

Sixty-eighth
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1014

Introduced by

Appropriations Committee

1 A BILL for an Act to provide an appropriation for defraying the expenses of the industrial
2 commission and the agencies under its control; ~~to create and enact a new section to chapter~~
3 ~~6-09, relating to a Bank of North Dakota retention incentive program;~~ to amend and reenact
4 sections 6-09.7-05, 54-17-40, and 54-17.7-01, subsections 3 and 4 of section 54-17.7-04, ~~and~~
5 ~~section 54-63.1-01~~ and subsection 3 of section 54-63.1-07 of the North Dakota Century Code
6 and ~~section 8 of chapter 42 of the 2021 Session Laws~~ subsection 36 of section 1 of chapter 550
7 of the 2021 Special Session Session Laws, relating to fuel production facility loan guarantee
8 reserve funding, the housing incentive fund, the powers of the North Dakota pipeline authority,
9 definitions for the clean sustainable energy authority, a clean sustainable energy authority line
10 of credit, and ~~a transfer of Bank of North Dakota profits to the general fund~~ an appropriation from
11 the state fiscal recovery fund; to provide a contingent appropriation; to provide for a transfer; to
12 provide an exemption; to provide for a study; to provide for a report; to provide a statement of
13 legislative intent; to provide an effective date; and to declare an emergency.

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

15 **SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds
16 as may be necessary, are appropriated out of any moneys in the general fund in the state
17 treasury, not otherwise appropriated, and from special funds derived from federal funds and
18 other income, to the industrial commission and agencies under its control for the purpose of
19 defraying the expenses of the industrial commission and the agencies under its control, for the
20 biennium beginning July 1, 2023, and ending June 30, 2025, as follows:

21 Subdivision 1.

22 INDUSTRIAL COMMISSION

23		Adjustments or		
24		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>

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1	Salaries and wages	\$23,698,119	(\$21,226,883)	\$2,471,236
2	Operating expenses	5,119,958	(1,412,940)	3,707,018
3	Capital assets	0	1,250,000	1,250,000
4	Grants	0	33,623,893	33,623,893
5	Grants - bond payments	22,040,721	97,839,192	119,879,913
6	Total all funds	\$50,858,798	\$110,073,262	\$160,932,060
7	Less estimated income	24,369,185	132,138,019	156,507,204
8	Total general fund	\$26,489,613	(\$22,064,757)	\$4,424,856
9	Full-time equivalent positions	108.25	(98.50)	9.75
10	Salaries and wages	\$23,698,119	(\$21,835,425)	\$1,862,694
11	Operating expenses	5,119,958	(924,889)	4,195,069
12	Capital assets	0	1,250,000	1,250,000
13	Grants	0	8,623,893	8,623,893
14	Grants - bond payments	22,040,721	97,839,192	119,879,913
15	Total all funds	\$50,858,798	\$84,952,771	\$135,811,569
16	Less estimated income	24,369,185	107,017,528	131,386,713
17	Total general fund	\$26,489,613	(\$22,064,757)	\$4,424,856
18	Full-time equivalent positions	108.25	(98.50)	9.75

Subdivision 2.

DEPARTMENT OF MINERAL RESOURCES

		Adjustments or		
	Base Level	Enhancements	Appropriation	
23	Salaries and wages	\$0	\$25,401,022	\$25,401,022
24	Operating expenses	0	11,410,044	11,410,044
25	Capital assets	0	80,000	80,000
26	Total all funds	\$0	\$36,891,066	\$36,891,066
27	Less estimated income	0	2,568,000	2,568,000
28	Total general fund	\$0	\$34,323,066	\$34,323,066
29	Full-time equivalent positions	0.00	108.00	108.00
30	Salaries and wages	\$0	\$23,123,267	\$23,123,267
31	Operating expenses	0	11,541,104	11,541,104

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1	Capital assets	0	98,000	98,000
2	Total all funds	\$0	\$34,762,371	\$34,762,371
3	Less estimated income	0	2,568,000	2,568,000
4	Total general fund	\$0	\$32,194,371	\$32,194,371
5	Full-time equivalent positions	0.00	108.00	108.00

6 Subdivision 3.

7 BANK OF NORTH DAKOTA

8		Adjustments or		
9		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
10	Bank of North Dakota operations	\$67,306,548	\$7,421,138	\$74,727,686
11	Capital assets	1,510,000	0	1,510,000
12	Total special funds	\$68,816,548	\$7,421,138	\$76,237,686
13	Full-time equivalent positions	173.00	14.00	187.00
14	Bank of North Dakota operations	\$67,306,548	\$2,760,519	\$70,067,067
15	Capital assets	1,510,000	0	1,510,000
16	Total special funds	\$68,816,548	\$2,760,519	\$71,577,067
17	Full-time equivalent positions	173.00	14.00	187.00

18 Subdivision 4.

19 HOUSING FINANCE AGENCY

20		Adjustments or		
21		<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
22	Salaries and wages	\$9,556,272	\$2,613,470	\$12,169,742
23	Operating expenses	6,109,060	4,629,181	10,738,241
24	Capital assets	150,000	(130,000)	20,000
25	Grants	42,975,200	5,829,910	48,805,110
26	Housing finance agency contingencies	100,000	0	100,000
27	Total all funds	\$58,890,532	\$12,942,561	\$71,833,093
28	Less estimated income	58,890,532	10,442,561	69,333,093
29	Total general fund	\$0	\$2,500,000	\$2,500,000
30	Full-time equivalent positions	49.00	4.00	53.00
31	Salaries and wages	\$9,556,272	\$1,556,933	\$11,113,205

