	0	790,623	790,623
Total	5.00	$0	$1,232,829	$1,232,829

Funding for salaries and wages is decreased by $1,232,829 and funding of $1,109,547 is added to the new and vacant FTE pool for the positions resulting in net savings of $123,282. Funding of $196,480 is added for ongoing operating expenses related to the FTE positions.

This amendment also:

- Increases the amount transferred from the strategic investment and improvements fund (SIIF) to the housing incentive fund by $8.65 million, from $25 million to $33.65 million. The $8.65 million increase reflects an increase of $150,000 for a Native American homelessness liaison, an increase of $13.5 million for a rent stabilization fund, and a decrease of $5 million for other housing projects. The Senate designated $150,000 for a Native American homelessness liaison from the $10 million transferred from the general fund to the housing incentive fund and provided for a transfer of $25 million from SIIF to the housing incentive fund for housing programs.
- Adds a section identifying $1,200,983 from the housing incentive fund for administrative expenses, including funding for homelessness program and rent stabilization program positions and related operating expenses.
- Amends the housing incentive fund clarifying moneys in the fund to be transferred to the agency's operating fund for administrative expenses.

Senate Bill No. 2014 - Department of Mineral Resources - House Action

	Base Budget	Senate Version	House Changes	House Version
Salaries and wages	$23,261,532	$26,287,724		$26,287,724
New and vacant FTE pool		1,608,593	$513,025	2,121,618
Operating expenses	5,120,253	11,005,751	892,510	11,898,261
Capital assets		45,000		45,000
Total all funds	$28,381,785	$38,947,068	$1,405,535	$40,352,603
Less estimated income	268,000	5,278,377	744,460	6,022,837
General fund	$28,113,785	$33,668,691	$661,075	$34,329,766
FTE	108.00	111.00	2.00	113.00

Department 474 - Department of Mineral Resources - Detail of House Changes

	Adjusts FTE Positions and Operating Expenses[1]	Adjusts Funding for Operating Expenses[2]	Total House Changes
Salaries and wages			
New and vacant FTE pool	$513,025		$513,025
Operating expenses	138,180	$754,330	892,510
Capital assets			
Total all funds	$651,205	$754,330	$1,405,535
Less estimated income	692,965	51,495	744,460
General fund	($41,760)	$702,835	$661,075
FTE	2.00	0.00	2.00

[1] Funding related to salaries and wages for FTE positions is adjusted as follows:

	FTE Positions	General Fund	Other Funds	Total
Permitting technician position	(1.00)	($151,146)	$0	($151,146)
Reclamation specialist positions	2.00	(184,887)	554,661	369,774
Deputy director position	1.00	351,400	0	351,400
Total	2.00	$15,367	$554,661	$570,028

Funding for salaries and wages is decreased by $570,028 and funding of $513,025 is added to the new and vacant FTE pool for the positions resulting in net savings of $57,003. Funding of $138,180 is added for ongoing operating expenses related to the FTE positions.

The Senate version included $151,146 from the general fund for 1 FTE permitting technician and $184,887 from the general fund for 1 FTE reclamation specialist position. The House removed 1 FTE permitting technician, changed the funding source for 1 FTE reclamation specialist fund from the general fund to the abandoned oil and gas well plugging and site reclamation fund, and added 2 FTE reclamation specialist FTE positions.

[2] Funding for operating expenses is adjusted as follows:

- $735,000 of ongoing funding from the general fund is increased for state fleet rate adjustments to provide $2,235,000. The Senate version provided $1,500,000 from the general fund.
- $17,165 of one-time funding from the general fund is removed and $51,495 of one-time funding from the abandoned oil and gas well plugging and site reclamation fund is added for new FTE position operating expenses.
- $15,000 of one-time funding from the general fund for an enhanced oil recovery database is removed.

This amendment also:

- Adds a section identifying $799,926 from the abandoned oil and gas well plugging and site reclamation fund for administrative expenses, which includes funding for reclamation specialist positions and related operating expenses.
- Amends the abandoned oil and gas well plugging and site reclamation fund to allow moneys in the fund to be used for administrative expenses subject to legislative appropriation.
- Adds an exemption for up to $225,500 of the $2,300,000 appropriated from federal funds for an abandoned well

reclamation program during the 2023-25 biennium to continue into the 2025-27 biennium.

Senate Bill No. 2014 - Mill and Elevator - House Action

	Base Budget	Senate Version	House Changes	House Version
Salaries and wages	$54,019,267	$60,365,008		$60,365,008
New and vacant FTE pool		1,973,530		1,973,530
Operating expenses	42,391,653	45,101,877		45,101,877
Contingencies	500,000	500,000		500,000
Agriculture promotion	500,000	500,000		500,000
Total all funds	$97,410,920	$108,440,415	$0	$108,440,415
Less estimated income	97,410,920	108,440,415	0	108,440,415
General fund	$0	$0	$0	$0
FTE	170.00	172.00	0.00	172.00

The House did not make any changes related to the Mill and Elevator Association.

2025 CONFERENCE COMMITTEE

SB 2014

2025 SENATE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division
Sakakawea Room, State Capitol

SB 2014
4/28/2025
Conference Committee

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 section, a new to amend and reenact subsection 7 subsection, subsection 4, to amend and reenact section 15, to provide for a transfer; to provide an exemption; to provide for a legislative management study; to provide for a legislative management report; and to provide for a report.

10:31 a.m. Chairman Schaible called the meeting to order.

Members Present: Chairman Schaible, Senator Sorvaag, Senator Bekkedahl, Representative Kempenich, Representative Bosch, Representative Monson

Discussion Topics:

- Bank of ND FTE positions, Revolving Loan Fund, and Funding Sources.
- Economic Impacts of Oil.
- Addition of Programs, FTE's, and Funding for Housing Finance Agency.
- Change of Funding Sources regarding Dept. of Mineral Resources

10:32 a.m. Representative Kempenich discussed the house changes to the bill and answered questions and referenced testimony #45250 and #45251 and #45253 and #45254 and #45255

10:43 a.m. Representative Bosch testified in favor and answered committee questions.

10:54 a.m. Representative Kempenich continued testimony.

11:03 a.m. Adam Mathiak, Fiscal Analyst, legislative Council, answered committee questions.

11:05 a.m. Representative Kempenich continued testimony.

11:14 a.m. Nathan Anderson, Director, Dept. of Mineral Resources, answered committee questions.

Additional written testimony:

Adam Mathiak, Fiscal Analyst, Legislative Council, submitted testimony in neutral #45250 and #45251 and #45253 and #45254 and #45255

11:18 a.m. Chairman Schaible adjourned the meeting.

Steven Hall, Committee Clerk

April 16, 2025

Legislative Council

Housing Finance Agency - Budget No. 473
Agency Worksheet - Senate Bill No. 2014

	Senate Version				House Version				House Compared to Senate Version			
									Increase (Decrease)			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2025-27 Biennium Base Level	54.00	$2,500,000	$68,742,347	$71,242,347	54.00	$2,500,000	$68,742,347	$71,242,347	0.00	$0	$0	$0
2025-27 Ongoing Funding Changes												
Salary increase			$488,030	$488,030			$488,030	$488,030				$0
Health insurance increase			336,296	336,296			336,296	336,296				0
Funding to replace the 2023-25 vacant FTE pool			465,165	465,165			465,165	465,165				0
Funding to replace the 2023-25 new FTE pool			986,476	986,476			986,476	986,476				0
2025-27 new and vacant FTE pool - vacant			(186,127)	(186,127)			(186,127)	(186,127)				0
2025-27 new and vacant FTE pool - new			(65,609)	(65,609)			(188,891)	(188,891)			($123,282)	(123,282)
FTE homeownership and loan specialist position	1.00		184,796	184,796	2.00		369,592	369,592	1.00		184,796	184,796
FTE accountant position	1.00		257,410	257,410	1.00		257,410	257,410				0
FTE homeless program manager	1.00		213,880	213,880	1.00		213,880	213,880				0
FTE business analyst position				0	1.00		257,410	257,410	1.00		257,410	257,410
Rent stabilization program				0	3.00		987,103	987,103	3.00		987,103	987,103
Information technology rate adjustment			44,453	44,453			44,453	44,453				0
Budget reduction from operating and grant savings			(1,678,160)	(1,678,160)			(1,678,160)	(1,678,160)				0
Homeless grants		($2,500,000)		(2,500,000)		($2,500,000)		(2,500,000)				0
Total ongoing funding changes	**3.00**	**($2,500,000)**	**$1,046,610**	**($1,453,390)**	**8.00**	**($2,500,000)**	**$2,352,637**	**($147,363)**	**5.00**	**$0**	**$1,306,027**	**$1,306,027**
One-Time Funding Items												
Transfer to HIF - homelessness programs		$10,000,000		$10,000,000		$10,000,000		$10,000,000				$0
Transfer to HIF - housing programs (SIIF)			$25,000,000	25,000,000			$20,000,000	20,000,000			($5,000,000)	(5,000,000)
Transfer to HIF - Native American liaison (SIIF)				0			150,000	150,000			150,000	150,000
Transfer to HIF - rent stabilization program				0			13,500,000	13,500,000			13,500,000	13,500,000
Total one-time funding changes	**0.00**	**$10,000,000**	**$25,000,000**	**$35,000,000**	**0.00**	**$10,000,000**	**$33,650,000**	**$43,650,000**	**0.00**	**$0**	**$8,650,000**	**$8,650,000**
Total Changes to Base Level Funding	**3.00**	**$7,500,000**	**$26,046,610**	**$33,546,610**	**8.00**	**$7,500,000**	**$36,002,637**	**$43,502,637**	**5.00**	**$0**	**$9,956,027**	**$9,956,027**
2025-27 Total Funding	**57.00**	**$10,000,000**	**$94,788,957**	**$104,788,957**	**62.00**	**$10,000,000**	**$104,744,984**	**$114,744,984**	**5.00**	**$0**	**$9,956,027**	**$9,956,027**
Federal funds included in other funds			*$47,303,609*				*$47,303,609*				*$0*	
Total ongoing changes - Percentage of base level	*5.6%*	*(100.0%)*	*1.5%*	*(2.0%)*	*14.8%*	*(100.0%)*	*3.4%*	*(0.2%)*	*N/A*	*N/A*	*N/A*	*N/A*
Total changes - Percentage of base level	*5.6%*	*300.0%*	*37.9%*	*47.1%*	*14.8%*	*300.0%*	*52.4%*	*61.1%*	*N/A*	*N/A*	*N/A*	*N/A*

Other Sections in Housing Finance Agency - Budget No. 473

Section Description	Senate Version	House Version	
New and vacant FTE pool line item	Section 3 provides for the use of funding in the new and vacant FTE pool line item.	Section 3 provides for the use of funding in the new and vacant FTE pool line item.	
Additional appropriation authority	Section 5 provides appropriation authority to the Housing Finance Agency for any additional or unanticipated income from federal or other funds which may become available during the 2025-27 biennium.	Section 5 provides appropriation authority to the Housing Finance Agency for any additional or unanticipated income from federal or other funds which may become available during the 2025-27 biennium.	

Other Sections in Housing Finance Agency - Budget No. 473

Section Description	Senate Version	House Version	
Housing incentive fund (HIF)	Section 6 appropriates and transfers $10 million from the general fund to HIF for homelessness programs, transfers $25 million from the strategic investment and improvements fund (SIIF) to HIF for housing programs, and designates $150,000 for a grant to an organization for a Native American homelessness liaison.	Section 6 appropriates and transfers $10 million from the general fund to HIF for homelessness programs and transfers $33.65 million from the strategic investment and improvements fund (SIIF) to HIF for housing programs ($20 million), a grant to an organization for a Native American homelessness liaison ($150,000), and ($13.5 million) for a rent stabilization program. Section 15 identifies $1,200,983 from the housing incentive fund for homelessness program and rent stabilization program positions. Section 24 amends the housing incentive fund to allow moneys in the fund to be used for administrative expenses subject to legislative appropriation.	
Homelessness legislative management study	Section 18 provides for a legislative management study of homelessness.	Section 28 provides for a legislative management study of homelessness.	

April 16, 2025

Legislative Council

Department of Mineral Resources - Budget No. 474
Agency Worksheet - Senate Bill No. 2014

	Senate Version				House Version				House Compared to Senate Version Increase (Decrease)			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2025-27 Biennium Base Level	108.00	$28,113,785	$268,000	$28,381,785	108.00	$28,113,785	$268,000	$28,381,785	0.00	$0	$0	$0
2025-27 Ongoing Funding Changes												
Salary increase		$978,870		$978,870		$978,870		$978,870				$0
Health insurance increase		666,585		666,585		666,585		666,585				0
Funding to replace the 2023-25 vacant FTE pool		1,389,856		1,389,856		1,389,856		1,389,856				0
Funding to replace the 2023-25 new FTE pool		1,284,293		1,284,293		1,284,293		1,284,293				0
2025-27 new and vacant FTE pool - vacant		(496,901)		(496,901)		(496,901)		(496,901)				0
2025-27 new and vacant FTE pool - new		(49,906)		(49,906)		(51,443)	($55,466)	(106,909)		($1,537)	($55,466)	(57,003)
FTE permitting technician position	1.00	154,873		154,873	0.00	0		0	(1.00)	(154,873)		(154,873)
FTE reclamation specialist position	1.00	249,477		249,477	3.00	0	748,431	748,431	2.00	(249,477)	748,431	498,954
FTE administrative assistant position	1.00	163,030		163,030	1.00	163,030		163,030				0
FTE deputy director position				0	1.00	364,127		364,127	1.00	364,127		364,127
FTE position conversion to geologist		171,944		171,944		171,944		171,944				0
Federal funds adjustment to salaries			$16,000	16,000			16,000	16,000				0
Temporary salaries		45,000		45,000		45,000		45,000				0
Budget reduction from savings		(811,880)		(811,880)		(811,880)		(811,880)				0
Information technology rate adjustment		108,065		108,065		108,065		108,065				0
State fleet rate adjustment		1,500,000		1,500,000		2,235,000		2,235,000		735,000		735,000
Total ongoing funding changes	**3.00**	**$5,353,306**	**$16,000**	**$5,369,306**	**5.00**	**$6,046,546**	**$708,965**	**$6,755,511**	**2.00**	**$693,240**	**$692,965**	**$1,386,205**
One-Time Funding Items												
Federal abandoned well reclamation administration			$1,444,377	$1,444,377			$1,444,377	$1,444,377				$0
FTE position conversion operating expenses		$10,115		10,115		$10,115		10,115				0
New FTE position operating expenses		31,485		31,485		14,320	51,495	65,815		($17,165)	$51,495	34,330
Mineral analyses		100,000		100,000		100,000		100,000				0
Rare earth elements study - SIIF			400,000	400,000			400,000	400,000				0
Paleontology excavation project - SIIF			150,000	150,000			150,000	150,000				0
Ordinary high water mark expert fees				0				0				0
Oil and gas litigation - SIIF			3,000,000	3,000,000			3,000,000	3,000,000				0
Enhanced oil recovery database		15,000		15,000		0		0		(15,000)		(15,000)
Portable mineral detection equipment		45,000		45,000		45,000		45,000				0
Total one-time funding changes	**0.00**	**$201,600**	**$4,994,377**	**$5,195,977**	**0.00**	**$169,435**	**$5,045,872**	**$5,215,307**	**0.00**	**($32,165)**	**$51,495**	**$19,330**
Total Changes to Base Level Funding	**3.00**	**$5,554,906**	**$5,010,377**	**$10,565,283**	**5.00**	**$6,215,981**	**$5,754,837**	**$11,970,818**	**2.00**	**$661,075**	**$744,460**	**$1,405,535**
2025-27 Total Funding	**111.00**	**$33,668,691**	**$5,278,377**	**$38,947,068**	**113.00**	**$34,329,766**	**$6,022,837**	**$40,352,603**	**2.00**	**$661,075**	**$744,460**	**$1,405,535**
Federal funds included in other funds			*$1,728,377*				*$1,728,377*				*$0*	
Total ongoing changes - Percentage of base level	*2.8%*	*19.0%*	*6.0%*	*18.9%*	*4.6%*	*21.5%*	*264.5%*	*23.8%*	*N/A*	*N/A*	*N/A*	*N/A*
Total changes - Percentage of base level	*2.8%*	*19.8%*	*1869.5%*	*37.2%*	*4.6%*	*22.1%*	*2147.3%*	*42.2%*	*N/A*	*N/A*	*N/A*	*N/A*

Other Sections in Department of Mineral Resources - Budget No. 474

Section Description	Senate Version	House Version	
New and vacant FTE pool line item	Section 3 provides for the use of funding in the new and vacant FTE pool line item.	Section 3 provides for the use of funding in the new and vacant FTE pool line item.	
Strategic investment and improvements fund (SIIF)	Section 12 of this Act identifies $3,550,000 from SIIF for a rare earth elements study ($400,000), an archeology excavation project ($150,000), and oil and gas litigation ($3,000,000).	Section 13 of this Act identifies $3,550,000 from SIIF for a rare earth elements study ($400,000), an paleontology excavation project ($150,000), and oil and gas litigation ($3,000,000).	
Abandoned oil and gas well plugging and site reclamation fund		Section 14 identifies $799,926 from the abandoned oil and gas well plugging and site reclamation fund for reclamation specialists and related operating expenses. Section 22 amends the abandoned oil and gas well plugging and site reclamation fund allowing moneys in the fund to be used for administrative expenses subject to legislative appropriation.	
Unspent biennium appropriation exemption	Section 17 provides an exemption allowing unspent prior biennium appropriation authority to continue into the 2025-27 biennium for a federal abandoned oil well conversion to water supply grant program and a survey review.	Section 27 provides exemptions allowing unspent prior biennium appropriation authority to continue into the 2025-27 biennium for a federal abandoned oil well conversion to water supply grant program, a survey review, and a federal abandoned well reclamation program.	