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1	Operating expenses	6,109,060	4,794,823	10,903,883
2	Capital assets	150,000	(130,000)	20,000
3	Grants	42,975,200	5,829,910	48,805,110
4	Housing finance agency contingencies	100,000	0	100,000
5	Total all funds	\$58,890,532	\$12,051,666	\$70,942,198
6	Less estimated income	58,890,532	9,551,666	68,442,198
7	Total general fund	\$0	\$2,500,000	\$2,500,000
8	Full-time equivalent positions	49.00	5.00	54.00

9 Subdivision 5.

10 MILL AND ELEVATOR ASSOCIATION

11		Adjustments or		
12		Base Level	Enhancements	Appropriation
13	Salaries and wages	\$50,560,209	\$7,022,585	\$57,582,794
14	Operating expenses	36,817,000	5,574,653	42,391,653
15	Contingencies	500,000	0	500,000
16	Agriculture promotion	500,000	0	500,000
17	Total special funds	\$88,377,209	\$12,597,238	\$100,974,447
18	Full-time equivalent positions	156.00	14.00	170.00
19	Salaries and wages	\$50,560,209	\$3,290,171	\$53,850,380
20	Operating expenses	36,817,000	5,574,653	42,391,653
21	Contingencies	500,000	0	500,000
22	Agriculture promotion	500,000	0	500,000
23	Total special funds	\$88,377,209	\$8,864,824	\$97,242,033
24	Full-time equivalent positions	156.00	14.00	170.00

25 Subdivision 6.

26 TOTAL - SECTION 1

27		Adjustments or		
28		Base Level	Enhancements	Appropriation
29	Grand total general fund	\$26,489,613	\$14,758,309	\$41,247,922
30	Grand total special funds	240,453,474	165,166,956	405,620,430
31	Grand total all funds	\$266,943,087	\$179,925,265	\$446,868,352

1	<u>Grand total general fund</u>	<u>\$26,489,613</u>	<u>\$12,629,614</u>	<u>\$39,119,227</u>
2	<u>Grand total special funds</u>	<u>240,453,474</u>	<u>130,762,537</u>	<u>371,216,011</u>
3	<u>Grand total all funds</u>	<u>\$266,943,087</u>	<u>\$143,392,151</u>	<u>\$410,335,238</u>

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

5 **SIXTY-NINTH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time funding
6 items approved by the sixty-seventh legislative assembly for the 2021-23 biennium and the
7 2023-25 one-time funding items included in the appropriation in section 1 of this Act:

8	<u>One-Time Funding Description</u>	<u>2021-23</u>	<u>2023-25</u>
9	Administration - transfer to clean sustainable energy fund	\$25,000,000	\$0
10	Administration - pipeline grant fund	150,000,000	0
11	Administration - hydrogen grants	20,000,000	0
12	Administration - new employee expenses	0	12,110
13	Administration - transmission authority consulting	0	300,000
14	Administration - electricity grid resilience federal grant	0	8,623,893
15	Administration - lignite litigation expenses	0	3,000,000
16	Administration - transmission line grant	0	25,000,000
17	Administration - grant management software	0	1,250,000
18	<u>Administration - carbon capture education</u>	<u>0</u>	<u>300,000</u>
19	<u>Administration - records digitization</u>	<u>0</u>	<u>75,000</u>
20	<u>Administration - inflationary increases</u>	<u>0</u>	<u>35,688</u>
21	Mineral resources - paleontology and geological equipment	106,260	0
22	Mineral resources - abandoned well conversion program	3,200,000	0
23	Mineral resources - new employee expenses	0	68,335
24	Mineral resources - inflationary expenses	0	821,456
25	<u>Mineral resources - inflationary expenses</u>	<u>0</u>	<u>886,868</u>
26	<u>Mineral resources - drones and computers</u>	<u>0</u>	<u>83,648</u>
27	Mineral resources - core and mineral analyses	0	100,000
28	Mineral resources - computer server transition	0	80,000
29	Mineral resources - abandoned well reclamation	0	2,300,000
30	Mineral resources - oil and gas litigation expenses	0	3,000,000
31	Bank of North Dakota - contingent loan repayment	17,500,000	0

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1	Bank of North Dakota - bond proceed allocation	680,000,000	0
2	Bank of North Dakota - agriculture diversification fund	10,000,000	0
3	Bank of North Dakota - fuel production incentives	21,000,000	0
4	Bank of North Dakota - information technology projects	0	804,278
5	Housing finance agency - housing incentive fund	9,500,000	0
6	Housing finance agency - housing assessment	35,000	0
7	Total all funds	\$936,341,260	\$45,360,072
8	Less estimated income	874,235,000	8,744,647
9	Total general fund	\$62,106,260	\$36,615,425
10	<u>Total all funds</u>	<u>\$936,341,260</u>	<u>\$20,919,820</u>
11	<u>Less estimated income</u>	<u>874,235,000</u>	<u>9,155,335</u>
12	<u>Total general fund</u>	<u>\$62,106,260</u>	<u>\$11,764,485</u>
13	The 2023-25 biennium one-time funding amounts are not part of the entity's base budget for		
14	the 2025-27 biennium. The industrial commission shall report to the appropriations committees		
15	of the sixty-ninth legislative assembly on the use of this one-time funding for the biennium		
16	beginning July 1, 2023, and ending June 30, 2025.		
17	SECTION 3. BOND PAYMENTS. The amount of \$119,879,913 included in subdivision 1 of		
18	section 1 of this Act in the grants - bond payments line item must be paid from the following		
19	funding sources, during the biennium beginning July 1, 2023, and ending June 30, 2025:		
20	Infrastructure project and program bonds -- legacy earnings fund		\$102,620,461
21	<u>Infrastructure project and program bonds - legacy sinking and interest fund</u>	<u></u>	<u>\$102,620,461</u>
22	North Dakota university system		15,021,771
23	North Dakota university system - energy conservation projects		207,649
24	Department of corrections and rehabilitation		143,375
25	Office of management and budget		283,875
26	Attorney general's office		330,000
27	State historical society		592,375
28	Parks and recreation department		30,950
29	Agriculture research and extension service		242,205
30	Veterans' home		407,252
31	Total		\$119,879,913

1 **SECTION 4. APPROPRIATION - HOUSING FINANCE AGENCY - ADDITIONAL INCOME.**

2 In addition to the amount appropriated to the housing finance agency in subdivision 3 of
3 section 1 of this Act, there is appropriated any additional income or unanticipated income from
4 federal or other funds which may become available to the agency, for the biennium beginning
5 July 1, 2023, and ending June 30, 2025. The housing finance agency shall notify the office of
6 management and budget and the legislative council of any additional income or unanticipated
7 income that becomes available to the agency resulting in an increase in appropriation authority.

8 **SECTION 5. APPROPRIATION - TRANSFER - 2021-23 BIENNIUM - DEPARTMENT OF**
9 **MINERAL RESOURCES - FULL-TIME EQUIVALENT POSITIONS.**

- 10 1. There is appropriated out of any moneys in the general fund in the state treasury, not
11 otherwise appropriated, the sum of \$62,460, or so much of the sum as may be
12 necessary, to the department of mineral resources for the purpose of employing
13 full-time equivalent carbon capture positions for the period beginning with the effective
14 date of this Act and ending June 30, 2023. The department is authorized three full-time
15 equivalent positions pursuant to this subsection.
- 16 2. There is appropriated out of any moneys in the general fund in the state treasury, not
17 otherwise appropriated, the sum of \$15,000, which the office of management and
18 budget shall transfer to the fossil excavation and restoration fund during the period
19 beginning with the effective date of this Act and ending June 30, 2023.

20 **SECTION 6. APPROPRIATION - TRANSFER - FOSSIL RESTORATION FUND -**
21 **HOUSING INCENTIVE FUND - ONE-TIME FUNDING.**

- 22 1. There is appropriated out of any moneys in the general fund in the state treasury, not
23 otherwise appropriated, the sum of \$250,000, which the office of management and
24 budget shall transfer to the fossil excavation and restoration fund during the biennium
25 beginning July 1, 2023, and ending June 30, 2025.
- 26 2. There is appropriated out of any moneys in the general fund in the state treasury, not
27 otherwise appropriated, the sum of ~~\$12,500,000~~\$13,750,000, which the office of
28 management and budget shall transfer to the housing incentive fund during the
29 biennium beginning July 1, 2023, and ending June 30, 2025.
- 30 3. The funding provided in this section is considered a one-time funding item.

1 **SECTION 7. CONTINGENT FUNDING - HOUSING FINANCE AGENCY.** The sum of
2 \$82,068 from other funds from the new and vacant FTE funding pool and one full-time
3 equivalent position included in subdivision 4 of section 1 of this Act are available only in
4 accordance with the provisions of this section. If mortgage loan production for the fiscal year
5 ended June 30, 2024, exceeds \$435,000,000, the housing finance agency may ~~spend request~~
6 the office of management and budget transfer up to \$82,068 of other funds from the new and
7 vacant FTE funding pool for salaries and wages ~~line-item~~for the full-time equivalent position
8 identified in this section, and the agency may hire one full-time equivalent position. The housing
9 finance agency shall notify the office of management and budget and the legislative council if
10 the contingency is met.

11 **SECTION 8. TRANSFER - ENTITIES UNDER THE CONTROL OF THE INDUSTRIAL**
12 **COMMISSION TO INDUSTRIAL COMMISSION FUND - ADMINISTRATION - EXEMPTION.**

- 13 1. The sum of ~~\$1,899,877~~\$1,818,114, or so much of the sum as may be necessary,
14 included in the appropriation in subdivision 1 of section 1 of this Act, may be
15 transferred from the entities within the control of the industrial commission or entities
16 directed to make payments to the industrial commission fund for administrative
17 services rendered by the commission. Transfers must be made during the biennium
18 beginning July 1, 2023, and ending June 30, 2025, upon order of the commission.
19 Transfers from the student loan trust fund must be made to the extent permitted by
20 sections 54-17-24 and 54-17-25.
- 21 2. The amount of \$1,214,768 appropriated to the industrial commission in subdivision 1
22 of section 1 of chapter 42 of the 2021 Session Laws and transferred pursuant to
23 section 7 of chapter 42 of the 2021 Session Laws is not subject to the provisions of
24 section 54-44.1-11. Any unexpended funds from this appropriation are available to the
25 industrial commission for administrative services rendered by the commission during
26 the biennium beginning July 1, 2023, and ending June 30, 2025.