April 16, 2025

Legislative Council

Mill and Elevator Association - Budget No. 475
Agency Worksheet - Senate Bill No. 2014

	Senate Version				House Version				House Compared to Senate Version Increase (Decrease)			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2025-27 Biennium Base Level	170.00	$0	$97,410,920	$97,410,920	170.00	$0	$97,410,920	$97,410,920	0.00	$0	$0	$0
2025-27 Ongoing Funding Changes												
Salary increases subject to union negotiations			$2,545,656	$2,545,656			$2,545,656	$2,545,656				$0
Health insurance increase			1,032,908	1,032,908			1,032,908	1,032,908				0
Funding to replace the 2023-25 vacant FTE pool			1,756,563	1,756,563			1,756,563	1,756,563				0
Funding to replace the 2023-25 new FTE pool			2,367,332	2,367,332			2,367,332	2,367,332				0
2025-27 new and vacant FTE pool - vacant			(707,015)	(707,015)			(707,015)	(707,015)				0
2025-27 new and vacant FTE pool - new			(35,981)	(35,981)			(35,981)	(35,981)				0
FTE railcar inspector positions	2.00		359,808	359,808	2.00		359,808	359,808				0
Salary funding - Overtime or 4th shift			1,000,000	1,000,000			1,000,000	1,000,000				0
Information technology rate adjustment			10,224	10,224			10,224	10,224				0
Operating expenses - Milling capacity increases			2,700,000	2,700,000			2,700,000	2,700,000				0
Total ongoing funding changes	**2.00**	**$0**	**$11,029,495**	**$11,029,495**	**2.00**	**$0**	**$11,029,495**	**$11,029,495**	**0.00**	**$0**	**$0**	**$0**
One-Time Funding Items												
No one-time funding items				$0				$0				$0
Total one-time funding changes	**0.00**	**$0**	**$0**	**$0**	**0.00**	**$0**	**$0**	**$0**	**0.00**	**$0**	**$0**	**$0**
Total Changes to Base Level Funding	**2.00**	**$0**	**$11,029,495**	**$11,029,495**	**2.00**	**$0**	**$11,029,495**	**$11,029,495**	**0.00**	**$0**	**$0**	**$0**
2025-27 Total Funding	**172.00**	**$0**	**$108,440,415**	**$108,440,415**	**172.00**	**$0**	**$108,440,415**	**$108,440,415**	**0.00**	**$0**	**$0**	**$0**
Federal funds included in other funds			*$0*				*$0*				*$0*	
Total ongoing changes - Percentage of base level	*1.2%*	*N/A*	*11.3%*	*11.3%*	*1.2%*	*N/A*	*11.3%*	*11.3%*	*N/A*	*N/A*	*N/A*	*N/A*
Total changes - Percentage of base level	*1.2%*	*N/A*	*11.3%*	*11.3%*	*1.2%*	*N/A*	*11.3%*	*11.3%*	*N/A*	*N/A*	*N/A*	*N/A*

Other Sections in Mill and Elevator Association - Budget No. 475

Section Description	Senate Version	House Version	
New and vacant FTE pool line item	Section 3 provides for the use of funding in the new and vacant FTE pool line item.	Section 3 provides for the use of funding in the new and vacant FTE pool line item.	

April 16, 2025

Legislative Council

Industrial Commission - Budget No. 405
Agency Worksheet - Senate Bill No. 2014

	Senate Version				House Version				House Compared to Senate Version Increase (Decrease)			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2025-27 Biennium Base Level	9.75	$0	$122,237,102	$122,237,102	9.75	$0	$122,237,102	$122,237,102	0.00	$0	$0	$0
2025-27 Ongoing Funding Changes												
Salary increase			$71,132	$71,132			$71,132	$71,132				$0
Health insurance increase			45,039	45,039			45,039	45,039				0
Funding to replace the 2023-25 vacant FTE pool			30,381	30,381			30,381	30,381				0
Funding to replace the 2023-25 new FTE pool			490,562	490,562			490,562	490,562				0
2025-27 new and vacant FTE pool			(8,733)	(8,733)			(8,733)	(8,733)				0
Executive director salary equity increases				0				0				0
Executive director equity - Industrial Commission			245,000	245,000			125,000	125,000			($120,000)	(120,000)
Executive director equity - Public Finance Authority			105,000	105,000			50,000	50,000			(55,000)	(55,000)
Transfers $581,422 from salaries to operating				0				0				0
Transfers $500,000 from operating to salaries				0				0				0
Information technology rate adjustments			369	369			369	369				0
Professional development and travel			15,200	15,200			15,200	15,200				0
Grant management software fees			275,000	275,000			275,000	275,000				0
Transmission Authority director contract		$400,000		400,000		$400,000		400,000				0
Bond payment adjustment			(2,761,713)	(2,761,713)			(2,761,713)	(2,761,713)				0
Inflationary increases - operating expenses				0			50,000	50,000			50,000	50,000
Total ongoing funding changes	**0.00**	**$400,000**	**($1,492,763)**	**($1,092,763)**	**0.00**	**$400,000**	**($1,617,763)**	**($1,217,763)**	**0.00**	**$0**	**($125,000)**	**($125,000)**
One-Time Funding Items												
Inflationary increases			$50,000	$50,000			$0	$0			($50,000)	($50,000)
Electric grid resiliency grant - SIIF and federal			13,668,089	13,668,089			13,668,089	13,668,089				0
Lignite litigation fees - SIIF			3,000,000	3,000,000			3,000,000	3,000,000				0
Total one-time funding changes	**0.00**	**$0**	**$16,718,089**	**$16,718,089**	**0.00**	**$0**	**$16,668,089**	**$16,668,089**	**0.00**	**$0**	**($50,000)**	**($50,000)**
Total Changes to Base Level Funding	**0.00**	**$400,000**	**$15,225,326**	**$15,625,326**	**0.00**	**$400,000**	**$15,050,326**	**$15,450,326**	**0.00**	**$0**	**($175,000)**	**($175,000)**
2025-27 Total Funding	**9.75**	**$400,000**	**$137,462,428**	**$137,862,428**	**9.75**	**$400,000**	**$137,287,428**	**$137,687,428**	**0.00**	**$0**	**($175,000)**	**($175,000)**
Federal funds included in other funds			*$11,885,295*				*$11,885,295*				*$0*	
Total ongoing changes - Percentage of base level	*0.0%*	*N/A*	*(1.2%)*	*(0.9%)*	*0.0%*	*N/A*	*(1.3%)*	*(1.0%)*	*N/A*	*N/A*	*N/A*	*N/A*
Total changes - Percentage of base level	*0.0%*	*N/A*	*12.5%*	*12.8%*	*0.0%*	*N/A*	*12.3%*	*12.6%*	*N/A*	*N/A*	*N/A*	*N/A*

Other Sections in Industrial Commission - Budget No. 405

Section Description	Senate Version	House Version	
New and vacant FTE pool line item	Section 3 provides for the use of funding in the new and vacant FTE pool line item.	Section 3 provides for the use of funding in the new and vacant FTE pool line item.	
Bond payments	Section 4 identifies the amounts for bond payments during the 2025-27 biennium.	Section 4 identifies the amounts for bond payments during the 2025-27 biennium.	

Other Sections in Industrial Commission - Budget No. 405

Section Description	Senate Version	House Version	
Administrative costs	Section 7 would allow the Industrial Commission to transfer up to $2,435,660 from entities and funds under the control of the Industrial Commission for administrative services and would allow unspent prior biennium appropriation authority for administrative costs to be available in the 2025-27 biennium.	Section 7 would allow the Industrial Commission to transfer up to $2,260,660 from entities and funds under the control of the Industrial Commission for administrative services and would allow unspent prior biennium appropriation authority for administrative costs to be available in the 2025-27 biennium.	
Enhanced oil recovery grant program	Section 10 transfers $4 million from the state energy research center fund and $21 million from SIIF to the oil and gas research fund for an enhanced oil recovery grant program.	Section 11 transfers $4 million from the state energy research center fund and $21 million from SIIF to the oil and gas research fund for an enhanced oil recovery grant program.	
Lignite research funding	Section 11 designates $4.5 million from the lignite research fund for lignite marketing studies, advanced energy technology, or possible lignite-related litigation and requires the Industrial Commission to provide a report.	Section 12 designates $4.5 million from the lignite research fund for lignite marketing studies, advanced energy technology, or possible lignite-related litigation and requires the Industrial Commission to provide a report.	
Strategic investment and improvements fund (SIIF)	Section 12 identifies funding from SIIF for matching federal funds for an electric grid resiliency grant ($1,782,794) and lignite litigation ($3,000,000).	Section 13 identifies funding from SIIF for matching federal funds for an electric grid resiliency grant ($1,782,794) and lignite litigation ($3,000,000).	
Salt cavern underground energy storage research project	Section 16 amends 2023 Session Laws decreasing the amount of funding from SIIF for a salt cavern underground energy storage research project from $6 million to $2 million and allows the funding to be used for a business case analysis rather than construction of salt caverns.	Section 26 amends 2023 Session Laws decreasing the amount of funding from SIIF for a salt cavern underground energy storage research project from $6 million to $2 million and allows the funding to be used for a business case analysis rather than construction of salt caverns.	
Unspent biennium appropriation exemption	Section 17 provides exemptions allowing unspent prior biennium appropriation authority to continue into the 2025-27 biennium for grant management software, records digitization, and a federal electric grid resiliency grant.	Section 27 provides exemptions allowing unspent prior biennium appropriation authority to continue into the 2025-27 biennium for grant management software, records digitization, and a federal electric grid resiliency grant.	

April 16, 2025

Legislative Council

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

	Senate Version				House Version				House Compared to Senate Version Increase (Decrease)			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2025-27 Biennium Base Level	187.00	$0	$71,605,483	$71,605,483	187.00	$0	$71,605,483	$71,605,483	0.00	$0	$0	$0
2025-27 Ongoing Funding Changes												
Salary increase			$1,825,271	$1,825,271			$1,825,271	$1,825,271				$0
Health insurance increase			1,122,988	1,122,988			1,122,988	1,122,988				0
Funding to replace the 2023-25 vacant FTE pool			2,323,303	2,323,303			2,323,303	2,323,303				0
Funding to replace the 2023-25 new FTE pool			3,106,682	3,106,682			3,106,682	3,106,682				0
2025-27 new and vacant FTE pool			(909,460)	(909,460)			(909,460)	(909,460)				0
Salary funding - Cost to continue			343,487	343,487			343,487	343,487				0
Budget reduction from operational savings			(78,168)	(78,168)			(78,168)	(78,168)				0
Information technology rate adjustment			403,892	403,892			403,892	403,892				0
Transfer of $804,278 from operations to capital				0				0				0
Total ongoing funding changes	**0.00**	**$0**	**$8,137,995**	**$8,137,995**	**0.00**	**$0**	**$8,137,995**	**$8,137,995**	**0.00**	**$0**	**$0**	**$0**
One-Time Funding Items												
Cash management temporary salaries				$0				$0				$0
Capital improvement projects			$2,633,299	2,633,299			$2,633,299	2,633,299				0
Total one-time funding changes	**0.00**	**$0**	**$2,633,299**	**$2,633,299**	**0.00**	**$0**	**$2,633,299**	**$2,633,299**	**0.00**	**$0**	**$0**	**$0**
Total Changes to Base Level Funding	**0.00**	**$0**	**$10,771,294**	**$10,771,294**	**0.00**	**$0**	**$10,771,294**	**$10,771,294**	**0.00**	**$0**	**$0**	**$0**
2025-27 Total Funding	**187.00**	**$0**	**$82,376,777**	**$82,376,777**	**187.00**	**$0**	**$82,376,777**	**$82,376,777**	**0.00**	**$0**	**$0**	**$0**
Federal funds included in other funds			*$0*				*$0*				*$0*	
Total ongoing changes - Percentage of base level	*0.0%*	*N/A*	*11.4%*	*11.4%*	*0.0%*	*N/A*	*11.4%*	*11.4%*	*N/A*	*N/A*	*N/A*	*N/A*
Total changes - Percentage of base level	*0.0%*	*N/A*	*15.0%*	*15.0%*	*0.0%*	*N/A*	*15.0%*	*15.0%*	*N/A*	*N/A*	*N/A*	*N/A*

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

Section Description	Senate Version	House Version	
New and vacant FTE pool line item	Section 3 provides for the use of funding in the new and vacant FTE pool line item.	Section 3 provides for the use of funding in the new and vacant FTE pool line item.	
Transfers to general fund	Section 8 transfers $140 million from Bank profits to the general fund for the 2025-27 biennium.	Section 8 transfers $140 million from Bank profits to the general fund for the 2025-27 biennium.	
Transfers to economic development programs	Section 9 transfers $61.9 million from Bank profits to economic development programs, including $39 million to the partnership in assisting community expansion (PACE) fund, $5 million to the Ag PACE fund, $1 million to the biofuels PACE fund, $15 million to the beginning farmer revolving loan fund, and $1.9 million to the University of North Dakota small business development center to match federal funds.	Section 9 transfers $60 million from Bank profits to economic development programs and $1.9 million to the University of North Dakota small business development center to match federal funds.	

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

Section Description	Senate Version	House Version	
Rail revolving loan fund		Sections 10, 19, and 23 create a new rail revolving loan fund to provide loans for rail infrastructure improvements, require the Department of Transportation to coordinate with the Bank for rail projects financed from the new fund, and transfer any outstanding loans and moneys in the rail fund to the newly created rail revolving loan fund.	
Confidential and exempt Bank records	Sections 13 and 14 amend statutory provisions relating to Bank of North Dakota records to clarify the confidentiality of indirect financing records and to exempt insurance coverage from open records.	Sections 16 and 17 amend statutory provisions relating to Bank of North Dakota records to clarify the confidentiality of indirect financing records and to exempt insurance coverage from open records.	
Rebuilders loan program		Section 18 amends the rebuilders loan program to allow loans for weather-related incidents or economic hardships as determined by the Governor.	
North Dakota Pipeline Authority borrowing		Section 20 increases loan guarantees from the strategic investment and improvements fund by $40 million, from $140 million to $180 million, reflecting an increase of $60 million for North Dakota Pipeline Authority borrowing and a decrease of $20 million for other loan guarantees. Section 25 increases the amount the North Dakota Pipeline Authority may borrow for pipeline capacity positions by $60 million, from $60 million to $120 million.	
PACE fund interest rate buydowns	Section 15 increases the amount of funding that may be used for interest rate buydowns under the PACE fund from $500,000 to $1.5 million for projects with a substantial economic impact and removes the matching requirement for the additional $1 million of interest rate buydown funding.	Section 21 increases the amount of funding that may be used for interest rate buydowns under the PACE fund from $500,000 to $1.5 million for projects with a substantial economic impact and removes the matching requirement for the additional $1 million of interest rate buydown funding.	

2025 SENATE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division
Sakakawea Room, State Capitol

SB 2014
4/29/2025
Conference Committee

A BILL for an Act to provide an appropriation for defraying the expenses of the industrial commission and and the agencies under its control to provide for a transfer; to provide an exemption; to provide for a legislative management study; and to provide for a report.

3:00 p.m. Chairman Schaible called the meeting to order.

Members Present: Chairman Ronald Schaible, Senator Sorvaag, Senator Bekkedahl, Representative Kempenich, Representative Bosch, Representative Monson

Discussion Topics:

- Rent Stabilization Funding
- Native American Liaison
- Abandoned Well Fund

3:00 p.m. Chairman Schaible referenced Long Sheet, submitted testimony in favor #45320 and referenced previous testimony #45250 from 4/28/2025.

3:03 p.m. Representative Bosch moved amendment to remove funds of $13.5 million from rent stabilization and 3 FTE positions, and to supply $25 million from SIIF funding.

3:03 p.m. Representative Monson seconded the motion.

Motion Passed 6-0-0.

3:06 p.m. Dave Flohr, Executive Director, ND Housing Finance Agency, testified in favor and answered committee questions.

3:07 p.m. Representative Kempenich provided clarification about changes made by the house.

3:09 p.m. Senator Sorvaag moved to adopt changes to add 2 additional FTE's

3:09 p.m. Representative Bosch seconded the motion.

Motion Passed 6-0-0.

3:11 p.m. Representative Kempenich explained changes made by the house to the Industrial Commission.

3:13 p.m. Karen Tyler, Executive Director, ND Industrial Commission, testified in favor and answered committee questions.

3:15 p.m. Senator Bekkedahl moved to accept changes to move funds to ongoing funding, and to reduce position funding to $175k.

3:15 p.m. Representative Monson seconded the motion.

Motion Passed 6-0-0.

3:16 p.m. Representative Kempenich explained the changes made by the house to the Dept. of Mineral Resources and referenced previous testimony #45254 04/28/25.

3:22 p.m. Senator Bekkedahl moved to accept house changes to move FTE positions into special funds and to add 2 FTE to reclamation specialist positions.

3:22 p.m. Representative Monson seconded the motion.

Motion Passed 6-0-0

3:23 p.m. Representative Bosch moved changes to add FTE Deputy Director position.

3:24 p.m. Representative Monson seconded the motion

Motion Passed 6-0-0.

3:28 p.m. Senator Bekkedahl moved to accept the house changes to add $735k to deputy director positions.

3:28 p.m. Representative Bosch seconded the motion.

Motion Passed 6-0-0.

3:29 p.m. Chairman Schaible adjourned the meeting.

Steven Hall, Committee Clerk

SB 2014 042925 1348 PM Roll Call Vote

Amendment

SB 2014

Date Submitted: April 30, 2025, 1:48 p.m.

Action: Passed

Amendment LC #: Pending LC #

Motioned By: Bosch, Glenn

Seconded By: Monson, David

Emergency Clause: None

Vote Results: 6 - 0 - 0

Description: remove funds of $13.5 million from rent stabilization and 3 FTE positions

Sen. Schaible, Donald	Yea
Sen. Sorvaag, Ronald	Yea
Sen. Bekkedahl, Brad	Yea
Rep. Kempenich, Keith	Yea
Rep. Monson, David	Yea
Rep. Bosch, Glenn	Yea

SB 2014 042925 1348 PM Roll Call Vote

Amendment

SB 2014

Date Submitted: April 30, 2025, 1:48 p.m.

Action: Passed

Amendment LC #: Pending LC #

Motioned By: Sorvaag, Ronald

Seconded By: Bosch, Glenn

Emergency Clause: None

Vote Results: 6 - 0 - 0

Description: adopt 2 additional FTE's

Sen. Schaible, Donald	Yea
Sen. Sorvaag, Ronald	Yea
Sen. Bekkedahl, Brad	Yea
Rep. Kempenich, Keith	Yea
Rep. Monson, David	Yea
Rep. Bosch, Glenn	Yea

SB 2014 042925 1349 PM Roll Call Vote

Amendment

SB 2014

Date Submitted: April 30, 2025, 1:49 p.m.

Action: Passed

Amendment LC #: Pending LC #

Motioned By: Bekkedahl, Brad

Seconded By: Monson, David

Emergency Clause: None

Vote Results: 6 - 0 - 0

Description: move funds to ongoing funding and to reduce position funding to $175k

Sen. Schaible, Donald	Yea
Sen. Sorvaag, Ronald	Yea
Sen. Bekkedahl, Brad	Yea
Rep. Kempenich, Keith	Yea
Rep. Monson, David	Yea
Rep. Bosch, Glenn	Yea

SB 2014 042925 1349 PM Roll Call Vote

Amendment

SB 2014

Date Submitted: April 30, 2025, 1:49 p.m.

Action: Passed

Amendment LC #: Pending LC #

Motioned By: Bekkedahl, Brad

Seconded By: Monson, David

Emergency Clause: None

Vote Results: 6 - 0 - 0

Description: move FTE positions into special funds and to add 2 FTE to reclamation specialist positions

Sen. Schaible, Donald	Yea
Sen. Sorvaag, Ronald	Yea
Sen. Bekkedahl, Brad	Yea
Rep. Kempenich, Keith	Yea
Rep. Monson, David	Yea
Rep. Bosch, Glenn	Yea

SB 2014 042925 1350 PM Roll Call Vote

Amendment

SB 2014

Date Submitted: April 30, 2025, 1:50 p.m.