27 **SECTION 9. TRANSFER - FUNDS UNDER THE CONTROL OF THE INDUSTRIAL**
28 **COMMISSION TO INDUSTRIAL COMMISSION FUND - GRANT MANAGEMENT**

29 **SOFTWARE**. The sum of \$1,250,000, or so much of the sum as may be necessary, included in
30 the appropriation in subdivision 1 of section 1 of this Act, may be transferred from funds under

1 the control of the industrial commission to the industrial commission fund for grant management
2 software expenses. Of the \$1,250,000, the industrial commission may transfer:

- 3 1. Up to \$250,000 from the clean sustainable energy fund;
- 4 2. Up to \$250,000 from the lignite research fund;
- 5 3. Up to \$250,000 from the oil and gas research fund;
- 6 4. Up to \$250,000 from the North Dakota outdoor heritage fund; and
- 7 5. Up to \$250,000 from the renewable energy development fund.

8 **SECTION 10. TRANSFER - FUNDS UNDER THE CONTROL OF THE INDUSTRIAL**
9 **COMMISSION TO INDUSTRIAL COMMISSION FUND - CARBON CAPTURE EDUCATION.**

10 The sum of \$300,000, or so much of the sum as may be necessary, included in the
11 appropriation in subdivision 1 of section 1 of this Act, may be transferred from funds under the
12 control of the industrial commission to the industrial commission fund to contract for carbon
13 capture and utilization education and marketing in consultation with the lignite research council,
14 the oil and gas research council, and the renewable energy council. Of the \$300,000, the
15 industrial commission may transfer:

- 16 1. Up to \$100,000 from the lignite research fund;
- 17 2. Up to \$100,000 from the oil and gas research fund; and
- 18 3. Up to \$100,000 from the renewable energy development fund.

19 **SECTION 11. TRANSFER - BANK OF NORTH DAKOTA PROFITS TO GENERAL FUND.**

20 The Bank of North Dakota shall transfer ~~\$70,000,000~~ \$140,000,000 from the Bank's current
21 earnings and undivided profits to the general fund during the biennium beginning July 1, 2023,
22 and ending June 30, 2025. The moneys must be transferred in the amounts and at the times
23 requested by the director of the office of management and budget after consultation with the
24 Bank of North Dakota president. For legislative council budget status reporting purposes, the
25 transfer under this section is considered an ongoing revenue source.

26 **SECTION 12. TRANSFER - BANK OF NORTH DAKOTA PROFITS TO ECONOMIC**
27 **DEVELOPMENT PROGRAMS.** During the biennium beginning July 1, 2023, and ending
28 June 30, 2025, the Bank of North Dakota shall transfer the following amounts from the Bank's
29 current earnings and undivided profits:

- 30 1. \$39,000,000 to the partnership in assisting community expansion fund;
- 31 2. \$5,000,000 to the agriculture partnership in assisting community expansion fund;

- 1 3. \$1,000,000 to the biofuels partnership in assisting community expansion fund;
- 2 4. \$15,000,000 to the beginning farmer revolving loan fund; and
- 3 5. ~~\$3,000,000 to the agricultural products utilization fund~~ \$1,500,000 to the university of
- 4 North Dakota for the North Dakota small business development center for the purpose
- 5 of matching federal grants.

6 **SECTION 13. TRANSFER - ~~LEGACY EARNINGS~~ STRATEGIC INVESTMENT AND**
7 **IMPROVEMENTS FUND - PIPELINE LEAK DETECTION AND PREVENTION PROGRAM -**

8 **CLEAN SUSTAINABLE ENERGY GRANTS AND LOANS.** During the biennium beginning
9 July 1, 2023, and ending June 30, 2025, ~~and pursuant to the designation of funding for other~~
10 ~~legislative purposes under subdivision c of subsection 4 of section 21-10-13, the state~~
11 ~~treasurer~~ the office of management and budget shall transfer the following amounts from the
12 ~~legacy earnings~~ strategic investment and improvements fund:

- 13 1. ~~\$5,000,000~~ \$3,000,000 to the oil and gas research fund for a pipeline leak detection
- 14 and prevention program;
- 15 2. ~~\$50,000,000~~ \$30,000,000 to the clean sustainable energy fund for grants; and
- 16 3. ~~\$250,000,000~~ \$30,000,000 to the clean sustainable energy fund to repay a line of
- 17 credit and to provide funding for loans.

18 **SECTION 14. TRANSFER - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND TO**
19 **STATE ENERGY RESEARCH CENTER FUND - RARE EARTH MINERALS STUDY -**
20 **REPORT TO LEGISLATIVE MANAGEMENT.**

- 21 1. The office of management and budget shall transfer the sum of ~~\$3,000,000~~ \$1,500,000
- 22 from the strategic investment and improvements fund to the state energy research
- 23 center fund during the biennium beginning July 1, 2023, and ending June 30, 2025.
- 24 2. Pursuant to the continuing appropriation under section 57-51.1-07.9, the industrial
- 25 commission shall distribute up to ~~\$3,000,000~~ \$1,500,000 from the state energy
- 26 research center fund to the state energy research center for a study related to
- 27 prospective in-state resources of economically feasible accumulations of critical
- 28 minerals, including rare earth elements and other high-value minerals or materials that
- 29 may be suitable for extraction and enrichment.
- 30 3. The study must include a review of in-state mineral accumulations, including coal
- 31 deposits, ore bodies, oil and gas reservoirs, produced water from oil and gas

1 development activities, saltwater zones, and shale formations. While conducting the
2 study, the state energy research center shall collaborate with the North Dakota
3 geological survey and active mineral lessors and developers.

4 4. During the 2023-24 interim, the state energy research center shall provide at least one
5 report to the legislative management regarding the study.

6 **SECTION 15. TRANSFER - STRATEGIC INVESTMENT AND IMPROVEMENTS FUND TO**
7 **STATE ENERGY RESEARCH CENTER FUND - FEDERAL STATE FISCAL RECOVERY**
8 **FUND - UNDERGROUND ENERGY STORAGE RESEARCH PROJECT - REPORT TO**
9 **LEGISLATIVE MANAGEMENT.**

10 1. The office of management and budget shall transfer the sum of
11 ~~\$22,000,000~~\$6,000,000 from the strategic investment and improvements fund to the
12 state energy research center fund.

13 2. Pursuant to the continuing appropriation authority under section 57-51.1-07.9 and
14 pursuant to subsection 36 of section 1 of chapter 550 of the 2021 Special Session
15 Session Laws, as amended in section 24 of this Act and exempted in section 26 of this
16 Act, the industrial commission shall distribute up to ~~\$22,000,000~~\$6,000,000 from the
17 state energy research center fund and up to \$5,300,000 of federal funds from the state
18 fiscal recovery fund to the state energy research center for a salt cavern underground
19 energy storage research project.

20 3. The research project must include construction of up to two salt caverns in geological
21 formations in North Dakota for the development of underground storage of energy
22 resources, including natural gas, liquified natural gas, natural gas liquids, and
23 hydrogen. The state energy research center may collaborate with other entities as
24 needed on the research project. Prior to distributing the funding, the industrial
25 commission must receive, from at least one nonstate entity, assurance of financial or
26 other types of support that demonstrate a commitment to the research project.

27 4. During the 2023-24 interim, the state energy research center shall provide quarterly
28 reports to the industrial commission and at least one report to the legislative
29 management regarding the status and results of the research project.

30 ~~**SECTION 15. ESTIMATED INCOME -- STRATEGIC INVESTMENT AND IMPROVEMENTS**~~
31 ~~**FUND -- TRANSMISSION LINE GRANT.** The sum of \$25,000,000 included in the grants line-~~

~~item and the estimated income line item in subdivision 1 of section 1 of this Act and identified as one-time funding in section 2 of this Act is from the strategic investment and improvements fund. The industrial commission shall use the funding to provide a grant, based on the recommendation of the North Dakota transmission authority, to an entity for a project to upgrade a high-voltage direct current transmission line. A grant may be awarded only if the project to upgrade a transmission line has been approved by the public service commission.~~

SECTION 16. LIGNITE RESEARCH, DEVELOPMENT, AND MARKETING PROGRAM - LIGNITE MARKETING FEASIBILITY STUDY - REPORT TO THE SIXTY-NINTH 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 sixty-ninth legislative assembly on the amounts spent pursuant to this section.

~~SECTION 18. A new section to chapter 6-09 of the North Dakota Century Code is created and enacted as follows:~~

1 ~~— **Employee recruitment and retention incentive program -- Report to legislative**~~
2 ~~**management.**~~

3 ~~— The Bank of North Dakota may develop an employee recruitment and retention incentive~~
4 ~~program that promotes profitability and productivity. The provisions of the program must be~~
5 ~~approved annually by the Bank of North Dakota advisory board of directors and the industrial~~
6 ~~commission. The provisions must ensure that the amount available for program funding does~~
7 ~~not exceed one percent of the Bank's annual profits and that program may receive funding only~~
8 ~~if the Bank's profits exceed one hundred million dollars for the year. Each interim, the Bank shall~~
9 ~~provide at least one report to the legislative management regarding the status of the program,~~
10 ~~including the provisions of the program; the total amount of the Bank's profits used to fund the~~
11 ~~program; the total amount of incentives paid out to employees each year; and the minimum,~~
12 ~~maximum, and average payout per eligible full-time equivalent position.~~

13 **SECTION 17. LIGNITE RESEARCH FUND - FUTURE LIGNITE ELECTRICAL**
14 **GENERATION FACILITIES STUDY - REPORT TO LEGISLATIVE MANAGEMENT.**

- 15 1. Pursuant to the continuing appropriation under section 57-61-01.6, up to \$500,000
16 from the lignite research fund may be used for the purpose of contracting with the
17 energy and environmental research center for a nonmatching study of future lignite
18 electrical generation facilities.
- 19 2. The study must include consideration of an energy demand forecast for dispatchable
20 electricity generation and the regulatory environment for future lignite electrical
21 generation facilities, an analysis of the economic impact of future lignite electrical
22 generation facilities and the value-added products or services that may result from
23 those facilities, and other factors related to the development and operation of future
24 lignite electrical generation facilities.
- 25 3. During the 2023-24 interim, the energy and environmental research center shall
26 provide at least one report to the legislative management regarding the status of the
27 study.