Action: Passed

Amendment LC #: Pending LC #

Motioned By: Bosch, Glenn

Seconded By: Monson, David

Emergency Clause: None

Vote Results: 6 - 0 - 0

Description: add FTE Deputy Director position

Sen. Schaible, Donald	Yea
Sen. Sorvaag, Ronald	Yea
Sen. Bekkedahl, Brad	Yea
Rep. Kempenich, Keith	Yea
Rep. Monson, David	Yea
Rep. Bosch, Glenn	Yea

SB 2014 042925 1351 PM Roll Call Vote

Amendment

SB 2014

Date Submitted: April 30, 2025, 1:51 p.m.

Action: Passed

Amendment LC #: Pending LC #

Motioned By: Bekkedahl, Brad

Seconded By: Bosch, Glenn

Emergency Clause: None

Vote Results: 6 - 0 - 0

Description: changes to add $735k to deputy direction position

Sen. Schaible, Donald	Yea
Sen. Sorvaag, Ronald	Yea
Sen. Bekkedahl, Brad	Yea
Rep. Kempenich, Keith	Yea
Rep. Monson, David	Yea
Rep. Bosch, Glenn	Yea

Legislative Assembly

North Dakota Senate

STATE CAPITOL
600 EAST BOULEVARD
BISMARCK, ND 58505-0360

Senator Josh Boschee
District 44
736 Elm Street North, Apt. 8
Fargo, ND 58102-3859
jboschee@ndlegis.gov

COMMITTEES:
Education
Workforce Development

HB 1014 - Industrial Commission Budget

Request for additional Housing Incentive Funds to be available if SIIF bucket fills throughout the biennium. As has been demonstrated, based on project applications in previous biennia there is much more need for affordable housing development and rehabilitation than Housing Incentive Funds available.

Including trigger language gives a signal to the market that funding may be available, and communities should plan accordingly. **This would greatly benefit rural communities and smaller projects** to give them time to put something together and compete as each funding round occurs. It also allows funds to get out the door to align with cheaper building costs than waiting for another legislative session.

Proposed language:

- $**25 million** is available only if the state treasurer certifies to the office of management and budget that oil and gas tax revenue allocations to the strategic investment and improvements fund under section 57-51.1-07.5 have exceeded **$420,000,000** during the 2025-27 biennium. The appropriation in this section is considered a one-time funding item.

Housing Incentive Fund (HIF) History

Legis Assembly	Appropriated	Applications**	Awards**	Total Unfunded**	Notes
2023 - 2025	$13.75 Million	16	7	$46,682,840	Single-family authorized activity
2021 - 2023	$9.5 Million	12	6	$44,488,843	
2019 - 2021	$7.5 Million	11	6		
2017 - 2019	$0	10	6		
2015 - 2017	$40 Million	50	24		$30 M in tax credits, $5 M from BND, trigger for additional $5 M from BND for cities less than 12,500 people
2013 - 2015	$35.4 Million	54	29		$20 M in tax credit, $15.4 M general fund
2011 - 2013	$15 Million	30	21		HIF created in 2011 via tax credits

**Note, this reflects projects that are in the works and applied for all development funding, and it does not include rural projects or those that are not in progress

Multifamily Pipeline Demand

Program	# of apps	Request	Available	Unfunded
Low Income Housing Tax Credit (federal)	22	$20,727,710	$7,358,172	$13,369,538
HOME (federal)	17	$17,027,069	$4,690,866	$12,336,203
National Housing Trust Fund (federal)	12	$18,432,666	$5,925,166	$12,507,488
Housing Incentive Fund (state funded)	18	$20,567,605	$12,097,994	$8,469,611

2023-2025 Unfunded Applications =14 Projects/ 522 Units
$46,682,840

HOUSING & HOMELESS FUNDING CROSSWALK

RECOMMENDATIONS PRIOR TO SESSION State Funded Programs	SB 2030 Interim Gov Serv Committee	Gov Burgum Budget	Gov Armstrong Budget
** Does not reflect Federal Funding			
North Dakota Homeless Grant (NDHG)	$10 Million	$10 Million (NDHFA)	$10 Million (NDHFA)
Funding for a Homeless Study	$50,000	-	-
School District Homeless Liaisons	$1 Million	-	-
Housing Incentive Fund (HIF)	$200 Million over 4-years	$30 Million (NDHFA)	$25 Million (NDHFA)
Homeless Study - Legislative Management	$50,000	-	-
Housing Instability	-	$10 Million (DHHS)	$10 Million (DHHS)
Eviction Prevention	-	$3.5 Million (DHHS)	$3.5 Million (DHHS)
In-Home Modification	-	$1 Million (DHHS)	$1 Million (DHHS)
Housing for Opportunity, Mobility, and Empowerment Program	-	-	$50 Million (Commerce)
Homeless/Housing Stabilization	**$11 Million**	**$23.5 Million**	**$23.5 Million**
Development of Affordable Housing via HIF	**$100 Million (2-year)**	**$30 Million (2-year)**	**$25 Million (2-year)**
Other Housing Initiatives	**$50,000**	**$41.5 Million**	**$56 Million**
2025-2027 TOTAL HOMELESS & AFFORDABLE HOUSING FUNDING	**$111,050,000**	**$96,000,000**	**$104,500,000**

$211,050,000 with HIF 4-year

LEGISLATIVE ACTIVITY AS OF 4/24/25 Bill No.	Program/Purpose	Armstrong	Senate Version	House Version
SB 2014 - Industrial Commission Budget Bill *(North Dakota Housing Finance Agency)*				
NDHFA	North Dakota Homeless Grant (NDHG)	$10 Million	$10 Million	$10 Million
	Housing Incentive Fund (HIF)	$25 Million	$25 Million	$20 Million
	Rent Stabilization/Eviction Prevention reallocated in House version of SB	-	-	$13.5 Million**
HB 1012 - Department of Health & Human Services Budget Bill *(Specific funding for Housing Initiative)*				
DHHS	Housing Instability	$10 Million	$500,000*	-
	Eviction Prevention	$3.5 Million	-	-
	In-Home Modification	$1 Million	$1 Million	$1 Million
SB 2225 - Infrastructure Bill (Gov Armstrong's Budget)				
Commerce	Housing for Opportunity, Mobility, and Empowerment Program	$30 Million	$50 Million	$30 Million

Comments $13.5 Million reallocation from DHHS to NDHFA was initially made by North Dakota Coalition for Homeless People
NDCHP membership recommended the reallocation to ensure local control, meet community needs, remedy landlord relationships
NDCHP lobbyist requested this reallocation to streamline homeless/housing/rental funding within one state agency
NDHFA will grant the $13.5 Million out to agencies across the state
House Appropriations HR Division supported the reallocation due to DHHS capacity/focus on current programs
Governor Armstrong is supportive of the reallocation to NDHFA

Comment Senate had kept $500,000 in HB 1012 as a placeholder to ensure that the funding was reallocated to SB 2014

North Dakota Homeless Grant (NDHG) History

Legis Assembly	Amount	Notes
2023 - 2025	$2.5 Million	Transferred from Commerce to NDHFA
2021 - 2023	$1.3 Million	
2019 - 2021	$1.5 Million	
2017 - 2019	$300,000	
2015 - 2017	$1.5 Million	

The North Dakota Homeless Grant demands during the 2023 and 2024 competitions.

In the 2023 NDHG application round there were 23 applications for a total of:

$2,825,388 requested
$1,130,000 available
$1,695,388 over-subscription

In the 2024 NDHG application round there were 25 applications for a total of:

$2,885,349 requested
$909,115 available
$1,976,234 over-subscription

2023/2024 combined = $5,710,737 in requests, $3,671,622 more than available.

The Emergency Solutions Grant (ESG) is a federal grant for the same activities as NDHG.

In the 2023 ESG application round there were 23 applications for a total of:

$2,032,335 requested
$565,007 available
$1,467,328 over-subscription

In the 2024 ESG application round there were 21 applications for a total of:

$2,190,403 requested
$881,870 available
$1,308,533 over-subscription

2023/2024 combined = $4,222,738 in requests, $2,775,861 more than available.

In 2023/2024 combined there were $9,933,475 in requests for NDHG & ESG.

The Continuum of Care (CoC) is another federal grant for people exiting homelessness with medium-to-long term support (e.g. transitional housing, rapid rehousing, permanent supportive housing), which is also administered by NDHFA. In 2024 alone there were $5,719,695.00 in requests, **$1,770,115 more** than the $3,949,579 available.

** Please note - this list of grants is not exhaustive and not all agencies in need of funding apply for these resources because they know there is not sufficient funding. **

2025 SENATE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division
Sakakawea Room, State Capitol

SB 2014
4/30/2025
Conference Committee

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 section, to amend and reenact, to provide an exemption; to provide for a legislative management study; to provide for a legislative management report.

9:03 a.m. Chairman Schaible called the meeting to order.

Members Present: Chairman Ronald Schaible, Senator Sorvaag, Senator Behhedahl. Representative Pyle, Representative Bosch, Representative Monson

Discussion Topics:

- Increase Capacity Program
- Change of Effective Date
- Line of Credit

9:03 a.m. Representative Bosch clarified the discussion from the previous meeting, made suggestions to the committee, and submitted testimony in favor #45323 and #45325.

9:06 a.m. Senator Bekkedahl asked for further clarification.

9:07 a.m. Representative Monson moved amendment to section 20 to increase commitment from $30 million to $60 million.

9:07 a.m. Representative Pyle seconded the motion.

Roll Call Vote - Motion Failed: 3-3-0.

9:12 a.m. Representative Bosch made further suggestions to the committee.

9:24 a.m. Representative Bosch moved amendment to provide funding for an outstanding invoice of $627,587.

9:24 a.m. Senator Bekkedahl seconded the motion.

Roll Call Vote - Motion Passed: 6-0-0.

9:26 a.m. Chairman Schaible adjourned the meeting.

Steven Hall, Committee Clerk

SB 2014 043025 0941 AM Roll Call Vote

Amendment

SB 2014

Date Submitted: April 30, 2025, 9:41 a.m.

Action: Failed

Amendment LC #: Pending LC #

Motioned By: Monson, David

Seconded By: Pyle, Brandy

Emergency Clause: None

Vote Results: 3 - 3 - 0

Description: Section 20 to increase commitment from $30 million to $60 million.

Sen. Schaible, Donald	Nay
Sen. Sorvaag, Ronald	Nay
Sen. Bekkedahl, Brad	Nay
Rep. Bosch, Glenn	Yea
Rep. Monson, David	Yea
Rep. Pyle, Brandy	Yea

SB 2014 043025 0944 AM Roll Call Vote

Amendment

SB 2014

Date Submitted: April 30, 2025, 9:44 a.m.

Action: Passed

Amendment LC #: Pending LC #

Motioned By: Bosch, Glenn

Seconded By: Bekkedahl, Brad

Emergency Clause: None

Vote Results: 6 - 0 - 0

Description: To provide funding of $627,587 to pay outstanding invoice to hydrogen energy research projuect.

Sen. Schaible, Donald	Yea
Sen. Sorvaag, Ronald	Yea
Sen. Bekkedahl, Brad	Yea
Rep. Bosch, Glenn	Yea
Rep. Monson, David	Yea
Rep. Pyle, Brandy	Yea

Section 20

Establishment and maintenance of adequate guarantee funds - Use of strategic investment and improvements fund. (Effective after June 30, 2025) The Bank of North Dakota shall establish and at all times maintain an adequate guarantee reserve fund in a special account in the Bank. The Bank may request the director of the office of management and budget to transfer funds from the strategic investment and improvements fund created by section 15-08.1-08 to maintain one hundred percent of the guarantee reserve fund balance.

Transfers from the strategic investment and improvements fund may not exceed a total of one ~~hundred forty million~~ one hundred eighty million dollars. Moneys in the guarantee reserve fund are available to reimburse lenders, including the Bank, for guaranteed loans in default. The securities in which the moneys in the reserve fund may be invested must meet the same requirements as those authorized for investment under the state investment board. The income from such investments must be made available for the costs of administering the state guarantee loan program and income in excess of that required to pay the cost of administering the program must be deposited in the reserve fund. The amount of reserves for all guaranteed loans must be determined by a formula that will assure, as determined by the Bank, an adequate amount of reserve.

Section 29. Section 20 becomes effective on July 1, 2027.

Bosch, Glenn D.

From: Mathiak, Adam
Sent: Wednesday, April 30, 2025 8:07 AM
To: Bosch, Glenn D.
Subject: FW: SB 2014 Amendment - Deficiency Appropriation

From: Mathiak, Adam
Sent: Tuesday, April 29, 2025 9:08 AM
To: Bosch, Glenn D. <gdbosch@ndlegis.gov>
Cc: Patten, Dale <dpatten@ndlegis.gov>; Knudson, Allen H. <aknudson@ndlegis.gov>
Subject: SB 2014 Amendment - Deficiency Appropriation

Representative Bosch:

This email is in response to your request for an amendment to Senate Bill No. 2014, the Industrial Commission budget. Below is a suggestion for consideration by the Conference Committee which would provide a deficiency appropriation from the general fund to the Industrial Commission to pay up to $627,587 related to an outstanding bill from the Energy and Environmental Research Center (EERC).

> SECTION _. APPROPRIATION - 2023-25 BIENNIUM - INDUSTRIAL COMMISSION - HYDROGEN ENERGY RESEARCH PROJECT. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $627,587, or so much of the sum as may be necessary, to the industrial commission for the purpose of paying an outstanding invoice related to a hydrogen energy research project, for the period beginning with the effective date of this section and ending June 30, 2025.
>
> SECTION _. EMERGENCY. Section _ of this Act is declared to be an emergency measure.

Please let us know if you have any questions. Thanks.

Legislative Council

Adam Mathiak
Senior Fiscal Analyst
www.ndlegis.gov
701-328-2936

2025 SENATE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division
Sakakawea Room, State Capitol

SB 2014
4/30/2025
Conference Committee

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 section, to amend and reenact, to provide an exemption; to provide for a legislative management study; to provide for a legislative management report.

4:03 p.m. Chairman Schaible called the meeting to order.

Members Present: Chairman Ronald Schaible, Senator Sorvaag, Senator Bekkedahl, Representative Pyle, Representative Bosch, Representative Monson.

Discussion Topics:

- Pipeline Capacity.
- Oil Study.
- Effective Dates.
- Line of Credit.

4:03 p.m. Representative Bosch made statements to the committee and moved an amendment to include a study.

4:04 p.m. Representative Pyle seconded.

Roll Call Vote - Motion Passed 6-0-0.

4:05 p.m. Representative Bosch made suggestions to the committee to change effective dates

4:07 p.m. Representative Bosch moved to further amend to change effective dates and submitted testimony #45347.

4:07 p.m. Representative Monson seconded the motion.

Roll Call Vote - Motion Passed 5-1-0.

4:10 p.m. Senator Bekkedahl moved to further amend to change a transfer of $50 million to $45 million and submitted testimony in favor #45348.

4:11 p.m. Senator Sorvaag seconded the motion.

Roll Call Vote - Motion Passed 6-0-0.

4:14 p.m. Senator Bekkedahl moved to further amend to change language to authorize a 2% rate for Theodore library operation.

4:18 p.m. Representative Bosch raised concerns regarding the amendment.

4:19 p.m. Representative Pyle seconded

Roll Call - Vote Motion Passed 5-1-0.

4:23 p.m. Senator Sorvaag moved LLC# 25.0181.02009 in place of LC#25.0181.02007.

4:23 p.m. Representative Monson seconded the motion

Roll Call Vote - Motion Passed 5-1-0.

Chairman Schaible and Representative Monson will carry the bill.

4:24 p.m. Chairman Sorvaag adjourned the meeting.

Steven Hall, Committee Clerk

25.0181.02009
Title.04000
Fiscal No. 1

Prepared by the Legislative Council staff for Conference Committee

May 1, 2025

5/1/25
10a24
CO

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO FIRST ENGROSSMENT

ENGROSSED SENATE BILL NO. 2014

Introduced by

Appropriations Committee

In place of amendment (25.0181.02007) adopted by the House, Engrossed Senate Bill No. 2014 is amended by amendment (25.0181.02009) as follows:

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 section to chapter 6-09 and a new subdivision to subsection 2 of section 38-08-04.5 of the North Dakota Century Code, relating to a rail revolving loan fund and uses of the abandoned oil and gas well plugging and site reclamation fund; to amend and reenact subsection 7 of section 6-08.1-02 and sections 6-09-35 ~~and~~, 6-09-46.2, 6-09.7-05, 6-09.14-04, and 49-17.1-02.1, subsection 1 of section 54-17-40, and subdivision a of subsection 4 of section 54-17.7-04 of the North Dakota Century Code, section 15 of chapter 14 of the 2023 Session Laws, and section 3 of Senate Bill No. 2188, as approved by the sixty-ninth legislative assembly, relating to confidential and exempt records of the Bank of North Dakota ~~and~~, the rebuilders loan program, loan guarantees through the strategic investment and improvements fund, interest rate buydown limits for the partnership in assisting community expansion fund, department of transportation review and approval of rail projects, uses of the housing incentive fund, North Dakota pipeline borrowing authority, a salt cavern underground energy storage research project, and a transfer from the strategic investment and improvements fund to the clean sustainable energy fund; ~~to amend and reenact section 15 of chapter 14 of the 2023 Session Laws, relating to a salt cavern underground energy storage research project;~~to provide a deficiency appropriation; to provide for a transfer; to provide an exemption; to provide for a legislative management study; to provide for a legislative management report; ~~and~~ to provide for a report; to provide an effective date; and to declare an emergency.

2024

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 other funds derived from special funds and federal funds, to the industrial commission and agencies under its control for the purpose of defraying the expenses of the industrial commission and the agencies under its control, for the biennium beginning July 1, 2025, and ending June 30, 2027, as follows:

Subdivision 1.

INDUSTRIAL COMMISSION

	Base Level	Adjustments or Enhancements	Appropriation
~~Salaries and wages~~	~~$1,884,918~~	~~$376,583~~	~~$2,261,501~~
~~New and vacant FTE pool~~	~~0~~	~~20,376~~	~~20,376~~
~~Operating expenses~~	~~472,271~~	~~4,321,991~~	~~4,794,262~~
~~Grants~~	~~0~~	~~13,668,089~~	~~13,668,089~~
~~Grants - bond payments~~	~~119,879,913~~	~~(2,761,713)~~	~~117,118,200~~
~~Total all funds~~	~~$122,237,102~~	~~$15,625,326~~	~~$137,862,428~~
~~Less other funds~~	~~122,237,102~~	~~15,225,326~~	~~137,462,428~~
Salaries and wages	$1,884,918	$701,583	$2,586,501
New and vacant FTE pool	0	20,376	20,376
Operating expenses	472,271	3,821,991	4,294,262
Grants	0	13,668,089	13,668,089
Grants - bond payments	119,879,913	(2,761,713)	117,118,200
Total all funds	$122,237,102	$15,450,326	$137,687,428
Less other funds	122,237,102	15,050,326	137,287,428
Total general fund	$0	$400,000	$400,000
Full-time equivalent positions	9.75	0.00	9.75

Subdivision 2.