28 **SECTION 18. AMENDMENT.** Section 6-09.7-05 of the North Dakota Century Code is
29 amended and reenacted as follows:

1 **6-09.7-05. Establishment and maintenance of adequate guarantee funds - Use of**
2 **strategic investment and improvements fund.**

3 The Bank of North Dakota shall establish and at all times maintain an adequate guarantee
4 reserve fund in a special account in the Bank. The Bank may request the director of the office of
5 management and budget to transfer funds from the strategic investment and improvements
6 fund created by section 15-08.1-08 to maintain one hundred percent of the guarantee reserve
7 fund balance. Transfers from the strategic investment and improvements fund may not exceed
8 a total of ~~eightyone~~ hundred forty million dollars. Moneys in the guarantee reserve fund are
9 available to reimburse lenders, including the Bank, for guaranteed loans in default. The
10 securities in which the moneys in the reserve fund may be invested must meet the same
11 requirements as those authorized for investment under the state investment board. The income
12 from such investments must be made available for the costs of administering the state
13 guarantee loan program and income in excess of that required to pay the cost of administering
14 the program must be deposited in the reserve fund. The amount of reserves for all guaranteed
15 loans must be determined by a formula that will assure, as determined by the Bank, an
16 adequate amount of reserve.

17 **SECTION 19. AMENDMENT.** Section 54-17-40 of the North Dakota Century Code is
18 amended and reenacted as follows:

19 **54-17-40. Housing incentive fund - Continuing appropriation - Report to budget**
20 **section.**

21 1. The housing incentive fund is created as a special revolving fund at the Bank of North
22 Dakota. The housing finance agency may direct disbursements from the fund and a
23 continuing appropriation from the fund is provided for that purpose.

24 2. a. After a public hearing, the housing finance agency shall create an annual
25 allocation plan for the distribution of the fund as authorized under subsection 3.

26 ~~At least ten percent of the fund must be used to assist developing communities to~~
27 ~~address an unmet housing need or alleviate a housing shortage. At least ten~~
28 ~~percent of the fund must be made available to prevent homelessness as~~
29 ~~authorized by subdivision d of subsection 3.~~

30 b. The annual allocation plan must give priority to provide housing for individuals
31 and families of low or moderate income. For purposes of this priority, eligible

1 income limits are determined as a percentage of median family income as
2 published in the most recent federal register notice. Under this priority, the annual
3 allocation plan must give preference to projects that benefit households with the
4 lowest income and to projects that have rent restrictions at or below department
5 of housing and urban development published federal fair market rents or
6 department of housing and urban development section 8 payment standards.

7 c. At least ten percent of the fund must be used to assist developing communities to
8 address an unmet housing need or alleviate a housing shortage.

9 3. The housing finance agency shall adopt guidelines for the fund so as to address
10 unmet housing needs in this state. Assistance from the fund may be used solely for:

11 a. New construction, rehabilitation, preservation, or acquisition of a multifamily
12 housing project;

13 b. New construction, rehabilitation, preservation, or acquisition of a single-family
14 housing project in a developing community or a community land trust project;

15 c. Gap assistance, matching funds, and accessibility improvements;

16 ~~e.d.~~ Assistance that does not exceed the amount necessary to qualify for a loan using
17 underwriting standards acceptable for secondary market financing or to make the
18 project feasible; and

19 ~~d.e.~~ Rental assistance, emergency assistance, barrier mitigation, or ~~targeted-~~
20 ~~supportive~~ services designated to prevent or end homelessness.

21 4. Eligible recipients include units of local, state, and tribal government; local and tribal
22 housing authorities; community action agencies; regional planning councils; and
23 nonprofit organizations and for-profit developers of ~~multifamily~~residential housing.
24 Individuals may not receive direct assistance from the fund.

25 5. Except for subdivision d of subsection 3, assistance is subject to repayment or
26 recapture under the guidelines adopted by the housing finance agency. Any
27 assistance that is repaid or recaptured must be deposited in the fund and is
28 appropriated on a continuing basis for the purposes of this section.

29 6. The agency may collect a reasonable administrative fee from the fund, project
30 developers, applicants, or grant recipients. The origination fee assessed to grant
31 recipients may not exceed five percent of the project award.

- 1 7. Upon request, the housing finance agency shall report to the industrial commission
- 2 regarding the activities of the housing incentive fund.
- 3 8. At least once per biennium, the housing finance agency shall provide a report to the
- 4 budget section of the legislative management regarding the activities of the housing
- 5 incentive fund.

6 **SECTION 20. AMENDMENT.** Section 54-17.7-01 of the North Dakota Century Code is
7 amended and reenacted as follows:

8 **54-17.7-01. North Dakota pipeline authority - Legislative intent.**

9 There is created the North Dakota pipeline authority, which shall be governed by the
10 industrial commission. It is the intent of the legislative assembly that the pipeline authority
11 consider the operations, finances, and market positions of private entities engaged in pipeline
12 activities while carrying out the purposes of this chapter to avoid competing with private entities
13 to the extent possible.

14 **SECTION 21. AMENDMENT.** Subsection 3 of section 54-17.7-04 of the North Dakota
15 Century Code is amended and reenacted as follows:

- 16 3. Acquire, purchase, hold, use, lease, license, sell, transfer, and dispose of an undivided
- 17 or other interest in or the right to capacity in any pipeline system or systems, including
- 18 interconnection of pipeline systems, within or without the state of North Dakota in
- 19 order to facilitate the production, transportation, distribution, or delivery of
- 20 energy-related commodities produced in North Dakota ~~as a purchaser of last resort.~~
- 21 ~~The obligation of the state may not exceed ten percent of the pipeline authority's~~
- 22 ~~acquisition or purchase of a right to capacity in any pipeline system or systems, or~~
- 23 ~~interconnection of pipeline systems, and the state's obligation is limited to the funding~~
- 24 ~~available from the oil and gas research fund.~~ If the authority acquires, purchases,
- 25 holds, uses, or leases capacity positions, the authority shall sell, transfer, release, or
- 26 dispose of the capacity positions at intervals that are no more frequent than monthly
- 27 and in an amount that is equal to or greater than the market rate, but only if the sale,
- 28 transfer, release, or disposal of the capacity positions is sufficient to cover the
- 29 expenses and obligations incurred. The authority's contract obligations for the capacity
- 30 positions are limited to the capacity rates, charges, and terms.

1 **SECTION 22. AMENDMENT.** Subsection 4 of section 54-17.7-04 of the North Dakota
2 Century Code is amended and reenacted as follows:

3 4. Borrow money and issue evidences of indebtedness as provided in this chapter,
4 including borrowing from the Bank of North Dakota.

5 a. The authority may borrow up to sixty million dollars through a line of credit from
6 the Bank. The interest rate on the line of credit must be the prevailing interest
7 rate charged to North Dakota governmental entities.

8 b. The line of credit must be guaranteed by reserves under section 6-09.7-05.

9 c. The line of credit may be used to support activities under subsection 3.

10 d. The authority shall repay the line of credit from amounts available. If the amounts
11 available on June 30, 20252027, are not sufficient to repay the line of credit, the
12 authority shall notify the director of the office of management and budget, and the
13 director of the office of management and budget shall transfer funds from the
14 strategic investment and improvements fund to the Bank for the repayment
15 pursuant to section 6-09.7-05 based on the amount certified by the Bank.

16 ~~**SECTION 23. AMENDMENT.** Section 54-63.1-01 of the North Dakota Century Code is~~
17 ~~amended and reenacted as follows:~~

18 ~~**54-63.1-01. Definitions.**~~

19 ~~As used in this chapter:~~

20 ~~1. "Authority" means the clean sustainable energy authority.~~

21 ~~2. "Clean" means a technology or concept that reduces emissions to the air, water, or~~
22 ~~land and meets or exceeds state and federal environmental regulations.~~

23 ~~3. "Commission" means the industrial commission.~~

24 ~~4. "Fund" means the clean sustainable energy fund.~~

25 ~~5. "Program" means the clean sustainable energy program.~~

26 ~~6. "Sustainable" means a technology or concept that allows the use of a natural~~
27 ~~resource, including hydrogen and other energy sources, to be maintained or enhanced~~
28 ~~through increased efficiency and life cycle benefits while either increasing or not~~
29 ~~adversely impacting energy security, affordability, reliability, resilience, or national~~
30 ~~security.~~

1 ~~—SECTION 23. AMENDMENT. Section 8 of chapter 42 of the 2021 Session Laws is~~
2 ~~amended and reenacted as follows:~~

3 ~~—SECTION 8. TRANSFER – BANK OF NORTH DAKOTA PROFITS TO GENERAL~~
4 ~~FUND. The industrial commission shall transfer to the general fund~~
5 ~~\$140,000,000\$70,000,000 from the current earnings and the accumulated profits of~~
6 ~~the Bank of North Dakota during the biennium beginning July 1, 2021, and ending~~
7 ~~June 30, 2023. The moneys must be transferred in the amounts and at the times~~
8 ~~requested by the director of the office of management and budget after consultation~~
9 ~~with the Bank of North Dakota president. For legislative council budget status reporting~~
10 ~~purposes, the transfer under this section is considered an ongoing revenue source.~~

11 ~~—SECTION 24. EXEMPTION – MILL AND ELEVATOR ASSOCIATION PROFITS ANNUAL~~
12 ~~TRANSFER. Notwithstanding the provisions of section 54-18-19 relating to the annual transfer~~
13 ~~of mill and elevator association profits to the general fund, for the biennium beginning July 1,~~
14 ~~2023, and June 30, 2025, the industrial commission shall transfer ten percent of the mill and~~
15 ~~elevator association profits to the general fund.~~

16 **SECTION 23. AMENDMENT.** Subsection 3 of section 54-63.1-07 of the North Dakota
17 Century Code is amended and reenacted as follows:

- 18 3. The Bank of North Dakota shall extend a line of credit to the industrial commission to
19 support loans or loan guarantees issued from the clean sustainable energy fund. The
20 line of credit may not exceed ~~two~~three hundred ~~fifty~~ninety million dollars, and the
21 interest rate associated with the line of credit must be the prevailing interest rate
22 charged to North Dakota governmental entities. The industrial commission shall repay
23 the line of credit from moneys available in the clean sustainable energy fund derived
24 from payments received on loans issued under this chapter or other sources. If the
25 moneys available from the clean sustainable energy fund on June 30, 2025, are not
26 sufficient to repay the line of credit, the industrial commission shall request from the
27 legislative assembly a deficiency appropriation to repay the line of credit or the
28 industrial commission may repay the line of credit from other funds, as appropriated by
29 the legislative assembly.

30 **SECTION 24. AMENDMENT.** Subsection 36 of section 1 of chapter 550 of the 2021 Special
31 Session Session Laws is amended and reenacted as follows:

1 36. There is appropriated from federal funds derived from the state fiscal recovery fund,
2 not otherwise appropriated, the sum of \$20,000,000, or so much of the sum as may be
3 necessary, to the industrial commission for the purpose of providing hydrogen
4 development grants, as approved by the clean sustainable energy authority, and
5 distributions to the state energy research center for an underground energy storage
6 research project, for the period beginning with the effective date of this Act, and ending
7 June 30, 2023. Of the \$20,000,000, up to \$5,300,000 is available for distributions to
8 the state energy research center for an underground energy storage research project,
9 and any remaining amounts are available for providing hydrogen development grants,
10 as approved by the clean sustainable energy authority.