BANK OF NORTH DAKOTA

	Base Level	Adjustments or Enhancements	Appropriation

3096

~~Bank of North Dakota operations~~	~~$70,899,761~~	~~$5,211,643~~	~~$76,111,404~~
Bank of North Dakota operations	$70,899,761	$5,461,643	$76,361,404
New and vacant FTE pool	0	2,122,074	2,122,074
Capital assets	705,722	3,437,577	4,143,299
~~Total other funds~~	~~$71,605,483~~	~~$10,771,294~~	~~$82,376,777~~
Total other funds	$71,605,483	$11,021,294	$82,626,777
Full-time equivalent positions	187.00	0.00	187.00

Subdivision 3.

HOUSING FINANCE AGENCY

	Base Level	Adjustments or Enhancements	Appropriation
~~Salaries and wages~~	~~$11,413,354~~	~~$1,655,543~~	~~$13,068,897~~
~~New and vacant FTE pool~~	~~0~~	~~1,024,774~~	~~1,024,774~~
~~Operating expenses~~	~~10,903,883~~	~~(1,433,707)~~	~~9,470,176~~
~~Capital assets~~	~~20,000~~	~~0~~	~~20,000~~
~~Grants~~	~~48,805,110~~	~~(2,700,000)~~	~~46,105,110~~
~~Housing finance agency contingencies~~	~~100,000~~	~~0~~	~~100,000~~
~~Total all funds~~	~~$71,242,347~~	~~($1,453,390)~~	~~$69,788,957~~
~~Less other funds~~	~~68,742,347~~	~~1,046,610~~	~~69,788,957~~
~~Total general fund~~	~~$2,500,000~~	~~($2,500,000)~~	~~$0~~
~~Full-time equivalent positions~~	~~54.00~~	~~3.00~~	~~57.00~~
Salaries and wages	$11,413,354	$1,655,543	$13,068,897
New and vacant FTE pool	0	1,422,760	1,422,760
Operating expenses	10,903,883	(1,433,707)	9,470,176
Capital assets	20,000	0	20,000
Grants	48,805,110	(2,700,000)	46,105,110
Housing finance agency contingencies	100,000	0	100,000
Total all funds	$71,242,347	($1,055,404)	$70,186,943
Less other funds	68,742,347	1,444,596	70,186,943
Total general fund	$2,500,000	($2,500,000)	$0
Full-time equivalent positions	54.00	5.00	59.00

4/8/24

Subdivision 4.

DEPARTMENT OF MINERAL RESOURCES

	Base Level	Adjustments or Enhancements	Appropriation
~~Salaries and wages~~	~~$23,261,532~~	~~$3,026,192~~	~~$26,287,724~~
~~New and vacant FTE pool~~	~~0~~	~~1,608,593~~	~~1,608,593~~
~~Operating expenses~~	~~5,120,253~~	~~5,885,498~~	~~11,005,751~~
~~Capital assets~~	~~0~~	~~45,000~~	~~45,000~~
~~Total all funds~~	~~$28,381,785~~	~~$10,565,283~~	~~$38,947,068~~
~~Less other funds~~	~~268,000~~	~~5,010,377~~	~~5,278,377~~
~~Total general fund~~	~~$28,113,785~~	~~$5,554,906~~	~~$33,668,691~~
~~Full-time equivalent positions~~	~~108.00~~	~~3.00~~	~~111.00~~
Salaries and wages	$23,261,532	$3,026,192	$26,287,724
New and vacant FTE pool	0	2,121,618	2,121,618
Operating expenses	5,120,253	6,778,008	11,898,261
Capital assets	0	45,000	45,000
Total all funds	$28,381,785	$11,970,818	$40,352,603
Less other funds	268,000	5,754,837	6,022,837
Total general fund	$28,113,785	$6,215,981	$34,329,766
Full-time equivalent positions	108.00	5.00	113.00

Subdivision 5.

MILL AND ELEVATOR ASSOCIATION

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

5 of 24

Subdivision 6.

TOTAL SECTION 1

	Base Level	Adjustments or Enhancements	Appropriation
~~Grand total all funds~~	~~$390,877,637~~	~~$46,538,008~~	~~$437,415,645~~
~~Less grand total other funds~~	~~360,263,852~~	~~43,083,102~~	~~403,346,954~~
~~Grand total general fund~~	~~$30,613,785~~	~~$3,454,906~~	~~$34,068,691~~
Grand total all funds	$390,877,637	$48,416,529	$439,294,166
Less grand total other funds	360,263,852	44,300,548	404,564,400
Grand total general fund	$30,613,785	$4,115,981	$34,729,766

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

One-Time Funding Description	General Fund	Other Funds	Total
Industrial commission			
~~Inflationary increases~~	~~$0~~	~~$50,000~~	~~$50,000~~
~~Electricity grid resiliency federal grant~~	~~0~~	~~13,668,089~~	~~13,668,089~~
~~Lignite litigation~~	~~0~~	~~3,000,000~~	~~3,000,000~~
~~Subtotal industrial commission~~	~~$0~~	~~$16,718,089~~	~~$16,718,089~~
Electricity grid resiliency federal grant	$0	$13,668,089	$13,668,089
Lignite litigation	0	3,000,000	3,000,000
Subtotal industrial commission	$0	$16,668,089	$16,668,089
Bank of North Dakota			
~~Capital improvement projects~~	~~$0~~	~~$2,633,299~~	~~$2,633,299~~
~~Subtotal Bank of North Dakota~~	~~$0~~	~~$2,633,299~~	~~$2,633,299~~
Capital improvement projects	$0	$2,633,299	$2,633,299
Economic development study	0	250,000	250,000
Subtotal Bank of North Dakota	$0	$2,883,299	$2,883,299
Department of mineral resources			

Federal abandoned well program	$0	$1,444,377	$1,444,377
~~FTE position operating expenses~~	~~41,600~~	~~0~~	~~41,600~~
FTE position operating expenses	24,435	51,495	75,930
Mineral analyses	100,000	0	100,000
Rare earth elements study	0	400,000	400,000
~~Archeology excavation project~~	~~0~~	~~150,000~~	~~150,000~~
Paleontology excavation project	0	150,000	150,000
Oil and gas litigation	0	3,000,000	3,000,000
~~Enhanced oil recovery database~~	~~15,000~~	~~0~~	~~15,000~~
Portable mineral detection equipment	45,000	0	45,000
~~Subtotal department of mineral resources~~	~~$201,600~~	~~$4,994,377~~	~~$5,195,977~~
~~Grand total~~	~~$201,600~~	~~$24,345,765~~	~~$24,547,365~~
Subtotal department of mineral resources	$169,435	$5,045,872	$5,215,307
Grand total	$169,435	$24,597,260	$24,766,695

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

SECTION 4. 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	412,207
Total	$117,118,200

SECTION 5. APPROPRIATION - 2023-25 BIENNIUM - INDUSTRIAL COMMISSION - HYDROGEN ENERGY RESEARCH PROJECT. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $627,587, or so much

of the sum as may be necessary, to the industrial commission for the purpose of paying an outstanding invoice related to a hydrogen energy research project, for the period beginning with the effective date of this section and ending June 30, 2025.

SECTION 6. 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 special 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 7. APPROPRIATION - TRANSFER GENERAL FUND TO HOUSING INCENTIVE FUND - TRANSFER STRATEGIC INVESTMENT AND IMPROVEMENTS FUND TO HOUSING INCENTIVE FUND - HOMELESS PROGRAMS - HOUSING PROGRAMS - EXEMPTION - ONE-TIME FUNDING.

1. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $10,000,000, which the office of management and budget shall transfer to the housing incentive fund for homeless programs, during the biennium beginning July 1, 2025, and ending June 30, 2027. The appropriation under this subsection is considered a one-time funding item. Notwithstanding any other requirements under section 54-17-40 and pursuant to the continuing appropriation under 54-17-40, the housing finance agency shall distribute a passthrough grant of $150,000 from the housing incentive fund to ~~an~~a Native American-focused organization with a presence in multiple communities for a Native American homelessness liaison, from the $10,000,000 transferred to the housing incentive fund under this subsection.
2. The office of management and budget shall transfer the sum of $25,000,000 from the strategic investment and improvements fund to the housing incentive fund for housing projects and programs during the biennium beginning July 1, 2025, and ending June 30, 2027.

SECTION 8. TRANSFER - ENTITIES AND FUNDS UNDER THE CONTROL OF THE INDUSTRIAL COMMISSION TO INDUSTRIAL COMMISSION FUND - ADMINISTRATION - EXEMPTION.

1. The sum of ~~$2,435,660~~$2,260,660, 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 9. 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 10. TRANSFER - BANK OF NORTH DAKOTA PROFITS TO ECONOMIC DEVELOPMENT PROGRAMS - SMALL BUSINESS DEVELOPMENT CENTER - LINE OF CREDIT INTEREST RATE BUYDOWN. 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;~~

~~4. $15,000,000 to the beginning farmer revolving loan fund; and~~$60,000,000 to economic development programs administered by the Bank, including 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;

~~5.~~2. $1,900,000 to the university of North Dakota for the North Dakota small business development center for the purpose of matching federal grants; and

3. Up to $5,000,000 to the parks and recreation department for an interest rate buydown on the line of credit for the Theodore Roosevelt presidential library project. The interest rate buydown may not exceed the amount needed to buydown the interest rate on the outstanding balance of the line of credit from the prevailing interest rate charged to North Dakota governmental entities to two percent.

SECTION 11. TRANSFER - RAIL FUND TO RAIL REVOLVING LOAN FUND. The department of transportation shall transfer any outstanding loans and remaining balance from the rail fund to the rail revolving loan fund on July 1, 2025.

SECTION 12. TRANSFER STATE ENERGY RESEARCH CENTER FUND TO OIL AND GAS RESEARCH FUND - TRANSFER STRATEGIC INVESTMENT AND IMPROVEMENTS FUND TO OIL AND GAS RESEARCH FUND - ENHANCED OIL RECOVERY GRANT PROGRAM.

1. From the $6,000,000 transferred to the state energy research center fund pursuant to section 15 of chapter 14 of the 2023 Session Laws, the office of management and budget shall transfer the sum of $4,000,000 to the oil and gas research fund during the biennium beginning July 1, 2025, and ending June 30, 2027.
2. The office of management and budget shall transfer the sum of $21,000,000 from the strategic investment and improvements fund to the oil and gas research fund during the biennium beginning July 1, 2025, and ending June 30, 2027.
3. Pursuant to the continuing appropriation under section 57-51.1-07.3 and the powers of the industrial commission under chapter 54-17.6, the commission shall use $25,000,000 from the oil and gas research fund, transferred under this section, for an enhanced oil recovery grant program. The commission shall develop guidelines for the

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grant program, including eligibility criteria, requirements for matching funds, and reporting requirements.

SECTION 13. LIGNITE RESEARCH, DEVELOPMENT, AND MARKETING PROGRAM - LIGNITE MARKETING FEASIBILITY STUDY - REPORT TO THE SEVENTIETH LEGISLATIVE ASSEMBLY.

1. Pursuant to the continuing appropriation under section 57-61-01.6, up to $4,500,000 from the lignite research fund 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 designated under this section also may be used for the purpose of contracting for nonmatching studies and activities in support of advanced energy technology and other technology development programs; 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 needed for the purposes stated in this section are available to the industrial commission for funding projects, processes, or activities under the lignite research, development, and marketing program.
2. The industrial commission shall report to the appropriations committees of the seventieth legislative assembly on the amounts spent pursuant to this section.

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

1. $4,782,794 in the other funds line item in subdivision 1 of section 1 of this Act and identified as one-time funding in section 2 of this Act, including $1,782,794 for

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matching federal funds for an electricity grid resiliency grant and $3,000,000 for lignite litigation.

2. $3,550,000 in the other funds line item in subdivision 4 of section 1 of this Act and identified as one-time funding in section 2 of this Act, including $400,000 for a rare earth elements study, $150,000 for ~~an archeology~~a paleontology excavation project, and $3,000,000 for oil and gas litigation.

SECTION 15. OTHER FUNDS - ABANDONED OIL AND GAS WELL PLUGGING AND SITE RECLAMATION FUND - ADMINISTRATIVE EXPENSES. The other funds line item in subdivision 4 of section 1 of this Act includes the sum of $799,926 from the abandoned oil and gas well plugging and site reclamation fund for administrative expenses, including funding for reclamation specialist positions and related operating expenses.

SECTION 16. OTHER FUNDS - HOUSING INCENTIVE FUND - ADMINISTRATIVE EXPENSES. The other funds line item in subdivision 3 of section 1 of this Act includes the sum of $213,880, transferred from the housing incentive fund to the agency's operating fund for administrative expenses, including funding for a homelessness program position and related operating expenses.

SECTION 17. AMENDMENT. Subsection 7 of section 6-08.1-02 of the North Dakota Century Code is amended and reenacted as follows:

7. The release by the industrial commission, in its capacity as the managing body of the Bank of North Dakota, of the following:
   a. The name of any person who has obtained approval for direct ~~or indirect~~ financing or security, including a loan guarantee or a letter of credit, through the Bank of North Dakota primarily for purposes other than personal, family, or household purposes.
   b. The amount of any financing or security referenced in subdivision a.
   c. The amount of any net writeoff or loan forgiveness ~~associated with the financing or security referenced in subdivision a which~~that the industrial commission determines is uncollectible.
   d. The program under which any financing or security referenced in subdivision a was made.

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SECTION 18. AMENDMENT. Section 6-09-35 of the North Dakota Century Code is amended and reenacted as follows:

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

1. The following records of the Bank of North Dakota are confidential:

~~1.~~ a. Commercial or financial information of a customer, whether obtained directly or indirectly, except for routine credit inquiries or unless required by due legal process. As used in this subsection, "customer" means any person who has transacted or is transacting business with, or has used or is using the services of, the Bank of North Dakota, or for whom the Bank of North Dakota has acted as a fiduciary with respect to trust property.

~~2.~~ b. Internal or interagency memorandums or letters which would not be available by law to a party other than in litigation with the Bank.

~~3.~~ c. Information contained in or related to examination, operating, or condition reports prepared by, on behalf of, or for the use of a state or federal agency responsible for the regulation or supervision of any Bank activity.

~~4.~~ d. Information obtained from the state department of financial institutions which would not be available from that agency under section 6-01-07.1.

~~5.~~ e. The report by a Bank officer or member of the Bank's advisory board of directors concerning personal financial statements.

2. The following records of the Bank of North Dakota are exempt:

a. Bond insurance coverage, including excess bond insurance coverage.

b. Cyber liability coverage, including excess cyber liability coverage.

SECTION 19. AMENDMENT. Section 6-09-46.2 of the North Dakota Century Code is amended and reenacted as follows:

6-09-46.2. Rebuilders loan program - Rebuilders permanent loan fund - Continuing appropriation.

1. The Bank of North Dakota shall develop a rebuilders loan program to make or participate in loans to North Dakota residents ~~affected by extraordinary losses~~ as a result of ~~a~~:

a. A presidentially declared disaster ~~or~~in the state;

b. A governor-declared disaster ~~or~~in the state;

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c. An emergency in the state;

d. A weather-related incident in the state as determined by the governor; or

e. An economic hardship as determined by the governor.

2. Under the rebuilders loan program, the Bank shall develop and implement specific loan programs to respond to the specific needs resulting from a disaster ~~or~~, emergency, incident, or hardship. The Bank may fund the loan from any available funding in the rebuilders permanent loan fund and may accept private sector donations and funds from the federal government.

~~2.~~3. Upon request of the Bank of North Dakota, the governor shall furnish the Bank with information relating to the nature and amount of state and local resources that have been or will be committed to alleviating the results of the disaster or emergency, an estimate of the amount and severity of the damage and the impact on the private and public sectors, and an estimate of the type and amount of assistance needed.

~~3.~~4. To apply for a loan under the program, a person shall apply to the originating financial institution. Upon Bank of North Dakota approval of an application, the Bank shall make a loan in accordance with the loan program established under this section. The Bank shall establish a loan application period, which may not exceed a period of eighteen months from the date of the declaration of the disaster or emergency.

~~4.~~5. Excluding the rebuilders and rebuilders home loans transferred to the fund, the Bank of North Dakota shall deposit in the fund all principal and interest paid on the loans made from the fund. The Bank may deduct from interest payments received on a loan under the program a service fee for administering the fund for the Bank and the originating financial institution. The fund must be audited annually pursuant to section 6-09-29, and the cost of the audit and any other actual costs incurred by the Bank on behalf of the fund, must be paid by the fund.

~~5.~~6. There is created in the state treasury the rebuilders permanent loan fund administered by the Bank of North Dakota. The fund consists of all moneys transferred to the fund by the legislative assembly, interest on moneys in the fund, and payments to the fund of principal and interest on loans made from the fund. All moneys in the fund are appropriated to the Bank on a continuing basis for the rebuilders loan program.

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~~6.~~7. If approved by the industrial commission, the fund may borrow from the Bank of North Dakota to provide funding for loans under this section. A loan made to the fund by the Bank must be repaid with principal and interest payment received by the rebuilders permanent loan fund or with moneys appropriated by the legislative assembly.

~~7.~~8. The Bank of North Dakota shall adopt policies to implement this section.

SECTION 20. A new section to chapter 6-09 of the North Dakota Century Code is created and enacted as follows:

Rail revolving loan fund - Continuing appropriation.

1. The rail revolving loan fund is a special fund in the state treasury from which the Bank of North Dakota shall provide loans to counties, cities, railroads, and other freight railroad users to construct or upgrade rail infrastructure to improve rail service.
2. The Bank shall administer the fund in accordance with the provisions of this section and may adopt policies and establish guidelines for the loans, including policies for eligibility and allowing participation by local financial institutions. Class I railroads are not eligible.
3. The Bank shall consider the applicant's ability to repay the loan when processing the application and shall issue loans only to applicants that provide reasonable assurance of sufficient future income to repay the loan.
4. The department of transportation shall review and approve the project before the Bank may issue a loan based on policies developed by the department.
5. The Bank shall deposit in the fund all payments of principal and interest paid on loans made from the fund. The Bank may use a portion of the interest paid on the outstanding loans as a servicing fee to pay administrative costs which may not exceed one-half of one percent of the amount of the outstanding loans.
6. All moneys transferred to the fund, interest upon moneys in the fund, and payments to the fund of principal and interest are appropriated to the Bank on a continuing basis for administrative costs and for loan disbursements according to this section.
7. The fund must be audited annually pursuant to section 6-09-29, and the cost of the audit must be paid from the fund.