11 **SECTION 25. EMPLOYEE RECRUITMENT AND RETENTION INCENTIVE PROGRAM**
12 **STUDY - REPORT TO LEGISLATIVE MANAGEMENT.** During the 2023-24 interim, the
13 industrial commission and Bank of North Dakota shall study the feasibility and desirability of
14 creating an employee recruitment and retention incentive program for the Bank of North Dakota.
15 The industrial commission shall report its findings and recommendations to the legislative
16 management by March 31, 2024.

17 **SECTION 26. EXEMPTION - OIL AND GAS TAX REVENUE ALLOCATIONS - NORTH**
18 **DAKOTA OUTDOOR HERITAGE FUND - OIL AND GAS RESEARCH FUND.**

- 19 1. Notwithstanding the provisions of section 57-51-15 relating to the allocations to the
20 North Dakota outdoor heritage fund, for the period beginning September 1, 2023, and
21 ending August 31, 2025, the state treasurer shall allocate eight percent of the oil and
22 gas gross production tax revenue available under subsection 1 of section 57-51-15 to
23 the North Dakota outdoor heritage fund, but not in an amount exceeding \$7,500,000
24 per fiscal year.
- 25 2. Notwithstanding the provisions of section 57-51.1-07.3 relating to the allocations to the
26 oil and gas research fund, for the period beginning August 1, 2023, and ending
27 July 31, 2025, the state treasurer shall allocate two percent of the oil and gas gross
28 production tax and oil extraction tax revenues, up to ~~\$14,500,000~~\$17,500,000, into the
29 oil and gas research fund before allocating oil and gas tax revenues under sections
30 57-51.1-07.5, 57-51.1-07.9, and 57-51.1-07.10.

1 **SECTION 27. EXEMPTION - UNEXPENDED APPROPRIATIONS.** The following
2 appropriations are not subject to the provisions of section 54-44.1-11 and may be continued into
3 the biennium beginning July 1, 2023, and ending June 30, 2025:

- 4 1. The sum of \$3,200,000 appropriated from the federal state fiscal recovery fund for an
5 abandoned oil well conversion to water supply grant program in subsection 2 of
6 section 1 of chapter 550 of the 2021 Special Session Session Laws;
- 7 2. The sum of \$20,000,000 appropriated from the federal state fiscal recovery fund for
8 hydrogen development grants and an underground energy storage research project in
9 subsection 36 of section 1 of chapter 550 of the 2021 Special Session Session Laws
10 as amended in section 24 of this Act; and
- 11 3. The sum of \$800,000 appropriated from the strategic investment and improvements
12 fund to the department of mineral resources for a survey review in section 2 of
13 chapter 426 of the 2017 Session Laws and continued into the 2019-21 biennium
14 pursuant to section 27 of chapter 14 of the 2019 Session Laws and into the 2021-23
15 biennium pursuant to section 33 of chapter 42 of the 2021 Session Laws.

16 **SECTION 28. LEGISLATIVE INTENT - USE OF BANK OF NORTH DAKOTA PROFITS.** It
17 is the intent of the sixty-eighth legislative assembly that the sixty-ninth legislative assembly
18 consider developing procedures or adopting legislative rules for introducing bills and
19 amendments related to the use of Bank of North Dakota profits.

20 **SECTION 29. LEGISLATIVE INTENT - ENERGY DEVELOPMENT PROJECTS.** It is the
21 intent of the sixty-eighth legislative assembly that the state provide support for an entity's
22 application for federal funding to upgrade a high-voltage direct current transmission line in the
23 state and that the state provide support for energy development projects in the state through the
24 state's energy-related programs, including:

- 25 1. The clean sustainable energy authority;
- 26 2. The North Dakota pipeline authority;
- 27 3. The North Dakota transmission authority;
- 28 4. The lignite research council;
- 29 5. The oil and gas research council; and
- 30 6. The renewable energy council.

31 **SECTION 30. EFFECTIVE DATE.** Section 18 of this Act becomes effective July 1, 2025.

1 **SECTION 31. EMERGENCY.** The following are declared to be an emergency measure:

2 1. The sum of \$3,000,000 from the general fund in the operating expenses line item
3 included in subdivision 1 of section 1 of this Act and identified as one-time funding in
4 section 2 of this Act for lignite litigation expenses.

5 2. The sum of \$3,000,000 from the general fund in the operating expenses line item
6 included in subdivision 2 of section 2 of this Act and identified as one-time funding in
7 section 2 of this Act for oil and gas litigation expenses.

8 3. The sum of \$230,000 from the general fund in the operating expenses line item
9 included in subdivision 2 of section 1 of this Act for computer server transition.

10 4. The sum of \$80,000 from the general fund in the operating expenses line item
11 included in subdivision 2 of section 1 of this Act and identified as one-time funding in
12 section 2 of this Act for computer server transition.

13 5. ~~Section 5~~ Sections 5 and 24 of this Act.

14 6. ~~Section 23 of this Act~~ Senate Bill No. 2165, as approved by the sixty-eighth legislative
15 assembly.