SECTION 21. AMENDMENT. Section 6-09.7-05 of the North Dakota Century Code is amended and reenacted as follows:

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6-09.7-05. ~~Establishment and maintenance of adequate guarantee funds - Use of strategic investment and improvements fund. (Effective through June 30, 2025)~~

~~The Bank of North Dakota shall establish and at all times maintain an adequate guarantee reserve fund in a special account in the Bank. The Bank may request the director of the office of management and budget to transfer funds from the strategic investment and improvements fund created by section 15-08.1-08 to maintain one hundred percent of the guarantee reserve fund balance. Transfers from the strategic investment and improvements fund may not exceed a total of eighty million dollars. Moneys in the guarantee reserve fund are available to reimburse lenders for guaranteed loans in default. The securities in which the moneys in the reserve fund may be invested must meet the same requirements as those authorized for investment under the state investment board. The income from such investments must be made available for the costs of administering the state guarantee loan program and income in excess of that required to pay the cost of administering the program must be deposited in the reserve fund. The amount of reserves for all guaranteed loans must be determined by a formula that will assure, as determined by the Bank, an adequate amount of reserve.~~

Establishment and maintenance of adequate guarantee funds - Use of strategic investment and improvements fund. ~~(Effective after June 30, 2025)~~ The Bank of North Dakota shall establish and at all times maintain an adequate guarantee reserve fund in a special account in the Bank. The Bank may request the director of the office of management and budget to transfer funds from the strategic investment and improvements fund created by section 15-08.1-08 to maintain one hundred percent of the guarantee reserve fund balance. Transfers from the strategic investment and improvements fund may not exceed a total of ~~one hundred forty million~~one hundred sixty million dollars. Moneys in the guarantee reserve fund are available to reimburse lenders, including the Bank, for guaranteed loans in default. The securities in which the moneys in the reserve fund may be invested must meet the same requirements as those authorized for investment under the state investment board. The income from such investments must be made available for the costs of administering the state guarantee loan program and income in excess of that required to pay the cost of administering the program must be deposited in the reserve fund. The amount of reserves for all guaranteed loans must be determined by a formula that will assure, as determined by the Bank, an adequate amount of reserve.

SECTION 22. AMENDMENT. Section 6-09.14-04 of the North Dakota Century Code is amended and reenacted as follows:

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

1. The fund moneys may be used to participate in an interest rate buydown on a loan to a new or expanding business for the following eligible uses:
   a. Purchase of real property and equipment.
   b. Expansion of facilities.
   c. Working capital.
   d. Inventory.
2. The loan funds cannot be used to refinance any existing debt or for the relocation of the business within North Dakota.
~~2.~~3. The community shall determine the amount of the interest rate buydown and apply to the Bank of North Dakota for participation from the partnership in assisting community expansion fund. The funds for the community's portion of the buydown may come from a local development corporation, contributions, community funds, future dedicated tax programs, or any other community source.
~~3.~~4. The fund participation portion in the buydown must be determined by the Bank of North Dakota based on economic conditions in the city or county in which the business is located.
~~4.~~5. a. The maximum amount from the fund in the interest rate buydown may not exceed five hundred thousand dollars per loan.
   b. If the Bank determines the project has a substantial economic impact and qualifies as a primary sector business, the maximum amount from the fund in the interest rate buydown may be increased by up to one million dollars, in addition to the amount under subdivision a, without a required community match.
6. The fund participation must be limited to the amount required to buy down the interest to five hundred basis points below the national prime interest rate.
~~5.~~7. The Bank of North Dakota shall adopt rules to implement this chapter.

SECTION 23. A new subdivision to subsection 2 of section 38-08-04.5 of the North Dakota Century Code is created and enacted as follows:

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Administrative expenses, including salaries and wages and operating expenses, subject to legislative appropriation.

SECTION 24. AMENDMENT. Section 49-17.1-02.1 of the North Dakota Century Code is amended and reenacted as follows:

49-17.1-02.1. ~~Department may authorize local~~Review and approval of rail projects.

~~For the purpose of promoting the public interest and local economic development, the department may utilize revenue generated under this chapter for the construction or improvement of railway freight transportation projects not otherwise eligible for assistance under the Railroad Revitalization and Regulatory Reform Act of 1976 [Pub. L. 94-210; 90 Stat. 149; 49 U.S.C. 1651 et seq.] and which meet standards and specifications developed by the department~~The department shall coordinate with the Bank of North Dakota to approve and review rail projects financed under the rail revolving loan fund under section 19 of this Act.

SECTION 25. AMENDMENT. Subsection 1 of section 54-17-40 of the North Dakota Century Code is amended and reenacted as follows:

1. The housing incentive fund is ~~created as a special revolving fund at the Bank of North Dakota. The housing finance agency may direct disbursements from the fund and a continuing appropriation from the fund is provided for that purpose~~a special fund in the state treasury administered by the housing finance agency. Moneys in the fund are appropriated to the housing finance agency on a continuing basis for assistance under subsection 3. Moneys in the fund may be transferred to the housing finance agency's operating fund for administrative expenses, which are subject to legislative appropriation.

SECTION 26. AMENDMENT. Subdivision a of subsection 4 of section 54-17.7-04 of the North Dakota Century Code is amended and reenacted as follows:

a. The authority may borrow up to ~~sixty million~~one hundred million dollars through a line of credit from the Bank. The interest rate on the line of credit must be the prevailing interest rate charged to North Dakota governmental entities.

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

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

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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 28. AMENDMENT. Section 3 of Senate Bill No. 2188, as approved by the sixty-ninth legislative assembly, is amendment and reenacted as follows:

SECTION 3. TRANSFER - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - 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 sum of ~~$50,000,000~~$45,000,000 from the strategic investment and improvements fund to the clean sustainable energy fund, as follows:

1. $10,000,000 for grants; and
2. ~~$40,000,000~~$35,000,000 to repay a line of credit and to provide funding for loans.

SECTION 29. 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~~subdivision 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~~subdivision 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~~subdivision 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~~subdivision 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.
6. Up to $225,500 of the $2,300,000 appropriated from federal funds to the department of mineral resources for administrative expenses related to an abandoned well reclamation program in subdivision 2 of section 1 of chapter 14 of the 2023 Session

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Laws and identified as one-time funding in section 2 of chapter 14 of the 2023 Session Laws.

SECTION 30. 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.

SECTION 31. ECONOMIC DEVELOPMENT STUDY - BANK OF NORTH DAKOTA - REPORT. During the 2025-27 biennium, the Bank of North Dakota shall use up to $250,000 included in the Bank's appropriation in section 1 of this Act and identified as one-time funding in section 2 of this Act to conduct a study of economic development opportunities to sustain the economies of communities in western North Dakota as oil and gas development activities decrease. The Bank shall coordinate with the department of commerce and representatives from oil-producing counties to develop a long-term strategic plan for economic development opportunities in western North Dakota. The Bank shall provide at least one report to the legislative management during the 2025-26 interim and shall provide a report to the appropriations committees of the seventieth legislative assembly regarding the results of the study.

SECTION 32. EFFECTIVE DATE. Section 21 of this Act becomes effective July 1, 2027.

SECTION 33. EMERGENCY. Section 5 of this Act is declared to be an emergency measure.

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2014 - Summary of Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Industrial Commission						
Total all funds	$122,237,102	$137,862,428	($175,000)	$137,687,428	$137,687,428	$0
Less estimated income	122,237,102	137,462,428	(175,000)	137,287,428	137,287,428	0
General fund	$0	$400,000	$0	$400,000	$400,000	$0
FTE	9.75	9.75	0.00	9.75	9.75	0.00
Bank of North Dakota						
Total all funds	$71,605,483	$82,376,777	$250,000	$82,626,777	$82,376,777	$250,000
Less estimated income	71,605,483	82,376,777	250,000	82,626,777	82,376,777	250,000
General fund	$0	$0	$0	$0	$0	$0
FTE	187.00	187.00	0.00	187.00	187.00	0.00
Housing Finance Agency						
Total all funds	$71,242,347	$79,788,957	$397,986	$80,186,943	$81,094,984	($908,041)
Less estimated income	68,742,347	69,788,957	397,986	70,186,943	71,094,984	(908,041)
General fund	$2,500,000	$10,000,000	$0	$10,000,000	$10,000,000	$0
FTE	54.00	57.00	2.00	59.00	62.00	(3.00)
Department of Mineral Resources						
Total all funds	$28,381,785	$38,947,068	$1,405,535	$40,352,603	$40,352,603	$0
Less estimated income	268,000	5,278,377	744,460	6,022,837	6,022,837	0
General fund	$28,113,785	$33,668,691	$661,075	$34,329,766	$34,329,766	$0
FTE	108.00	111.00	2.00	113.00	113.00	0.00
Mill and Elevator						
Total all funds	$97,410,920	$108,440,415	$0	$108,440,415	$108,440,415	$0
Less estimated income	97,410,920	108,440,415	0	108,440,415	108,440,415	0
General fund	$0	$0	$0	$0	$0	$0
FTE	170.00	172.00	0.00	172.00	172.00	0.00
Bill total						
Total all funds	$390,877,637	$447,415,645	$1,878,521	$449,294,166	$449,952,207	($658,041)
Less estimated income	360,263,852	403,346,954	1,217,446	404,564,400	405,222,441	(658,041)
General fund	$30,613,785	$44,068,691	$661,075	$44,729,766	$44,729,766	$0
FTE	528.75	536.75	4.00	540.75	543.75	(3.00)

Senate Bill No. 2014 - Industrial Commission - Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Salaries and wages	$1,884,918	$2,261,501	$325,000	$2,586,501	$2,586,501	
New and vacant FTE pool		20,376		20,376	20,376	
Operating expenses	472,271	4,794,262	(500,000)	4,294,262	4,294,262	
Grants		13,668,089		13,668,089	13,668,089	
Grants - Bond payments	119,879,913	117,118,200		117,118,200	117,118,200	
Total all funds	$122,237,102	$137,862,428	($175,000)	$137,687,428	$137,687,428	$0
Less estimated income	122,237,102	137,462,428	(175,000)	137,287,428	137,287,428	0
General fund	$0	$400,000	$0	$400,000	$400,000	$0
FTE	9.75	9.75	0.00	9.75	9.75	0.00

Department 405 - Industrial Commission - Detail of Conference Committee Changes

	Decreases Salary Equity Funding[1]	Transfers Funding Between Line Items[2]	Total Conference Committee Changes
Salaries and wages	($175,000)	$500,000	$325,000
New and vacant FTE pool			
Operating expenses		(500,000)	(500,000)
Grants			
Grants - Bond payments			
Total all funds	($175,000)	$0	($175,000)
Less estimated income	(175,000)	0	(175,000)
General fund	$0	$0	$0
FTE	0.00	0.00	0.00

[1] Funding for salary equity increases is decreased by $175,000, from $350,000 to $175,000, the same as the House version. The $175,000 reflects $125,000 for the Industrial Commission executive director and $50,000 for the Public Finance Agency executive director. The Senate version provided $350,000, including $245,000 for the Industrial Commission executive director and $105,000 for the Public Finance Agency executive director.

[2] Funding of $500,000 is transferred from the operating expenses line item to the salaries and wages line item, the same as the House version. The Senate version transferred $581,422 from the salaries and wages line item to the operating expenses line item. The net effect of these line item transfers is a decrease of $81,422 to the salaries and wages line item and an increase of $81,422 to the operating expenses line item.

This amendment also:

- Changes $50,000 of one-time funding from state special funds to ongoing funding related to operating expense inflationary increases, the same as the House version. The Senate version identified the inflationary increases as a one-time funding item.
- Decreases the administrative transfer by $175,000, from $2,435,660 to $2,260,660, to reflect the budget changes to the administrative office, the same as the House version. The Senate provided $2,435,660.
- Provides a deficiency appropriation of up to $627,587 from the general fund for an outstanding invoice related to a hydrogen energy research project, including an emergency clause related to the deficiency appropriation. Neither the Senate version nor the House version provided this funding.
- Amends Senate Bill No. 2188 to decrease the transfer from the strategic investment and improvements fund to the clean sustainable energy fund by $5 million, from $50 million to $45 million. Neither the Senate version nor the House version included this change to decrease the transfer.

Senate Bill No. 2014 - Bank of North Dakota - Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
New and vacant FTE pool		$2,122,074		$2,122,074	$2,122,074	
Capital assets	$705,722	4,143,299		4,143,299	4,143,299	
Bank of North Dakota operations	70,899,761	76,111,404	$250,000	76,361,404	76,111,404	$250,000
Total all funds	$71,605,483	$82,376,777	$250,000	$82,626,777	$82,376,777	$250,000
Less estimated income	71,605,483	82,376,777	250,000	82,626,777	82,376,777	250,000
General fund	$0	$0	$0	$0	$0	$0
FTE	187.00	187.00	0.00	187.00	187.00	0.00

Department 471 - Bank of North Dakota - Detail of Conference Committee Changes

	Adds One-Time Funding Item[1]	Total Conference Committee Changes
New and vacant FTE pool		
Capital assets		
Bank of North Dakota operations	$250,000	$250,000
Total all funds	$250,000	$250,000
Less estimated income	250,000	250,000
General fund	$0	$0
FTE	0.00	0.00

[1] Adds one-time funding of $250,000 for the Bank to conduct a study of economic development opportunities in western North Dakota. Neither the Senate version nor the House version included this funding.

This amendment also:

- Consolidates the transfer of Bank of North Dakota profits to economic development programs rather than separately identifying the amount for each program. The House version consolidated the transfers, but the Senate version identified separate amounts for each program.
- Transfers up to $5 million of Bank profits to the Parks and Recreation Department for an interest rate buydown on the line of credit for the Theodore Roosevelt presidential library project. Neither the Senate version nor the House version included this transfer.
- Amends the rebuilders loan program to allow loans for weather-related incidents or economic hardships as determined by the Governor, the same as the House version. The Senate version did not amend the rebuilders loan program.
- Increases the amount the North Dakota pipeline authority may borrow for pipeline capacity positions by $40 million, from $60 million to $100 million, and increases loan guarantees from the strategic investment and improvements fund in July 2027 by $20 million, from $140 million to $160 million reflecting an increase of $40 million for North Dakota Pipeline Authority borrowing and a decrease of $20 million for other loan guarantees. The Senate version did not expand the pipeline capacity position borrowing, but the House increased the borrowing authority by $60 million.
- Creates a new rail revolving loan fund to provide loans for rail infrastructure improvements with the requirement for the Department of Transportation to coordinate with the Bank to review and approve the rail projects and transferred any outstanding loans and moneys in the rail fund to the newly created rail revolving loan fund. The House version also added these provisions.
- Adds a section requiring the Bank to study economic development opportunities in western North Dakota in coordination with the Department of Commerce and representatives from oil-producing counties and to provide reports on the results of the study. Neither the Senate version nor the House version included this study.

Senate Bill No. 2014 - Housing Finance Agency - Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Salaries and wages	$11,413,354	$13,068,897		$13,068,897	$13,068,897	
New and vacant FTE pool		1,024,774	$397,986	1,422,760	2,134,321	($711,561)
Operating expenses	10,903,883	9,470,176		9,470,176	9,666,656	(196,480)
Capital assets	20,000	20,000		20,000	20,000	
Grants	48,805,110	46,105,110		46,105,110	46,105,110	
HFA contingencies	100,000	100,000		100,000	100,000	
Housing incentive fund		10,000,000		10,000,000	10,000,000	
Total all funds	$71,242,347	$79,788,957	$397,986	$80,186,943	$81,094,984	($908,041)
Less estimated income	68,742,347	69,788,957	397,986	70,186,943	71,094,984	(908,041)
General fund	$2,500,000	$10,000,000	$0	$10,000,000	$10,000,000	$0
FTE	54.00	57.00	2.00	59.00	62.00	(3.00)

Department 473 - Housing Finance Agency - Detail of Conference Committee Changes

	Adds Funding for FTE positions[1]	Total Conference Committee Changes
Salaries and wages		
New and vacant FTE pool	$397,986	$397,986
Operating expenses		
Capital assets		
Grants		
HFA contingencies		
Housing incentive fund		
Total all funds	$397,986	$397,986
Less estimated income	397,986	397,986
General fund	$0	$0
FTE	2.00	2.00

[1] Funding related to salaries and wages for FTE positions is added as follows:

	FTE Positions	General Fund	Other Funds	Total
Homeownership and loan specialist position	1.00	$0	$184,796	$184,796
Business analyst position	1.00	0	257,410	257,410
Total	2.00	$0	$442,206	$442,206

Funding for salaries and wages is decreased by $442,206 and funding of $397,986 is added to the new and vacant FTE pool for the positions resulting in net savings of $44,220, compared to the Senate version. The House version provided $1,109,547 for 5 FTE positions and $196,480 for related operating expenses. The Conference Committee did not include 3 FTE positions added by the House for a rent stabilization program.

This amendment also:

- Transfers $25 million from the strategic investment and improvements fund to the housing incentive fund for housing projects and programs, the same as the Senate version. The House provided $33.65 million, which included $150,000 for a Native American homelessness liaison, $13.5 million for a rent stabilization fund, and $20 million for other housing projects. The Conference Committee designated $150,000 for a Native American homelessness liaison from the $10 million transferred from the general fund to the housing incentive fund, the same as the Senate version.
- Adds a section identifying $213,880 from the housing incentive fund for administrative expenses, including funding for a homelessness program position. The Senate version did not include this section, but the House identified $1,200,983 for homelessness program and rent stabilization program positions.
- Amends the housing incentive fund clarifying moneys in the fund to be transferred to the agency's operating fund for administrative expenses, the same as the House version. The Senate version did not include this provision.

Senate Bill No. 2014 - Department of Mineral Resources - Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Salaries and wages	$23,261,532	$26,287,724		$26,287,724	$26,287,724	
New and vacant FTE pool		1,608,593	$513,025	2,121,618	2,121,618	
Operating expenses	5,120,253	11,005,751	892,510	11,898,261	11,898,261	
Capital assets		45,000		45,000	45,000	
Total all funds	$28,381,785	$38,947,068	$1,405,535	$40,352,603	$40,352,603	$0
Less estimated income	268,000	5,278,377	744,460	6,022,837	6,022,837	0
General fund	$28,113,785	$33,668,691	$661,075	$34,329,766	$34,329,766	$0
FTE	108.00	111.00	2.00	113.00	113.00	0.00

Department 474 - Department of Mineral Resources - Detail of Conference Committee Changes

	Adjusts FTE Positions and Operating Expenses[1]	Adjusts Funding for Operating Expenses[2]	Total Conference Committee Changes
Salaries and wages			
New and vacant FTE pool	$513,025		$513,025
Operating expenses	138,180	$754,330	892,510
Capital assets			
Total all funds	$651,205	$754,330	$1,405,535
Less estimated income	692,965	51,495	744,460
General fund	($41,760)	$702,835	$661,075
FTE	2.00	0.00	2.00

[1] Funding related to salaries and wages for FTE positions is adjusted as follows:

	FTE Positions	General Fund	Other Funds	Total
Permitting technician position	(1.00)	($151,146)	$0	($151,146)
Reclamation specialist positions	2.00	(184,887)	554,661	369,774
Deputy director position	1.00	351,400	0	351,400
Total	2.00	$15,367	$554,661	$570,028

Funding for salaries and wages is decreased by $570,028 and funding of $513,025 is added to the new and vacant FTE pool for the positions resulting in net savings of $57,003. Funding of $138,180 is added for ongoing operating expenses related to the FTE positions.

The Senate version included $151,146 from the general fund for 1 FTE permitting technician position and $184,887 from the general fund for 1 FTE reclamation specialist position. The House removed 1 FTE permitting technician position, changed the funding source for 1 FTE reclamation specialist position from the general fund to the abandoned oil and gas well plugging and site reclamation fund, and added 2 FTE reclamation specialist positions.

[2] Funding for operating expenses is adjusted as follows:

- $735,000 of ongoing funding from the general fund is increased for state fleet rate adjustments to provide $2,235,000, the same as the House version. The Senate version provided $1,500,000 from the general fund.
- $17,165 of one-time funding from the general fund is removed and $51,495 of one-time funding from the abandoned oil and gas well plugging and site reclamation fund is added for new FTE position operating expenses, the same as the House version. The Senate version did not include this adjustment.
- $15,000 of one-time funding from the general fund for an enhanced oil recovery database is removed. The Senate version added this one-time funding, but the House version removed the funding.

This amendment also includes the following changes which were added in the House version:

- Adds a section identifying $799,926 from the abandoned oil and gas well plugging and site reclamation fund for administrative expenses, which includes funding for reclamation specialist positions and related operating expenses.
- Amends the abandoned oil and gas well plugging and site reclamation fund to allow moneys in the fund to be used for administrative expenses subject to legislative appropriation.
- Adds an exemption for up to $225,500 of the $2,300,000 appropriated from federal funds for an abandoned well reclamation program during the 2023-25 biennium to continue into the 2025-27 biennium.

Senate Bill No. 2014 - Mill and Elevator - Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Salaries and wages	$54,019,267	$60,365,008		$60,365,008	$60,365,008	
New and vacant FTE pool		1,973,530		1,973,530	1,973,530	
Operating expenses	42,391,653	45,101,877		45,101,877	45,101,877	
Contingencies	500,000	500,000		500,000	500,000	
Agriculture promotion	500,000	500,000		500,000	500,000	
Total all funds	$97,410,920	$108,440,415	$0	$108,440,415	$108,440,415	$0
Less estimated income	97,410,920	108,440,415	0	108,440,415	108,440,415	0
General fund	$0	$0	$0	$0	$0	$0
FTE	170.00	172.00	0.00	172.00	172.00	0.00

Department 475 - Mill and Elevator - Detail of Conference Committee Changes

Neither the House or the Conference Committee made any changes related to the Mill and Elevator Association.

SB 2014 043025 1605 PM Roll Call Vote

Amendment

SB 2014

Date Submitted: April 30, 2025, 4:05 p.m.

Action: Passed

Amendment LC #: Pending LC #

Motioned By: Bosch, Glenn

Seconded By: Pyle, Brandy

Emergency Clause: None

Vote Results: 6 - 0 - 0

Description: to add a study to the bill

Sen. Schaible, Donald	Yea
Sen. Sorvaag, Ronald	Yea
Sen. Bekkedahl, Brad	Yea
Rep. Bosch, Glenn	Yea
Rep. Monson, David	Yea
Rep. Pyle, Brandy	Yea

SB 2014 043025 1608 PM Roll Call Vote

Amendment

SB 2014

Date Submitted: April 30, 2025, 4:08 p.m.

Action: Passed

Amendment LC #: Pending LC #

Motioned By: Bosch, Glenn

Seconded By: Monson, David

Emergency Clause: None

Vote Results: 5 - 1 - 0

Description: to change effective dates

Sen. Schaible, Donald	Yea
Sen. Sorvaag, Ronald	Yea
Sen. Bekkedahl, Brad	Nay
Rep. Bosch, Glenn	Yea
Rep. Monson, David	Yea
Rep. Pyle, Brandy	Yea

SB 2014 043025 1613 PM Roll Call Vote

Amendment

SB 2014

Date Submitted: April 30, 2025, 4:13 p.m.

Action: Passed

Amendment LC #: Pending LC #

Motioned By: Bekkedahl, Brad

Seconded By: Sorvaag, Ronald

Emergency Clause: None

Vote Results: 6 - 0 - 0

Description: to change transfer funding from $50 million to $45 million

Sen. Schaible, Donald	Yea
Sen. Sorvaag, Ronald	Yea
Sen. Bekkedahl, Brad	Yea
Rep. Bosch, Glenn	Yea
Rep. Monson, David	Yea
Rep. Pyle, Brandy	Yea

SB 2014 043025 1628 PM Roll Call Vote

Amendment

SB 2014

Date Submitted: April 30, 2025, 4:28 p.m.

Action: Passed

Amendment LC #: Pending LC #

Motioned By: Bekkedahl, Brad

Seconded By: Pyle, Brandy

Emergency Clause: None

Vote Results: 5 - 1 - 0

Description: To authorize a 2% rate for Theodore library operation.

Sen. Schaible, Donald	Yea
Sen. Sorvaag, Ronald	Yea
Sen. Bekkedahl, Brad	Yea
Rep. Bosch, Glenn	Yea
Rep. Monson, David	Yea
Rep. Pyle, Brandy	Nay

SB 2014 043025 1629 PM Roll Call Vote

Final Recommendation

SB 2014
Date Submitted: April 30, 2025, 4:29 p.m.
Recommendation: In Place Of
Amendment LC #: 25.0181.02009
Engrossed LC #: N/A

Motioned By: Sorvaag, Ronald

Seconded By: Bosch, Glenn

House Carrier: Bosch, Glenn

Senate Carrier: Schaible, Donald

Emergency Clause: None

Vote Results: 5 - 1 - 0

Description: move as further amended

Sen. Schaible, Donald	Yea
Sen. Sorvaag, Ronald	Yea
Sen. Bekkedahl, Brad	Nay
Rep. Bosch, Glenn	Yea
Rep. Monson, David	Yea
Rep. Pyle, Brandy	Yea

Section 31

There is appropriated $250,000 from Bank of North Dakota current and undivided earnings to study economic development initiatives intended to sustain the economy and communities of western North Dakota, post oil production.

During the 2025-2027 biennium, the Department of Commerce and Bank of North Dakota shall undertake a study in coordination with the oil producing counties to begin development of a long-term strategic plan for economic development initiatives intended to sustain the economy and communities of western North Dakota, post oil production.

The Department of Commerce and Bank shall report one time during the 2025-2027 biennium to legislative management with a final plan and recommendations presented to the 2027 legislative session.

10. The next ~~one hundred seventy million two hundred fifty thousand~~two hundred twenty million two hundred fifty thousand dollars or the amount necessary to provide a total of ~~two hundred thirty million~~two hundred eighty million dollars into the funds designated for infrastructure development in non-oil-producing counties under sections 57-51.1-07.7 and 57-51.1-07.8 with fifty percent deposited into the municipal infrastructure fund and fifty percent deposited into the county and township infrastructure fund;

11. The next twenty million dollars into the airport infrastructure fund; and

12. Any additional revenues into the strategic investment and improvements fund.

SECTION 18. AMENDMENT. Section 3 of Senate Bill No. 2188, as approved by the sixty-ninth legislative assembly, is amendment and reenacted as follows:

SECTION 3. TRANSFER - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND - 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 sum of ~~$50,000,000~~$45,000,000 from the strategic investment and improvements fund to the clean sustainable energy fund, as follows:

1. $10,000,000 for grants; and
2. ~~$40,000,000~~$35,000,000 to repay a line of credit and to provide funding for loans.

SECTION 19. REPEAL. Section 11-38-08 of the North Dakota Century Code is repealed.

SECTION 20. TAX COMMISSIONER - PROPERTY TAX RELIEF PROGRAMS - PUBLIC AWARENESS. Any tax relief program advertising or public awareness campaigns conducted by the tax commissioner during the biennium beginning July 1, 2025, and ending June 30, 2027, must identify the amount of funding being utilized from the earnings of the legacy fund for the programs.

SECTION 21. EXEMPTION - FISCAL MANAGEMENT. The amount appropriated for the fiscal management division, as contained in section 1 of chapter 640 of the 2023 Special Session Session Laws is not subject to the provisions of section 54-44.1-11. Any unexpended funds from this appropriation are available for continued development and operating costs of the statewide systems, including accounting, management, and payroll, during the biennium beginning July 1, 2025, and ending June 30, 2027.

2025 SENATE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division
Sakakawea Room, State Capitol

SB 2014
5/2/2025
Conference Committee

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 section, a new to amend and reenact subsection 7 subsection, subsection 4, to amend and reenact section 15, to provide for a transfer; to provide an exemption; to provide for a legislative management study; to provide for a legislative management report; and to provide for a report.

7:03 p.m. Chairman Schaible called the meeting to order.

Members Present: Chairman Ronald Schaible, Senator Sorvaag, Senator Bekkedahl. Representative Monson, Representative Bosch, Representative Kempenich.

Discussion Topics:

- Turn Source of Grant funding back to SIIF
- Deadline to Start Pipeline.
- Possibility to Require Future Reporting.

7:03 p.m. Chairman Schaible explained proposed amendment and referenced testimony #45379.

7:05 p.m. Adam Mathiak, Fiscal Analyst, Legislative Council, answered committee questions.

7:08 p.m. Representative Kempenich requested further clarification.

7:14 p.m. Representative Bosch moved LC #25.0181.02011 in place of LC #25.0181.02007.

7:15 p.m. Representative Monson seconded the motion.

Roll Vote Motion Passed: 6-0-0.

Senator Schaible and Representative Monson will carry the bill.

Additional written testimony:

Kelvin Hullet, Chief Business Development Officer, Bank of ND, submitted testimony in favor #45379.

7:16 p.m. Chairman Schaible adjourned the meeting.

Steven Hall, Committee Clerk

25.0181.02011
Title.05000
Fiscal No. 2

Prepared by the Legislative Council staff for Conference Committee

May 2, 2025

Sixty-ninth
Legislative Assembly
of North Dakota

PROPOSED AMENDMENTS TO FIRST ENGROSSMENT

VG 5/2/25
1 of 26

ENGROSSED SENATE BILL NO. 2014

Introduced by

Appropriations Committee

In place of amendment (25.0181.02007) adopted by the House, Engrossed Senate Bill No. 2014 is amended by amendment (25.0181.02011) as follows:

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 section to chapter 6-09 and a new subdivision to subsection 2 of section 38-08-04.5 of the North Dakota Century Code, relating to a rail revolving loan fund and uses of the abandoned oil and gas well plugging and site reclamation fund; to amend and reenact subsection 7 of section 6-08.1-02 and sections 6-09-35 ~~and~~, 6-09-46.2, 6-09.7-05, 6-09.14-04, and 49-17.1-02.1, subsection 1 of section 54-17-40, and subdivision a of subsection 4 of section 54-17.7-04 of the North Dakota Century Code, and section 15 of chapter 14 of the 2023 Session Laws, relating to confidential and exempt records of the Bank of North Dakota ~~and~~, the rebuilders loan program, loan guarantees through the strategic investment and improvements fund, interest rate buydown limits for the partnership in assisting community expansion fund, department of transportation review and approval of rail projects, uses of the housing incentive fund, North Dakota pipeline borrowing authority, and a salt cavern underground energy storage research project; ~~to amend and reenact section 15 of chapter 14 of the 2023 Session Laws, relating to a salt cavern underground energy storage research project~~to repeal section 3 of Senate Bill No. 2188, as approved by the sixty-ninth legislative assembly, relating to a transfer from the strategic investment and improvements fund to the clean sustainable energy fund; to provide a deficiency appropriation; to provide for a transfer; to provide an exemption; to provide for a legislative management study; to provide for a legislative management report; ~~and~~ to provide for a report; to provide an effective date; and to declare an emergency.

2 of 26

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 other funds derived from special funds and federal funds, to the industrial commission and agencies under its control for the purpose of defraying the expenses of the industrial commission and the agencies under its control, for the biennium beginning July 1, 2025, and ending June 30, 2027, as follows:

Subdivision 1.

INDUSTRIAL COMMISSION

	Base Level	Adjustments or Enhancements	Appropriation
~~Salaries and wages~~	~~$1,884,918~~	~~$376,583~~	~~$2,261,501~~
~~New and vacant FTE pool~~	~~0~~	~~20,376~~	~~20,376~~
~~Operating expenses~~	~~472,271~~	~~4,321,991~~	~~4,794,262~~
~~Grants~~	~~0~~	~~13,668,089~~	~~13,668,089~~
~~Grants - bond payments~~	~~119,879,913~~	~~(2,761,713)~~	~~117,118,200~~
~~Total all funds~~	~~$122,237,102~~	~~$15,625,326~~	~~$137,862,428~~
~~Less other funds~~	~~122,237,102~~	~~15,225,326~~	~~137,462,428~~
Salaries and wages	$1,884,918	$701,583	$2,586,501
New and vacant FTE pool	0	20,376	20,376
Operating expenses	472,271	3,821,991	4,294,262
Grants	0	13,668,089	13,668,089
Grants - bond payments	119,879,913	(2,761,713)	117,118,200
Total all funds	$122,237,102	$15,450,326	$137,687,428
Less other funds	122,237,102	15,050,326	137,287,428
Total general fund	$0	$400,000	$400,000
Full-time equivalent positions	9.75	0.00	9.75

Subdivision 2.

BANK OF NORTH DAKOTA

	Base Level	Adjustments or Enhancements	Appropriation

~~Bank of North Dakota operations~~	~~$70,899,761~~	~~$5,211,643~~	~~$76,111,404~~
Bank of North Dakota operations	$70,899,761	$5,461,643	$76,361,404
New and vacant FTE pool	0	2,122,074	2,122,074
Capital assets	705,722	3,437,577	4,143,299
~~Total other funds~~	~~$71,605,483~~	~~$10,771,294~~	~~$82,376,777~~
Total other funds	$71,605,483	$11,021,294	$82,626,777
Full-time equivalent positions	187.00	0.00	187.00

Subdivision 3.

HOUSING FINANCE AGENCY

	Base Level	Adjustments or Enhancements	Appropriation
~~Salaries and wages~~	~~$11,413,354~~	~~$1,655,543~~	~~$13,068,897~~
~~New and vacant FTE pool~~	~~0~~	~~1,024,774~~	~~1,024,774~~
~~Operating expenses~~	~~10,903,883~~	~~(1,433,707)~~	~~9,470,176~~
~~Capital assets~~	~~20,000~~	~~0~~	~~20,000~~
~~Grants~~	~~48,805,110~~	~~(2,700,000)~~	~~46,105,110~~
~~Housing finance agency contingencies~~	~~100,000~~	~~0~~	~~100,000~~
~~Total all funds~~	~~$71,242,347~~	~~($1,453,390)~~	~~$69,788,957~~
~~Less other funds~~	~~68,742,347~~	~~1,046,610~~	~~69,788,957~~
~~Total general fund~~	~~$2,500,000~~	~~($2,500,000)~~	~~$0~~
~~Full-time equivalent positions~~	~~54.00~~	~~3.00~~	~~57.00~~
Salaries and wages	$11,413,354	$1,655,543	$13,068,897
New and vacant FTE pool	0	1,422,760	1,422,760
Operating expenses	10,903,883	(1,433,707)	9,470,176
Capital assets	20,000	0	20,000
Grants	48,805,110	(2,700,000)	46,105,110
Housing finance agency contingencies	100,000	0	100,000
Total all funds	$71,242,347	($1,055,404)	$70,186,943
Less other funds	68,742,347	1,444,596	70,186,943
Total general fund	$2,500,000	($2,500,000)	$0
Full-time equivalent positions	54.00	5.00	59.00

Subdivision 4.

DEPARTMENT OF MINERAL RESOURCES

	Base Level	Adjustments or Enhancements	Appropriation
~~Salaries and wages~~	~~$23,261,532~~	~~$3,026,192~~	~~$26,287,724~~
~~New and vacant FTE pool~~	~~0~~	~~1,608,593~~	~~1,608,593~~
~~Operating expenses~~	~~5,120,253~~	~~5,885,498~~	~~11,005,751~~
~~Capital assets~~	~~0~~	~~45,000~~	~~45,000~~
~~Total all funds~~	~~$28,381,785~~	~~$10,565,283~~	~~$38,947,068~~
~~Less other funds~~	~~268,000~~	~~5,010,377~~	~~5,278,377~~
~~Total general fund~~	~~$28,113,785~~	~~$5,554,906~~	~~$33,668,691~~
~~Full-time equivalent positions~~	~~108.00~~	~~3.00~~	~~111.00~~
Salaries and wages	$23,261,532	$3,026,192	$26,287,724
New and vacant FTE pool	0	2,121,618	2,121,618
Operating expenses	5,120,253	6,778,008	11,898,261
Capital assets	0	45,000	45,000
Total all funds	$28,381,785	$11,970,818	$40,352,603
Less other funds	268,000	5,754,837	6,022,837
Total general fund	$28,113,785	$6,215,981	$34,329,766
Full-time equivalent positions	108.00	5.00	113.00

Subdivision 5.

MILL AND ELEVATOR ASSOCIATION

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

Subdivision 6.

TOTAL SECTION 1

	Base Level	Adjustments or Enhancements	Appropriation
~~Grand total all funds~~	~~$390,877,637~~	~~$46,538,008~~	~~$437,415,645~~
~~Less grand total other funds~~	~~360,263,852~~	~~43,083,102~~	~~403,346,954~~
~~Grand total general fund~~	~~$30,613,785~~	~~$3,454,906~~	~~$34,068,691~~
Grand total all funds	$390,877,637	$48,416,529	$439,294,166
Less grand total other funds	360,263,852	44,300,548	404,564,400
Grand total general fund	$30,613,785	$4,115,981	$34,729,766

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

One-Time Funding Description	General Fund	Other Funds	Total
Industrial commission			
~~Inflationary increases~~	~~$0~~	~~$50,000~~	~~$50,000~~
~~Electricity grid resiliency federal grant~~	~~0~~	~~13,668,089~~	~~13,668,089~~
~~Lignite litigation~~	~~0~~	~~3,000,000~~	~~3,000,000~~
~~Subtotal industrial commission~~	~~$0~~	~~$16,718,089~~	~~$16,718,089~~
Electricity grid resiliency federal grant	$0	$13,668,089	$13,668,089
Lignite litigation	0	3,000,000	3,000,000
Subtotal industrial commission	$0	$16,668,089	$16,668,089
Bank of North Dakota			
~~Capital improvement projects~~	~~$0~~	~~$2,633,299~~	~~$2,633,299~~
~~Subtotal Bank of North Dakota~~	~~$0~~	~~$2,633,299~~	~~$2,633,299~~
Capital improvement projects	$0	$2,633,299	$2,633,299
Economic development study	0	250,000	250,000
Subtotal Bank of North Dakota	$0	$2,883,299	$2,883,299
Department of mineral resources			

Federal abandoned well program	$0	$1,444,377	$1,444,377
~~FTE position operating expenses~~	~~41,600~~	~~0~~	~~41,600~~
FTE position operating expenses	24,435	51,495	75,930
Mineral analyses	100,000	0	100,000
Rare earth elements study	0	400,000	400,000
~~Archeology excavation project~~	~~0~~	~~150,000~~	~~150,000~~
Paleontology excavation project	0	150,000	150,000
Oil and gas litigation	0	3,000,000	3,000,000
~~Enhanced oil recovery database~~	~~15,000~~	~~0~~	~~15,000~~
Portable mineral detection equipment	45,000	0	45,000
~~Subtotal department of mineral resources~~	~~$201,600~~	~~$4,994,377~~	~~$5,195,977~~
~~Grand total~~	~~$201,600~~	~~$24,345,765~~	~~$24,547,365~~
Subtotal department of mineral resources	$169,435	$5,045,872	$5,215,307
Grand total	$169,435	$24,597,260	$24,766,695

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

SECTION 4. 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	412,207
Total	$117,118,200

SECTION 5. APPROPRIATION - 2023-25 BIENNIUM - INDUSTRIAL COMMISSION - HYDROGEN ENERGY RESEARCH PROJECT. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $627,587, or so much

of the sum as may be necessary, to the industrial commission for the purpose of paying an outstanding invoice related to a hydrogen energy research project, for the period beginning with the effective date of this section and ending June 30, 2025.

SECTION 6. 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 special 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 7. APPROPRIATION - TRANSFER GENERAL FUND TO HOUSING INCENTIVE FUND - TRANSFER STRATEGIC INVESTMENT AND IMPROVEMENTS FUND TO HOUSING INCENTIVE FUND - HOMELESS PROGRAMS - HOUSING PROGRAMS - EXEMPTION - ONE-TIME FUNDING.

1. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of $10,000,000, which the office of management and budget shall transfer to the housing incentive fund for homeless programs, during the biennium beginning July 1, 2025, and ending June 30, 2027. The appropriation under this subsection is considered a one-time funding item. Notwithstanding any other requirements under section 54-17-40 and pursuant to the continuing appropriation under 54-17-40, the housing finance agency shall distribute a passthrough grant of $150,000 from the housing incentive fund to ~~an~~a Native American-focused organization with a presence in multiple communities for a Native American homelessness liaison, from the $10,000,000 transferred to the housing incentive fund under this subsection.
2. The office of management and budget shall transfer the sum of $25,000,000 from the strategic investment and improvements fund to the housing incentive fund for housing projects and programs during the biennium beginning July 1, 2025, and ending June 30, 2027.

SECTION 8. TRANSFER - ENTITIES AND FUNDS UNDER THE CONTROL OF THE INDUSTRIAL COMMISSION TO INDUSTRIAL COMMISSION FUND - ADMINISTRATION - EXEMPTION.

1. The sum of ~~$2,435,660~~$2,260,660, 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 9. 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 10. TRANSFER - BANK OF NORTH DAKOTA PROFITS TO ECONOMIC DEVELOPMENT PROGRAMS - SMALL BUSINESS DEVELOPMENT CENTER - LINE OF CREDIT INTEREST RATE BUYDOWN. 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;~~

~~4. $15,000,000 to the beginning farmer revolving loan fund; and~~$60,000,000 to economic development programs administered by the Bank, including 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;

~~5.~~2. $1,900,000 to the university of North Dakota for the North Dakota small business development center for the purpose of matching federal grants; and

3. Up to $5,000,000 to the parks and recreation department for an interest rate buydown on the line of credit for the Theodore Roosevelt presidential library project. The interest rate buydown may not exceed the amount needed to buydown the interest rate on the outstanding balance of the line of credit from the prevailing interest rate charged to North Dakota governmental entities to two percent.

SECTION 11. TRANSFER - RAIL FUND TO RAIL REVOLVING LOAN FUND. The department of transportation shall transfer any outstanding loans and remaining balance from the rail fund to the rail revolving loan fund on July 1, 2025.

SECTION 12. TRANSFER STATE ENERGY RESEARCH CENTER FUND TO OIL AND GAS RESEARCH FUND - TRANSFER STRATEGIC INVESTMENT AND IMPROVEMENTS FUND TO OIL AND GAS RESEARCH FUND - ENHANCED OIL RECOVERY GRANT PROGRAM.

1. From the $6,000,000 transferred to the state energy research center fund pursuant to section 15 of chapter 14 of the 2023 Session Laws, the office of management and budget shall transfer the sum of $4,000,000 to the oil and gas research fund during the biennium beginning July 1, 2025, and ending June 30, 2027.
2. The office of management and budget shall transfer the sum of $21,000,000 from the strategic investment and improvements fund to the oil and gas research fund during the biennium beginning July 1, 2025, and ending June 30, 2027.
3. Pursuant to the continuing appropriation under section 57-51.1-07.3 and the powers of the industrial commission under chapter 54-17.6, the commission shall use $25,000,000 from the oil and gas research fund, transferred under this section, for an enhanced oil recovery grant program. The commission shall develop guidelines for the

grant program, including eligibility criteria, requirements for matching funds, and reporting requirements.

SECTION 13. LIGNITE RESEARCH, DEVELOPMENT, AND MARKETING PROGRAM - LIGNITE MARKETING FEASIBILITY STUDY - REPORT TO THE SEVENTIETH LEGISLATIVE ASSEMBLY.

1. Pursuant to the continuing appropriation under section 57-61-01.6, up to $4,500,000 from the lignite research fund 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 designated under this section also may be used for the purpose of contracting for nonmatching studies and activities in support of advanced energy technology and other technology development programs; 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 needed for the purposes stated in this section are available to the industrial commission for funding projects, processes, or activities under the lignite research, development, and marketing program.
2. The industrial commission shall report to the appropriations committees of the seventieth legislative assembly on the amounts spent pursuant to this section.

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

1. $4,782,794 in the other funds line item in subdivision 1 of section 1 of this Act and identified as one-time funding in section 2 of this Act, including $1,782,794 for

matching federal funds for an electricity grid resiliency grant and $3,000,000 for lignite litigation.

2. $3,550,000 in the other funds line item in subdivision 4 of section 1 of this Act and identified as one-time funding in section 2 of this Act, including $400,000 for a rare earth elements study, $150,000 for ~~an archeology~~a paleontology excavation project, and $3,000,000 for oil and gas litigation.

SECTION 15. OTHER FUNDS - ABANDONED OIL AND GAS WELL PLUGGING AND SITE RECLAMATION FUND - ADMINISTRATIVE EXPENSES. The other funds line item in subdivision 4 of section 1 of this Act includes the sum of $799,926 from the abandoned oil and gas well plugging and site reclamation fund for administrative expenses, including funding for reclamation specialist positions and related operating expenses.

SECTION 16. OTHER FUNDS - HOUSING INCENTIVE FUND - ADMINISTRATIVE EXPENSES. The other funds line item in subdivision 3 of section 1 of this Act includes the sum of $213,880, transferred from the housing incentive fund to the agency's operating fund for administrative expenses, including funding for a homelessness program position and related operating expenses.

SECTION 17. AMENDMENT. Subsection 7 of section 6-08.1-02 of the North Dakota Century Code is amended and reenacted as follows:

7. The release by the industrial commission, in its capacity as the managing body of the Bank of North Dakota, of the following:
   a. The name of any person who has obtained approval for direct ~~or indirect~~ financing or security, including a loan guarantee or a letter of credit, through the Bank of North Dakota primarily for purposes other than personal, family, or household purposes.
   b. The amount of any financing or security referenced in subdivision a.
   c. The amount of any net writeoff or loan forgiveness ~~associated with the financing or security referenced in subdivision a which~~that the industrial commission determines is uncollectible.
   d. The program under which any financing or security referenced in subdivision a was made.

SECTION 18. AMENDMENT. Section 6-09-35 of the North Dakota Century Code is amended and reenacted as follows:

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

1. The following records of the Bank of North Dakota are confidential:

~~1.~~ a. Commercial or financial information of a customer, whether obtained directly or indirectly, except for routine credit inquiries or unless required by due legal process. As used in this subsection, "customer" means any person who has transacted or is transacting business with, or has used or is using the services of, the Bank of North Dakota, or for whom the Bank of North Dakota has acted as a fiduciary with respect to trust property.

~~2.~~ b. Internal or interagency memorandums or letters which would not be available by law to a party other than in litigation with the Bank.

~~3.~~ c. Information contained in or related to examination, operating, or condition reports prepared by, on behalf of, or for the use of a state or federal agency responsible for the regulation or supervision of any Bank activity.

~~4.~~ d. Information obtained from the state department of financial institutions which would not be available from that agency under section 6-01-07.1.

~~5.~~ e. The report by a Bank officer or member of the Bank's advisory board of directors concerning personal financial statements.

2. The following records of the Bank of North Dakota are exempt:

a. Bond insurance coverage, including excess bond insurance coverage.

b. Cyber liability coverage, including excess cyber liability coverage.

SECTION 19. AMENDMENT. Section 6-09-46.2 of the North Dakota Century Code is amended and reenacted as follows:

6-09-46.2. Rebuilders loan program - Rebuilders permanent loan fund - Continuing appropriation.

1. The Bank of North Dakota shall develop a rebuilders loan program to make or participate in loans to North Dakota residents ~~affected by extraordinary losses~~ as a result of ~~a~~:

a. A presidentially declared disaster ~~or~~in the state;

b. A governor-declared disaster ~~or~~in the state;

c. An emergency in the state;

d. A weather-related incident in the state as determined by the governor; or

e. An economic hardship as determined by the governor.

2. Under the rebuilders loan program, the Bank shall develop and implement specific loan programs to respond to the specific needs resulting from a disaster ~~or~~, emergency, incident, or hardship. The Bank may fund the loan from any available funding in the rebuilders permanent loan fund and may accept private sector donations and funds from the federal government.

~~2.~~3. Upon request of the Bank of North Dakota, the governor shall furnish the Bank with information relating to the nature and amount of state and local resources that have been or will be committed to alleviating the results of the disaster or emergency, an estimate of the amount and severity of the damage and the impact on the private and public sectors, and an estimate of the type and amount of assistance needed.

~~3.~~4. To apply for a loan under the program, a person shall apply to the originating financial institution. Upon Bank of North Dakota approval of an application, the Bank shall make a loan in accordance with the loan program established under this section. The Bank shall establish a loan application period, which may not exceed a period of eighteen months from the date of the declaration of the disaster or emergency.

~~4.~~5. Excluding the rebuilders and rebuilders home loans transferred to the fund, the Bank of North Dakota shall deposit in the fund all principal and interest paid on the loans made from the fund. The Bank may deduct from interest payments received on a loan under the program a service fee for administering the fund for the Bank and the originating financial institution. The fund must be audited annually pursuant to section 6-09-29, and the cost of the audit and any other actual costs incurred by the Bank on behalf of the fund, must be paid by the fund.

~~5.~~6. There is created in the state treasury the rebuilders permanent loan fund administered by the Bank of North Dakota. The fund consists of all moneys transferred to the fund by the legislative assembly, interest on moneys in the fund, and payments to the fund of principal and interest on loans made from the fund. All moneys in the fund are appropriated to the Bank on a continuing basis for the rebuilders loan program.

~~6.~~7. If approved by the industrial commission, the fund may borrow from the Bank of North Dakota to provide funding for loans under this section. A loan made to the fund by the Bank must be repaid with principal and interest payment received by the rebuilders permanent loan fund or with moneys appropriated by the legislative assembly.

~~7.~~8. The Bank of North Dakota shall adopt policies to implement this section.

SECTION 20. A new section to chapter 6-09 of the North Dakota Century Code is created and enacted as follows:

Rail revolving loan fund - Continuing appropriation.

1. The rail revolving loan fund is a special fund in the state treasury from which the Bank of North Dakota shall provide loans to counties, cities, railroads, and other freight railroad users to construct or upgrade rail infrastructure to improve rail service.
2. The Bank shall administer the fund in accordance with the provisions of this section and may adopt policies and establish guidelines for the loans, including policies for eligibility and allowing participation by local financial institutions. Class I railroads are not eligible.
3. The Bank shall consider the applicant's ability to repay the loan when processing the application and shall issue loans only to applicants that provide reasonable assurance of sufficient future income to repay the loan.
4. The department of transportation shall review and approve the project before the Bank may issue a loan based on policies developed by the department.
5. The Bank shall deposit in the fund all payments of principal and interest paid on loans made from the fund. The Bank may use a portion of the interest paid on the outstanding loans as a servicing fee to pay administrative costs which may not exceed one-half of one percent of the amount of the outstanding loans.
6. All moneys transferred to the fund, interest upon moneys in the fund, and payments to the fund of principal and interest are appropriated to the Bank on a continuing basis for administrative costs and for loan disbursements according to this section.
7. The fund must be audited annually pursuant to section 6-09-29, and the cost of the audit must be paid from the fund.

SECTION 21. AMENDMENT. Section 6-09.7-05 of the North Dakota Century Code is amended and reenacted as follows:

6-09.7-05. ~~Establishment and maintenance of adequate guarantee funds - Use of strategic investment and improvements fund. (Effective through June 30, 2025)~~

~~The Bank of North Dakota shall establish and at all times maintain an adequate guarantee reserve fund in a special account in the Bank. The Bank may request the director of the office of management and budget to transfer funds from the strategic investment and improvements fund created by section 15-08.1-08 to maintain one hundred percent of the guarantee reserve fund balance. Transfers from the strategic investment and improvements fund may not exceed a total of eighty million dollars. Moneys in the guarantee reserve fund are available to reimburse lenders for guaranteed loans in default. The securities in which the moneys in the reserve fund may be invested must meet the same requirements as those authorized for investment under the state investment board. The income from such investments must be made available for the costs of administering the state guarantee loan program and income in excess of that required to pay the cost of administering the program must be deposited in the reserve fund. The amount of reserves for all guaranteed loans must be determined by a formula that will assure, as determined by the Bank, an adequate amount of reserve.~~

~~**Establishment and maintenance of adequate guarantee funds - Use of strategic investment and improvements fund. (Effective after June 30, 2025)**~~ The Bank of North Dakota shall establish and at all times maintain an adequate guarantee reserve fund in a special account in the Bank. The Bank may request the director of the office of management and budget to transfer funds from the strategic investment and improvements fund created by section 15-08.1-08 to maintain one hundred percent of the guarantee reserve fund balance. Transfers from the strategic investment and improvements fund may not exceed a total of ~~one hundred forty million~~one hundred sixty million dollars. Moneys in the guarantee reserve fund are available to reimburse lenders, including the Bank, for guaranteed loans in default. The securities in which the moneys in the reserve fund may be invested must meet the same requirements as those authorized for investment under the state investment board. The income from such investments must be made available for the costs of administering the state guarantee loan program and income in excess of that required to pay the cost of administering the program must be deposited in the reserve fund. The amount of reserves for all guaranteed loans must be determined by a formula that will assure, as determined by the Bank, an adequate amount of reserve.

SECTION 22. AMENDMENT. Section 6-09.14-04 of the North Dakota Century Code is amended and reenacted as follows:

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

1. The fund moneys may be used to participate in an interest rate buydown on a loan to a new or expanding business for the following eligible uses:
   a. Purchase of real property and equipment.
   b. Expansion of facilities.
   c. Working capital.
   d. Inventory.
2. The loan funds cannot be used to refinance any existing debt or for the relocation of the business within North Dakota.
~~2.~~3. The community shall determine the amount of the interest rate buydown and apply to the Bank of North Dakota for participation from the partnership in assisting community expansion fund. The funds for the community's portion of the buydown may come from a local development corporation, contributions, community funds, future dedicated tax programs, or any other community source.
~~3.~~4. The fund participation portion in the buydown must be determined by the Bank of North Dakota based on economic conditions in the city or county in which the business is located.
~~4.~~5. a. The maximum amount from the fund in the interest rate buydown may not exceed five hundred thousand dollars per loan.
   b. If the Bank determines the project has a substantial economic impact and qualifies as a primary sector business, the maximum amount from the fund in the interest rate buydown may be increased by up to one million dollars, in addition to the amount under subdivision a, without a required community match.
6. The fund participation must be limited to the amount required to buy down the interest to five hundred basis points below the national prime interest rate.
~~5.~~7. The Bank of North Dakota shall adopt rules to implement this chapter.

SECTION 23. A new subdivision to subsection 2 of section 38-08-04.5 of the North Dakota Century Code is created and enacted as follows:

Administrative expenses, including salaries and wages and operating expenses, subject to legislative appropriation.

SECTION 24. AMENDMENT. Section 49-17.1-02.1 of the North Dakota Century Code is amended and reenacted as follows:

49-17.1-02.1. ~~Department may authorize local~~Review and approval of rail projects.

~~For the purpose of promoting the public interest and local economic development, the department may utilize revenue generated under this chapter for the construction or improvement of railway freight transportation projects not otherwise eligible for assistance under the Railroad Revitalization and Regulatory Reform Act of 1976 [Pub. L. 94-210; 90 Stat. 149; 49 U.S.C. 1651 et seq.] and which meet standards and specifications developed by the department~~The department shall coordinate with the Bank of North Dakota to approve and review rail projects financed under the rail revolving loan fund under section 19 of this Act.

SECTION 25. AMENDMENT. Subsection 1 of section 54-17-40 of the North Dakota Century Code is amended and reenacted as follows:

1. The housing incentive fund is ~~created as a special revolving fund at the Bank of North Dakota. The housing finance agency may direct disbursements from the fund and a continuing appropriation from the fund is provided for that purpose~~a special fund in the state treasury administered by the housing finance agency. Moneys in the fund are appropriated to the housing finance agency on a continuing basis for assistance under subsection 3. Moneys in the fund may be transferred to the housing finance agency's operating fund for administrative expenses, which are subject to legislative appropriation.

SECTION 26. AMENDMENT. Subdivision a of subsection 4 of section 54-17.7-04 of the North Dakota Century Code is amended and reenacted as follows:

a. (1) The authority may borrow up to sixty million dollars through a line of credit from the Bank.

(2) In addition to the borrowing under paragraph 1, the authority may borrow up to forty million dollars through a line of credit from the Bank to provide total borrowing of up to one hundred million dollars under this subdivision. The borrowing under this paragraph is available only if the authority enters a capacity purchase agreement by December 31, 2026, related to a pipeline

project to transport natural gas from the western area of the state to the eastern area of the state.

(3) The interest rate on the line of credit must be the prevailing interest rate charged to North Dakota governmental entities.

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

SECTION 15. TRANSFER - STRATEGIC INVESTMENT AND IMPROVEMENTS 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 28. REPEAL. Section 3 of Senate Bill No. 2188, as approved by the sixty-ninth legislative assembly, is repealed.

SECTION 29. 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~~subdivision 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~~subdivision 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~~subdivision 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~~subdivision 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.
6. Up to $225,500 of the $2,300,000 appropriated from federal funds to the department of mineral resources for administrative expenses related to an abandoned well

reclamation program in subdivision 2 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.

SECTION 30. 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.

SECTION 31. ECONOMIC DEVELOPMENT STUDY - BANK OF NORTH DAKOTA - REPORT. During the 2025-27 biennium, the Bank of North Dakota shall use up to $250,000 included in the Bank's appropriation in section 1 of this Act and identified as one-time funding in section 2 of this Act to conduct a study of economic development opportunities to sustain the economies of communities in western North Dakota as oil and gas development activities decrease. The Bank shall coordinate with the department of commerce and representatives from oil-producing counties to develop a long-term strategic plan for economic development opportunities in western North Dakota. The Bank shall provide at least one report to the legislative management during the 2025-26 interim and shall provide a report to the appropriations committees of the seventieth legislative assembly regarding the results of the study.

SECTION 32. REPORT TO BUDGET SECTION - NORTH DAKOTA PIPELINE AUTHORITY - PIPELINE CAPACITY AGREEMENT. By December 31, 2026, the North Dakota pipeline authority shall provide at least one report to the budget section regarding the status of any pipeline capacity agreements, including commitments from other private sector entities, the commitment by the authority, anticipated borrowing by the authority under subsection 4 of section 54-17.7-04, and other information requested by the budget section.

SECTION 33. EFFECTIVE DATE. Section 21 of this Act becomes effective July 1, 2027.

SECTION 34. EMERGENCY. Section 5 of this Act is declared to be an emergency measure.

STATEMENT OF PURPOSE OF AMENDMENT:

Senate Bill No. 2014 - Summary of Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Industrial Commission						
Total all funds	$122,237,102	$137,862,428	($175,000)	$137,687,428	$137,687,428	$0
Less estimated income	122,237,102	137,462,428	(175,000)	137,287,428	137,287,428	0
General fund	$0	$400,000	$0	$400,000	$400,000	$0
FTE	9.75	9.75	0.00	9.75	9.75	0.00
Bank of North Dakota						
Total all funds	$71,605,483	$82,376,777	$250,000	$82,626,777	$82,376,777	$250,000
Less estimated income	71,605,483	82,376,777	250,000	82,626,777	82,376,777	250,000
General fund	$0	$0	$0	$0	$0	$0
FTE	187.00	187.00	0.00	187.00	187.00	0.00
Housing Finance Agency						
Total all funds	$71,242,347	$79,788,957	$397,986	$80,186,943	$81,094,984	($908,041)
Less estimated income	68,742,347	69,788,957	397,986	70,186,943	71,094,984	(908,041)
General fund	$2,500,000	$10,000,000	$0	$10,000,000	$10,000,000	$0
FTE	54.00	57.00	2.00	59.00	62.00	(3.00)
Department of Mineral Resources						
Total all funds	$28,381,785	$38,947,068	$1,405,535	$40,352,603	$40,352,603	$0
Less estimated income	268,000	5,278,377	744,460	6,022,837	6,022,837	0
General fund	$28,113,785	$33,668,691	$661,075	$34,329,766	$34,329,766	$0
FTE	108.00	111.00	2.00	113.00	113.00	0.00
Mill and Elevator						
Total all funds	$97,410,920	$108,440,415	$0	$108,440,415	$108,440,415	$0
Less estimated income	97,410,920	108,440,415	0	108,440,415	108,440,415	0
General fund	$0	$0	$0	$0	$0	$0
FTE	170.00	172.00	0.00	172.00	172.00	0.00
Bill total						
Total all funds	$390,877,637	$447,415,645	$1,878,521	$449,294,166	$449,952,207	($658,041)
Less estimated income	360,263,852	403,346,954	1,217,446	404,564,400	405,222,441	(658,041)
General fund	$30,613,785	$44,068,691	$661,075	$44,729,766	$44,729,766	$0
FTE	528.75	536.75	4.00	540.75	543.75	(3.00)

Senate Bill No. 2014 - Industrial Commission - Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Salaries and wages	$1,884,918	$2,261,501	$325,000	$2,586,501	$2,586,501	
New and vacant FTE pool		20,376		20,376	20,376	
Operating expenses	472,271	4,794,262	(500,000)	4,294,262	4,294,262	
Grants		13,668,089		13,668,089	13,668,089	
Grants - Bond payments	119,879,913	117,118,200		117,118,200	117,118,200	
Total all funds	$122,237,102	$137,862,428	($175,000)	$137,687,428	$137,687,428	$0
Less estimated income	122,237,102	137,462,428	(175,000)	137,287,428	137,287,428	0
General fund	$0	$400,000	$0	$400,000	$400,000	$0
FTE	9.75	9.75	0.00	9.75	9.75	0.00

Department 405 - Industrial Commission - Detail of Conference Committee Changes

	Decreases Salary Equity Funding[1]	Transfers Funding Between Line Items[2]	Total Conference Committee Changes
Salaries and wages	($175,000)	$500,000	$325,000
New and vacant FTE pool			
Operating expenses		(500,000)	(500,000)
Grants			
Grants - Bond payments			
Total all funds	($175,000)	$0	($175,000)
Less estimated income	(175,000)	0	(175,000)
General fund	$0	$0	$0
FTE	0.00	0.00	0.00

[1] Funding for salary equity increases is decreased by $175,000, from $350,000 to $175,000, the same as the House version. The $175,000 reflects $125,000 for the Industrial Commission executive director and $50,000 for the Public Finance Agency executive director. The Senate version provided $350,000, including $245,000 for the Industrial Commission executive director and $105,000 for the Public Finance Agency executive director.

[2] Funding of $500,000 is transferred from the operating expenses line item to the salaries and wages line item, the same as the House version. The Senate version transferred $581,422 from the salaries and wages line item to the operating expenses line item. The net effect of these line item transfers is a decrease of $81,422 to the salaries and wages line item and an increase of $81,422 to the operating expenses line item.

This amendment also:

- Changes $50,000 of one-time funding from state special funds to ongoing funding related to operating expense inflationary increases, the same as the House version. The Senate version identified the inflationary increases as a one-time funding item.
- Decreases the administrative transfer by $175,000, from $2,435,660 to $2,260,660, to reflect the budget changes to the administrative office, the same as the House version. The Senate provided $2,435,660.
- Provides a deficiency appropriation of up to $627,587 from the general fund for an outstanding invoice related to a hydrogen energy research project, including an emergency clause related to the deficiency appropriation. Neither the Senate version nor the House version provided this funding.
- Amends Senate Bill No. 2188 to remove the transfer of $50 million from the strategic investment and improvements fund to the clean sustainable energy fund. Neither the Senate version nor the House version included this change to remove the transfer.

Senate Bill No. 2014 - Bank of North Dakota - Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
New and vacant FTE pool		$2,122,074		$2,122,074	$2,122,074	
Capital assets	$705,722	4,143,299		4,143,299	4,143,299	
Bank of North Dakota operations	70,899,761	76,111,404	$250,000	76,361,404	76,111,404	$250,000
Total all funds	$71,605,483	$82,376,777	$250,000	$82,626,777	$82,376,777	$250,000
Less estimated income	71,605,483	82,376,777	250,000	82,626,777	82,376,777	250,000
General fund	$0	$0	$0	$0	$0	$0
FTE	187.00	187.00	0.00	187.00	187.00	0.00

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Department 471 - Bank of North Dakota - Detail of Conference Committee Changes

	Adds One-Time Funding Item[1]	Total Conference Committee Changes
New and vacant FTE pool		
Capital assets		
Bank of North Dakota operations	$250,000	$250,000
Total all funds	$250,000	$250,000
Less estimated income	250,000	250,000
General fund	$0	$0
FTE	0.00	0.00

[1] Adds one-time funding of $250,000 for the Bank to conduct a study of economic development opportunities in western North Dakota. Neither the Senate version nor the House version included this funding.

This amendment also:

- Consolidates the transfer of Bank of North Dakota profits to economic development programs rather than separately identifying the amount for each program. The House version consolidated the transfers, but the Senate version identified separate amounts for each program.
- Transfers up to $5 million of Bank profits to the Parks and Recreation Department for an interest rate buydown on the line of credit for the Theodore Roosevelt Presidential Library project. Neither the Senate version nor the House version included this transfer.
- Amends the rebuilders loan program to allow loans for weather-related incidents or economic hardships as determined by the Governor, the same as the House version. The Senate version did not amend the rebuilders loan program.
- Increases the amount the North Dakota pipeline authority may borrow for pipeline capacity positions by $40 million, from $60 million to $100 million, and increases loan guarantees from the strategic investment and improvements fund in July 2027 by $20 million, from $140 million to $160 million reflecting an increase of $40 million for North Dakota Pipeline Authority borrowing and a decrease of $20 million for other loan guarantees. The additional $40 million of borrowing is available only if the authority enters a capacity purchase agreement by December 31, 2026. The Senate version did not expand the pipeline capacity position borrowing, but the House increased the borrowing authority by $60 million.
- Creates a new rail revolving loan fund to provide loans for rail infrastructure improvements with the requirement for the Department of Transportation to coordinate with the Bank to review and approve the rail projects and transferred any outstanding loans and moneys in the rail fund to the newly created rail revolving loan fund. The House version also added these provisions.
- Adds a section requiring the Bank to study economic development opportunities in western North Dakota in coordination with the Department of Commerce and representatives from oil-producing counties and to provide reports on the results of the study. Neither the Senate version nor the House version included this study.
- Adds a section requiring the North Dakota Pipeline Authority to provide a report to the Budget Section by December 31, 2026, regarding the status of any capacity purchase agreements.

Senate Bill No. 2014 - Housing Finance Agency - Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Salaries and wages	$11,413,354	$13,068,897		$13,068,897	$13,068,897	
New and vacant FTE pool		1,024,774	$397,986	1,422,760	2,134,321	($711,561)
Operating expenses	10,903,883	9,470,176		9,470,176	9,666,656	(196,480)
Capital assets	20,000	20,000		20,000	20,000	
Grants	48,805,110	46,105,110		46,105,110	46,105,110	
HFA contingencies	100,000	100,000		100,000	100,000	
Housing incentive fund		10,000,000		10,000,000	10,000,000	
Total all funds	$71,242,347	$79,788,957	$397,986	$80,186,943	$81,094,984	($908,041)
Less estimated income	68,742,347	69,788,957	397,986	70,186,943	71,094,984	(908,041)
General fund	$2,500,000	$10,000,000	$0	$10,000,000	$10,000,000	$0
FTE	54.00	57.00	2.00	59.00	62.00	(3.00)

Department 473 - Housing Finance Agency - Detail of Conference Committee Changes

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	Adds Funding for FTE positions[1]	Total Conference Committee Changes
Salaries and wages		
New and vacant FTE pool	$397,986	$397,986
Operating expenses		
Capital assets		
Grants		
HFA contingencies		
Housing incentive fund		
Total all funds	$397,986	$397,986
Less estimated income	397,986	397,986
General fund	$0	$0
FTE	2.00	2.00

[1] Funding related to salaries and wages for FTE positions is added as follows:

	FTE Positions	General Fund	Other Funds	Total
Homeownership and loan specialist position	1.00	$0	$184,796	$184,796
Business analyst position	1.00	0	257,410	257,410
Total	2.00	$0	$442,206	$442,206

Funding for salaries and wages is decreased by $442,206 and funding of $397,986 is added to the new and vacant FTE pool for the positions resulting in net savings of $44,220 compared to the Senate version. The House version provided $1,109,547 for 5 FTE positions and $196,480 for related operating expenses. The Conference Committee did not include 3 FTE positions added by the House for a rent stabilization program.

This amendment also:

- Transfers $25 million from the strategic investment and improvements fund to the housing incentive fund for housing projects and programs, the same as the Senate version. The House provided $33.65 million, which included $150,000 for a Native American homelessness liaison, $13.5 million for a rent stabilization fund, and $20 million for other housing projects. The Conference Committee designated $150,000 for a Native American homelessness liaison from the $10 million transferred from the general fund to the housing incentive fund, the same as the Senate version.
- Adds a section identifying $213,880 from the housing incentive fund for administrative expenses, including funding for a homelessness program position. The Senate version did not include this section, but the House identified $1,200,983 for homelessness program and rent stabilization program positions.
- Amends the housing incentive fund clarifying moneys in the fund to be transferred to the agency's operating fund for administrative expenses, the same as the House version. The Senate version did not include this provision.

Senate Bill No. 2014 - Department of Mineral Resources - Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Salaries and wages	$23,261,532	$26,287,724		$26,287,724	$26,287,724	
New and vacant FTE pool		1,608,593	$513,025	2,121,618	2,121,618	
Operating expenses	5,120,253	11,005,751	892,510	11,898,261	11,898,261	
Capital assets		45,000		45,000	45,000	
Total all funds	$28,381,785	$38,947,068	$1,405,535	$40,352,603	$40,352,603	$0
Less estimated income	268,000	5,278,377	744,460	6,022,837	6,022,837	0
General fund	$28,113,785	$33,668,691	$661,075	$34,329,766	$34,329,766	$0
FTE	108.00	111.00	2.00	113.00	113.00	0.00

Department 474 - Department of Mineral Resources - Detail of Conference Committee Changes

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	Adjusts FTE Positions and Operating Expenses[1]	Adjusts Funding for Operating Expenses[2]	Total Conference Committee Changes
Salaries and wages			
New and vacant FTE pool	$513,025		$513,025
Operating expenses	138,180	$754,330	892,510
Capital assets			
Total all funds	$651,205	$754,330	$1,405,535
Less estimated income	692,965	51,495	744,460
General fund	($41,760)	$702,835	$661,075
FTE	2.00	0.00	2.00

[1] Funding related to salaries and wages for FTE positions is adjusted as follows:

	FTE Positions	General Fund	Other Funds	Total
Permitting technician position	(1.00)	($151,146)	$0	($151,146)
Reclamation specialist positions	2.00	(184,887)	554,661	369,774
Deputy director position	1.00	351,400	0	351,400
Total	2.00	$15,367	$554,661	$570,028

Funding for salaries and wages is decreased by $570,028 and funding of $513,025 is added to the new and vacant FTE pool for the positions resulting in net savings of $57,003. Funding of $138,180 is added for ongoing operating expenses related to the FTE positions.

The Senate version included $151,146 from the general fund for 1 FTE permitting technician position and $184,887 from the general fund for 1 FTE reclamation specialist position. The House removed 1 FTE permitting technician position, changed the funding source for 1 FTE reclamation specialist position from the general fund to the abandoned oil and gas well plugging and site reclamation fund, and added 2 FTE reclamation specialist positions.

[2] Funding for operating expenses is adjusted as follows:

- $735,000 of ongoing funding from the general fund is increased for state fleet rate adjustments to provide $2,235,000, the same as the House version. The Senate version provided $1,500,000 from the general fund.
- $17,165 of one-time funding from the general fund is removed and $51,495 of one-time funding from the abandoned oil and gas well plugging and site reclamation fund is added for new FTE position operating expenses, the same as the House version. The Senate version did not include this adjustment.
- $15,000 of one-time funding from the general fund for an enhanced oil recovery database is removed. The Senate version added this one-time funding, but the House version removed the funding.

This amendment also includes the following changes which were added in the House version:

- Adds a section identifying $799,926 from the abandoned oil and gas well plugging and site reclamation fund for administrative expenses, which includes funding for reclamation specialist positions and related operating expenses.
- Amends the abandoned oil and gas well plugging and site reclamation fund to allow moneys in the fund to be used for administrative expenses subject to legislative appropriation.
- Adds an exemption for up to $225,500 of the $2,300,000 appropriated from federal funds for an abandoned well reclamation program during the 2023-25 biennium to continue into the 2025-27 biennium.

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Senate Bill No. 2014 - Mill and Elevator - Conference Committee Action

	Base Budget	Senate Version	Conference Committee Changes	Conference Committee Version	House Version	Comparison to House
Salaries and wages	$54,019,267	$60,365,008		$60,365,008	$60,365,008	
New and vacant FTE pool		1,973,530		1,973,530	1,973,530	
Operating expenses	42,391,653	45,101,877		45,101,877	45,101,877	
Contingencies	500,000	500,000		500,000	500,000	
Agriculture promotion	500,000	500,000		500,000	500,000	
Total all funds	$97,410,920	$108,440,415	$0	$108,440,415	$108,440,415	$0
Less estimated income	97,410,920	108,440,415	0	108,440,415	108,440,415	0
General fund	$0	$0	$0	$0	$0	$0
FTE	170.00	172.00	0.00	172.00	172.00	0.00

Department 475 - Mill and Elevator - Detail of Conference Committee Changes

Neither the House or the Conference Committee made any changes related to the Mill and Elevator Association.

SB 2014 050225 1921 PM Roll Call Vote

Final Recommendation

SB 2014
Date Submitted: May 2, 2025, 7:21 p.m.
Recommendation: In Place Of
Amendment LC #: 25.0181.02011
Engrossed LC #: N/A

Motioned By: Bosch, Glenn

Seconded By: Monson, David

House Carrier: Monson, David

Senate Carrier: Schaible, Donald

Emergency Clause: None

Vote Results: 6 - 0 - 0

Description: To add language and to add a deadline

Sen. Schaible, Donald	Yea
Sen. Sorvaag, Ronald	Yea
Sen. Bekkedahl, Brad	Yea
Rep. Kempenich, Keith	Yea
Rep. Monson, David	Yea
Rep. Bosch, Glenn	Yea

Insert LC: 25.0181.02011 Title: 05000
Senate Carrier: Schaible
House Carrier: Monson

REPORT OF CONFERENCE COMMITTEE
ENGROSSED SB 2014

Your conference committee (Sens. Schaible, Sorvaag, Bekkedahl and Reps. Kempenich, Monson, Bosch) recommends that in place of amendment 25.0181.02007 adopted by the House, Engrossed SB 2014 is amended by amendment 25.0181.02011.

Engrossed SB 2014 was placed on the Seventh order of business on the calendar.

SECTION 26. A
MENDMENT. Subdivision a of subsection 4 of section 54-17.7-04 of the North Dakota Century Code is amended and reenacted as follows:

a. The authority may borrow up to ~~sixty million~~ one hundred million dollars through a line of credit from the Bank. The interest rate on the line of credit must be the prevailing interest rate charged to North Dakota governmental entities.

b. If an entity has not come forward by December 31, 2026 and the authority has not entered into a capacity purchase agreement for a pipeline to move bakken gas from west to east, the proposed increase to one hundred million dollars for the 2027-2029 biennium, noted in section a is withdrawn.

c. The pipeline authority shall report to the budget section by the fourth quarter of 2026 confirming that other private sector entities have committed to participation in the pipeline.